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## Knight Transportation Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

[Operator Instructions]. Our first question comes from Edward Wolfe of Bear Stearns.

#### Edward Wolfe - Bear Stearns

Just the reading that I got from your release was that you're going to flat net tractor fleet at this point with the ability to change that if the environment requires it. Is that the fair reading?

#### Kevin P. Knight

I would say that's a fair reading. Ed, we've got currently 300 growth trucks scheduled for this next year in terms of truck orders, but certainly those can be cancelled. We have got divisions that are wanting to add capacity, but until we see a better supply-demand balance, we think it's prudent to hold growth here before we turn the dogs loose so to speak.

#### Edward Wolfe - Bear Stearns

When will those 300 start to come in if you do take them?

#### Kevin P. Knight

We currently have those scheduled to start growing, I think, in the first to middle part of the second quarter, Ed.

#### Edward Wolfe - Bear Stearns

And should we assume that we are not going to see down fleets like we saw in the fourth quarter going forward?

#### Kevin P. Knight

Right now, we have no plans. We are planning on just guttin' it out through this environment. I wouldn't say that we wouldn't downsize, but it's not expected at this time.

#### Edward Wolfe - Bear Stearns

What are some of the things you look for when you say we look to see a better supply-demand before we invest a little more vigorously? What are some of those indicators and signs that you are looking for?

**Kevin P. Knight**

Just greater demand for our services. Less effort on our part to book loads and more effort on the shipping communities' side to get things covered. So really just looking at our daily demand, Ed.

**Edward Wolfe - Bear Stearns**

How many weeks do you need to see a better pre-book before you say, "all right, now I have got conviction"??

**Kevin P. Knight**

I'm not sure, Ed. Probably not that much; probably two or three solid weeks would probably do it for us based on the assumptions. And depending on what the ATA information was saying and the various indices and the analysts, and just what we hear in general in the industry and from our customers.

**Edward Wolfe - Bear Stearns**

Can you talk a little bit about used equipment? We're seeing everybody having less gains on sales. Can you talk about pricing versus number of units for sale? And what the market looks like for used tractors?

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