

Transport Capital Partners, LLC

Business Expectations Survey Results

Second Quarter 2010



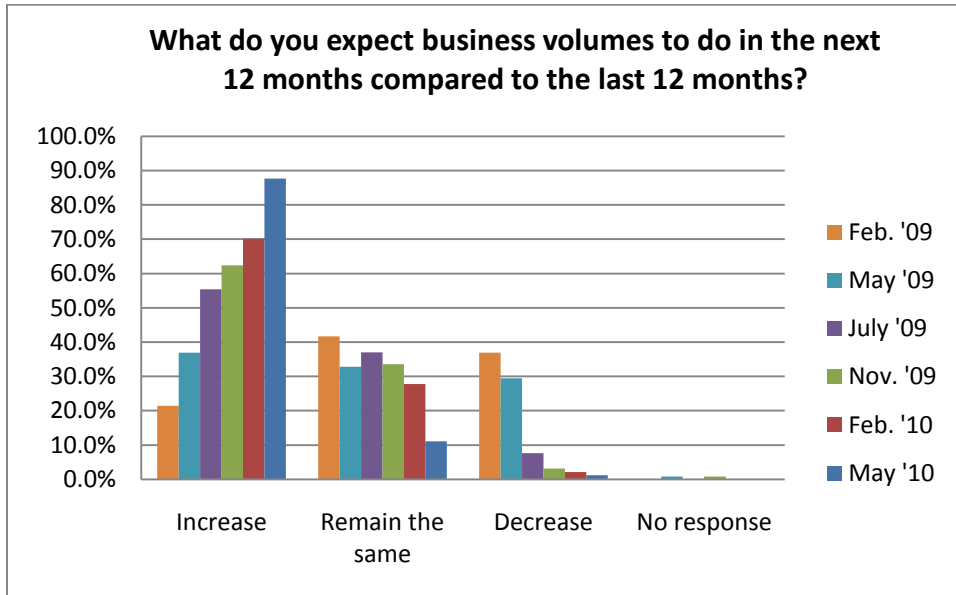
Transport Capital
Partners



Prepared by Richard Mikes, Ph.D and Lana Batts

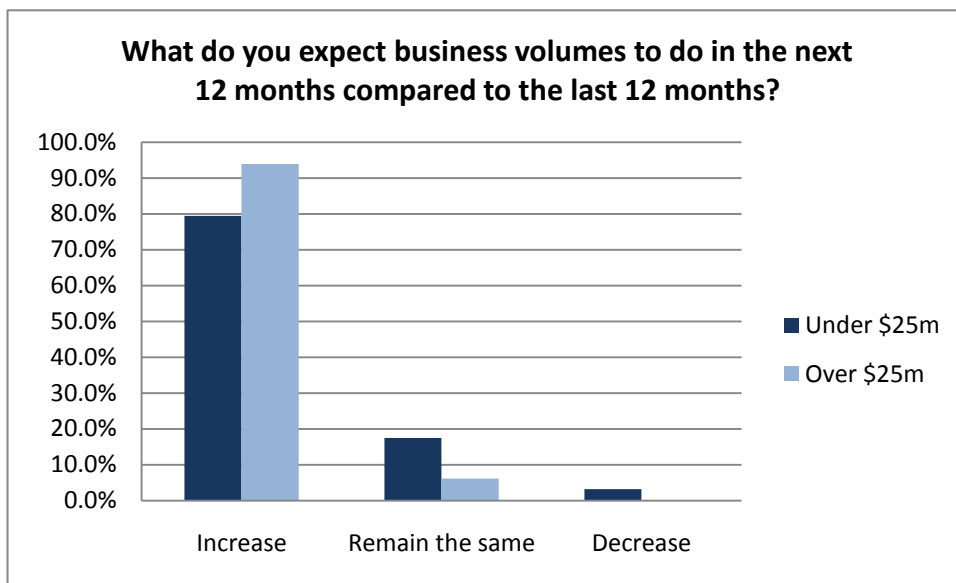
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Graph 1a



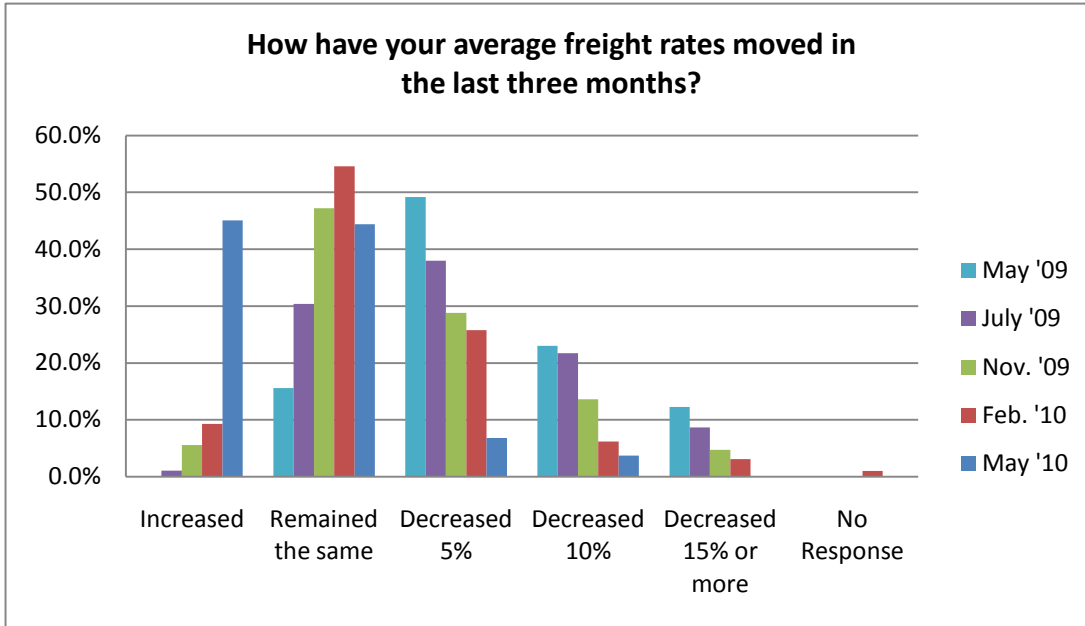
The clear message from carriers is that the outlook for our industry has improved tremendously. Nine out of ten carriers (88%) expect business volumes to increase in the next twelve months compared to the last twelve months, up from seven out of ten in the prior quarterly survey.

Graph 1b



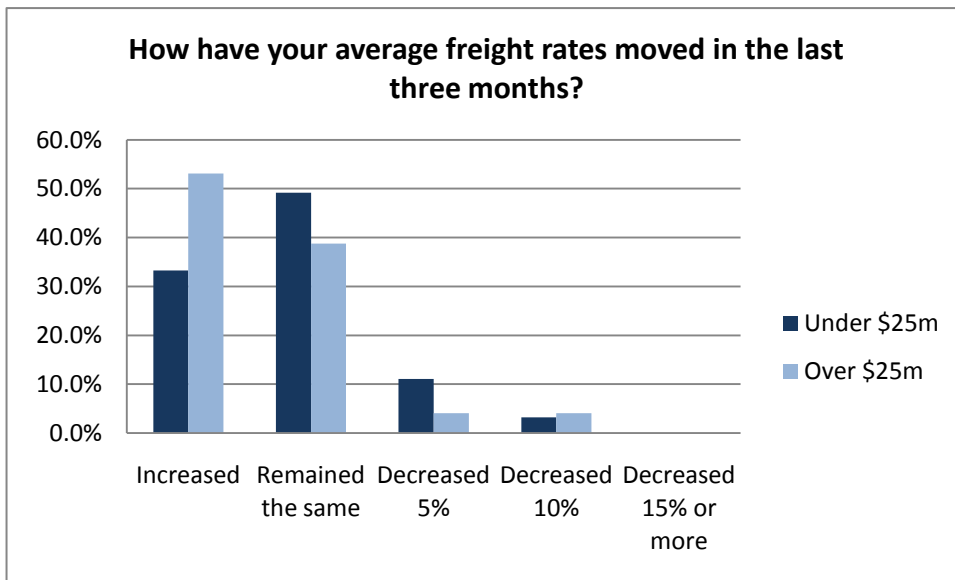
Ninety-four percent of the larger carriers expect volumes to increase over the next 12 months compared with 80% of the smaller carriers.

Graph 2a



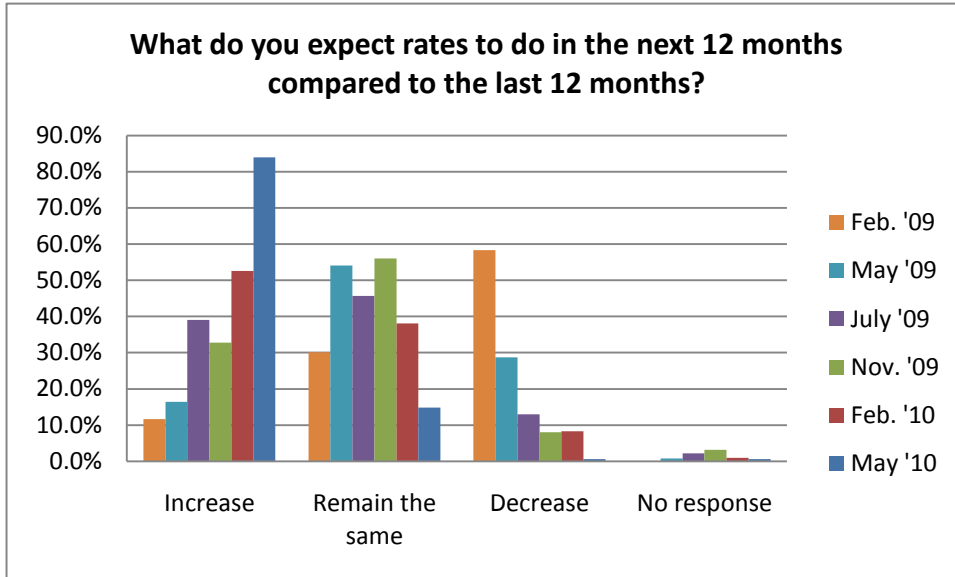
Confidence in the industry has drastically improved. Freight rates slowly stabilized over the past four quarters but are now increasing. Those reporting consistency in rates were 44% this quarter compared to 55% the prior quarter, after a number of recent quarters where more and more carriers reported stabilization and fewer reported decreases. A year ago 85% reported decreases.

Graph 2b



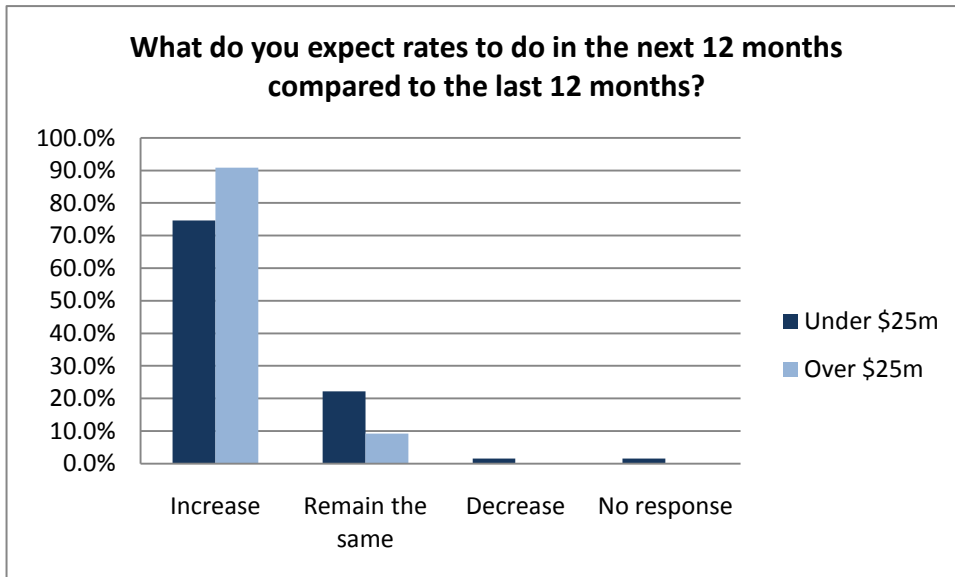
Fifty-three percent of the larger carriers experienced rate increases while only 33% of the smaller carriers reported increases. Fourteen percent of carriers under \$25 million experienced decreases of 5% or more compared with 8% of larger carriers.

Graph 3a



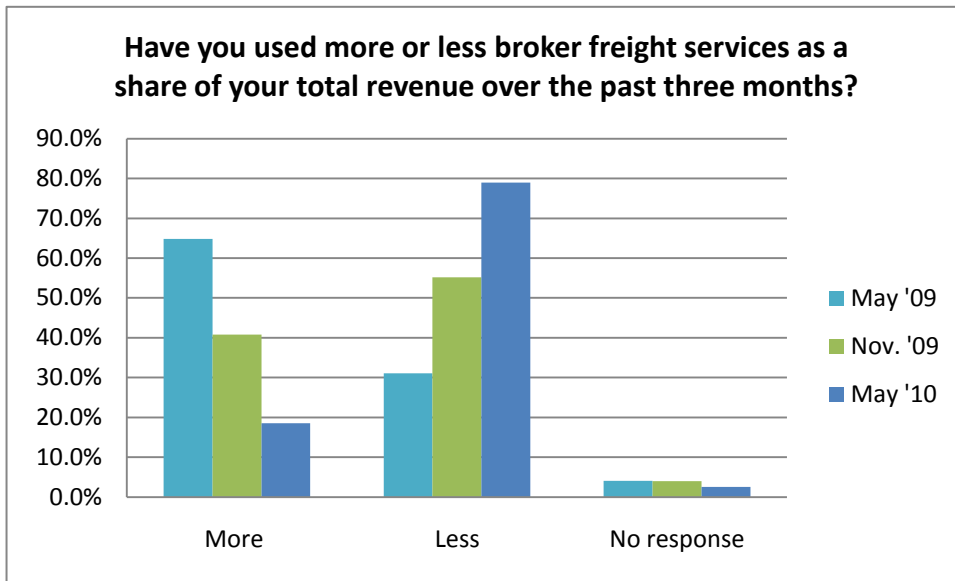
Rate increase expectations over the next twelve months were reported by almost the same margin as volume increase expectations, 84% and 88% respectively. This margin of rate increase expectations (84%) was under 12% a year ago and is up from 53% just a quarter ago. Less than 1% of carriers expect a rate decrease where a year ago 58% were expecting rate decreases.

Graph 3b



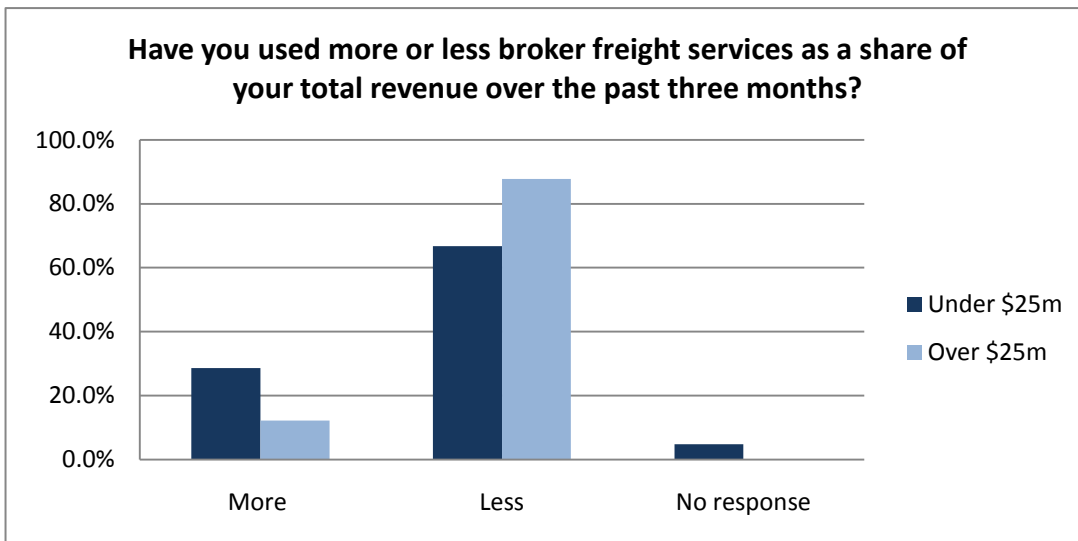
Overall, carriers regardless of size are optimistic about future rates. Almost 91% of the larger carriers expect rate increases compared with 75% of the smaller carriers. Only 22% percent of the smaller carriers expect rates to remain the same compared with nine percent of the larger carriers.

Graph 4a



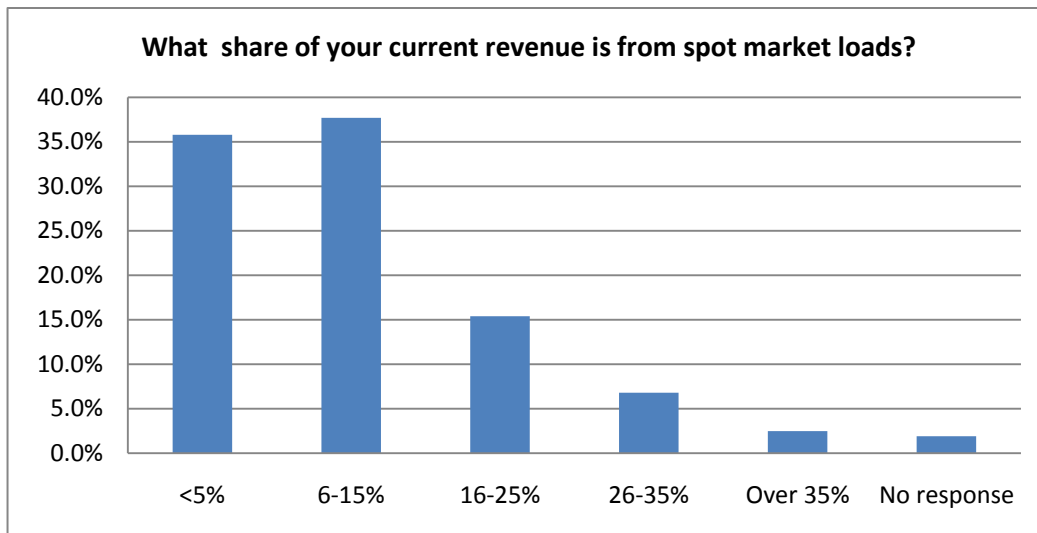
The improved rate situation over the last three months coupled with expectations of rising volumes and rates has been accompanied by a dramatic reduction in the usage of brokers over the last quarter as a share of total revenue. Almost eight out of ten carriers reported less usage of brokers compared with 20% who reported more brokerage usage than a year ago.

Graph 4b



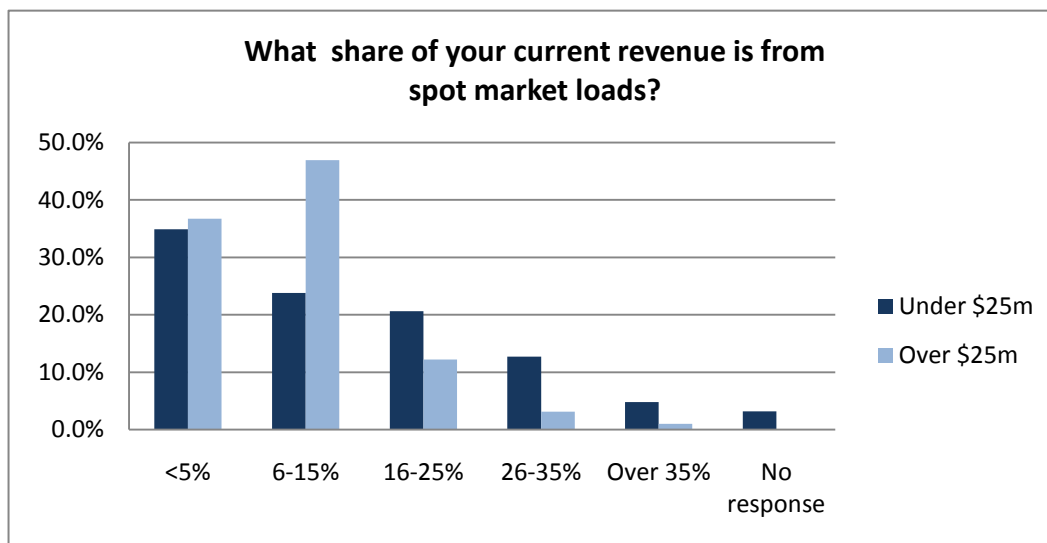
Size matters with broker usage. Smaller carriers continue to rely more heavily on brokers than do larger carriers, but both groups are relying on brokers less than they have in the past.

Graph 5a



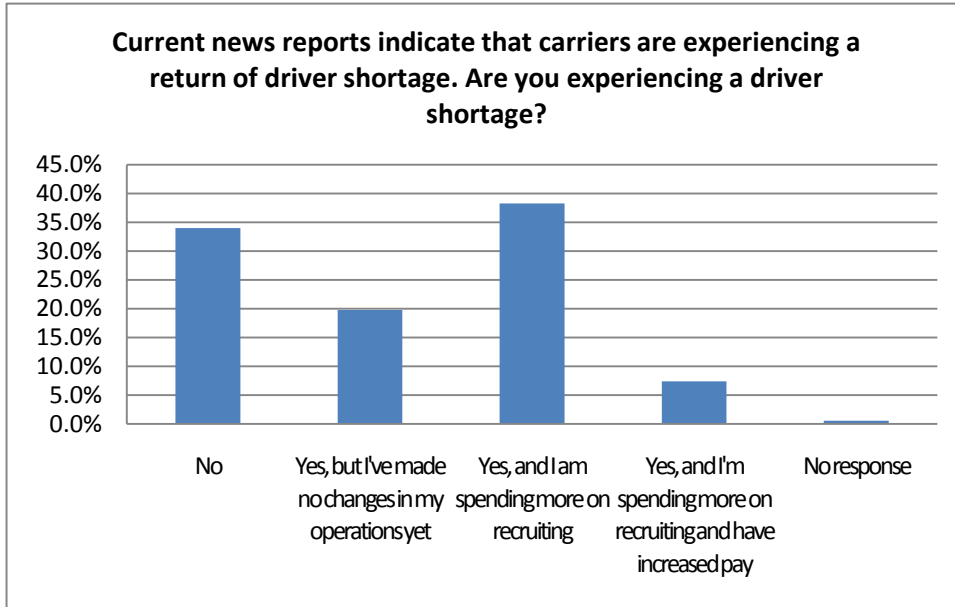
Spot market loads account for more than 16% of current revenues by only one fourth of the carriers while 36% reported less than 5% of revenues from spot loads and 38% reported 6 to 15% from spot loads.

Graph 5b



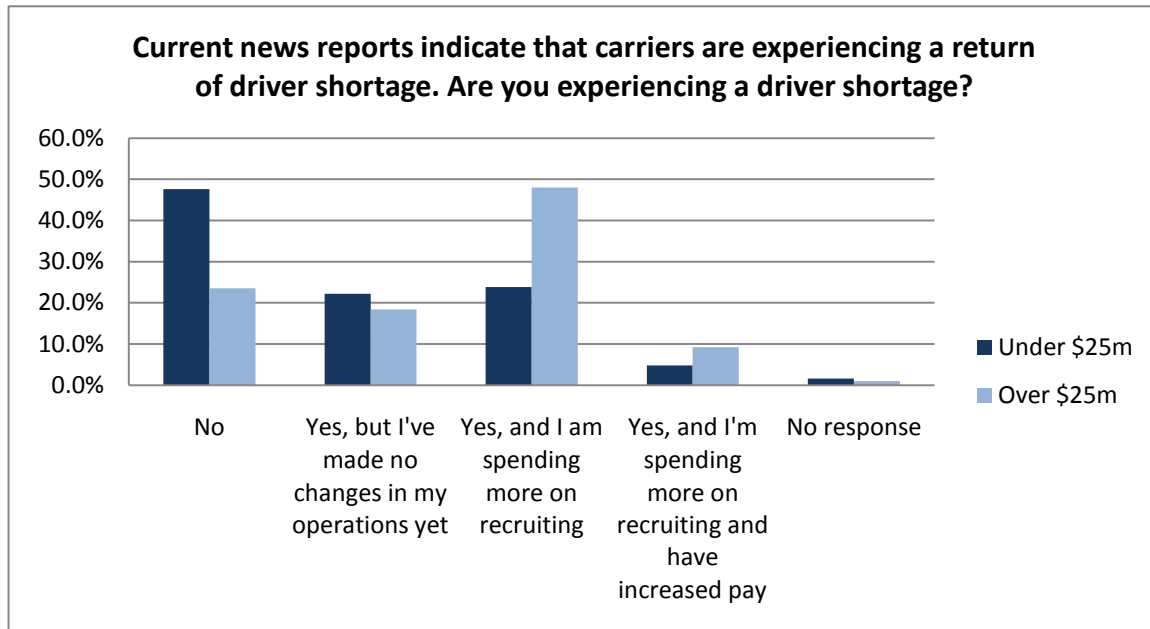
The profile of share of revenues from spot loads between two carrier sizes is similar with about a third in both categories reporting spot loads accounted for under 5% of their revenues, after that the dependence on spot loads is greater by carriers under \$25 million. Thirty-eight percent of the small carriers say they derive 16% or more of their revenues from the spot market, compared to only 16% of large carriers who derive 16% or more from the spot market.

Graph 6a



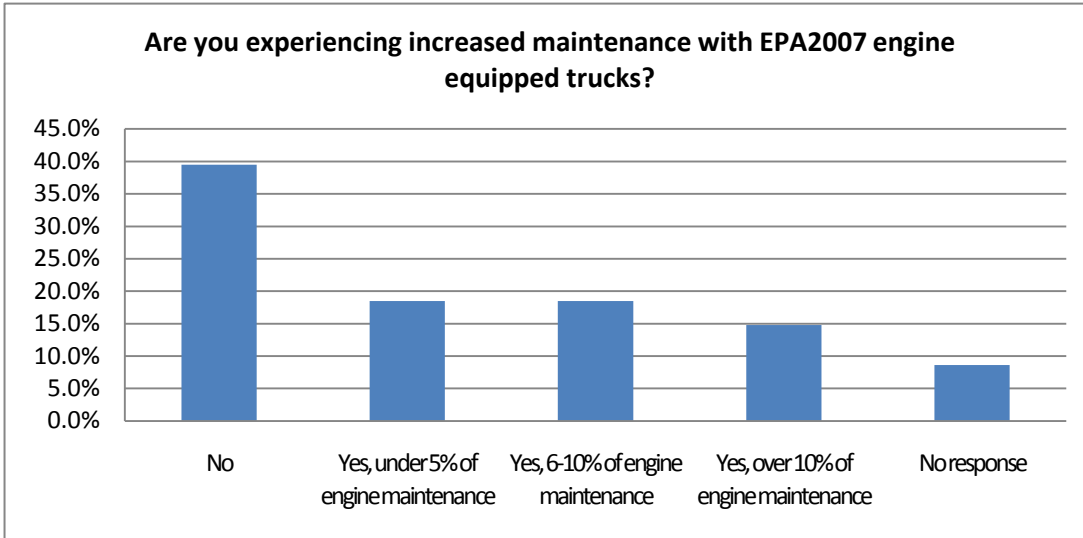
Almost two-thirds of carriers report they are experiencing a driver shortage with eight of ten spending more on recruiting while one-third are not experiencing a driver shortage.

Graph 6b



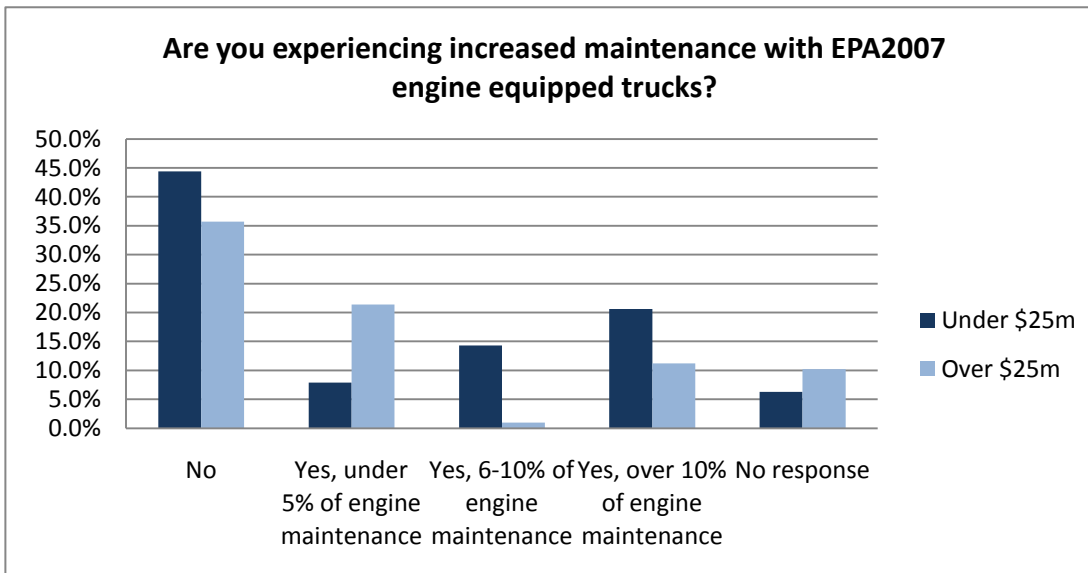
Smaller carriers are having less trouble finding drivers, with about half saying they are not experiencing a driver shortage while about three-quarters of the larger carriers are experiencing a shortage.

Graph 7a



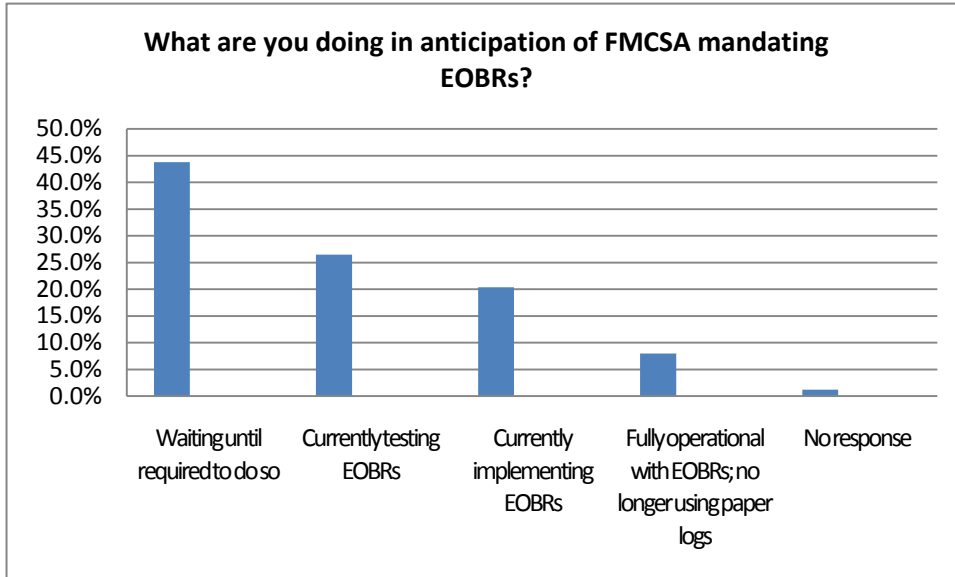
Slightly over half the carriers are experiencing increased maintenance cost with EPPA 2007 engines and 40% are not. Engine maintenance increases up to 10% were reported by 37% of the carriers. Nine percent did not respond.

Graph 7b



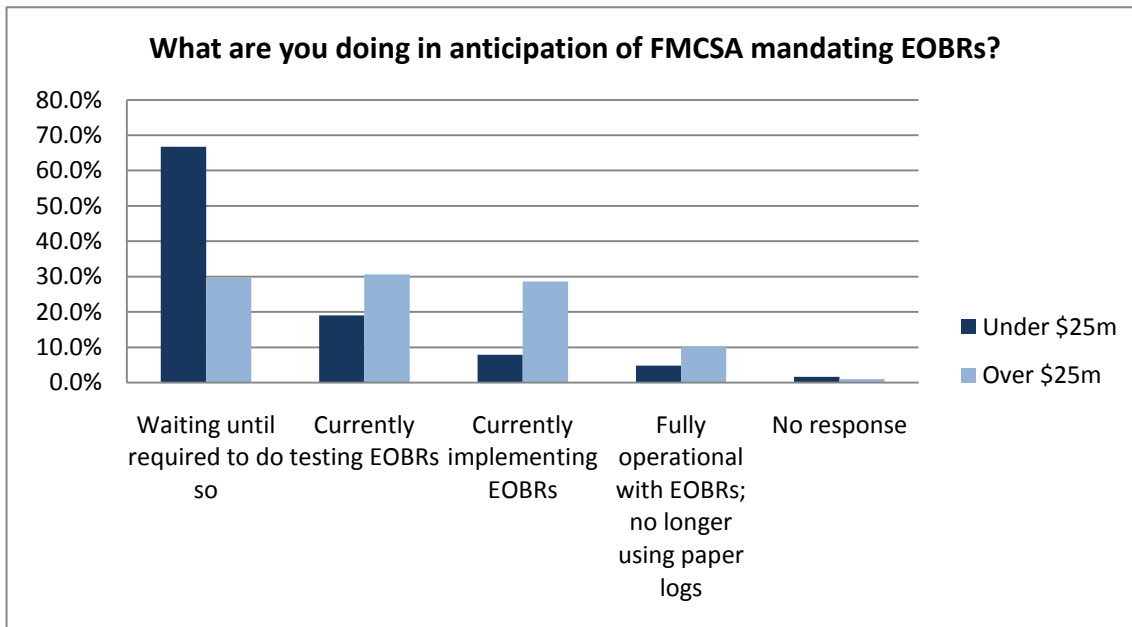
Large and small carriers are experiencing increased maintenance costs with the EPA 2007 engines. Forty-three percent of smaller carriers experienced increased maintenance and 34% of larger carriers experienced an increase.

Graph 8a



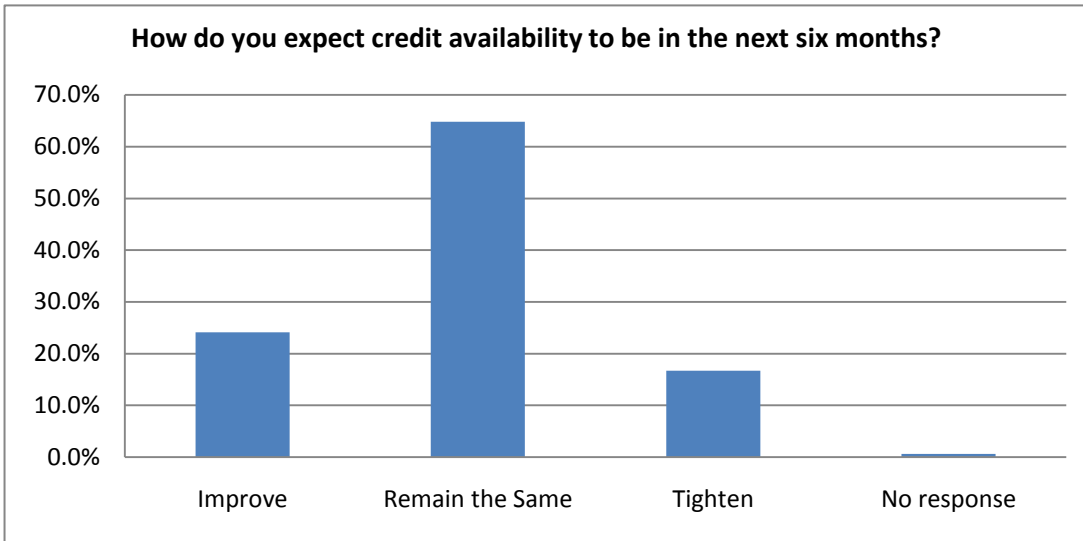
EOBRs are currently being tested by one quarter of the carriers and one-fifth the carriers are currently implementing them. Only 8% of the carriers reported being fully operational, while 44% report waiting until they are required to do so by USDOT regulations.

Graph 8b



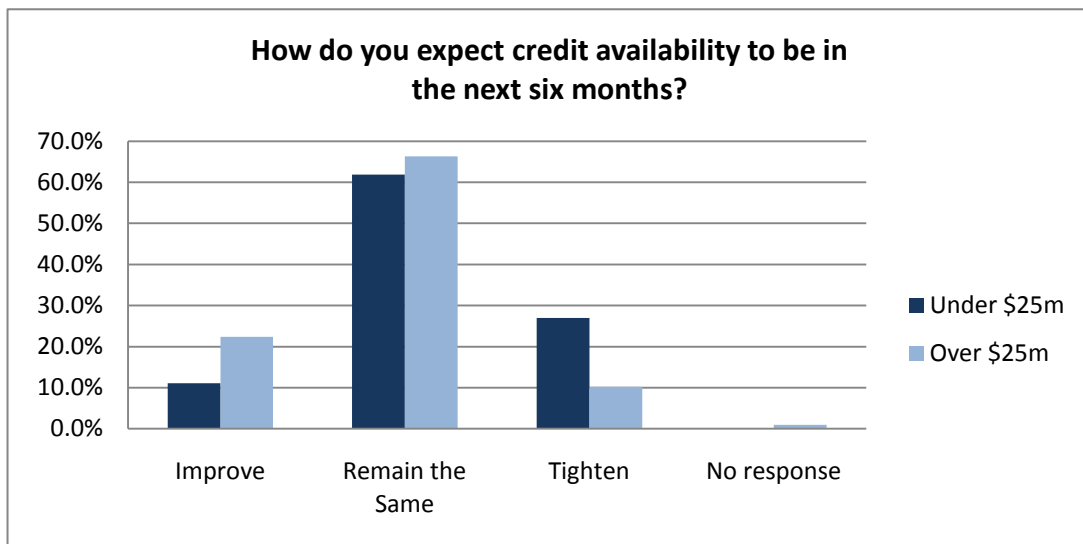
Smaller carriers are twice as likely to wait to implement EOBRs as are larger carriers. Only 5% of the smaller carriers are fully operational with EOBRs compared with 10% of the larger carriers.

Graph 9a



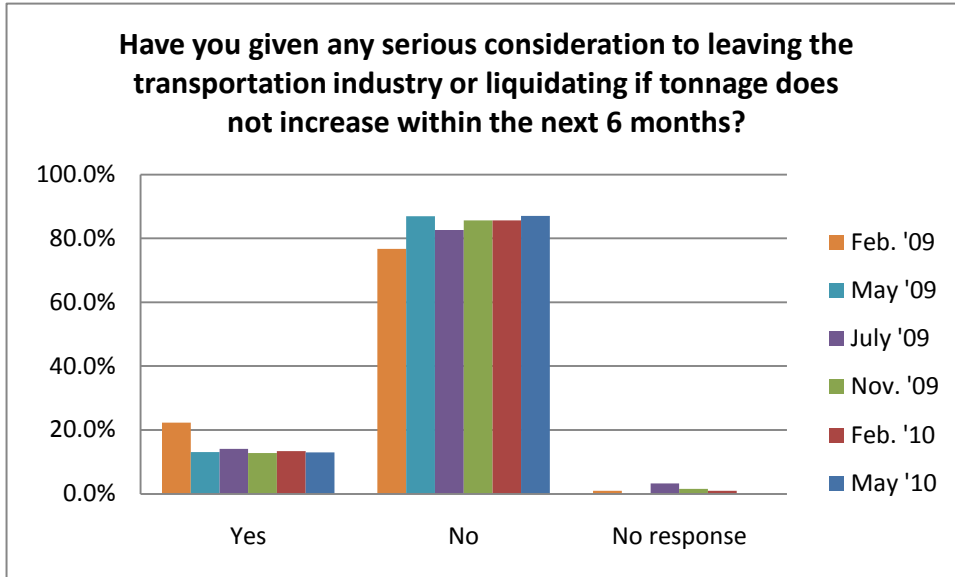
Two-thirds of the carriers believe that credit availability will likely remain the same in the next six months. A quarter look for improvement and one-sixth expect credit to tighten.

Graph 9b



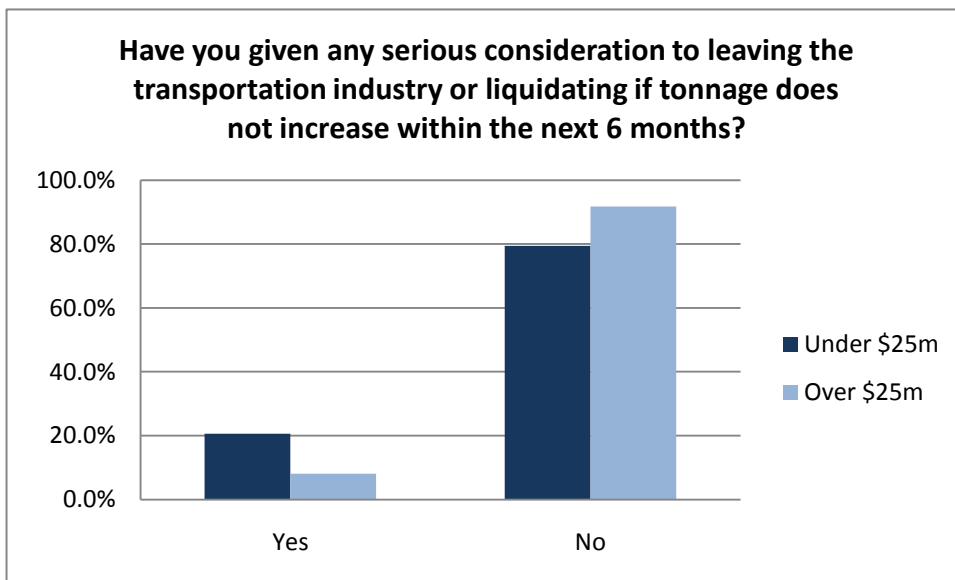
The majority of large and small carriers expect that credit availability will remain the same. However, twenty-two percent of the larger carriers expect credit availability to improve compared with 11% of the smaller carriers. Twenty-seven percent of the smaller carriers expect credit to tighten compared with only 10% of the larger carriers.

Graph 10a



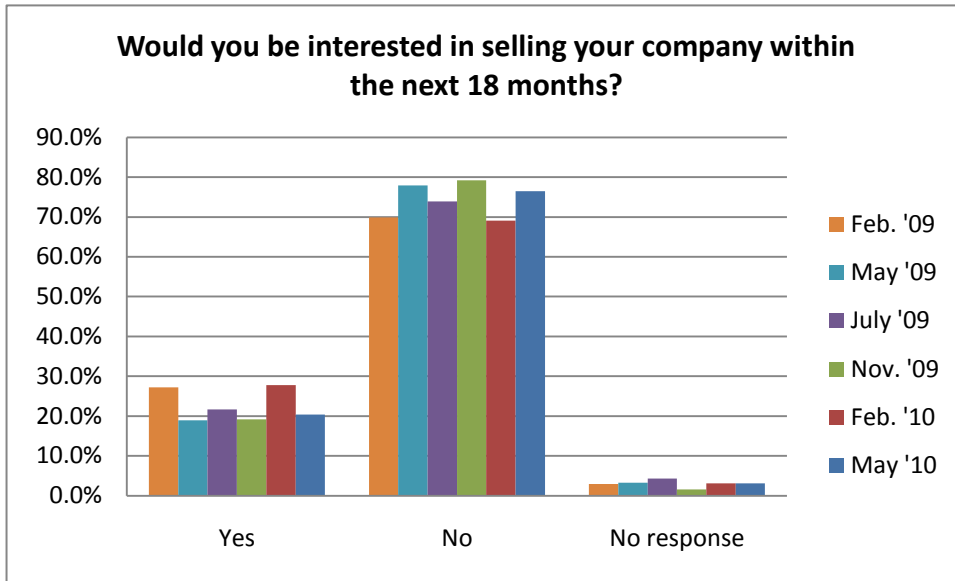
About one in twelve carriers have answered affirmatively to giving serious consideration of leaving the industry for the past five quarters.

Graph 10b



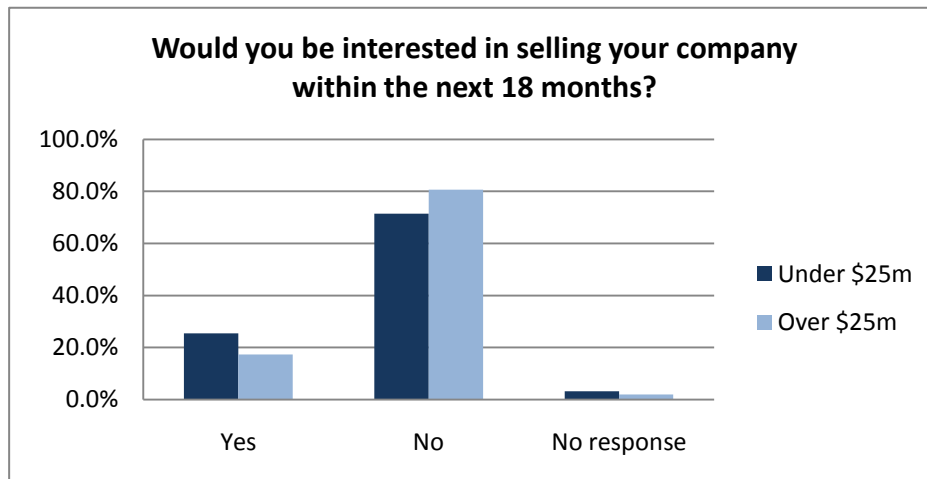
Twenty percent of the smaller carriers are interested in leaving the industry, compared with only 8% of the larger carriers.

Graph 11a



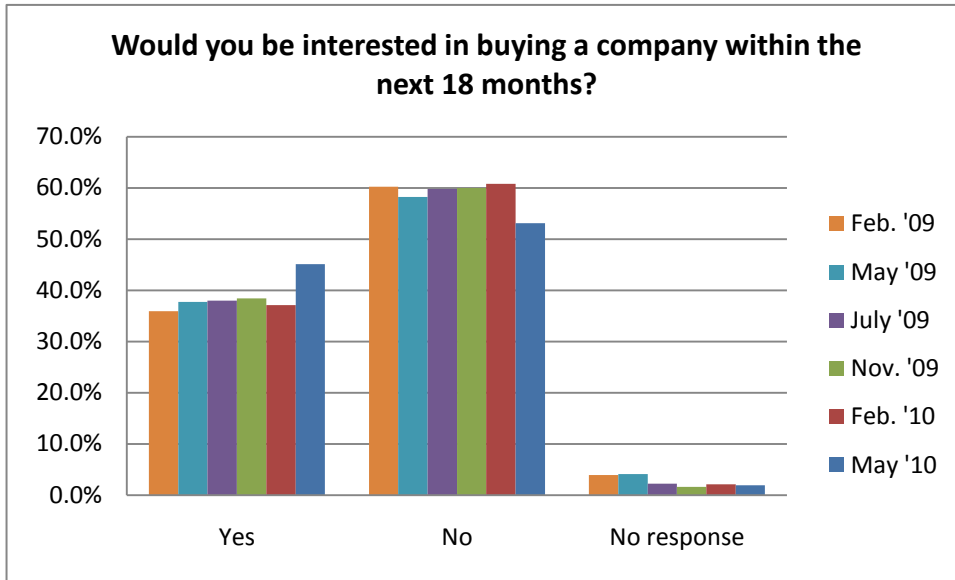
The share of carriers interested in selling (as opposed to liquidating if volumes don't improve) dropped from 28% last quarter but is more in line with prior quarters. The exception is the results of February 2009's Business Expectations Survey when the depressed rate and volume environment saw 27% of carriers also expressing an interest in selling.

Graph 11b



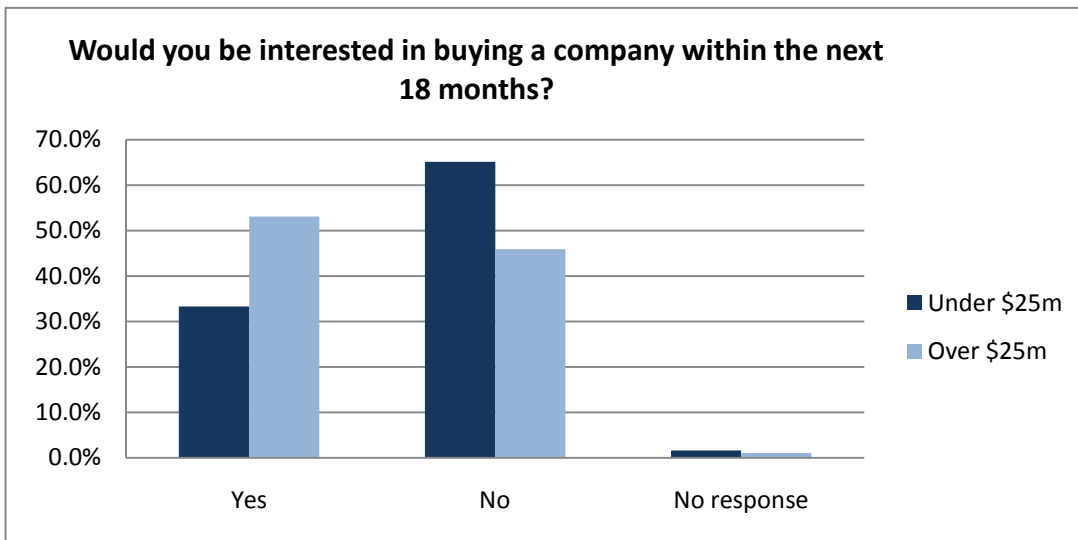
Twenty-five percent of the smaller carriers are more likely to be interested in selling compared with 17% of the larger carriers.

Graph 12a



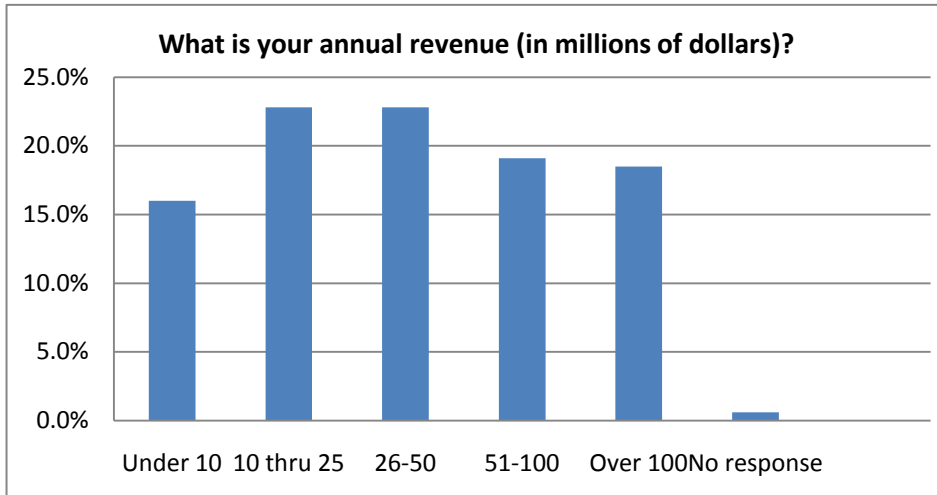
Buyer interest has moved up to 45% compared with 30% or higher in prior quarters. In general, the improved outlook has continued to prompt calls to Transport Capital Partners from buyers.

Graph 12b



Over 53% of the larger companies are interested in buying a company compared with 33% of the smaller companies.

Graph 13a



Graph 13b

