

Risk Factors Comparison 2025-02-24 to 2024-02-26 Form: 10-K

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Increased severity or frequency of accidents and other claims or a material unfavorable development of existing claims. As noted above in Item 1, “ Business — Factors Significant to the Company’ s Operations — Self- Insured Claims, ” potential liability associated with accidents in the trucking industry is severe and occurrences are unpredictable. Landstar retains liability through a self- insured retention for commercial trucking claims up to \$ 5 million per occurrence. Effective May 1, 2019-2023, the Company entered into a three year commercial auto liability insurance arrangement for losses incurred between \$ 5 million and \$ 10 million (the “ 2019 Initial Excess Policy ”) with a third party insurance company. The Company subsequently extended the 2019 Initial Excess Policy for one additional policy year, from May 1, 2022 through April 30, 2023. For commercial trucking claims incurred on or after May 1, 2022 through April 30, 2023, the extended 2019 Initial Excess Policy provides for a limit for a single loss of \$ 5 million, with an aggregate limit of \$ 10 million for the policy period ended April 30, 2023. Effective May 1, 2023, the Company entered into a new three year commercial auto liability insurance arrangement for losses incurred between \$ 5 million and \$ 10 million (the “ 2023 Initial Excess Policy ”) with a third party insurance company. For commercial trucking claims incurred on or after May 1, 2023 through April 30, 2026, the 2023 Initial Excess Policy provides for an aggregate deductible of \$ 18 million over the thirty- six -month term ending April 30, 2026. After payment of the deductible, the 2023 Initial Excess Policy provides for a limit for a single loss of \$ 5 million, with an aggregate limit of \$ 15 million for the thirty- six -month term ending April 30, 2026. The Company also maintains third party insurance arrangements providing excess coverage for commercial trucking liabilities in excess of \$ 10 million. These third party arrangements provide coverage on a per occurrence or aggregated basis. In recent years-Over the past decade, there has been a significant increase in the occurrence prevalence of trials in courts throughout the United States involving catastrophic injury and fatality claims against commercial motor carriers that have resulted in verdicts in excess of \$ 10 million. Within the transportation logistics industry, these verdicts are often referred to as “ Nuclear Verdicts. ” The increase in Nuclear Verdicts has had a significant impact on the cost of commercial auto liability claims throughout the United States. Due to the increasing cost of commercial auto liability claims, the availability of excess coverage has significantly decreased, and the pricing associated with such excess coverage, to the extent available, has significantly increased. Since the annual policy year ended April 30, 2020, as compared to the annual policy year ending April 30, 2024-2025, the Company experienced an increase of approximately \$ 21-22 million, or over 380-400 %, in the premiums charged by third party insurance companies to the Company for excess coverage for commercial trucking liabilities in excess of \$ 10 million. Moreover, the Company from year to year manages the level of its financial exposure to commercial trucking claims in excess of \$ 10 million, including through the use of additional self- insurance, deductibles, aggregate loss limits, quota shares and other arrangements with third party insurance companies, based on the availability of coverage within certain excess insurance coverage layers and estimated cost differentials between proposed premiums from third party insurance companies and historical and actuarially projected losses experienced by the Company at various levels of excess insurance coverage. For example, with respect to a single hypothetical claim in the amount of \$ 60-65 million incurred during the annual policy year ending April 30, 2024-2025, the Company would have an aggregate financial exposure of approximately \$ 25-30 million. Furthermore, the Company’ s third party insurance arrangements provide excess coverage up to an uppermost coverage layer, in excess of which the Company retains additional financial exposure. No assurances can be given that the availability of excess coverage for commercial trucking claims will not continue to deteriorate, that the pricing associated with such excess coverage, to the extent available, will not continue to increase, nor that insurance coverage from third party insurers for excess coverage of commercial trucking claims will even be available on commercially reasonable terms at certain levels. Moreover, the occurrence of a Nuclear Verdict, or the settlement of a catastrophic injury and / or fatality claim that could have otherwise resulted in a Nuclear Verdict, could have a material adverse effect on Landstar’ s cost of insurance and claims and its results of operations. Further, the Company retains liability of up to \$ 2, 000, 000 for each general liability claim, \$ 250, 000 for each workers’ compensation claim and \$ 250, 000 for each cargo claim. In recent years, the amount of cargo theft throughout the freight transportation and logistics supply chain in the United States has significantly increased. The Company has experienced, and may continue to experience, increases in the amount of cargo theft, resulting in increased exposure to liability from cargo claims. In addition, under reinsurance arrangements by Signature of certain risks of the Company’ s BCO Independent Contractors, the Company retains liability of up to \$ 500, 000, \$ 1, 000, 000 or \$ 2, 000, 000 with respect to certain occupational accident claims and up to \$ 750, 000 with respect to certain workers’ compensation claims. The Company’ s exposure to liability associated with accidents incurred by Truck Brokerage Carriers, railroads and air and ocean cargo carriers who transport freight on behalf of the Company is reduced by various legal defenses and other factors including the extent to which such carriers maintain their own insurance coverage. A material increase in the frequency or severity of accidents, cargo claims, including further increases in the amount of cargo theft, or workers’ compensation claims or the material unfavorable development of existing claims could have a material adverse effect on Landstar’ s cost of insurance and claims and its results of operations. Dependence on third party insurance companies. The Company is dependent on a limited number of third party insurance companies to provide insurance coverage in excess of its self- insured retention amounts. Historically, the Company has maintained insurance coverage for commercial trucking claims in excess of its self- insured retention, up to various maximum amounts, with a limited number of third party insurance companies. In an attempt to manage the cost of insurance and claims, the Company has historically increased or decreased the level of its financial exposure to commercial trucking claims by increasing or decreasing its level of self- insured retention based on the

estimated cost differential between proposed premiums from third party insurance companies and historical and actuarially projected losses experienced by the Company at various levels of self-insured retention. Similarly, in its excess insurance layers, the Company may increase or decrease the level of its financial exposure to commercial trucking claims, including through the use of additional self-insurance as well as deductibles, aggregate loss limits, quota shares and other arrangements with third party insurance companies, based on the estimated cost differential between proposed premiums from third party insurance companies and historical and actuarially projected losses experienced by the Company at various levels of excess insurance coverage. To the extent that the third party insurance companies propose increases to their premiums for coverage of commercial trucking claims, the Company may decide to pay such increased premiums or increase its financial exposure on an aggregate, per occurrence or other basis, including by increasing the amount of its self-insured retention. In fact, in recent years, several of the largest third party insurers providing excess coverage for commercial trucking claims in the United States announced that in light of increased severity trends related to the increase in losses attributable to unfavorable verdicts, they would no longer provide such coverage. Decisions by these third party insurers to exit this line of business have had a significant negative impact on the availability and pricing of excess coverage for commercial trucking claims in the United States. No assurances can be given that other third party insurers will not also decide to exit the market as a provider of excess coverage for commercial trucking claims in the United States, which could have a further negative effect on the availability and pricing of such coverage. Accordingly, no assurance can be given that insurance coverage from third party insurers for claims in excess of the Company's current self-insured retentions will continue to be available on commercially reasonable terms. Dependence on independent commission sales agents. As noted above in Item 1, "Business — Factors Significant to the Company's Operations — Agent Network," the Company markets its services primarily through independent commission sales agents. During fiscal year ~~2023-2024~~, ~~524-485~~ agents generated revenue for Landstar of at least \$ 1 million each, or in the aggregate approximately ~~95-94~~ % of Landstar's consolidated revenue. Included among these Million Dollar Agents, ~~87-81~~ agents generated at least \$ 10, 000, 000 of Landstar revenue during the ~~2023-2024~~ fiscal year, or in the aggregate approximately ~~68-67~~ % of Landstar's consolidated revenue. Of these larger agencies, one such Landstar independent commission sales agency, itself with a very diversified customer base, generated approximately \$ ~~553-470~~, 000, 000, or 10 %, of Landstar's consolidated revenue and approximately ~~6-5~~ % of Landstar's consolidated variable contribution in fiscal year ~~2023-2024~~. A number of these larger agencies, including the largest of Landstar's independent commission sales agents by revenue, maintain administrative operations in countries outside of North America where the risks may be different than in the United States or Canada due to geopolitical, legal or other risks associated with maintaining administrative operations in such foreign jurisdictions. There can be no assurance regarding the potential disruption and impact adverse geopolitical developments in these foreign jurisdictions could have on the ability of certain large independent commission sales agents to generate and maintain administrative operations in support of significant amounts of Landstar revenue. As disclosed in a Current Report on Form 8-K filed by the Company on February 28, 2022, the largest Landstar independent commission sales agency by revenue referenced above, while based in the United States, has significant administrative operations located in Ukraine. The administrative operations of this agency were significantly disrupted during the onset of the Russian invasion of Ukraine **and continue to be affected by the ongoing conflict**. The Company also has another of its largest independent commission sales agencies, as measured by revenue, that is based in the United States but conducts a portion of its administrative operations in western Ukraine. Russian efforts to destroy infrastructure throughout Ukraine has impacted the availability of electricity and other basic utilities at various times throughout the country. The priority for Landstar and both of these agencies is the safety and well-being of these agencies' Ukrainian workforces and their families. No assurances can be provided regarding the conflict between Russia and Ukraine and the extent of potential future operational disruption the conflict may have on either of these Landstar agencies and the related impact of these disruptions on the Company. ~~14~~ Landstar competes with motor carriers and other third parties for the services of independent commission sales agents. Landstar has historically experienced very limited agent turnover in the number of its Million Dollar Agents. There can be no assurances, however, that Landstar will continue to experience very limited turnover of its Million Dollar Agents in the future. Landstar's contracts with its agents, including its Million Dollar Agents, are typically terminable without cause upon 10 to 30 days' notice by either party and generally contain significant but not unqualified restrictive covenants limiting the ability of a former agent to compete with Landstar for a specified period of time post-termination, and other restrictive covenants. The loss of some of the Company's Million Dollar Agents and / or a significant decrease in revenue generated by Million Dollar Agents could have a material adverse effect on Landstar, including its results of operations and revenue. **13** Dependence on third party capacity providers. As noted above in Item 1, "Business — Factors Significant to the Company's Operations — Third Party Capacity," Landstar does not own trucks or other transportation equipment other than trailing equipment and relies on third party capacity providers, including BCO Independent Contractors, Truck Brokerage Carriers, railroads and air and ocean cargo carriers, to transport freight for its customers. The Company competes with motor carriers and other third parties for the services of BCO Independent Contractors and other third party capacity providers. The market for qualified truck owner-operators and other third party truck capacity providers is very competitive among motor carriers, third party logistics companies and others and no assurances can be given that the Company will be able to maintain or expand the number of BCO Independent Contractors or other third party truck capacity providers. Additionally, the Company's third party capacity providers other than BCO Independent Contractors can be expected, under certain circumstances, to charge higher prices to cover increased operating expenses, such as any increases in the cost of fuel, labor, equipment or insurance, and the Company's operating income may decline without a corresponding increase in price to the customer. A significant decrease in available capacity provided by either the Company's BCO Independent Contractors or other third party capacity providers, or increased rates charged by other third party capacity providers that cannot be passed through to customers, could have a material adverse effect on Landstar, including its results of operations and revenue. Disruptions or failures in the Company's computer systems; cyber and other information security incidents. As noted above in

Item 1, “ Business — Factors Significant to the Company’ s Operations — Technology, ” the Company’ s information technology systems used in connection with its operations are located in Jacksonville, Florida and to a lesser extent in Rockford, Illinois. In addition, the Company utilizes several third party data centers throughout the United States. Landstar relies, in the regular course of its business, on the proper operation of its information technology systems to link its extensive network of customers, employees, agents and third party capacity providers, including its BCO Independent Contractors. Moreover, a majority of the Company’ s employees work remotely or on a hybrid basis. Although the Company has redundant systems for its critical operations, any significant disruption or failure of its technology systems or those of third party data centers on which it relies could significantly disrupt the Company’ s operations and impose significant costs on the Company. Moreover, it is critical that the data processed by or stored in the Company’ s information technology systems or otherwise in the Company’ s possession remain confidential, as it often includes confidential, proprietary and / or competitively sensitive information regarding our customers, employees, agents and third party capacity providers, key financial and operational results and statistics, and our strategic plans, including technology innovations, developments and enhancements. Cyber incidents that impact the security, availability, reliability, speed, accuracy or other proper functioning of these systems and data, including outages, computer viruses, break- ins and similar disruptions, could have a significant impact on our operations. Accordingly, information security and the continued development and enhancement of the controls and processes designed to protect our systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for us. Our information systems and those of our third -party service providers have been, and will likely continue to be, targeted by or subject to viruses, malware or other malicious codes, unauthorized access, cyber- attacks, cyber frauds, ransomware or other unauthorized occurrences which jeopardize the confidentiality, integrity or availability of our information or information systems. Cybersecurity threats are rapidly evolving and those threats and the means for obtaining access to our systems are becoming increasingly sophisticated. Cybersecurity threats can originate from a wide variety of sources including terrorists, nation states, financially motivated actors, hacktivists, internal actors, or third parties, such as external service providers or other third parties who may use an external service provider as a conduit to access our systems, and the techniques used change frequently and often are not recognized until after they have been launched. The rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks including the deployment of artificial intelligence technologies by threat actors. Although we believe that we have robust security procedures and other safeguards in place, as threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and / or to investigate and remediate any security vulnerabilities. At any given time, we face known and unknown cybersecurity risks and threats that are not fully mitigated, and we may discover vulnerabilities as we continuously work to enhance our cybersecurity risk management program. A significant incident, including system failure, security breach, disruption by malware or ransomware, or other damage, could interrupt or delay our operations, damage our reputation **with customers, agents, third party capacity providers, employees, vendors, investors or other stakeholders**, cause a loss of customers, agents and / or third party capacity providers, expose us to a risk of loss or litigation, and / or cause us to incur significant time and expense to remedy such an event, any of which could have a material adverse impact on our results of operations and financial condition. ~~15~~ Although the Company maintains cybersecurity and business interruption insurance, the Company’ s insurance may not be adequate to cover all losses that may be incurred in the event of a significant disruption or failure of its information technology systems. In addition, cybersecurity and business interruption insurance could in the future become more expensive and difficult to maintain and may not be available on commercially reasonable terms or at all. **14**

Dependence on key vendors. As described above under “ Dependence on third party insurance companies ” and “ Disruptions or failures in the Company’ s computer systems; cyber and other information security incidents, ” the Company is dependent on certain vendors, including third party insurance companies, third party data center providers, third party information technology application providers and third party payment disbursement providers. Any inability to negotiate satisfactory terms with one of these key vendors or any other significant disruption to or termination of a relationship with one of these key vendors could disrupt the Company’ s operations and impose significant costs on the Company. **Adoption of artificial intelligence (“ AI ”).** **The adoption of AI and other emerging technologies may become significant to operating results in the future. While AI and other technologies may offer substantial benefits, they may also introduce additional risk. If we are unable to successfully adapt to, implement and utilize such emerging technologies as effectively as competitors, our results of operations may be negatively affected.**

Economic, Competitive and Industry Risks Decreased demand for transportation services; U. S. trade relationships. The transportation industry historically has experienced cyclical financial results as a result of slowdowns in economic activity, the business cycles of customers, and other economic factors beyond Landstar’ s control. If a slowdown in economic activity or a downturn in the Company’ s customers’ business cycles causes a reduction in the volume of freight shipped by those customers, the Company’ s operating results could be materially adversely affected. In addition, Landstar hauls a significant number of shipments that have either been imported into the United States or are destined for export from the United States. **There is significant uncertainty in the marketplace as to the potential actions of the U. S. government with respect to international trade policy and the potential for significant tariffs to be enacted, particularly with respect to trade between the United States and, respectively, Mexico, Canada and China.** Any decision by the U. S. government to adopt actions such as **an increase in tariffs or customs duties,** a border tax on imports, **an increase in customs duties or tariffs,** the renegotiation of U. S. trade agreements **, in particular, the United States- Mexico- Canada Agreement,** or any other action that could have a negative impact on international trade could cause a reduction in the volume of freight shipped by many Landstar customers. Any changes in tax and trade policies in the United States and corresponding actions by other countries **, including a retaliatory increase in tariffs on goods destined for export from the United States,** could adversely affect our financial performance. Substantial industry competition. As noted above in Item 1, “ Business — Factors Significant to the Company’ s Operations — Competition, ” Landstar competes primarily in the transportation and logistics

services industry. This industry is extremely competitive and fragmented. Landstar competes primarily with truckload carriers, intermodal transportation service providers, railroads, less- than- truckload carriers, third party logistics companies, digital freight brokers and other asset- light transportation and logistics service providers. Management believes that competition for the freight transported by the Company is based on service, efficiency, safety and freight rates, which are influenced significantly by the economic environment, particularly the amount of available transportation capacity and freight demand. In recent years, the use of technology and the implementation of technology- based innovations have become increasingly important to compete within the transportation and logistics industry. In particular, management believes leadership in the development, operation and support of an ecosystem of digital technologies and applications is an ongoing part of providing high quality service. The failure of the Company to maintain or enhance its technology ecosystem in response to changing demands from customers, agents, and capacity providers could have a significant adverse impact on Landstar’ s ability to compete for customers, agents and capacity providers in the transportation and logistics industry. In addition, competition in our industry, historically, has created downward pressure on freight rates. Many large shippers use 3PLs other than the Company to outsource the management and coordination of their transportation needs rather than directly arrange for transportation services with carriers. As noted above, there were ~~11~~ **10** transportation service providers, including 3PLs, included in the Company’ s top 25 customers for the fiscal year ended December ~~30-28~~, ~~2023-2024~~. Usage by large shippers of 3PLs often provides carriers, such as the Company, with a less direct relationship with the shipper and, as a result, may increase pressure on freight rates while making it more difficult for the Company to compete primarily based on service and efficiency. A prolonged decrease in freight rates could have a material adverse effect on Landstar, including its revenue and operating income. **15** Legal, Tax, Regulatory and Compliance Risks Status of independent contractors. ~~In recent~~ ~~For many~~ years, the topic of the classification of individuals as employees or independent contractors has ~~gained increased~~ ~~garnered significant~~ attention among federal and state regulators as well as the plaintiffs’ bar. Various legislative or regulatory proposals have been introduced at the federal and state levels that may affect the classification status of individuals as ~~16~~ independent contractors or employees for either employment tax purposes (e. g., withholding, social security, Medicare and unemployment taxes) or other benefits available to employees (most notably, workers’ compensation benefits). ~~Recently, certain~~ ~~Certain~~ states (most prominently, California) have ~~seen~~ ~~experienced~~ significant ~~increased~~ activity by tax and other regulators and numerous class action lawsuits filed against transportation companies that engage independent contractors. There are many different tests and standards that may apply to the determination of whether a relationship is that of an independent contractor or one of employment. For example, different standards may be applied by the Internal Revenue Service, the U. S. Department of Labor, the National Labor Relations Board, state unemployment agencies, state departments of labor, state taxing authorities, the Equal Employment Opportunity Commission, state discrimination or disability benefit administrators and state workers compensation boards, among others. For federal tax purposes, most individuals are classified as employees or independent contractors based on a multi- factor “ common- law ” analysis rather than any definition found in the Internal Revenue Code or Internal Revenue Service regulations. In addition, under Section 530 of the Revenue Act of 1978, a taxpayer that meets certain criteria may treat an individual as an independent contractor for employment tax purposes if the taxpayer has been audited without being told to treat similarly situated workers as employees, if the taxpayer has received a ruling from the Internal Revenue Service or a court decision affirming the taxpayer’ s treatment of the individual as an independent contractor, or if the taxpayer is following a long- standing recognized practice. The Company classifies its BCO Independent Contractors and independent commission sales agents as independent contractors for all purposes, including employment tax and employee benefits. There can be no assurance that legislative, judicial, administrative or regulatory (including tax) authorities will not introduce proposals or assert interpretations of existing rules and regulations that would change the employee / independent contractor classification of BCO Independent Contractors or independent commission sales agents doing business with the Company. ~~Certain states~~ ~~On September 18, 2019,~~ ~~most notably~~ California, ~~have~~ enacted ~~Assembly Bill (AB) 5 into law~~ ~~laws~~, codifying the strict “ ABC ” test for purposes of determining a worker’ s status as an independent contractor or employee under ~~California that state’ s~~ law. ~~While new in California, versions~~ ~~Versions~~ of the ABC test have existed in a number of other states over the years and have been challenged in various courts as violating the federal government’ s exclusive right to regulate trucking in certain areas of law and interstate commerce. The Company ~~continues to monitor~~ ~~monitors~~ and analyze the ~~these~~ impact of the new law ~~laws and~~, which became effective as of January 1, 2020; ~~including~~ what steps may be necessary or advisable to adapt to a changing legal and regulatory environment ~~in California~~. The Company has BCO Independent Contractors, Truck Brokerage Carriers and independent commission sales agents who reside in and / or principally operate their business in California that could be impacted by AB 5 or similar laws, which could eventually affect our relationship with them. Additionally, the new law may have a significant impact on our Truck Brokerage Carriers based in California who utilize owner- operators to provide various types of transportation services such as drayage, regional or local delivery. Since the Company is neither incorporated nor headquartered in California and the vast majority of BCO Independent Contractors, Truck Brokerage Carriers and independent commission sales agents currently doing business with the Company reside and principally operate outside of California, we do not expect AB 5 to have a material impact on Landstar’ s overall network of BCO Independent Contractors, Truck Brokerage Carriers and independent commission sales agents. Nevertheless, there remains significant uncertainty regarding ~~many aspects of the new law, including~~ how ~~the~~ ~~these types of~~ ~~law~~ ~~laws~~ will be interpreted and enforced by state and local governments as well as by courts. Potential changes, if any, that could impact the legal classification of the independent contractor relationship between the Company and BCO Independent Contractors or independent commission sales agents could have a material adverse effect on Landstar’ s operating model. Further, the costs associated with any such potential changes could have a material adverse effect on the Company’ s results of operations and financial condition if Landstar were unable to pass through to its customers an increase in price corresponding to such increased costs. Moreover, class action litigation in this area against other transportation companies has resulted in significant damage awards and / or monetary settlements for workers who have been allegedly misclassified as independent

contractors and the legal and other related expenses associated with litigating these cases can be substantial. Regulatory and legislative changes. As noted above in Item 1, “ Business — Factors Significant to the Company’ s Operations — Regulation, ” certain of the Operating Subsidiaries are motor carriers and / or property brokers authorized to arrange for transportation services by motor carriers which are regulated by the Federal Motor Carrier Safety Administration (“ FMCSA ”), an agency of the U. S. Department of Transportation, and by various state agencies. Several of the Operating Subsidiaries maintain a federal hazardous materials safety permit and, as a result, have an increased risk of compliance review by the FMCSA. Certain of the Operating Subsidiaries are licensed as Ocean Transportation Intermediaries by the U. S. Federal Maritime Commission as non- vessel-operating common carriers and / or as ocean freight forwarders. The Company’ s air transportation activities in the United States are subject to regulation by the U. S. Department of Transportation as an indirect air carrier. One of the Company’ s subsidiaries is licensed by the U. S. Department of Homeland Security through the Bureau of U. S. Customs and Border Protection (“ U. S. Customs ”) as a customs broker. The Company is also subject to regulations and requirements relating to safety and security promulgated by, among others, the U. S. Department of Homeland Security through U. S. Customs and the Transportation Security Administration, the Canada Border Services Agency and various state and local agencies and port authorities. ~~17~~ **16**

The transportation industry is subject to other potential regulatory and legislative changes (such as the possibility of more stringent environmental, climate change and / or safety / security regulations, limits on vehicle weight and size and regulations relating to the health and wellness of commercial truck operators) that may affect the economics of the industry by requiring changes in operating practices, by changing the demand for motor carrier services or the cost of providing truckload or other transportation or logistics services, or by adversely impacting the number of available commercial truck operators. In particular, the FMCSA ~~may in recent years proposed~~ **propose a number of** regulatory changes that affect the operation of commercial motor carriers across the United States. It is difficult to predict in what form FMCSA regulations may be implemented, modified or enforced and what impact any such regulations may have on motor carrier operations or the aggregate number of trucks that provide hauling capacity to the Company. ~~For example, in December 2010, the FMCSA introduced the Compliance Safety Accountability (“ CSA ”) motor carrier oversight program. Under CSA, the FMCSA monitors seven Behavior Analysis and Safety Improvement Categories, or BASICs, under which a motor carrier may be evaluated against established threshold scores for each such BASIC. In the event a motor carrier has one or more BASIC scores that exceeds the applicable threshold, the motor carrier has an increased risk of roadside inspection and / or compliance review by FMCSA. Under the Fixing America’ s Surface Transportation Act, or the “ FAST Act ” signed into law on December 4, 2015, the FMCSA was required to engage the National Research Council to conduct a study of CSA and the Safety Measurement System (“ SMS ”) utilized by the CSA program. As a result of the FAST Act, the FMCSA announced the removal of the BASIC scores from public view and that such scores are expected to remain hidden from public view while changes to CSA are considered. In 2018, the FMCSA announced significant anticipated changes to CSA that if enacted would be expected to have a material impact on the current program. As of the end of 2023, no such changes to CSA have yet been enacted.~~ No assurances can be given with respect to the ~~changes that may be made to the CSA program, or any replacement or supplemental program, in the future and~~ what impact new or revised motor carrier oversight programs implemented by the FMCSA could have on the Company, its motor carrier operations or the aggregate number of trucks that provide hauling capacity to the Company. Regulations focused on diesel emissions and other air quality matters. Focus on diesel emissions, climate change and related air quality matters has led to efforts by federal, state and local governmental agencies to support legislation and regulations to limit the amount of carbon emissions, including emissions created by diesel engines utilized in tractors such as those operated by the Company’ s BCO Independent Contractors and Truck Brokerage Carriers. Moreover, federal, state and local governmental agencies may also focus on regulation in relation to trailing equipment specifications in an effort to achieve, among other things, lower carbon emissions. For example, the California Air Resources Board (“ CARB ”) has implemented regulations that restrict the ability of certain tractors and trailers from operating in California and that impose emission standards on nearly all diesel- fueled trucks with gross vehicle weight ratings in excess of 14, 000 lbs. that operate in California. Moreover, these emission standards have become increasingly stringent over time. As of January 1, 2023, nearly all diesel- fueled trucks with gross vehicle weight ratings in excess of 14, 000 lbs. that operate in California are required to have a 2010 or newer model year engine. No assurances can be given with respect to the extent BCO Independent Contractors will choose to become CARB- compliant by purchasing a new or used CARB- compliant tractor, replacing the engine in their existing tractor with a CARB- compliant engine or performing an exhaust retrofit of their existing tractor by installing a particulate matter filter. Accordingly, many of the Company’ s BCO Independent Contractors may choose not to haul loads that would require travel within California, which could affect the ability of the Company to service customer freight needs for freight originating from, delivering to or traveling through California. Furthermore, increased regulation of tractor or trailing equipment specifications, including emissions created by diesel engines, could create substantial costs for the Company’ s third party capacity providers and, in turn, increase the cost of purchased transportation to the Company. An increase in the costs to purchase, lease or maintain tractor or trailing equipment or in purchased transportation cost caused by existing or new regulations without a corresponding increase in price to the customer could adversely affect Landstar, including its results of operations and financial condition. Regulations requiring the purchase and use of zero- emission vehicles (“ ZEVs ”). Currently, the long- haul trucking industry in North America is diesel- fuel based and long- haul trucking operations powered by electricity, natural gas, or hydrogen- based powertrains rather than diesel are not commercially feasible at scale in North America. Significant challenges remain with respect to the economic feasibility of these trucks and the further development of this technology is necessary considering power, torque, range, efficiency and other aspects of long- haul trucking operations. Moreover, the extensive nationwide charging / fueling infrastructure and maintenance network that would be necessary to support such operations does not exist. Nevertheless, federal, state and local governmental agencies may engage in efforts to support legislation and regulations mandating the transition of diesel- fuel based commercial motor vehicles, such as Class 8 tractors operated by the Company’ s BCO Independent Contractors ~~18~~ and Truck Brokerage Carriers, to ZEVs. For example,

CARB has adopted a two new regulations- regulation, the Advanced Clean Trucks (“ ACT ”) regulation and the Advanced Clean Fleets (“ ACF ”) regulation, that would mandate the transition of commercial trucking operations in California to ZEVs over time. CARB’s ACT regulation, as enacted, is intended to accelerate a large- scale transition to medium- and heavy- duty ZEVs. The regulation includes a manufacturer sales requirement and a reporting requirement that applies to large employers including retailers, manufacturers, brokers and others, as well as fleet owners with 50 or more trucks operating in California. The following states have also adopted the ACT regulation: Colorado, Maryland, Massachusetts, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont and Washington. CARB Mandates requiring the transition to ZEVs would create substantial costs for the Company’s third party capacity providers. ACF regulation is intended to work in conjunction with the ACT regulation to require the deployment of medium- and heavy- duty ZEVs in California. Components of the ACF regulation, as adopted in turn, increase the cost of purchased transportation to the Company. An increase in the costs to purchase, lease or maintain tractor equipment or in purchased transportation cost caused by existing CARB, include the following requirements: • Manufacturer sales mandate. Manufacturers would be required to sell only zero- emission medium- and heavy- duty vehicles in California starting in 2036. • Drayage fleets. Beginning January 1, 2024, trucks must be required to be registered in the CARB Online System to conduct drayage activities in California. Any truck that is to conduct drayage activities in California and is added to the California fleet on or new after January 1, 2024, is required to be a ZEV. • High priority fleets. High priority fleets (defined by the regulation regulations without a corresponding increase in price to the customer could adversely affect Landstar, include including an entity that owns, operates or directs vehicles in California and has \$ 50 million or more in total gross revenue or a fleet that owns, operates, or directs 50 or more vehicles in its results California fleet) are required to either (i) purchase only ZEVs beginning 2024 and, starting January 1, 2025, remove internal combustion engine vehicles at the end of operations their minimum useful life as specified in the regulation or (ii) use the ZEV Milestones Option to phase- in ZEVs into their fleets to meet ZEV targets as a percentage of their total California fleet according to the following schedule: Table A: ZEV Fleet Milestones by Milestone Group and Year Percentage of vehicles that must be ZEVs 10 % 25 % 50 % 75 % 100 % Milestone Group 1: Box trucks, vans, buses with two axles, yard tractors, light- duty package delivery vehicles 2035 and beyond Milestone Group 2: Work trucks, day cab tractors, buses with three axles 2039 and beyond Milestone Group 3: Sleeper cab tractors and specialty vehicles 2042 and beyond On October 16, 2023, the California Trucking Association (the “ CTA ”) filed a lawsuit in the Eastern District of California challenging the ACF regulation as, among several alternative theories, preempted by federal law under the Federal Clean Air Act and the Federal Aviation Administration Authorization Act of 1994. The CTA seeks declaratory relief that the ACF regulation is invalid and unenforceable as well as preliminary and permanent injunctive relief barring the implementation and enforcement of the ACF regulation. On December 27, 2023, CARB and the CTA reached an and financial condition understanding that CARB will not take enforcement action as to the drayage or high priority fleet reporting requirements or registration prohibitions under the ACF regulation until U. S. EPA grants a preemption waiver under the federal Clean Air Act applicable to those regulatory provisions or determines a waiver is not necessary, and CTA agreed not to file a preliminary injunction motion seeking to enjoin enforcement of the challenged provision of the ACF regulation while the waiver request is pending before U. S. EPA. No assurances can be provided regarding whether U. S. EPA may grant a preemption waiver, when such a decision may be made or the CTA’s litigation challenging the ACF regulation, including the timing of any proceedings relating to the litigation. 19