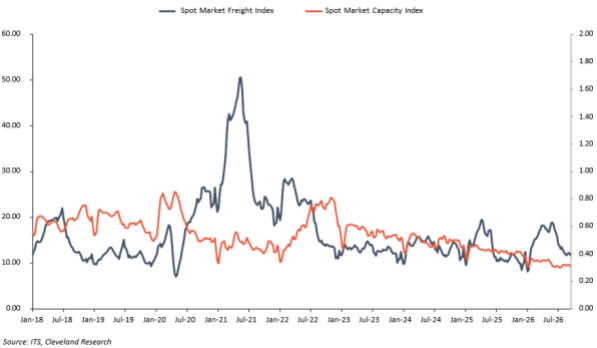


GROUND MARKET UPDATE

CURRENT STATE

On an industry insider's podcast, a large shipper had the following to say about recent freight TL, intermodal and LTL trends. This shipper's TL tender acceptance rates have improved from the mid-80% range in early July into the low-90% range so far in September. Following material route degradation in its network earlier this year and into the summer, this shipper effectively repriced 70% of its network through mini-bids with high-single digit contract rate increases on average this year. But now that rates have reset higher and tender acceptance rates have improved to more acceptable levels, the pace of this shipper's mini-bid activity is slowing, so rate increases should start leveling off. As a result, this shipper is preliminarily planning for mid-single digit TL contract rate increases based on very early bid conversations for next year. As a result of rising TL rates and high fuel prices, this shipper has shifted material volume to intermodal this year. Combined with a muted overall demand backdrop, this shipper's TL volumes are tracking down around 5% YTD. And with the recent spike in diesel prices and now higher interest rates, this shipper believes TL volumes could deteriorate further. This shipper also noted that JBHT's brokerage business has raised rates most aggressively among all carriers / brokers this year. As a result, this shipper has shifted material TL freight away from JBHT ICS as well as some intermodal freight away from JBHT.

TL Spot Freight vs. TL Spot Capacity Index

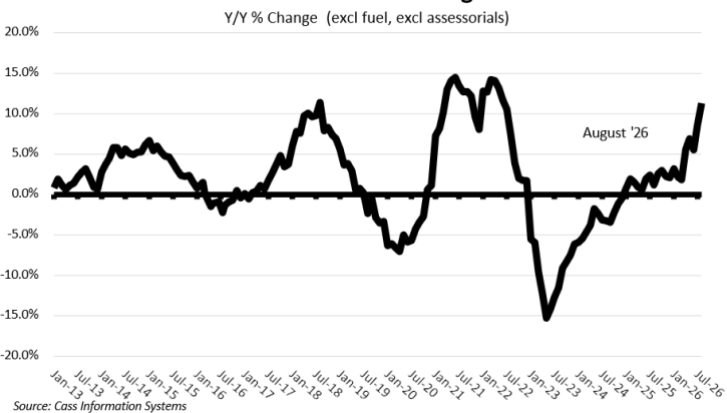


Spot market demand declined through August and mid-September as contracts have been repriced higher over the last 90-120 days leading to fewer tender rejections and less freight ricocheting around the spot market. Capacity reached its lowest levels in mid-August, well below historical levels as carriers continue to struggle to source drivers given ongoing driver regulatory concerns.

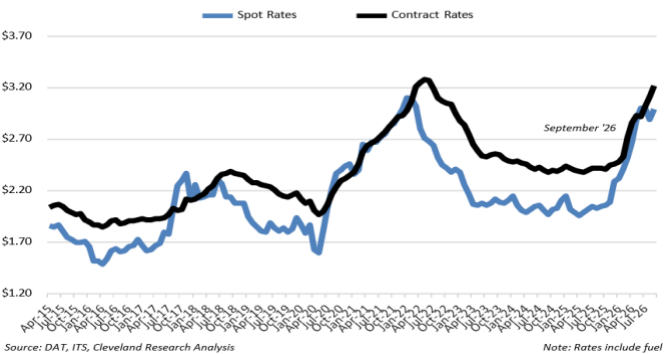
MARKET FORECAST

TL linehaul rates (ex-fuel, ex-assessorial) in August were 11% higher Y/Y and 1% higher M/M according to Cass Systems, continuing steady growth YTD. While rates are at their highest point 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.

Truckload Linehaul Pricing Index



Dry-Van TL Contract Rates vs Spot Rates

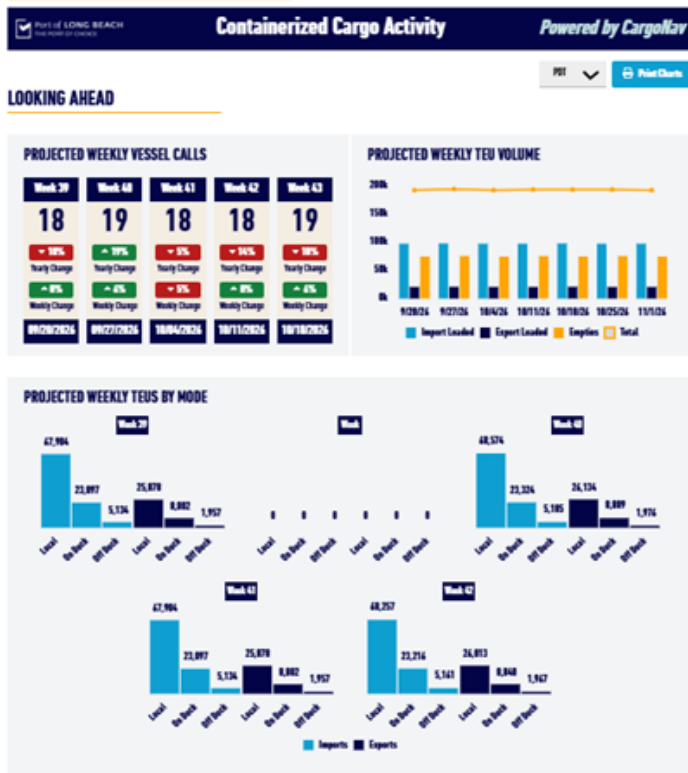


In September, contract TL rates (incl fuel) are +33% Y/Y and spot rates are +46% Y/Y, according to DAT. For the third month in a row, contract rates are above spot rates with contract rates increasing 4% M/M and spot rates increasing 3% M/M. Our work indicates brokers/carriers are seeing TL contract rates +5-15% ex-fuel, with instances of +20-30% depending on mix. 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 8 container vessels at berth...
Average at anchor is 0 days...

OPERATIONS DASHBOARD



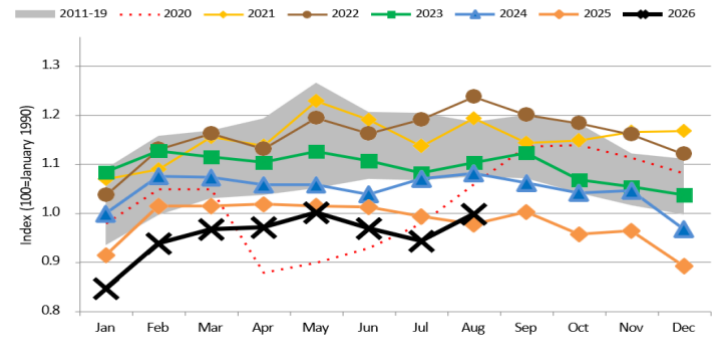
During an industry analysts' podcast with a mid-sized TL carrier, they had the following to say about recent freight trends. This carrier's fleet is primarily dedicated, and **contract rates have accelerated from low-single digits at the beginning of the year to high single digits in recent weeks**. Additionally, this carrier continues to see demand accelerate as the year progresses, including from new customers it's never done business with. As a result, this carrier is looking to add trucks in 4Q and 2027 to help service new demand and believes this will be supportive of volumes next year.

During analyst meetings with a private TL carrier, they had the following to say about freight trends. **This carrier's TL loads are trending flat to up low-single digits this year as demand remains pretty stable**. But as supply regulations have mounted, this carrier's tender rejection levels increased materially over 10% leading up to July 4th. But since the holiday, tender rejections for this carrier have moderated back to the mid- to high-single digit rates, which they attribute to normal seasonality. **From a pricing perspective, this carrier has realized 11%-16% y/y contract rate increases across the majority of its network**. Given rising rates, this carrier is looking to grow its fleet and has hired third-party recruiters to help find drivers. So far, **this carrier's fleet is up low- to mid-single digits y/y although they had to raise driver wages by over 10% in order to retain current and attract new drivers**. This carrier also has a brokerage business and has seen a **25% increase in load growth as shippers move freight towards more trusted brokers backed by assets**. They have also seen **contract rates on the brokerage side increase in the high-teens, even better than its asset-based business**. Lastly, they expect their insurance costs on its brokerage business to increase over 100% when rates next reset.

INDUSTRY INSIGHT

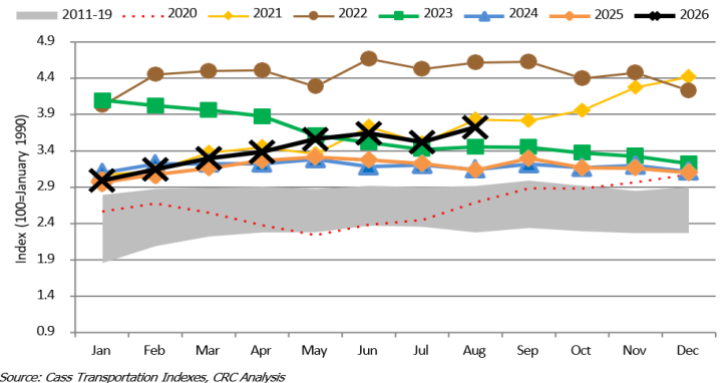
During August, freight shipments across domestic modes were up 2% Y/Y, the first month of Y/Y growth since January 2023, with a seasonal improvement vs July (up 6% M/M) according to Cass Systems. After three consecutive years of declines (2025 down 6%, 2024 down 4%, 2023 down 5%, 2022 +1%, 2021 +12%), our work indicates 2026 shipments will likely pace ~flat Y/Y (down 4% YTD) with Y/Y growth into the last 4 months of the year as inventory destocking appears largely complete.

Cass Freight Index - Shipments



Total freight spend in August was up 19% Y/Y due to higher cost per shipment (core price, fuel) and slightly higher shipments as shipments were up ~2% Y/Y (see above exhibit) according to Cass Information Systems. Versus prior month, both expenditures and shipments were up 6%.

Cass Freight Index - Expenditures



The August 2026 readings in the Logistics Manager's Index (LMI) was in expansionary territory for the thirty-third month in a row (above 50 indicates expansion, below 50 indicates contraction) at 66.6 (68.9 in July). Most notably, Transportation Capacity loosened in August, up 41% M/M, but remains down 30% Y/Y while Transportation Prices were 4% lower vs July but up 60% Y/Y. Warehouse utilization levels were down 10% M/M and down 4% Y/Y.

Logistics Managers' Index (LMI)

