

TransCore's Broker Benchmark Survey 2008

Average gross margin
per truck load (TL)

16.6%

Brokers who offer
quick-pay to carriers

64%

Broker companies with
5 or fewer employees

47%

Average loads moved
per broker per month
(small companies)

138

Average loads moved
per broker per month
(large companies)

416

Welcome

We're pleased to provide TransCore's first annual broker industry benchmark report. In this report, we offer an overview of the brokerage industry and its business practices.

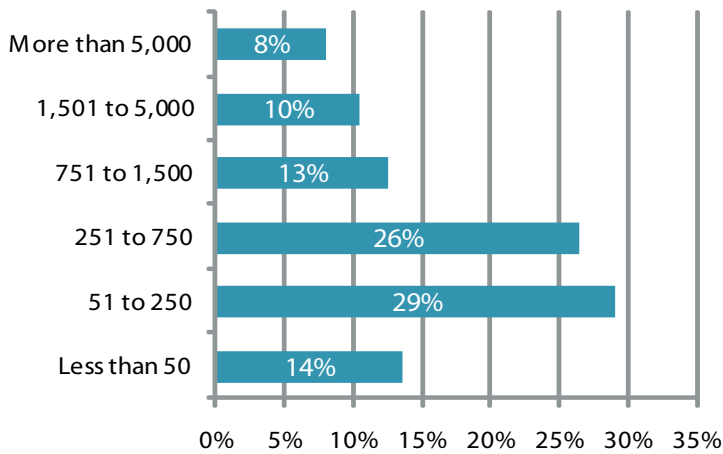
The companies offering brokerage services vary widely. Nearly half of those responding to our benchmark survey (47 percent) have five or fewer employees; many of those are one- or two-person shops. 49 percent consider themselves "brokers," with another 28 percent considering themselves broker/carriers. Over the last three years, they generally averaged annual revenues in the \$1 million to \$5 million range (45 percent), with 54 percent operating out of a single office.

Truck loads (TLs) make up the majority of their business (77 percent), with an average gross margin of 16.6 percent. Most are generating loads through long-term relationships with shippers. Nearly all of those who handle intermodal loads told us that they expect that business, now only 5 percent of the average load mix, to increase or at least stay the same in 2008.

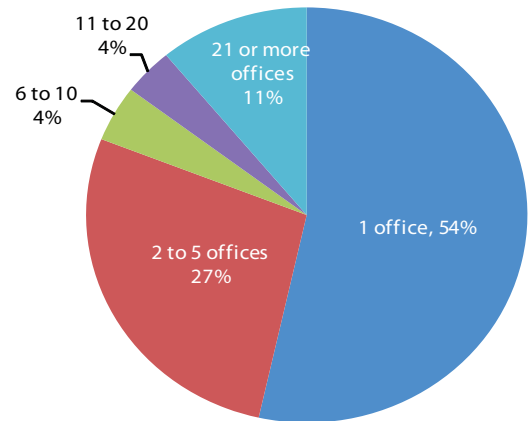
We hope that you can use this report to find new ways to help your brokerage business grow. We'll be doing additional studies through the year, and welcome your questions and comments. We invite you to tell us what other benchmark information would be useful in helping you manage your business in the current economic climate.

Broker operations

Average freight bills per month



Number of offices

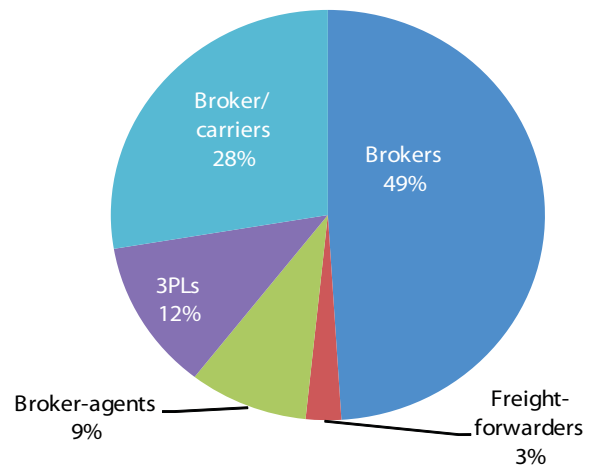


Brokers who are also carriers

Nearly half of those completing our survey (49 percent) characterized themselves as brokers. 28 percent classified themselves as broker/ carriers. Of those, more than half had small- to mid-sized carrier operations with fewer than 100 power units, drivers, and/or trailers.

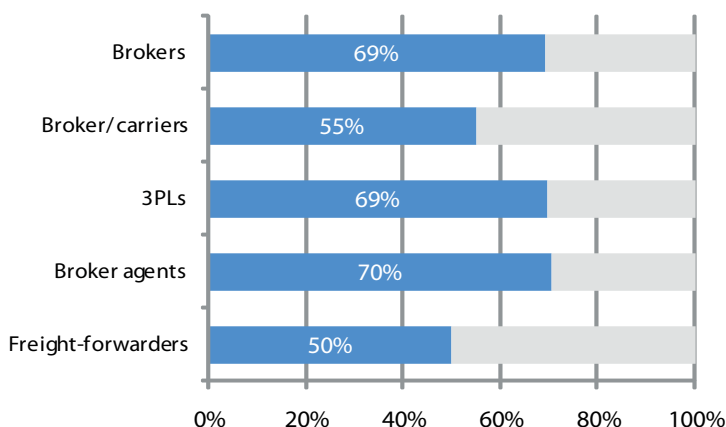
Number of broker/ carriers with...	Power units	Trailers	Drivers
1 to 9	20%	20%	20%
10 to 99	38%	36%	38%
100 to 249	10%	11%	10%
250 to 999	18%	18%	18%
1,000 to 9,999	11%	12%	11%
More than 10,000	3%	5%	3%

Types of firms*



*Note: Numbers are rounded to the nearest whole percentage, and therefore may not equal 100%

Quick-pay services for carriers

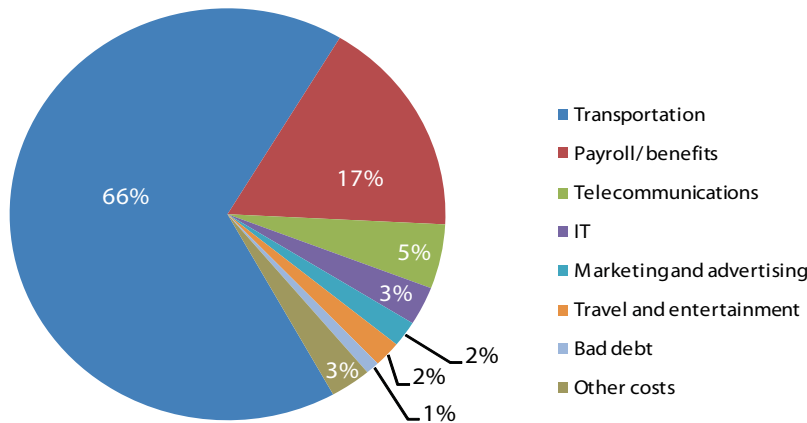


Overall, 64 percent of companies surveyed said they offer quick-pay services to carriers, with a slightly higher percentage in the South than in other regions. Freight-forwarders and broker/carriers were less likely to offer quick-pay.

Companies with 25 or more employees were more likely to offer quick-pay services (80 percent). In some cases, respondents told us that their rapid payments had done away with the need for quick-pay.

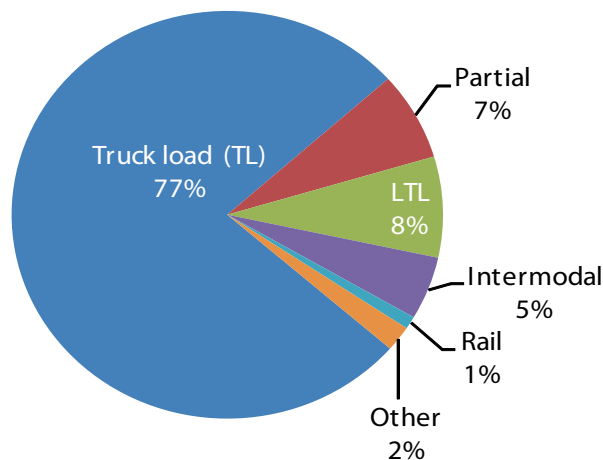
Where quick-pay was offered, most charged fees of 3 percent to 5 percent. 15 percent of quick-pay providers said that they either charge carriers nothing for the service, or charge only the cost of the check.

Brokerage expenses



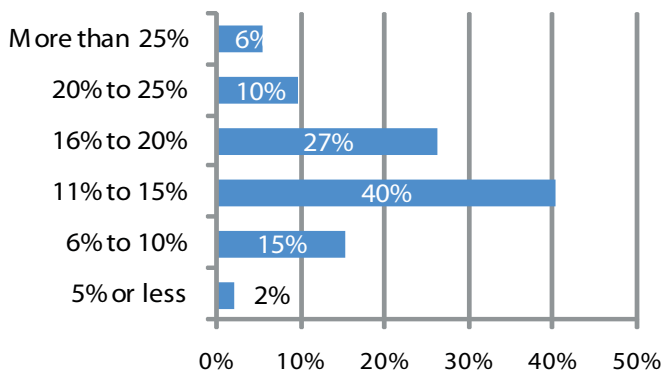
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Types of loads moved



Gross margins per truck load (TL)

On average, our survey respondents make 16.6 percent gross margin per truck load (TL). However, margins differ between types of logistics providers. 3PLs generally reported operating on the lowest gross margins, while freight-forwarders and broker agents were more likely to report gross margins of 20 percent or more.



Annual revenue (averaged over the last three years)

Revenue level	% surveyed
\$1M or less	16%
\$1M to \$5M	45%
\$6M to \$15M	17%
\$16M to \$30M	7%
\$31M to \$100M	7%
More than \$100M	8%

Transportation and personnel expenses make up 83 percent of the costs of a brokerage. Nearly half attributed 75 percent or more of their overall costs to transportation expenses. Companies with more than 25 employees spent about twice as much, on average, for IT services.

Who supplies the loads?

Although loadboards and exceptions/overflow freight supply a steady stream of new business (and potential for establishing long-term relationships), our surveyed companies reported that more than half of loads come through long-term contracts, most normally for one year.

Load source	% surveyed
Long-term contracts	56%
Loadboards	8%
Exceptions/overflow freight	16%
Other sources	20%

Contract term	% surveyed
1 year	72%
3 years	22%
5 years	6%

Customer type	% surveyed
Shipper	84%
Commodity broker	6%
Other broker/other	10%

Staffing

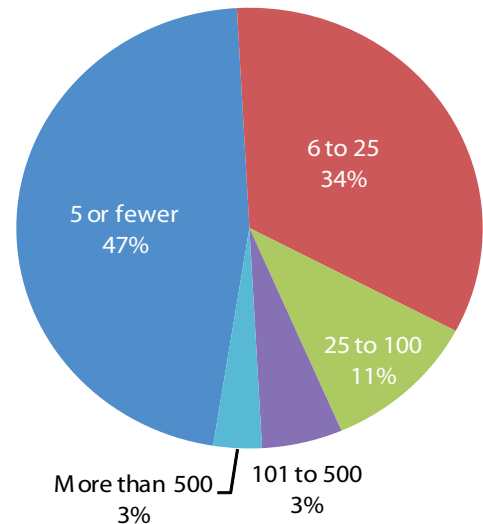
Broker productivity (loads moved per month)

80 percent of those surveyed told us that they work in companies with 25 or fewer employees. Nearly half work in very small companies, often by themselves or with a single partner/spouse. Not surprisingly, brokers in those companies tend to wear a lot of hats, often performing back office, dispatch, and carrier qualifying duties as well as moving loads.

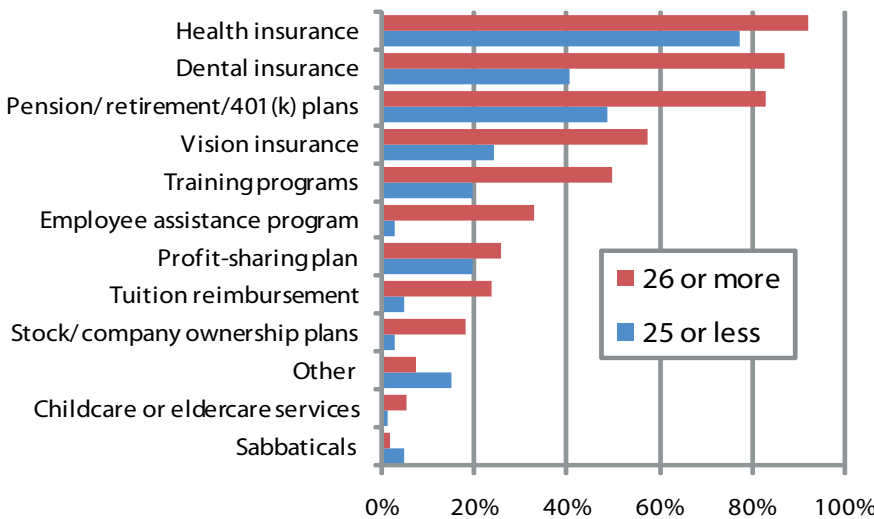
It's not surprising, then, that brokers in small companies can spend less time on moving loads (and therefore move fewer loads per broker). In larger companies where brokers can focus nearly 100 percent on brokering loads, the average number of loads moved per broker is dramatically higher. (see below)

Company size	Avg. loads moved per month (per broker)
5 or fewer employees	138
6 to 25 employees	186
More than 25 employees	416

Company size (number of employees)



What benefits do brokerage companies offer employees? (by number of employees)



Generally, the larger the company, the better the employee benefits. Companies with more than 25 employees are more likely to offer health insurance (93 percent), dental insurance (87 percent), and some kind of retirement plan (83 percent). Smaller companies were less likely to offer these key benefits, and less than half as likely to offer ancillary health insurance and training or tuition reimbursement.

Smaller companies, however, were more likely to offer other perks, such as sabbaticals and mobile phones. A few offer "cafeteria" plans that let employees spend credits toward their choice of benefits.

How we surveyed

During February and March, 2008, we invited more than 5,000 brokerage companies to answer 26 questions about their business. We asked about how they ran their businesses, including company size, staffing practices, types of loads, business operations, revenue

and margins, sources of new business, and productivity. Almost 600 U.S. companies responded, ranging from one-man brokerages to large firms with 500 or more employees. Nearly 70 percent of those responding were from midwestern or southern states.

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