



ROADRUNNER FREIGHT

Dear Roadrunner Freight Customers,

As many of you know, there has been a dramatic increase in imports from Asia into California that has impacted all modes of transportation, and Roadrunner Freight is no exception. eCommerce companies are experiencing explosive growth and aggressively securing available resources, and Southern California has become a tight market in terms of available capacity. As a result, additional equipment, labor and drivers are critical to successfully manage the increased volume of freight in the network.

Rail surcharges currently range anywhere from \$500 to \$3,500 per schedule, and purchased transportation is close to \$5.00 per mile in hot markets. Outbound tender rejections have also increased dramatically, as many providers have implemented significant surcharges to address the upcoming seasonal challenges. As we enter peak shipping season, additional adjustments must be made to offset labor expenses, staffing challenges and support market demand.

Effective September 14<sup>th</sup>, Roadrunner Freight will be increasing our California Compliance Surcharge to \$25.00 per shipment traveling inbound or outbound to California in an effort to offset the rising operational costs and continue providing industry-leading LTL service. Additional information can be found in Item 310 "California Compliance Surcharge" in RDFS-I 100 Rules Tariff attached.

Additionally, our team has opened three new service centers in our network to accommodate the increased volume of freight – one in Riverside, CA to support the Southern California market, one in Philadelphia to improve service in the Northeast and one in Chicago to replace our existing facility with twice the capacity.

If you have any questions, please reach out to your Roadrunner Freight Account Executive.

Sincerely,

Frank Hurst

President

Joseph Toussaint

SVP of Sales & Marketing