STATE OF UNION FOR TRUCKING

with **Thom Albrecht**

RELIANCE PARTNERS

HOW TRUCKING BECAME A MIX OF
'GROUNDHOG DAY ' AND
'A TALE OF TWO CITIES'

Is "Tomorrow" Truly Here?

THE GROUNDHOG DAYS OF TRUCKING

- <u>Day 1</u>: Freight Synopsis
- <u>Day 2</u>: Health of Consumer
- <u>Day 3</u>: State of Business
- <u>Day 4</u>: Housing
- <u>Day 5</u>: Trucking> 60 Minutes, CNBC &
- Turning Point Expose Trucking
- <u>Day 6</u>: Another Movie!

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REMEMBER: CHAOS IS NORMAL!

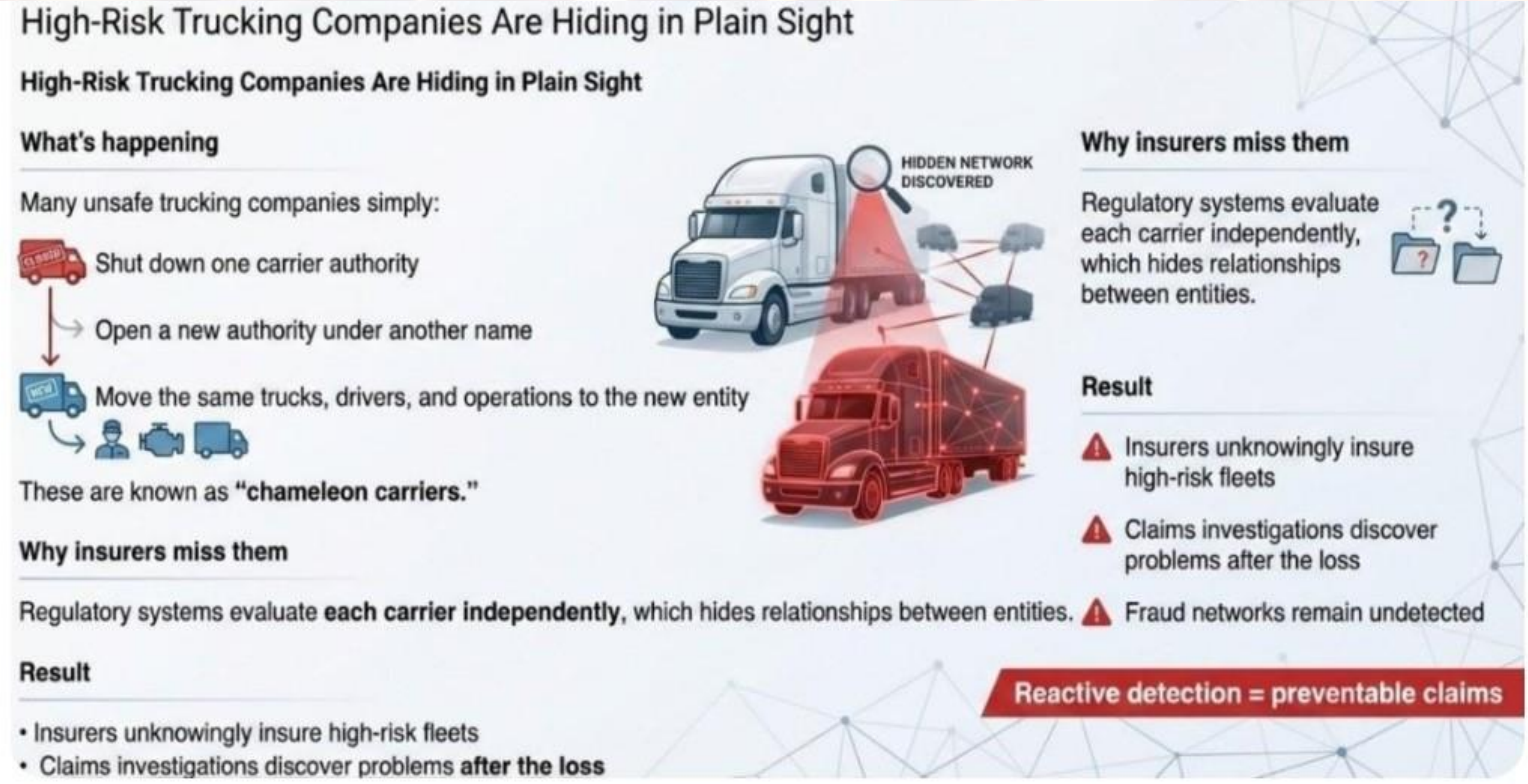
DAY1> Besides Tariffs & Iran: **Why Was Trucking in a 4-Year Recession?**

* Post-Covid Industrial Production Inconsistent

* Nefarious Carriers Extended the Downturn

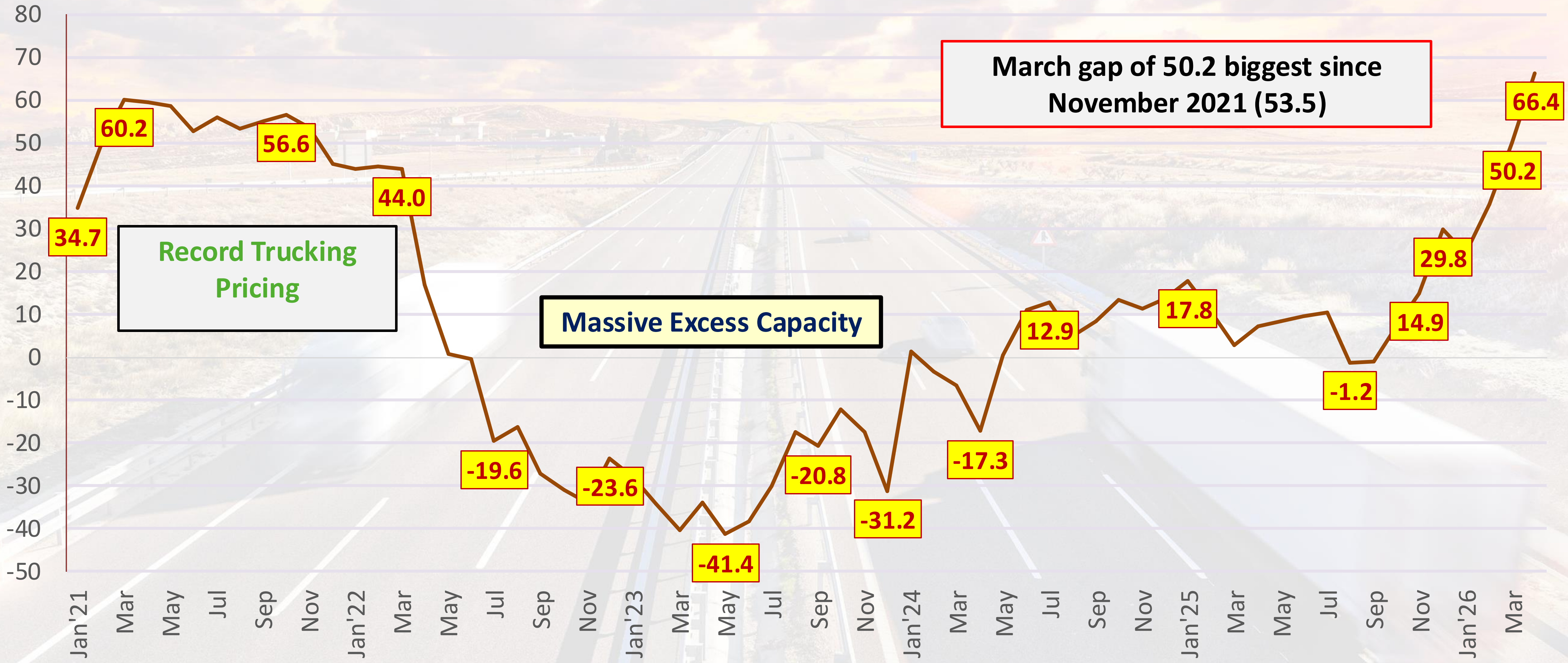
* Vital Signs Turned Positive in Q4'25

DAY 1> FRAUDSTERS PRLONGED DOWNTURN; THE SHELL GAME



DAY 1> LOGISTICS MANAGERS' INDEX: CHANGE IS COMING TO PRICING

Negative 22 out of 23 months from June'22 to April'24; ***At 66.4 the gap is higher than at any time during Covid***



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Source: www.the-lmi.com and Reliance Partners analysis. Above is the difference between transportation prices and capacity.

GROUNDHOG DAY 2
THE HEALTH OF THE CONSUMER

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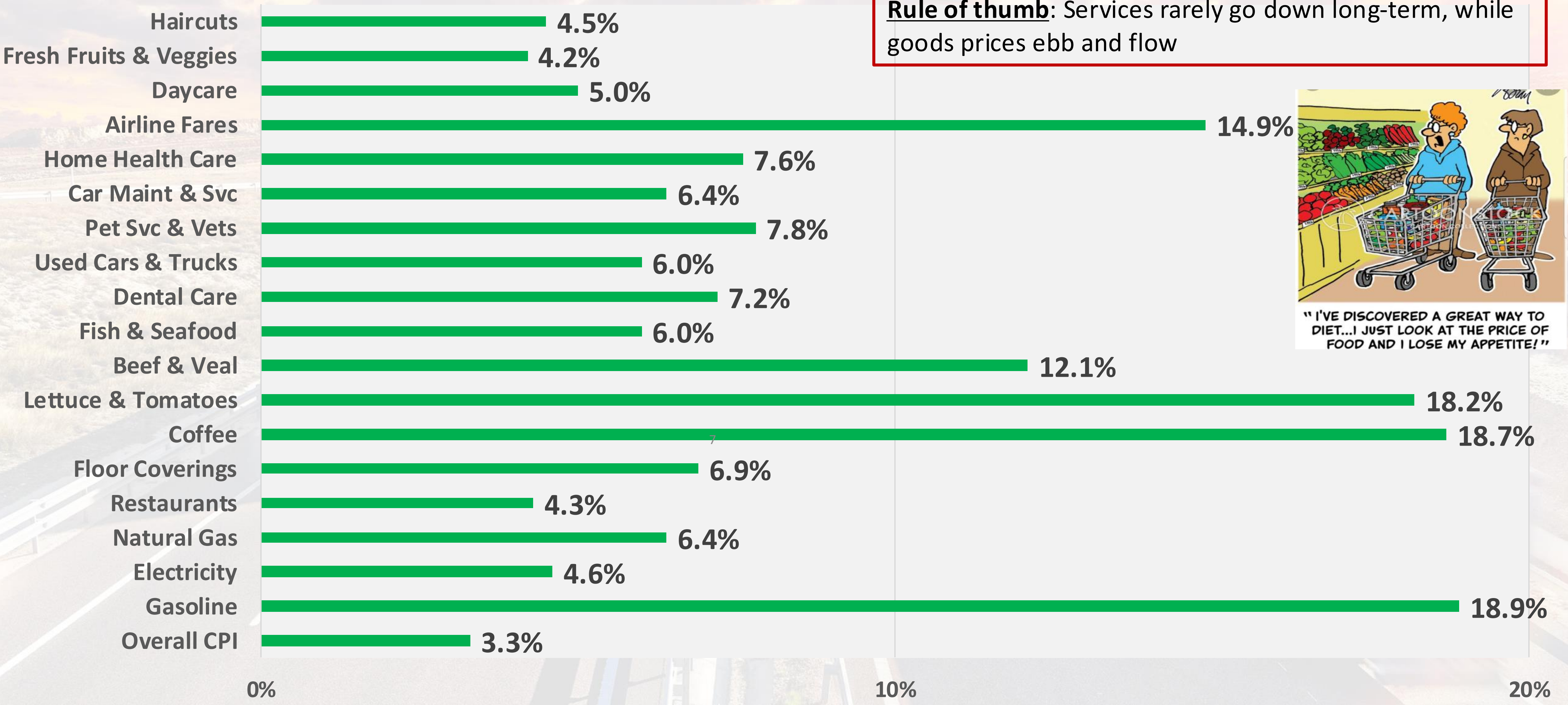
DAY 2> CONSUMERS: AMERICANS DON'T LIVE ON 'AVERAGE' CPI OF 3.8%

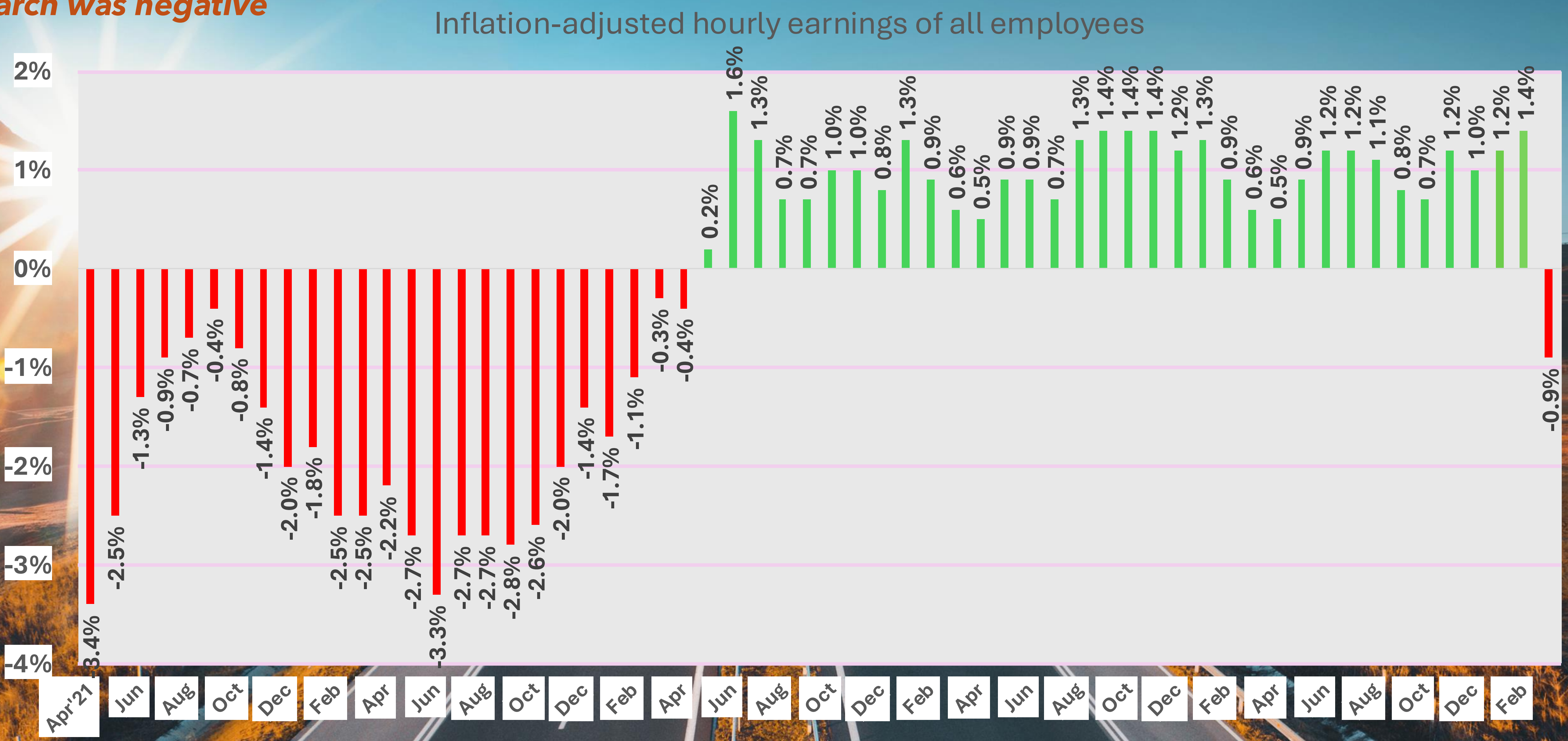
Any good news? Bacon (-0.2%), used vehicles (-3.2%) and eggs (-44.7%) on a YOY basis

Rule of thumb: Services rarely go down long-term, while goods prices ebb and flow



DAY 2> CONSUMERS: WOBBLY & SLOWLY REGAINING PURCHASING POWER

Inflation-adjusted wages: 25 straight months of declines followed by 33 months of advances BUT March was negative



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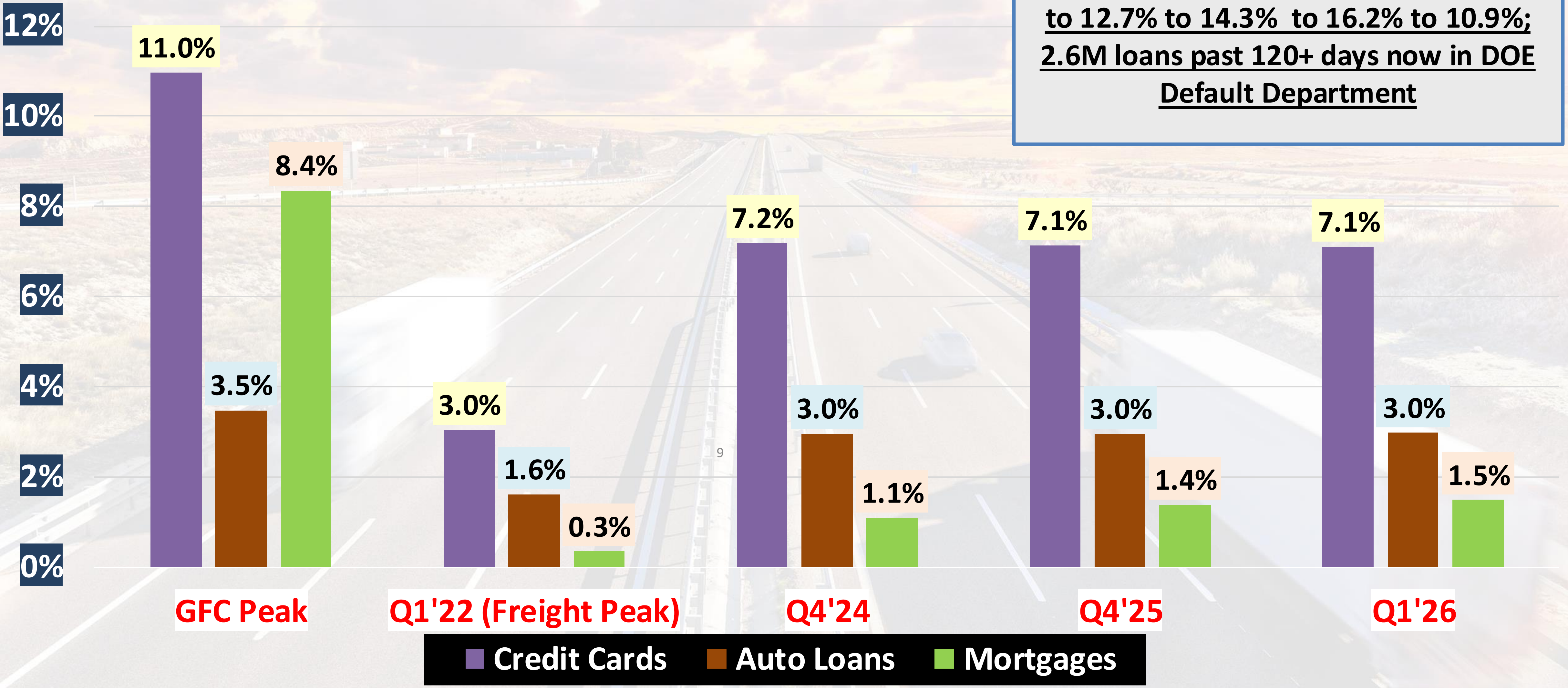
Source: BLS monthly wage report

DAY 2> CONSUMERS: 90-DAY DELINQUENCY RATES UP, GRAPPLING WITH DEBT & LOST PURCHASING POWER

Bad News? STUDENT LOANS: from 0.7% to 12.7% to 14.3% to 16.2% to 10.9%; 2.6M loans past 120+ days now in DOE Default Department



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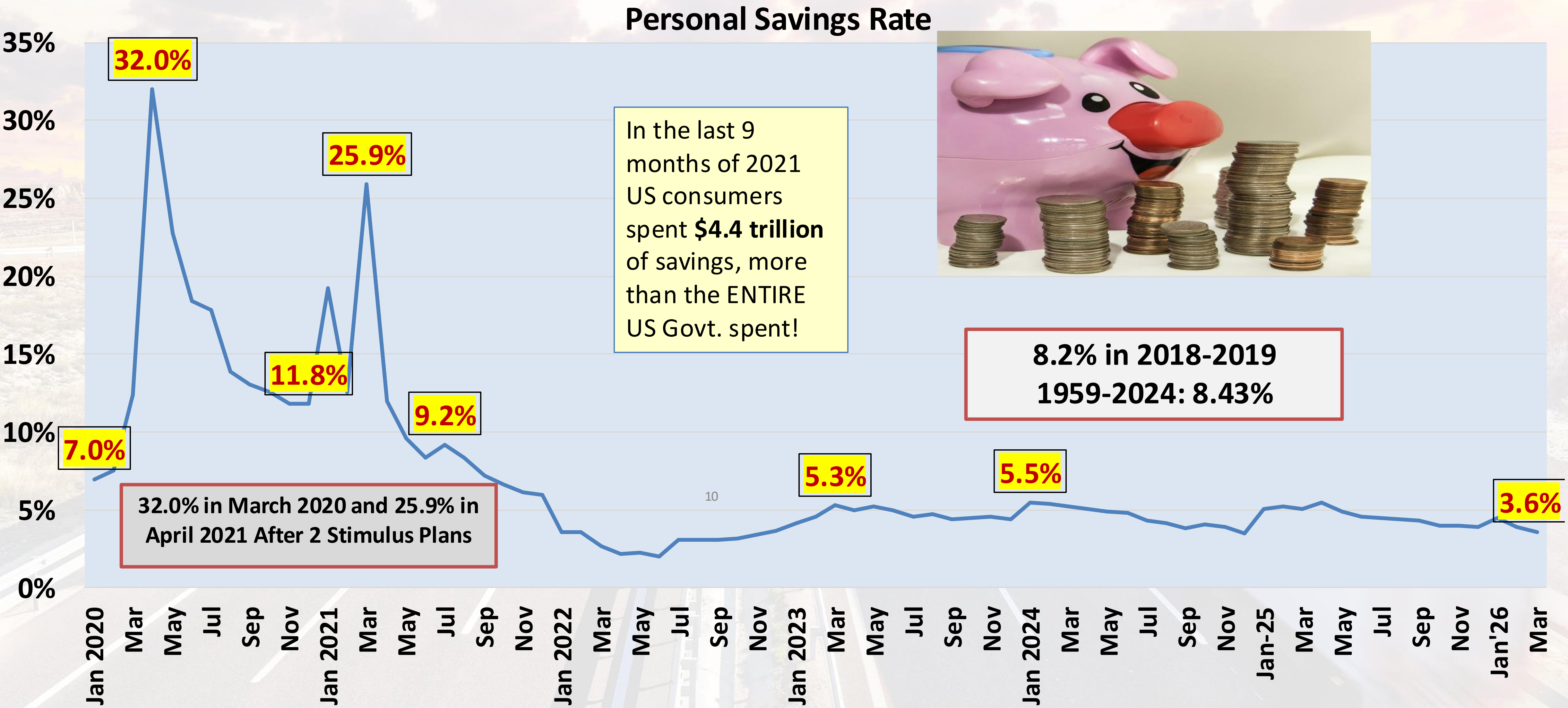
Source: NY Federal Reserve Household Debt Q1'26 report. GFC is "great financial crisis" peak (typically in 2H'09); Freight Peak is generally consistent with the low points during Covid, within one quarter.

DAY 2> CONSUMERS: SAVINGS DRAINED TO PAY BILLS & MAINTAIN A STANDARD OF LIVING



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Sources: US Bureau of Economic Analysis (BEA) and the St. Louis branch of the Federal Reserve Board. Data is the savings rate of disposable personal income, which is released monthly as part of the PCE report. Next PCE will be February 20, 2026.

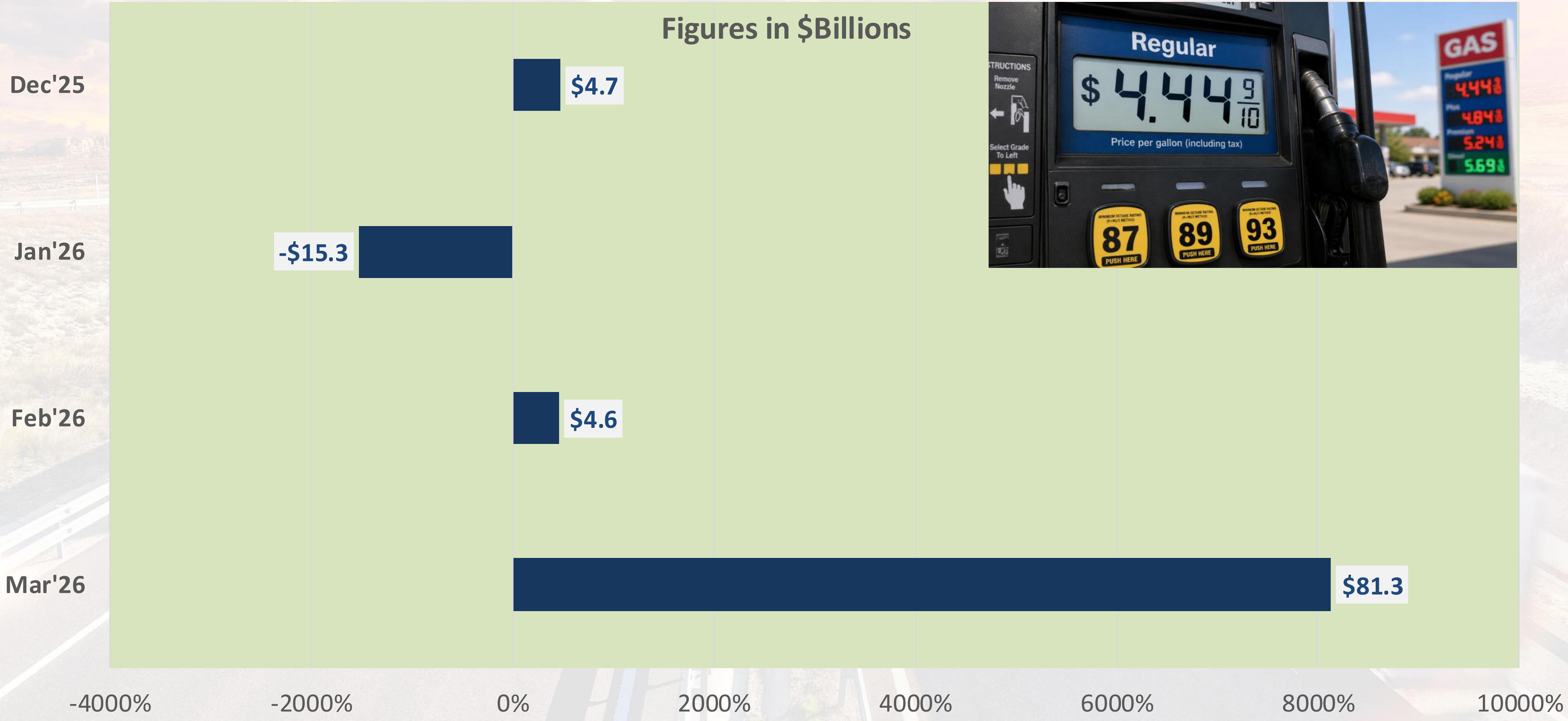
DAY 2> RETAIL SALES LAST 90 DAYS

CPI the Last 3 Months Has Averaged 3.1%; Gas Spending Surging, May Slow Other Sectors

Source: Census Bureau Advance Monthly Sales for Retail and Food Services, April 28, 2026

DAY 2> SEQUENTIAL $$ CHANGES SPENT ON GASOLINE

Watch This as a Potential Catalyst for Any Summer Slowing



Source: BEA Monthly PCE report, April 30, 2026

DAY 3> STATE OF BUSINESS: Hesitant but Better Than in 2025

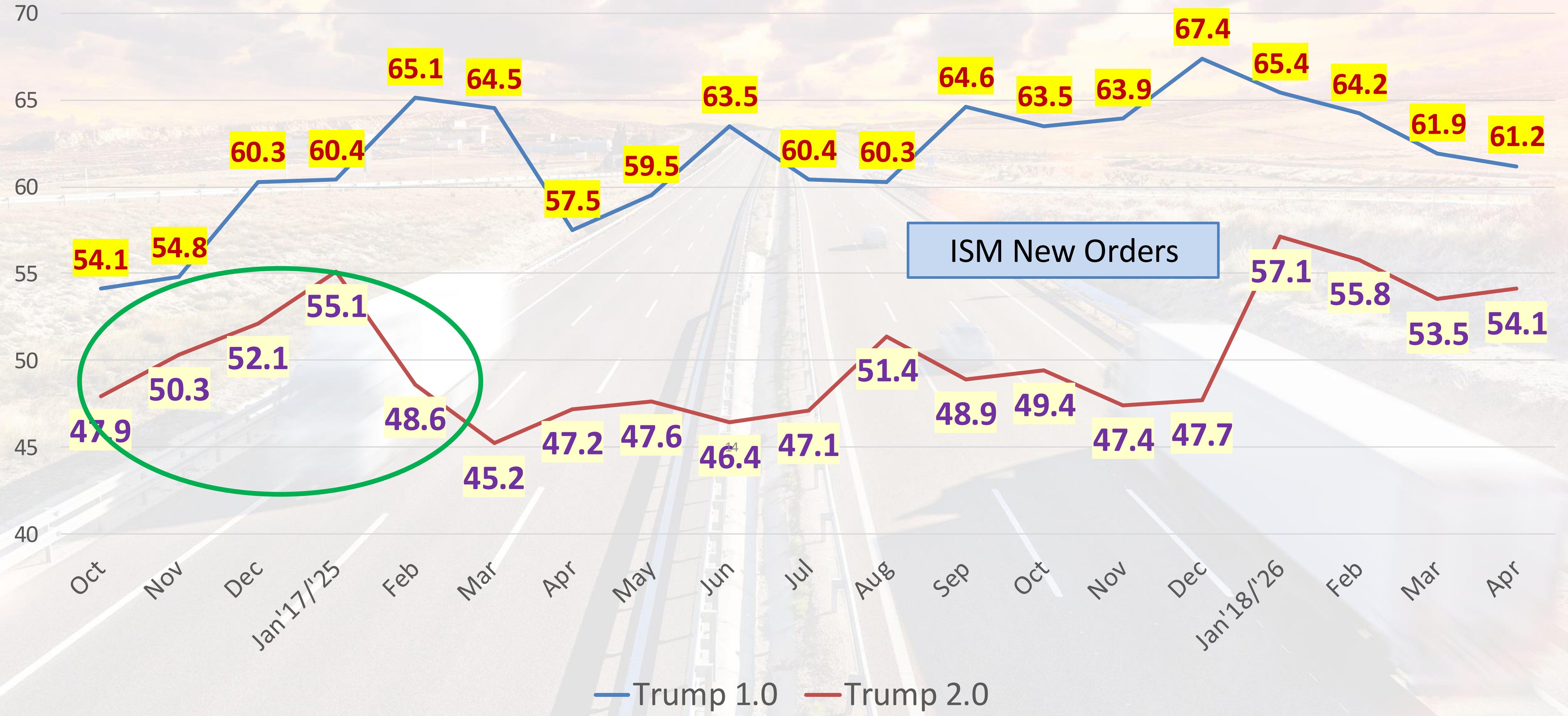
Trump 2.0 vs. Trump 1.0

Inventories are Low Enough to Help Demand

AI and GDP

DAY 3> BUSINESS: TRUMP 2.0 VS. TRUMP 1.0> TARIFFS KILLED MOMENTUM

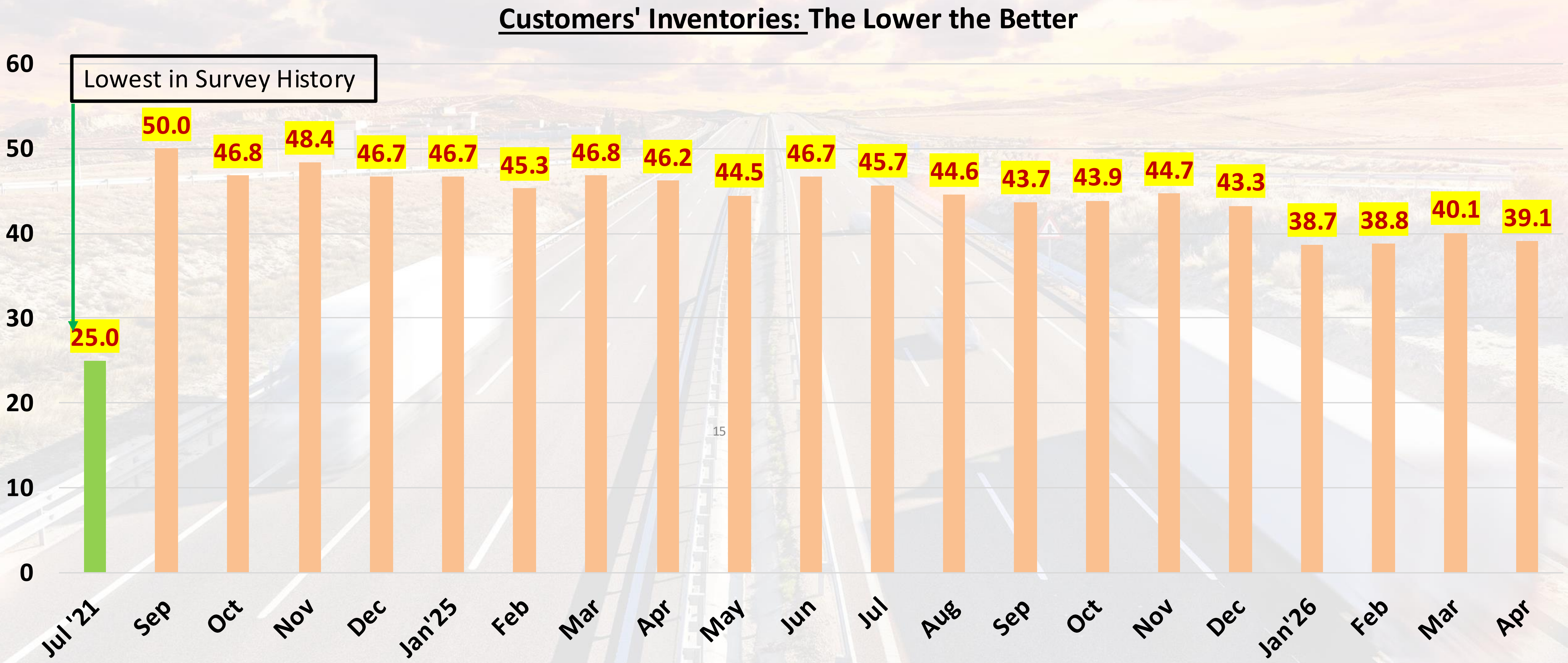
Millions of businesses expected a pro-business environment with certain tax, regulatory & trade policies; ***uncertainty instead***



Note: Source and note permission granted by Institute for Supply Management®, as part of their monthly ISM® and PMI® reports. If applicable, please reference to their website: ismworld.org. Note: New Orders of >52.1 indicate manufacturing growth.

DAY 3> BUSINESS: CUSTOMER INVENTORIES A BIT LOW, GOOD FOR FREIGHT

With Tariff Uncertainties Companies Have Been Drawing Down Inventories, Afraid to Order, But Now…Too Low

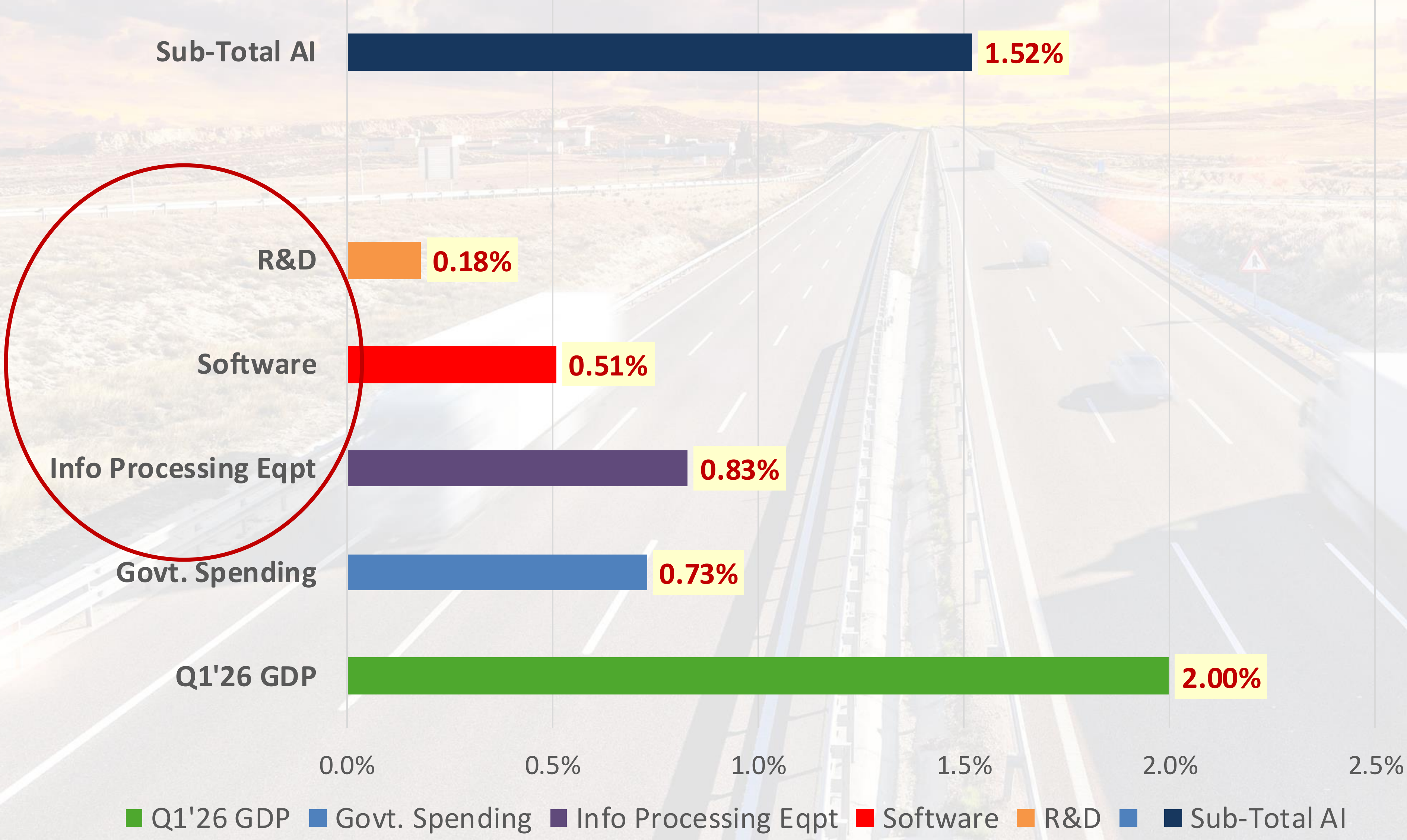


RELIANCE PARTNERS

Note: Source and note permission granted by Institute for Supply Management®, as part of their monthly ISM® and PMI® reports. If applicable, please reference to their website: ismworld.org. Note: New Orders of >52.3 indicate manufacturing growth.

DAY 3> AI PROVIDED NEARLY ALL THE GDP IN Q1'26

AI Tech Investments Help Offset Damage from Tariffs



- ✓ Google, Amazon, Microsoft and META spent $131 billion in Q126 Capex
- ✓ This was up 71%
- ➢ -Data Centers
- ➢ -Chips & Servers
- ➢ -Electric Power Generators
- ➢ -Cooling Equipment

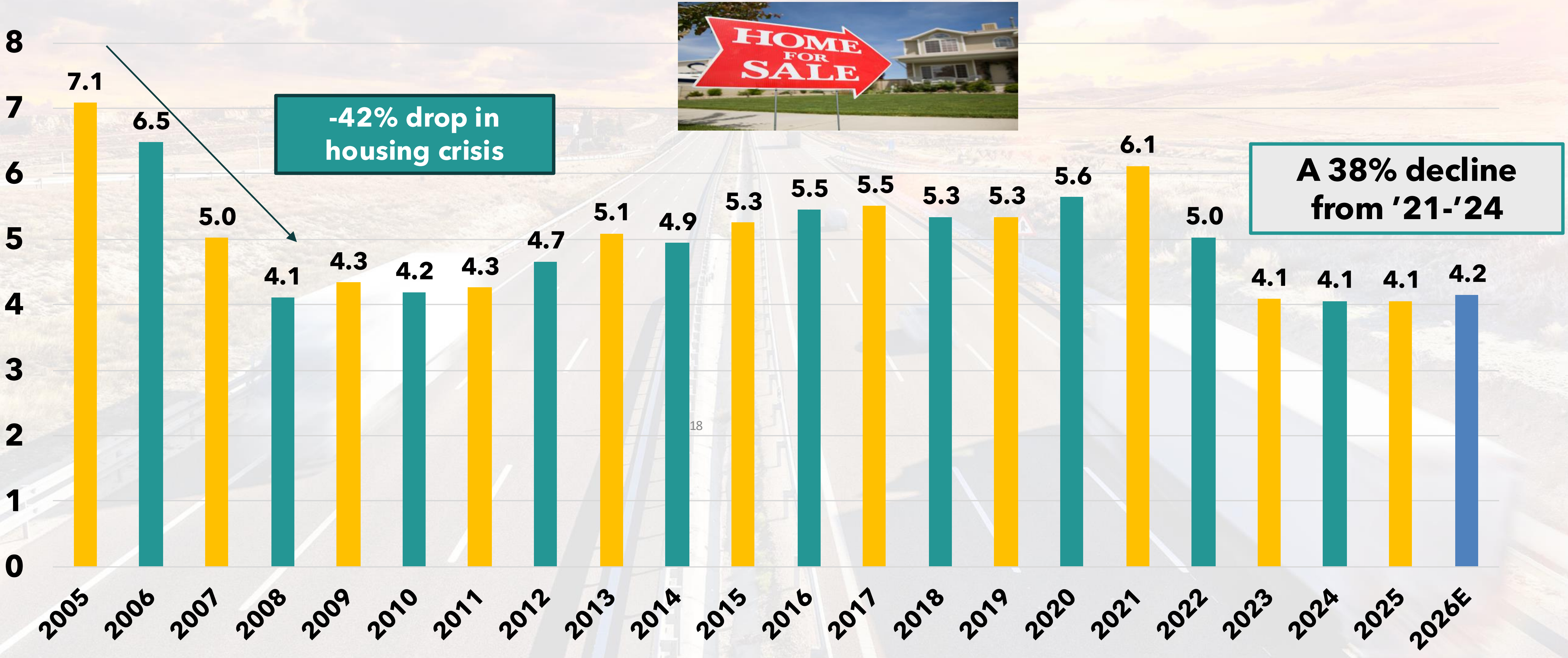
DAY 4> HOUSING—READY TO RECOVER?
OR JUST AN ILLUSION BECAUSE OF AFFORDABILITY?

AND WHAT ABOUT AUTOMOTIVE?

- ✓ 2 Bullish Charts on Housing
- ✓ 2 Bearish Charts on Housing
- ✓ Gradual Interest Rate Declines are Better Because Median Prices Won't Jump as Much

DAY 4> EXISTING HOME SALES (Figs in Mil)

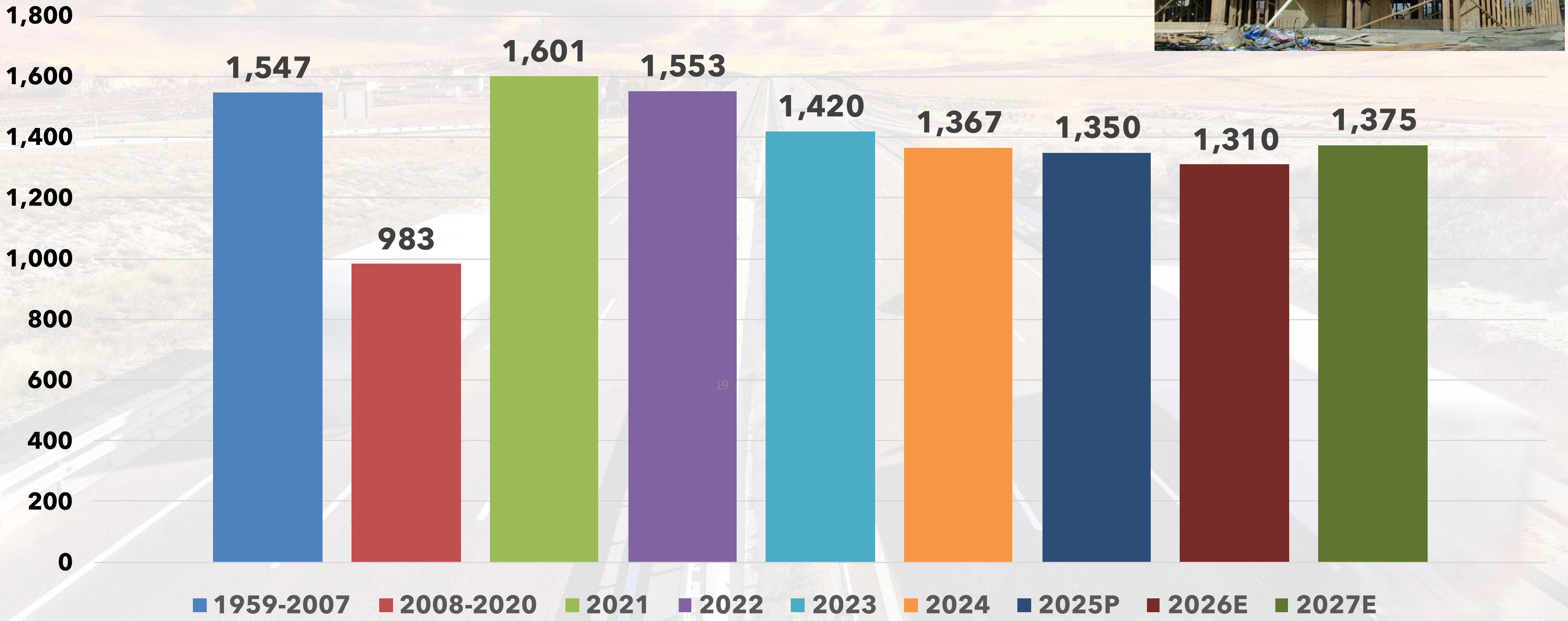
2024-2025 Were Lowest Since 1995 But Has Bottomed; Inventories Rising; Days to Sell Fell from 41 to 36 Days; Additional Supply Good to Attract Buyers



Source: National Association of Realtors reports.

DAY 4> NEW HOUSING STARTS [i.e., Builds]

New Housing Starts Likely to be Down in 1H'26 & Up in 2027



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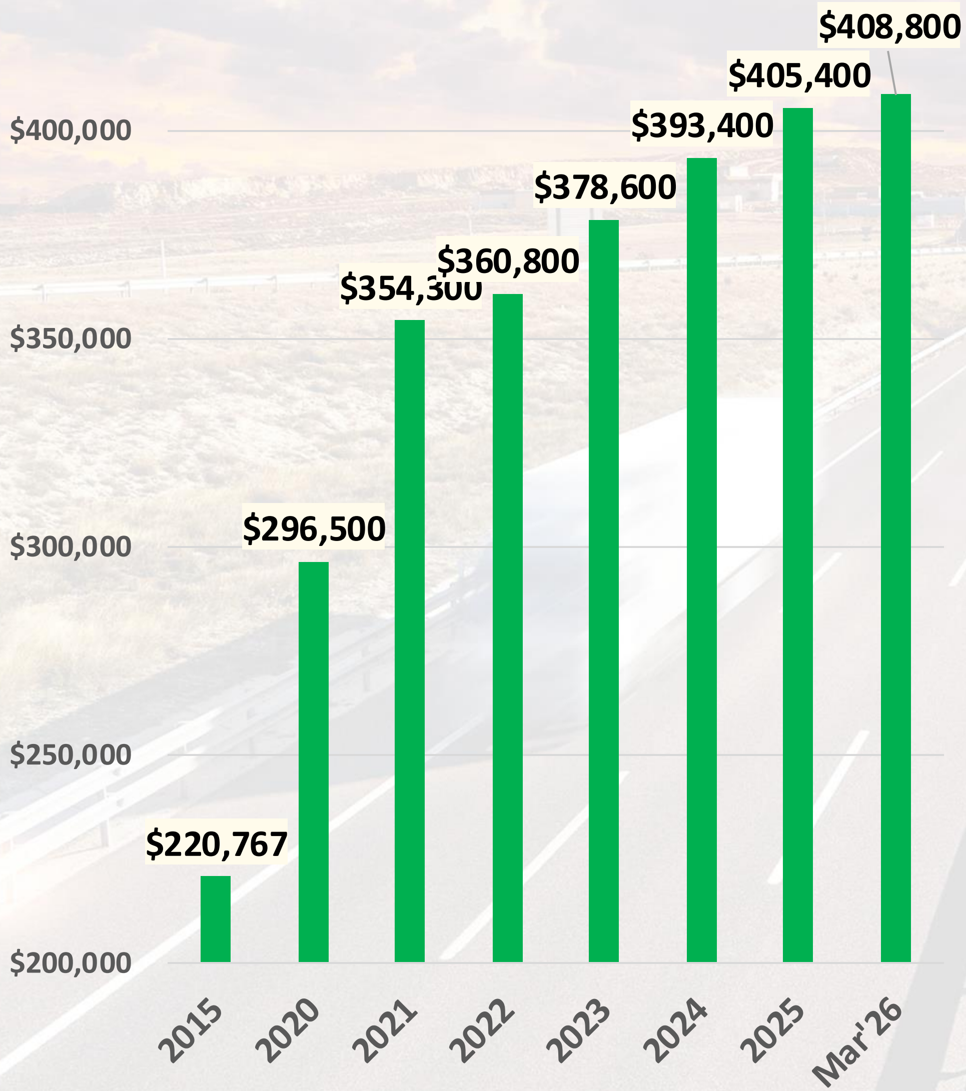
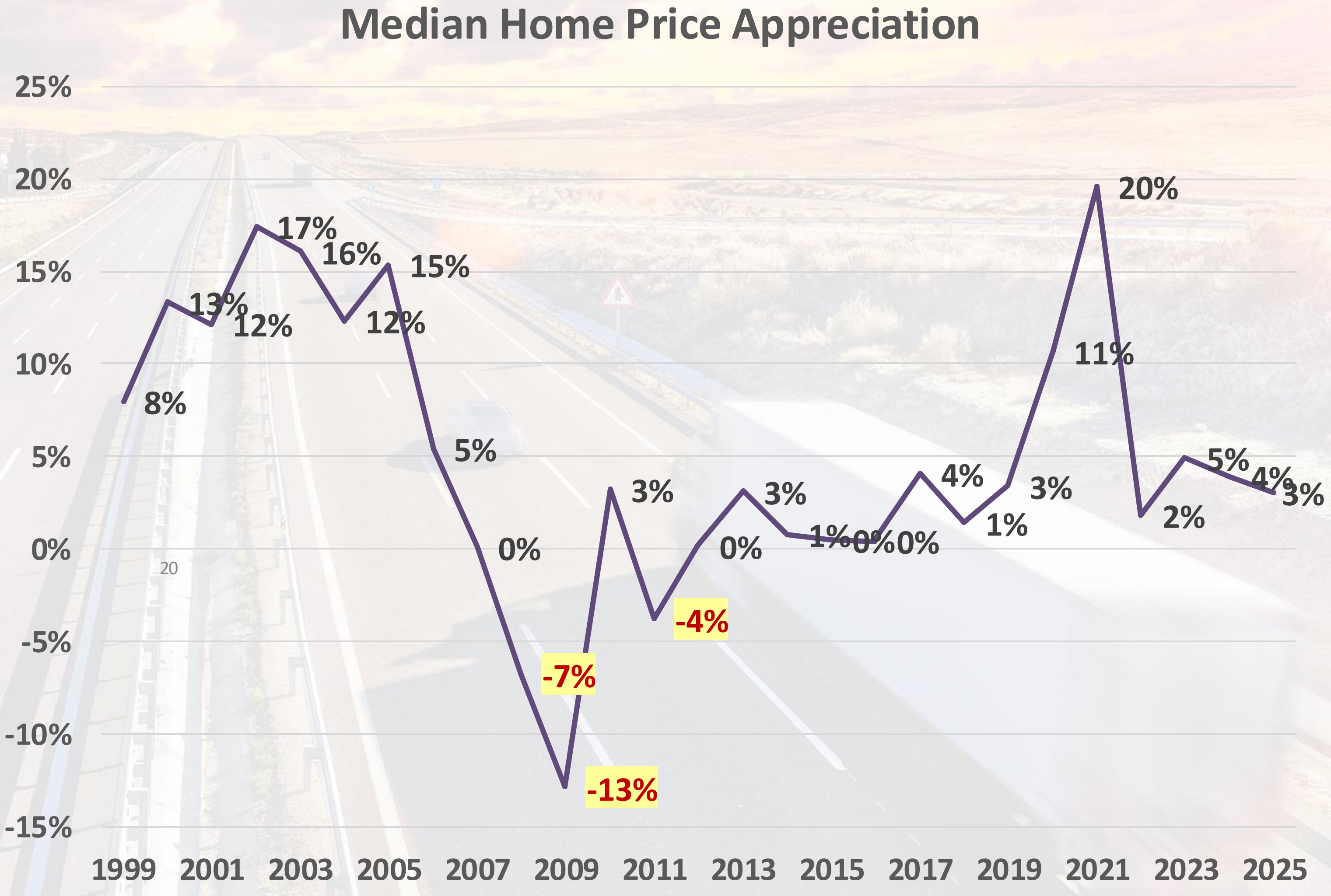
Source: US Census Bureau monthly report on housing construction and Reliance Partners 2026 and 2027 estimates.

DAY 4> MEDIAN HOME PRICES: Recent and Longer-Term Trends

2025 was +3.1%





Source: National Association of Realtors, Federal Reserve Board and Reliance Partners analysis.

DAY 4> HOME AFFORDABILITY: 43% at YE 2025; Affordability is ~30%

This means that in December 2025 the cost to own a home consumed about 43% of household disposable income

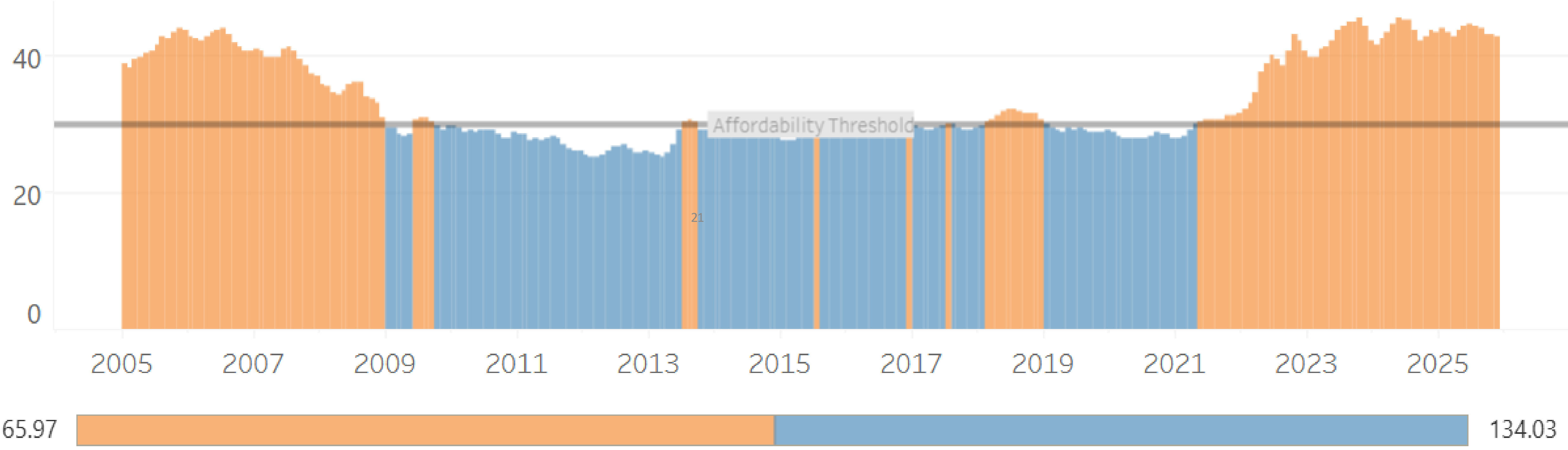
United States

Share of Median Income

(Toggle between Affordability Index & Homeownership Cost as a Percent Share of Median Income)

Share of Median Income Greater than 30% OR Index less than 100 = Unaffordable

Source: Federal Reserve Bank of Atlanta

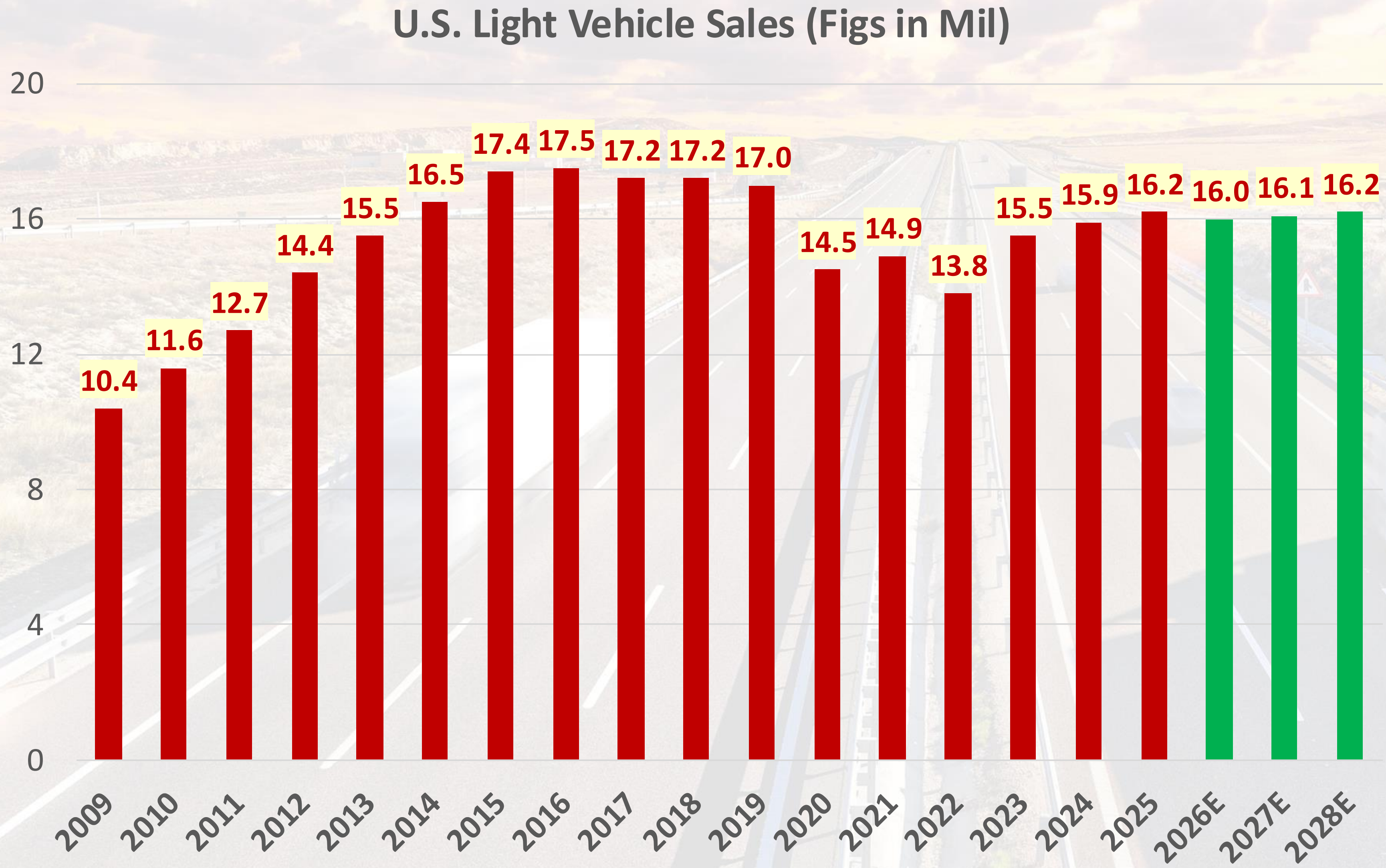


RELIANCE PARTNERS

Source: Federal Reserve Board of Atlanta and their Home Ownership Affordability Monitor

DAY 4> LIGHT AUTO SALES STABLE DESPITE A CHOPPY CONSUMER ENVIRONMENT

With energy prices elevated, used car prices and sales may have greater momentum the next 2+ quarters



Per NADA incentives to sell are at about **7%** of the average new price

Incentives are often closer to **10%** so there is room to rise

While annual auto sales are unlikely to set records, they will remain ~16.0M units

Per S&P Global the **average age of the US fleet is ~12.8 years old and 44% of vehicles are greater than 10 years old**.

Source: NADA or National Automobile Dealers Association for historical and projected figures and Reliance commentary.

<u>DAY 5</u>> TRUCKING CAPACITY: A TALE OF TWO CITIES

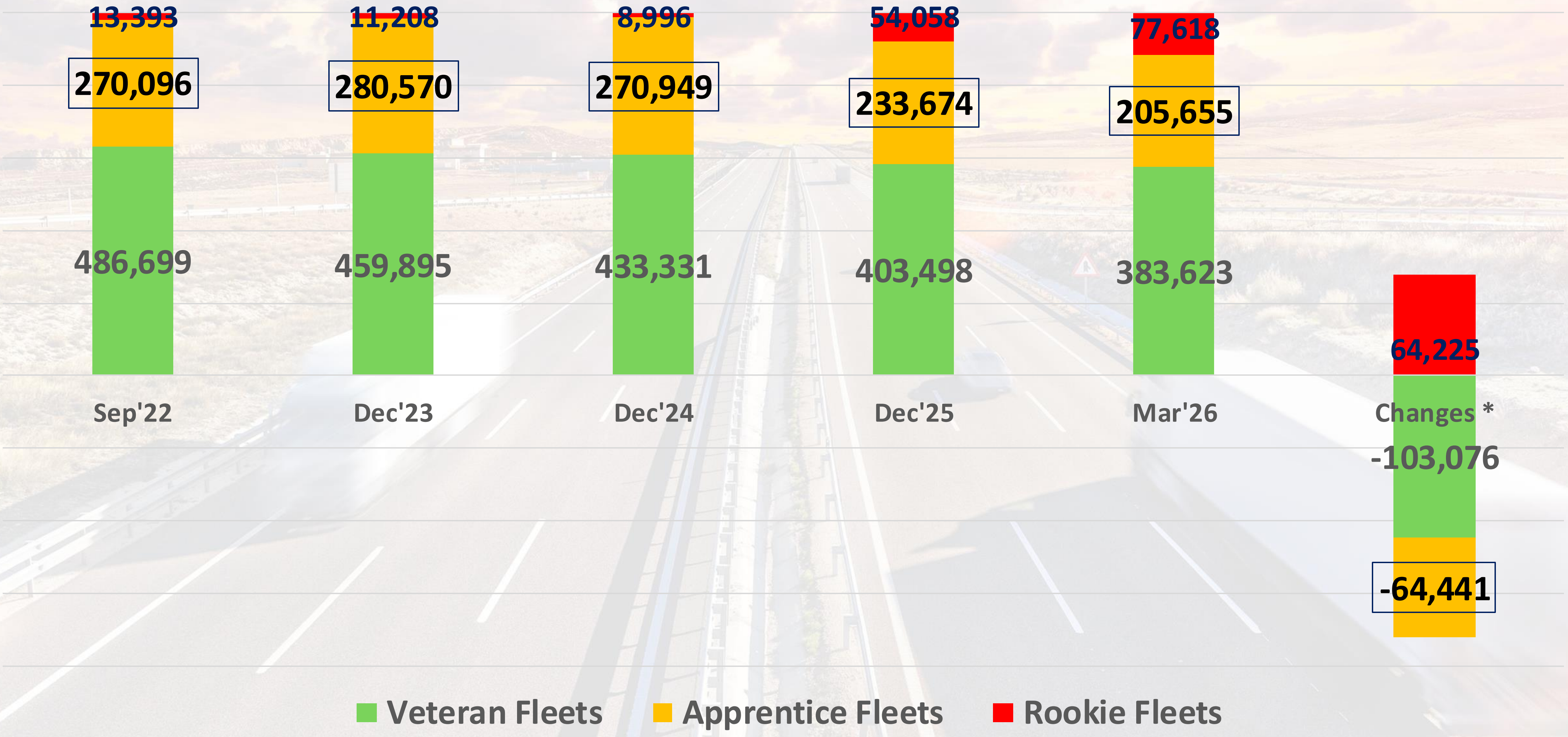
"It Was the Best of Times It Was the Worst of Times..." by Charles Dickens

The Best: Fraudsters & Non-Compliant

The Worst: The Compliant

DAY 5> MOTOR CARRIERS: Established Carriers Failing with Trucking Recession But…

…"Rookie" Fleets up 23,560 in Just the Last 4 Months!



Sources: Bluewire and FMCSA databases and Reliance commentary. Veteran are carriers with more than 5 years operating history; apprentice are 1-5 years and rookie fleets are up to 1 year of operating history. Measures interstate, intrastate and all categories. ***Changes *: Measures the differences between September 2022 peak and March 2026.***

DAY 5> ISSUANCE OF CDLs AND DOT #s BEING CLEANED UP

- Cutting red-tape in Commercial Driver's licensing: DOT gave states the tools to more than double new commercial driver's license issuances in January and February 2022 compared to January and February 2021. States have issued more than 876,000 CDLs since January 2021.

QUOTE OF THE DAY:

Some non-domiciled CDL holders, **"come in with a tablet",** often with a dispatcher on the line and "**tell you what they want."** Sometimes this includes **"park my truck for me 'cause I can't back up".** John Roller, owner P&J Truck Parking, Indianapolis. ***Overdrive, 10-9-25***

FMCSA FACTOIDS:

- ✓ Most common phone numbers of carriers:
  - ✓ 111-111-1111
  - ✓ 123-456-7890
  - ✓ 867-5309

  (Yes, Jenny is in Trucking!)
- ✓ Proliferation of No Name and Last Name Only CDLs

Source on 876K CDL figure: April 4, 2022 White House Fact Sheet. Link: [FACT SHEET: The Biden Administration's Unprecedented Actions to Expand and Improve Trucking Jobs | The White House]; **Normal annual issuance is 400K to 450K CDLs.**

DAY 5> WHY DID 8 STATES & PR ACCOUNT FOR ALL CDL ISSUANCE? POLITICS, FRAUD…?

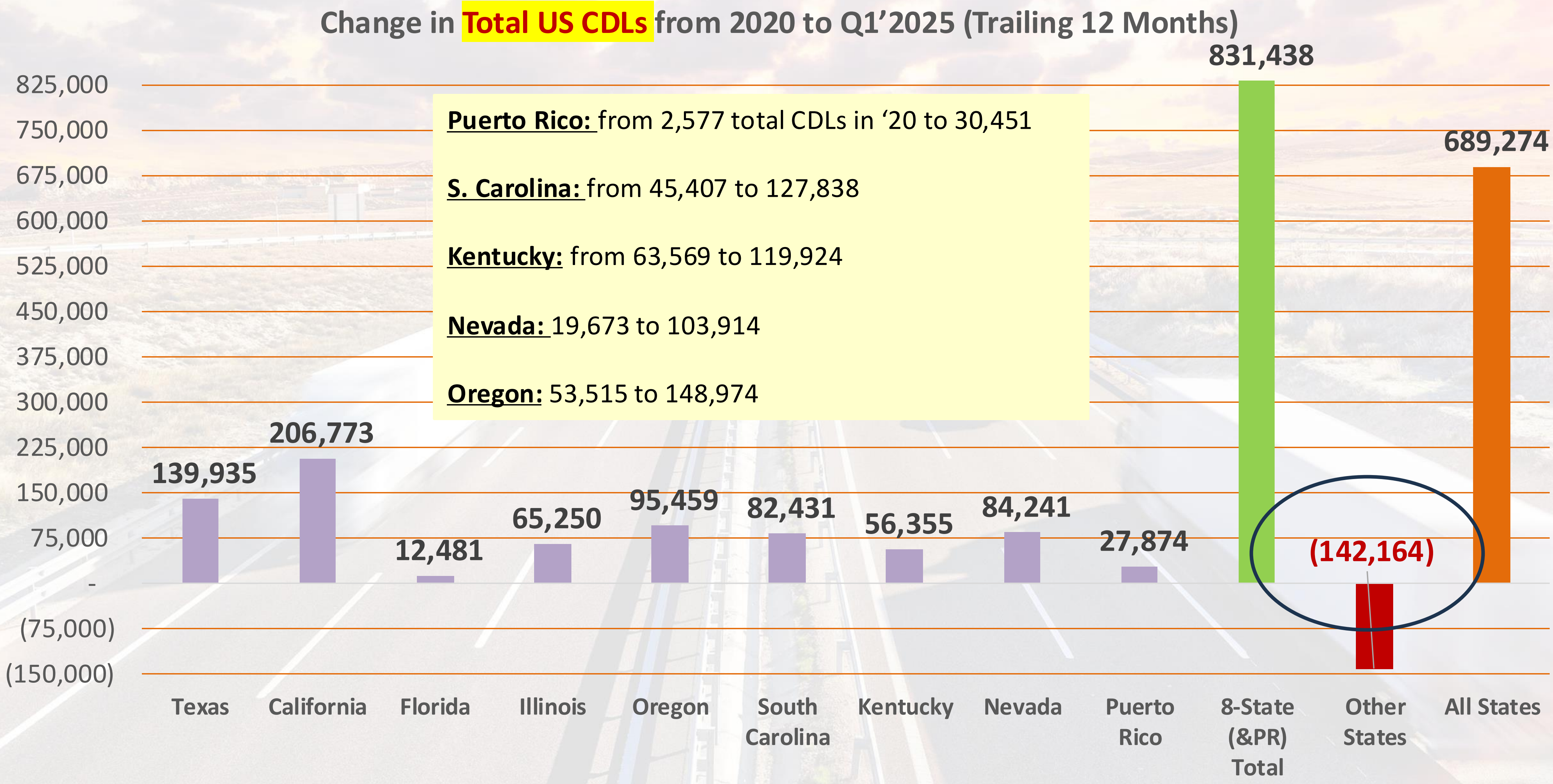
Puerto Rico: from 2,577 total CDLs in ‘20 to 30,451

S. Carolina: from 45,407 to 127,838

Kentucky: from 63,569 to 119,924

Nevada: 19,673 to 103,914

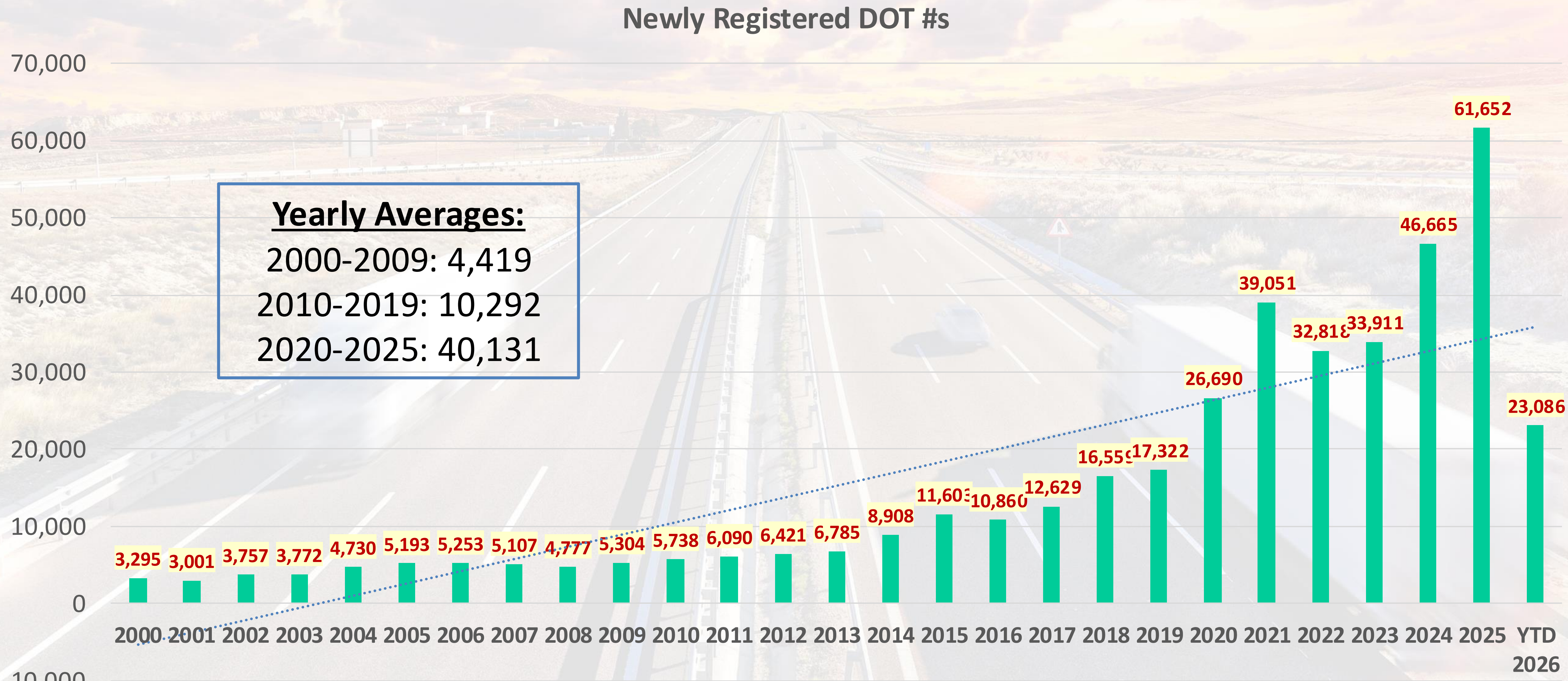
Oregon: 53,515 to 148,974



Source: FMCSA, ATU and Reliance analysis.

DAY 5> NEWLY REGISTERED DOT#s: SETTING RECORDS—REALLY??

Modern Era Explosion Began in 2018; Covid Put it on Steroids; ***"Steal From Home" & Int'l Rings*** *Took Over*



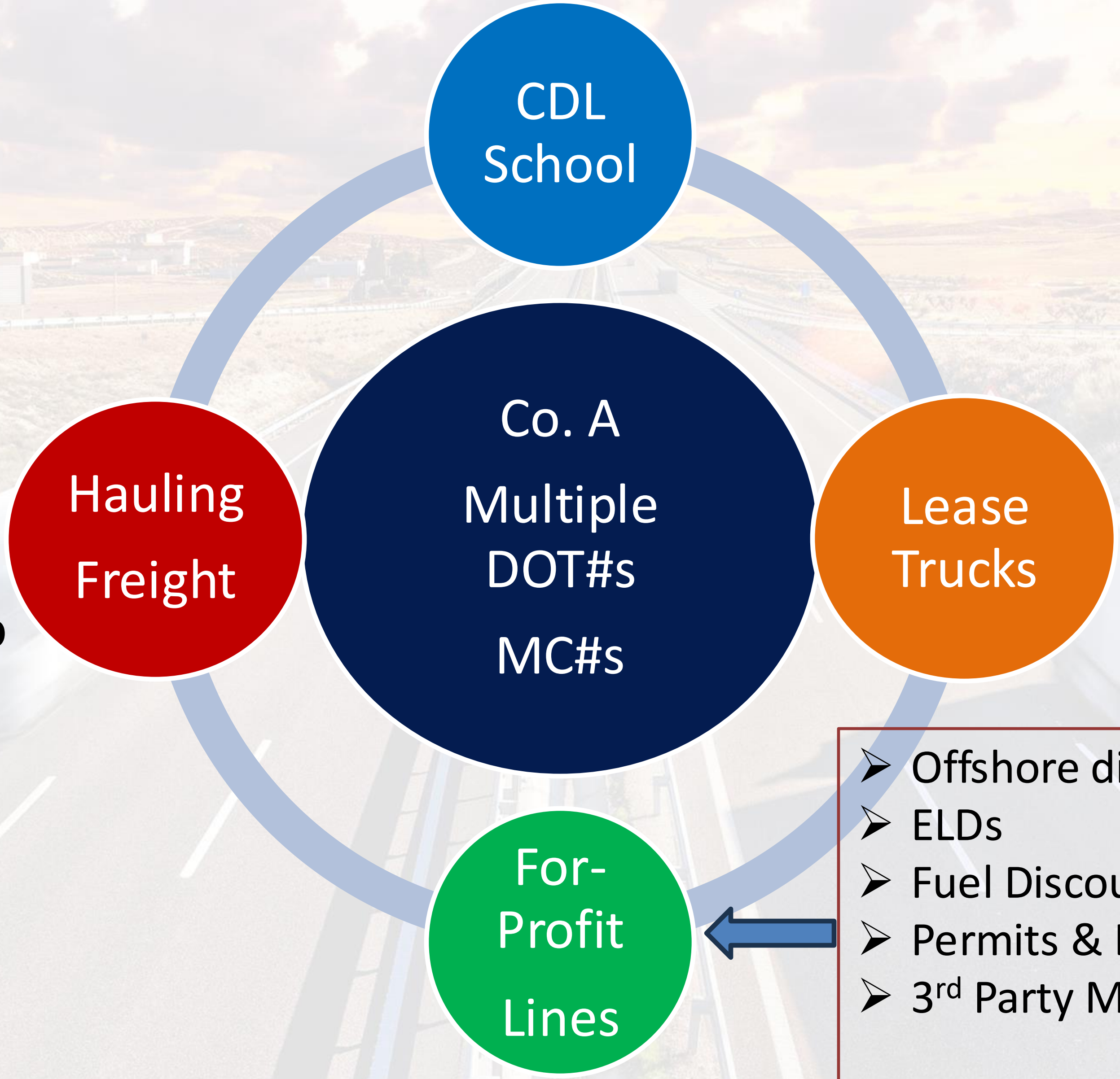
Source: FMCSA L&I report on registration statistics, dated 4-27-2026. Category is ***for-hire, interstate, general freight*** and excludes HHG, motor coach, intrastate, etc.

NEFARIOUS CARRIERS PROSPER WITH THEIR 4-PRONGED APPROACH

*Hauling Freight **Profitably** is Least Important Leg of the Stool*

This is why $1.50 a mile (or less) freight works for these suspicious carriers!

~15% or more of the industry operates non-compliantly or to steal cargo

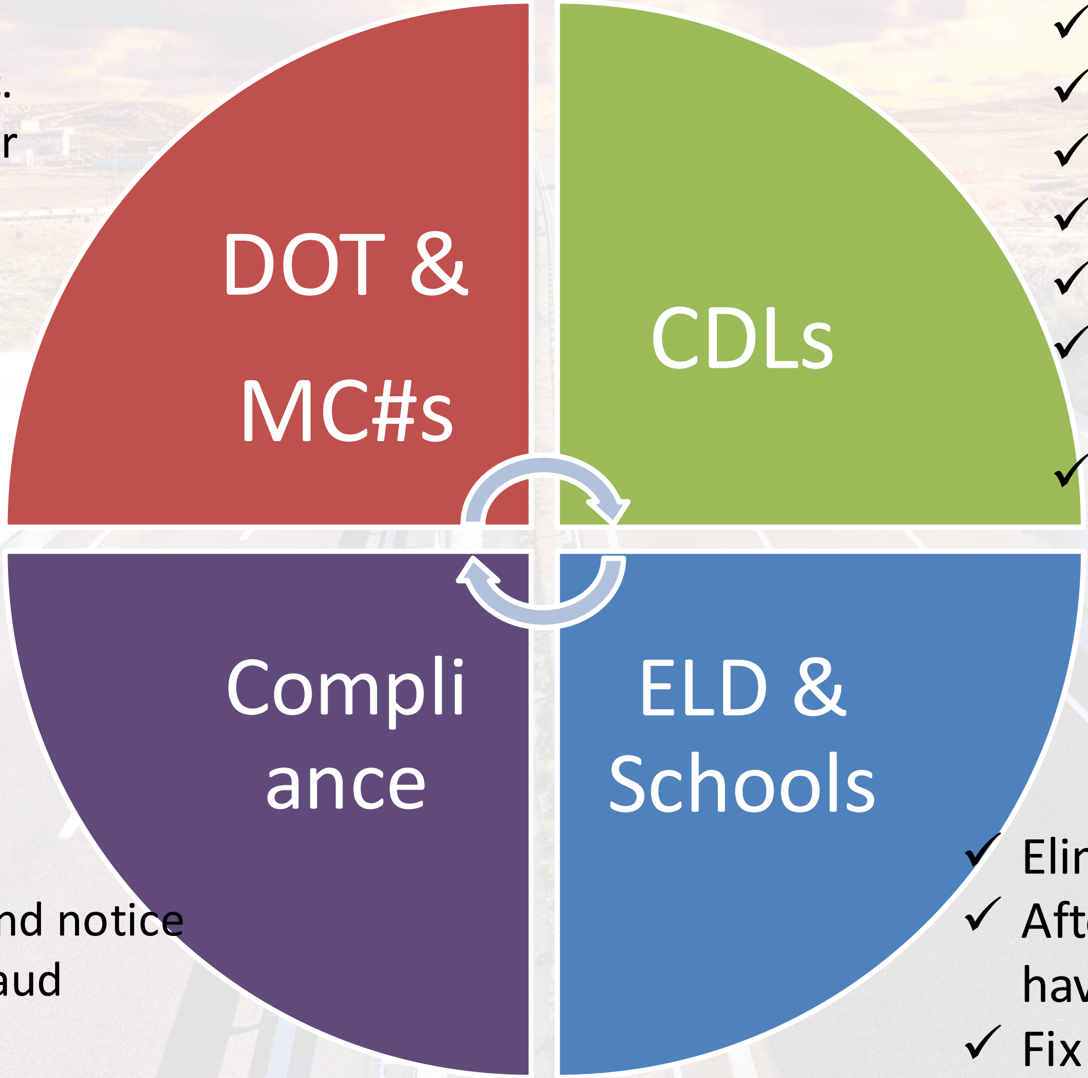


- Offshore dispatch services
- ELDs
- Fuel Discounts
- Permits & Licensing
- 3rd Party Maintenance

Source: Reliance Partners illustration of how many non-compliant motor carriers operate and are structured.

DAY 5> IDEAS TO HALT SOME OF THE FRAUD

- ✓ Raise DOT price & tighten requirements
- ✓ Verify principal place of business
- ✓ No PO Boxes, UPS Mailboxes, etc.
- ✓ MC Sales: verify finances of buyer & seller and overall identity
- ✓ No Venmo, Zello, crypto, etc.
- ✓ Public notice of MC sale
- ✓ Transparency: related parties, familial interests, related entities
- ✓ Match VIN and DOT #s



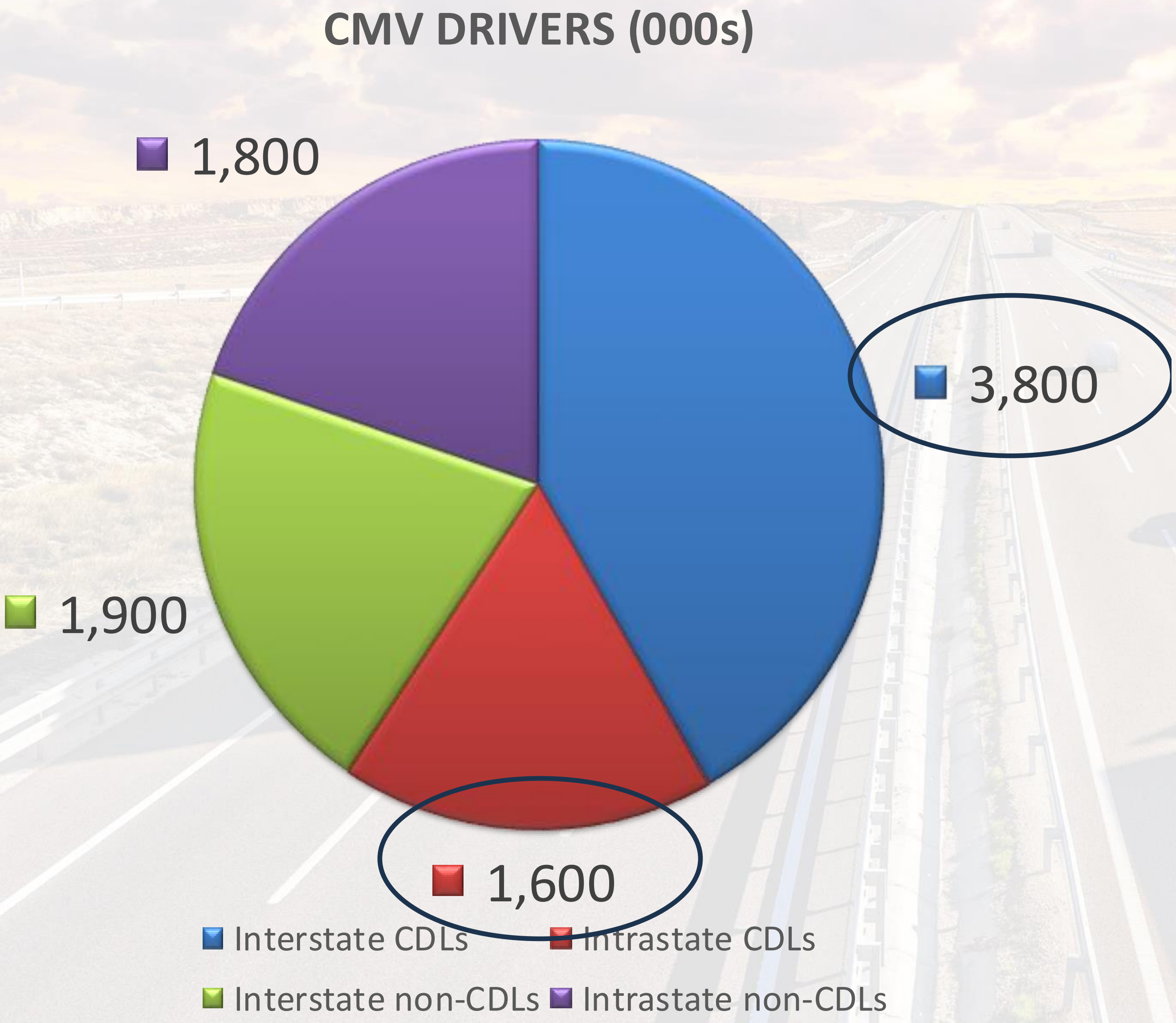
- ✓ Eliminate self-certified schools
- ✓ Have a national CDL?
- ✓ Or make CDL process like TWIC?
- ✓ Hair follicle drug testing
- ✓ Audit state CDL issuances
- ✓ ELP & non-domiciled CDL
- ✓ Verify driver backgrounds
- ✓ Suspend CDLs of drivers OOS; require re-entry
- ✓ Impound equipment

- ✓ Weight station or Inspection: send notice to DOT # to confirm or flag as fraud
- ✓ No private market MC sales
- ✓ Moratorium on new DOT#s

- ✓ Eliminate self-certification
- ✓ After getting a CDL, the MC must have a registered finishing program
- ✓ Fix ELDs and the economic incentive to cheat is removed

DAY 5> ARE 10% TO 15% OF CDLs NOT ON "UP & UP"?

Could 700K drivers out of 5.4M CDLs be operating for nefarious purposes and/or non-compliantly?



- ✓ **Focus on 2 circled areas, totaling 5.4M CDL holders**
- ✓ ~214K are non-dom. CDLs and CLPs; maybe 50K were for intrastate CDL, the rest were interstate?
- ✓ ~800K to 850K CDLs above trend line issued in 2021-2024, inc. 600K in 2021-2022
- ✓ Some drivers gave up, maybe 300K to 350K?

Source: Reliance Partners analysis of FMCSA data including speculating on excess CDL issuances and impact on CMV population.

DAY 6> ANOTHER MOVIE TO END: *"THE GOOD(s), THE FED & THE UGLY"*

The Good(s)

- **Hit or Miss with Manufacturing—Depends on Industry**
- Tariff supply and demand **shocks sort of abating**
- Mediocre **Housing**; Stable **Auto**
- **Durable goods** spending mixed-depends on category

The Fed

- No interest rate cuts in 1H'26
- **Possibly small Fed INCREASES in 2027**
- **Fed has missed inflation target 5 years in a row**

The Ugly

- **Affordability** a serious issue
- **Trucking capacity to get historically tight—see next slide!**
- Spending on durable discretionary items has little strength

PREVIOUS CYCLES HAD 1 REGULATORY CHANGE; 2026-2027 NUMEROUS

Current cycle could see many multiples of "High Impact" Regulatory Changes

2004-2005	2014	2017-2018	Covid	2026+
• Bush Tax Cuts • HOS: 1st since 1939 • 4 Years of Contract Pricing: • 3.3% in '03 • 7.2% in '04 • 6.1% in '05 • 3.2% in '06	• HOS • ~3% Tightening • Contract Pricing up 7% to 8%	• ELD Mandate • 12-17-17 • Trump Tax Cuts 1-1-18 • Contract Pricing Up 15% to 20%	• July 2020-June 2022 • Massive Fiscal Stimulus • Loosening Regs • Contract Pricing Up 25% to 35% • Downturn Gave All Back & More!	• ELP & Non-Dom CDL 1st • ELD & CDL 2nd • Another **8-10** Big Changes Coming • Coupled With More Ongoing Enforcement • Supercycle?

APPENDIX

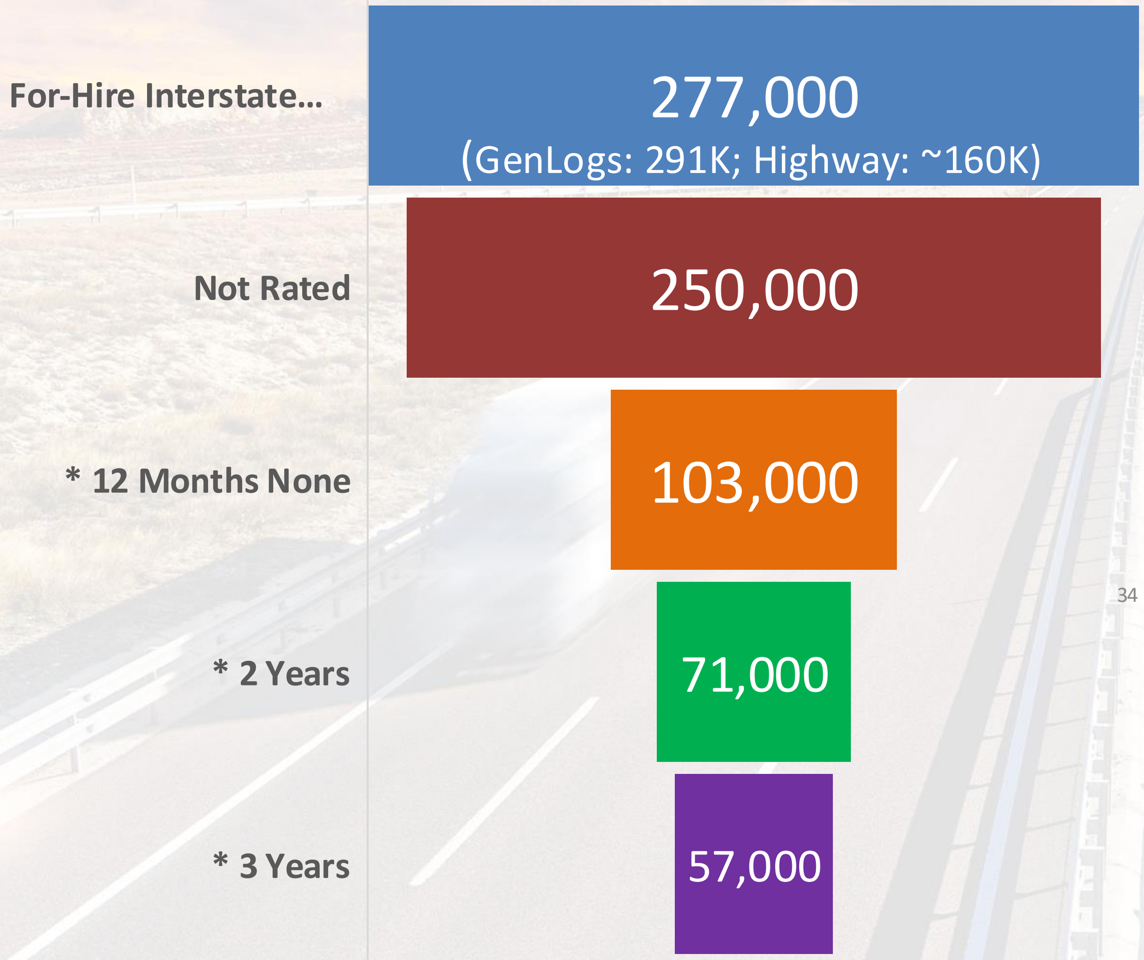
- Additional Slides Around Key Trucking Trends

- Including Additional Trucking Capacity Charts

DAY 5> SAFETY RATINGS; SOLUTIONS FOR MORE COMPLIANCE

94% of Carriers Don't Have a Safety Rating; Freud's Definition of Insanity Applies!

Trucking—We Have a Problem!



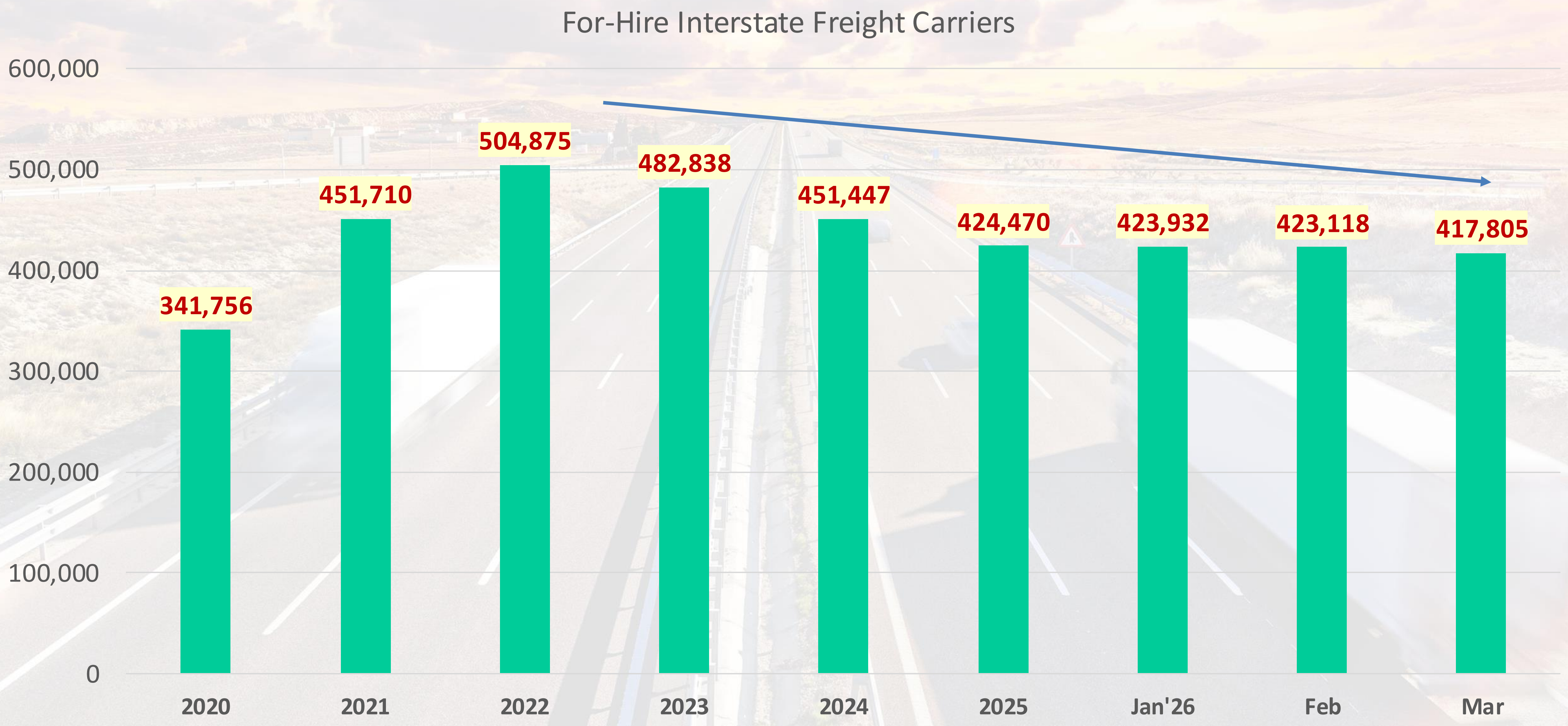
A Few More Solutions?

- DOT/FMCSA: review top 25-50 cities **EACH MONTH** that get a DOT or MC # for suspicious registrations and activity
- Signal Hill, Fresno, Union City & Bakersfield (all CA), Sheridan, WY, et al, can be exposed!
- Help FMCSA realize that cross-border freight is **not just a Customs problem and vice versa.**
- Make getting a DOT# harder… a 45-90 day process? Raise the price to somewhere between $3,000 to $5,0000 (now $300)
- **Force carriers with 1-20 trucks to have XX number of inspections until there is enough data to have a safety rating**

Source: FTR left chart; Reliance comments on right. * Indicates time since the last inspection, meaning 103K had zero inspections in last year, etc.

FOR-HIRE INTERSTATE MOTOR CARRIERS: 17.5% FEWER VS. PEAK

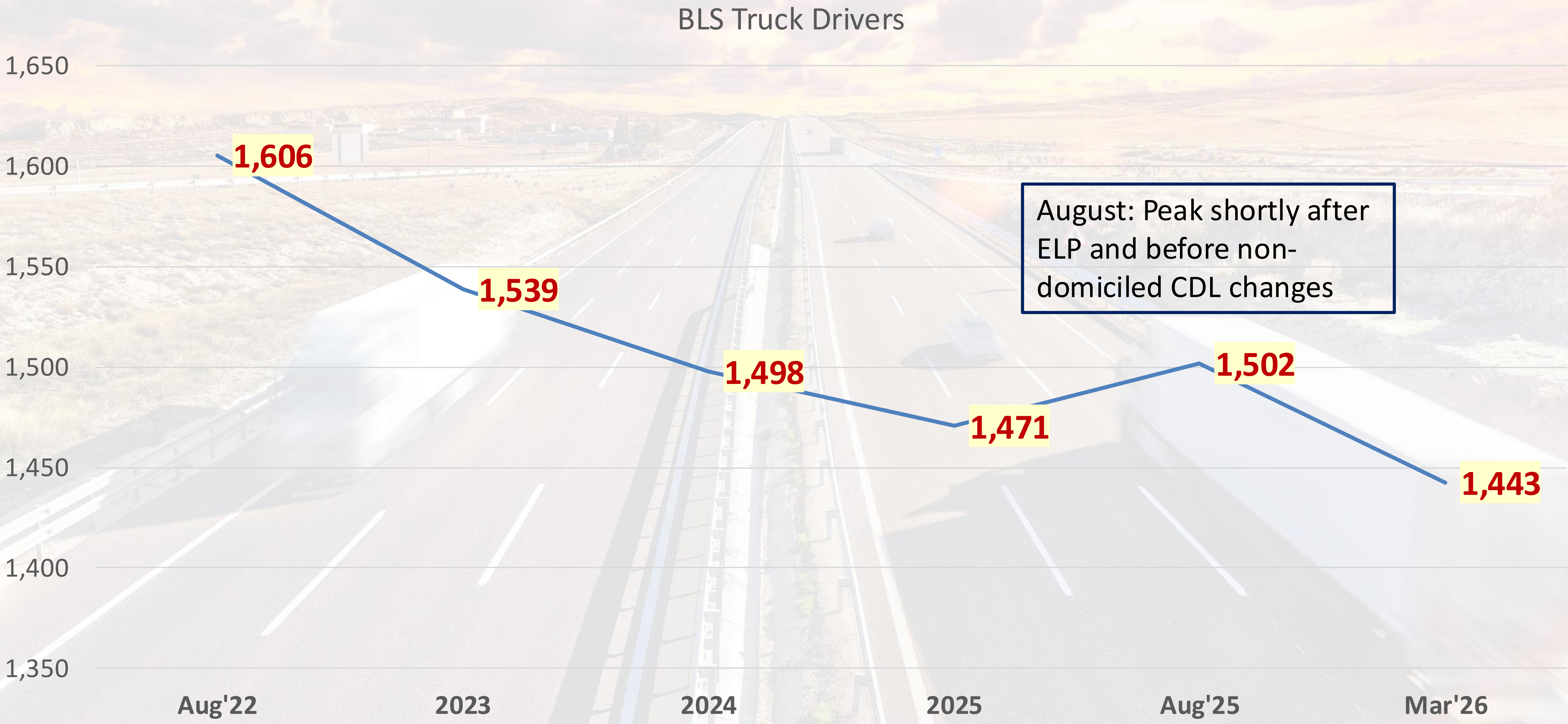
Down 6% alone in 2025 compared to 2024



Source: FMCSA L&I report on registration statistics, dated 3-27-2026. Category is freight and excludes HHG, motor coach, intrastate, etc.

TRUCK DRIVERS DOWN ~10.4% FROM AUG'22 CYCLE PEAK

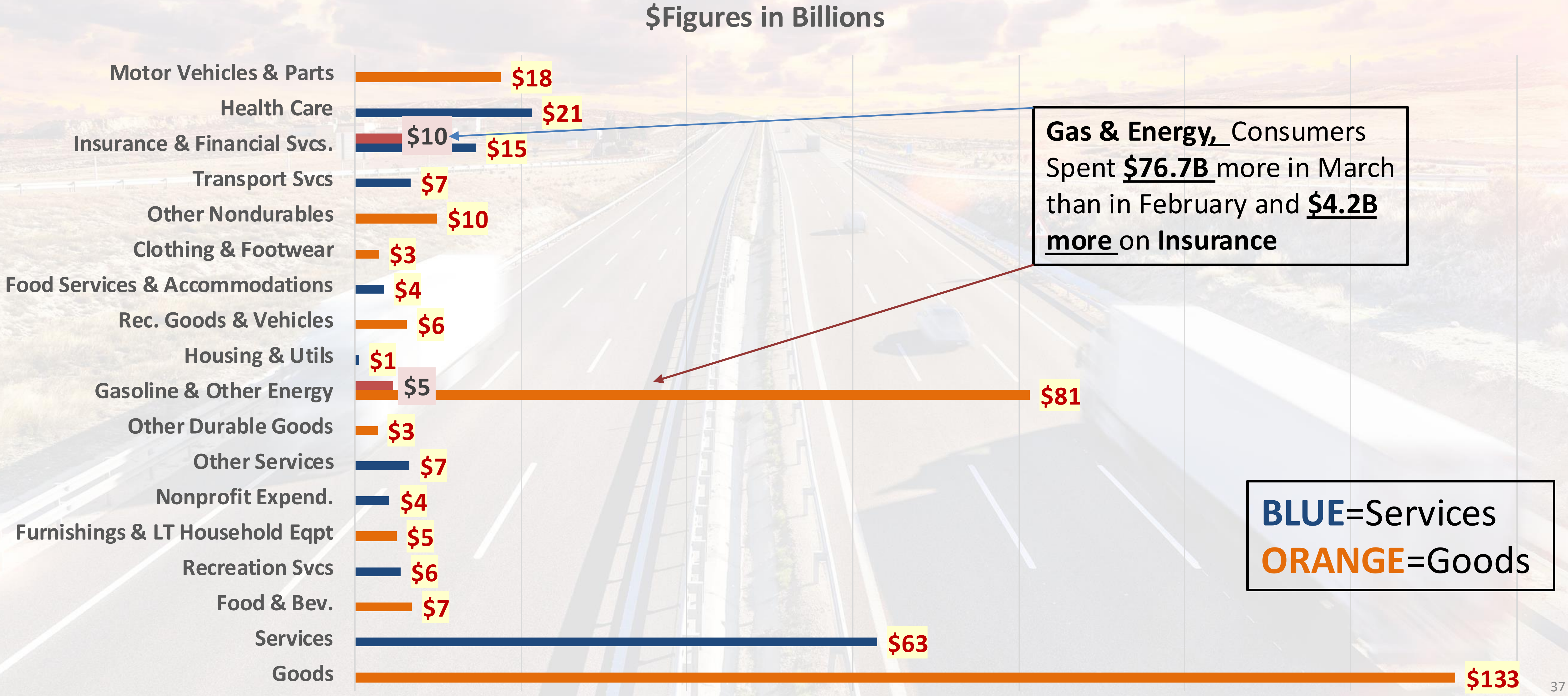
But down 4.2% since the 2025 peak in August



Source: Bureau of Labor Stats/BLS: https://data.bls.gov/pdq/SurveyOutputServlet; excludes owner-operators, LTL, parcel, etc. Data is not seasonally adjusted.

DAY 2: WHERE CONSUMERS ARE SPENDING THEIR MONEY

Spending up $195.4B from Feb compared to Feb's increase of $103.2B vs. Jan; Real spending up $39.6B, up from $17.7B in Feb; *Services 2/3 of Spending*



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Source: April 30 Personal Consumption Expenditures report by the BEA; data is from March 2026.