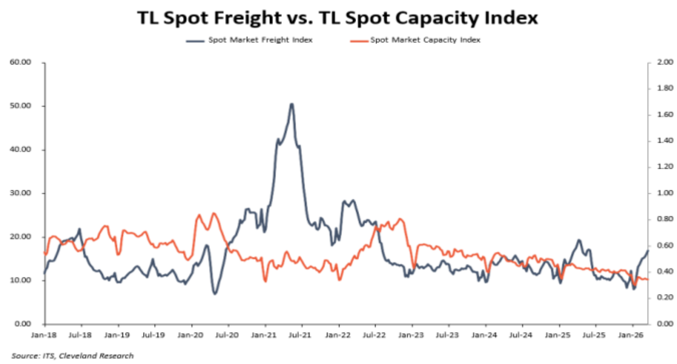
GROUND MARKET UPDATE

CURRENT STATE

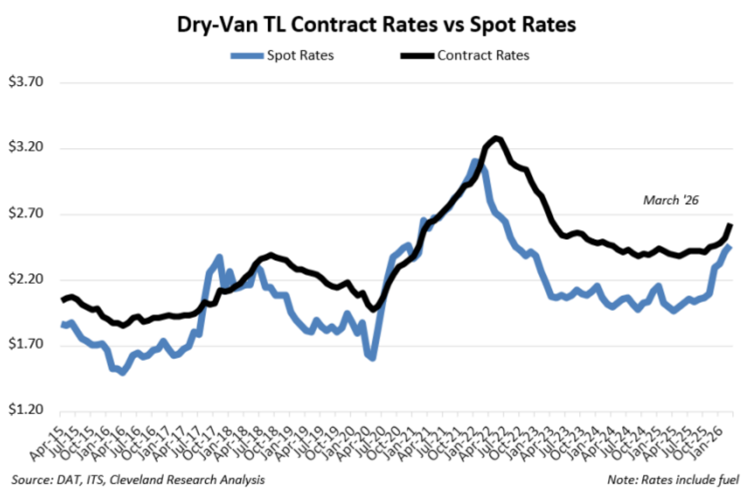
During an industry analysts interview with a private truckload carrier they commented that **<u>they have implemented more six-month contracts instead of typical full-year contracts, which should provide upside optionality in the back half of the year if the market continues to tighten</u>**. Notably, over the past year this carrier has had to offer attractive rates below their overall average rate in order to attract new business. **<u>But so far this year, new freight is coming online at rates that are higher than this carrier's average</u>**. In the near term, this carrier's utilization was negatively impacted by severe winter weather. Additionally, this carrier initially faced a headwind earlier this month with diesel costs increasing $1/gallon in a single week, but this carrier's fuel surcharges have now caught up. For the year, this carrier expects fairly stable margins with low-single digit contract rate increases and modest cost inflation, **<u>although they do see upside potential in the second half of 2026 if it starts pushing for bigger rate increases later in the year…</u>**

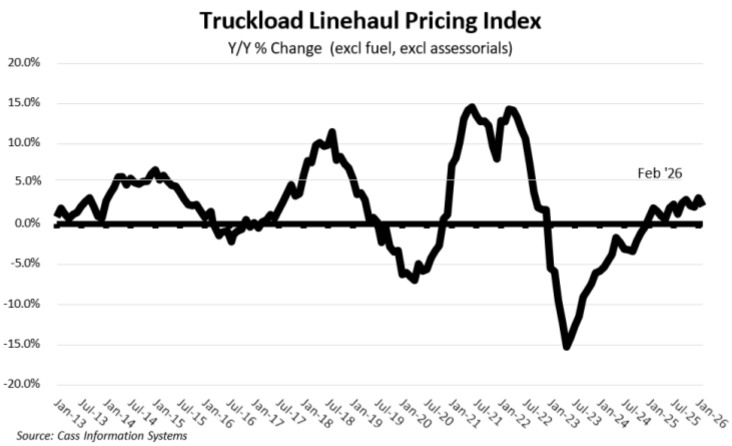


Spot market demand has risen over the last 90 days likely due primarily to capacity constraints (weather, regulatory/policy, seasonal, economic) rather than underlying volume growth. Markets remain challenging given persistently tepid demand growth, ongoing macro environment uncertainty, and carriers shifting operations toward contract/dedicated services.

MARKET FORECAST

TL rates (ex-fuel, ex-assessorial) in February were flat month over month and up 2% year over year according to Cass Systems. While truckload linehaul rates have been modestly higher year over year each of the last 14 months, the pace of recovery remains modest as rates remain 13% below May 2022 peak. Our work indicates 2026 contract TL pricing +2-4% year over year as elevated spot rates appear to have started to lift contract rates.

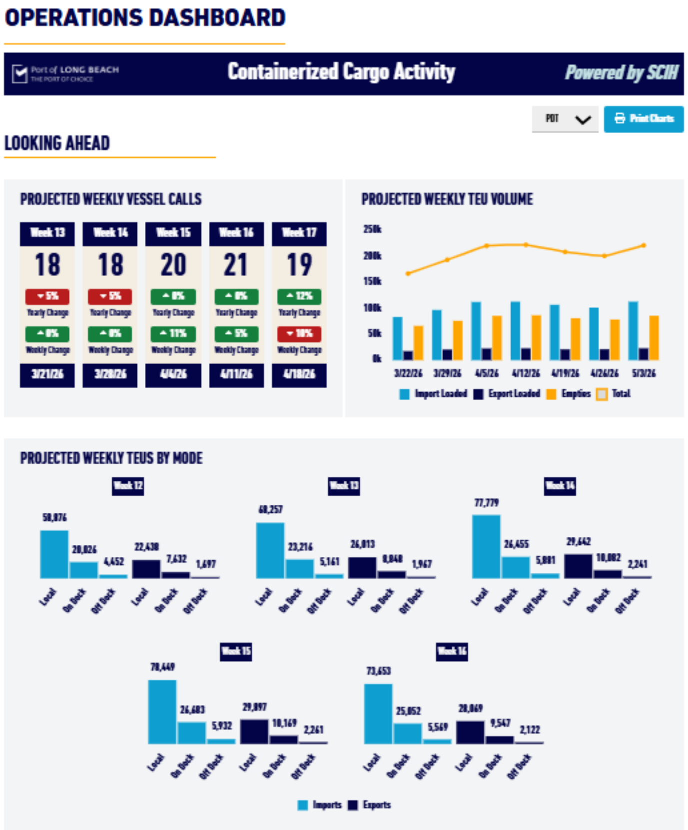




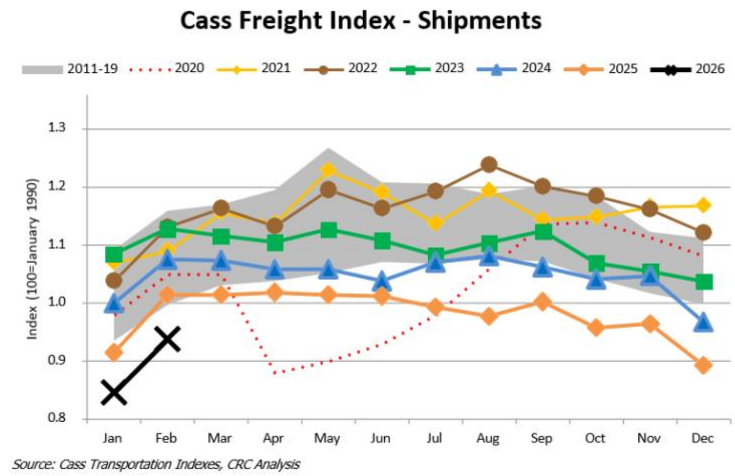
In March, contract TL rates are +10% year over year and spot rates are up 24% year over year, according to DAT. The margin between contract and spot rates appears to have widened slightly as contract rates increased 4% month over month while spot rates increased 2% month over month. As capacity remains tighter due to driver regulations, TL rates appear +2-4% (prior 0-2%) in 2026.

INDUSTRY INSIGHT

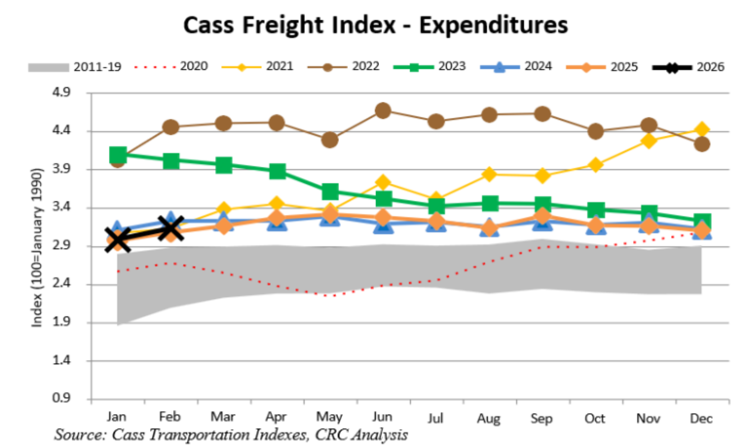
The Port of Long Beach currently has 8 container vessels at berth… Average at anchor is 0 days...



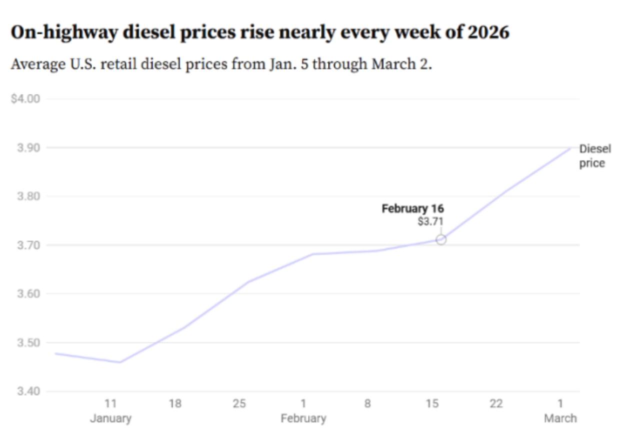
During February, freight shipments across all domestic modes were down 7% year over year but up 10% month over month according to Cass Systems. The month over month growth was attributed to recovering many of the shipments that had been affected in January due to weather. After three consecutive years of declines (2025 down 6%, 2024 down 4%, 2023 down 5%, 2022 +1%, 2021 +12%), our work indicates 2026 shipments will grow +0-3% assuming normalized inventory levels and modest organic growth.



Total freight spend in February was up 2% Y/Y as shipments were down ~7% year over year (see above exhibit) according to Cass Information Systems. Versus prior month, expenditures were up 5% and shipments were up 10%.



Diesel continues upward trend as Iran conflict prompts more constraints… Prices had already been rising for most of the year, but crude oil and shipping routes are facing immediate pressure from turmoil in the region. Disruption in the key shipping corridor for crude oil could have ripple effects on energy prices, experts say. Diesel prices jumped again this week as markets appeared to further price in constraints and pressure on the market amid the ongoing conflict between Iran and the U.S. U.S. diesel prices averaged 3.897 per gallon Monday, up 8.8 cents compared to a week earlier, according to on-highway data compiled by the Energy Information Administration, though prices have risen every week in the survey since Jan. 12. Recent price upticks previously factored in war risk with Iran and sanctions on Russia, DAT iQ Principal Analyst Dean Croke told Trucking Dive Tuesday, noting there was still some uncertainty. Still, favorable rates, a sharp contrast to the last three years, will act as a buffer from any immediate diesel impacts, he added.



The February 2026 readings in the Logistics Manager's Index (LMI) was in expansionary territory for the twenty-seventh month in a row (above 50 indicates expansion, below 50 indicates contraction) at 61.5 (59.6 in January). Most notably, Transportation Capacity dropped 13% month over month, down ~26% year over year and Transportation Prices increased 7% month over month, up 17% year over year.