3/5/2018

Dear Valued Customer,

We are currently operating in an inflationary transportation market place. There are many factors increasing current logistics costs, including, but not limited to the following:

- Shipper demand is increasing while carrier capacity is shrinking, putting the industry at over 95% capacity.
    - Based on market analysis, the current ratio of loads to trucks is 7:1.
    - There is an ongoing driver shortage posing a long-term challenge for the industry. The median age for a truck driver is > 50 and steadily climbing.
- Drivers are being selective with loads and routes. As a rule, asset-based truckload carriers are only covering no touch, single stop moves. The industry trend is to choose "driver friendly" freight.
- The Electronic Logging Device (ELD) mandate has reduced trucking productivity by 4 – 10%. It has also forced many non-compliant carriers out of the industry all together, further exacerbating the capacity crunch.
- Hours of Service rules, coupled with the ELD mandate are impacting length of haul (i.e. 600-mile dispatches are inefficient for utilization as a 475-mile day is about the average).
- Diesel prices are always subject to the fluctuations of the market and can be impacted by many factors (natural disasters, service interruption, and political turmoil).