Transport Capital Partners, LLC

Business Expectations Survey Results

2nd Quarter 2011

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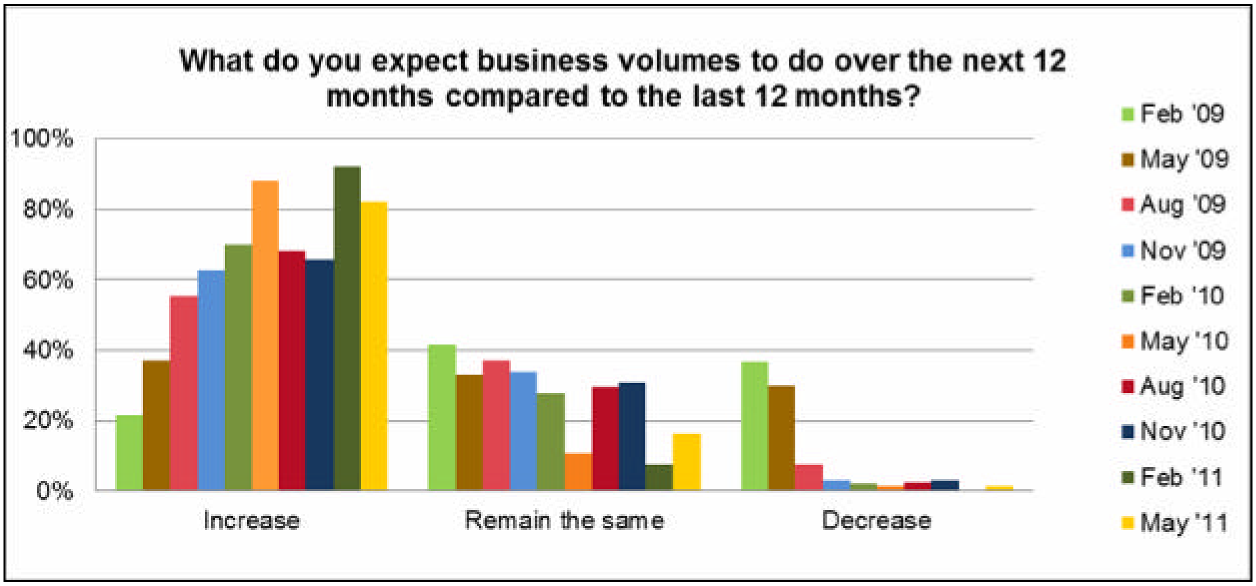
Starting in the 2nd Quarter of 2008, Transport Capital Partners' quarterly Business Expectation Survey has become a frequently quoted bell-weather indicator of the American trucking industry by taking the pulse of industry executives across the country. The survey asks trucking company executives core questions every quarter on recent rate trends, future volume and rate expectations, and interest in buying or selling their firms in the future. Topical questions are also incorporated in each survey with past topics including: credit and financing, equipment issues and plans, drivers, new regulations, trade cycles, and other fleet sentiment opportunities and concerns.

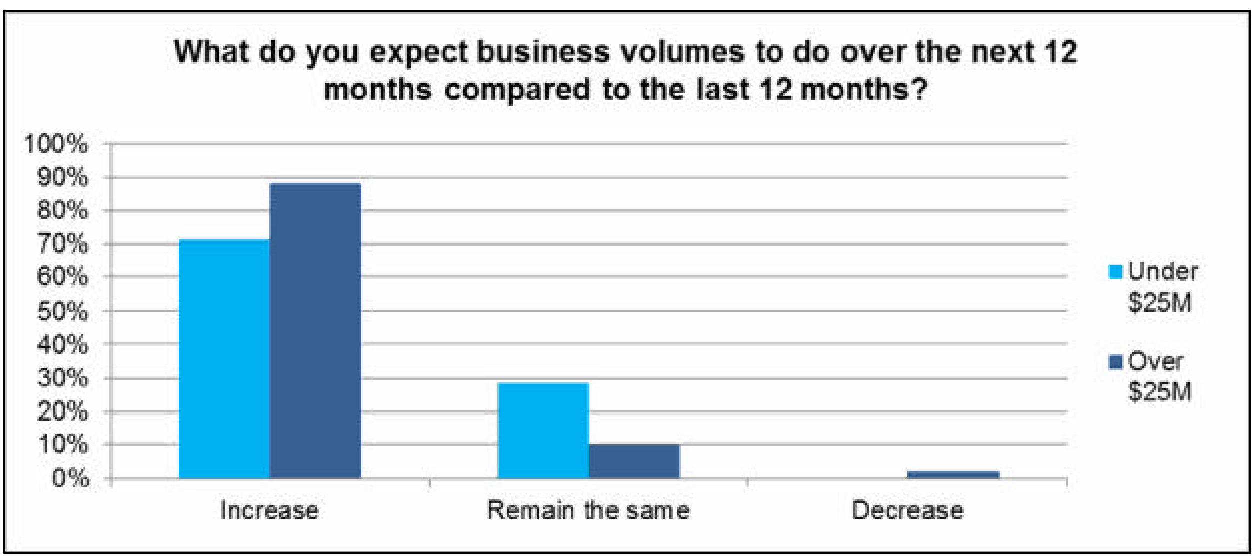
Questions about results and suggestions for future surveys are always welcome by contacting Richard Mikes at 800-886-2147, or RMikes@TransportCap.com.

Graph 1a



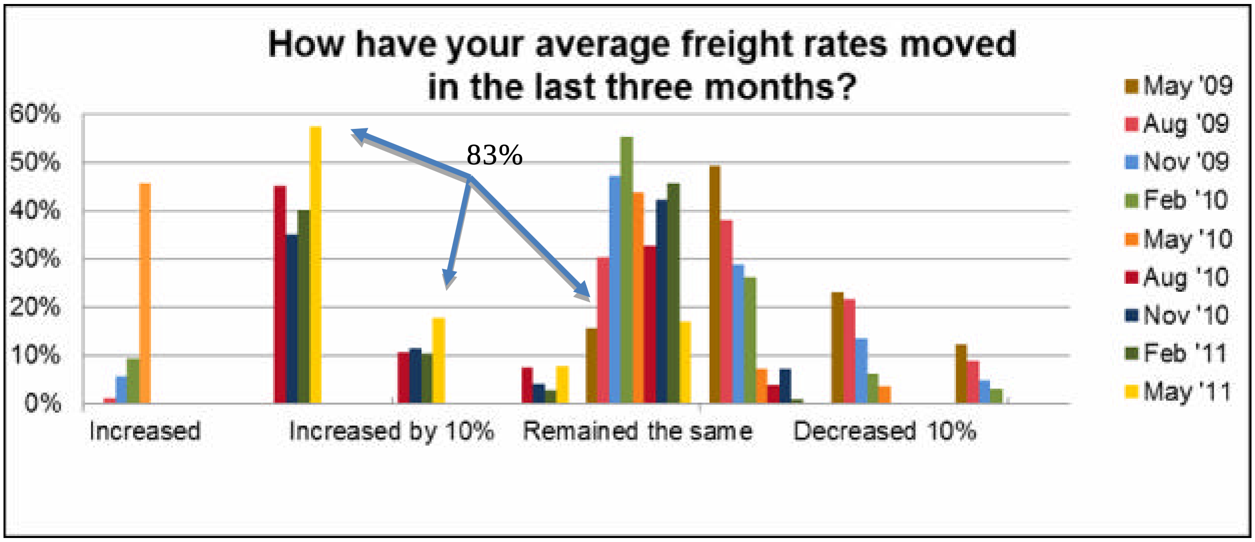
Over 80% of responding carriers expect increasing volumes in the year ahead, the third highest level reported in the survey. The prior quarter was at a slightly higher level, but the general pace of the overall economy is showing some decreasing rate of growth signals in selected industries and geographic regions. TCP anticipates economic growth will remain positive over the next year with stronger growth in the second half of 2011.

Graph 1b



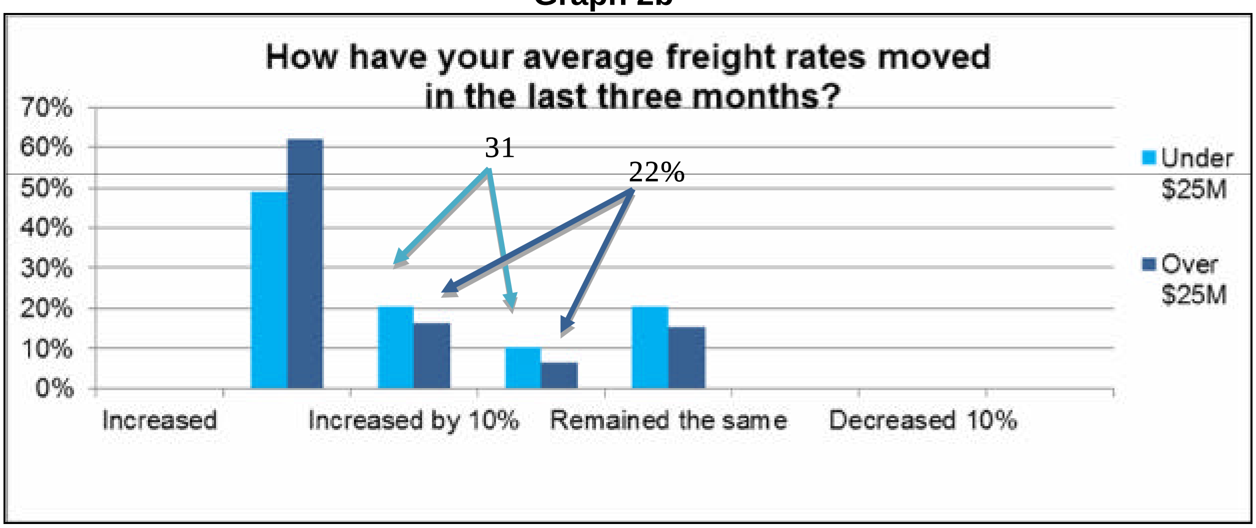
Smaller carriers are less optimistic about future freight volumes (71%) than the larger carriers (88%).

Graph 2a



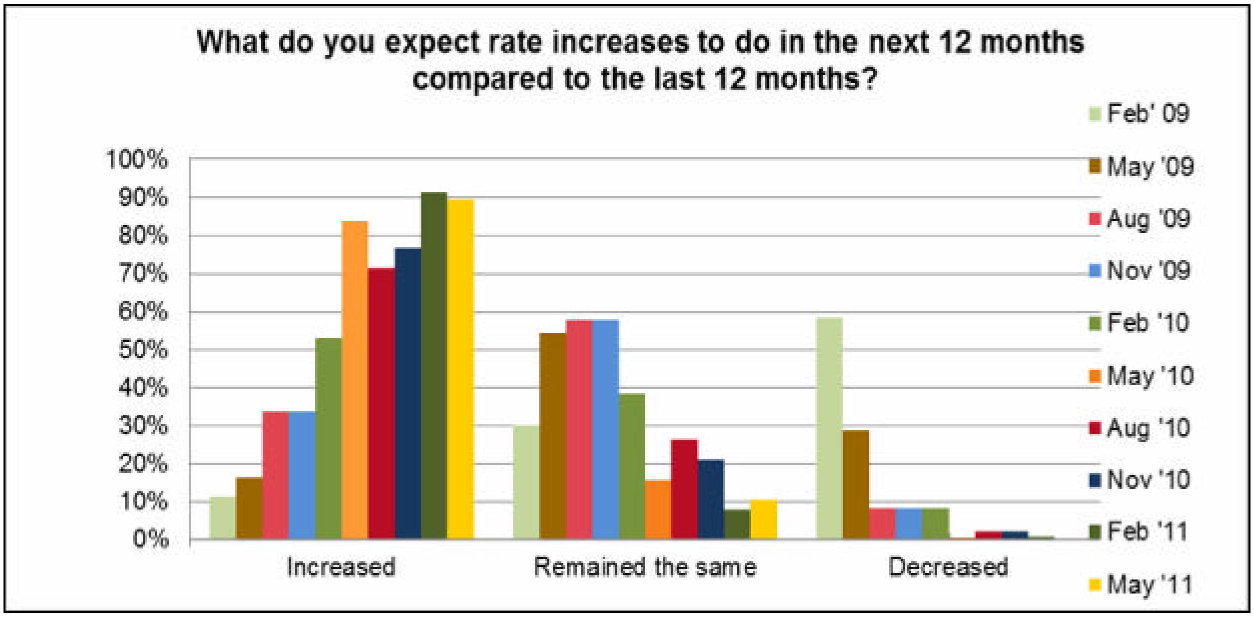
The wave of rate increases being reported jumped dramatically over the last quarter with 83% reporting rate increases compared with 53% three months ago. Eight percent witnessed rate increases of 15% or more compared with only 3% three months earlier. The majority of the carriers had at least a 5% increase. Carriers continue to report cost increases including drivers, tires, new regulations, fuel and general expenses. The 1/6 who reported no increases last month may be a reflection of no new contract pricing and a slow down in spot market freight rates for some types of freight and regions impacted by slowdowns.

Graph 2b



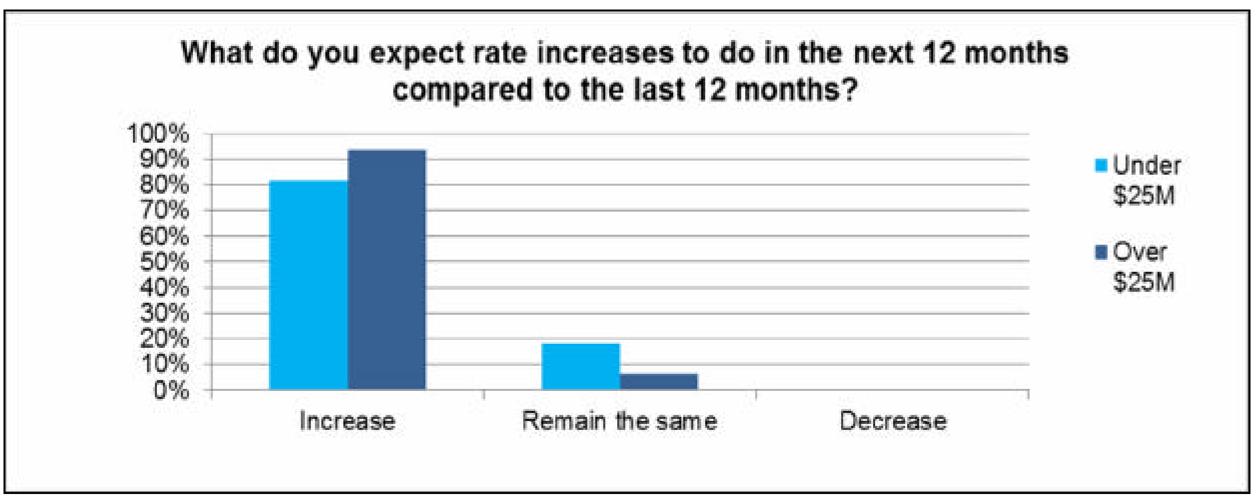
Smaller carriers, in general, are seeing larger rate increases than larger carriers. Thirty-one percent of the smaller carriers saw rate increases over 10% compared to 22% of the larger carriers. However, more small carriers (20% vs. 15%) experience no rate increases in the last three months. This maybe the tendency of small carriers to have a less diverse and concentrated shipper base and thus a function of timing for a particular quarter with no negotiations pending on an annual cycle for some shippers.

Graph 3a



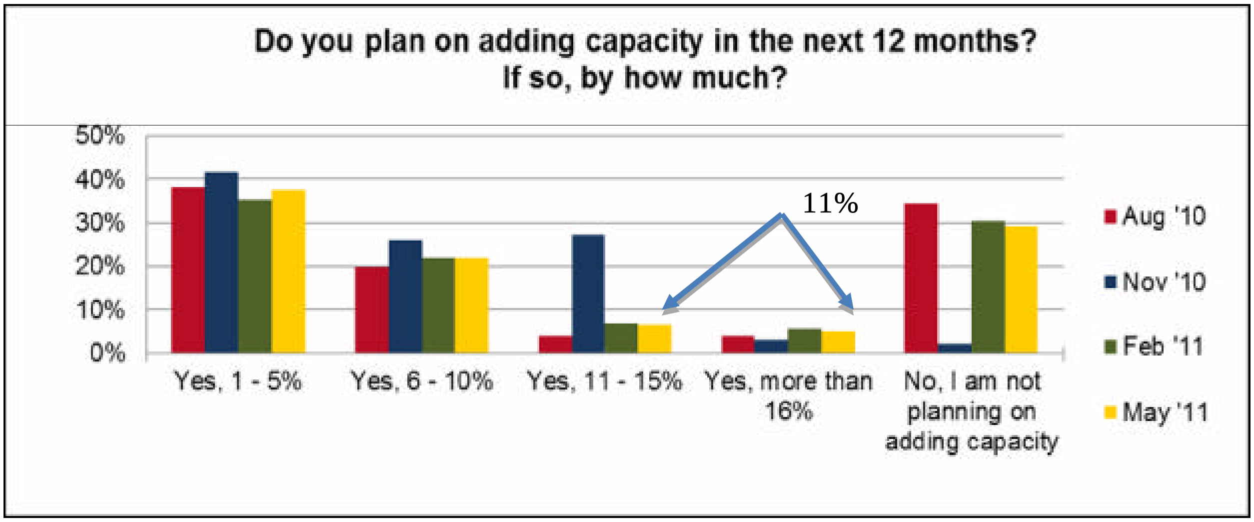
For the second consecutive quarter, almost 90% of the carriers expect rates to increase in the next 12 months compared to the last 12 months. More importantly, this is the first time; no one expected rates to decrease since the question was first asked in the first quarter of 2009. The general supply and demand equilibrium continues to shift towards carriers as little capacity increase is evident and modest GDP gains are still forecast; thus, assuring tightness likely over the next couple of years. Spot rate markets are showing some diversity over the last quarter depending upon region and type of carrier and some weather impacts being reported. The second half is expected to reflect higher rates as the general economy is forecast to improve.

Graph 3b



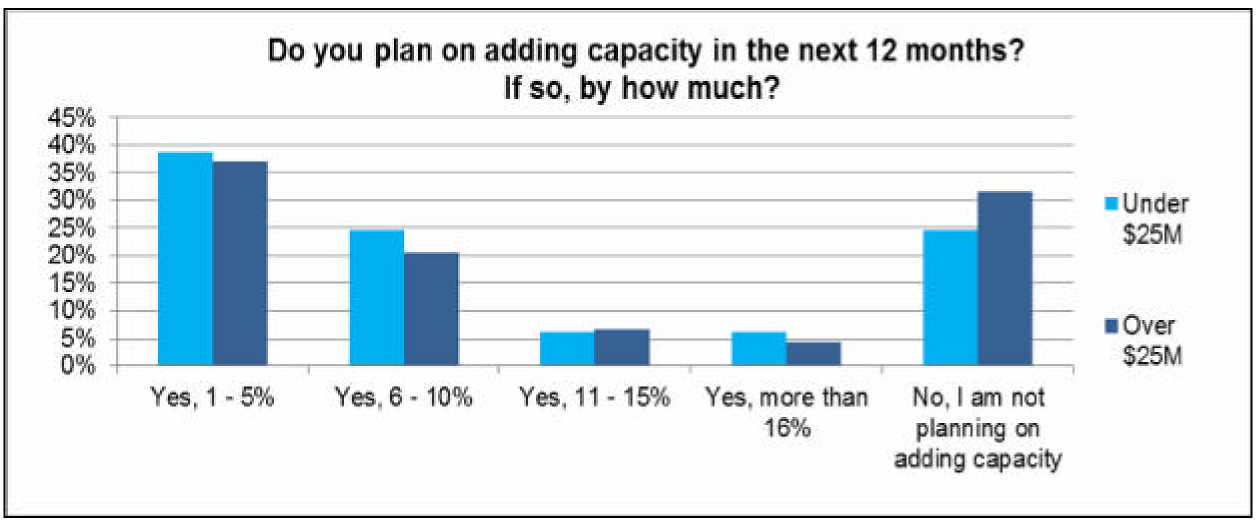
Larger carriers are more optimistic that rates will increase (93%) compared to 82% of the smaller carriers.

Graph 4a



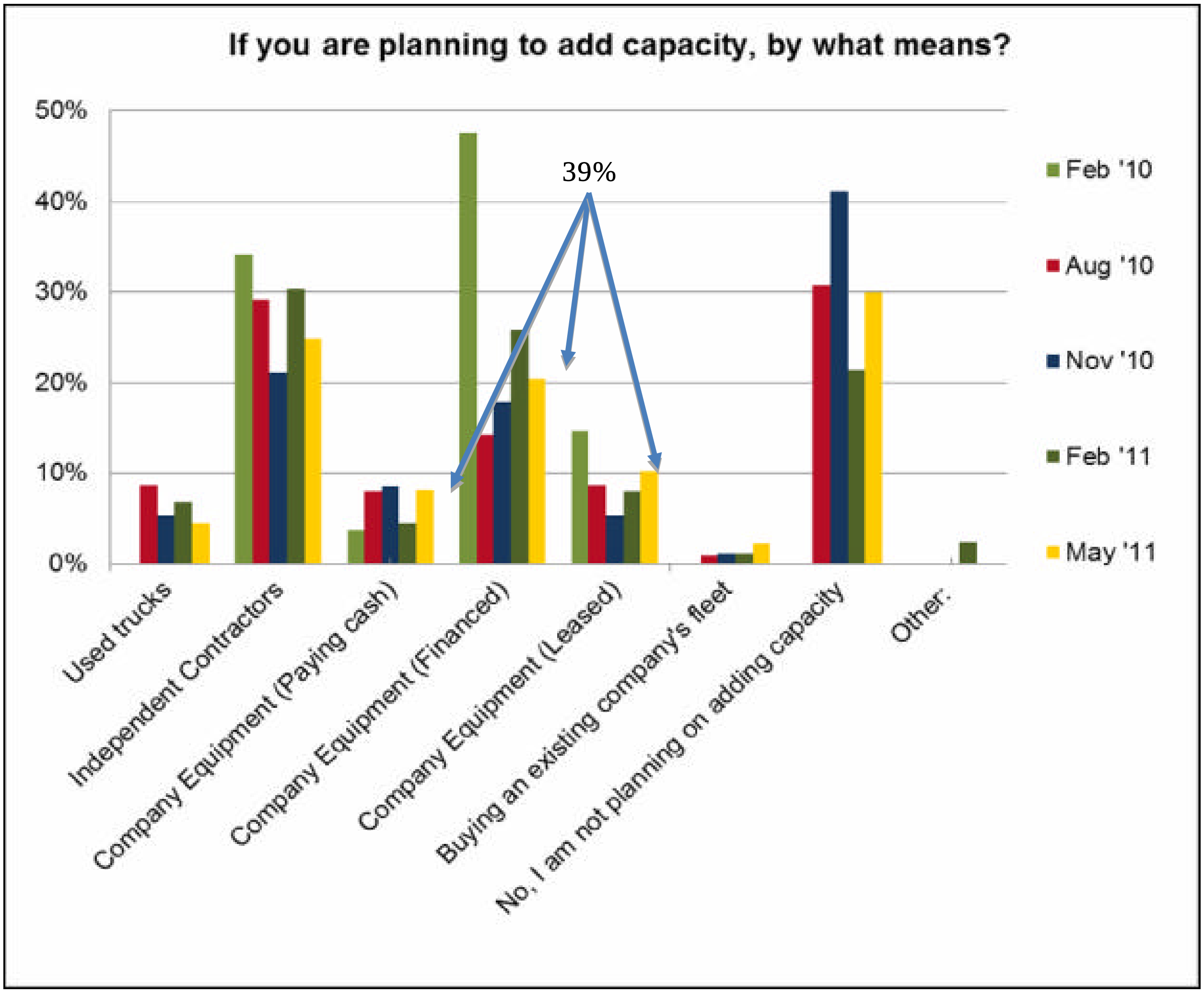
The industry's desire to add capacity in the next 12 months is substantially unchanged for the last four quarters. For the second straight quarter, thirty percent of the industry has no intention of adding capacity. About 38% expects to only add 1-5%. Eleven percent intend to add more than 10% capacity, about the same number as the previous quarter. In essence, even though carriers expect rates and volumes to increase, they do not intend to respond by adding capacity. Recent price increases for new trucks, fuel, and driver wages, plus regulatory costs are dampening new truck demand. Instead, carriers report to TCP they intend to continue raise rates, adhering to the adage they can make more money raising rates, than adding trucks.

Graph 4b



Overall, 32% of the larger carriers are not planning to add capacity and neither are 24% of the smaller carriers. The number of carriers adding equipment regardless of size is in the lowest category of 1-5% and secondly in the 6-10% category.

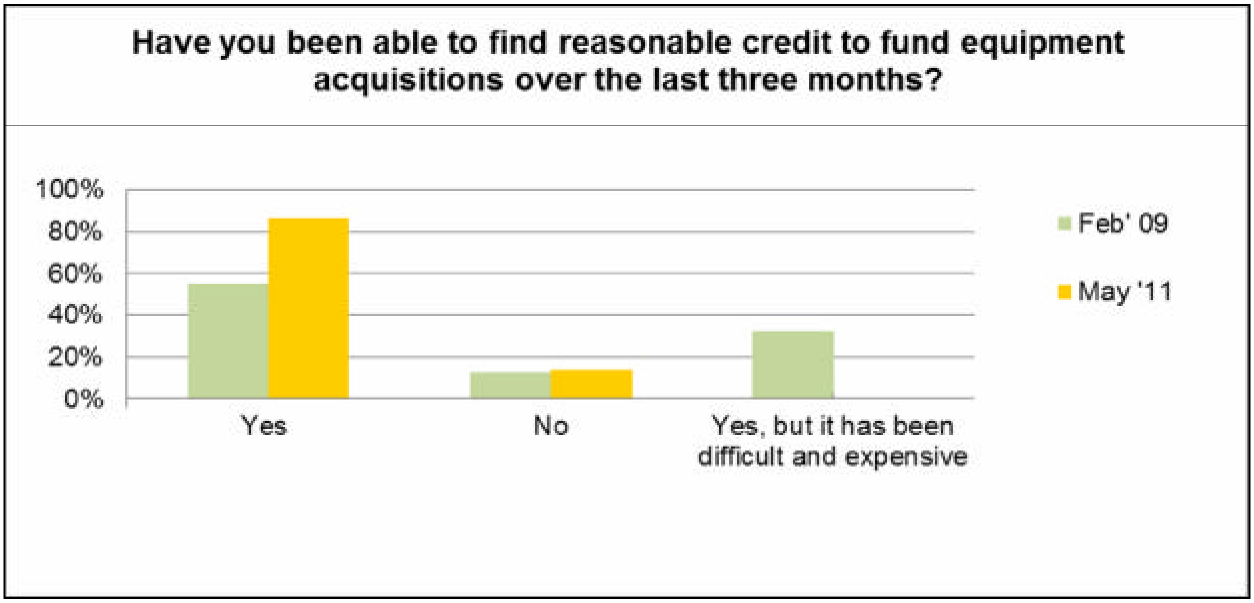
Graph 5a



Thirty-nine percent of the carriers intend to add capacity by acquiring company equipment through various means. Twenty-five percent intend to grow through contractors, down from 30% last quarter.

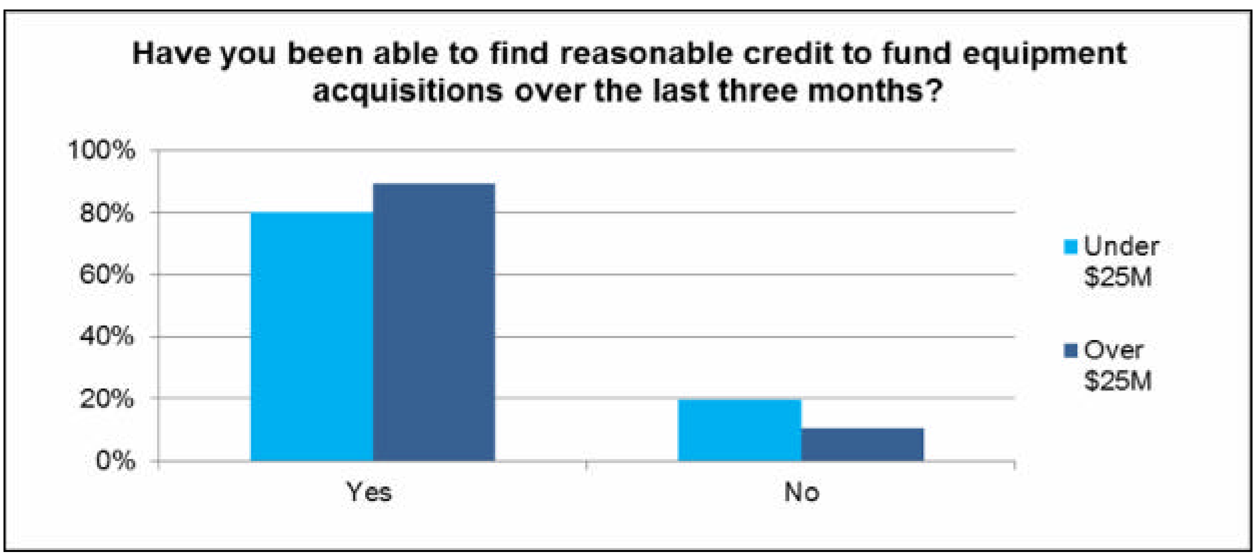
There wasn't a significant difference between large and small carriers in how they intended to grow their fleets.

Graph 6a



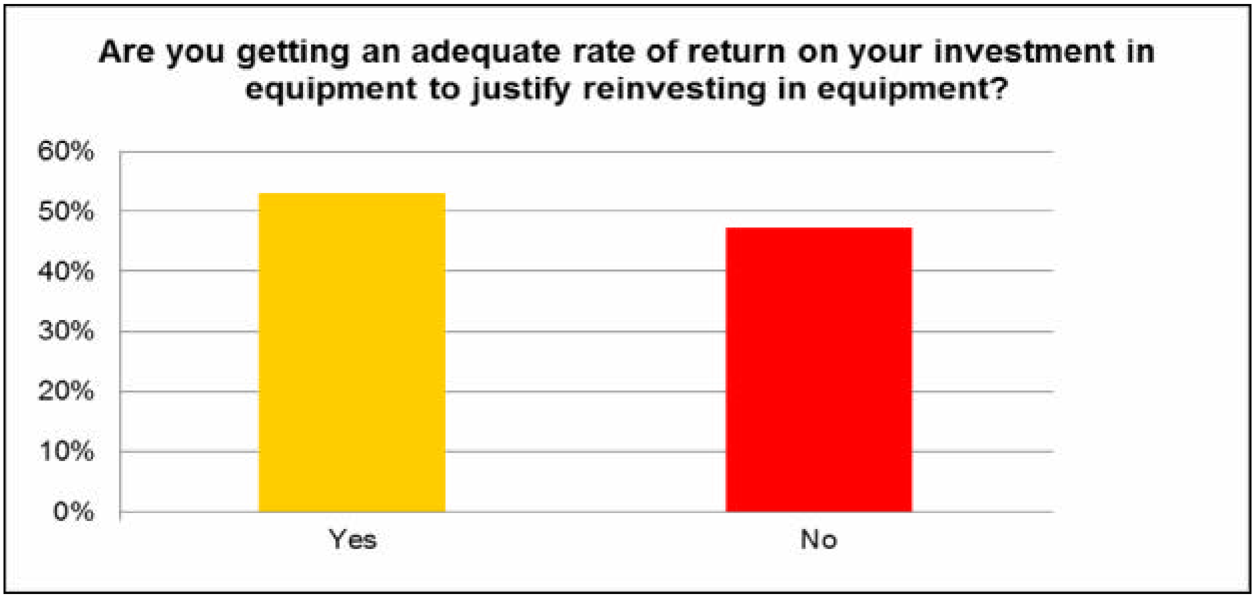
Over 86% of the carriers indicated they have been able to find reasonable credit to fund acquisitions over the last three months. This is a solid indication that carriers are finding credit on reasonable terms in their opinion. There still remain some carriers with severe credit constraints, according to TCP experiences in the funding market place.

Graph 6b



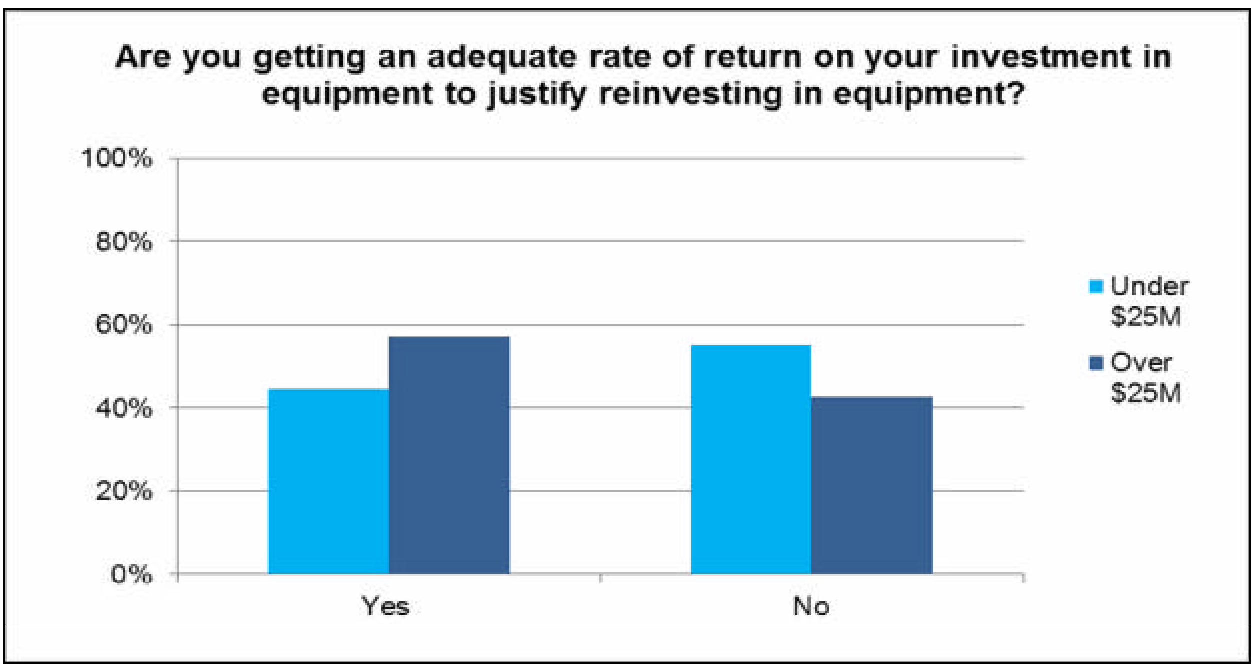
Larger carriers have been slightly more able to access credit than the smaller carriers. But it is troubling that almost 20% of the smaller carriers indicate they can't find reasonable credit to fund equipment acquisitions. This will further restrict future expansion of capacity as smaller carriers attempt to refurbish their fleets.

Graph 7a



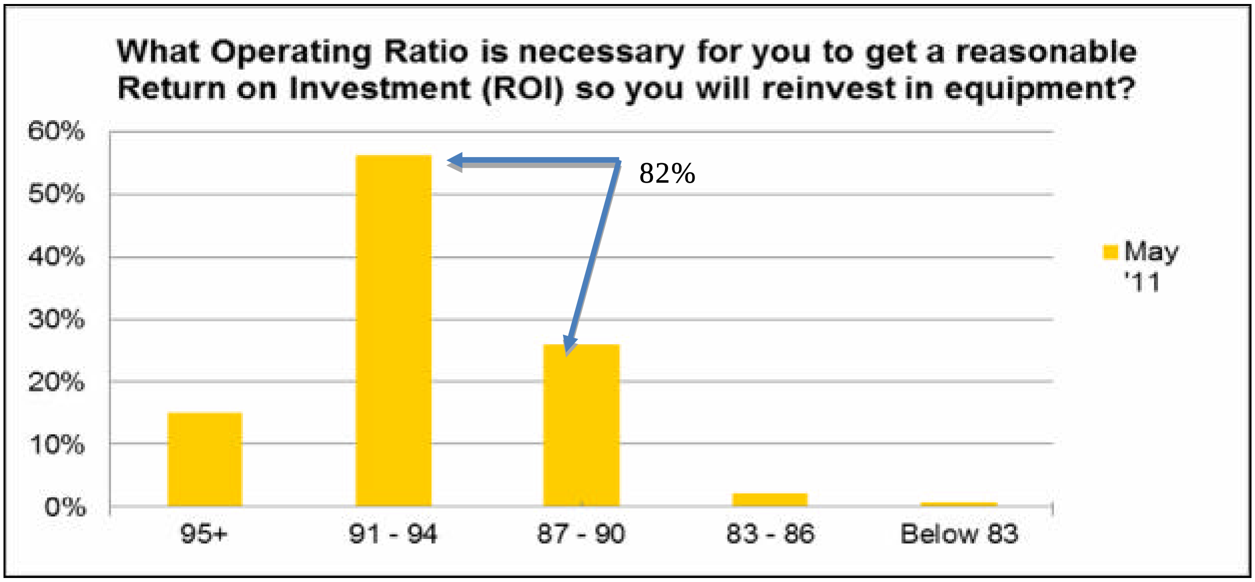
Only 53% of the carriers indicated that they are getting an adequate rate of return for their investment in equipment. This is another reason why so few carriers are willing to add to capacity and look toward adding contractors instead.

Graph 7b



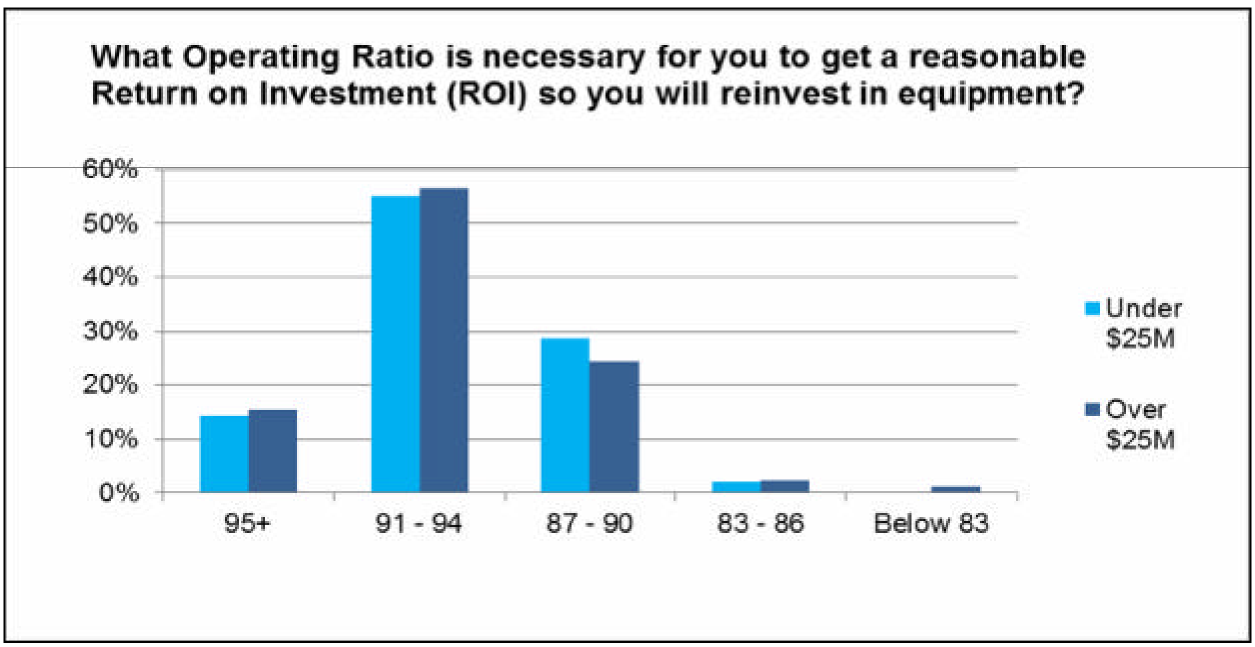
Smaller carriers are feeling even more squeezed by an inadequate return. Only 45% of the smaller carriers indicated they were getting an adequate return compared to 57% of the larger carriers.

Graph 8a



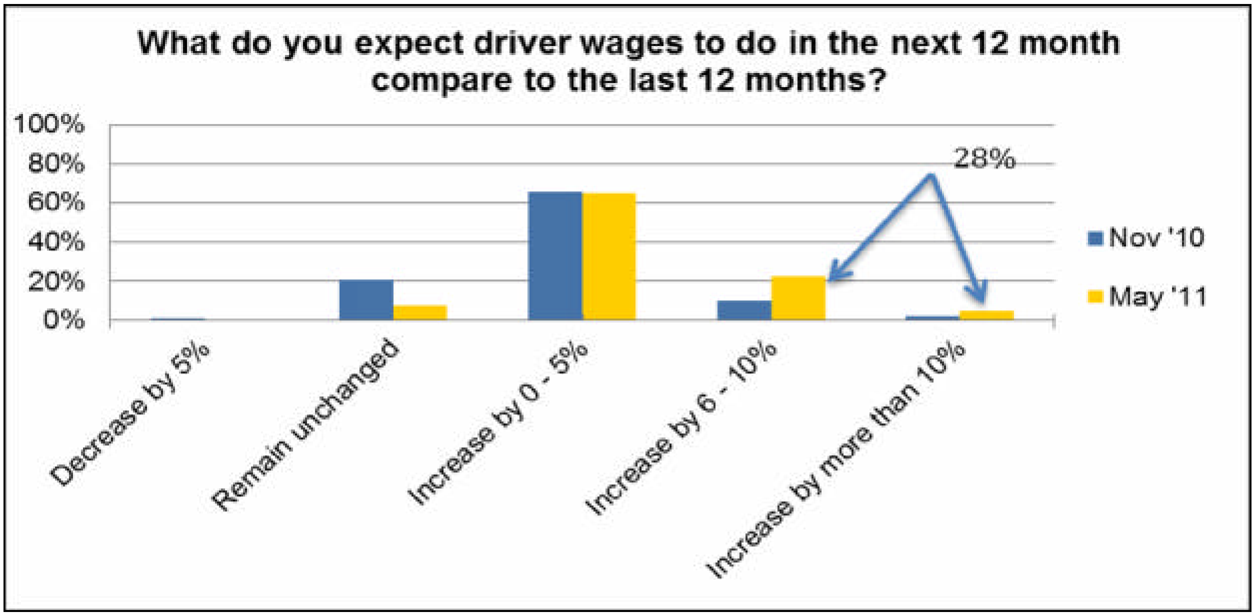
Over 80% of carriers indicate an operating ratio of 87 to 94 is required for a reasonable ROI on equipment. This range reflects differing underlying financial structures in terms of debt and equity of carriers. TCP experience over the years, as well as most publicly held carriers, would focus on a 90 or less target for long-term viability.

Graph 8b



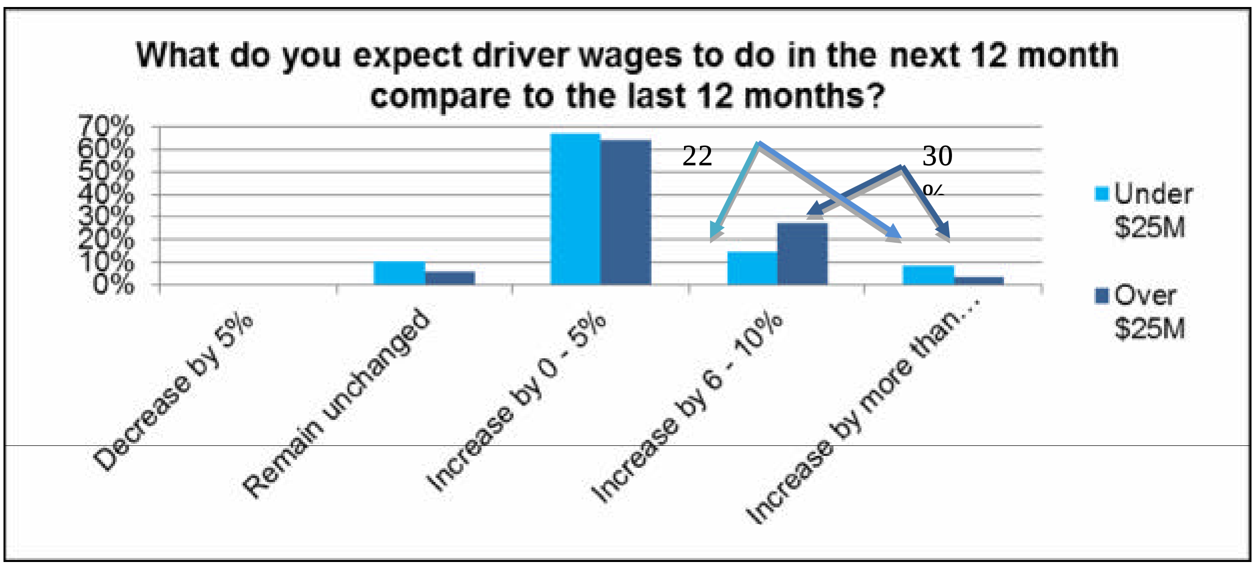
The reinvestment threshold for an adequate ROI didn't vary significantly by carrier size.

Graph 9a



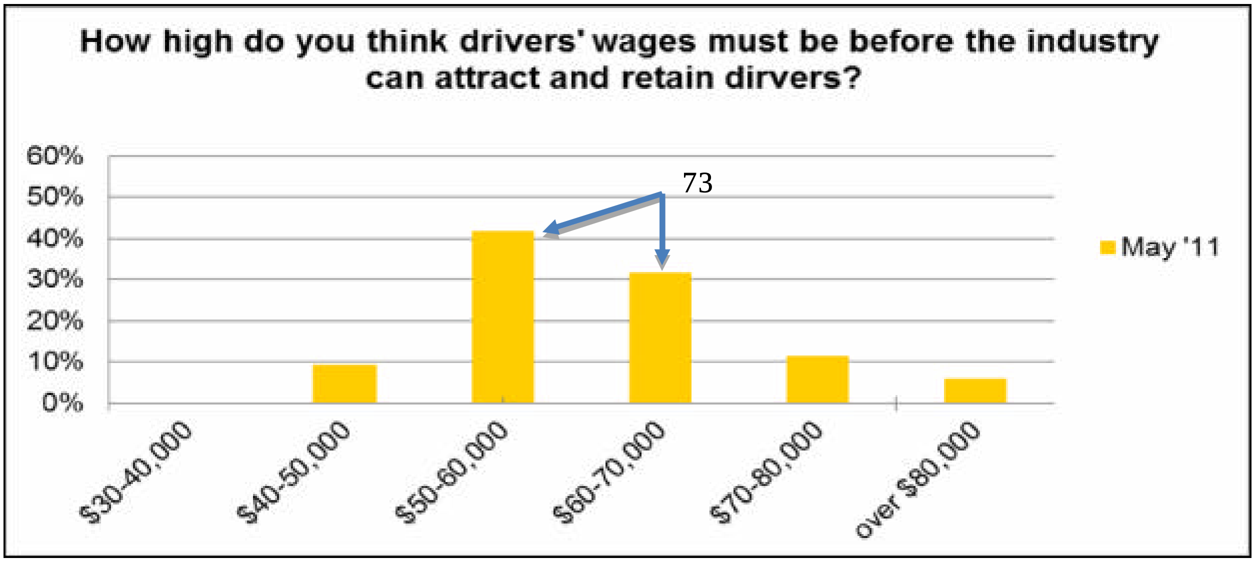
None of the carriers surveyed expected that driver wages would decrease in the next 12 months. Two-thirds of the carriers thought wages would increase between 1-5% (about the same as last quarter). But 28% thought they would increase more than 5%, up from 12% last quarter.

Graph 9b



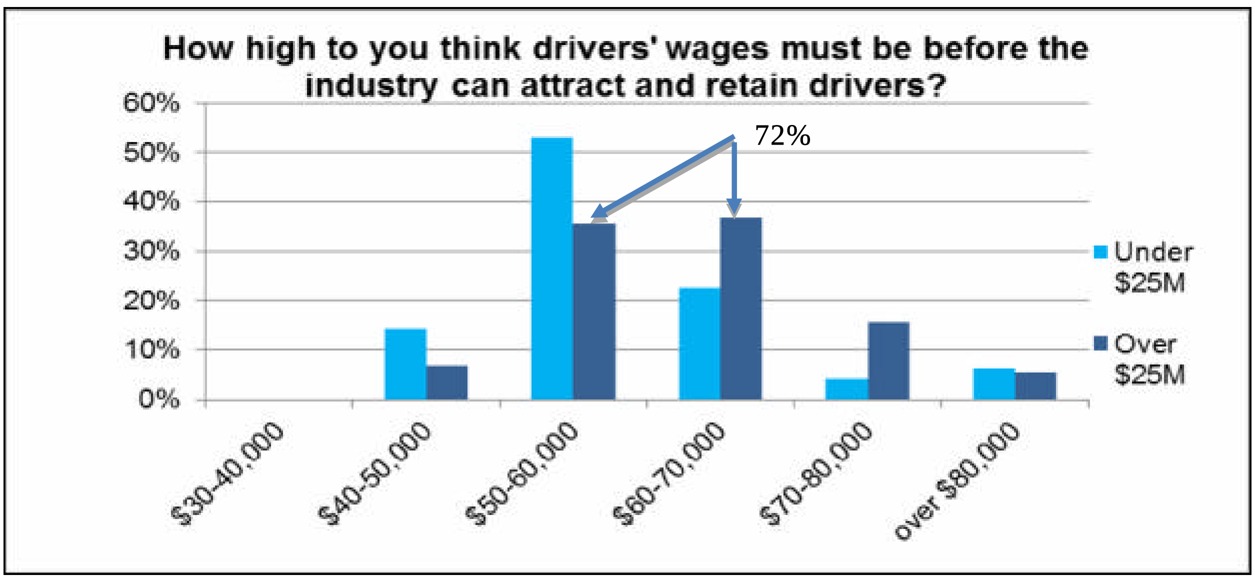
Regardless of size, two-thirds of the carries believe wages will increase 1-5% over the next 12 months. Larger carriers expected driver wages would increase faster than smaller carriers with 30% of the larger carriers expecting rates to increase more than 5% compared on 22% of the smaller carriers. Perhaps the difference is attributable to the fact that smaller carriers tend to run more regional operations and get their drivers' home often; thus offsetting the need to higher wages.

Graph 10a



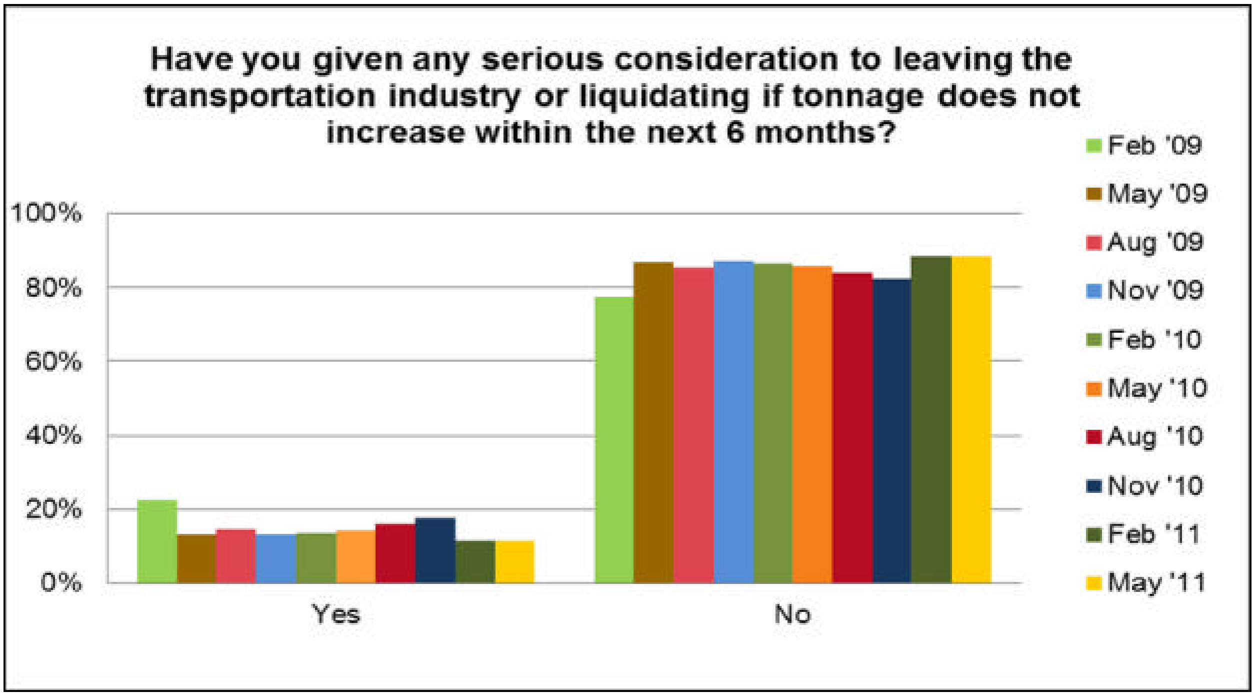
Driver turnover and wages continue to remain a topic of concern and debate. Almost three-fourths of the carriers believe that a range of $50,000 to $70,000 annually would be required to attract and retain drivers with larger carriers tending to the upper part of that range. No one expected that they could pay a driver less than $40,000 and retain drivers.

Graph 10b



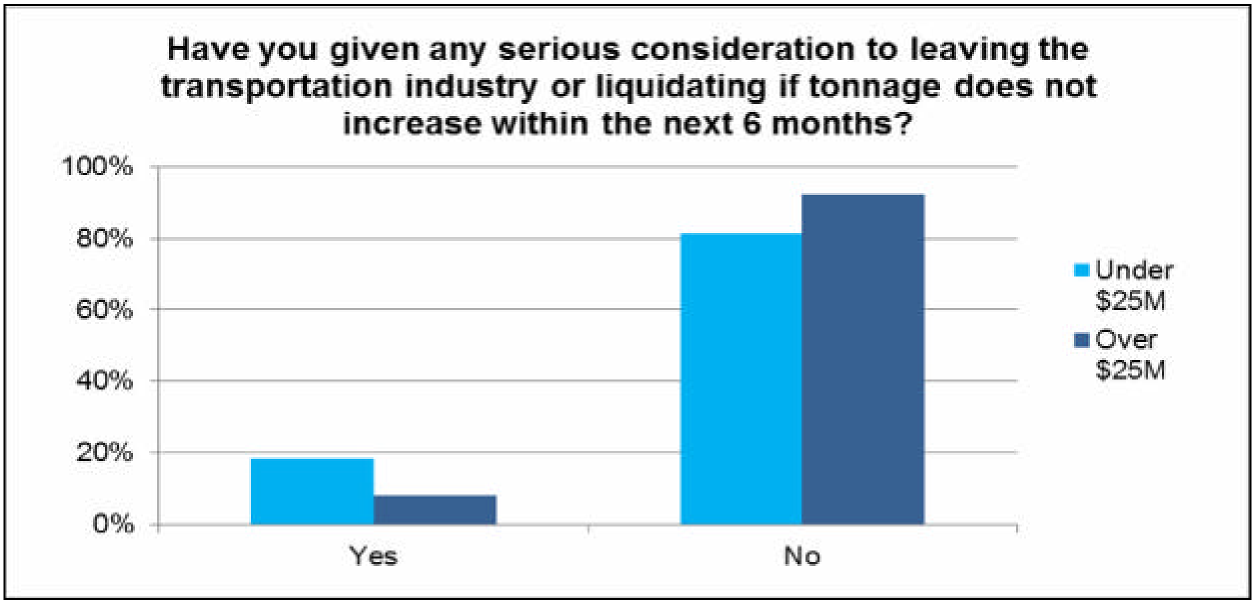
The smaller carriers tend not to believe that top wages are as necessary as do the larger carriers. Fifty-three percent of the smaller carriers believe wages can between $50,000 to $60,000 compared with only 37% of the larger carriers. Whereas 72% of the larger carriers think the ideal wage would be between $50,000 to $70,000. Perhaps the difference is because smaller carriers tend to run shorter lanes, thus getting their drivers home often which offsets the demand for higher pay.

Graph 11a



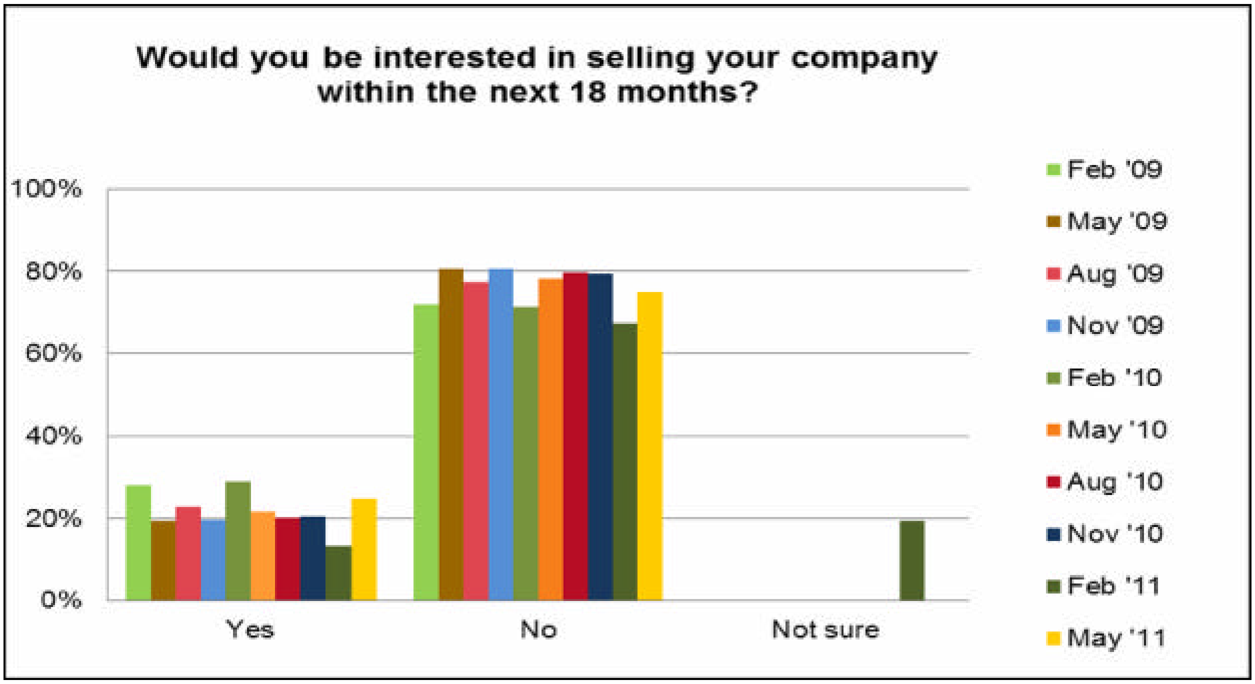
There was virtually no change in the number of carriers whom have given consideration to leaving the industry or liquidating in the last two quarters at 11%.

Graph 11b



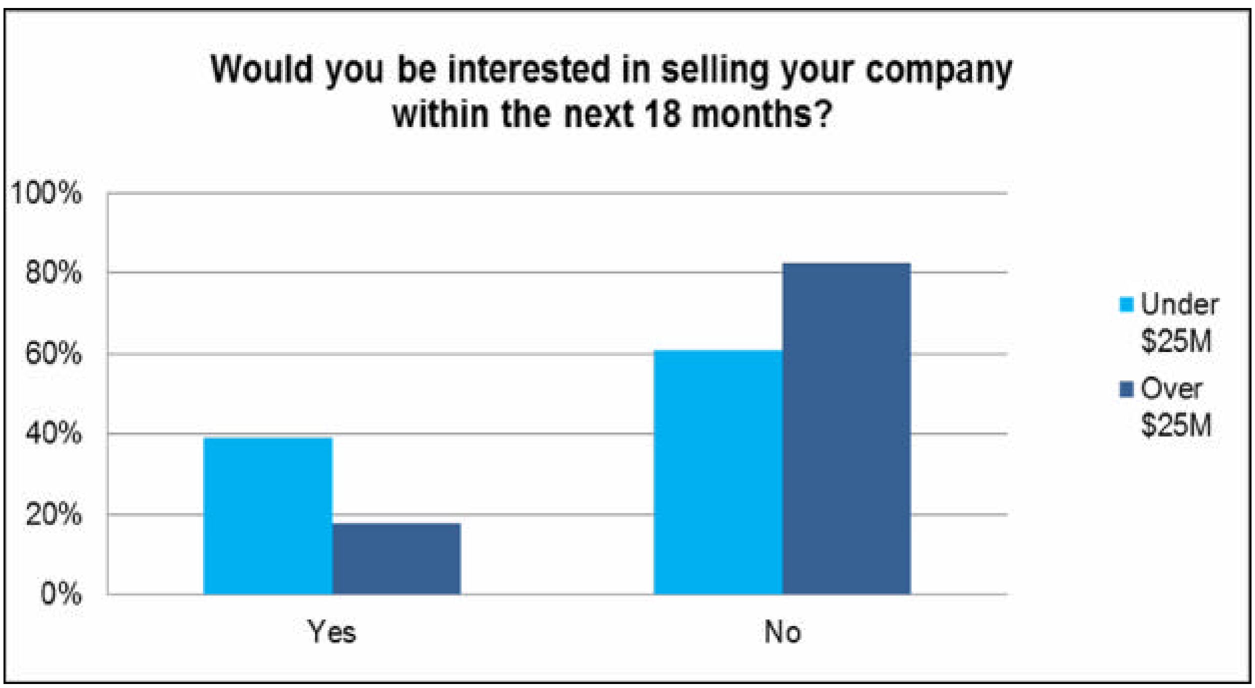
However, twice as many smaller carriers (18%) have given consideration than larger carriers (8%).

Graph 12a



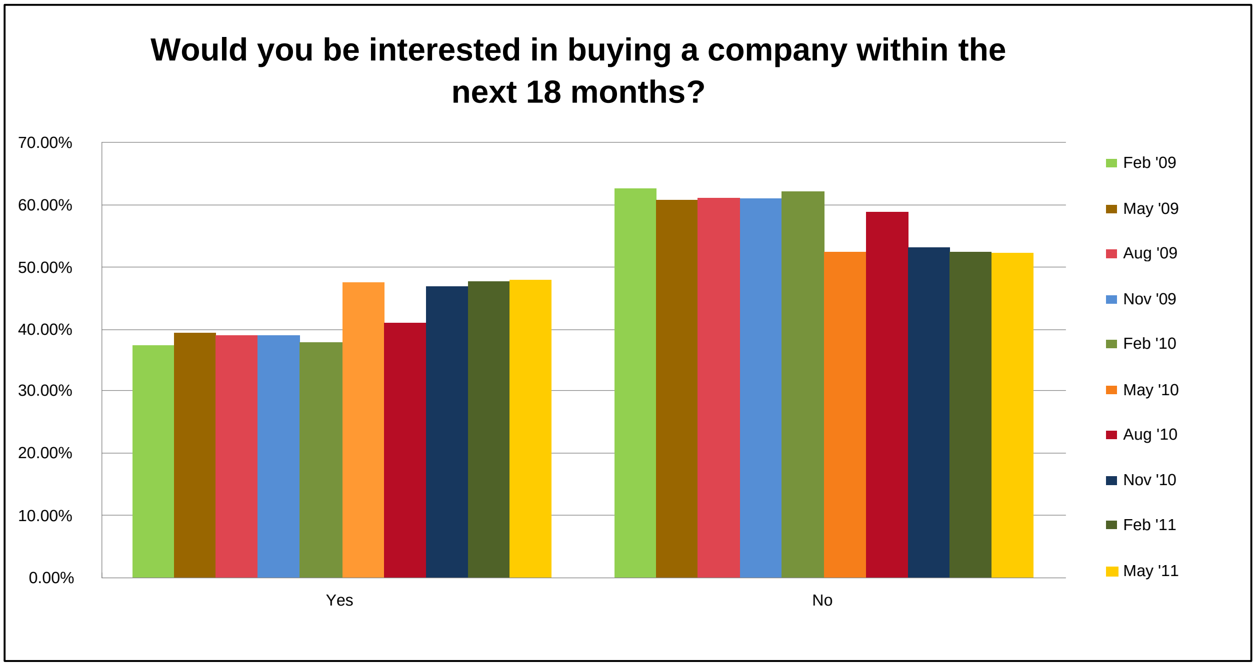
While the industry appears to be improving for the next twelve months, almost one-fourth of the carriers are interested in selling within the next 18 months.

Graph 12b



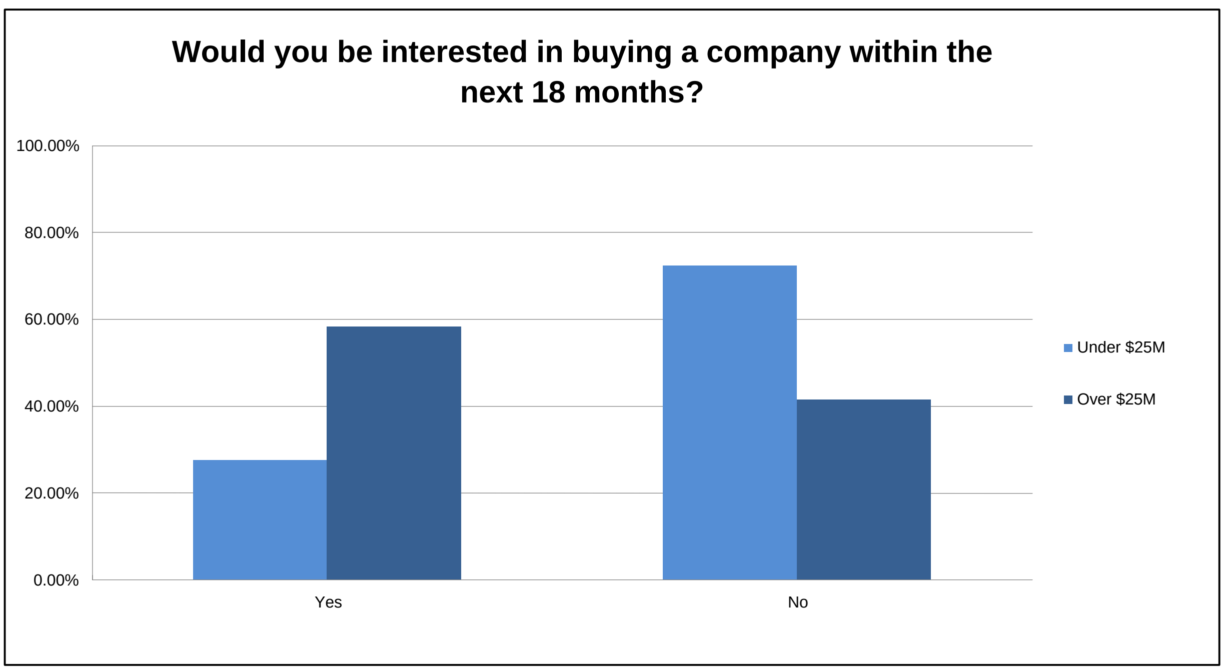
Again, smaller carriers are more interested in selling than are larger carriers, with almost 40% of the smaller carriers wanting out compared to only 17.5% of the larger carriers.

Graph 13a



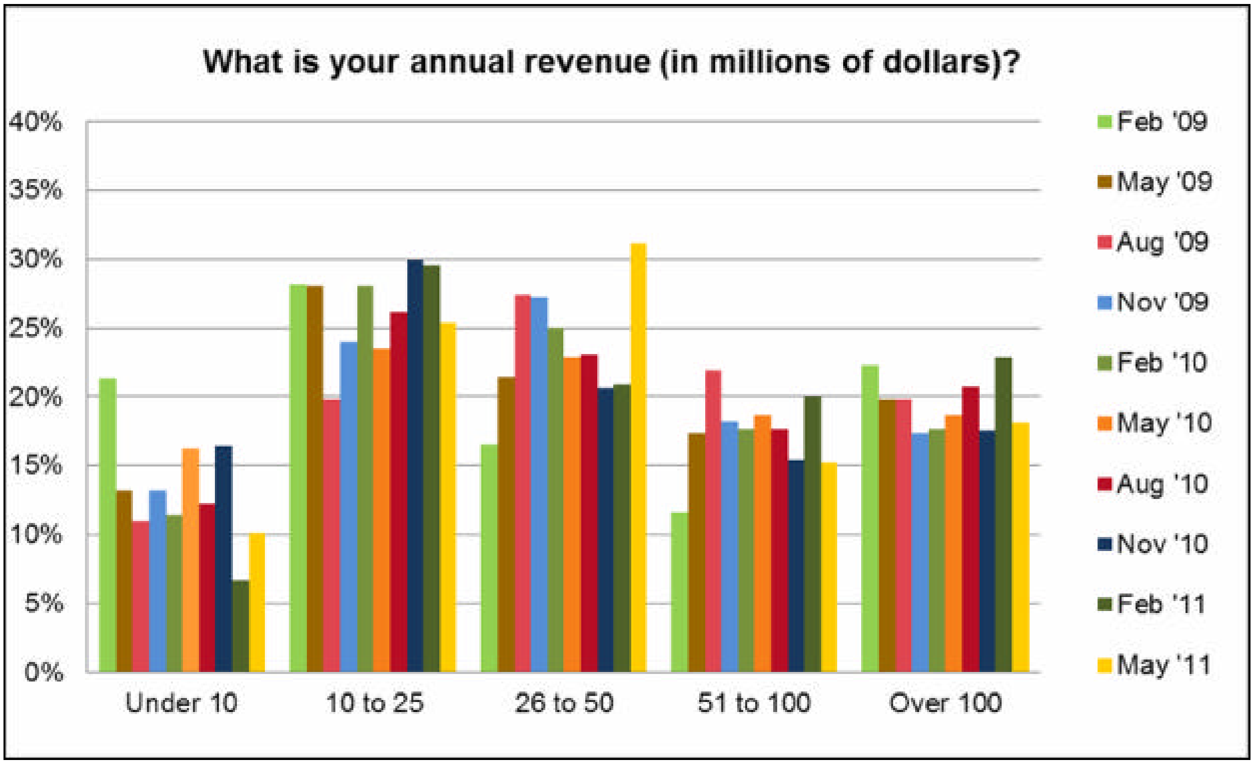
The number of carriers wishing to acquire another carrier has remained stable at 47-48% for four out of the last five quarters. TCP notes that sellers are expecting higher prices given the rise in equipment values, in increases in earnings, and higher multiples for publicly owned carriers over the last year.

Graph 13b



The larger carrier is twice as likely to be interested in acquiring another carrier compared to the smaller carrier (58% vs. 28%).

Graph 14



Graph 15