

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) December 5, 2023 (December 4, 2023)



LANDSTAR SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

021238
(Commission
File Number)

06-1313069
(I.R.S. Employer
Identification No.)

13410 Sutton Park Drive South, Jacksonville, Florida
(Address of principal executive offices)

32224
(Zip Code)

(904) 398-9400
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	LSTR	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On December 4, 2023, Landstar System, Inc. (“Landstar” or the “Company”) announced that James (“Jim”) B. Gattoni will resign from his position as President and Chief Executive Officer and a member of the Company’s board of directors, effective February 2, 2024, to retire after a 28 year career with Landstar. The Company entered into a letter agreement with Mr. Gattoni, dated December 4, 2023, pursuant to which, from his resignation until his anticipated retirement date of July 1, 2024, Mr. Gattoni will serve as a special advisor to the new Chief Executive Officer and aid in a smooth transition. In this new role, Mr. Gattoni’s annual base salary will remain the same, but he will not be eligible for a 2024 bonus under the Company’s Incentive Compensation Plan. The foregoing description is not intended to be complete and is qualified in its entirety by the letter agreement between the Company and Mr. Gattoni, a copy of which is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

In connection with Mr. Gattoni’s retirement, Landstar announced that Frank A. Lonegro would join the Company as President and Chief Executive Officer and a member of the Company’s board of directors, effective February 2, 2024.

Mr. Lonegro, age 55, is joining Landstar from Beacon Roofing Supply, Inc. (“Beacon”), where he currently serves as Executive Vice President and Chief Financial Officer. Beacon Roofing Supply is a Fortune 500 North American building products distribution company. Prior to working at Beacon, Mr. Lonegro worked for almost 20 years at CSX Corporation, a Fortune 250 rail transportation company. During his tenure at CSX, Mr. Lonegro served in a number of capacities, including Executive Vice President and Chief Financial Officer from 2015 to 2019, as well as technology and operational roles earlier in his tenure, including President of CSX Technology, Vice President of Service Design, and Vice President of Mechanical. Mr. Lonegro has broad financial, operational and technology leadership experience at large, publicly-traded organizations.

The Company entered into a letter agreement (the “Letter Agreement”) with Mr. Lonegro, dated December 4, 2023, pursuant to which Mr. Lonegro will receive an annual base salary of \$800,000 and will be eligible for an annual bonus under the Company’s Incentive Compensation Plan with a “threshold” target bonus percentage of 100% of his annual base salary. Mr. Lonegro will also receive a sign-on bonus of \$2,000,000 worth of restricted stock granted under the Company’s 2011 Equity Incentive Plan (the “Equity Plan”) that vests in two equal annual installments on each of the first two anniversaries of Mr. Lonegro’s start date, \$800,000 in cash to compensate Mr. Lonegro for forgoing a 2023 bonus with his former employer, which amount is required to be repaid if Mr. Lonegro is terminated for “cause” or resigns without “good reason” prior to the first anniversary of his start date, and a grant of \$10,000,000 worth of performance-related restricted stock units (“PSUs”), which will vest based on achievement in any measurement year of total shareholder return (“TSR”) of a compound annual growth rate (“CAGR”) of 9% relative to the base year, to be measured annually starting after the sixth anniversary of his start date and concluding after the tenth anniversary of his start date. In the event of a change in control of the Company occurring at any time, the PSUs will vest based on achievement of a stock price that equals 125% of the stock price that achieves the TSR CAGR of 9%.

Under the Letter Agreement, Mr. Lonegro will also be eligible for annual equity grants under the Equity Plan, with initial grants in February 2024 of (i) \$2,000,000 worth of PSUs, which will vest on each of the third, fourth and fifth anniversary of the grant date based on the average of the change in operating income and pre-tax earnings per share for the year ended as compared to the base year, less amounts previously vested, (ii) \$1,000,000 worth of restricted stock, which will vest in three equal annual installments on each of the first three anniversaries of the grant date and (iii) \$1,000,000 worth of PSUs, which will vest (A) based on achievement in any measurement year of TSR with a CAGR of 9% relative to the base year, to be measured annually starting after the sixth anniversary of his start date and concluding after the tenth anniversary of his start date or (B) in the event of a change in control occurring at any time, based on achievement of a stock price that equals 125% of the stock price that achieves the TSR CAGR of 9%.

The Company will also enter into a Key Executive Employment Protection Agreement (“KEEPA”) with Mr. Lonegro, which provides certain severance benefits in the event of a change in control of the Company. Under the KEEP A, (i) if on or before the second anniversary of a “change in control” (x) the Company terminates Mr. Lonegro’s employment for any reason other than for “cause” or “disability” or (y) Mr. Lonegro voluntarily terminates his employment for “good reason” or (ii) if Mr. Lonegro’s employment is terminated by the Company for any reason other than death, “disability” or “cause” or by Mr. Lonegro for “good reason” after the execution of a definitive agreement with respect to a change in control transaction but prior to the consummation thereof, and the transaction contemplated by such definitive agreement is subsequently consummated, Mr. Lonegro will be entitled to severance benefits consisting of a lump sum cash amount equal to two times the sum of (A) his annual base salary and (B) his “threshold” target annual bonus amount for the year in which the change in control occurs.

The Letter Agreement does not have a fixed term and provides for compensation and benefits payable in the Company's discretion. Either Landstar or Mr. Lonegro may terminate his employment at any time. If the Company terminates Mr. Lonegro's employment without "cause" or Mr. Lonegro resigns with "good reason" other than in a situation where severance is payable under the KEEPAs, the Company will pay Mr. Lonegro severance within 30 days of the one-year anniversary of his termination date in the amount of Mr. Lonegro's annual base salary and "threshold" target annual bonus and will continue to cover his medical benefits for 12 months following his termination, subject, in each case, to Mr. Lonegro's signing a release of claims in favor of the Company and its affiliates and continued compliance with applicable restrictive covenants.

This summary of the Letter Agreement is not intended to be complete and is qualified in its entirety by the Letter Agreement, a copy of which is attached hereto as Exhibit 99.2 and is incorporated by reference herein.

On December 4, 2023, we issued a press release announcing the appointment of Mr. Lonegro as President and Chief Executive Officer of the Company and as a member of the Company's board of directors, which is attached hereto as Exhibit 99.3 and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits

Exhibits

99.1	Letter Agreement, dated December 4, 2023, between Landstar System, Inc. and James B. Gattoni
99.2	Letter Agreement, dated December 4, 2023, between Landstar System, Inc. and Frank A. Lonegro
99.3	Press Release, dated December 4, 2023, of Landstar System, Inc.
104	Inline XBRL for the cover page of this Current Report on Form 8-K

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LANDSTAR SYSTEM, INC.

Date: December 5, 2023

By: /s/ James B. Gattoni

Name: James B. Gattoni

Title: President and Chief Executive Officer

[Landstar System, Inc. letterhead]

December 4, 2023

James B. Gattoni
c/o Landstar System, Inc.
13410 Sutton Park Drive South
Jacksonville, FL 32224

Dear Jim:

On behalf of Landstar System, Inc. (the “Company” and collectively with its parent, subsidiaries and other affiliates, “Landstar”), we thank you for your long career with Landstar and your service as President and Chief Executive Officer (“CEO”) and as a member of the Board of Directors of the Company (the “Board”) and accept your resignation as CEO and as a member of the Board effective as of February 2, 2024 (the “CEO Resignation Date”). We are pleased that you have agreed to continued employment with Landstar as Special Advisor to the CEO (the “New Position”) immediately following the CEO Resignation Date. In this New Position, you will provide the services in accordance with this letter agreement on the terms and conditions set forth below.

Your duties and responsibilities will be commensurate with your New Position, and will include assignments consistent with your position as shall be requested of you from time to time by the then current CEO of the Company. In the performance of these services, you will not be an officer of Landstar and will not have the power to bind any of the Landstar companies. In your New Position, you will continue to be a common law employee of the Company.

It is agreed and understood that these services will not require of you the same commitment as your services on behalf of Landstar as CEO, but you will be required to perform the functions requested of you as specified below, as determined by Landstar, and under the supervision of the CEO.

This letter further memorializes the terms of your continued employment with the Company, and gives you certain information regarding your benefits.

1. Employment in your New Position. You shall continue your service as an at-will employee of the Company in your New Position and your duties will be assigned from time to time by the CEO. In your New Position, you may work from your home office, provided you are available to come to the Landstar offices as necessary, as determined by the CEO. This Agreement and your services in the New Position will continue in effect until July 1, 2024 (or such other date agreed in writing between you and Landstar (the “Retirement Date”). You hereby voluntarily resign as an employee effective as of the Retirement Date. Prior to July 1, 2024, the Company may not terminate your employment hereunder other than for Cause. For purposes of this letter agreement, “Cause” means (i) your conviction or plea of nolo contendere

to a felony; (ii) an act or acts of extreme dishonesty or gross misconduct on your part which result or are intended to result in material damage to the Company's business or reputation; or (iii) as of any date of determination, your repeated material violations of your position, authority or responsibilities as in effect on such date, which violations are demonstrably willful and deliberate on your part and which result in material damage to the Company's business or reputation.

2. Salary in New Position. Your annual salary in your New Position will be \$600,000 on an annualized basis. Your salary will be paid in accordance with the Company's regular payroll practices and be subject to all applicable wage withholdings and deductions. Effective as of the date hereof, you will no longer be eligible for paid vacation days, paid flex days or any other paid days off.

3. MICP. You will not be eligible for a bonus from the Landstar management incentive compensation plan ("MICP") with respect to any portion of the Company's 2024 fiscal year. Provided that you continue to be employed as CEO through December 31, 2023 and remain employed with the Company on the date in 2024 when bonuses under the MICP for the Company's 2023 fiscal year are paid to other senior executives of the Company, you will be eligible for a bonus under the MICP for 2023 based on a full year of service as CEO.

4. Representations. You agree to the following representations and recognize that each of them is an important consideration for the Company's willingness to enter into this letter agreement with you:

a. As of the date you execute this letter agreement, you are not aware of any facts or circumstances that could form the basis of any claim against Landstar. In addition, as of the date you execute this letter agreement, you are not aware of any compliance issues or possible violations of federal, state or local law or regulations or Landstar policy other than those that you may have previously raised with Landstar, if any.

b. Your continued employment and ending of employment are governed exclusively by the terms of this letter agreement, and any prior agreements and understandings, whether written or spoken, between you and Landstar are completely superseded by this letter agreement and are no longer of any force and effect.

5. Key Executive Employment Protection Agreement. You agree with Landstar that your Key Executive Employment Protection Agreement, as previously executed between you and the Company, shall be terminated and be of no further effect as of the CEO Resignation Date.

6. 401(k) Savings Plan and SERP. In your New Position, you will be eligible to continue to participate in, and contribute to, the Landstar 401(k) Savings and Retirement Plan (the "401(k) Plan") in accordance with the terms of the 401(k) Plan, as the same may change from time to time. Your eligibility for participation in the Supplemental Executive Retirement Plan (the "SERP") will cease effective as of the CEO Resignation Date.

7. Equity. You will be eligible for continued vesting of restricted stock and restricted stock units that have been granted to you under Landstar's 2011 Equity Incentive Plan (the "Plan") as of the date hereof so long as you remain continuously employed with the Company pursuant to this letter agreement, but all vesting will cease as of the Retirement Date. Following the date hereof, you will not receive any new equity grants under the Plan.

8. Health and Welfare Benefits. During the duration of your employment under this letter agreement, you shall continue to be eligible to participate in all of the Company's employee benefits plans, programs and arrangements in accordance with the terms thereof, as the same may change from time to time. You will remain eligible for coverage under the company-provided life, short term disability, long term disability ("LTD") and accidental death and dismemberment ("AD&D") coverages, and any voluntary coverages elected, provided you make the required employee contributions. You will also remain eligible to participate in the Health Care Spending Account, the Dependent Care Spending Account and Health Savings Account programs, to the extent you choose to participate in those programs. You will no longer be eligible to participate in the Executive Physical Plan as of the CEO Resignation Date.

Your ability to participate in the Company's employee benefits plans, programs and arrangements will terminate on the earlier of your termination of employment with the Company and the Retirement Date, either of which will constitute a COBRA qualifying event that will enable you to continue health coverage under the Landstar Flexible Benefits Plan for a limited period of time at the applicable COBRA rates. For this purpose, health coverage includes medical, prescription drug, dental, and vision benefits. A separate notice explaining your COBRA rights and responsibilities will be provided to you by the health plan's third-party administrator following the end of your employment under this letter agreement. Should you timely elect to continue group health insurance coverage pursuant to your rights under COBRA, the Company will pay your premium for this COBRA continuation coverage for you and your spouse for a period of eighteen (18) months from a COBRA qualifying event or until you become covered under another group health insurance plan offered by a subsequent employer, whichever occurs first. There is no monetary equivalent for this benefit should you not enroll in COBRA continuation coverage. You also will be offered the option to convert company-provided voluntary life/AD&D and LTD coverage to individual policies in accordance with the terms of such policies.

9. Expense Reimbursement. In your New Position, (i) the Company will continue to provide for your use certain equipment, including cell phone and communications equipment and internet service in your home, and (ii) you will be entitled to be reimbursed for any expenses that you incur on behalf of the Company in the performance of your duties and obligations in your New Position in accordance with the Company's generally applicable policies and procedures, as in effect from time to time; provided such expenses are approved in advance by the CEO.

10. Exclusive Service. You agree that until the Retirement Date, you shall not seek, solicit or enter into, directly or indirectly, any ownership, employment, consulting or other similar arrangement of any kind with any competitor, agent or vendor of Landstar, including service as a member of the board of directors of any such company, without the prior written consent of the CEO, which consent shall not be unreasonably withheld. You agree that your continued employment with the Company in the New Position is adequate consideration for your agreement to this Section 10. This paragraph will not apply and will not be enforced by the Company with respect to post-termination activity by you that occurs in California or in any other state in which this prohibition is not enforceable under applicable law.

11. Confidential Information. Without the prior written consent of the Company, except to the extent required by an order of a court having competent jurisdiction or as otherwise required by law, you agree not to disclose any trade secrets, customer lists, marketing plans, sales plans, management organization information (including data and other information relating to management), operating policies or manuals, business plans, budgets, strategic plans, IT plans financial records or other financial, commercial, business or technical information relating to Landstar or information designated as confidential or proprietary that Landstar may receive from or relating to employees, agents, BCOs, third party carriers, other independent contractors, suppliers, vendors, brokers, insurance providers, customers or others who do business with Landstar (collectively, "Confidential Information") to any third person unless such Confidential Information has been previously disclosed to the public through no fault of yours.

Nothing in this letter agreement restricts or prohibits you from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the U.S. Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General (collectively, the "Regulators"), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. This Agreement does not limit your right to receive an award from any Regulator that provides awards for providing information relating to a potential violation of law. You do not need the prior authorization of the Company to engage in conduct protected by this paragraph, and you do not need to notify the Company that you have engaged in such conduct.

Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

12. Equitable Relief. The obligations set forth in Sections 10 and 11 relate to special, unique and extraordinary matters and a violation of any of the terms of such obligations will cause the Company and Landstar irreparable injury for which adequate remedies at law are not available. Therefore, you are advised and you agree that the Company may seek an injunction, restraining order or such other equitable relief (without the requirement to post bond) restraining you from committing any violation of the obligations contained in either Section 10 or Section 11 hereof. These injunctive remedies are cumulative and are in addition to any other rights and remedies the Company and/or Landstar may have at law or in equity. You and the Company agree that if any portion of the obligations set forth in Sections 10 or 11 is determined to be invalid or unenforceable for any reason by a court of competent jurisdiction, that determination will not affect the remaining terms of this letter agreement and any such invalid or unenforceable portion shall be deemed modified to make it valid and enforceable, if possible, or deemed deleted, if not possible.

13. Code Section 409A. This letter agreement is intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (collectively "Code Section 409A"), under the short-term deferral exemption, and the Company will have discretion to interpret this letter agreement in any manner that establishes the exemption from the requirements of Code Section 409A.

14. Choice of Law. This letter agreement will be governed by the laws of the State of Florida, without regard to its conflicts of law principles. Any dispute or claim arising out of or relating to this letter agreement may be brought only in a court of competent jurisdiction in Jacksonville, Florida.

Should you have any questions regarding anything contained herein, please let me know.

Please confirm your acceptance of the terms set forth in this letter agreement by signing where indicated below.

Sincerely,

/s/ Diana M. Murphy
Diana M. Murphy, Chairman of the Board
Landstar System, Inc.

Agreed and Accepted:

/s/ James B. Gattoni
James B. Gattoni

[Landstar System, Inc. letterhead]

December 4, 2023

Frank A. Lonegro
300 Niblick Drive SE
Vienna, VA 22180

Dear Frank:

It is my pleasure to extend the following offer of employment for the position of President and Chief Executive Officer on behalf of Landstar System, Inc. (collectively with its affiliated companies, "Landstar" or the "Company"). We are very impressed with your experience and believe you will be a valuable contributor to the Landstar organization.

This letter details the terms and conditions of your employment and outlines the current major features of the Company's compensation and benefit plans and practices. If these terms are satisfactory, please sign and return this letter as indicated below.

Assumption of Duties: Your start date will be February 2, 2024, for you to assume the position of President and Chief Executive Officer. You will report to the Board of Directors of Landstar System, Inc. (the "Board") and you will be appointed as a member of the Board as of your start date. Your work location will be in the Jacksonville Service Center located at 13410 Sutton Park Drive South, Jacksonville, Florida 32224.

Salary: Your annual base salary will be \$800,000, which will be paid in semi-monthly installments, subject to deductions for taxes and other withholdings as required by law and/or the policies of Landstar. This position is classified as exempt under the Fair Labor Standards Act (FLSA).

Bonus: Your threshold bonus is 100% of base salary ("ICP percentage") under the Company's Incentive Compensation Plan ("ICP"). The Company must achieve budgeted Diluted Earnings per Share ("DEPS"), after giving effect to the funding of a one-time incentive payment, for you to receive a bonus at the threshold level. If the Company's actual DEPS for the fiscal year is greater than the "threshold" amount of DEPS, your ICP payment will be calculated by multiplying your base salary by your ICP percentage multiplied by a "multiplier" that is equal to one plus a predetermined factor. The factor equals 33 1/3 percent for each one percent by which actual DEPS exceeds threshold DEPS up to a multiplier of 3.0. In other words, you would achieve a multiplier of 3.0 if actual DEPS exceeded threshold DEPS by six percent. The amount of DEPS needed to achieve a multiplier of 3.0 is referred to as target DEPS. In the event actual DEPS were to exceed target DEPS, a bonus pool would accrue as if the multiplier continued to increase above 3.0 for you and other participants under the ICP. The bonus pool amount would be calculated by multiplying your base salary (and the base salary of other participating executives) by each such participant's ICP

percentage multiplied by a “multiplier” that is also equal to one plus a predetermined factor. With respect to the calculation of the bonus pool, the factor equals 16 2/3 percent, not 33 1/3 percent, for each one percent by which actual DEPS exceeds target DEPS. The bonus pool is allocable among ICP participants based on the discretion of the Compensation Committee. Maximum payout under the ICP for you and other participants is \$3 million (3.75 multiple in this case). All amounts payable under the Company’s ICP are subject to the discretion of the Compensation Committee of the Board. Your bonus under the ICP will be paid to you when other bonuses under the ICP are paid to other senior executives of the Company, but in no event later than March 15 of the year following the year to which such bonus relates. Except as otherwise set forth herein, you must be employed at the time of payment in order to receive your bonus under the ICP.

Equity: You are eligible for annual equity grants under the Company’s Equity Incentive Plan, with the initial such grants anticipated to occur in February 2024 structured as follows, subject in all respects to the discretion of the Compensation Committee of the Board:

- (A) \$2,000,000 grant of performance-related stock awards granted in the form of restricted stock units (“PSUs”). Vesting of PSUs is based on the average of the change in operating income and pre-tax earnings per share for the applicable year ended as compared to the base year results rounded to the nearest whole number, less amounts previously vested. Your initial grant would use fiscal year 2023 as the base year and vesting would occur following the end of fiscal years 2026, 2027 and 2028.
- (B) \$1,000,000 grant of restricted stock to vest pro rata on January 31, 2025, 2026 and 2027. Unvested shares of restricted stock are eligible to be voted and to receive dividends.
- (C) \$1,000,000 grant of PSUs with vesting of 100% of such grant, subject to the immediately following sentence, based on achievement in any measurement year of total shareholder return (“TSR”) with a target compound annual growth rate (“CAGR”) of 9% relative to the base year to be measured annually starting after your 6-year anniversary and concluding after your 10-year anniversary on the basis of a 60-day performance period beginning in each measurement year (including the base year) on the first Monday following the Company’s annual earnings release. In the event of a change of control, the PSUs will be eligible to vest based on the stock price achieved in the change in control, with 100% of the PSUs eligible to vest, if at all, upon achievement of a stock price equal to 125% of the stock price that achieves the target TSR CAGR of 9%.

Sign-on: In addition to components of your compensation described above under “Salary”, “Bonus” and “Equity”, you are entitled to the following amounts as sign-on compensation:

- (A) \$2,000,000 grant of restricted stock under the Company’s Equity Incentive Plan, to be granted on your first day of employment, with such shares of restricted stock vesting in equal number on the first and second anniversaries of your commencement of employment with Landstar, subject to your continued employment with Landstar through each such anniversary, unless you are earlier terminated without Cause (as defined below) or as a result of your death or disability or you resign for Good Reason (as defined below), in which case your grant will fully vest on the date of such termination.
- (B) A cash payment of \$800,000 as compensation for you forgoing your 2023 fiscal year bonus at your current employer. Such cash payment will be subject to repayment if your employment with Landstar is terminated for Cause or if you resign without Good Reason, in either case within 12 months after the date you commence employment.

- (C) \$10,000,000 grant of PSUs with vesting of 100% of such grant, subject to the immediately following sentence, based on achievement in any measurement year of TSR with a 9% target CAGR relative to the base year to be measured annually starting after your 6-year anniversary and concluding after your 10-year anniversary on the basis of a 60-day performance period beginning in each measurement year (including the base year) on the first Monday following the Company's annual earnings release. In the event of a change of control, the PSUs will be eligible to vest based on the stock price achieved in the change in control, with 100% of the PSUs eligible to vest, if at all, upon achievement of a stock price equal to 125% of the stock price that achieves the target TSR CAGR of 9%.

Change in Control: You will be provided the opportunity to execute a Key Executive Employment Protection Agreement (KEEPA) on the Company's standard form that provides severance benefits in the event of certain qualifying terminations within two years after, or after the execution of definitive documents for a change in control but prior to the consummation of, a change in control of the Company consisting of a lump sum cash amount equal to 2 times the sum of your (A) annual base salary and (B) "threshold" bonus for the year in which the change in control occurs. Each KEEPAs also provides a pro rata payout of the "threshold" annual bonus amount for the year of employment termination and for continuation of medical benefits for up to one year from the date of employment termination.

Indemnification Agreement: You will be provided the opportunity to execute an Indemnification Agreement on the Company's standard form pursuant to which the Company will agree to indemnify, defend and hold you harmless, to the maximum extent permitted under applicable law, in accordance with its governing documents and general policies and practices.

Benefits: You are entitled to enroll in any of the benefits offered to employees of Landstar as you become eligible according to the provisions of the plans. Landstar's benefit program includes a 401(k) plan, tuition assistance, Flexible Spending Accounts and medical, dental, and vision options. In addition, you will be provided with twice your annual salary in life insurance, AD&D and Short-term and Long-term Disability insurance at no cost to you. Optional life and AD&D are also available at group premiums. Eligibility for all health plans begins on the first of the month following completion of 60 days of service.

Relocation: Landstar will provide you with a lump sum payment of \$400,000 to help you cover expenses associated with your relocation to Jacksonville, Florida. This amount will be payable to you promptly following your commencement of employment. You agree to relocate to the Jacksonville, Florida area no later than July 1, 2024; provided you acknowledge and agree that you are expected to work in person in the Jacksonville corporate headquarters Monday through Friday prior to your relocation. You agree to repay Landstar such amount if your employment with Landstar is terminated for Cause or if you resign without Good Reason, in either case, within 24 months after the date you commence employment.

Paid Time Off: Landstar currently recognizes 8 paid holidays per year to all employees and you will be eligible for vacation and flex days based on your hire date and continuous length of employment.

Restrictive Covenants. You agree that during the period of your employment with the Company, you shall provide your services exclusively for the benefit of the Company. Notwithstanding the foregoing, while employed with the Company, you may serve on the board of directors of Duos Technologies Group, Inc. You may not serve on the board of directors of other companies or on the board or other governing body of charitable or community organizations without the express prior approval of the Board, which approval shall not be unreasonably withheld. Furthermore, you acknowledge and agree that as partial consideration for the Company's promises under this offer letter and as a term and condition of your employment, for a period of one year following the termination of your employment (the "Restricted Period") with the Company for any reason, you shall not (i) provide any services, in any capacity whatsoever (including, but not limited to, as an officer, employee, director, partner, principal, consultant, advisor or member) to any business enterprise that is in direct competition with the business of the Company anywhere in the United States or (ii) solicit or hire, or otherwise engage the services of, or assist any third party in soliciting, hiring or engaging the services of any person who is, or at any time during the preceding 90 day period was, an employee of the Company or an independent contractor providing services to the Company. Should you accept this offer of employment, you will acquire knowledge of the Company's business, and become in possession of and have access to valuable confidential business information, regardless of whether or not trade secrets, and develop relationships with the Company's customers, clients, employees and other service providers. In light of the foregoing, the Company has a legitimate business interest to protect its good will, confidential information and relationships with customers, employees and independent contractors and you therefore agree that the foregoing covenants are necessary to protect such interests, and are reasonable in both their geographic and temporal scope.

Severance: In the event of a termination without Cause, subject to your continued compliance with the covenants set forth above during the Restricted Period, you will be entitled to (A) cash severance in an amount equal to the sum of (i) your then-current annual salary and (ii) your threshold bonus, which sum will be paid to you within 30 days of the one-year anniversary of the date of your employment termination and (B) the continuation of medical benefits for up to one year from the date of employment termination.

Certain Definitions: As used herein, the following terms have the meaning set forth below.

- (A) "Cause" means (i) your conviction or plea of nolo contendere to a felony; (ii) an act or acts of extreme dishonesty or gross misconduct on your part which result or are intended to result in material damage to the Company's business or reputation; or (iii) your repeated material violations of your position, authority or responsibilities, which violations are demonstrably willful and deliberate on the your part and which result in material damage to the Company's business or reputation.
- (B) "Good Reason" shall, within two years after, or after the execution of definitive documents for a change in control but prior to the consummation of, a change in control of the Company, have the meaning set forth in the KEEPAs you execute with the Company, and at any other time shall mean the occurrence of any of the following, without your express written consent: (i) the assignment to you of any duties inconsistent in any material adverse respect with your position, authority or responsibilities or any other material adverse change in your position, including titles, authority or responsibilities; (ii) a material reduction in your annual base salary or the level of your incentive compensation opportunities then in effect,

other than (x) an across-the-board reduction affecting the Company's other senior executives or (y) an insubstantial or inadvertent reduction remedied by the Company promptly after receipt of notice thereof given by you; or (iii) the Company's requiring you to be based at any office or location more than 50 miles from that location at which you performed services for the Company immediately prior to such relocation, except for travel reasonably required in the performance of your responsibilities; provided that you (x) provide the Company with (1) written notice within thirty (30) days of the date of the occurrence of any of the events described in clauses (i) through (iii) and (2) a thirty (30) day cure period; and (y) failing cure, you actually terminate your employment within ten (10) days following the expiration of the cure period.

This offer of employment is contingent on the execution of an agreement to arbitrate any disputes with the Company on the Company's standard form.

This letter reflects the terms and conditions of your employment. Accordingly, it supersedes and completely replaces any prior oral or written communication on this subject. This letter is not an employment contract and should not be construed or interpreted as containing any guarantee of continued employment. The employment relationship at our Company is by mutual consent ("Employment-At-Will"). This means that employees have the right to terminate their employment at any time and for any reason. Likewise, the Company reserves the right to discontinue your employment with or without Cause at any time and for any reason.

Again, Frank, we look forward to you joining Landstar System, Inc. and wish you a prosperous career here. Please indicate your acceptance of this offer below and return the original to me. Please keep a copy of this offer for your personal records.

Sincerely,

/s/ Diana M. Murphy

Diana M. Murphy

Chairman of the Board

Landstar System, Inc.

I accept the offer as stated above and intend to commence my employment on February 2, 2024. I understand and acknowledge that this offer does not guarantee me employment for any period of time and that the employment relationship between Landstar and me will be "at will," which means that either Landstar or I may terminate the relationship at any time. I also understand and acknowledge that Landstar may change the terms and conditions of my employment at any time.

Signature: /s/ Frank A. Lonegro

Name: Frank A. Lonegro

Dated: December 4, 2023



Landstar System, Inc.
13410 Sutton Park Drive, South
Jacksonville, FL 32224
904 398 9400

For Immediate Release

Contact: Donia Crime
Vice President, Corporate Communications
Landstar System, Inc.
904-398-9400

December 4, 2023

FRANK A. LONEGRO TO SUCCEED JAMES B. GATTONI AS LANDSTAR CEO

Jacksonville, Florida—Landstar System, Inc. (Nasdaq: LSTR), a technology-enabled, asset-light provider of integrated transportation management solutions delivering safe, specialized transportation services, announced today that its Board of Directors has named Frank A. Lonegro as President and Chief Executive Officer, effective February 2, 2024. James B. Gattoni, who currently serves as President and CEO, will continue to serve in that role through the date of the Company's 2023 fourth quarter earnings release conference call, currently scheduled for February 1, 2024, following which he will be transitioning to the role of Special Advisor to the CEO before his anticipated retirement in July 2024. Mr. Lonegro will also be appointed to the Board of Directors of Landstar System, Inc. as of his commencement as CEO, succeeding Mr. Gattoni who will be stepping down from the Board as of February 2, 2024.

Mr. Lonegro is joining Landstar from Beacon Building Products (Nasdaq: BECN), where he currently serves as Executive Vice President and Chief Financial Officer. Beacon is a Fortune 500 building products distribution company serving customers throughout the U.S. and Canada. Prior to working at Beacon, Mr. Lonegro worked for almost 20 years at CSX Corporation, a Fortune 250 rail transportation company headquartered in Jacksonville, Florida. During his long tenure at CSX, Mr. Lonegro served in a number of capacities, including Executive Vice President and Chief Financial Officer from 2015 to 2019, as well as key technology and operational roles earlier in his tenure, including President of CSX Technology, Vice President of Service Design, and Vice President of Mechanical.

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“Frank’s broad financial, operational and technology leadership at large, publicly traded organizations make for an outstanding fit at Landstar,” said Chairman of the Board Diana Murphy. “The Board is delighted to welcome Frank and his impressive record of achievement to Landstar. On behalf of the independent members of the Board, I also want to express tremendous appreciation to Jim for his leadership of Landstar and partnership with all of us.”

“Landstar has greatly benefited from Jim’s many contributions over an almost 30-year career with the Company,” said David Bannister, Landstar’s longest-serving Board member and Chair of the Compensation Committee. “His passion for the independent business owners who make up the Landstar network has played an integral part in driving Landstar forward as a technology-driven industry leader. We wish Jim all the best in his retirement.”

“Frank is an experienced, solutions-oriented leader,” said Gattoni. “He understands the fast-paced freight transportation industry, the critical importance of a safety-first culture and our commitment to the long-term success of Landstar agents, BCOs and other third-party capacity providers to continue to drive our growth.”

“I am honored to follow in Jim’s footsteps and to further build on the Company’s tremendous legacy of success,” said Lonegro. “It is my privilege to guide Landstar into the future as we write the next chapters in Landstar’s impressive story.”

About Landstar:

Landstar System, Inc., a Fortune 500 company, is a technology-enabled, asset-light provider of integrated transportation management solutions delivering safe, specialized transportation services to a broad range of customers utilizing a network of agents, third-party capacity owners and employees. Landstar transportation services companies are certified to ISO 9001:2015 quality management system standards and RC14001:2015 environmental, health, safety and security management system standards. Landstar System, Inc. is headquartered in Jacksonville, Florida. Its common stock trades on The NASDAQ Stock Market® under the symbol LSTR.

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Forward Looking Statements Disclaimer:

The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements contained in this press release that are not based on historical facts are “forward-looking statements”. This press release contains forward-looking statements, such as statements which relate to Landstar’s business objectives, plans, strategies and expectations. Terms such as “anticipates,” “believes,” “estimates,” “intention,” “expects,” “plans,” “predicts,” “may,” “should,” “could,” “will,” the negative thereof and similar expressions are intended to identify forward-looking statements. Such statements are by nature subject to uncertainties and risks, including but not limited to: the impact of the Russian conflict with Ukraine on the operations of certain independent commission sales agents, including the Company’s largest such agent by revenue in the 2022 fiscal year; the impact of the coronavirus (COVID-19) pandemic; an increase in the frequency or severity of accidents or other claims; unfavorable development of existing accident claims; dependence on third party insurance companies; dependence on independent commission sales agents; dependence on third party capacity providers; decreased demand for transportation services; U.S. trade relationships; substantial industry competition; disruptions or failures in the Company’s computer systems; cyber and other information security incidents; dependence on key vendors; potential changes in taxes; status of independent contractors; regulatory and legislative changes; regulations focused on diesel emissions and other air quality matters; intellectual property; and other operational, financial or legal risks or uncertainties detailed in Landstar’s Form 10-K for the 2022 fiscal year, described in Item 1A Risk Factors, Landstar’s Form 10-Q for the 2023 first fiscal quarter and Form 10-Q for the 2023 third fiscal quarter, in each case as described in Item 1A Risk Factors, and in other SEC filings from time to time. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated. Investors should not place undue reliance on such forward-looking statements, and the Company undertakes no obligation to publicly update or revise any forward-looking statements.

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