Risk Factors Comparison 2024-02-26 to 2023-02-22 Form: 10-K

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An investment in our common stock involves a variety of risks and uncertainties. The following describes some of the material risks that could adversely affect our business, financial condition, operating results or cash flows. We may also be adversely impacted by other risks not presently known to us or that we currently consider immaterial. Risks Related to our Business and Operations If we are unable to successfully execute our growth strategy, and develop, market and consistently deliver high-quality services that meet customer expectations, our business and future results of operations may suffer. Our growth strategy includes increasing the volume of freight moving through our existing service center network **primarily by increasing our market share** and selectively expanding our capacity in the United States ~~through market share gains~~. In connection with our growth strategy, at various times, we have consistently expanded and upgraded **our** service ~~centers~~ - **center network**, purchased additional equipment and increased our sales and marketing efforts, and we expect to continue to do so. Our growth strategy exposes us to a number of risks, including the following: • shortages of suitable real estate may limit our growth and could cause congestion in our service center network, which could result in increased operating expenses; • our projected freight volume growth may differ from actual results, and prior capital investments based on our projections may contribute to excess capacity that could negatively impact our profitability; • growth may strain our management, capital resources, information systems and customer service; • hiring new employees may increase training costs and may result in temporary inefficiencies until those employees become proficient in their jobs; • competition for qualified employees could adversely affect our profitability; • we may find it more difficult to maintain our unique OD family culture, which we believe has been a key contributor to our success; • expanding our service offerings may require us to enter into new markets and encounter new competitive challenges; and • limited supply and increased costs of new equipment may adversely affect our profitability and cash flows. We cannot ensure that we will overcome the risks associated with our growth strategy. If we fail to overcome those risks, we may not realize projected growth and related revenue or profits from our efforts, we may incur additional expenses and, as a result, our financial position and results of operations could be materially and adversely affected. ~~We face various risks related to health epidemics, pandemics and similar outbreaks that have had, and may continue to have, adverse effects on our business, results of operations and financial condition. Health epidemics, pandemics and similar outbreaks can have significant and widespread impacts. As we saw during the peaks of the COVID- 19 pandemic, outbreaks of disease, and the governmental / social responses thereto and the related changes in the economic and political conditions in markets in which we operate can have adverse impacts on our business, results of operations, financial condition and cost and access to capital, and on those of our customers and suppliers, and these adverse impacts may continue. These impacts and potential impacts include, among other things, significant reductions or volatility in demand for our services, inability of our customers to timely pay for our services, and failure of our suppliers or third- party service providers to meet their obligations to us. Other risks to which we are subject, including those related to economic downturns, customer / supplier / vendor operations, labor issues, inflationary pressures, supply chain disruptions, changes in political and regulatory conditions, liquidity, and industry pricing environment stability, as described in further detail in other risk factors, could be exacerbated during a health epidemic, pandemic, or similar outbreak. Despite our efforts to manage our exposure to these risks, the ultimate impact of health epidemics, pandemics and similar outbreaks depends on factors beyond our knowledge or control, including the duration and severity of any outbreak and governmental / social actions taken to contain its spread and mitigate its public health impact.~~ Changes in our relationships with significant customers, including the loss or reduction in business from one or more of them, could have an adverse impact on our business. We do not believe the loss of any one customer would materially impact our business and revenue growth due to the diversity of our customer base. We do, however, have a number of customers whose demand for our services is tied to ~~U. S. industrial production, or~~ the broader domestic economy ~~,~~ that could, collectively, ~~drive~~ **impact our** business and **potential** revenue growth. These customers could experience a decrease in production due to a decrease in the demand for their products, as a result of a decline in the U. S economy or other global economic factors. They could also use other LTL providers ~~and~~ **or** other modes of transportation, such as truckload and intermodal, in response to capacity, service and pricing issues. Finally, unfavorable publicity about us or our employees, particularly given the current environment of instantaneous communication and social media outlets, could damage our reputation and result in these customers reducing their demand for our services. If these factors resulted in a reduction or loss of business from these customers, there could be a material impact on our business and revenue growth. Insurance and claims expenses could significantly reduce our profitability. We are exposed to a variety of claims, including but not limited to those related to cargo loss and damage, property damage, personal injury, workers' compensation and healthcare. We have insurance coverage with third- party insurance carriers, but we assume a significant portion of the risk associated with these claims due to our self- insured retentions and deductibles. Our operating results could be adversely affected if any of the following were to occur: (i) the number or the severity of claims increases; (ii) we are required to accrue or pay additional amounts because claims prove to be more severe than our original assessment; or (iii) claims exceed our coverage amounts. If claims exceed our self- insured retention or deductible levels, insurance companies exit the transportation insurance marketplace, or insurance market conditions change, insurers could raise premiums for excess coverage to cover their expenses and anticipated future losses. Coverage also may not be procured or be unavailable for certain claims. In addition, insurance companies generally require us to collateralize our self- insured retention or deductible levels. If these collateralization requirements increase, our borrowing capacity could be adversely affected. Reductions in the available supply or increases in the cost of equipment and parts may adversely impact our profitability and cash flows. We have ~~recently~~

previously experienced difficulties in purchasing equipment and ~~related maintenance~~ parts **for repair** due to decreased supply and increased costs, and may ~~continue to~~ experience such difficulties in the future. Investment in new equipment is a significant part of our annual capital expenditures and we require an available supply of tractors, trailers, and other freight handling equipment from manufacturers to operate and grow our business. We may also be subject to shortages in raw materials that are required for the production of critical operating equipment and supplies, such as shortages in rubber or steel. Tractor and trailer manufacturers ~~continue to~~ **have previously** ~~experience~~ **experienced** ~~significant~~ shortages of various component parts and supplies, forcing many manufacturers to reduce or suspend their production, which ~~has~~ led to a lower supply of tractors, trailers, and other equipment, higher prices, and lengthened trade cycles. In addition, the availability and price of our equipment may also be adversely affected in the future by regulations on newly manufactured equipment and engines. ~~We are subject to regulations issued by the U. S. Environmental Protection Agency (the " EPA ") as well as regulations issued by state and local agencies, including the California Air Resources Board (" CARB ") and the South Coast Air Quality Management District (" SCAQMD "). CARB and SCAQMD have required progressive reductions in exhaust emissions through the Advanced Clean Fleets regulation and the Warehouse Indirect Source Rule, respectively. We may become subject to new or more restrictive regulations, or differing interpretations of existing regulations, which may increase the cost of providing transportation services or adversely affect our results of operations. We are also unable to predict how any future changes in government policy will affect EPA, CARB and SCAQMD regulation and enforcement.~~ These regulations, the limited equipment availability, and other supply chain factors have resulted and could continue to result in higher prices for new equipment **and related maintenance parts** , which could have a material adverse effect on our business, financial condition, and results of operations, particularly our maintenance expense **, depreciation expense, capital expenditures** , mileage productivity, and driver retention. Various economic factors such as ~~recessions, inflation~~ **inflationary** ~~and~~ **pressures or** downturns in the domestic economy could adversely impact our profitability and cash flows. ~~Inflation~~ **Inflationary pressures have been significant** in the United States ~~climbed to its highest level~~ in ~~40~~ **recent** years ~~during 2022 and the Federal Reserve increased interest rates as a result~~ . **Inflation** ~~The domestic economy has slowed, impacting~~ **impacts** ~~industry volumes, while transportation carriers have also faced an increase in~~ the cost ~~of doing~~ **to operate our** business **by putting upward pressure on wages** ~~. Our business has generally experienced cost increases for labor~~ , benefits, real estate, equipment, fuel, parts and repairs, ~~operating taxes,~~ insurance, ~~purchased transportation, interest expense~~ and other **general and** miscellaneous expenses. If we are unable to sufficiently increase our **customer** rates to offset the ~~ongoing~~ increase in our costs, our profitability and cash flows could be materially affected **. In 2023, we experienced lower freight volumes due to continued softness in the domestic economy. Decreased demand for LTL freight services can negatively impact shipment volume and lower weight per shipment, which in turn can negatively impact freight density in our network. Reduced freight density in our network can have a deleveraging impact on fixed costs, including depreciation and other indirect costs as a percent of revenue, which can adversely impact our profitability and cash flows** . Higher costs for or limited availability of suitable real estate may adversely affect our business operations. Our business model is dependent on the cost and availability of service centers in key strategic areas. We have experienced higher costs to purchase, lease and / or build or renovate service centers as a result of inflation, supply chain issues, increased raw material and labor costs, and higher demand for and reduced supply of such service centers. Shortages in the availability of suitable real estate or delays in obtaining necessary permits or approvals may result in significant additional costs to purchase, lease and / or build or renovate additional necessary service centers, increase our operating expenses, restrict our ability to grow existing markets or expand into new markets and / or prevent us from efficiently serving certain markets. Our growth may be limited by the availability and cost of third- party transportation used to supplement our workforce and equipment needs. Our growth strategy depends upon our ability to maintain adequate capacity throughout our service center network to support the transportation service needs of our customers. In order to maintain adequate capacity to support our customers' demand for our services we may, from time to time, utilize third- party transportation services to supplement **the capacity of** our workforce and **fleet** ~~equipment needs~~ . If we are unable to find suitable third- party transportation service providers that meet our high service- delivery standards at a reasonable cost, when needed, our revenue growth and financial results may be adversely impacted. We may be adversely impacted by fluctuations in the availability and price of diesel fuel. Diesel fuel is a critical component of our operations and a significant operating expense for our business. Fluctuations in prices and availability of diesel fuel could have a material adverse effect on our operating results. Diesel fuel prices and fuel availability can be impacted by factors beyond our control, such as natural or man- made disasters; adverse weather conditions; political events; disruption or failure of technology or information systems; price and supply decisions by oil producing countries and cartels; effect of any international conflicts; armed conflict; terrorist activities; world supply and demand imbalances; changes in refining capacity; changes in governmental policy concerning fuel production, transportation, taxes or marketing; tariffs; sanctions; public and investor sentiment; and quotas or other changes to trade agreements. ~~Several of these factors combined to constrain fuel supply and increase prices in 2022, and we expect such conditions to continue to be present for the remainder of 2023.~~ We maintain fuel storage and pumping facilities at many of our service center locations; however, we may be susceptible to fuel shortages at certain locations that could cause us to incur additional expense to ensure adequate supply on a timely basis and to prevent a disruption to our service schedules. An interruption in the supply of diesel fuel could have a material adverse effect on our operating results. We do not hedge against the risk of diesel fuel price increases. An increase in diesel fuel prices or diesel fuel taxes, or any change in federal or state regulations that results in such an increase, could have a material adverse effect on our operating results. We have fuel surcharge programs in place with a majority of our customers, which help offset the negative impact of the increased cost of diesel fuel and other petroleum- based products. However, we also incur fuel costs that cannot be recovered even with respect to customers with which we maintain fuel surcharge programs, such as those costs associated with empty miles. Because our fuel surcharge recovery lags behind changes in fuel prices, our fuel surcharge recovery may not capture the increased costs we pay for fuel, especially when prices are rising, leading to fluctuations in our levels of reimbursement. We regularly monitor the components of our pricing, including fuel surcharges, and address individual account profitability issues with our customers when necessary; however, there can be no assurance that fuel surcharges can be maintained indefinitely or will be sufficiently effective in offsetting increases in diesel fuel prices. Our results of operations may be affected by seasonal factors, harsh weather conditions and disasters. Our operations are subject to seasonal trends common in our industry. Our revenue and operating margins in the first and fourth quarters are typically lower than those during the second and third quarters due to reduced shipments, decreased fuel efficiency, increased cold- weather related maintenance costs of revenue equipment, and increased insurance and claims costs during the winter months. Harsh ~~winter~~ weather or natural disasters, including but not limited to hurricanes, tornadoes, floods, fires, earthquakes and storms, can also adversely impact our performance by disrupting freight shipments or routes, destroying our assets, disrupting fuel supplies, increasing fuel costs, increasing maintenance costs, reducing demand and negatively impacting the business or financial condition of our customers, any of which could harm our results of operations or make our results of operations more volatile. We have significant ongoing cash requirements that could limit our growth and affect our profitability if we are unable to obtain sufficient capital. Our business is highly capital intensive. As further described in Part II, Item 7 of this Annual Report on Form 10- K, we generally finance our capital expenditures and planned growth with existing cash ~~and short- term investments~~ , cash flows from operations, issuance of debt (including pursuant to our note purchase and private shelf agreement) and through available borrowings under our existing senior unsecured credit agreement. We may require additional capital to finance long- term real estate purchase opportunities and acquisitions, which we may fund through additional debt or through equity offerings. If we are unable to generate sufficient cash from our operations or raise capital by accessing the debt and equity markets, we may be forced to limit our growth and operate our equipment for longer periods of time, which could have a material adverse effect on our operating results. Our business also has significant ongoing operating cash requirements. If our cash requirements are high or our cash flows from operations is low during particular periods, we may need to seek additional financing, which could be costly or difficult to obtain. A decrease in the demand and value of used equipment may impact our results of operations. As we purchase new tractors and trailers as part of our normal replacement cycle each year, we rely on the used equipment market to dispose of our older equipment. Oversupply in the transportation industry as well as adverse domestic and foreign economic conditions can negatively impact the demand for used equipment and, therefore, reduce the value we can obtain on our used equipment. If we are unable to sell our older equipment at or above our salvage value, the resulting losses could have a significant impact on our results of operations. We may be unable to successfully consummate and integrate acquisitions. In the future, we may seek to acquire other LTL carriers as well as other complementary businesses. Exploration of potential acquisitions requires significant attention from our management team. In addition, we expect to compete for acquisition opportunities with other companies, some of which may have greater financial and other resources than we do. We cannot ensure that we will have sufficient cash to consummate an acquisition or otherwise be able to obtain financing under acceptable terms- or obtain financing at all- for an acquisition. If we are unable to access sufficient funding for potential acquisitions, we may not be able to complete transactions that we otherwise find advantageous. Any ~~subsequent~~ acquisition will entail numerous risks, including: • we may not achieve anticipated levels of revenue, efficiency, cash flows and profitability; • we may experience difficulties managing businesses that are outside our historical core competency and markets; • we may underestimate the resources required to support acquisitions, which could disrupt our ongoing business and distract our management; • we may incur unanticipated costs to our infrastructure to support new business lines or separate legal entities; • we may be required to temporarily match existing customer pricing in the acquiree' s markets, which may be lower than the rates that we would typically charge for our services; • liabilities we assume could be greater than our original estimates or may not be disclosed to us at the time of acquisition; • we may incur additional indebtedness or we may issue additional equity to finance future acquisitions, which could be dilutive to our shareholders; • potential loss of key employees and customers of the acquired company; and • an inability to recognize projected cost savings and economies of scale. In addition, we may have difficulty integrating any acquired business and its operations, services and personnel into our existing operations, and such integration may require a significant amount of time and effort by our management team. To the extent we do not successfully avoid or overcome the risks or problems resulting from any acquisitions we undertake, there could be a material adverse effect on our business, financial condition and results of operations. We are subject to various risks arising from our international business operations and relationships, which could adversely affect our business. We arrange for transportation and logistics services to and from various international locations and are subject to both the risks of conducting international business and the requirements of the Foreign Corrupt Practices Act of 1977 (the " FCPA "). Failure to comply with the FCPA may result in legal claims against us. In addition, we face other risks associated with international operations and relationships, which may include restrictive trade policies, the renegotiation of international trade agreements, imposition of duties, taxes or government royalties imposed by foreign governments, which could adversely affect our business. Anti- terrorism measures and terrorist events may disrupt our business. Federal, state and municipal authorities have implemented and are continuing to implement various anti- terrorism measures, including checkpoints and travel restrictions on large trucks. If additional security measures disrupt or impede the timing of our deliveries, we may fail to meet the requirements of our customers or incur increased expenses to do so. There can be no assurance that new anti- terrorism measures will not be implemented and that such measures will not have a material adverse effect on our operations. Risks Related to our Industry We operate in a rapidly evolving and highly competitive industry, and our business will suffer if we are unable to adequately address potential downward pricing pressures and other factors that may adversely affect our operations and profitability. Our industry, faced with requirements for faster deliveries and increased visibility into shipments, is rapidly evolving and increasingly competitive. Numerous competitive factors could impair our ability to maintain our current profitability. These factors include, but are not limited to, the following: • we compete with other transportation service providers of varying sizes, some of which may have more equipment, a broader global network and brand recognition, a wider range of services, more fully developed information technology systems, greater capital resources or other competitive advantages; • some of our competitors may reduce their prices to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase prices or maintain revenue; • we may be unable to continue to collect fuel surcharges or our fuel surcharge program may become ineffective in mitigating the impact of the fluctuating costs of fuel and other petroleum- based products; • many customers reduce the number of carriers they use by selecting “ core carriers ” as approved transportation service providers and we may not be selected; • many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress prices or result in the loss of some business to competitors; • some shippers may choose to acquire their own trucking fleet or may choose to increase the volume of freight they transport if they have an existing trucking fleet; • some customers may choose to consolidate certain LTL shipments through a different mode of transportation, such as truckload, intermodal or rail; • some customers may perceive our environmental, social and governance (“ ESG ”) profile to be less robust than that of our competitors, which could influence the selection of their carrier; • our customers may manage their inventory levels more closely to a “ just- in- time ” basis, which may increase our costs and adversely affect our ability to meet our customers’ needs; • consolidation in the ground transportation industry may create other large carriers with greater financial resources **to use in operations** and other competitive advantages relating to their size; • advances in technology require increased investments to remain competitive, technological transitions may cause operational challenges and our customers may not be willing to accept higher prices to cover the cost of these investments; • large transportation and e- commerce companies are making significant investments in their capabilities to compete with us; • competition from non- asset- based logistics and freight brokerage companies may adversely affect our customer relationships and ability to maintain sufficient pricing; and • our existing or future competitors may adopt emerging or additional technologies that improve their operating effectiveness, which could negatively affect our ability to remain competitive. If we are unable to effectively compete with other LTL carriers, whether on the basis of price, service, brand recognition or otherwise, we may be unable to retain existing customers or attract new customers, either of which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, continued merger and acquisition or other transaction activity in transportation and logistics could result in stronger or new competitors, which could have a material adverse effect on our business, financial condition and results of operations. We may not be able to compete successfully in an increasingly consolidated LTL industry and cannot predict with certainty how industry consolidation will affect our competitors or us. Our customers’ and suppliers’ businesses may be impacted by various economic factors such as recessions, inflation, downturns in the economy, global uncertainty and instability, changes in U. S. social, political, and regulatory conditions and / or a disruption of financial markets, which may decrease demand for our services or increase our costs. Adverse macroeconomic conditions, both in the U. S. and internationally, such as recent ~~rising~~ **high** inflation, ~~increasing~~ **continued high** interest rates and slower economic growth has, and may continue to, negatively affect our customers’ business levels, the amount of transportation services they need, their ability to pay for our services and overall freight levels, any of which might impair our asset utilization. Additionally, uncertainty and instability in the global economy **or widespread outbreak of an illness or any other communicable disease or public health crisis, as we saw with the COVID- 19 pandemic,** may lead to fewer goods being transported and could have a material adverse effect on our business, financial condition and results of operations. The U. S. government has taken certain other actions that have negatively impacted U. S. trade, including imposing tariffs on certain goods imported into the United States, and several foreign governments have imposed tariffs on certain goods imported from the United States. Any further changes in U. S. or international trade policy could trigger additional retaliatory actions by affected countries, resulting in “ trade wars ” and increased costs for goods transported globally, which may reduce customer demand for these products if the parties having to pay tariffs or address other anti- trade measures increase their prices, or in trading partners limiting their trade with countries that impose such measures. If these consequences are realized, the volume of global economic activity may be significantly reduced. Such a reduction could have a material adverse effect on our business, results of operations and financial condition, as well as the price of our common stock. Customers adversely impacted by changes in U. S. trade policies or otherwise encountering adverse economic conditions, including as a result of current inflationary pressures, may be unable to obtain additional financing or financing under acceptable terms. These customers represent a greater potential for bad debt losses, which may require us to increase our reserve for bad debt. Economic conditions resulting in bankruptcies of a concentration of our customers could have a significant impact on our financial position, results of operations or liquidity in a particular year or quarter. Further, when adverse economic times arise, customers may select competitors that offer lower rates in an attempt to lower their costs, and we might be forced to lower our rates or lose freight volumes. Our suppliers’ business levels also may be negatively affected by adverse economic conditions and changes in the political and regulatory environment, both in the U. S. and internationally, or financial constraints, which could lead to disruptions in the workforce, supply and availability of equipment, parts and services critical to our operations. A significant interruption in our normal supply chain could disrupt our operations, increase our costs and negatively impact our ability to serve our customers. Risks Related to Labor Matters If our employees were to unionize, our operating costs would increase and our ability to compete would be impaired. None of our employees are currently represented under a collective bargaining agreement. However, from time to time there have been efforts to organize our employees at various service centers. Further, Congress or one or more states could approve legislation and / or the National Labor Relations Board could render decisions or implement rule changes that could significantly affect our business and our relationship with our employees, including actions that could substantially liberalize the procedures for union organization. In addition, we can offer no assurance that the Department of Labor will not adopt new regulations or interpret existing regulations in a manner that would favor the agenda of unions, or that our employees will not unionize in the future, particularly if **continued** regulatory changes ~~occur that~~ facilitate unionization. The unionization of our employees could have a material adverse effect on our business, financial condition and results of operations because: • restrictive work rules could hamper our efforts to improve and sustain operating efficiency; • restrictive work rules could impair our service reputation and limit our ability to provide next- day services; • a strike or work stoppage could negatively impact our profitability and could damage customer and employee relationships; • shippers may limit their use of unionized trucking companies because of the threat of strikes and other work stoppages; and • an election and bargaining process could divert management' s time and attention from our overall objectives and impose significant expenses. Increases in employee compensation and benefit packages used to attract and retain qualified employees, including drivers and maintenance technicians, and addressing general labor market challenges could adversely affect our profitability, our ability to maintain or grow our fleet and our ability to maintain our customer relationships. In recent years, there have been periods of intense competition for qualified employees, specifically drivers, in the transportation industry resulting from a shortage of drivers and general labor market challenges. The extent and duration of the impact of these challenges are subject to numerous factors, including our stringent hiring standards, behavioral changes, prevailing wage rates and other benefits, health and other insurance costs, inflation, stability of overall economic environment, adoption of new or revised employment and labor laws and regulations or government programs, and changing workforce demographics. As the available pool of qualified drivers has been declining, we have faced, and may continue to face, difficulty maintaining or increasing our number of drivers. Similarly, in recent years, there has been a decrease in the overall supply of skilled maintenance technicians, particularly new technicians with qualifications from technical programs and schools, which has made it more difficult, and may continue to make it more difficult, to attract and retain skilled technicians. The compensation and benefit packages we offer our drivers, technicians and other specialized employees are subject to market conditions that have required and may in the future require further increases in wages and benefits. If we are unable to attract and retain a sufficient number of qualified drivers and technicians, or address general labor market challenges, we could be required to adjust our compensation and benefits packages, amend our hiring standards, or operate with fewer trucks and face difficulty meeting customer demands, any of which could adversely affect our growth and profitability. If we are unable to retain our key employees, or if we do not continue to effectively execute our succession plan, our business, results of operations and financial position could be adversely affected. Our success will continue to depend upon the experience and leadership of our key employees and executive officers. In that regard, the loss of the services of any of our key personnel could have a material adverse effect on our financial condition, results of operations and liquidity if we are unable to secure replacement personnel who have sufficient experience in our industry and in the management of our business. If we are unable to continue to develop and retain a core group of management personnel and execute succession planning strategies, or we encounter any unforeseen difficulties associated with the transition of members of our management team, our business could be negatively impacted in the future. Risks Related to Cybersecurity and Technology Matters Our information technology systems are subject to cyber and other risks, some of which are beyond our control, which could have a material adverse effect on our business, results of operations and financial position. We rely heavily on the proper functioning and availability of our information systems for our operations as well as for providing value- added services to our customers. Our information systems, including our accounting, communications and data processing systems, are integral to the efficient operation of our business. It is critical that the data processed by these systems remains confidential, as it often includes competitive customer information, confidential customer payment and transaction information, employee records and key financial and operational results and statistics. The sophistication of efforts by hackers, foreign governments, cyber- terrorists, and cyber- criminals, acting individually or in coordinated groups, to launch distributed denial of service attacks or other coordinated attacks that may cause service outages, gain inappropriate or block legitimate access to systems or information, or result in other business interruptions has continued to increase. **The rapid evolution and increased adoption of artificial intelligence technologies may also intensify our cybersecurity risks.** We utilize third- party service providers who have access to our systems and certain sensitive data, which exposes us to additional security risks, particularly given the complex and evolving laws and regulations regarding privacy and data protection. While we and our third- party service providers have experienced cyber- attacks and attempted breaches of our and their information technology systems and networks or similar events from time to time, no such incidents have been, individually or in the aggregate, material to us. Cyber incidents that impact the security, availability, reliability, speed, accuracy or other proper functioning of our systems, information and measures, including outages, computer viruses, break- ins and similar disruptions, could have a significant impact on our operations. We have security processes, protocols and standards in place to protect our information systems, including through physical and software safeguards, as well as redundant systems, network security measures and backup systems. Nevertheless, it is difficult to fully protect against the possibility of power loss, telecommunications failures, cyber- attacks, and other cyber incidents in every potential circumstance that may arise. A significant cyber incident, including system failure, security breach, disruption by malware or ransomware, or other damage, could interrupt or delay our operations, damage our reputation and brand, cause a loss of customers, expose us to a risk of loss or litigation, result in regulatory scrutiny, investigations, actions, fines or penalties 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 position. Furthermore, any failure to comply with data privacy, security or other laws and regulations, such as the California Consumer Privacy Act and other similar laws that have been or are expected to be enacted in the United States, at both the federal and state level, could result in claims, legal or regulatory proceedings, inquiries or investigations. As cyber threats are continually evolving, our controls and procedures may become inadequate and we may be required to devote additional resources to modifying or enhancing our systems in the future. Furthermore, while we maintain insurance intended to address costs associated with aspects of cyber incidents, network failures and data privacy- related concerns, ~~our~~ **we cannot be certain that we will continue to be able to obtain excess insurance** coverage ~~may~~ **in amounts we deem sufficient, our insurance carriers will pay on our insurance claims, or we will** not **experience a** ~~sufficiently cover all types of losses or claims~~ **claim** ~~that may arise~~ **for which coverage is not provided** . If we do not adapt to new technologies implemented by our competitors in the LTL and transportation industry, our business could suffer. The LTL and transportation industry may be impacted by rapid changes in technologies. Our competitors may implement new technology **, including artificial intelligence applications,** that could improve their service, price, available capacity or business relationships and increase their market share. If we do not appropriately adapt our operations to these new technologies, our business, financial condition, and results of operations may suffer. Failure to keep pace with developments in technology, any disruption to our technology infrastructure, or failures of essential services upon which our technology platforms rely could cause us to incur costs or result in a loss of business, which may have a material adverse effect on our results of operations and financial condition. We rely heavily on information technology systems. Our information technology systems are complex and require ongoing investments and enhancements to meet both internal requirements and the requirements of our customers. If we are unable to invest in and enhance or modernize our technology systems in a timely manner or at a reasonable cost, or if we are unable to train our employees to operate the new, enhanced or modernized systems, our results of operations and financial condition could be adversely affected. We also may not achieve the benefits that we anticipate from any new technology or new or modernized system, and a failure to do so could result in higher than anticipated costs or adversely affect our results of operations. Our information technology systems also depend upon the Internet, third- party service providers, global communications providers, satellite- based communications systems, the electric utilities grid, electric utility providers and telecommunications providers. We have minimal control over the operation, quality, or maintenance of these services or whether vendors will improve their services or continue to provide services that are essential to our business. Disruptions due to transitional challenges in upgrading or enhancing our technology systems; failures in the services upon which our information technology platforms rely, including those that may arise from adverse weather conditions or natural calamities, including but not limited to storms, floods, hurricanes, earthquakes or tornadoes; illegal acts, including terrorist attacks; human error or systems modernization initiatives; and / or other disruptions, may adversely affect our business, which could increase our costs or result in a loss of customers that could have a material adverse effect on our results of operations and financial condition. Any disruption in the operational and technical services provided to us by third parties could adversely affect our business and subject us to liability. We rely on third parties to provide us with operational and technical services, such as hosting of our cloud computing and storage needs. The services largely depend on the uninterrupted operation of data centers and the ability to protect computer equipment and information stored in these data centers against damage that may be caused by, among other things, natural disaster, fire, power loss, telecommunications or Internet failure, acts of terrorism, and other similar damaging events. If any of such services were to become inoperable for an extended period, we might be unable to fulfill our contractual commitments. Furthermore, these third parties may have access to information we maintain about our company, operations, customers, employees, vendors, or technology that are critical to or can significantly impact our business operations. Our ability to monitor such third parties' security measures is limited. Any security incident involving such third parties could compromise the confidentiality, integrity, or availability of, or result in the theft of, our, our customers', our employees', or our vendors' data and could negatively impact our operations. Security processes, protocols and standards that we implement and contractual provisions requiring security measures that we impose on such third parties may not be sufficient or effective at preventing such events. Unauthorized access to data and other confidential or proprietary information may be obtained through break- ins, network breaches by unauthorized parties, employee theft or misuse, or other misconduct. If any of the foregoing were to occur or to be perceived to occur, our reputation may suffer, our competitive position may be diminished, we could face lawsuits, regulatory investigation, fines, and potential liability, and our financial results could be negatively impacted. Risks Related to Legal and Regulatory Matters The FMCSA' s CSA initiative could adversely impact our ability to hire qualified drivers, meet our growth projections and maintain our customer relationships, each of which could adversely impact our results of operations. The FMCSA' s Compliance, Safety, Accountability initiative (" CSA ") is an enforcement and compliance program designed to monitor and improve commercial motor vehicle safety by measuring the safety record of both the motor carrier and the driver. These measurements are scored and used by the FMCSA to identify potential safety risks and to direct enforcement action. Our CSA scores are dependent upon our safety and compliance experience, which could change at any time. In addition, the safety standards prescribed in CSA could change and our ability to maintain an acceptable score could be adversely impacted. Public disclosure of certain CSA scores was restricted through the enactment of the Fixing America' s Surface Transportation Act of 2015 (the " FAST Act ") on December 4, 2015; however, the FAST Act does not restrict public disclosure of all data collected by the FMCSA. The FMCSA is currently reviewing CSA methodology to address deficiencies identified by the National Academy of Sciences, including the possibility of weak or negative correlation between current safety improvement categories and vehicle crash risk. Nevertheless, if we receive unacceptable CSA scores, and this data is made available to the public, our relationships with our customers could be damaged, which could result in a loss of business. The requirements of the CSA could also shrink the industry' s pool of drivers, as those with unfavorable scores could leave the industry. As a result, the costs to attract, train and retain qualified drivers could increase. In addition, a shortage of qualified drivers could increase driver turnover, decrease asset utilization, limit growth and adversely impact our results of operations. We operate in a highly regulated industry, and increased costs of compliance with, or liability for violation of, existing or future regulations could have a material adverse effect on our business. We are regulated by the DOT and by various state and federal agencies. These regulatory authorities have broad powers over matters relating to authorized motor carrier operations, as well as motor carrier registration, driver hours of service, safety and fitness of transportation equipment and drivers, transportation of hazardous materials, certain mergers and acquisitions and periodic financial reporting. The trucking industry is also subject to regulatory and legislative changes from a variety of other governmental authorities, which address matters such as increasingly stringent environmental regulations, occupational safety and health regulations, limits on vehicle weight and size, ergonomics, port security, and driver hours of service. We are also subject to the costs and potential adverse impact of compliance associated with FMCSA' s ELD regulations and guidance, including the operation of our fleet and safety management systems on the ELD hardware and software platform. In addition, we are subject to compliance with cargo- security and transportation regulations issued by the TSA and CBP within the U. S. Department of Homeland Security. Regulatory requirements and changes in regulatory requirements or guidance, together with the growing compliance risks presented by increased differences between applicable federal and state regulations, may affect our business or the economics of the industry by requiring changes in operating practices that could influence the demand for and increase the costs of providing transportation services. We are subject to various environmental laws and regulations, and costs of compliance with, liabilities under, or violations of, existing or future environmental laws or regulations could adversely affect our business. We are subject to various federal, state and local environmental laws and regulations that govern, among other things, the disposal, emission and discharge of hazardous waste, hazardous materials, or other materials into the environment, their presence at our properties or in our vehicles, fuel storage tanks, the transportation of certain materials and the discharge or retention of storm water. Under specific environmental laws, we could also be held responsible for any costs relating to contamination at our past or present facilities and at third- party waste disposal sites, as well as costs associated with the clean-up of accidents involving our vehicles. Environmental laws have become and may continue to be increasingly more stringent over time, and there can be no assurance that our costs of complying with current or future environmental laws or liabilities arising under such laws will not have a material adverse effect on our business, operations or financial condition. We may be adversely affected by legal, regulatory, or market responses to climate change concerns. Increased concern over climate change and the potential impact of global warming has led to an increase in **current** ~~the consideration of greenhouse gas emissions regulation. Due to increased consideration, there could be an~~ **and proposed** ~~increase in~~ regulation from federal, state and local governments related to our carbon footprint, including with respect to vehicle engine and facility emissions. This increase in regulation could result in increased direct costs, such as taxes, fees, fuel, or capital costs, or changes to our operations in order to comply. There is also a focus from regulators and our customers on sustainability ~~issues~~ **matters** . This focus may result in ~~new~~ **additional** legislation or customer requirements, such as limits on vehicle weight and size or energy source ~~. Finally, given the increasing focus on ESG matters by the investor community, if shareholders were to express dissatisfaction with our policies or efforts with respect to climate change, sustainability or similar matters, there could be a negative impact on our stock price, and we could also suffer reputational harm~~ . Costs and operational risks associated with future climate change concerns or environmental laws and regulations, sustainability requirements and related investor expectations could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. **The engines in our newer tractors are subject to emissions- control regulations that could substantially increase operating expenses and future regulations concerning emissions or fuel- efficiency may have a material adverse impact on our business. In December 2022, the U. S. Environmental Protection Agency (“ EPA ”) finalized new stringent emission standards to reduce nitrogen oxides and establish new standards for greenhouse gas emissions from heavy- duty engines under the Clean Trucks Plan. In December 2021, the California Air Resources Board (“ CARB ”) adopted more stringent standards to reduce nitrogen oxide emissions from heavy- duty trucks. Future strengthening of EPA, CARB or other federal or state regulatory requirements regarding fuel- efficiency or engine emissions of tractors could also result in increases in the cost of capital equipment and maintenance. The CARB’ s Advanced Clean Fleets (“ ACF ”) rule requires fleets to adopt an increasing percentage of zero emission trucks, complementing CARB’ s Advanced Clean Trucks (“ ACT ”) rule. The ACF rule applies to high- priority fleets of 50 or more trucks, aiming to accelerate the transition to zero emission vehicles (“ ZEVs ”). The ACF rule offers the ZEV Milestones Option or the Model Year Schedule. We have elected the ZEV Milestones Option, which allows fleets to phase in ZEVs between 2025 and 2042, depending on the type of vehicle and its usage. Fleet owners choosing this option must continuously meet or exceed certain scheduled ZEV Fleet Milestone percentage requirements. The ZEV Milestones Option ultimately requires 100 % ZEVs by 2035. While CARB’ s ACF and ACT regulations may permit companies to seek exemptions or relief, there are no assurances that relief from either regulation will be obtained. At this point, there are virtually no ZEVs widely available that are suitable replacements for current technology used in LTL operations. In addition, there does not appear to be sufficient infrastructure in place to support an electric vehicle fleet operation throughout our current terminal network. If ZEVs are not available or not commercially viable for the LTL market, we may be required to modify or curtail our operations in California. During any transition to zero- emission trucks, due to the mandates on manufacturers limiting diesel engine sales, we may be forced to continue using older model diesel trucks that may require higher maintenance costs or be less reliable. The transition to utilizing ZEVs could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows. Expectations relating to ESG considerations and related reporting obligations expose us to potential liabilities, increased costs, reputational harm, and other adverse effects on our business. Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on ESG considerations relating to businesses, including climate change and greenhouse gas emissions, human and civil rights, and diversity, equity and inclusion. In addition, we may make statements about our goals and initiatives through our various non-financial reports, information provided on our website, press statements and other communications. Responding to these ESG considerations and implementation of these goals and initiatives involves risks and uncertainties, requires investments, and depends in part on third- party performance or data that is outside our control.** Healthcare ~~legislation~~ and other mandated benefits- related coverage may increase our costs for employee ~~healthcare and~~ benefits and reduce our future profitability. To attract and retain employees, we maintain a competitive and comprehensive benefits plan for our employees and their dependents. We cannot predict the impact that any state or federal healthcare or mandated benefit legislation or regulation will have on our operations, but we expect costs associated with providing benefits under employee medical plans, paid sick and family leave programs and healthcare- related costs associated with workers’ compensation to continue to increase. Rising employee benefits and healthcare costs in the U. S. could result in significant long- term costs to us, which could have a material adverse effect on our operating results. In addition, rising employee benefits and health- related costs could force us to make further changes to our benefits program, which could negatively impact our ability to attract and retain employees. We are subject to the risks of legal proceedings and claims, governmental inquiries, notices and investigations which could adversely affect our business. The nature of our business exposes us to the potential for various legal proceedings and claims related to labor and employment, personal injury, property damage, cargo claims, safety and contract compliance, environmental liability and other matters. Accordingly, we are, and in the future may be, subject to legal proceedings and claims that have arisen in the ordinary course of our business, and may include collective and / or class action allegations. We have been, and in the future may again be, subject to potential governmental inquiries, notices or investigations, which also exposes us to the potential for various claims and legal proceedings. The parties in such actions may seek amounts from us that may not be covered in whole or in part by insurance. Defending ourselves against such actions could result in significant costs and could require a substantial amount of time and effort by our management team. We cannot predict the outcome of legal proceedings and claims, governmental inquiries, notices or investigations to which we are a party or whether we will be subject to future legal actions. As a result, the potential costs associated with any such matters could adversely affect our business, financial condition or results of operations. We are subject to legislative, regulatory, and legal developments involving taxes. Taxes are a significant part of our expenses. We are subject to U. S. federal and state income, payroll, property, sales and use, fuel, and other types of taxes. Changes to tax laws and regulations or changes to the interpretation thereof, or the ambiguity of tax laws and regulations, the subjectivity of factual interpretations, higher tax rates, claims, audits, investigations or legal proceedings involving taxing authorities, could have a material adverse effect on our results of operations, financial condition, and cash flows. Risks Related to Owning our Common Stock The Congdon family controls a large portion of our outstanding common stock. David S. Congdon, John R. Congdon, Jr. and their affiliate family members beneficially own an aggregate of approximately ~~18~~ **12** % of the outstanding shares of our common stock. As long as the Congdon family controls a large portion of our voting stock, they may be able to significantly impact the outcome of all matters involving a shareholder vote. The Congdon family' s interests may differ from the interests of other shareholders and the status of their ownership could change. There can be no assurance of our ability to declare and pay cash dividends in future periods. We intend to pay a quarterly cash dividend to holders of our common stock for the foreseeable future; however, dividend payments are subject to approval by our Board of Directors **(the" Board")** , and are restricted by applicable state law limitations on distributions to shareholders as well as certain covenants under our revolving credit facility and our note purchase and private shelf agreement. As a result, future dividend payments are not guaranteed and will depend upon various factors such as our overall financial condition, available liquidity, anticipated cash needs, future prospects for earnings and cash flows, as well as other factors considered relevant by our Board ~~of Directors~~ . In addition, any reduction or suspension in our dividend payments could adversely affect the price of our common stock. The amount and frequency of our stock repurchases may fluctuate. The amount, timing and execution of our stock repurchase program may fluctuate based on our strategic approach and our priorities for the use of cash. Other factors that may impact share repurchases include changes in stock price, profitability, capital structure, or cash flows. Our revolving credit facility and our note purchase and private shelf agreement also include provisions that may limit our ability to make payments for share repurchases. We may also use cash for investing in strategic assets or dividend payments, instead of share repurchases. The market value of our common stock has been and may in the future be volatile, and could be substantially affected by various factors. The price of our common stock on the Nasdaq Global Select Market changes constantly. We expect that the market price of our common stock will continue to fluctuate due to a variety of factors, many of which are beyond our control. These factors include, among others: • actual or anticipated variations in earnings, financial or operating performance or liquidity; • changes in analysts' recommendations or projections; • failure to meet analysts' projections; • general political, social, economic and capital market conditions; • announcements of developments related to our business; • operating and stock performance of other companies deemed to be peers; • actions by government regulators; • changes in key personnel; • **potential costs and liabilities associated with cyber incidents; •** investor sentiment with respect to our policies or efforts on ESG matters **; • widespread outbreak of an illness or any other communicable disease or public health crisis** ; • fluctuations in trading volume, including substantial increases or decreases in reported holdings by significant shareholders; • expectations regarding our capital deployment program, including any existing or potential future share repurchase programs and any future dividend payments that may be declared by our Board ~~of Directors~~ , or any determination to cease repurchasing stock or paying dividends; ~~and~~ • news reports of trends, concerns and other issues related to us or our industry, including changes in regulations **; and • other factors described in this " Risk Factors " section** . Our common stock price may continue to fluctuate significantly in the future, and these fluctuations may be unrelated to our performance. General market price declines or market volatility in the future could adversely affect the price of our common stock, and the current market price of our common stock may not be indicative of future market prices. Our articles of incorporation, our bylaws and Virginia law contain provisions that could discourage, delay or prevent a change in our control or our management. Provisions of our articles of incorporation, bylaws and the laws of Virginia, the state in which we are incorporated, may discourage, delay or prevent a change in control of us or a change in management that shareholders may consider favorable. These provisions: • limit who may call a special meeting of shareholders; • require shareholder action by written consent to be unanimous; • establish advance notice and other substantive and procedural requirements for nominations for election to our Board ~~of Directors~~ or for proposing matters that can be acted upon at shareholder meetings; • may make it difficult to merge with or otherwise absorb a Virginia corporation acquired in a tender offer for the three years after the acquisition; and • may make an unsolicited attempt to gain control of us more difficult by restricting the right of specified shareholders to vote newly acquired large blocks of stock. **17**