

STIFEL

Knight Transportation, Inc.
KNX – NYSE
Hold
 Trucking/Logistics

Analysis of Sales/Earnings

Knight Transportation Reports 4Q13 EPS of \$0.25, Up 14% Y/Y; First Quarter of Double-Digit Y/Y EPS Growth Since 2Q12

- Beat Street:** Reported 4Q13 EPS of \$0.25, up 14%/y/y, \$0.01 ahead of the Street consensus estimate and our Stifel estimate, and at the upper end of its recent guidance range. One month ago and prior to the company's favorable pre-announcement, the Street consensus 4Q13 EPS estimate had been \$0.21. With 5.7% y/y growth in freight revenue in the quarter (excluding the impact of fuel surcharge revenue), a solid 3.4% y/y increase in revenue per total mile (excluding fuel surcharge), a slight 0.2% y/y decrease in tractor productivity (primarily due to the July 1 implementation of the new federal driver hours-of-service rules), a nearly 4% drop in the average number of tractors, an 80 basis point favorable decrease in the unpaid empty mile ratio, and a pronounced focus on growing the company's asset-light businesses, the company was able to return to the realm of double digit y/y EPS growth during the 4Q13. Management is to be complimented for keeping its nose to the grindstone and employing Trucking 101 blocking and tackling principles to once again drive its' trucking-based operating ratio to 81% and "change".
- Total 4Q13 revenue increased 3.1% y/y to \$249.7 million.** Non asset based businesses grew dramatically and more than offset a slight decline on the asset-based trucking side of the business. The overall operating ratio favorably dropped 100 basis points y/y to 84.4%. The asset based operating ratio (net of fuel surcharge revenue) favorably decreased from 83.8% to a very "Knight-like" 81.6% while the non-asset-based operating ratio deteriorated 150 basis points y/y to a still respectable 95.6%, in our view.
- Balance sheet remains strong, in our view.** The company ended the 4Q13 with a \$1.0 million cash balance and \$38 million in debt on its balance sheet. The company has paid down approximately \$42 million in debt since the beginning of 2013. We would expect the company to return to debt free status sometime during the next year or two.
- We are tweaking our 2014 and 2015 EPS estimates up** from \$0.95 and \$1.05 to \$0.96 and \$1.08, respectively.
- Maintain Hold:** Our new 12-month fair value estimate increases from \$17 (or 16.5x our previous 2015 EPS estimate of \$1.05) to \$18 (or 16.5x our upwardly revised 2015 EPS estimate of \$1.08). Even after the upward revision, our 12-month fair value estimate provides virtually no upside potential over the coming 12-months. All things remaining equal, we would revisit our Hold rating should the company's common shares fall to \$15 or below.

Changes	Previous	Current
Rating	—	Hold
Target Price	—	NA
FY14E EPS (Net)	\$0.95	\$0.96
FY15E EPS (Net)	\$1.05	\$1.08
FY14E Rev (Net)	\$1.01B	\$1.01B
FY15E Rev (Net)	\$1.06B	\$1.06B

Price (01/29/14):	\$20.75
52-Week Range:	\$21 – \$15
Market Cap.(mm):	1,677.8
Shr.O/S-Diluted (mm):	80.9
Enterprise Val. (mm):	\$1,732.7
Avg Daily Vol (3 Mo):	611,835
LT Debt/Total Cap.:	6.3%
Net Cash/Share:	\$0.01
Book Value/Share:	\$6.83
Dividend(\$ / %)	\$0.24 / 1.2%
S&P Index	1,778.83

Prices are intraday, 1/29/14.

Net Cash/Share includes short term investments

EPS (Net)	2013A	2014E	2015E
Q1	\$0.19	\$0.20	\$NE
Q2	0.24	0.26	NE
Q3	0.19	0.22	NE
Q4	0.25	0.27	NE
FY Dec	\$0.87A	\$0.96	\$1.08
P/E	23.9x	21.6x	19.2x

Rev (Net)	2013A	2014E	2015E
Q1	\$235.4	\$241.1	\$NE
Q2	244.8	251.7	NE
Q3	239.3	252.0	NE
Q4	249.7	264.0	NE
FY Dec	\$969.2A	\$1.01B	\$1.06B
EV/Revenue	1.8x	1.7x	1.6x

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Knight Transportation reported 4Q13 EPS of \$0.25, up 14%y/y, \$0.01 ahead of the Street consensus estimate and our Stifel estimate, and at the upper end of its recent guidance range. The 21 analysts publishing 4Q13 EPS estimates prior to the company's earnings release carried estimates ranging from \$0.20 to \$0.25, a little surprising given the company's recently updated 4Q13 EPS guidance range had been \$0.24 to \$0.25. There was a one \$0.20 estimate and one \$0.22 estimate still in place subsequent to the company's favorable pre-announcement regarding 4Q13 issued on January 21, 2014. Fortunately, these two "asleep at the switch" low outliers did not adversely impact the consensus estimate. One month ago and prior to the company's favorable pre-announcement, the Street consensus 4Q13 EPS estimate had been \$0.21. With 5.7% y/y growth in freight revenue in the quarter (excluding the impact of fuel surcharge revenue), a solid 3.4% y/y increase in revenue per total mile (excluding fuel surcharge), a slight 0.2% y/y decrease in tractor productivity (primarily due to the July 1 implementation of the new federal driver hours-of-service rules), a nearly 4% drop in the average number of tractors, an 80 basis point favorable decrease in the unpaid empty mile ratio, and a pronounced focus on growing the company's asset-light businesses, the company was able to return to the realm of double digit y/y EPS growth during the 4Q13. Management is to be complimented for keeping its nose to the grindstone and employing Trucking 101 blocking and tackling principles to once again drive its' trucking-based operating ratio to 81% and "change".

Total 4Q13 revenue increased 3.1% y/y to \$249.7 million. Non asset based businesses grew dramatically and more than offset a slight decline on the asset-based trucking side of the business. The overall operating ratio favorably dropped 100 basis points y/y to 84.4%. Revenue, net of fuel surcharge revenue, saw a 5.7% y/y increase to \$206.3 million. The asset based business experienced a y/y revenue decline of 0.8% y/y (net of fuel surcharge revenue) during the 4Q13 while the non-asset based business grew revenues 42.6% y/y during the 4Q13. For the 4Q13, the asset based operating ratio (net of fuel surcharge revenue) favorably decreased from 83.8% to a very "Knight-like" 81.6% while the non-asset-based operating ratio deteriorated 150 basis points y/y to a still respectable 95.6%, in our view. The overall operating ratio would have dropped even further (i.e., down 160 basis points y/y) to 83.8%, if not for the \$1.2 million spent by the company on acquisition activity and non-recurring litigation claims. We suspect the bulk of the \$1.2 million in expenses is related to the company's unsuccessful attempt, so far at least, to acquire USA Truck.

The company's balance sheet remains strong, in our view. The company ended the 4Q13 with a \$1.0 million cash balance and \$38 million in debt on its balance sheet. The company has paid down approximately \$42 million in debt since the beginning of 2013. The \$80 million in original debt was drawn at the end of 2012 in order to pay a one-time special dividend prior to the dividend tax rate rising on January 1, 2013. The company's debt/total capitalization ratio was only 6.4% at the end of the 4Q13. We would expect the company to return to debt free status sometime during the next year or two. Our model projects a debt-free balance sheet by the end of the 4Q14. The company experienced a y/y decrease in its capital expenditures during 2013. The company spent \$85.4 million on capital expenditures, net of trades, during the entirety of 2013, down 29.3% y/y. Even with the reduced capital spending, the company was able to end the quarter with an average tractor age of 1.9 years.

We are tweaking our 2014 and 2015 EPS estimates up from \$0.95 and \$1.05 to \$0.96 and \$1.08, respectively. Our EPS estimate reductions reflect a generally mediocre freight environment, consistent with 2% y/y GDP growth continuing through 2015. Similarly, we are not assuming much of a change in industry dynamics as a result of the coming onslaught of federal safety

regulations. Our new 2014 and 2015 EPS estimates are driven by total year-over-year revenue increases of 4.5% and 5.7%, respectively. Those revenue increases are a function of annual volume increases of 2.0% and 2.8%, respectively, and annual core price/productivity increases of 2.5% and 3.0%, respectively, over the two year forecast period. Lastly, our estimates are based upon overall operating ratios, net of fuel surcharges, of 84.5% for 2014 and 83.5% for 2015. With our estimates predicated on the continuation of the current slow rate of economic growth (say 2% annually y/y), any acceleration in the rate of economic growth would likely render our estimates too conservative. Conversely, further deceleration in the rate of economic growth could result in our estimates being too optimistic.

We are maintaining our Hold rating on the common shares of Knight Transportation. Our new 12-month fair value estimate for the company's common shares becomes \$18 (or 16.5x our upwardly revised 2015 EPS estimate of \$1.08). Our 12-month fair value estimate had previously been \$17 (or 16.5x our previous 2015 EPS estimate of \$1.05). Even after the upward revision, our 12-month fair value estimate provides virtually no upside potential over the coming 12-months. With no upside potential over the coming year we are hard pressed to justify anything other than a Hold rating on the company's common shares. All things remaining equal, we would revisit our Hold rating should the company's common shares fall to \$15 or below.

Company Description

Knight Transportation is a truckload carrier (dry van and temperature-controlled) focused on serving regional markets nationwide but historically in the western one-third of the United States. Knight provides time-definite service to its customers and has generated an impressive financial track record since its IPO in 1994. Additionally, the company has recently started Knight Brokerage, Knight Intermodal, and Knight Port and Rail Services to grow its non-asset-based capabilities.

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Equity Comps - Transportation

Comparative Valuation Matrix

(figures in \$US millions, except per share amounts)

Company name (Ticker)	Rating	Intraday Price 1/29/2014	Diluted S/O	Market cap.	Total Debt	Cash & equiv.	TEV ^(a)	Equity value as a multiple of Earnings per Share			Book value	Enterprise value as a multiple of					TTM ROA	TTM ROE	TTM ROIC	PEG ratio ^(d)	Div. Yield	2014E FCF Yld
								2012A ^(b)	2013E ^(b)	2014E ^(b)		TTM Revenue	2014E EBITDA	TTM EBITDA	TTM EBITDAR ^(c)	TTM EBIT						
Truckload																						
Celadon Group (CGI)	Hold	18.94	24.3	461.0	314.4	3.6	771.8	14.5x	19.1x	17.2x	2.0x	1.2x	6.0x	7.3x	7.0x	17.1x	4.1%	11.6%	5.6%	1.1	0.4%	9.2%
Covenant Transport (CVTT)	NC	9.02	14.9	134.1	202.3	10.5	325.9	22.0x	37.6x	23.7x	1.4x	0.5x	NE	5.5x	5.1x	19.6x	0.8%	3.5%	3.4%	3.1	0.0%	NE
Heartland Express (HTLD)	Hold	20.55	84.9	1,745.3	0.0	174.5	1,570.8	28.9x	24.2x	20.3x	5.1x	2.9x	5.8x	9.1x	9.1x	14.2x	12.7%	19.3%	19.3%	2.9	0.4%	4.8%
J.B. Hunt Transport Svcs. (JBHT)	Hold	74.37	118.0	8,778.7	708.4	5.8	9,481.3	28.7x	25.9x	23.2x	8.7x	1.7x	10.1x	11.4x	11.3x	16.4x	13.0%	38.0%	22.3%	1.5	0.8%	0.1%
Knight Transportation (KNX)	Hold	20.75	80.9	1,677.9	38.0	1.0	1,732.7	24.4x	24.4x	21.6x	3.0x	1.8x	7.9x	8.7x	8.7x	15.2x	8.7%	13.3%	12.0%	1.6	1.2%	2.3%
Landstar System (LSTR)	Hold	56.76	46.0	2,612.8	145.0	132.1	2,625.6	20.5x	22.8x	20.7x	6.2x	1.0x	11.6x	11.9x	11.8x	13.8x	12.9%	30.3%	22.6%	1.4	0.0%	3.6%
Marten Transport (MRTN)	Hold	19.38	33.6	650.7	0.0	13.7	638.8	23.6x	21.5x	18.8x	1.8x	1.0x	5.2x	5.5x	5.5x	12.3x	5.9%	8.7%	8.7%	1.3	0.5%	5.2%
P.A.M. Transportation Svcs. (PTSI)	NC	20.00	8.7	174.6	107.0	0.3	281.3	NM	26.7x	20.0x	1.4x	0.7x	NE	5.8x	5.7x	NM	1.6%	3.9%	3.3%	NM	0.0%	NE
Quality Distribution (QLTY)	Hold	13.82	28.3	390.8	389.0	3.3	776.5	20.0x	20.0x	15.4x	NM	0.9x	8.5x	10.0x	9.1x	15.1x	3.6%	NM	8.7%	1.5	0.0%	7.5%
Swift Transportation (SWFT)	Hold	21.42	143.6	3,076.6	1,603.2	59.2	4,620.6	21.4x	17.4x	15.5x	10.8x	1.2x	6.9x	8.0x	7.3x	12.8x	6.1%	NM	12.4%	0.9	0.0%	7.8%
Universal Truckload Svcs. (UACL)	Buy	30.23	30.1	911.3	124.0	5.5	1,029.8	22.4x	17.3x	14.6x	9.6x	1.0x	8.0x	9.5x	9.1x	11.5x	21.1%	48.7%	30.2%	0.7	0.9%	4.5%
USA Truck (USAK)	NC	13.66	10.6	144.6	142.4	0.0	287.0	NM	NM	NM	1.4x	0.5x	NE	7.7x	7.5x	NM	-2.3%	-7.1%	-2.0%	NM	0.0%	NE
Werner Enterprises (WERN)	Hold	25.97	72.8	1,889.3	40.0	23.7	1,905.7	18.6x	22.0x	20.0x	2.4x	0.9x	5.7x	6.1x	6.1x	13.6x	6.5%	11.7%	10.9%	1.7	0.8%	6.0%
Min				134.1	0.0	0.0	281.3	14.5x	17.3x	14.6x	1.4x	0.5x	5.2x	5.5x	5.1x	11.5x	-2.3%	-7.1%	-2.0%	0.7	0.0%	0.1%
Mean				1,742.1	293.4	33.3	2,003.7	22.3x	23.2x	19.3x	4.5x	1.2x	7.6x	8.2x	7.9x	14.7x	7.3%	16.5%	12.1%	1.6	0.4%	5.1%
Mean (Asset-based TL only)				1,873.3	315.6	29.2	2,161.6	22.8x	24.3x	20.1x	3.8x	1.2x	6.8x	7.5x	7.3x	15.2x	5.7%	11.4%	9.6%	1.8	0.4%	5.1%
Median				911.3	142.4	5.8	1,029.8	22.0x	22.4x	20.0x	2.7x	1.0x	7.4x	8.0x	7.5x	14.2x	6.1%	11.7%	10.9%	1.5	0.4%	5.0%
Max				8,778.7	1,603.2	174.5	9,481.3	28.9x	37.6x	23.7x	10.8x	2.9x	11.6x	11.9x	11.8x	19.6x	21.1%	48.7%	30.2%	3.1	1.2%	9.2%
Stifel Transportation Average				9,069.3	1,595.5	455.3	10,306.1	22.4x	21.2x	18.4x	3.4x	2.2x	9.1x	9.9x	8.6x	14.9x	5.4%	13.9%	10.0%	1.5	0.9%	4.0%

(a) Total Enterprise Value = Market Capitalization of Equity + Total Debt - Cash + Market Value of Minority Interest

(b) Stifel estimates for those rated and First Call mean estimates for unrated securities

(c) Enterprise value adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation multiple calculation

(d) 2014E P/E divided by First Call mean or Stifel estimated long-term growth rate

Excludes non-recurring items

Calculations may vary due to rounding

Source: Company data, First Call, and Stifel estimates



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Knight Transportation Income Statement

(figures in \$ millions, except per share amounts)

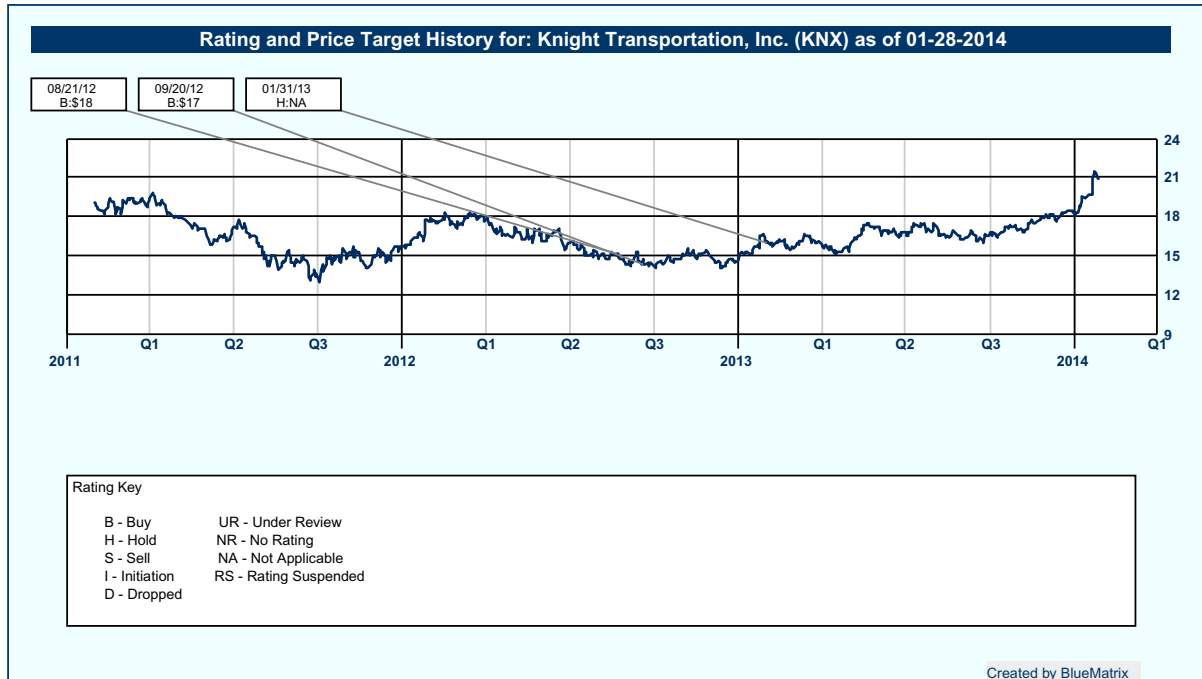
	2012									2013				2014				2014E	2015E						
	2003A	2004A	2005A	2006A	2007A	2008A	2009A	2010A	2011A	1Q12	2Q12	3Q12	4Q12	2012A	1Q13	2Q13	3Q13			4Q13	2013A	1Q14	2Q14	3Q14	4Q14
Gross revenues	340.1	442.3	566.8	664.4	713.6	766.9	651.7	730.7	866.2	219.5	236.3	237.9	242.3	936.0	235.4	244.8	239.3	249.7	969.2	241.1	251.7	252.0	264.0	1,008.7	1,059.8
% change y/y	19.0%	30.1%	28.2%	17.2%	7.4%	7.5%	-15.0%	12.1%	18.5%	17.7%	3.4%	4.8%	8.1%	8.1%	7.2%	3.6%	0.6%	3.1%	3.5%	2.4%	2.8%	5.3%	5.7%	4.1%	5.1%
Revenues, net of fuel surcharge	326.9	411.7	499.0	568.4	601.4	595.6	571.5	615.7	697.3	175.6	188.8	192.6	195.2	752.2	189.6	200.1	195.8	206.3	791.9	194.3	206.1	207.6	219.7	827.8	875.3
% change y/y	17.0%	26.0%	21.2%	13.9%	5.8%	-1.0%	-4.0%	7.7%	13.3%	16.7%	3.6%	5.0%	7.8%	7.9%	8.0%	6.0%	1.7%	5.7%	5.3%	2.5%	3.0%	6.0%	6.5%	4.5%	5.7%
Operating expenses:																									
Salaries, wages and benefits	104.8	133.8	162.8	191.5	201.9	210.9	198.8	204.0	218.7	57.0	59.1	58.2	60.0	234.3	57.7	56.8	60.1	59.7	234.3	56.5	57.8	60.0	62.1	236.4	245.5
Fuel (gross)	56.6	85.1	133.5	165.6	189.1	237.9	140.4	174.4	226.5	57.3	56.6	59.5	56.8	230.2	55.7	52.7	54.3	52.1	214.8	55.9	55.0	54.1	54.2	219.4	224.7
Operations and maintenance	20.3	26.4	34.5	35.9	39.1	42.2	42.8	46.6	53.7	13.7	15.1	16.1	17.0	61.9	15.9	15.9	17.1	15.8	64.7	16.0	16.4	17.0	17.6	67.1	70.2
Insurance and claims	16.6	22.3	25.2	26.2	29.4	26.1	22.1	25.1	30.1	7.6	8.3	7.8	8.4	32.1	7.2	7.3	7.2	7.7	29.4	8.4	8.6	8.9	9.2	35.0	36.5
Operating taxes and licenses	9.1	9.8	12.4	13.5	14.8	14.9	13.5	14.0	15.2	4.1	4.0	3.9	4.2	16.2	3.9	4.0	3.8	4.0	15.6	4.2	4.3	4.4	4.6	17.5	18.3
Communications	3.0	3.6	4.3	5.7	5.5	5.9	5.4	5.5	5.5	1.4	1.3	1.2	1.3	5.2	1.2	1.2	1.2	1.4	5.0	1.3	1.4	1.4	1.5	5.6	5.8
Depreciation and amortization	30.1	40.8	52.6	60.4	65.7	69.8	71.4	71.0	75.8	20.4	20.9	21.8	21.9	85.1	21.5	21.1	22.0	21.6	86.1	21.7	22.2	23.1	23.9	90.9	95.0
Lease expense - revenue equipment	7.6	3.0	0.2	0.4	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchased transportation	25.2	29.3	31.8	39.9	52.4	51.5	61.8	82.0	129.1	31.9	36.1	39.1	41.0	148.0	42.8	49.9	45.6	51.4	189.7	46.3	47.4	49.2	50.9	193.7	203.9
Gain on sales of equipment	0.0	0.0	(2.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	7.3	8.8	10.8	5.8	10.0	14.9	13.5	10.4	11.5	2.3	2.9	2.6	3.1	10.9	4.1	3.9	3.8	3.9	15.7	3.5	3.6	3.7	3.9	14.7	15.3
Total operating expenses	280.6	362.9	465.1	544.9	608.1	674.3	569.7	633.0	766.2	195.7	204.2	210.2	213.7	823.8	209.9	212.9	215.1	217.6	855.3	213.8	216.6	221.9	228.0	880.3	915.3
Operating ratio ⁽¹⁾	81.8%	80.7%	79.6%	79.0%	82.5%	84.4%	85.7%	84.1%	85.7%	86.4%	83.0%	85.6%	85.4%	85.1%	86.5%	84.0%	87.6%	84.4%	85.6%	86.0%	83.0%	85.5%	83.6%	84.5%	83.5%
EBIT	59.4	79.4	101.7	119.5	105.4	92.7	82.0	97.7	100.0	23.8	32.1	27.8	28.6	112.2	25.5	31.9	24.3	32.2	113.9	27.2	35.0	30.1	36.0	128.4	144.5
% margin	17.5%	17.9%	17.9%	18.0%	14.8%	12.1%	12.6%	13.4%	11.5%	10.8%	13.6%	11.7%	11.8%	12.0%	10.9%	13.0%	10.1%	12.9%	11.8%	11.3%	13.9%	11.9%	13.6%	12.7%	13.6%
EBITDA	89.5	120.1	154.3	179.9	171.1	162.5	153.4	168.7	175.9	44.2	53.0	49.6	50.5	197.3	47.1	53.0	46.3	53.7	200.0	48.9	57.3	53.2	59.9	219.3	239.5
% margin	26.3%	27.2%	27.2%	27.1%	24.0%	21.2%	23.5%	23.1%	20.3%	20.1%	22.4%	20.8%	20.8%	21.1%	20.0%	21.7%	19.3%	21.5%	20.6%	20.3%	22.8%	21.1%	22.7%	21.7%	22.6%
Interest income	0.6	0.4	0.7	1.1	1.3	1.2	1.5	1.6	1.1	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4	0.0	0.0	0.0	0.0	0.1	0.5
Interest (expense)	(0.9)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	0.0
Other income (expense), net	(0.3)	0.0	0.4	(0.7)	0.7	0.2	0.4	0.8	0.3	0.2	0.2	0.0	1.1	1.6	0.2	(0.2)	1.0	1.8	2.8	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	58.8	79.8	102.7	119.8	107.4	94.1	83.9	100.1	101.2	24.0	32.3	27.8	29.7	113.8	25.7	31.8	25.2	34.0	116.7	27.2	35.0	30.1	36.0	128.3	145.0
% margin	17.3%	18.0%	18.1%	18.0%	15.1%	12.3%	12.9%	13.7%	11.7%	10.9%	13.7%	11.7%	12.3%	12.2%	10.9%	13.0%	10.5%	13.6%	12.0%	11.3%	13.9%	11.9%	13.6%	12.7%	13.7%
Tax rate	39.7%	40.0%	39.9%	39.1%	39.5%	40.2%	39.7%	39.1%	40.0%	39.4%	40.0%	40.0%	39.1%	39.6%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Net income (loss) from continuing operations	35.5	47.9	61.7	73.0	64.9	56.3	50.6	61.0	60.7	14.6	19.4	16.7	18.1	68.7	15.4	19.1	15.2	20.4	70.0	16.3	21.0	18.1	21.6	77.0	87.0
Noncontrolling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	(0.5)	(0.1)	(0.1)	(0.1)	(0.4)	(0.6)	(0.3)	(0.1)	(0.1)	(0.3)	(0.7)	0.0	0.0	0.0	0.0	0.0	0.0
Net income for common shareholders (continuing ops)	35.5	47.9	61.7	73.0	64.9	56.3	50.6	61.1	60.2	14.4	19.3	16.6	17.7	68.0	15.2	18.9	15.1	20.1	69.3	16.3	21.0	18.1	21.6	77.0	87.0
Extraordinary item (net of tax)	0.0	0.0	0.0	0.0	(1.8)	0.0	0.0	(2.0)	0.0	(3.9)	0.0	0.0	0.0	(3.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	35.5	47.9	61.7	73.0	63.1	56.3	50.6	59.1	60.2	10.5	19.3	16.6	17.7	64.1	15.2	18.9	15.1	20.1	69.3	16.3	21.0	18.1	21.6	77.0	87.0
% margin	10.4%	10.8%	10.9%	11.0%	8.8%	7.3%	7.8%	8.1%	7.0%	4.8%	8.2%	7.0%	7.3%	6.8%	6.4%	7.7%	6.3%	8.0%	7.1%	6.8%	8.4%	7.2%	8.2%	7.6%	8.2%
Average shares outstanding - diluted ⁽²⁾⁻⁽⁴⁾	86.0	86.5	87.0	87.0	87.2	85.8	83.6	84.3	81.9	80.0	80.1	80.2	80.0	80.0	80.1	80.3	80.4	80.6	80.0	80.6	80.6	80.6	80.6	80.6	80.6
EPS - diluted	\$0.41	\$0.55	\$0.71	\$0.84	\$0.72	\$0.66	\$0.60	\$0.70	\$0.74	\$0.13	\$0.24	\$0.21	\$0.22	\$0.80	\$0.19	\$0.24	\$0.19	\$0.25	\$0.87	\$0.20	\$0.26	\$0.22	\$0.27	\$0.96	\$1.08
% change y/y	24.2%	34.1%	29.1%	18.3%	-14.3%	-8.3%	-9.1%	16.7%	5.7%	8.3%	20.0%	0.0%	0.0%	8.1%	46.2%	0.0%	-9.5%	13.6%	8.7%	5.3%	8.3%	15.8%	8.0%	10.3%	12.5%
EPS - diluted (continuing operations)	\$0.41	\$0.55	\$0.71	\$0.84	\$0.74	\$0.66	\$0.60	\$0.72	\$0.74	\$0.18	\$0.24	\$0.21	\$0.22	\$0.85	\$0.19	\$0.24	\$0.19	\$0.25	\$0.87	\$0.20	\$0.26	\$0.22	\$0.27	\$0.96	\$1.08
% change y/y	24.2%	34.1%	29.1%	18.3%	-11.9%	-10.8%	-9.1%	20.0%	2.8%	50.0%	20.0%	0.0%	0.0%	14.9%	5.6%	0.0%	-9.5%	13.6%	2.4%	5.3%	8.3%	15.8%	8.0%	10.3%	12.5%

(1) Operating ratio based upon total operating expenses, net of fuel surcharge, as a percentage of revenue, before fuel surcharge
 (2) Adjusted for 3:2 stock split effective December 28, 2001 for shareholders of record as of December 7, 2001
 (3) Adjusted for 3:2 stock split effective July 20, 2004 for shareholders of record as of July 12, 2004
 (4) Adjusted for 3:2 stock split effective December 23, 2005 for shareholders of record as of November 30, 2005
 (5) 4Q07 insurance & claims excludes \$3.0mm pretax (\$0.02/share aftertax) charge for settlement of a prior period claim
 (6) 4Q10 excludes \$2.5mm pretax (\$0.02/share aftertax) non-cash stock compensation charge

Source: Company data, First Call and Stifel estimates

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