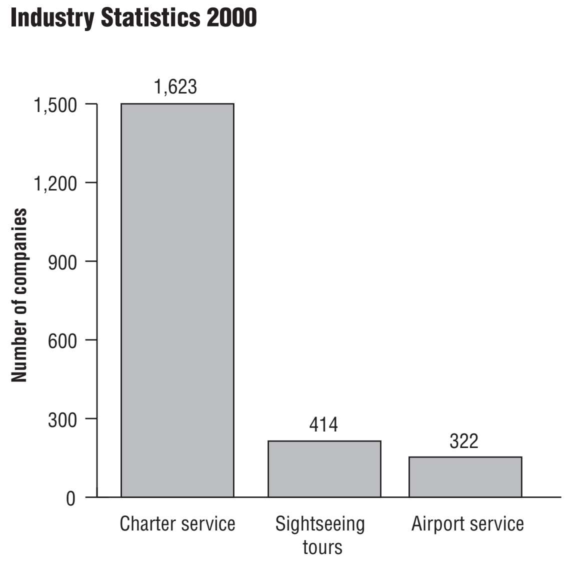

SOURCE: Motorcoach Census 2000

and airport transfers across the country to accommodate local niches. Gray Line of San Francisco offered sightseeing expeditions around the city, as well as tours to nearby attractions such as the Napa Valley wine country. They also offered their tours in a number of foreign languages to accommodate the international tourist. Gray Line of Alaska maintained a fleet of more than 150 motorcoaches and offered more than a dozen different land tours of the state, some lasting as long as 10 days. In addition to its 21 daily sightseeing tours, Gray Line of Las Vegas did a high volume of business in airport shuttle service. With 65 coaches and 68 minibuses, its Airport Express service carried 2.4 million passengers to and from more than 70 hotels in the Las Vegas area in the mid-1990s. In 1996, Gray Line Worldwide announced plans to expand its membership and increase its electronic booking capacity.

According to the American Bus Association, only 8 percent of bus travel is due to sightseeing. The industry was expecting increases in passengers in 2004, as companies put more marketing effort into targeting the growing numbers of travelers.

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SIC 4142

BUS CHARTER SERVICE, EXCEPT LOCAL

This category covers establishments engaged primarily in furnishing bus charter service, except local, where such operations are principally outside a single municipality, outside one group of contiguous municipalities, and outside a single municipality and its suburban areas.

NAICS CODE(S)

485510 (Charter Bus Industry)

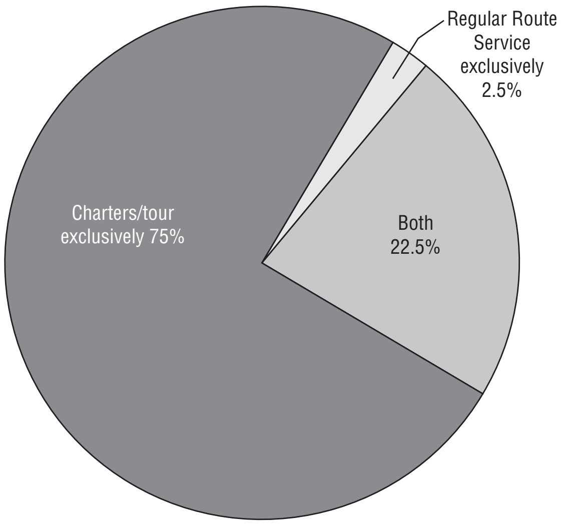
INDUSTRY SNAPSHOT

According to the American Bus Association, 96 percent of bus companies provide charter service, with three-fourths providing only charter service. The *Motorcoach Census 2000* reported an industry-wide fleet of 44,000 that year. Of the 2,082 companies reporting, some 1,623 offered charter service.

The cost of a 40-foot motor coach was about $350,000. There were more than 2,400 sold in 2002. To maintain a 40-foot charter bus, charter companies spent an average of $12,000 per year in the early 1990s; the average operating cost for a 40-foot coach in 1996 was $1.46 per mile, including driver's wages, fuel, and normal equipment usage. By 2001, that number had risen to $1.90 per mile. Most charter bus companies charged customers—largely private groups paying for one-time trips—either by the mile or by the hour. The average per-mile rate in 1996 was $2.09, which increased to $2.51 in 2001. Drivers and mechanics were receiving higher wages as well. In 2001, 44 percent of companies paid drivers $11 per hour or more, and 55 percent paid mechanics $15 per hour and up.

According to American Bus Association (ABA) surveys, the top three events/activities used by groups for bus charters in 1998-1999 were theater shows, gaming/casinos, and sightseeing. On the down side, growth in

Companies Offering Charter Service



SOURCE: American Bus Association, 2001 Industry Survey

casino charter traffic has increased the number of accidents and fatalities involving interstate bus travel on a national basis.

Future growth in the charter bus industry was favorable in the latter 1990s, based on the growing population of affluent and active senior citizens. To accommodate a more comfort-conscious ridership, charter buses were increasingly incorporating ergonomic seat designs, user-friendly lavatories, and kitchen galleys for refreshments.

Current Conditions

In order to bring more business to the industry, marketing efforts were becoming more targeted. Specific interests were targeted in an effort to bring new travelers to charter buses. Motor Coach Industries and the ABA joined resources in 2003 to fund a commercial promoting motorcoach tourism during the 2003 Super Bowl.

Into the 2000s, insurance, salary, and marketing costs were going up, taking away from already slim profits. In addition to concerns about increasing costs coupled with decreasing revenue, charter bus companies in 2004 were concerned with the challenge of attracting willing and able drivers. The travel industry as a whole was improving in 2004, and the charter bus industry in particular was expecting increases in passengers. This was occurring as companies put more marketing effort into targeting the growing numbers of travelers. Travel to Washington, D.C. was expected to improve again as terrorist threats, the war overseas, and security issues were perceived as being less threatening. In 2003, the Transportation Security Administration granted the industry $20 million for motorcoach security measures.

Industry Leaders

By 2000, the charter bus industry as a whole employed 38,380 workers, with a median hourly wage of $10.31. In 2001, there were 1,395 establishments, with 33,406 employees and a payroll of $660 million. Of these, some 1,873 employed fewer than 10 workers.

In 2004, two of the largest providers of charter bus service in the United States were Greyhound Lines Inc. and Coach USA Inc. Dallas-based Greyhound reported 2002 revenues of just under $1 billion. The industry giant, Greyhound primarily offers scheduled bus services but also engages in charter bus services, shipping services, and food services. Only Greyhound had a regular intercity bus schedule nationwide, providing transportation for 25 million U.S. riders.

Coach, of Houston, Texas, reported revenues of more than $961 million in 2003 from all operations. Formed as a company in 1995 with the intention of consolidating independent charter bus operators under a single corporation, Coach became an industry sensation after buying a dozen companies that operated more than 1,700 coaches in nine states. By 1998, Coach had spent $500 million in acquisitions. Under a decentralized management strategy, the acquired companies maintained their individual operating practices and identity while turning finance and marketing functions over to Coach. Coach's chief executive, Richard Kristinik, said that lower financing costs, insurance premiums, and equipment costs were among the benefits of consolidation. Of Coach's 52 subsidiaries in 1998, 43 were motor coach operations. By 2004, in order to focus on the northeast and north central parts of the country, parent company Stagecoach Group was selling roughly two-thirds of Coach USA.

Workforce

The charter bus industry workforce consisted primarily of owners or managers (in smaller companies, often the same person), dispatchers, maintenance workers, and drivers. The largest number of employees in the industry were drivers. Drivers transporting more than 16 passengers were required to have a commercial driver's license issued by their home state, and drivers conducting interstate travel were required to be at least 21 years of age. Many employers offered training for the requisite written and behind-the-wheel testing.

In most cases, charter bus drivers were assigned to a trip with the group chartering a bus, and remained with that group for the duration of the trip; in the case of intercity charters or tours, drivers remained with the group for several days. Drivers often were assigned on a per-trip basis and available work hours varied greatly, with more work available in the summer months and around the winter holidays. Senior drivers were guaranteed more work than new hires, who might be ''furloughed'' when no work was available.

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SIC 4151

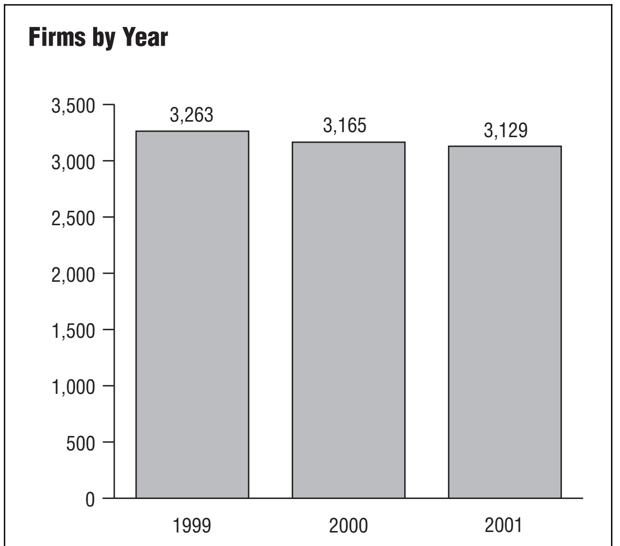
SCHOOL BUSES

This category covers establishments engaged primarily in operating buses to transport pupils to and from school. School bus establishments operated by educational institutions are considered auxiliaries. This category does not include companies offering only bus manufacturing or maintenance.

NAICS CODE(S)

485410 (School and Employee Bus Industry)

There were 4,287 establishments in this industry in 2001, employing 168,940 total workers with a payroll of $2.47 billion. About 43 percent were small organizations with fewer than 10 employees. In 2000, there were 1,960 school bus drivers earning a median hourly wage of $8.82. As of 1999, nearly half of the nation's children—24 million—rode buses to and from school. Sixty percent of all school buses were owned and operated by individual school districts, many maintaining as few as one or two buses; the remaining 40 percent of vehicles belonged to private companies that contracted their services with school districts.



SOURCE: U.S. Census Bureau Statistics of U.S. Businesses

Largely unregulated until the latter part of the twentieth century, the school bus industry began with the manufacture of vehicles owned by individual schools and districts and developed concurrently with the automobile industry. In the late 1960s, bus companies were exposed, peripherally, to the struggle for racial integration of American schools and, more directly in the early 1970s, to the automobile safety movement led by activist Ralph Nader. In the 1990s, bus companies continued to be subject to national and state safety legislation; during this time, a debate over the need for school bus seat belts was tabled, as advocates on either side of the issue failed to turn up conclusive information.

Safety issues have largely impelled innovations in the school bus industry. In August 1998, the National Highway Traffic Safety Administration (NHTSA) announced an extensive two-year research program to consider alternative methods for potentially improving federal school bus passenger crash protection requirements. Nevertheless, fatalities in school bus-related accidents continued to decline, with a 19 percent reduction in deaths from 1980 to 1990. In the 1990s, there was an average of 32 school-age children fatalities each year.

Since many fatalities occurred when buses hit riders passing through the bus driver's blind spot, some buses were being equipped with automatic ''crossing gates''