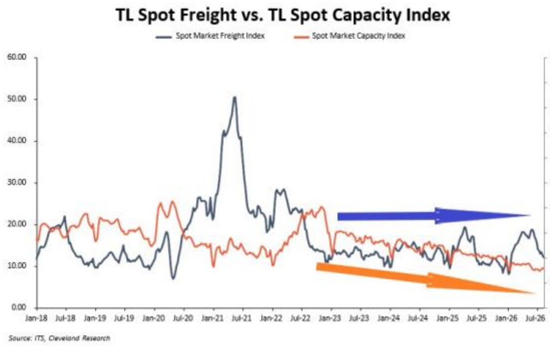
CURRENT STATE

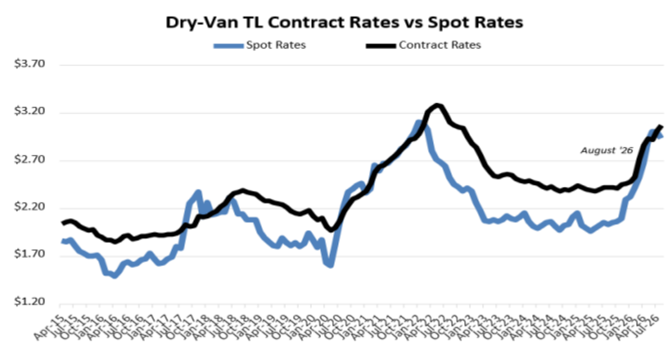
During an analysts' interview with a large materials shipper, they had the following to say about recent domestic transportation trends. **<u>This shipper last conducted a large bid a year ago when the market was still loose and saw TL rates decline around 10% from already very low levels. But with the market quickly tightening this year, this shipper's routing guide broke down, and TL tender acceptance levels fell to the high-70s (vs. more normal in the 90s). As a result, this shipper has been paying ~30% spot premiums the past few months</u>**. This shipper then conducted a mini-bid on its underperforming lanes and saw rates increase by almost 30%. Looking ahead, **<u>this shipper is preparing for his annual bid for the remaining lanes and expects 15%-20% rate increases from a very low base</u>**. So, with contract rates resetting higher and spot rates leveling off in recent weeks, this shipper is seeing spot rate premiums moderate to around 10%. On the LTL side, this shipper previously shifted some freight from public to private carriers offering more attractive rates. But as these private LTLs have faced persistent service/capacity issues, they are now shifting off these volumes back to the large public LTLs. Among the LTLs, FDXF has been the largest share loser to private carriers over the past year but is now starting to get some of these volumes back.

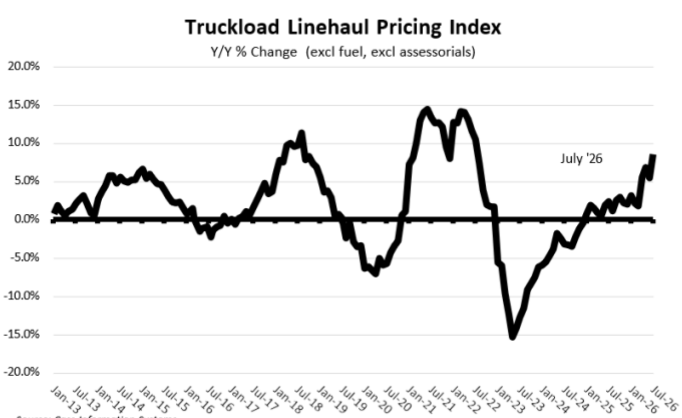


Spot market demand declined through July and early August as brokers and carriers repriced contracts higher, leading to fewer tender rejections and less freight ricocheting around the spot market. Capacity reached its lowest levels in early July and has since bounced back slightly but remains well below historical levels as carriers continue to struggle to source drivers given ongoing driver regulatory concerns.

MARKET FORECAST

TL linehaul rates (ex-fuel, ex-assessorial) in July were 9% higher Y/Y and 2% higher M/M according to Cass Systems, continuing steady growth YTD. While their highest since 2022, rates remain 9% below the May 2022 peak. Our work indicates 2026 contract TL prices likely rise +5-15% Y/Y ex-fuel primarily due to supply/capacity constraints.



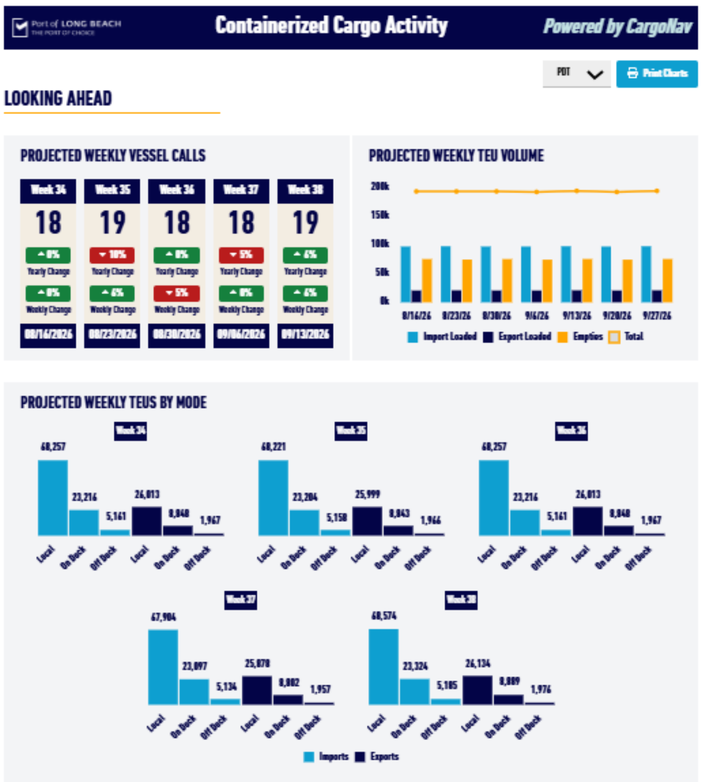


In August, contract TL rates (incl fuel) are +27% Y/Y and spot rates are +44% Y/Y, according to DAT. Contract rates have now crossed back over spot rates as spot rates decreased 2% M/M while contract rates increased 2% M/M. Price/cost appears to be stabilizing as costs moderate and brokers/carriers reprice TL contract rates +5-15% ex-fuel. Asset-based carriers appear more focused on volume/asset utilization rather than pure price at this point given modest organic volume growth pace and less cost-push compared to the owner-operator dominated spot market.

INDUSTRY INSIGHT

The Port of Long Beach currently has 11 container vessels at berth… Average at anchor is 0 days...

OPERATIONS DASHBOARD



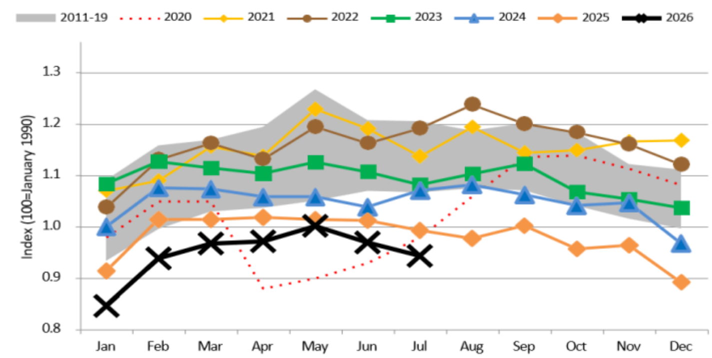
100-year-old plus business TP Freight Lines shutters: The Oregon-based LTL carrier has been under new ownership but faced payroll disruption, according to the union. TPI Freight Lines got its start in 1922 hauling between the coastal city and nearby Portland. **TP Freight Lines suspended operations earlier this month, shuttering terminals following a new ownership change**, the Teamsters Joint Council 37 said in an Aug. 6 news release. Oregon records show the current head of the business is Mohamed Hegab, listed as president in an online state database. Hegab is connected with Irvine, California-based Z10 Group, which refers to itself as a consulting business. **"When employees in Warrenton reported to work on the morning of August 3rd, they were unable to enter the terminal as the landlord had changed the locks and placed a lien on the property. Similar action happened at the terminal in Eugene on August 4th,"** the Teamsters said.

3 trucking firms in Alabama, California and Michigan file Chapter 11 bankruptcies… Small businesses Anchor South Transport, Rambo Transport and Stoneman Trucking submitted voluntary petitions in court. Three more trucking businesses filed Chapter 11 bankruptcy petitions in July and August. Anchor South Transport of Alabama, Rambo Transport of California and Stoneman Trucking of Michigan filed for bankruptcy in recent weeks, highlighting continued financial strain on the freight services market. The trio filed Chapter 11 petitions, which are traditionally done to reorganize a business. Bankruptcy courts in their respective states received details on the small businesses. **Business bankruptcies have been rising in recent years, especially Chapter 7 filings, which facilitate liquidation. From Q3 2025 to Q2 2026, compared to the previous 12-month period, business filings rose 16.9%, according to federal court data**.

INDUSTRY INSIGHT

During July, freight shipments across domestic modes were down 5% Y/Y (also down 5% YTD) with a seasonal decline vs June (down 3% M/M; 20-year average down 2%) according to Cass Systems. 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% with growth through 2H as inventory destocking appears largely complete.

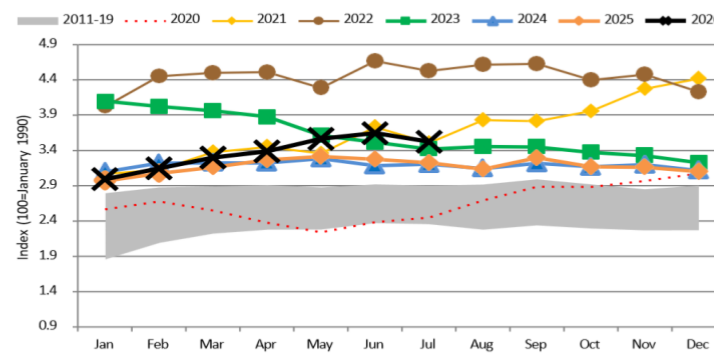
Cass Freight Index - Shipments



Source: Cass Transportation Indexes, CRC Analysis

Total freight spend in July was up 9% Y/Y due to higher cost per shipment as shipments were down ~5% Y/Y (see above exhibit) according to Cass Information Systems. Versus prior month, both expenditures and shipments were down 3%.

Cass Freight Index - Expenditures



Source: Cass Transportation Indexes, CRC Analysis

The July 2026 readings in the Logistics Manager's Index (LMI) was in expansionary territory for the thirty-second month in a row (above 50 indicates expansion, below 50 indicates contraction) at 68.9 (71.1 in June). Most notably, Transportation Capacity continues to contract, down 46% Y/Y and down 8% M/M while Transportation Prices were 6% lower vs June but up 38% Y/Y. Warehouse utilization levels were down 5% M/M but remain up 11% Y/Y.