

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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March 14, 2013

Mr. William Post
Chairman of the Board
Swift Transportation Company
2200 S. 75th Avenue
Phoenix, AZ 85043

Dear Mr. Post:

On behalf of the International Brotherhood of Teamsters, a long-term investor of Swift Transportation, I urge the Board of Directors to immediately adopt a new policy prohibiting any future pledging of stock by executives or directors of Swift; and, to disclose additional information to investors regarding the implementation and oversight of its policy to authorize related-party transactions.

It is vital that the board exercise its independence and authority to actively protect the interests of public shareholders. The significant quantities of company stock pledged by CEO Moyes as collateral for personal loans and the extensive related-party transactions between our company and Moyes-controlled businesses pose material risks to shareholders that demand the attention and immediate action by the independent members of the Board of Directors. Swift's current policies and disclosures do not ensure adequate protections for shareholders.

We appreciate the difficulty in adopting such policies at a controlled company like Swift whose controlling owner is also the founder and CEO of the company. However, it is precisely because of the Company's structure that outside investors require strong, independent board leadership to protect our interests. As the Company's 2012 Annual Report notes, the board has the authority to change the securities trading policy under circumstances deemed appropriate by the board.¹ We believe that the risks posed by the current level of pledged stock by CEO Moyes' warrant such board action.

If the board fails to take substantive action on these pressing concerns prior to this year's annual meeting, we may choose to communicate concerns with other investors and recommend they withhold support for certain directors in Swift's upcoming director election.

¹ Swift Transportation 2012 Form 10-K Annual Report, p.18.

CEO Moyes has pledged nearly his entire controlling stake –

The Board's current policy allows employees or directors, including Moyes, the opportunity to pledge up to 20 percent of their family holdings. Moyes individually and various "Moyes Affiliates" have not only pledged shares up to this amount – just over 12.0 million shares – for a variety of personal loans pursuant to the Company's trading policy,² but also pledged to an unaffiliated trust an additional 23.8 million shares of Class B common stock (representing \$262.3 million in value of shares of Class A common stock) as part of a Stockholder Offering entered into at the time of the 2010 Initial Public Offering. As the Company's 2012 Annual Report explains:

Although Mr. Moyes and the Moyes Affiliates may settle their obligations to the Trust in cash three years following the closing date of the Stockholders Offering [December 2013], any or all of the pledged shares could be converted into Class A common stock and delivered on such date in exchange for the Trust's securities. Such pledges or sales of our common stock, or the perception that they may occur, may have an adverse effect on the trading price of our Class A common stock and may create conflicts of interest for Mr. Moyes.³

In all, Moyes and Moyes Affiliates pledged a total of 35.8 million shares, or nearly two-thirds of his entire equity stake in the company and approximately 25 percent of the total outstanding shares.⁴

Significantly, the SEC advised Swift to clearly disclose Moyes' pledging to be a material risk to investors, with the practice harboring potential conflicts of interest and possibly leading to adverse effects and disruptions to the stock price in the event that Moyes has to sell those shares. The company also reports in its risk disclosures that such selling could impede the ability to raise future capital, which is profoundly troubling

² It could be argued that the 12 million shares pledged by Mr. Moyes exceeds the 20% pledging limit established by the company's trading policy if one excludes from his total holdings those shares owned by certain children's trusts in the Moyes Affiliates that are not controlled by Mr. Moyes himself.

³ Swift Transportation 2012 Form 10-K Annual Report, p.18.

⁴ Based on the company's 2012 Form 10-K (filed February 2013), the company has 87.2 million Class A Shares (one vote per share), which are publicly traded, and 52.5 million Class B shares (two votes per share), which are not publicly traded. Moyes and his wife and certain family trusts hold 3.1 million (4%) of Class A shares, virtually all of the Class B shares (p.3), and 55% of the voting power. Shares pledged by Moyes are detailed on p.18, under "Mr. Moyes has borrowed against and pledged a portion of his Class B common stock, which may cause his interests to conflict with the interests of our other stockholders and may adversely affect the trading price of our Class A Common Stock". The 12.0 million shares, or 20% of the total Moyes and Moyes Affiliates holdings, discussed in the first paragraph of that section, with the additional 23.8 million pledged to a trust in discussed in the second and third paragraph result in a total of 35.8 million pledged shares, or approximately 64% of his total shares (~55.6 million) and 40% of the outstanding number of shares (139.6 million).

given the Company's significant indebtedness, which as of December 31, 2012, totaled \$1.6 billion.⁵

The trading risk is particularly acute, we believe, because if the pledges have to be honored, the market could be flooded with a significant number of newly available shares to the detriment of existing shareholders. This is worrisome because the number of new Class A shares that could be dumped onto the market could be significantly higher than the number of shares publicly traded on a daily basis.⁶ The problem would be compounded by the fact that Swift's Class A shares have a record of volatility that is more than twice the market average.⁷

Pledging poses risks Swift shareholders can ill afford –

As I am sure you are aware, investors are growing increasingly concerned by pledging in light of recent events at companies like Chesapeake Energy and Green Mountain Coffee. At Chesapeake Energy Corporation in 2008, margin calls resulting from price declines, forced then-Chair, CEO and company co-founder Aubrey McClendon to liquidate roughly 31 million shares, or virtually his entire 5.5 percent stake in the company.⁸ This sudden fire sale exacerbated the stock's tail spin at the time. Similar events transpired at Green Mountain Coffee last May, when company founder Robert Stiller was forced to sell \$125 million in stock to meet a margin call as the stock tumbled on poor earnings, leading to his eventual removal as chairman.⁹

In our view, the risk posed by Mr. Moyes' pledging activities could be even greater than both these cases considering the percentage of total shares outstanding pledged by Moyes.

⁵ Swift Transportation 2012 Form 10-K Annual Report, p.21.

⁶ According to Capital IQ, Swift Transportation's average three-month daily trading volume is \$1.8 million out of a total of \$87 Million Class A shares, as of March 11, 2013.

⁷ According to Capital IQ, Swift Transportation's two-year average beta is 2.5 of March 11, 2013.

⁸ Adcock, Clifton, *The Shy, Retiring Type?* Oklahoma Gazette, Feb. 6, 2013. < <http://npaper-wehaa.com/oklahoma-gazette/2013/02/06/#?article=1803402>>

⁹ Eavis, Peter, *Green Mountain Replaces Chairman After Margin Call*, Deadbook, May 8, 2012. <<http://dealbook.nytimes.com/2012/05/08/green-mountain-replaces-chairman-after-margin-call/>>

Moyes and his complex business interests present hidden risks to shareholders –

CEO Moyes has extensive commercial interests outside of Swift -- including an array of controlled companies that do business with Swift. He is a man known to take risks with significant personal expenses and financial commitments. In fact, the Company's financial statements identify Moyes' substantial ownership interests in and guarantees to other businesses as a material risk to investors given his potential exposure to "significant lawsuits or liabilities." According to the Company's 2012 annual report, Moyes has given "personal guarantees to lenders to these various businesses and real estate investments in which he has an ownership interest and in certain cases, the underlying loans are in default and in the process of being restructured and/or settled. If Mr. Moyes is otherwise unable to settle or raise the necessary amount of proceeds to satisfy his obligations to such lenders, he may be subject to significant lawsuits."¹⁰

He has been sued for millions by family members and business partners alike. For example, he has been sued by –

- his own brother in a case alleging securities fraud at Central Freight which appears to have settled along with other shareholder litigation for \$2.6 million;¹¹
- his own children in a case seeking the return of \$110 million that their father allegedly borrowed from a trust set up for their benefit.¹² This case appears to have settled with governance changes to the trust;¹³ and,
- the National Hockey League whose case, according to Swift's most recent proxy, appears to still be pending. The case alleges breach of contract; aiding and abetting breach of fiduciary duty arising out of the bankruptcy; and, Moyes' attempt to sell the Coyotes team without League consent.¹⁴

In addition, CEO Moyes paid \$1.5 million in disgorgement, prejudgment interest and penalties to settle an SEC insider-trading investigation¹⁵ regarding 187,000 shares of

¹⁰ Swift Transportation 2012 Form 10-K Annual Report, p.19.

¹¹ Central Freight Lines, Form 10-Q, 2006. <http://google.brand.edgar-online.com/EFX_dll/EDGARpro.dll?FetchFilingHtmlSection1?SectionID=4604406-128321-141929&SessionID=Ku0tFW-QIYHbcN7>

¹² Capitol Media Services, *Trust Money Snags Moyes: kids sue to get back \$110M*, azcentral.com, Sept. 21, 2006. <<http://www.azcentral.com/abgnews/articles/0921abg-moyes0921.html>>

¹³ Swift Transportation, Sept. 6, 2006, Form 13-D.

¹⁴ Swift Transportation, April 5, 2012, Form 14-A.

¹⁵ Swift Transportation, April 5, 2012, Form 14-A.

Swift stock that Moyes purchased in May 2004 while he was [Chairman and CEO of the company] and aware of material non-public information. Though he never admitted guilt, his actions sparked a highly publicized investigation by both the SEC and U.S. Department of Justice.

Institutional investors taking increasing dim view of stock pledging –

It is precisely these risks that have propelled the pledging issue to the forefront of institutional investor concerns. Leading proxy advisory firm Institutional Shareholder Services recently amended its policy on stock pledging so that it not only supports shareholder proposals they believe address the issue, but considers pledging evidence of a potentially serious governance failure that may demand action against directors.¹⁶ With this in mind, we strongly urge the board to take action ahead of this year's annual shareholder meeting.

Swift's long history of related-party transactions with Moyes-owned businesses exacerbate investor concerns –

Despite some improvements in the governance structure and oversight of related-party transactions since the company came back to the public market in 2010, the company continues to extensively engage in transactions with businesses controlled by Moyes. (Recall that it was related-party transactions that sparked an investor revolt at Swift in 2003, culminating in majority outsider shareholder support for a proposal to appoint an independent chairman).

In the last three fiscal years, related-party transactions between Swift and Moyes-controlled businesses have exceeded \$36 million.¹⁷ Coupled with the fact that these other entities may compete for business with Swift, the relationships pose material risks to investors, as acknowledged in the Company's financial statements. Heightening the concern is Moyes' control over the Company's voting power,¹⁸ which undermines the credibility of the independent oversight of these transactions by the Nominating and Corporate Governance Committee; indeed, the company acknowledges there can be no assurances that the "the policy or these provisions will be successful in eliminating conflicts of interests."¹⁹

¹⁶ <<http://www.issgovernance.com/files/2013USPolicyUpdates.pdf>>

¹⁷ Swift Transportation 2012 Form 10-K Annual Report, p. 81-82.

¹⁸ Swift Transportation 2012 Form 10-K Annual Report, p. 22.

¹⁹ Swift Transportation 2012 Form 10-K Annual Report, p. 18.

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Accordingly, if the board persists in approving these transactions, we request the board provide additional disclosures about the committee's deliberations and oversight process. We ask that additional details about the transactions be provided so that investors can be reassured that the independent oversight process is in fact protecting their interests and not simply serving as a rubber stamp for Moyes. For instance:

- Has an independent business ever won a bid for work with Swift Transportation over a Moyes-controlled business?
- Has Swift ever agreed to special terms and conditions with a Moyes-controlled business such as waiving fees, advancing money or accommodating different payment schedules?
- Do non-Moyes-controlled companies have equal access to bid on work or secure services from Swift?
- Does Swift engage in any no-bid contracts or provide preferred or exclusive status for any Moyes-controlled companies?
- Has Swift ever agreed to below market rates within a contract with a Moyes owned business?

Independent directors must demonstrate leadership on these issue –

Swift shareholders require strong, independent leadership to ensure our interests, and that the best interests of the operating company are protected from any potential conflicting interests of our Chief Executive Officer and his other business interests. We urge your immediate action to protect the integrity and value of our Company's stock in the public market.

We look forward to your response.

Sincerely,

A handwritten signature in black ink that reads "Ken Hall". The signature is written in a cursive, slightly slanted style.

Ken Hall
General Secretary-Treasurer

KH/cz