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Limo Black Turns Bolder & Better

Operators embrace more advanced technology and social media strategies as profits rise, service levels diversify and the client mix shifts.

By Martin Romjue, LCT editor
Survey compiled and analyzed by Myla Diaz, Bobit Business Media

NUMBERS, STATISTICS, FACTS, FIGURES — THEY CAN LOOK BORING and intimidating, but the stories they tell always engage. During the last several years, LCT Magazine has reformatted its annual operator survey and adjusted questions with greater frequency.

That’s because the business sectors, technology and clients that intersect with the world of chauffeured transportation change faster each year. It’s impossible to capture it all, so picking what’s relevant becomes an ever-greater challenge.

The numbers throughout the survey speak for themselves. Each year we pick results that pop out and point to a trend, current or future. More than 300 operators participated in this year’s survey, yielding a 95% confidence level. Considering the high level of detail asked in this year’s survey, such involvement is a good score for us and a positive professional reflection of you.

Here are some stand-outs worth noting:

• The average industry profit margin this year matches the one we reported for 2007, the year the Great Recession officially started (in December).
• When comparing the master client mix from 2013 to 2012, the industry has turned slightly more corporate/business travel oriented and less retail/leisure.
• Two thirds of operators saw revenues rise in 2013, while only about one in 10 saw revenues decrease.
• Half of all limousine companies now offer tiers or categories of variably priced chauffeured service levels.
• Almost four in 10 operators adjust or “surge” their rates all or part of the time based on supply and demand.
• Seven out of 10 operators do not participate in on-demand chauffeured services, such as Uber or mobile-app based rideshare networks.
• One quarter of limousine companies have their own branded mobile app.
• More than half of limousine companies now use tablets to create customized client greeting signs.
• Despite increased emphasis on safety, rising insurance costs and growing threats of lawsuits, only one-fifth of operators deploy onboard cameras and/or data recording devices on their fleet vehicles.
• Use of social media outlets for promotions and client connection is up year-over-year across all platforms.

We could go on and on, but what matters most is what our audience reads into the numbers and sees between the lines — and how they apply the data to run even better businesses.

— Martin@lctmag.com
2014-2015 LCT FACT BOOK: INDUSTRY BRIEFING

3 NUMBER OF CHAUFFEURED VEHICLES IN SERVICE:

115,600

NUMBER OF OPERATORS

2014

11,420

8,339 limo
3,081 charter bus

Source: List Strategies Inc.

2013 VEHICLE FLEET SALES

Sedans/CUVs: 4,805
SUVs: 428
Stretch limousines: 1,200
All buses: 3,650

Note: All figures include only vehicles built/sold to the limousine industry. Funeral and private vehicles excluded from totals.

2013: (Median is 9 vehicles)
2014: (Median is 10 vehicles)

Profit Margins

The average operator/limousine company profit margin in 2013 was 18%, up from an average of 16.7% in 2012 and 10% in 2011. The 2013 figure matches the average operator profit margin for 2007.

Source: R.L. Polk [Note: R.L. Polk was absorbed into another company in 2013].

Average chauffeured fleet size:

2010: 16
2011: 17
2012: 18
2013: 17
2014: 19

Median is 9 vehicles for 2013.
Median is 10 vehicles for 2014.

Note: Above figures are rounded proportional estimates.
Operator Survey Results

The 2014 survey focuses on the operational and business details of chauffeured transportation companies. All statistics are based on the 300+ operators who responded to the detailed survey. On certain questions, responses that were considered anomalies or outliers were not included in final calculations to avoid exaggerated totals.

CHAUFFEURED FLEETS
1. Small fleet operators (1-10 vehicles) ..............65%
2. Medium fleet operators (11-50 vehicles) ..........31%
3. Large fleet operators (51+ vehicles) ...............4%

Median Fleet counts
Small ........................................ 5 Vehicles
Medium .....................................23 Vehicles
Large .......................................87 Vehicles
Industry Median ..........................10 Vehicles

Fleet Vehicles
Based on all operator responses, below are figures for:
1) Median number of vehicles in a fleet
2) Average hourly base rate
3) Average monthly revenue per vehicle
4) Average annual mileage per vehicle

<table>
<thead>
<tr>
<th>VEHICLE TYPE</th>
<th>1) FLEET NO.</th>
<th>2) RATE</th>
<th>3) REV.</th>
<th>4) MILES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedans/Crossovers</td>
<td>3</td>
<td>$64.02</td>
<td>$9,400</td>
<td>50,509</td>
</tr>
<tr>
<td>SUVs</td>
<td>2</td>
<td>$86.65</td>
<td>$8,500</td>
<td>41,408</td>
</tr>
<tr>
<td>Stretch limousines</td>
<td>2</td>
<td>$101.40</td>
<td>$5,100</td>
<td>15,940</td>
</tr>
<tr>
<td>Vans</td>
<td>2</td>
<td>$83.24</td>
<td>$7,700</td>
<td>40,807</td>
</tr>
<tr>
<td>Shuttles mini-buses</td>
<td>1</td>
<td>$114.68</td>
<td>$7,300</td>
<td>33,049</td>
</tr>
<tr>
<td>Limo/party buses</td>
<td>1</td>
<td>$167.37</td>
<td>$7,450</td>
<td>21,800</td>
</tr>
<tr>
<td>Motorcoaches*</td>
<td>N/A</td>
<td>$128.33</td>
<td>$13,500</td>
<td>40,000</td>
</tr>
</tbody>
</table>

* N/A Only 14% of respondents answered motorcoach questions.

Fleet Turnover
Q: At what interval do you replace your vehicles, on average?
62% of operators replace vehicles based on need/condition of vehicle.

RUNS/RESERVATIONS
These charts show the average number of runs/reservations per week and per month based on fleet size.

VEHICLE PURCHASING
When factoring in chauffeured transportation companies of all sizes, the typical limousine operator plans to buy an average of three sedans, two SUVs, one stretch limousine, one van, and one shuttle mini-bus in 2014.
Where Do Operators Get Reservations From?
Phone-ins ......................................................... 88%
Company website ........................................ 83%
Third-party limo websites/lead referral services .......... 47%
Regional/local travel/tourism sources (CVBs/ Chambers) .... 41%
Industry association directories .......................... 36%
Specialty websites (weddings, proms, special events) ...... 28%
Travel booking websites ................................. 27%

ONLINE SOURCES
An average 35% of all limousine service reservations come from Internet/online sources, such as websites, mobile apps and social media sites.

CLIENTS
Percentage of Client Types
Corporate/professional/business travel
Retail/leisure/personal

2013
65%
61%
35%
39%

Percentage of Client Revenue Sources
Airports/FBOs .................................................. 42%
As-directed runs .............................................. 12%
Meetings/conferences ..................................... 8%
Leisure travel/touring/cruises .............................. 8%
Corporate road shows ...................................... 7%
Weddings/bachelor(ette) parties .......................... 7%
Nights out ....................................................... 7%
Hotels/resorts contracts .................................... 5%
Proms ............................................................ 4%
Education/school athletics/youth trips ..................... 2%

Top 10 Business Sector Sources Of Revenue
Based on operator rankings 1 to 10
1. Airlines/aviation
2. Energy/oil
3. Medical/pharmaceutical
4. Banking/finance
5. Tech companies
6. Automotive/transportation
7. Retail
8. Hospitality
9. Entertainment/media
10. Government/military

GROSS REVENUES
2013 Company Gross Revenues
$100,000 or less: ........................................... 23%
$101,000 to $200,000 ................................. 16%
$201,000 to $500,000 ................................. 16%
$501,000 to $1 million .............................. 11%
$1.1 million to $5 million .............. 19%
Over $5 million ........................................ 15%

Small Operators
2013 Gross Revenues
$100,000 or less: ........................................... 43%
$101,000 to $200,000 ................................. 27%
$201,000 to $500,000 ................................. 21%
$501,000 to $1 million .............................. 6%
$1.1 million to $5 million .............. 3%

2013 GROSS REVENUE CHANGES
Increased: 67% of operators
Decreased: 11% of operators
Stayed Flat: 22% of operators
The average revenue increase for 2013 was 21%.

FARM-IN/FARM-OUTS
• 17% of operator GROSS corporate revenue comes from affiliated transportation companies (farm-ins)
• 12% of operator business is farmed out to affiliates

RATES
Service Tiers
50% of all operators now offer different levels (tiers) of chauffeured/fleet service based on price.

Surge Pricing
13% of operators adjust rates/prices all the time
25% of operators adjust rates/prices at select hours or peak time periods
63% never adjust rates/prices

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**EXPENSES**

**Q:** What percentages of your total gross revenues are devoted to the following business expenses?

### SMALL OPERATORS (1-10 vehicles)

1. Capital expenses (incl. vehicles/vehicle payments) ........... 15%
2. Labor/wages/benefits ............................................ 20%
3. Facilities mortgage or rent ........................................ 6%
4. Equipment/technology ........................................... 4%
5. Vehicle insurance .................................................. 11%
6. Vehicle maintenance .............................................. 9%
7. Fuel ................................................................. 15%
8. Marketing/advertising/PR ........................................ 7%
9. All business/vehicle taxes/license fees/permit fees .......... 6%
10. G&A/other .......................................................... 7%

### MEDIUM OPERATORS (11-50 vehicles)

1. Capital expenses (incl. vehicles/vehicle payments) ........... 18%
2. Labor/wages/benefits ............................................ 34%
3. Facilities mortgage or rent ........................................ 5%
4. Equipment/technology ........................................... 3%
5. Vehicle insurance .................................................. 6%
6. Vehicle maintenance .............................................. 6%
7. Fuel ................................................................. 10%
8. Marketing/advertising/PR ........................................ 4%
9. All business/vehicle taxes/license fees/permit fees .......... 4%
10. G&A/other .......................................................... 10%

### LARGE OPERATORS (51+ vehicles)

1. Capital expenses (incl. vehicles/vehicle payments) ........... 12%
2. Labor/wages/benefits ............................................ 35%
3. Facilities mortgage or rent ........................................ 6%
4. Equipment/technology ........................................... 4%
5. Vehicle insurance .................................................. 6%
6. Vehicle maintenance .............................................. 8%
7. Fuel ................................................................. 10%
8. Marketing/advertising/PR ........................................ 3%
9. All business/vehicle taxes/license fees/permit fees .......... 5%
10. G&A/other .......................................................... 11%

### Employed Chauffeurs & Independent Contractors

- **49%** of limousine companies have only employee (W-2) chauffeurs
- **26%** use only independent contractor chauffeurs
- **25%** use a combination of both

**Q:** Which of these positions do you plan to add in 2014?

<table>
<thead>
<tr>
<th>Position</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chauffeurs</td>
<td>95%</td>
</tr>
<tr>
<td>Reservationists</td>
<td>42%</td>
</tr>
<tr>
<td>Sales</td>
<td>37%</td>
</tr>
</tbody>
</table>

### Staffing

The survey looked at three key positions in a chauffeured transportation company: chauffeurs, dispatchers and reservationists. Affiliate manager was added to the wage question.

### Full Time Averages

- **Chauffeurs:** $15.00
- **Dispatchers:** $14.84
- **Reservationists:** $13.55
- **Affiliate Managers:** $21.11

65% of chauffeurs in the chauffeured transportation industry are employees
35% of chauffeurs are independent contractors
TECHNOLOGY

Ever-changing mobile- and Internet-based technologies reshape many of the questions asked on this survey from year to year. Technology, particularly mobile app-based rideshare services and a trend toward on-demand reservations, have emerged as the most hot-button industry technology challenges for 2014.

Q: Do you allow your chauffeurs to participate in on-demand reservations (such as Uber)?

- Yes ........................................ 17%
- No, and I don’t intend to allow them. .................... 70%
- I don’t currently allow it, but I may allow it in the future. ................... 16%
- No, but they may anyway ................................ 3%

Q: Does your company have its own-branded mobile app?

- No ........................................ 75%
- Yes ........................................... 25%

Q: What technology products/services do you use? (Check all that apply)

- Chauffeur communication via smartphones ................... 84%
- iPads/tablets for customer name greetings .................. 54%
- GPS fleet tracking software ........................................ 46%
- Internet cloud data storage ...................................... 44%
- Mobile booking apps ................................................ 38%
- Online chauffeur/driver training ...................... 28%
- Fleet maintenance software ...................................... 26%
- Vehicle camera and/or data recorders ..................... 20%

Q: What technology amenities/services do you have in your vehicles? (Check all that apply)

<table>
<thead>
<tr>
<th>Service</th>
<th>All Vehicles</th>
<th>Some Vehicles</th>
<th>None</th>
<th>None, but will install this year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onboard Wi-Fi</td>
<td>20%</td>
<td>35%</td>
<td>38%</td>
<td>8%</td>
</tr>
<tr>
<td>Tablet computers</td>
<td>24%</td>
<td>18%</td>
<td>51%</td>
<td>7%</td>
</tr>
<tr>
<td>USB ports in vehicles</td>
<td>31%</td>
<td>49%</td>
<td>17%</td>
<td>3%</td>
</tr>
<tr>
<td>Outlets/charging stations in vehicles</td>
<td>45%</td>
<td>41%</td>
<td>13%</td>
<td>1%</td>
</tr>
<tr>
<td>Satellite/Internet TV service and/or DVD players</td>
<td>17%</td>
<td>51%</td>
<td>30%</td>
<td>2%</td>
</tr>
</tbody>
</table>

MULTI-MEDIA

Social Media Usage

Below are percentages of companies that use social media outlets for marketing and promotions. Operator use of social media is up across all outlets compared to last year.

- Facebook ........................................ 94%
- LinkedIn ........................................ 75%
- Twitter .......................................... 59%
- Google Plus ....................................... 43%
- Yelp ............................................... 39%
- YouTube .......................................... 31%
- FourSquare ........................................ 14%
- Instagram ......................................... 9%

Advertising

Survey respondents were asked their top three preferred methods of advertising their limousine services.

- Social media ..................................... 57%
- Online directories/services .................... 42%
- Print newspapers/magazines .................. 38%
- Community involvement .......................... 36%
- Google searches (paid) ......................... 34%
- E-Promos ......................................... 23%
- Direct mail ........................................ 18%
- Yellow pages (print) ............................. 16%
- Radio ............................................... 12%
- Television ........................................ 2%

ABOUT OPERATORS

85% of operators are male
15% of operators are female

71% of operators are age 41 or older.
29% of operators are age 40 or younger.

STATE SHARES OF LIMO OPERATORS

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>16%</td>
</tr>
<tr>
<td>Texas</td>
<td>6%</td>
</tr>
<tr>
<td>New York</td>
<td>6%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>5%</td>
</tr>
<tr>
<td>Florida</td>
<td>5%</td>
</tr>
<tr>
<td>All others</td>
<td>62%</td>
</tr>
</tbody>
</table>
Going Beyond The Survey

The chauffeured transportation industry is closely linked with many other business sectors it depends on for business.

Compiled by Tim Crowley and Tom Halligan, LCT senior editors

LCT CHECKED IN WITH MULTIPLE TRANSPORTATION, business travel, convention and hospitality related sources to provide supplementary statistics of interest to chauffeured transportation operators.

EXPECTED OVERALL BUSINESS TRAVEL SPENDING IN THE U.S. IN 2014 =

$290 BILLION

Source: Global Business Travel Association

TOP 10
US CITIES MOST VISITED FOR BUSINESS TRAVEL
1. New York City
2. Las Vegas
3. Chicago
4. San Francisco
5. Orlando
6. Houston
7. Atlanta
8. San Diego
9. Charlotte, N.C.
10. Dallas
Source: Examiner.com

TOP 10
MEETING / CONVENTION CITIES IN U.S.
1. Orlando
2. Chicago
3. Las Vegas
4. Atlanta
5. San Diego
6. New York
7. Washington, DC
8. Dallas
9. Miami
10. Phoenix
Source: Cvent (2013 rankings)

TOP 10
COUNTRIES AMERICANS TRAVEL TO THE MOST
1. Mexico
2. Canada
3. U.K.
4. Dominican Republic
5. France
6. Italy
7. Germany
8. Jamaica
9. China
10. Spain
Source: U.S. National Travel and Tourism Office 2012

$224 Billion

CHINA BUSINESS TRAVEL SPENDING IN 2013; PROJECTED TO INCREASE 17.2% IN 2014, MORE THAN TWICE THE RATE OF THE U.S.

Source: Global Business Travel Association

TOP 10
U.S. CITIES FOR GREEN MEETINGS
1. Denver
2. Las Vegas
3. Chicago
4. Orlando
5. Portland
6. Nashville
7. New York City
8. Philadelphia
9. Washington, DC
10. Cleveland
Source: GeenBiz.com

TOP 10
U.S. CONVENTION CENTER VISITS
1. McCormick Place, Chicago
2. Las Vegas Convention Center
3. Washington (DC) Convention Center
4. Orange County (Fla.) Convention Center
5. Georgia World Congress Center, Atlanta
6. Dallas Convention Center
7. The Moscone Center, San Francisco
8. Nashville Convention Center
9. San Diego Convention Center
10. Ernest Morial Convention Center, New Orleans
Source: MeetingSource.com

TOP 5
BEST CONVENTION CENTERS IN THE WORLD
1. Orange County Convention Center, Florida
2. Adelaide Convention Center, Australia
3. Vancouver Convention Center, Canada
4. The Hong Kong Convention and Exhibition Center, Hong Kong
5. Dubai International Convention and Exhibition Center, Dubai
Source: World Luxury Tourism

Source: Global Business Travel Association
Five States with HIGHEST sales tax
Criteria: state tax + average of local taxes
1. Tennessee: 9.45%
2. Arizona: 9.19%
3. Louisiana: 8.89%
4. Washington: 8.88%
5. Oklahoma: 8.72%
Source: Tax Foundation (as of 3-18-2014)

Five States with LOWEST or NO sales tax
Criteria: state tax + average of local taxes
1. Delaware: none
2. Montana: none
3. New Hampshire: none
4. Oregon: none
5. Alaska: no STATE sales tax, but 1.69% average local tax
Source: Tax Foundation (as of 3.21-2014)

States with HIGHEST personal income tax rates
1. California: 10.3%
2. Hawaii: 11%
3. Oregon: 9.9%
4. Iowa: 9.98%
5. N.J.: 8.97%
Source: Tax Foundation (3.18, 2014)

States with NO personal income tax
1. Alaska
2. Florida
3. Nevada
4. New Hampshire (taxes only dividend and interest income)
5. South Dakota
6. Tennessee (taxes only dividend and interest income)
7. Texas
8. Washington
9. Wyoming
Source: Tax Foundation (as of 7-21.2013)

REGULAR GRADE GASOLINE PRICES AT RETAIL OUTLETS BY REGION
For March 24, 2014 (dollars per gallon, including tax)

Source: U.S. Energy Information Administration, EIA-878, Motor Gasoline Price Survey

AVERAGE COST OF FUEL PER GALLON IN THE U.S. BY YEAR
2013: $3.59
2012: $3.62
2005: $2.27
2000: $1.48
1995: $1.11
1990: $1.30
Source: US Energy Information Administration

AVERAGE COST OF GASOLINE PER GALLON IN U.S. AS OF MARCH 24, 2014
$3.55
Source: US Energy Information Administration

461 Million Trips
PROJECTED 2014 TOTAL PERSON-TRIP VOLUME
Source: Global Business Travel Association
$36.7 Billion
EXPECTED U.S. OUTBOUND TRAVEL SPENDING IN 2014
Source: Global Business Travel Association

BEST 5 STATES FOR ENTREPRENEURS
1. Utah
2. Alabama
3. New Hampshire
4. Idaho
5. Kansas
Source: Entrepreneur

$124.5 Billion
PROJECTED GROUP TRAVEL SPENDING IN 2014
Source: Global Business Travel Association

TOP 10 STATES FOR ENTREPRENEURS
1. Utah
2. Alabama
3. New Hampshire
4. Idaho
5. Kansas
Source: Entrepreneur

TOP 10 STATES FOR STARTING A BUSINESS
1. Maryland
2. Colorado
3. Virginia
4. Utah
5. Massachusetts
6. Texas
7. Washington
8. Arizona
9. Georgia
10. Florida
Source: Entrepreneur

TOP 10 COUNTRIES VISITING THE US
1. Canada
2. Mexico
3. Japan
4. United Kingdom
5. Brazil
6. Germany
7. China
8. South Korea
9. France
10. Venezuela
Source: US Office of Travel and Tourism Industries

BUSIEST AIRPORTS WORLDWIDE

<table>
<thead>
<tr>
<th>Rank</th>
<th>Airport</th>
<th>Passenger Traffic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Atlanta Hartsfield-Jackson</td>
<td>94.4 million</td>
</tr>
<tr>
<td>2.</td>
<td>Beijing</td>
<td>83.7 million</td>
</tr>
<tr>
<td>3.</td>
<td>London Heathrow</td>
<td>72.3 million</td>
</tr>
<tr>
<td>4.</td>
<td>Tokyo Haneda</td>
<td>69 million</td>
</tr>
<tr>
<td>5.</td>
<td>Chicago O’Hare</td>
<td>66.9 million</td>
</tr>
<tr>
<td>6.</td>
<td>Los Angeles International</td>
<td>66.6 million</td>
</tr>
<tr>
<td>7.</td>
<td>Dubai International</td>
<td>66.4 million</td>
</tr>
<tr>
<td>8.</td>
<td>Jakarta Soekarno-Hatta</td>
<td>62.1 million</td>
</tr>
<tr>
<td>10.</td>
<td>Dallas/Fort Worth</td>
<td>60.4 million</td>
</tr>
</tbody>
</table>
Source: Airport World, 2013

TOP 10 LARGEST LUXURY HOTEL CHAINS
1. Four Seasons Hotels and Resorts
2. Mandarin Oriental
3. Oberoi Hotels and Resorts
4. Peninsula Hotels
5. Shangri-La Hotels
6. Fairmount Hotels and Resorts
7. Ritz-Carlton
8. Park Hyatt
9. JW Marriott
10. Couples Resorts
Source: USA Today

The U.S. Department of Commerce reports that 5.4 million international visitors traveled to the U.S. in November 2013, a 3% increase over November 2012.
Source: US Office of Travel and Tourism Industries
Latest Stats & Facts On Charter Bus & Tour Industry

The motorcoach sector for chauffeured transportation increases its market share each year as more limo operators venture into charter and tour service. Here’s a round-up of some key bus-related statistics:

Compiled by Tim Crowley, LCT senior editor

**GENERAL STATISTICS**

Source: Motorcoach Census 2013, John Dunham & Associates

- **# of motorcoach companies in the U.S. and Canada:** 3,954
- **# of motorcoaches in use by companies in the U.S. and Canada:** 39,607
- **# of passenger trips in 2013:** 637 million
- **# of total miles:** 2.1 billion
- **Service miles (miles with passengers):** 1.93 billion
- **Fuel consumed (gallons):** 340.2 million
- **Passenger trips per motorcoach:** 16,100
- **Miles traveled per motorcoach:** 52,400
- **Service miles traveled per motorcoach:** 48,600
- **Passengers per service mile:** 39.3
- **Miles per gallon of fuel:** 6.1
- **Percentage of U.S. and Canada motorcoach carriers that have experienced competition from transit agencies:** 34%

**MOTORCOACH SERVICES**

1. Charter 48%
2. Scheduled service 31%
3. Commuter 6%
4. Tour 6%
5. Airport 4%
6. Sightseeing 3%
7. Special operations 2%

**BREAKDOWN OF MOTORCOACH CARRIERS BY FLEET SIZE IN U.S. AND CANADA**

<table>
<thead>
<tr>
<th>FLEET SIZE</th>
<th>TOTAL CARRIERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>100+</td>
<td>20</td>
</tr>
<tr>
<td>50-99</td>
<td>49</td>
</tr>
<tr>
<td>25-49</td>
<td>156</td>
</tr>
<tr>
<td>10-24</td>
<td>469</td>
</tr>
<tr>
<td>1-9</td>
<td>3,260</td>
</tr>
<tr>
<td>Total</td>
<td>3,954</td>
</tr>
</tbody>
</table>

**PERCENTAGE OF MOTORCOACHES LEASED VS. PURCHASED**

<table>
<thead>
<tr>
<th>MOTORCOACH FLEET SIZE</th>
<th>LEASED</th>
<th>PURCHASED</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 or more</td>
<td>6%</td>
<td>94%</td>
</tr>
<tr>
<td>50-99</td>
<td>24%</td>
<td>76%</td>
</tr>
<tr>
<td>25-49</td>
<td>12%</td>
<td>88%</td>
</tr>
<tr>
<td>10-24</td>
<td>11%</td>
<td>89%</td>
</tr>
<tr>
<td>1-9</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Industry total</td>
<td>14%</td>
<td>86%</td>
</tr>
</tbody>
</table>

**PERCENTAGE OF MOTORCOACH CARRIERS BY YEAR FOUNDED**

<table>
<thead>
<tr>
<th>YEAR FOUNDED</th>
<th>PERCENT OF CARRIERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1920</td>
<td>4%</td>
</tr>
<tr>
<td>1920-1939</td>
<td>8%</td>
</tr>
<tr>
<td>1940-1959</td>
<td>9%</td>
</tr>
<tr>
<td>1960-1979</td>
<td>9%</td>
</tr>
<tr>
<td>1980’s</td>
<td>18%</td>
</tr>
<tr>
<td>1990’s</td>
<td>23%</td>
</tr>
<tr>
<td>2000-Present</td>
<td>29%</td>
</tr>
</tbody>
</table>

Source: Motorcoach Census 2013, John Dunham & Associates
MOTORCOACH COMPARED TO AMTRAK

- On a fully allocated cost basis, motorcoaches average less than 25% of the cost to provide comparable Amtrak service.
- Only two Amtrak lines generate enough revenue to cover operating and capital costs.
  On average, per-passenger carbon emissions from motorcoaches are 45-65% less than comparable Amtrak trips.
- Motorcoaches generally offer more schedules per trip than comparable Amtrak trips.
  Motorcoaches serve 2,766 cities and towns in the lower 48 states, while Amtrak serves more than 500 cities and towns in 46 of the 48 states.

Source: Supporting Passenger Mobility and Choice by Breaking Modal Stovepipes 2013, M.J. Bradley & Associates, LLC

MOTORCOACH EMPLOYMENT

The motorcoach industry provided jobs to 132,900 people in 2012. On average, the motorcoach industry provides 3.4 jobs per motorcoach.

<table>
<thead>
<tr>
<th>MOTORCOACH FLEET SIZE</th>
<th>EMPLOYMENT TOTAL</th>
<th>PERCENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>100+</td>
<td>37,900</td>
<td>29%</td>
</tr>
<tr>
<td>50-99</td>
<td>9,400</td>
<td>7%</td>
</tr>
<tr>
<td>25-49</td>
<td>16,800</td>
<td>13%</td>
</tr>
<tr>
<td>10-24</td>
<td>23,200</td>
<td>17%</td>
</tr>
<tr>
<td>1-9</td>
<td>45,500</td>
<td>34%</td>
</tr>
<tr>
<td>Total</td>
<td>132,800</td>
<td></td>
</tr>
</tbody>
</table>

Source: Motorcoach Census 2013, John Dunham & Associates

TOP MOTORCOACH FLEETS (TOTAL BUSES AND COACHES)

1. FirstGroup America/Cincinnati (12,486)
2. Coach USA Inc./Paramus, N.J. and Coach Canada/Peterborough, Ontario (2,120)
3. Evergreen Trails DBA Horizon Coach Lines/Dallas (1,039)
4. Academy Bus Companies/Hoboken, N.J. (926)
5. Pacific Western Group of Companies/Calgary, AB (726)
6. Easton Coach Co./Easton, Pa. (333)
7. Royal Hyway Tours Inc./Fairbanks, Alaska (327)
8. Peter Pan Bus Lines Inc./Springfield, Mass. (256)
9. Mears Motor Coaches/Orlando, Fla. (232)
10. Martz Group/Wilkes-Barre, Pa. (205)

Source: Metro Magazine Top 50 Motorcoach Fleets

MOTORCOACH VEHICLE MILEAGE IN 2012 BY FLEET

<table>
<thead>
<tr>
<th>MOTORCOACH FLEET SIZE</th>
<th>VEHICLE MILEAGE</th>
<th>PERCENT</th>
<th>AVERAGE VEHICLE MILEAGE PER:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
<td></td>
<td>MOTORCOACH</td>
</tr>
<tr>
<td>100 or more</td>
<td>730,495,000</td>
<td>35.2%</td>
<td>78,600</td>
</tr>
<tr>
<td>50 to 99</td>
<td>184,071,000</td>
<td>8.9%</td>
<td>56,500</td>
</tr>
<tr>
<td>25 to 49</td>
<td>321,244,000</td>
<td>15.5%</td>
<td>53,100</td>
</tr>
<tr>
<td>10 to 24</td>
<td>343,853,000</td>
<td>16.6%</td>
<td>44,700</td>
</tr>
<tr>
<td>1 to 9</td>
<td>497,630,000</td>
<td>24.0%</td>
<td>37,400</td>
</tr>
<tr>
<td>Industry Total</td>
<td>2,077,293,000</td>
<td>100.0%</td>
<td>52,400</td>
</tr>
</tbody>
</table>

Source: Motorcoach Census 2013, John Dunham & Associates

Note: Percentages may not sum to 100% because of rounding.
Feedback From The Ground Up

As the industry makes gains in revenue and runs in 2014, limousine operators share some of their concerns and challenges.

By Tim Crowley and Tom Halligan, LCT editors

EACH YEAR, LCT POLLS AND ASKS OPERATORS NATIONWIDE WHAT’S ON THEIR MINDS and what challenges they confront.

Fuel, insurance and pricing usually top the list, as they do this year. Whatever fads, trends or headlines come and go, the leading concerns always wind back to a basic challenge: P&L. With so many technology- and regulatory-driven upheavals amid the usual bread-n-butter issues, we emphasized asking seasoned industry veterans this year for some added perspective in complicated times.

TOP INDUSTRY CONCERNS:

Q: WHAT ARE THE TOP 10 INDUSTRY OR BUSINESS-RELATED CHALLENGES CONCERNING YOU?

“REGULATION IS THE BIGGEST threat by far to the chauffeured limousine industry in the U.S. If the states and municipalities are going to regulate against limo companies, then the government must regulate phone app companies. Otherwise, the government is acting discriminatory. We as limo operators have to be subject to Wage Order No. 9 regulation by the CPUC, compliance with the California Air Resources Board (CARB), and we are regulated by the nine major airports. But the phone app companies are subject to nothing. In California, phone app companies get their licenses from the California Public Utilities Commission (CPUC) and there is absolutely no enforcement. The CPUC is only collecting fees.

Jonna Sabroff

“GLOBALIZATION HAS ENABLED UNPRECEDENTED hyper-competition and all types of dynamic comparative pricing models. Yet pricing within our industry is like something from the Stone Age. Consider the market for sports tickets. Sports franchises set the initial price for a ticket. But the market resets the price in real time based on supply and demand. To set up a fixed pricing schedule seems overly convenient in a world where buyers have far more sensitivity over purchases than sellers.”

Ron Stein

Integrated Transportation Services, Inc., Los Angeles

“MY NUMBER ONE CONCERN is insurance of various types. I have seen it going in cycles over the years. This year, with super loss runs, insurance companies seem to be fighting over us. But that is just vehicle insurance. When it comes to health insurance and worker’s comp insurance, they are playing a vicious game with us. It is ugly out there as far as those two types of coverage. Companies know you have to have it yet they make you pay through the nose for them. I would advise shopping as much as possible and being flexible on your coverage and your deductibles.”

George Jacobs

Windy City Limousine, Chicago

“ON LONG ISLAND, OUR biggest concern is the soon-to-launch Suffolk County Taxi and Limousine Commission. This will require many New York City operators, in addition to Nassau County operators, to acquire additional permits to operate on eastern Long Island, including the Hamptons and wine country. The creation of the Suffolk TLC also will mean that home-based businesses will likely need to find a commercial address.”

Robert A. Xavier

Legend Limousines, Inc., Smithtown, NY

“AT THE MOMENT, THE biggest challenge my company faces is obtaining new permits to run additional vehicles. Vancouver is a very tough market for limousine operators because it is very challenging to obtain new licenses due to the amount of red tape in the application process. During the past year, we have experienced exponential growth and are working strategically with our local partners to manage all of our bookings. Later on this year, we will apply again for new licenses, and if that doesn’t pan out, then we will have to look at purchasing an existing company and take over their permits to operate the additional vehicles that we very desperately need.”

Raj Nagi

Intralink Transportation, Burnaby, BC, Canada
“MY MOST DIFFICULT CHALLENGE is finding quality chauffeurs. Even with unemployment rates reportedly near 7%, there seems to be a lack of people who are willing to work and provide quality service. A simple solution would be to increase pay, but that would cut into already tight margins and result in increased fares. Travel budgets are already being squeezed by airfare price hikes, while more luxurious items, like chauffeured services, are among the first to be squeezed out.”
Tim Wiegman, Boulevard Limousine, Olathe, KS

“AFTER 25 YEARS IN this great business my concern is the ‘Service Standards of our Industry.’ Our service standards back then provided exclusively limousine service and now we provide every level of transportation imaginable. The chauffeur arrived on-time, provided professional greetings, and was tuxedo clad with white gloves, shined shoes and an immaculate vehicle inside and out. Our industry needs a ‘Service Standard of Excellence’ or we will just be another taxicab service. Our customers are incredibly loyal, but the value of quality service will crush any competition.”
Len Nelson, Valley Limo & Coach, Minneapolis, MN

“FOR ME THE PRIMARY concerns are the high cost of fuel and the rising cost of labor. California has some of the highest fuel prices in the country and if you add in the tremendous volatility of the fuel market it makes it impossible to budget based on historical data. We also have an increase in the minimum wage to $9 per hour starting in July, and workers comp rates have gone up 25% for most operators in California. There is no way to absorb these additional costs without raising rates. We have no choice.”
John Raftery, Executive Limousine & Coach, Ventura, CA

“MY MAJOR CONCERN IS losing chauffeurs to Uber. Even last week, we lost one dispatcher to Uber [after] some of his friends advised him that it’s good money and independence. We...
need to find a way to keep them happy and loyal.”
Javaid Chaudhry
NYG Limousine, Rosedale, NY

"FINDING AND KEEPING GREAT chauffeurs has been our greatest challenge and concern since our launch in 2006. Earlier this year we modified our system of assigning chauffeurs to runs with the intention of making it easier for a chauffeur to predict when he will be asked to work. So far, we have received positive feedback from the chauffeurs, and we are hoping our new hires this year will appreciate the thought we have put into stabilizing their lifestyles.
Eli Darland
Rare Form Limousine Inc., Bellevue, WA

"IT HAS BECOME MORE challenging to run a business compared to the past. Significant events, both financial and terrorist related, along with technology have changed the ways of our world and the way our customers think. Corporate price pressure has been and will continue to be a major concern, along with excessive government regulation, which always translates into additional cost. And, of course, Uber.
Jon Epstein
President, Royal Coachman Worldwide, Denville, NJ

"AS A SMALL OPERATOR located in rural South Central Kentucky, concern for the growing number of illegal limousine operators is at the top of my list this year. These folks undermine the foundations of the relationships built between operators and their customers charging extraordinarily low pricing for limousine usage often operating vehicles below minimum insurance and licensing requirements while hiring unlicensed chauffeurs. Combine that with current
Javaid Chaudhry
NYG Limousine, Rosedale, NY

proposed Kentucky state legislation re-regulating the need for service with new operators, I fear those relationships will suffer long term due to the degrading perception of our industry’s overall integrity in providing high quality service.”
Kent Sparks
Lake Cumberland Limousine, Jamestown, KY

"UBER, UBERX, LYFT, SIDECAR — all of them are thorns in everybody’s side. Hopefully, something is going to be done because there is a Senate bill in Annapolis that basically says they all must play by the rules. We’re not opposed to competition, but if they want to be in the transportation business, then they have to have proper insurance, licensing, and driver for-hire licenses, and that’s the bottom line. Can you believe it? Uber isn’t even recognized by the state of Maryland as a carrier.”
Joanna Fridinger
The Limo Lady, Baltimore, MD

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