



LANDSTAR SYSTEM, INC.
13410 Sutton Park Drive South
Jacksonville, Florida 32224

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 19, 2020**

**The proxy statement and annual report to stockholders are available at
www.landstar.com and www.proxyvote.com**

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission (the "SEC"), we are pleased to provide access to our proxy materials over the Internet to all of our stockholders rather than in paper form. Accordingly, a Notice of Internet Availability of Proxy Materials (the "Notice of Internet Availability") has been mailed to our stockholders on or about April 6, 2020. Stockholders will have the ability to access the proxy materials on the websites listed above, or to request a printed set of the proxy materials be sent to them by following the instructions in the Notice of Internet Availability.

The Notice of Internet Availability also provides instructions on how you may request that we send future proxy materials to you electronically by electronic mail or in printed form by mail. If you choose to receive future proxy materials by electronic mail, you will receive an electronic mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by electronic mail or in printed form by mail will remain in effect until you terminate it. We encourage you to choose to receive future proxy materials by electronic mail, which will allow us to provide you with the information you need in a more timely manner, will save us the cost of printing and mailing documents to you and will conserve natural resources.



LANDSTAR SYSTEM, INC.
13410 Sutton Park Drive South
Jacksonville, Florida 32224

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 19, 2020

Notice is hereby given that the 2020 Annual Meeting of Stockholders (the “2020 Annual Meeting”) of Landstar System, Inc., a Delaware corporation (the “Company”), will be held in the first floor conference room of the principal offices of Landstar System, Inc., at the address above, on Tuesday, May 19, 2020, at 9:00 a.m., local time, for the following purposes:

- (1) To elect two Class III Directors whose terms will expire at the 2023 Annual Meeting of Stockholders;
- (2) To ratify the appointment of KPMG LLP as the Company’s independent registered public accounting firm for fiscal year 2020;
- (3) To extend the term of the 2011 Equity Incentive Plan;
- (4) To hold an advisory vote on executive compensation; and
- (5) To transact such other business as may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on March 24, 2020 will be entitled to notice of, and to vote at, the meeting. A list of stockholders eligible to vote at the meeting will be available for inspection at the meeting and during business hours from May 5, 2020 to the date of the meeting at the address set forth above, the Company’s corporate headquarters.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder meeting to be held on May 19, 2020:

- **The proxy statement and annual report to security holders are available at www.landstar.com and www.proxyvote.com.**

All stockholders are cordially invited to attend the meeting in person. Whether you expect to attend the 2020 Annual Meeting or not, your proxy vote is very important. ***To assure your representation at the meeting, please vote by Internet or sign and date the proxy card and return it promptly.***

We intend to hold our annual meeting in person. However, we are actively monitoring the coronavirus (COVID-19) pandemic and are sensitive to the public health and travel concerns our stockholders may have and the protocols that federal, state, and local governments may impose. In the event it is not possible or advisable to hold our annual meeting in person, we will announce alternative arrangements for the meeting as promptly as practicable, which may include holding the meeting solely by means of remote communication. Please monitor our website at www.landstar.com for updated information. If you are planning to attend our meeting, please check the website one week prior to the meeting date. As always, we encourage you to vote your shares prior to the annual meeting.

We are furnishing our proxy materials to all of our stockholders over the Internet rather than in paper form. We believe that this delivery process lowers the costs of printing and distributing our proxy materials and reduces our environmental impact, without impacting our stockholders' timely access to this important information. Accordingly, stockholders of record at the close of business on March 24, 2020 will receive a Notice of Internet Availability of Proxy Materials (the "Notice of Internet Availability") and may vote at the meeting. Such stockholders will also receive notice of any postponements or adjournments of the meeting. The Notice of Internet Availability is being distributed to stockholders on or about April 6, 2020.

By Order of the Board of Directors



MICHAEL K. KNELLER
Vice President, General Counsel and Secretary

Jacksonville, Florida
April 6, 2020

LANDSTAR SYSTEM, INC.

PROXY STATEMENT

April 6, 2020

INTRODUCTION

This Proxy Statement (the “Proxy Statement”) has been made available on the Internet to the stockholders of Landstar System, Inc., a Delaware corporation (the “Company” or “Landstar”), in connection with the solicitation of proxies on behalf of the Board of Directors of the Company (the “Board”) to be voted at the 2020 Annual Meeting of Stockholders to be held on Tuesday, May 19, 2020, at 9:00 a.m., local time (the “2020 Annual Meeting”). The 2019 Annual Report to Stockholders (the “2019 Annual Report”) (which, notwithstanding anything herein to the contrary, does not form a part of the proxy solicitation material relating to this Proxy Statement), including the financial statements of the Company for fiscal year 2019, has also been made available on the Internet. This Proxy Statement, the form of proxy, the Notice of 2020 Annual Meeting and the 2019 Annual Report (collectively, the “proxy materials”) are being made available to the stockholders of the Company on or about April 6, 2020. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice of Internet Availability. The mailing address of the principal executive offices of the Company is 13410 Sutton Park Drive South, Jacksonville, Florida 32224.

RECORD DATE

The Board has fixed the close of business on March 24, 2020 as the record date for the 2020 Annual Meeting. Only stockholders of record on that date will be entitled to vote at the 2020 Annual Meeting in person or by proxy.

PROXIES

Shares cannot be voted at the 2020 Annual Meeting unless the owner thereof is present in person or by proxy. The proxies named on the proxy card were appointed by the Board to vote the shares of Common Stock of the Company, par value \$0.01 per share (“Common Stock”), represented by the proxy card. If a stockholder does not return a signed proxy card with respect to any of his or her shares, such shares cannot be voted by proxy. Stockholders are urged to mark the boxes on the proxy card to show how his or her shares are to be voted. All properly executed and unrevoked proxies that are received in time for the 2020 Annual Meeting will be voted at the 2020 Annual Meeting or any adjournment thereof in accordance with any specification thereon, or if no specification is made, will be voted as follows: (i) “FOR” the election of the two Class III Directors nominated by the Board and named in this Proxy Statement; (ii) “FOR” the ratification of KPMG LLP as the independent registered public accounting firm for the Company; (iii) “FOR” the proposal to extend the term of the 2011 Equity Incentive Plan and (iv) “FOR” the proposal regarding an advisory vote on executive compensation. Each of these proposals is more fully described in this Proxy Statement. The proxy card also confers discretionary authority on the proxies to vote on any other matter not presently known to management that may properly come before the 2020 Annual Meeting.

Any proxy delivered pursuant to this solicitation is revocable at the option of the person(s) executing the same (i) upon receipt by the Company before such proxy is voted of a duly executed proxy bearing a later date, (ii) by written notice of the revocation of such proxy to the Secretary of the Company received before such proxy is voted or (iii) by such person(s) voting in person at the 2020 Annual Meeting.

The Board has selected Broadridge Investor Communication Solutions, Inc. as Inspector of Election (the “Inspector”) pursuant to Article I of the Company’s Bylaws, as amended and restated (the “Bylaws”). The

Inspector shall ascertain the number of shares of Common Stock outstanding, determine the number of shares represented at the 2020 Annual Meeting by proxy or in person and count all votes. Each stockholder shall be entitled to one vote for each share of Common Stock held by such stockholder and such votes may be cast either in person or by proxy.

PROXY SOLICITATION

The cost of the preparation of proxy materials and the solicitation of proxies will be paid by the Company. The Company has engaged Georgeson LLC as the proxy solicitor for the 2020 Annual Meeting for a fee of approximately \$8,500 plus reasonable expenses. In addition to the use of the mails, certain directors, officers or employees of the Company may solicit proxies by telephone or personal contact. Upon request, the Company will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses incurred by them in forwarding proxy materials to the beneficial owners of shares.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

A description of the procedures as to how stockholders may send communications to the Board or individual Board members is included on the Company's website at www.landstar.com under Investor Relations/Corporate Governance.

VOTING SECURITIES

Shares of Common Stock are the only class of voting securities of the Company which are outstanding. On March 24, 2020, 38,370,508 shares of Common Stock were outstanding. At the 2020 Annual Meeting, each stockholder of record at the close of business on March 24, 2020 will be entitled to one vote for each share of Common Stock owned by such stockholder on that date as to each matter properly presented to the 2020 Annual Meeting. The holders of a majority of the total number of the issued and outstanding shares of Common Stock on such date shall constitute a quorum for purposes of the 2020 Annual Meeting (a "Quorum").

PROPOSAL NUMBER ONE — ELECTION OF DIRECTORS

The Board is divided into three classes (Class I, Class II and Class III), with directors of the Board (collectively, "Directors") in each class serving staggered three-year terms. At each annual meeting of stockholders, the terms of the Directors in one of these three classes is scheduled to expire. At that annual meeting of stockholders, Directors are elected to a class to succeed the Directors whose terms are then expiring, with the terms of that class of Directors so elected to expire at the third annual meeting of stockholders thereafter. Pursuant to the Bylaws, in furtherance of dividing the Board into classes that are as nearly equal in number as possible, the Board may nominate one or more persons for election to the Board and the stockholders may elect such nominee to a class of Directors having a term that expires less than three years after the annual meeting of stockholders at which such nominee is elected.

There are currently seven members of the Board: two Class III Directors whose terms will expire at the 2020 Annual Meeting, two Class I Directors whose terms will expire at the 2021 Annual Meeting of Stockholders (the "2021 Annual Meeting") and three Class II Directors whose terms will expire at the 2022 Annual Meeting of Stockholders ("the 2022 Annual Meeting"). The Board has nominated Mr. David G. Bannister and Mr. George P. Scanlon as Class III Directors for election at the 2020 Annual Meeting.

It is intended that the shares represented by the form of proxy will be voted at the 2020 Annual Meeting for the election of nominees Mr. Bannister and Mr. Scanlon as Class III Directors, each for a term to expire at the 2023 Annual Meeting of Stockholders, unless the proxy specifies otherwise. Mr. Bannister and Mr. Scanlon have each indicated his willingness to serve as a member of the Board, if elected.

If, for any reason not presently known, Mr. Bannister or Mr. Scanlon is not available for election at the time of the 2020 Annual Meeting, the shares represented by the form of proxy may be voted for the election of one or more substitute nominee(s) designated by the Board or a committee thereof, unless the proxy withholds authority to vote for such substitute nominee(s).

Assuming the presence of a Quorum, to be elected, a nominee must receive the affirmative vote of a majority of the votes cast by the holders of Common Stock with respect to that director's election at the 2020 Annual Meeting. Abstentions from voting and broker non-votes will have no effect on the outcome of this proposal.

THE BOARD RECOMMENDS A VOTE *FOR* THIS PROPOSAL

DIRECTORS OF THE COMPANY

The following information describes the principal occupation or employment, other affiliations and business experience of each of the nominees named above for election as a Class III Director and the other persons whose terms as Directors will continue after the 2020 Annual Meeting.

<u>Name</u>	<u>Age</u>	<u>Business Experience</u>
CLASS III —Nominees to serve as Directors until the 2023 Annual Meeting of Stockholders		
David G. Bannister	64	<p>Mr. Bannister has been a Director of the Company since April 1991. Mr. Bannister is a private investor. From May 2005 to September 2014, Mr. Bannister held a number of positions with FTI Consulting, Inc. (“FTI”), a global business consulting firm listed on the New York Stock Exchange (“NYSE”). Effective April 1, 2011, Mr. Bannister was elected to the position of Chairman of the North American Region of FTI. In this capacity, Mr. Bannister had operating and profitability responsibility for FTI’s client-service operations and business segments. Mr. Bannister served as Executive Vice President and Chief Financial Officer of FTI from March 2010 to April 2011, Executive Vice President – Corporate Development and Chief Administrative Officer from December 2008 to March 2010, Executive Vice President – Corporate Development from June 2006 to December 2008 and Senior Vice President – Business Development from May 2005 to June 2006. From 1998 to 2003, Mr. Bannister was a General Partner of Grotech Capital Group, Inc., a private equity and venture capital firm. Prior to joining Grotech Capital Group, Inc. in May 1998, Mr. Bannister was a Managing Director at Deutsche Bank Alex Brown Incorporated.</p> <p>Mr. Bannister has broad financial and strategic experience through a long career that has included work as (i) an investment banker focused on the transportation sector, (ii) a private equity and venture capital investor and (iii) as a senior executive with FTI. In his former capacity as a senior executive with FTI, Mr. Bannister was involved extensively with FTI’s operational strategy and global expansion, with responsibility for all of FTI’s business segments, budgeting and strategic growth initiatives. Earlier in his career, Mr. Bannister was a certified public accountant with Deloitte, Haskins and Sells and has extensive experience with financial reporting and auditing matters. The Board believes Mr. Bannister’s experience, together with his over 25 years of service as a Director of the Company, allows him to bring a sophisticated, diverse and seasoned business perspective to the Board.</p>

<u>Name</u>	<u>Age</u>	<u>Business Experience</u>
George P. Scanlon	62	<p>Mr. Scanlon has been a Director of the Company since May 2017. Mr. Scanlon is a private investor. From 2010 to 2013, Mr. Scanlon was the Chief Executive Officer of Fidelity National Financial, Inc. (“FNF”) after serving as Chief Operating Officer of FNF earlier in 2010. FNF, listed on the NYSE, is the nation’s largest title insurance company through its title insurance underwriters and a leading provider of technology and transaction services to the real estate and mortgage industries. Mr. Scanlon also served as the Executive Vice President—Finance of Fidelity National Information Services from 2009 to 2010, and the Chief Financial Officer of Fidelity National Information Services, also listed on the NYSE, from 2008 to 2009. Prior to working at FNF, Mr. Scanlon served as the Chief Financial Officer at several companies, including BFC Financial Corporation (now BBX Capital Corporation) from 2007 to 2008, Levitt Corporation from 2004 to 2008 and DataCore Software Corporation from 2001 to 2004. Earlier in his career, Mr. Scanlon also worked approximately 18 years for Ryder System, Inc., a NYSE-listed transportation and supply chain management solutions company, in a number of financial, audit and strategic roles, and at Price Waterhouse (now PricewaterhouseCoopers International Limited) (“PwC”) as an accountant. Mr. Scanlon also currently serves on the board of directors of Cyndx Holdco, Inc., a privately held company, and formerly served on the board of directors of WageWorks, Inc., formerly a NYSE-listed company, from 2018 to 2019.</p> <p>Mr. Scanlon has broad business, financial and strategic expertise through a long career with both public and private companies in a number of industries. Mr. Scanlon’s service as an executive at FNF, and particularly his service as the former Chief Executive Officer of FNF, brings valuable experience to the Board. FNF also owned minority or majority equity positions in a number of private portfolio companies on whose boards Mr. Scanlon served, including Comdata, Inc., a leading provider of fleet management and B2B payment solutions for the trucking industry and a key vendor to the Company. Mr. Scanlon also offers a very strong financial background, having served as the chief financial officer at a number of companies, as a financial executive at Ryder System, Inc., and as an accountant at PwC.</p>

<u>Name</u>	<u>Age</u>	<u>Business Experience</u>
CLASS I—Directors whose terms expire at the 2021 Annual Meeting of Stockholders		
James B. Gattoni	58	<p>Mr. Gattoni was appointed as a Director of the Company by the Board on January 29, 2015, and, subsequently, was elected by the Company’s stockholders at the 2015 Annual Meeting as a Class I Director. Mr. Gattoni has been President and Chief Executive Officer of the Company since December 29, 2014, the first business day of the Company’s 2015 fiscal year. Mr. Gattoni was President and Chief Financial Officer of the Company from January 2014 to December 28, 2014. Mr. Gattoni was Executive Vice President and Chief Financial Officer from January 2013 to January 2014. Mr. Gattoni was Vice President and Chief Financial Officer of the Company from April 2007 to January 2013. Mr. Gattoni was Vice President and Co-Chief Financial Officer of the Company from January 2007 to April 2007. He was Vice President and Corporate Controller of Landstar System Holdings, Inc. (“LSHI”) from July 2000 to January 2007. He was Corporate Controller of LSHI from November 1995 until July 2000. He is also an officer or director of each of the Company’s subsidiaries and is a trustee of the Landstar Scholarship Fund.</p> <p>Mr. Gattoni has significant financial, administrative and operational experience with the Company, having served as the Chief Financial Officer from 2007 through 2014 and as President of the Company since 2014. Mr. Gattoni has been instrumental in contributing to the growth of Landstar over his twenty-plus year career with the Company and, as Chief Executive Officer, is responsible for leading the overall strategic direction of the enterprise. Prior to joining the Company, Mr. Gattoni was a certified public accountant in audit with KPMG for approximately eight years.</p>
Anthony J. Orlando	60	<p>Mr. Orlando was appointed as a Director of the Company by the Board on May 19, 2015, and, subsequently, was elected by the Company’s stockholders at the 2016 Annual Meeting as a Class I Director. Mr. Orlando is currently a private investor and business consultant. From October 2004 until March 2015, Mr. Orlando served as the President and Chief Executive Officer of Covanta Holding Corporation (“Covanta”), a leading provider of sustainable waste and energy solutions listed on the NYSE. Prior to serving as the President and Chief Executive Officer of Covanta, Mr. Orlando was the President and Chief Executive</p>

Name

Age

Business Experience

and Chief Executive Officer of Covanta Energy from November 2003 to October 2004. From March 2003 to November 2003, Mr. Orlando served as Senior Vice President, Business and Financial Management of Covanta Energy. Mr. Orlando served in various other capacities with Covanta and its affiliates beginning in 1987. Mr. Orlando formerly served on the board of directors of Covanta from 2005 to 2017, and on the board of directors of Contura Energy, Inc., an NYSE-listed company, from 2017 to 2019.

Mr. Orlando has extensive business experience, having served in a number of different roles at Covanta with responsibility for, among other areas, strategic, operational and financial matters. The Board believes Mr. Orlando's service, in particular as Chief Executive Officer of Covanta, adds valuable expertise to the Board.

<u>Name</u>	<u>Age</u>	<u>Business Experience</u>
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CLASS II - Directors whose terms expire at the 2022 Annual Meeting of Stockholders

Homaira Akbari	59	<p>Dr. Akbari was appointed as a Director of the Company by the Board in January 2013, and, subsequently, was elected by the Company’s stockholders at the 2013 Annual Meeting of Stockholders as a Class II Director. Dr. Akbari is currently the President and Chief Executive Officer of AKnowledge Partners, LLC, a global advisory firm providing high-impact consultative strategies and advice to Fortune 1000 companies and private equity firms in the sectors of The Internet of Things, security, big data and analytics. From 2007 to 2012, Dr. Akbari was the President and Chief Executive Officer of SkyBitz, Inc., a leading provider of remote asset tracking and security solutions specializing in real-time decision-making tools for companies with unpowered assets such as truck trailing equipment, intermodal containers and rail cars. Prior to her service with SkyBitz, Dr. Akbari held executive positions at Microsoft Corporation, Thales Group, TruePosition, Inc., a subsidiary of Liberty Media Corporation, and Cambridge Strategic Management Group (CSMG). Dr. Akbari holds a Ph.D. in particle physics from Tufts University and also presently serves as the Chair of the Johns Hopkins University Physics and Astronomy Advisory Council. Dr. Akbari also serves on the Board of Directors of Banco Santander, S.A., a company incorporated in Spain and listed on the NYSE, and Santander Consumer USA Holdings Inc., an NYSE listed company. Dr. Akbari also serves on the Board of Directors of Omnitracs, LLC, a privately-held, global provider of technology solutions for the transportation and logistics industry. Dr. Akbari formerly served on the board of directors of (i) Covisint Corporation, a company formerly listed on the NASDAQ, from 2014 to 2016, (ii) GEMALTO N.V., a company incorporated in the Netherlands and formerly listed on the Euronext Amsterdam and Euronext Paris, from 2013 to 2019, and (iii) Veolia S.A., a company incorporated in France and listed on the Euronext Paris, from 2015 to 2019.</p>
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Dr. Akbari has extensive business experience, with an emphasis on the use of technology within the transportation and logistics sector. The Board believes Dr. Akbari’s experience as leading AKnowledge Partners and as the former Chief Executive Officer of SkyBitz, a major technology vendor to the transportation sector, as well as to

<u>Name</u>	<u>Age</u>	<u>Business Experience</u>
		many industrial sectors served by the Company, provides important technological and business expertise to the Board. The Board also believes that Dr. Akbari's prior executive service in various capacities with a number of large multinational corporations provides the Board with additional expertise in international matters.
Diana M. Murphy	63	<p>Ms. Murphy was elected by the Board of Directors as non-executive Chairman of the Board on May 19, 2015. Ms. Murphy served as Lead Independent Director of the Board from May 2012 to May 2015. Ms. Murphy has been a Director of the Company since February 1998. Ms. Murphy is a Managing Director of Rocksolid Holdings, LLC, a private equity firm. She was the Managing Director of the Georgia Research Alliance Venture Fund from 2012 to 2015. From 1997 to 2007, she was a Managing Director at Chartwell Capital Management Company, a private equity firm. Prior to that time, Ms. Murphy spent over 15 years in various senior management positions in the publishing industry. Ms. Murphy also serves on the Board of Directors of CTS Corporation, a NYSE listed company, from which she plans to retire in May 2020 after 10 years of service, and Synovus Financial Corporation, a NYSE listed company. Ms. Murphy serves on the Board of Directors of several private companies and non-profit organizations and is a past President of the United States Golf Association.</p> <p>Ms. Murphy has extensive experience in business management, having served as a Managing Director of several private equity firms, as a board member of numerous portfolio companies of these private equity firms and as an executive in the media and communications industry. The Board believes Ms. Murphy's work across a range of companies operating in different industry sectors, together with her strong background in strategic planning, marketing and management development, allows her to add important perspective and experience to the Board.</p>
Larry J. Thoele	69	Mr. Thoele was appointed as a Director of the Company by the Board in January 2013, and, subsequently, was elected by the Company's stockholders at the 2013 Annual Meeting of Stockholders as a Class II Director. Mr. Thoele served as an audit partner with KPMG LLP from 1982 to 2009. Mr. Thoele also served as Managing

Name

Age

Business Experience

Partner of the Jacksonville office of KPMG from 1991 to 2007, partner in charge of the North Florida audit practice of KPMG from 1996 to 2007 and as a lead partner in KPMG's private equity practice from 2007 to 2009. Mr. Thoele also served as KPMG's audit engagement partner with the Company from 2002 to 2006.

Mr. Thoele has extensive financial and audit experience, having served as an audit partner for KPMG for 27 years. During his career with KPMG, Mr. Thoele served as the engagement partner for a number of transportation and logistics companies in addition to the Company. Mr. Thoele also has extensive experience working with companies in sectors served by the Company, including oil and gas, manufacturing, food and beverage and retail. In addition to his breadth of experience and expertise in the accounting, auditing and risk management fields, the Board believes Mr. Thoele's service as the Company's audit engagement partner while with KPMG brings valuable in-depth knowledge of the Company's accounting policies, systems and internal controls to the Board.

INFORMATION REGARDING BOARD OF DIRECTORS AND COMMITTEES

The business of the Company is managed under the direction of the Board. The Board meets on a regularly scheduled basis four times a year to review significant developments affecting the Company and to act on matters requiring Board approval. It also holds special meetings and acts by written consent when matters require Board action between scheduled meetings. In addition, the Independent Directors (as defined below) of the Board meet regularly in executive session without any other members of management or the Board present.

Attendance at Annual Meetings

Each member of the Board is required to attend all meetings (whether special or annual) of the stockholders of the Company. In the case where a Director is unable to attend a special or annual stockholders' meeting, such absence shall be publicly disclosed in the subsequent Proxy Statement on Schedule 14A filed by the Company with the Securities and Exchange Commission (the "SEC") and an explanation for such absence shall be provided to the Company's Nominating and Corporate Governance Committee. Any consideration of additional Company action, as appropriate, with respect to such absence shall be solely within the discretion of the Nominating and Corporate Governance Committee of the Board. All current Board members attended the 2019 Annual Meeting.

Attendance at Board Meetings

During the Company's 2019 fiscal year, the Board held four regular meetings, six telephonic meetings, and did not act by unanimous written consent. During the Company's 2019 fiscal year, each current Director who served on the Board in 2019 attended 75% or more of the total number of meetings of the Board and all committees of the Board on which such Director serves.

Independent Directors

Each of Homaira Akbari, David G. Bannister, Diana M. Murphy, Anthony J. Orlando, George P. Scanlon and Larry J. Thoele is an "independent director," as defined in Rule 5605(a)(2) of the Listing Rules of the NASDAQ Stock Market and Item 407(a) of Regulation S-K promulgated under the Securities Act and meets the requirements of Rule 5605(c)(2)(A) of such NASDAQ rules and Item 407(a) of Regulation S-K promulgated under the Securities Act (such Directors are, collectively, the "Independent Directors"). The Independent Directors held five meetings during fiscal year 2019, in each case in executive session without any other members of management or the Board present.

Structure and Committees of the Board

The Board has established an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, a Safety and Risk Committee and a Strategic Planning Committee to devote attention to specific subjects. The functions of these committees and the number of meetings held during 2019 are described below. The Board does not currently have an Executive Committee. The Independent Directors have elected a non-executive Chairman, whose role is further described below. In addition, the Board has established a Disclosure Committee comprised of members of management, including one employee member of the Board, to establish and maintain certain disclosure controls and procedures to ensure accurate and timely disclosure in the Company's periodic reports filed with the SEC.

Each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee solely consist of the Independent Directors, with a different Independent Director serving as the Chairman for each such committee. In addition, Dr. Akbari serves as the Chairman of the Strategic Planning Committee and Mr. Orlando serves as the Chairman of the Safety and Risk Committee, each of which is comprised of all of the Directors on the Board. Historically, each of the Audit Committee, Compensation

Committee and Nominating and Corporate Governance Committee has typically invited Mr. Gattoni, the Director who does not serve on those committees, to attend all regular meetings of these three committees, excluding any meetings of the Compensation Committee to the extent pertaining to his executive compensation arrangements.

Leadership Structure of the Board

The leadership structure of the Board consists of: (i) a non-executive Chairman; (ii) an Independent Director serving as Chairman of the Audit Committee; (iii) an Independent Director serving as Chairman of the Compensation Committee; (iv) an Independent Director serving as Chairman of the Nominating and Corporate Governance Committee; (v) an Independent Director serving as Chairman of the Strategic Planning Committee; (vi) an Independent Director serving as the Chairman of the Safety and Risk Committee; and (vii) an employee Director who also serves as the Company's President and Chief Executive Officer. Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee consists solely of Independent Directors.

The Board believes this leadership structure is appropriate for the Company as the Company's Chief Executive Officer is responsible for leading the overall strategic direction of the enterprise; however, the Independent Directors, led by the non-executive Chairman of the Board, retain the decision making authority of the Board because the Independent Directors consist of a majority of the members of the Board. In addition, the Independent Directors constitute the sole members of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee and a majority of members of the Strategic Planning Committee and the Safety and Risk Committee. The Board also believes that its leadership structure is supported by Independent Directors serving as the Chairman of each committee of the Board, as the Chairman of each committee of the Board has responsibility for setting the agenda for each meeting of that committee. Ms. Murphy, as non-executive Chairman, sets the agenda for the meetings of the Independent Directors. Further, the Company's internal audit function reports directly to the Audit Committee. Finally, there are no meetings of the Board or any committee of the Board at which each Independent Director is not an invited member, the Independent Directors meet regularly in executive session without any members of management present, including Mr. Gattoni, and the Independent Directors have significant input regarding the Board's agenda and information flow.

Non-Executive Chairman

On May 19, 2015, the Board elected Diana M. Murphy to serve as non-executive Chairman of the Board for such term as the Board may determine. In appointing Ms. Murphy as the non-executive Chairman of the Board following the Company's 2015 Annual Meeting, the Board considered Ms. Murphy's extensive experience with the Company having served on the Board since 1998, including her service as Independent Lead Director since 2012 and her service at various times as Chairman of the Nominating and Corporate Governance Committee, the Strategic Planning Committee and the Compensation Committee.

The duties and responsibilities of the non-executive Chairman include: (i) to preside as the chairman at all meetings of the Board; (ii) to preside as the chairman at all meetings of the Independent Directors; (iii) to serve as a liaison between the Independent Directors and Mr. Gattoni; (iv) to coordinate with Mr. Gattoni to prepare meeting agendas and related materials for meetings of the Board; (v) to coordinate with the other Independent Directors of the Board to develop the agenda with respect to all meetings of the Independent Directors; (vi) to have the authority to call meetings of the Board and meetings of the Independent Directors; (vii) to approve the annual schedule of meetings of the Board; (viii) to ensure that the Board has adequate resources, including full, timely information necessary to enable the members of the Board to perform their duties; and (ix) to communicate to management, as appropriate, the results of private discussions among the Independent Directors.

In addition to the aforementioned duties, the non-executive Chairman of the Board is also the Chairman of the Nominating and Corporate Governance Committee. In that capacity, Ms. Murphy leads the process by which

potential new Independent Directors are identified and evaluated. The Board believes it is important to confer this responsibility on the non-executive Chairman in order to support a Board structure where the Independent Directors retain the decision making authority of the Board.

Separation of the Roles of Chairman and Chief Executive Officer

Ms. Murphy, the former Lead Independent Director of the Company, was appointed non-executive Chairman of the Board, effective May 19, 2015. Historically, the Company has experienced periods during which the roles of Chairman of the Board and Chief Executive Officer have been combined and periods during which these roles have been separated. The Board believes that an analysis of whether the roles of Chairman of the Board and Chief Executive Officer should be separated is based on the facts and circumstances applicable at the time of the analysis and that it may not be appropriate under all circumstances to separate the roles of Chairman of the Board and Chief Executive Officer.

Classified Structure of the Board

As described above, the Board is divided into three classes (Class I, Class II and Class III), with Directors in each class serving staggered three-year terms. The Board believes it is appropriate for the Board to retain its classified structure for several reasons, including: (i) to promote the best interests of the Company and its stockholders by providing continuity and stability with respect to leadership; (ii) to facilitate long-term planning and enhance the ability of the Board to implement long-term business strategies; (iii) to help attract and retain highly qualified directors; (iv) to enhance the Company's bargaining power on behalf of stockholders in the event of a hostile takeover attempt or other activist shareholder undertakings; and (v) to reduce vulnerability to a coercive takeover attempt and thereby make it more likely that a potential acquiror would initiate discussions with the existing Board since it cannot replace all Directors in a single election cycle.

Audit Committee

The members of the Audit Committee are Homaira Akbari, David G. Bannister, Diana M. Murphy, Anthony J. Orlando, George P. Scanlon and Larry J. Thoele (Chairman), each an Independent Director.

The Charter of the Audit Committee was amended and restated by the Board at the July 28, 2016 Board meeting. The Charter of the Audit Committee more fully describes the purposes, membership, duties and responsibilities of the Audit Committee described herein. A copy of the Charter of the Audit Committee is available on the Company's website at www.landstar.com under Investor Relations/Corporate Governance.

The Audit Committee (i) appoints the independent registered public accounting firm for the Company and monitors the performance of such firm, (ii) reviews the scope and results of the annual audits, (iii) evaluates with the independent registered public accounting firm the Company's annual audit of the consolidated financial statements and audit of internal control over financial reporting, (iv) monitors the performance of the Company's internal audit function, (v) reviews with management the annual and quarterly financial statements, (vi) reviews with management and the internal auditors the status of internal control over financial reporting, (vii) reviews and maintains procedures for the anonymous submission of complaints concerning accounting and auditing irregularities and (viii) reviews problem areas having a potential financial impact on the Company which may be brought to its attention by management, the internal auditors, the independent registered public accounting firm, the Board or through an anonymous submission of complaints. In addition, the Audit Committee preapproves all non-audit related services provided by the Company's independent registered public accounting firm, currently KPMG, and approves the independent registered public accounting firm's fees for services rendered to the Company. During the 2019 fiscal year, the Audit Committee held four meetings, eight telephonic meetings and did not act by written consent.

Compensation Committee

The members of the Compensation Committee are Homaira Akbari, David G. Bannister (Chairman), Diana M. Murphy, Anthony J. Orlando, George P. Scanlon and Larry J. Thoele, each an Independent Director.

The Compensation Committee functions include: (i) reviewing and making determinations with respect to matters having to do with the compensation of Executive Officers and Directors of the Company and (ii) administering certain plans relating to the compensation of officers and Directors. During the Company's 2019 fiscal year, the Compensation Committee held four regular meetings, one telephonic meeting and did not act by written consent.

The Charter of the Compensation Committee was amended and restated by the Board at the December 9, 2019 Board meeting. The Charter of the Compensation Committee more fully describes the purposes, membership, duties and responsibilities of the Compensation Committee described herein. A copy of the Charter of the Compensation Committee is available on the Company's website at www.landstar.com under Investor Relations/Corporate Governance.

The Compensation Committee has full and complete discretion to establish the compensation payable to the Company's Chief Executive Officer and the other Executive Officers and oversees the compensation payable to other employees of the Company. With regard to the Executive Officers other than the Chief Executive Officer, the Compensation Committee considers the recommendations of the Chief Executive Officer. The Compensation Committee, following authorization by the Board, has delegated to the Company's Chief Executive Officer authority with respect to management of annual salary decisions for employees making up to \$150,000 in annual salary. In addition, the Compensation Committee has delegated to the Company's Chief Executive Officer the authority with respect to the grant of restricted stock units and/or nonvested restricted stock up to an aggregate grant date fair value of \$150,000 per employee (other than Executive Officers) with vesting over a period of no less than three years from the date of the grant following consultation with the Chairman of the Compensation Committee. The Compensation Committee has otherwise not delegated to management any of its responsibilities with respect to the compensation of the Executive Officers of the Company, except with respect to the day-to-day operations of the Company's compensation plans.

The Compensation Committee has the authority to hire and negotiate the terms of compensation for its advisers, including compensation consultants. The Compensation Committee periodically reviews the Company's compensation programs.

Compensation Committee Interlocks and Insider Participation

As noted above, the members of the Compensation Committee are Homaira Akbari, David G. Bannister, Diana M. Murphy, Anthony J. Orlando, George P. Scanlon and Larry J. Thoele. All members of the Compensation Committee are Independent Directors, and no member is or has been an employee of the Company. During the Company's 2019 fiscal year, no Executive Officer of the Company served as a member of the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on the Board or the Compensation Committee.

Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are Homaira Akbari, David G. Bannister, Diana M. Murphy (Chairman), Anthony J. Orlando, George P. Scanlon and Larry J. Thoele, each an Independent Director.

The Nominating and Corporate Governance Committee functions include identifying persons for future nomination for election to the Board. During the Company's 2019 fiscal year, the Nominating and Corporate

Governance Committee held one meeting, no telephonic meetings and did not act by written consent. Stockholders who wish to submit names to the Nominating and Corporate Governance Committee for consideration for nomination to the Board should do so in writing addressed to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, Landstar System, Inc., 13410 Sutton Park Drive South, Jacksonville, Florida 32224.

The Charter of the Nominating and Corporate Governance Committee was amended and restated by the Board at the May 23, 2013 Board meeting. The Charter more fully describes the purposes, membership, duties and responsibilities of the Nominating and Corporate Governance Committee described herein. A copy of the Charter of the Nominating and Corporate Governance Committee is available on the Company's website at www.landstar.com under Investor Relations/Corporate Governance. Following the recommendation of the Nominating and Corporate Governance Committee, the Board approved revised Corporate Governance Guidelines at its May 20, 2019 meeting. The Corporate Governance Guidelines set forth, among other things, guidelines with respect to Director qualification standards and Board membership criteria, limitations on the number of public company boards on which a Director may serve, attendance of Directors at Board meetings, Director compensation, Director education, evaluation of the Company's Chief Executive Officer and Board self-assessment. A copy of the Corporate Governance Guidelines is available on the Company's website at www.landstar.com under Investor Relations/Corporate Governance.

The Nominating and Corporate Governance Committee oversees an annual self-evaluation conducted by the Board in order to determine whether the Board and its committees are functioning effectively. The Nominating and Corporate Governance Committee also oversees individual Director self-assessments in connection with the evaluation of each Director for purposes of making a recommendation to the Board as to the persons who should be nominated for election or re-election, as the case may be, at each upcoming annual meeting of stockholders.

The Nominating and Corporate Governance Committee considers candidates for the Board suggested by its members and other Board members, as well as management and stockholders. There are no differences in the manner in which the Nominating and Corporate Governance Committee evaluates nominees for the Board based on whether or not the nominee is recommended by one of its members, another Board member, management or a stockholder. The Nominating and Corporate Governance Committee evaluates prospective nominees against a number of minimum standards and qualifications, including business experience and financial literacy. The Nominating and Corporate Governance Committee also considers such other factors as it deems appropriate, including the current composition of the Board, the balance of management Directors and Independent Directors, the need for Audit Committee or other relevant expertise, the evaluations of other prospective nominees and other individual qualities and attributes that contribute to a broad spectrum of experience among members of the Board. The Nominating and Corporate Governance Committee then determines whether to interview the prospective nominees, and, if warranted, one or more of the members of the Nominating and Corporate Governance Committee, and others as appropriate, interview such prospective nominees whether in person or by telephone. After completing this evaluation and, if warranted, interview, the Nominating and Corporate Governance Committee makes a recommendation to the Board as to the persons who should be nominated by the Board. The Board then determines the nominees after considering the recommendation and report of the Nominating and Corporate Governance Committee.

Safety and Risk Committee

The members of the Safety and Risk Committee are Homaira Akbari, David G. Bannister, James B. Gattoni, Diana M. Murphy, Anthony J. Orlando (Chairman), George P. Scanlon and Larry J. Thoele.

The Safety and Risk Committee functions include the review and oversight of the Company's safety performance, goals and strategies and the Company's enterprise-wide risk identification, policies and procedures. The Company has also established a management risk committee, consisting of those members of executive management of the Company with ultimate responsibility for the Company's enterprise risk management

practices. The members of this committee include the President and Chief Executive Officer, the Vice President, Chief Financial Officer and Assistant Secretary, the Vice President and Chief Commercial Officer, the Vice President and Chief Safety and Operations Officer, the Vice President and Chief Information Officer, the Director of Internal Audit, the Vice President, General Counsel and Secretary, the Vice President, Transportation Administrative Services and the Vice President, Corporate Controller. The management risk committee meets on a quarterly basis to review the Company's enterprise-wide risk identification and monitoring practices, policies and procedures. Representatives from the management risk committee meet with the Safety and Risk Committee at least twice annually to review and discuss enterprise risk management within the Company.

During the Company's 2019 fiscal year, the Safety and Risk Committee held two meetings, no telephonic meetings and did not act by written consent.

Strategic Planning Committee

The members of the Strategic Planning Committee are Homaira Akbari (Chairman), David G. Bannister, James B. Gattoni, Diana M. Murphy, Anthony J. Orlando, George P. Scanlon and Larry J. Thoele.

The Strategic Planning Committee functions include the review and consideration of the strategic objectives of the Company as well as the policies and procedures designed to achieve these strategic objectives. The Strategic Planning Committee solicits the views of the Company's senior management and assesses strategic directions for implementation. During the Company's 2019 fiscal year, the Strategic Planning Committee held two meetings, no telephonic meetings and did not act by written consent.

COMPENSATION OF DIRECTORS

For fiscal year 2019, each Independent Director was paid an annual fee of \$75,000 with no additional fees payable for attendance at or participation in Board or committee meetings or service as a chairman of a committee of the Board. Ms. Murphy, the non-executive Chairman of the Board, was paid an additional \$50,000 annual fee to serve in that capacity. Directors are not paid a retainer fee upon election or re-election to the Board. Directors are reimbursed for expenses incurred in connection with attending Board meetings and other company-related expenses such as attending director educational events.

In addition, a Director who was neither an officer nor an employee of the Company, received a grant under the Amended and Restated 2013 Directors Stock Compensation Plan, on the first business day immediately following the May 2019 Annual Meeting, of a number of restricted shares of Common Stock or a number of deferred stock units equal to the quotient of \$110,000 divided by the fair market value of a share of Common Stock on the date of such grant, rounded to the nearest whole number of shares. Each such grant of restricted stock or deferred stock units vests on the date of the next Annual Meeting. The unvested shares of restricted stock or deferred stock units are subject to forfeiture upon early departure of a Director from the Board for any reason prior to the Annual Meeting that immediately follows the Annual Meeting in respect of which such shares were granted.

Mr. Gattoni, who is not an Independent Director, did not receive any compensation for services as Director, for services on committees of the Board or for attendance at meetings, but he was reimbursed for expenses incurred in his capacity as a Director.

Compensation Paid to Directors

The following table summarizes the compensation paid to Directors, other than Mr. Gattoni, during 2019.

Director Compensation

<u>Name</u>	<u>Fees earned or paid in cash (\$)</u>	<u>Stock awards (\$)(1)</u>	<u>All Other Compensation (\$)</u>	<u>Total (\$)</u>
Homaira Akbari	75,000	109,977	551	185,528
David G. Bannister	75,000	109,977	551	185,528
Diana M. Murphy	125,000	109,977	551	235,528
Anthony J. Orlando	75,000	109,977	2,001	186,978
George P. Scanlon	75,000	109,977	551	185,528
Larry J. Thoele	75,000	109,977	551	185,528

- (1) Dr. Akbari, Mr. Bannister, Ms. Murphy, Mr. Scanlon and Mr. Thoele were each granted 1,048 restricted shares and Mr. Orlando was granted 1,048 deferred stock units on May 22, 2019, the first business day immediately following the date of the Company’s 2019 Annual Meeting. The fair market value of a share of Common Stock on May 22, 2019 was \$104.94. At December 28, 2019, Dr. Akbari, Mr. Bannister, Ms. Murphy, Mr. Scanlon and Mr. Thoele each had 1,048 restricted shares outstanding and Mr. Orlando had 3,353 deferred stock units outstanding. Dr. Akbari, Mr. Bannister, Ms. Murphy, Mr. Scanlon and Mr. Thoele were each paid dividends on unvested restricted stock of \$551 in 2019. Mr. Orlando was paid dividend equivalents on deferred stock units of \$2,001 in 2019. Dividends paid on shares of unvested restricted stock and dividend equivalents paid on deferred stock units are included in All Other Compensation in the table above.

Director Stock Ownership Guidelines

The Compensation Committee of the Board has established stock ownership guidelines for Directors that recommend that each Director own a number of shares of the Company’s Common Stock in an amount no less than five times the annual cash fee payable to an outside Director within five years of such Director’s initial election to the Board. At March 24, 2020, each current Director who has served five years on the Board was in compliance with the stock ownership guidelines.

Hedging and Pledging of Common Stock by Directors

The Board has established a policy that prohibits the hedging and pledging of the Common Stock by all Directors under any circumstances.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board is responsible for providing independent, objective oversight of the Company's accounting functions and internal controls. The Audit Committee has the sole authority and responsibility to select, evaluate and, when appropriate, replace the Company's independent registered public accounting firm. The Audit Committee is comprised of all of the Independent Directors. The Audit Committee operates under a written charter approved by the Board.

Management is responsible for the Company's internal control over financial reporting. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The independent registered public accounting firm is also responsible for auditing the Company's internal control over financial reporting. The Audit Committee is responsible for monitoring these processes. The Audit Committee is not, however, professionally engaged in the practice of accounting or auditing and does not provide any expert or other special assurance as to such financial statements concerning compliance with laws, regulations or generally accepted accounting principles or as to the independent registered public accounting firm's independence. The Audit Committee relies, without independent verification, on the information provided to it and on presentations and statements of fact made by management, the internal auditors and the independent registered public accounting firm.

In connection with these responsibilities, as discussed elsewhere in this Proxy Statement, the Audit Committee held four meetings and eight telephonic meetings during the Company's 2019 fiscal year. These meetings were designed, among other things, to facilitate and encourage communication among the Audit Committee, management, the internal auditors and the independent registered public accounting firm. The Audit Committee discussed with representatives of the independent registered public accounting firm the overall scope and plans for these audits. The Audit Committee also met with representatives of KPMG, with and without management and the internal auditors present, to discuss the Company's fiscal year 2019 financial statements and the Company's internal control over financial reporting. The Audit Committee also reviewed and discussed the December 28, 2019 audited financial statements with management and reviewed and discussed the status of the Company's internal control over financial reporting with management and the internal auditors. The Audit Committee also discussed with representatives of the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301, "Communications with Audit Committees," adopted by the Public Company Accounting Oversight Board, and also received written disclosures and the letter from KPMG required by the Public Company Accounting Oversight Board regarding KPMG's independence from the Company. The Audit Committee had discussions with representatives of the independent registered public accounting firm concerning the independence of the independent registered public accounting firm under the rules and regulations governing auditor independence promulgated under the Sarbanes-Oxley Act. The Audit Committee had discussions with management and the internal auditors concerning the process used to support certifications by the Company's Chief Executive Officer and Chief Financial Officer that are required by the Securities and Exchange Commission ("SEC") and the Sarbanes-Oxley Act to accompany the Company's periodic filings with the SEC.

The Board has determined that Mr. Bannister, Mr. Orlando and Mr. Thoele, each an independent director under the NASDAQ and SEC audit committee structure and membership requirements, meet the SEC criteria of an "audit committee financial expert" under the standards established by Item 407(d) of Regulation S-K under the Securities Act. Mr. Bannister's background and experience includes serving as a Managing Director of Deutsche Bank Alex Brown Incorporated, a General Partner of Grotech Capital Group, and as a senior executive with FTI Consulting, Inc., a global business consulting firm listed on the New York Stock Exchange. In addition, Mr. Bannister was a certified public accountant employed as an audit manager at the firm of Deloitte, Haskins and Sells. Mr. Orlando's background and experience includes serving as the CEO of Covanta from 2004 to 2015, during which time he actively supervised the principal financial and accounting officer of Covanta and helped to oversee and assess the performance of public accountants with respect to the preparation, auditing and evaluation

of Covanta's financial statements. Mr. Orlando also has a Masters in Business Administration (Finance) from Seton Hall University. Mr. Thoele's background and experience includes service as an audit partner with KPMG from 1982 to 2009. Mr. Thoele served as Managing Partner of the Jacksonville office of KPMG from 1991 to 2007, the partner in charge of the North Florida audit practice of KPMG from 1996 to 2007 and as a lead partner in KPMG's private equity practice from 2007 to 2009.

During 2019, the Audit Committee preapproved the continuation of all non-audit services to be rendered to the Company by the independent registered public accounting firm in 2019 (which services are disclosed elsewhere in this Proxy Statement) and concluded that these services, if any, complied with maintaining the independence of the registered public accounting firm.

Based upon the Audit Committee's discussions with management and the independent registered public accounting firm, and the Audit Committee's review of the representations of management and the independent registered public accounting firm, the Audit Committee recommended that the Board include the audited consolidated financial statements in the 2019 Annual Report, filed with the SEC on February 21, 2020. The Audit Committee has also selected KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 26, 2020 and has recommended to the Board that this selection be presented to the stockholders for ratification.

THE AUDIT COMMITTEE

Larry J. Thoele, Chairman
Homaira Akbari
David G. Bannister
Diana M. Murphy
Anthony J. Orlando
George P. Scanlon

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth the name, age, principal occupation and business experience during the last five years of each of the current executive officers (the “Executive Officers”) of the Company. The Executive Officers of the Company serve at the discretion of the Board and until their successors are duly elected and qualified. For information regarding ownership of Common Stock by the Executive Officers of the Company, see “Security Ownership by Management and Others.” There are no family relationships among any of the Directors and Executive Officers of the Company or any of its subsidiaries.

<u>Name</u>	<u>Age</u>	<u>Business Experience</u>
James B. Gattoni	58	See previous description under “Directors of the Company.”
L. Kevin Stout	51	Mr. Stout has been an Executive Officer of the Company since December 2014. He has been Vice President, Chief Financial Officer and Assistant Secretary since December 2014. Mr. Stout served as Vice President of Finance and Corporate Controller from January 2014 to December 2014. Mr. Stout served as Vice President, Corporate Controller from 2007 to 2014. Mr. Stout held various other positions with subsidiaries of the Company since 1997. He is also an officer or director of each of the Company’s subsidiaries and is a trustee of the Landstar Scholarship Fund.
Michael K. Kneller	45	Mr. Kneller has been an Executive Officer of the Company since June 2005. He has been Vice President, General Counsel and Secretary of the Company since June 2005. Prior to joining the Company in 2005, Mr. Kneller was a corporate attorney at the law firm of Debevoise & Plimpton LLP. He is also an officer or director of each of the Company’s subsidiaries and is a trustee of the Landstar Scholarship Fund.
Robert S. Brasher	49	Mr. Brasher has been an Executive Officer of the Company since June 2019. He has been Vice President and Chief Commercial Officer of the Company since June 2019. Mr. Brasher also serves as the President of Landstar Transportation Logistics, Inc., Landstar Ranger, Inc., Landstar Inway, Inc., Landstar Ligon, Inc., Landstar Gemini, Inc., Landstar Express America, Inc., and Landstar Global Logistics, Inc. (the “Transportation Services Subsidiaries”). Mr. Brasher served as Executive Vice President, Western Field Division of each of the Transportation Services Subsidiaries of the Company from January 2014 until June 2019. Mr. Brasher held various other positions with subsidiaries of the Company since 2000.

<u>Name</u>	<u>Age</u>	<u>Business Experience</u>
Joseph J. Beacom	55	Mr. Beacom has been an Executive Officer of the Company since January 2006. He has been Vice President and Chief Safety and Operations Officer since May 2011. Mr. Beacom served as Vice President and Chief Safety, Security and Compliance Officer of the Company from January 2006 until May 2011. Mr. Beacom served as Vice President and Chief Safety, Security and Compliance Officer of LSHI from May 2005 to May 2011. Prior to May 2005, Mr. Beacom held various other positions with subsidiaries of the Company since 1993.
Ricardo S. Coro	56	Mr. Coro has been an Executive Officer of the Company since May 2017. He has been Vice President and Chief Information Officer of the Company since May 2017. Prior to joining the Company in 2017, Mr. Coro served from 2012 to 2017 as Senior Vice President and Chief Information Officer for Southeastern Grocers, LLC, parent company of BI-LO, Fresco y Más, Harveys and Winn-Dixie supermarkets. From 2005 to 2012, he served as Senior Vice President and Chief Information Officer of Advance Auto Parts, Inc., a leading retailer of automotive replacement parts and accessories. From 2002 to 2005, Mr. Coro served as Vice President of North American Information Technology at Office Depot, a leading retailer of office supplies. Earlier in his career, Mr. Coro served in various roles at other employers in the technology and engineering fields.

Compensation Discussion and Analysis

Overall Policy

The Company's executive compensation philosophy is to attract and motivate executive talent best suited to develop and implement the Company's business strategy. These objectives are attained by tying a significant portion of each executive's compensation to the Company's success in meeting specified annual corporate financial performance goals and, through the grant of stock-based awards, aligning the interests of the Named Executives to the interests of our stockholders. The Company's philosophy is to recognize individual contributions while supporting a team approach in achieving overall business objectives and increasing shareholder value.

The key elements of the Company's executive compensation consist of base salary, annual performance-based incentive payments and stock-based awards. The Company's policies with respect to each of these elements, including the basis for the compensation awarded, are discussed below.

The Company's philosophy is to pay annual compensation generally in cash, with long-term incentive compensation paid in the form of stock-based awards. Base salary is intended to constitute a modest percentage of total compensation. The annual incentive compensation plan is designed to pay substantial compensation for superior performance. Stock-based awards have historically accounted for a significant portion of each Named Executive's total compensation. In 2019, the Company awarded both performance stock units and restricted stock to each of its Named Executives based on each individual's level of responsibility and performance and to help align management's future interests with that of the Company's stockholders. The Company believes that its compensation practices align executive compensation with financial performance and, as such, executive compensation arrangements are generally aligned with the Company's variable cost business model.

The Compensation Committee of the Board is solely responsible for decisions with respect to the compensation of the Company's President and Chief Executive Officer, James B. Gattoni. The Compensation Committee is also responsible, taking into consideration recommendations of the President and Chief Executive Officer, for decisions with respect to the compensation awarded to the other individuals whose compensation is detailed below (such other officers, together with Mr. Gattoni, collectively herein referred to as the "Named Executives"), subject to review by the entire Board.

The Company provides its stockholders with the opportunity to cast an annual advisory vote on Named Executive compensation as described elsewhere in this Proxy Statement (commonly known as a "say-on-pay" proposal). At the Company's 2019 Annual Meeting, approximately 96% of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Compensation Committee believes this affirms stockholders' support of the Company's approach to executive compensation. As noted above, the say-on-pay vote is advisory and therefore not binding on the Compensation Committee. However, the Compensation Committee values the opinion of the Company's stockholders and, to the extent there were any significant vote against the Named Executive compensation as disclosed in this Proxy Statement, would consider the stockholders' concerns and evaluate whether any actions are necessary to address those concerns.

Base Salaries

Base salaries for Named Executives are initially determined by evaluating the responsibilities of the position held and the experience of the individual. Salary adjustments are determined by evaluating the performance of the Company and of each Named Executive, and also take into account the Named Executive's assumption of, or changes in, responsibilities, if any. The financial results of the operating functions which report into a Named Executive or for which a Named Executive otherwise has responsibility are also considered. The base salaries of the six Named Executives are detailed in the Summary Compensation Table that follows.

Performance Based Compensation

The Company maintains performance-based compensation programs that are designed to encourage the Company's Named Executives to achieve various financial goals linked to operating objectives both for the Company's upcoming fiscal year as well as for the longer term performance of the enterprise. The Company's performance-based compensation programs include the Company's annual incentive program and stock-based awards program, each of which are further described below.

Annual Incentive Compensation

The Company's objective with respect to the Landstar System, Inc. Executive Incentive Compensation Plan, adopted by the Board and approved by the Company's stockholders effective January 1, 2017 (the "EICP"), is to encourage the Company's Named Executives to achieve various financial goals linked to operating objectives for the Company's upcoming fiscal year. These annual goals are developed as part of the Company's budgeting process and in general are aligned with the Company's long-term objectives with respect to earnings growth. For each annual fiscal period, the Compensation Committee reviews and approves, among other financial metrics, the budgeted amount for diluted earnings per share. In establishing budgeted amounts for diluted earnings per share for 2019, the Company considered 2018 operating results, historical operating trends and forecasted 2019 U.S. economic factors such as industrial production, estimated freight demand and capacity availability. Once the annual budgeted goal is approved by the Compensation Committee, the EICP is designed to incent management to meet and, when possible, to exceed their goals. An executive's incentive compensation payment continues to increase as actual results for the fiscal year exceed budgeted amounts. As further described below, actual payments under the EICP are calculated based upon how much actual results exceed budgeted diluted earnings per share, using a predetermined formula, up to the maximum annual payment per eligible participant as per the EICP as approved by the Company's stockholders, and subject to the discretion of the Compensation Committee. For the 2019 fiscal year, the maximum annual payment per eligible participant was \$3 million.

With respect to the 2019 fiscal year, each of the Named Executives had a "threshold" target under the EICP based on a specific budgeted diluted earnings per share amount approved in connection with the Company's annual operating budget. The Compensation Committee believes it is appropriate to establish the target under the EICP based on diluted earnings per share because (1) each of the Named Executives were in positions of broad responsibility over various components that affect the Company's diluted earnings per share amount, (2) the Compensation Committee believes that diluted earnings per share is the primary financial measure reflecting the performance of the Company's overall strategic direction and on that basis evaluates the performance of the Named Executives, (3) the Compensation Committee believes it is appropriate to compensate the Named Executives upon achievement of Company-wide, rather than function specific budgeted targets in order to focus executive management on Company-wide strategic and financial performance goals, (4) the Compensation Committee, at its discretion, has the ability to adjust calculated bonus amounts in the event of extraordinary or unusual items impacting diluted earnings per share and (5) the Company's performance-based equity programs use a number of other financial measures, including operating income, pre-tax income per diluted share and total shareholder return ("TSR"), to determine executive compensation under those programs, as further described below under "*Stock-based Awards*".

The "threshold" amount of diluted earnings per share under the EICP refers to the amount of diluted earnings per share that would be required to give effect to a "one-time incentive payment." Budgeted diluted earnings per share does not include the aggregate amount of a "one-time incentive payment." Therefore, each Named Executive would have received no incentive payout if the Company's actual diluted earnings per share amount for the fiscal year was less than budgeted diluted earnings per share before giving effect to the funding of a one-time incentive payment. Each Named Executive would have received a "one-time incentive payout" if the Company's actual diluted earnings per share amount for the fiscal year equaled budgeted diluted earnings per share after giving effect to such one-time incentive payment.

A “one-time incentive payment” under the EICP equals the executive’s EICP percentage multiplied by such executive’s base salary. The EICP percentages for the Named Executives in 2019 were as follows: Mr. Gattoni, 100%, Mr. Stout, 65%, Mr. Kneller, 50%, Mr. Coro, 50%, Mr. O’Malley, 50% and Mr. Beacom, 50%.

If the Company’s actual diluted earnings per share for the fiscal year were greater than the “threshold” amount of diluted earnings per share, the EICP payment for each Named Executive would be calculated by multiplying each such executive’s base salary by such executive’s EICP percentage multiplied by a “multiplier” that is equal to one plus a predetermined factor. The factor equaled 33 1/3 percent for each one percent by which actual diluted earnings per share exceeded threshold diluted earnings per share up to a multiplier of 3.0 for each executive. In other words, each executive would achieve a multiplier of 3.0 if actual diluted earnings per share exceeded threshold diluted earnings per share by six percent. For purposes of this Compensation, Discussion and Analysis and the “*Grants of Plan-Based Awards*” table below, we refer to the amount of diluted earnings per share required to achieve a multiplier of 3.0 as the “target” amount of diluted earnings per share.

In the event actual diluted earnings per share exceeded target diluted earnings per share, a bonus pool would accrue as if the multiplier continued to increase above 3.0 for each participant under the EICP. The bonus pool amount would be calculated by multiplying each such executive’s base salary by such executive’s EICP 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 equaled 16 2/3 percent, not 33 1/3 percent, for each one percent by which actual diluted earnings per share exceeded target diluted earnings per share. The bonus pool is allocable among EICP participants based on the discretion of the Compensation Committee. These calculations of individual amounts for each Named Executive may be adjusted upwards or downwards at the discretion of the Compensation Committee, subject to the \$3 million maximum.

The “threshold” amount of diluted earnings per share under the EICP with respect to the 2019 fiscal year was \$6.92 and the “target” amount of diluted earnings per share under the EICP with respect to the 2019 fiscal year was \$7.34. Diluted earnings per share for the 2019 fiscal year was \$5.72, lower than “threshold” diluted earnings per share by 17.3%, or \$1.20 per share, and was lower than “target” diluted earnings per share by 22.1%, or \$1.62 per share. As the threshold amount of diluted earnings per share under the EICP with respect to the 2019 fiscal year was not achieved, no payments were made to any of the Named Executives under the EICP for the 2019 fiscal year. Inclusive of fiscal year 2019, the Company has achieved the “threshold” amount of diluted earnings per share in three of the five preceding fiscal years and eight of the preceding ten fiscal years. Inclusive of fiscal year 2019, the Company has achieved the “target” amount of diluted earnings per share in two of the five preceding fiscal years and seven of the preceding ten fiscal years.

Annual Incentive Compensation – Clawback Rights

The EICP provides that if the Company is required to restate its financial results due to material noncompliance with any financial reporting requirement under the securities laws, the Compensation Committee may, in its discretion after considering the costs and benefits of doing so, recover that portion of any bonus paid under the EICP to any current or former Named Executive during the three-year period preceding the date on which the Company files the restatement of such financial statement(s) with the Securities and Exchange Commission, which portion exceeds the amount or value that the Compensation Committee determines would have been payable or received in respect of such bonus had the revised financial statement(s) reflected in the restatement been applied to determine such bonus. Subject to applicable law, the Compensation Committee may seek such excess compensation by requiring the Named Executive to pay such amount to the Company by set-off, by reducing future compensation or by such other means or combination of means as the Committee determines to be appropriate.

Stock-based Awards

Under the Company’s 2011 Landstar System, Inc. Equity Incentive Plan, stock-based awards may be granted to the Company’s Named Executives and certain other key employees. No further grants of stock-based

awards can be made under the Amended and Restated 2002 Employee Stock Option and Stock Incentive Plan (together with the 2011 Equity Incentive Plan, the “Employee Equity Plans”). The Compensation Committee determines the type and number of stock-based awards to be granted to a Named Executive based on such Named Executive’s job responsibilities, the individual performance evaluation of such Named Executive and overall Company performance. Stock-based awards are typically granted to Named Executives once a year.

The Compensation Committee believes that restricted stock, restricted stock units (the “RSUs”) and other forms of stock-based awards that may be granted under the Employee Equity Plans are effective methods that may be used as part of the Company’s long-term compensation program. The Company historically granted stock options and restricted stock under the Employee Equity Plans. Over the past five years, the Compensation Committee approved the grant of performance related stock awards in the form of RSUs to Named Executives on an annual basis (the “Regular RSU Awards”). In 2016, the Compensation Committee modified the structure of the Regular RSU Awards program and, in connection with those modifications, initiated a program to grant annual restricted stock awards to Named Executives (the “Regular Restricted Stock Awards”) along with the Regular RSU Awards.

Stock-based Awards – Regular RSU Awards

On January 2, 2014, the Company granted in aggregate 80,000 RSUs to Named Executives. Under these Regular RSU Awards, Mr. Gattoni received 30,000 RSUs, Messrs. Beacom, O’Malley and Kneller each received 15,000 RSUs and Mr. Stout received 5,000 RSUs. The Compensation Committee awarded Mr. Gattoni a larger grant on January 2, 2014 in connection with Mr. Gattoni’s promotion to President and Chief Financial Officer of the Company, effective January 1, 2014. Mr. Stout received a smaller grant than the other Named Executives as he was not an executive officer of the Company at the time of this grant.

For the Regular RSU Awards granted in 2014, each RSU represents the contractual right to receive one share of Common Stock (subject to adjustment as provided in the Employee Equity Plans) when the award becomes vested. The number of RSUs that vest under the 2014 Regular RSU Awards is determined annually, for each year in the five-year period from the date of grant, by multiplying the number of RSUs granted by the sum of (a) the average of the percentage change (positive or negative) in operating income and diluted earnings per share in each of the five years immediately following the base year as compared to operating income and diluted earnings per share reported in the base year (base year being the fiscal year immediately preceding the year in which the RSUs were granted), plus (b) 5%, rounded to the nearest whole number, less (c) the number of RSUs under such grant that previously vested. The fair value of a Regular RSU Award is determined based on the market value of the Company’s Common Stock on the date of grant, discounted for lack of marketability for a minimum post-vesting holding requirement.

On January 27, 2015, the Company granted an aggregate of 50,000 RSUs to Named Executives. Under these Regular RSU Awards, Mr. Gattoni received 15,000 RSUs, Mr. Stout received 12,500 RSUs, and Messrs. Beacom, O’Malley and Kneller each received 7,500 RSUs. The Compensation Committee awarded Mr. Gattoni a larger grant in recognition of Mr. Gattoni’s broader responsibilities as President and Chief Executive Officer of the Company. Mr. Stout received a larger grant than Messrs. Beacom, Kneller and O’Malley in recognition of his promotion to Chief Financial Officer of the Company. The number of RSUs that vest under the 2015 Regular RSU Awards is determined annually, for each year in the five-year period from the date of grant.

On January 29, 2016, the Company granted an aggregate of 40,560 RSUs to Named Executives. Under these Regular RSU Awards, Mr. Gattoni received 13,520 RSUs, and Messrs. Beacom, Kneller, O’Malley and Stout each received 6,760 RSUs. The Compensation Committee awarded Mr. Gattoni a larger grant in recognition of Mr. Gattoni’s broader responsibilities as President and Chief Executive Officer of the Company. Unlike prior grants of Regular RSU Awards, the number of RSUs that vest under the 2016 Regular RSU Awards is determined on the third, fourth and fifth anniversary from the date of grant.

On February 2, 2017, the Company granted an aggregate of 27,169 RSUs to Named Executives. Under these Regular RSU Awards, Mr. Gattoni received 9,057 RSUs, and Messrs. Beacom, Kneller, O'Malley and Stout each received 4,528 RSUs. The Compensation Committee awarded Mr. Gattoni a larger grant in recognition of Mr. Gattoni's broader responsibilities as President and Chief Executive Officer of the Company. Similar to the 2016 Regular RSU award grant, the number of RSUs that vest under the 2017 Regular RSU Award is determined on the third, fourth and fifth anniversary from the date of grant.

On February 2, 2018, the Company granted an aggregate of 29,566 RSUs to Named Executives. Under these Regular RSU Awards, Mr. Gattoni received 8,761 RSUs, Messrs. Beacom, O'Malley, Kneller and Stout each received 4,380 RSUs and Mr. Coro received 3,285 RSUs. The Compensation Committee awarded Mr. Gattoni a larger grant in recognition of Mr. Gattoni's broader responsibilities as President and Chief Executive Officer of the Company. The Compensation Committee awarded Mr. Coro a smaller grant of RSUs in light of the overall compensation package agreed to with Mr. Coro in connection with his hiring as of May 1, 2017, which included, among other compensatory items, a cash sign-on bonus payable over two years and a significant grant of restricted stock upon his first day of employment with the Company, as further described below. Similar to the 2016 and 2017 Regular RSU award grants, the number of RSUs that vest under the 2018 Regular RSU Award is determined on the third, fourth and fifth anniversary from the date of grant.

On February 1, 2019, the Company granted an aggregate of 32,818 RSUs to Named Executives. Under these Regular RSU Awards, Mr. Gattoni received 9,724 RSUs, Messrs. Beacom, Kneller, O'Malley and Stout each received 4,862 RSUs and Mr. Coro received 3,646 RSUs. The Compensation Committee awarded Mr. Gattoni a larger grant in recognition of Mr. Gattoni's broader responsibilities as President and Chief Executive Officer of the Company. The Compensation Committee awarded Mr. Coro a smaller grant of RSUs in light of the overall compensation package agreed to with Mr. Coro in connection with his hiring as of May 1, 2017, which included, among other compensatory items, a cash sign-on bonus payable over two years and a significant grant of restricted stock upon his first day of employment with the Company, as further described below. Similar to the 2016, 2017 and 2018 Regular RSU award grants, the number of RSUs that vest under the 2019 Regular RSU Award is determined on the third, fourth and fifth anniversary from the date of grant.

For the Regular RSU Awards granted in 2015, 2016, 2017, 2018 and 2019, each RSU represents the contractual right to receive up to two shares of Common Stock (subject to adjustment as provided in the Employee Equity Plans) when the award becomes vested. For the 2015, 2016, 2017, 2018 and 2019 Regular RSU Awards, the number of RSUs that vest each year will be determined by (a) multiplying the number of RSUs credited to the Named Executive as of the applicable vesting date by (b) the Performance Multiple derived from the chart below, and (c) subtracting therefrom the number of RSUs that have previously vested; provided that, in no event, may the aggregate number of RSUs that become vested exceed 200% of the RSUs credited to the Named Executive under the applicable grant.

For purposes of the 2015, 2016, 2017, 2018 and 2019 Regular RSU Awards, the determination of the Performance Multiple is based on the achievement of the applicable Performance Hurdle. For purposes of the 2015, 2016 and 2017 Regular RSU Awards, the Performance Hurdle means the sum of (a) the average of the percentage change (positive or negative) in operating income and diluted earnings per share, in each case from continuing operations, from the most recently completed fiscal year as compared to the results from continuing operations for the base year, plus (b) 5%, and is as set forth in the chart below, with linear interpolation between Performance Hurdles. For purposes of the 2018 and 2019 Regular RSU Awards, the Performance Hurdle means the sum of the average of the percentage change (positive or negative) in operating income and pre-tax income per diluted share, in each case from continuing operations, from the most recently completed fiscal year as compared to the results from continuing operations for the base year, and is as set forth in the chart below, with linear interpolation between Performance Hurdles:

<u>Performance Hurdle</u>	<u>Performance Multiple</u>	<u>Performance Level</u>
0%	0%	
25%	50%	
50%	100%	Target
75%	150%	
100%	200%	Maximum

No dividends are paid on the Regular RSU Awards and Regular RSU Awards have no voting rights. However, dividend equivalents are credited to the Named Executive with respect to the 2015, 2016, 2017, 2018 and 2019 Regular RSU Awards each time that a dividend is paid on the Company’s Common Stock. The aggregate amount of such dividend equivalents so credited in respect of each such dividend are equal to the dividend paid on a share of Common Stock multiplied by, respectively, the number of outstanding 2015, 2016, 2017, 2018 and 2019 Regular RSU Awards credited to the Named Executive on the dividend record date. The dividend equivalents are converted into additional 2015, 2016, 2017, 2018 and 2019 Regular RSU Awards credited to the Named Executive on the dividend payment date based upon the fair market value of a share of Common Stock on such date.

The Compensation Committee has designed the manner in which performance-based restricted stock unit awards are deemed to be earned to reflect the level of performance that the Committee expects to be achieved, with a targeted number of units earned if the targeted level of performance is attained, and a maximum number of units earned if the maximum level of performance is attained. For the Regular RSU Awards granted in 2014, each Regular RSU Award represented the contractual right to receive one share of Common Stock based on a straight-line average change in operating income and diluted earnings per share over the relevant performance period. For the 2015, 2016, 2017, 2018 and 2019 awards, an increasing percentage of the Regular RSU awards is earned based on an increasing level of positive average change in operating income and diluted earnings per share or pre-tax income per diluted share, as applicable, during the five year performance period, such that no portion of the award is earned if there is no positive change based on the applicable calculation, 100% of the number of units credited is earned if the “target” level of positive increase is achieved, and a maximum of 200% of the number of units credited is earned if a maximum level of positive increase is achieved, with interpolation between these levels of performance. The Compensation Committee believes the use of a “target” and “maximum” better sets expectations associated with these awards both internally to employee recipients as well as to stockholders and other third parties to help them understand the derivation of the value attributed by the Company to these awards at the time of grant. The Compensation Committee further believes that the revised manner in which these awards are deemed to be earned emphasizes to employee recipients and investors that the expectation at the time of grant is that the employee recipients would need to perform at a high level in order for the Company’s performance to reach the targeted level of operating income and diluted earnings per share or pre-tax income per diluted share, as applicable, for the employees to earn the “target” number of units during the term of the award, and, moreover, that superior performance by the Company is required for the employee recipients to earn the “maximum” performance-based award.

In 2016, as noted above, the Compensation Committee changed the vesting schedule upon which performance-based restricted stock unit awards are deemed to be earned. With respect to the 2016, 2017, 2018 and 2019 Regular RSU Awards, the number of RSUs that vest is determined on the third, fourth and fifth anniversary from the date of grant whereas vesting of 2014 and 2015 Regular RSU Awards are determined annually for each year in the five-year period from the date of grant. The Compensation Committee believes this change to the vesting schedule so that no awards are subject to vesting until three years or more from the date of grant is consistent with the long term performance goals these awards are intended to reward. Accordingly, the performance period of all Regular RSU Awards issued in 2016, 2017, 2018 and 2019 is no less than three, and up to five, years in duration.

In 2018, the Compensation Committee changed the method to determine the Performance Hurdle (1) to reference the average of the percentage change (positive or negative) in operating income and pre-tax income per diluted share as opposed to the average of the percentage change (positive or negative) in operating income and diluted earnings per share and (2) to remove the 5% positive adjustment previously included in the Performance Hurdle. The change to reference pre-tax income per diluted share rather than diluted earnings per share was implemented in order to use a financial metric that will not be impacted by changes to applicable tax rates, and in particular, potential future changes to the federal corporate tax rate, during the performance period of the applicable RSU. The change to remove the 5% positive adjustment was made as part of an overall review of the Company's executive compensation program in light of other changes made to Named Executive salaries and grants under the Company's Regular Restricted Stock program referred to below.

Stock-based Awards – Regular Restricted Stock Awards

In 2016, the Compensation Committee initiated Regular Restricted Stock Awards to each of the Named Executives. On January 29, 2016, 13,518 shares of restricted stock were issued in the aggregate to Named Executives that vest in three equal annual installments on January 31 of 2017, 2018 and 2019. Under these restricted stock awards, Mr. Gattoni received 4,506 shares, and Messrs. Beacom, Kneller, O'Malley and Stout each received 2,253 shares. The Compensation Committee awarded Mr. Gattoni a larger grant in recognition of Mr. Gattoni's broader responsibilities as President and Chief Executive Officer of the Company.

On February 2, 2017, 9,055 shares of restricted stock were issued in aggregate to Named Executives that vest in three equal annual installments on January 31 of 2018, 2019 and 2020. Under these restricted stock awards, Mr. Gattoni received 3,019 shares, and Messrs. Beacom, Kneller, O'Malley and Stout each received 1,509 shares. The Compensation Committee awarded Mr. Gattoni a larger grant in recognition of Mr. Gattoni's broader responsibilities as President and Chief Executive Officer of the Company.

On May 1, 2017, the Compensation Committee awarded 5,813 shares of restricted stock to Mr. Coro in connection with his hiring as Vice President and Chief Information Officer. The May 1, 2017 award vests in four equal annual installments on May 1 of 2018, 2019, 2020 and 2021.

On February 2, 2018, 14,235 shares of restricted stock were issued in aggregate to Named Executives that vest in three equal annual installments on January 31 of 2019, 2020 and 2021. Under these restricted stock awards, Mr. Gattoni received 4,380 shares, Messrs. Beacom, Kneller, O'Malley and Stout each received 2,190 shares and Mr. Coro received 1,095 shares. The Compensation Committee awarded Mr. Gattoni a larger grant in recognition of Mr. Gattoni's broader responsibilities as President and Chief Executive Officer of the Company. The Compensation Committee awarded Mr. Coro a smaller grant in light of the overall compensation package agreed to with Mr. Coro in connection with his hiring as of May 1, 2017, which included, among other compensatory items, a cash sign-on bonus payable over two years and a significant grant of restricted stock upon his first day of employment with the Company.

On February 1, 2019, 15,801 shares of restricted stock were issued in aggregate to Named Executives that vest in three equal annual installments on January 31 of 2020, 2021 and 2022. Under these restricted stock

awards, Mr. Gattoni received 4,862 shares, Messrs. Beacom, Kneller, O'Malley and Stout each received 2,431 shares, and Mr. Coro received 1,215 shares. The Compensation Committee awarded Mr. Gattoni a larger grant in recognition of Mr. Gattoni's broader responsibilities as President and Chief Executive Officer of the Company. The Compensation Committee awarded Mr. Coro a smaller grant in light of the overall compensation package agreed to with Mr. Coro in connection with his hiring as of May 1, 2017, which included, among other compensatory items, a cash sign-on bonus payable over two years and a significant grant of restricted stock upon his first day of employment with the Company.

The Compensation Committee believes that whereas the Regular RSU Awards are designed to incentivize the attainment of specific financial goals over a multi-year period (as well as rewarding for stock price appreciation), the Regular Restricted Stock Awards serve as a retention tool as they retain value during periods of adverse market volatility while also rewarding for stock price appreciation over time. The Compensation Committee believes that these two equity vehicles when used in conjunction with each other serve to reward long term financial performance and stock price appreciation while also providing a retention-based benefit for the Named Executive in the event of shorter term market and/or economic turbulence. In determining the amount of the 2016, 2017, 2018 and 2019 Regular RSU Awards and the Regular Restricted Stock Awards for each Named Executive, the Compensation Committee considered the full equity compensation component of each Named Executive's annual compensation and allocated such component between Regular RSU Awards and Regular Restricted Stock Awards such that each Named Executive was awarded two RSUs for each share of restricted stock.

The Compensation Committee has established post-vesting holding period requirements with respect to shares of Common Stock received upon vesting of Regular RSU Awards. Each Named Executive is subject to a one year post-vesting holding requirement with respect to the shares received upon settlement of Regular RSU Awards, net of any applicable withholding obligations in connection with such settlement.

Stock-based Awards – Grants of TSR-based RSU Awards to the CEO

On March 17, 2015, and in connection with his promotion to the position of Chief Executive Officer, the Company and James B. Gattoni entered into an agreement granting to Mr. Gattoni, as of May 1, 2015, a special performance-related stock award under the Company's 2011 Equity Incentive Plan in the form of 20,000 RSUs (the "CEO Promotion Award"). A portion of the CEO Promotion Award vested on April 30, 2019 and, in general, the remainder of the CEO Promotion Award will vest on April 30 of 2020 and 2021, with the number of RSUs that vest on each vesting date determined by multiplying one-third of the number of RSUs credited to Mr. Gattoni pursuant to the CEO Promotion Award by a "payout percentage" that is based on the Company's TSR compound annual growth rate ("CAGR") over the vesting periods, adjusted to reflect dividends (if any) paid during such period, and as may be necessary to take into account capital adjustments.

During 2018, the Company and Mr. Gattoni entered into an agreement granting Mr. Gattoni 9,324 RSUs that vest based on a market condition (the "2018 TSR RSU Award"). These RSUs may vest on June 30 of 2022, 2023 and 2024 based on the Company's TSR CAGR over the vesting periods, adjusted to reflect dividends (if any) paid during such periods and capital adjustments as may be necessary. The maximum number of common shares available for issuance under the 2018 TSR RSU Award equals 150% of the number of RSUs awarded. The fair value of this RSU award was determined at the time of grant based on the expected achievement of the market condition at the end of each vesting period.

During 2019, the Company and Mr. Gattoni entered into an agreement granting Mr. Gattoni 9,725 RSUs that vest based on a market condition (the "2019 TSR RSU Award"). These RSUs may vest on June 30 of 2023, 2024 and 2025 based on the Company's TSR CAGR over the vesting periods, adjusted to reflect dividends (if any) paid during such periods and capital adjustments as may be necessary. The maximum number of common shares available for issuance under the 2019 TSR RSU Award equals 150% of the number of RSUs awarded. The fair value of this RSU award was determined at the time of grant based on the expected achievement of the market condition at the end of each vesting period.

Under the terms of the CEO Promotion Award, the 2018 TSR RSU Award and the 2019 TSR RSU Award, TSR CAGR over the applicable vesting period is determined as of the beginning and end of each performance period using a sixty day measurement period, other than in the event of a change in control. The “payout percentage” as of each vesting date is as follows, with straight line interpolation between performance levels:

<u>Performance Level</u>	<u>If TSR CAGR is:</u>	<u>Then the Payout Percentage is:</u>
Maximum	12.0% or greater	150%
Target	10.0%	100%
Threshold	8.0%	50%
<Threshold	Less than 8.0%	0%

To the extent these RSUs are not vested at the maximum level in the chart above as of the first or second vesting dates, such RSUs will again be eligible to vest at the next vesting date based on the “payout percentage” achieved as of such next vesting date. In addition, if any dividends are paid by the Company during the vesting period, dividend equivalents will be credited to Mr. Gattoni under the applicable award as additional RSUs that are eligible to vest based on the “payout percentage” achieved as of the future vesting dates of the underlying RSUs to which such dividend equivalents relate. Any RSUs that vest will be settled in shares of Common Stock as soon as practicable after the applicable vesting date. With respect to the CEO Promotion Award, any units that do not become vested as of April 30, 2021 (or earlier upon Mr. Gattoni’s termination of employment or a change in control of the Company) will be forfeited. With respect to the 2018 TSR RSU Award, any units that do not become vested as of June 30, 2024 (or earlier upon Mr. Gattoni’s termination of employment or a change in control of the Company) will be forfeited. With respect to the 2019 TSR RSU Award, any units that do not become vested as of June 30, 2025 (or earlier upon Mr. Gattoni’s termination of employment or a change in control of the Company) will be forfeited.

Mr. Gattoni’s right to receive shares underlying each of the CEO Promotion Award, the 2018 TSR RSU Award and the 2019 TSR RSU Award is generally conditioned upon his continued employment through the applicable vesting dates. In the event of his death or disability prior to a vesting date, a pro rata number of the units then credited to Mr. Gattoni pursuant to the applicable award (based on the number of days he remained employed during the vesting period) will vest based on the “payout percentage” achieved as of his termination of employment. Similarly, if there is a change in control of the Company prior to a vesting date, a pro rata number of the units then credited to Mr. Gattoni pursuant to the applicable award (based on the number of days during the vesting period prior to the change in control) will vest based on the “payout percentage” achieved as of the date of the change in control.

There are several reasons why the Compensation Committee believes the nature and terms of these grants of TSR-based RSU awards to Mr. Gattoni, on the one hand, as opposed to the Regular RSU Awards, including those to Mr. Gattoni, on the other, are appropriate. The TSR-based RSU awards are intended to tie the amount of future vesting directly to the Company’s TSR over the vesting period, using the growth in TSR as an additional means to measure the performance of the Chief Executive Officer of the Company. The Regular RSU Awards are intended to be annual, recurring grants, subject to the discretion of the Compensation Committee, that the Compensation Committee believes will be the principal long-term performance based compensation vehicle through which the Named Executives will be granted additional equity in the Company, along with, to a lesser extent, grants of restricted stock. The Compensation Committee believes that growth in operating income and pre-tax income per diluted share are key financial measures reflecting the long-term growth of the enterprise. The Compensation Committee also believes that the Company would have to achieve superior financial performance in order for a Named Executive to vest at the maximum level with respect to a Regular RSU Award granted in 2019. For example, in order for a Named Executive to vest at the maximum level with respect to a Regular RSU Award granted in 2019, the Company would need to achieve in 2021, 2022 or 2023, an average of a 100% increase in operating income and pre-tax earnings per diluted share compared to those achieved in fiscal year 2018.

The Company believes that the granting of stock-based awards in the form of RSUs and restricted stock is designed to encourage the creation of long-term stockholder value as the number of RSUs that vest is dependent upon growth in the Company's operating income, pre-tax income per diluted share and diluted earnings per share and their value varies directly with the Company's stock price and the benefit realized from restricted stock varies directly with the Company's stock price. Further, the Compensation Committee believes that the Company's use of stock-based awards is key as a retention tool, as the continued employment of the Named Executives is an important factor relating to the Company's strategic execution and growth.

Stock-based Awards – Clawback Rights

The 2011 Equity Incentive Plan provides that any payment paid or award made to a participant under such plan is subject to recovery or "clawback" by the Company if the payment or award is based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria. The Compensation Committee has also provided for a "clawback right" as a condition of all RSUs granted in 2015, 2016, 2017, 2018 and 2019. If the Company were required to restate its financial results due to material noncompliance with any financial reporting requirement under the securities laws, the Compensation Committee may, in its discretion after considering the costs and benefits of doing so, recover all or a portion of any shares delivered or payment made that is related to an RSU award during the three-year period preceding the date on which the Company files the restatement of such financial statement(s) with the Securities and Exchange Commission, to the extent the value of such shares or the amount of such payment exceeds the amount or value that the Committee determines would have been payable in respect of the award had the revised financial statement(s) reflected in the restatement been applied to determine such amount or value.

Equity Ownership Guidelines

The Company believes that equity interests held by management help to align the interests of stockholders and management and maximizes stockholder returns over the long term. To that end, the Compensation Committee has established equity ownership guidelines for each Named Executive based on a multiple of the annual salary of such Named Executive. These guidelines recommend that the Chief Executive Officer of the Company beneficially own equity value in the Company's Common Stock of no less than seven times the annual salary of such Chief Executive Officer and that each of the other Named Executives of the Company beneficially own equity value in the Company's Common Stock of no less than four times the annual salary of such Named Executive, in each case to be achieved within five years of an individual's initial appointment as a Named Executive. For purposes of these equity ownership guidelines, equity value in the Company's Common Stock includes: (1) the value of shares of Common Stock beneficially owned by the Named Executive, plus (2) the value of outstanding restricted shares of Common Stock, either vested or unvested, beneficially owned by the Named Executive, plus (3) the intrinsic value of outstanding, exercisable stock options to purchase shares of Common Stock held by the Named Executive. On the basis of these criteria, each currently employed Named Executive is in compliance with these stock ownership guidelines. In the event a Named Executive is not in compliance with these stock ownership guidelines, the Named Executive is expected to hold no less than 50% of the after-tax number of shares of Common Stock received upon exercise of stock options and vesting of restricted stock units until compliance with these stock ownership guidelines is achieved.

Policy Regarding Hedging and Pledging of Company Stock

The Board has established a policy that prohibits the hedging and pledging of the Common Stock by certain members of the Company's leadership, including all Named Executives, under any circumstances. In addition, all employees of the Company are prohibited from entering into or trading any exchange-traded security which is a derivative of the common stock of the Company.

Deferred Compensation

The Company maintains an Internal Revenue Service Code Section 401(k) Savings Plan (the "401(k) Plan") for all eligible employees. The Company maintains a Supplemental Executive Retirement Plan (the "SERP") for

all officers, including the Named Executives, of the Company and its subsidiaries. The SERP is designed to provide officers with the option to receive the benefits that are offered under the Company's 401(k) Plan (tax deferred investment of a certain percentage of the executive's salary and/or bonus and a Company matching contribution on a certain portion of the executive's contribution) on the portion of the executive's salary that is not eligible to be included under the Company's 401(k) Plan, because it is above the various limitations established in the Internal Revenue Code. Except for the elimination of the maximum salary limitations, the benefits and the investment options of the SERP are the same as the 401(k) Plan. Messrs. Gattoni, Kneller, O'Malley and Beacom have elected to participate in the SERP.

Key Executive Employment Protection Agreements

The Board has approved the execution of Key Executive Employment Protection Agreements for each of the Named Executives to assure that each of these officers will have a minimum level of personal financial security in the context of a change in control transaction to avoid undue distraction due to the risks of job security and to enable such officer to act in the best interests of stockholders without being influenced by such officer's economic interests. Each agreement provides certain severance benefits in the event of a change in control of the Company. Generally, (i) if on or before the second anniversary of a "change in control" (x) the Company terminates the covered executive's employment for any reason other than for "cause" or "disability" or (y) the covered executive voluntarily terminates his employment for "good reason" or (ii) if the covered executive's employment is terminated by the Company for any reason other than death, "disability" or "cause" or by the covered executive 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, such executive will be entitled to severance benefits consisting of a lump sum cash amount equal to a multiple of the sum of (A) the executive's annual base salary and (B) the amount that would have been payable to the executive as an annual "threshold" incentive compensation bonus for the year in which the change in control occurs, determined by multiplying his annual base salary by his total "participant's percentage participation" established for such year under the EICP (or any successor plan thereto). The applicable multiples are: three times for Mr. Gattoni; two times for Messrs. Coro, Stout and Kneller and one time for Mr. Beacom and, formerly, Mr. O'Malley. Severance multiples for Named Executives were established based on their position and the potential impact to their continued employment in the event of a change in control and to remain competitive within our industry. Each agreement also provides the covered executive with a pro rata payout of the "threshold" annual bonus amount for the year of employment termination of such covered executive and for continuation of medical benefits for up to one year from the date of employment termination.

The Company believes that the terms of our Key Executive Employment Protection Agreements are consistent with market practice and assist us in retaining the services of our Named Executives.

Other Benefits and Arrangements

The Company provides the Named Executives with certain other benefits and arrangements that the Company believes are reasonable and consistent with its overall compensation program to enable the Company to continue to attract and maintain highly qualified individuals in key positions. The Company pays the premium associated with term life insurance policies for all its employees including each of the Named Executives. The dollar value paid by the Company on behalf of each of the Named Executives with respect to these policies is included in the Summary Compensation Table below. The Board has approved and the Company has entered into indemnification agreements with each of the Named Executives providing each such Named Executive with a contractual obligation from the Company to indemnify such individual in connection with such individual's service as an employee of the Company (and in the case of Mr. Gattoni, his service as a member of the Board) to the fullest extent permitted by applicable law. The Company retains discretion to provide Named Executives with the use of certain equipment in connection with their job responsibilities, including cell phone, and other computer and communications equipment and maintenance of connectivity for such equipment in the Named Executive's home.

Compensation Consultants

The Compensation Committee has the authority to hire and negotiate the terms of compensation for its advisers, including compensation consultants. During 2019, the Compensation Committee used the services of Compensation Strategies, Inc. to assist it, as further described below, in benchmarking the Company's current executive compensation program, including base salary, annual incentive compensation and long term incentive compensation. In prior years, the Compensation Committee engaged Compensation Strategies, Inc. to review the Company's compensation philosophy and the structure and various design features of each component of the program, as well as Director compensation and the Company's stock ownership guidelines for its Directors and Named Executives. The Compensation Committee determined that the work of the consultants did not raise any conflicts of interest taking into consideration the independence factors enumerated in Rule 10C-1(b) of the Securities Exchange Act of 1934, as amended. No member of the Compensation Committee or any Named Executive has any affiliation with the consultants. In 2019, the Company paid \$57,542 in fees and expense reimbursements to Compensation Strategies, Inc.

Peer Group

During 2019, the Compensation Committee used the services of Compensation Strategies, Inc. to assist it for purposes of benchmarking Named Executive compensation against a peer group consisting of 19 other transportation and logistics companies. This peer group consisted of:

Alaska Air Group, Inc.	J.B. Hunt Transport Services, Inc.	Ryder System, Inc.
ArcBest Corporation	Kansas City Southern	Saia, Inc.
C.H. Robinson Worldwide, Inc.	Kirby Corp.	Schneider National Inc.
Echo Global Logistics, Inc.	Knight-Swift Transportation Holdings, Inc.	U.S. Xpress Enterprises, Inc.
Forward Air Corporation	Matson, Inc.	Werner Enterprises, Inc.
Genesee & Wyoming, Inc.	Old Dominion Freight Line, Inc.	YRC Worldwide Inc.
Hub Group, Inc.		

Tax Considerations

The Tax Cuts and Jobs Act (the "Tax Reform Act") was signed into law on December 22, 2017. Prior to the Tax Reform Act, Section 162(m) of the Code generally disallowed a tax deduction for compensation over \$1 million paid to our Named Executive Officers who are considered "covered employees" under this rule. Performance-based compensation was exempt from this deduction limitation if specified requirements set forth in the Code and applicable Treasury Regulations were satisfied. The Company previously undertook to qualify substantial components of the performance-based incentive compensation available to Named Executives to be exempt from this deduction limitation. Outstanding performance-based equity awards under the Company's stockholder-approved employee equity plans, including stock options and performance-based RSUs, also met these requirements.

Beginning with fiscal year 2018, the Tax Reform Act eliminated the performance-based compensation exception to the deductibility limitation under Section 162(m), other than with respect to certain "grandfathered" performance-based awards granted prior to November 2, 2017. No assurance can be given that grandfathered compensation intended to satisfy the requirements for exemption from Section 162(m) will actually satisfy such requirements.

The Compensation Committee's philosophy strongly emphasizes performance-based compensation, which has historically minimized the consequences of the Section 162(m) limit on deductibility. The Company believes that tax deductibility of compensation is an important factor, but not the sole factor, to be considered in setting executive compensation policy, and in light of the changes to Section 162(m), it is expected that the Compensation Committee will authorize payments that are not deductible for federal income tax purposes when the committee believes that such payments are appropriate to attract, retain and incentivize executive talent.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

THE COMPENSATION COMMITTEE

David G. Bannister, Chairman
Homaira Akbari
Diana M. Murphy
Anthony J. Orlando
George P. Scanlon
Larry J. Thoele

Compensation of Named Executives. The following table summarizes the compensation paid to (i) the President and Chief Executive Officer, (ii) the Vice President and Chief Financial Officer and (iii) the Company's three most highly compensated Executive Officers other than the Chief Executive Officer and the Chief Financial Officer, and (iv) one former Executive Officer who would have met the requirements in (iii), but for the fact that the individual was not serving as an Executive Officer of the Company at the end of the last completed fiscal year (such six individuals, collectively, the "Named Executives").

Summary Compensation Table

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (1) (\$)</u>	<u>Stock Awards (2) (\$)</u>	<u>Non-Equity Incentive Plan Compensation (3) (\$)</u>	<u>Change in Pension Value And Nonqualified Deferred Compensation Earnings (4) (\$)</u>	<u>All Other Compensation (5) (\$)</u>	<u>Total (\$)</u>
James B. Gattoni President and Chief Executive Officer	2019	500,000	1,929,895	—	184,682	31,213	2,645,790
	2018	500,000	1,929,789	3,000,000	—	39,910	5,469,699
	2017	450,000	947,398	3,000,000	19,003	18,275	4,434,676
L. Kevin Stout Vice President and Chief Financial Officer	2019	300,000	714,942	—	—	16,594	1,031,536
	2018	300,000	714,842	1,285,000	—	20,121	2,319,963
	2017	250,000	473,619	1,438,000	—	13,556	2,175,175
Joseph J. Beacom Vice President and Chief Safety and Operations Officer	2019	300,000	714,942	—	226,207	18,514	1,259,663
	2018	300,000	714,842	989,000	—	21,218	2,025,060
	2017	275,000	473,619	1,217,000	14,635	14,496	1,994,750
Michael K. Kneller Vice President, General Counsel and Secretary	2019	300,000	714,942	—	10,002	16,316	1,041,260
	2018	300,000	714,842	989,000	—	19,421	2,023,263
	2017	275,000	473,619	1,217,000	4,467	13,345	1,983,431
Ricardo S. Coro Vice President and Chief Information Officer	2019	331,250	473,612	—	—	17,974	822,836
	2018	425,000	473,645	989,000	—	21,892	1,909,537
	2017	293,750	499,918	885,000	—	2,445	1,681,113
Patrick J. O'Malley (6) Special Advisor to the CEO and former Vice President and Chief Commercial and Marketing Officer	2019	300,000	714,942	—	17,205	18,807	1,050,954
	2018	300,000	714,842	989,000	—	22,367	2,026,209
	2017	275,000	473,619	1,217,000	13,076	14,329	1,993,024

(1) Amounts shown include any salary deferred at the election of the Named Executive under the Landstar 401(k) Savings Plan and/or the SERP. Mr. Coro's salary amount reflects an annual salary of \$300,000 and

additional cash compensation of \$250,000 agreed to with Mr. Coro in connection with his hiring on May 1, 2017. This additional compensation was paid to Mr. Coro in quarterly installments over the two year period following his first day of employment with the Company in the amounts of \$31,250, \$125,000 and \$93,750 during 2019, 2018 and 2017, respectively. Mr. Coro was paid \$200,000 in base salary during fiscal year 2017, which represents eight months of salary at an annual rate of \$300,000.

- (2) Stock award amounts for 2019, 2018 and 2017 reflect the aggregate grant date fair value of RSUs and restricted stock computed in accordance with generally accepted accounting principles. Assumptions used in calculating the fair market value of RSUs and restricted stock granted are disclosed in the footnotes to the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2019 filed with the SEC. Amounts shown are based upon the most probable outcome of the performance conditions for these stock awards. Assuming the highest level of performance is achieved, the maximum possible value of the stock awards granted to the named executive officers in 2019, using the grant date fair value, is: (i) \$3,859,841 for Mr. Gattoni; (ii) \$1,179,904 for Messrs. Stout, Beacom, Kneller and O'Malley; and (iii) \$822,286 for Mr. Coro. Assuming the highest level of performance is achieved, the maximum possible value of the stock awards granted to the named executive officers in 2018, using the grant date fair value, is: (i) \$3,859,689 for Mr. Gattoni; (ii) \$1,179,739 for Messrs. Stout, Beacom, Kneller and O'Malley; and (iii) \$822,318 for Mr. Coro. Assuming the highest level of performance is achieved, the maximum possible value of the stock awards granted to the named executive officers in 2017, using the grant date fair value, is: (i) \$1,644,824 for Mr. Gattoni; (ii) \$822,293 for Messrs. Stout, Beacom, Kneller and O'Malley; and (iii) \$499,918 for Mr. Coro.
- (3) These payments constitute payments under the EICP.
- (4) Represents aggregate earnings during each fiscal year on investments held on behalf of the Named Executives under the SERP. Amounts for 2018 exclude losses of \$35,079, \$26,332, \$4,141 and \$4,891 for Messrs. Beacom, Gattoni, Kneller and O'Malley, respectively.
- (5) Amounts include contributions made by the Company under the Landstar 401(k) Savings Plan on behalf of the Named Executives, contributions made by the Company under the SERP on behalf of the Named Executives, Health Savings Account (HSA) contributions made by the Company for those Named Executives electing to participate in the Company's high deductible medical plan, the dollar value of term life insurance premiums paid by the Company on behalf of the Named Executives and dividends paid on unvested restricted stock in the following amounts:

	<u>401(k)</u>	<u>SERP</u>	<u>HSA</u>	<u>Insurance Premiums</u>	<u>Dividends Paid on Unvested Restricted Stock</u>	<u>Total</u>
<u>2019</u>						
James B. Gattoni	\$11,000	\$8,567	\$1,000	\$4,494	\$ 6,152	\$31,213
L. Kevin Stout	11,000		1,000	1,518	3,076	16,594
Joseph J. Beacom	11,250	1,350		2,838	3,076	18,514
Michael K. Kneller	11,250		1,000	990	3,076	16,316
Ricardo S. Coro	11,500			2,838	3,636	17,974
Patrick J. O'Malley	11,375			4,356	3,076	18,807
<u>2018</u>						
James B. Gattoni	\$10,600	\$9,400	\$1,000	\$4,902	\$14,008	\$39,910
L. Kevin Stout	10,600		1,000	1,518	7,003	20,121
Joseph J. Beacom	10,597	2,100		1,518	7,003	21,218
Michael K. Kneller	10,758		1,000	660	7,003	19,421
Ricardo S. Coro	8,000			1,518	12,374	21,892
Patrick J. O'Malley	11,008			4,356	7,003	22,367

	<u>401(k)</u>	<u>SERP</u>	<u>HSA</u>	<u>Insurance Premiums</u>	<u>Dividends Paid on Unvested Restricted Stock</u>	<u>Total</u>
<u>2017</u>						
James B. Gattoni	\$10,600		\$1,000	\$4,386	\$ 2,289	\$18,275
L. Kevin Stout	10,600		1,000	812	1,144	13,556
Joseph J. Beacom	10,722	\$1,247		1,383	1,144	14,496
Michael K. Kneller	10,600		1,000	601	1,144	13,345
Ricardo S. Coro				759	1,686	2,445
Patrick J. O'Malley	10,600			2,585	1,144	14,329

(6) Mr. O'Malley stepped down from his position as Vice President and Chief Commercial and Marketing Officer, effective May 31, 2019, and subsequently served in the position of Special Advisor to the CEO, before retiring from the Company on February 7, 2020.

Grants of Plan-Based Awards. The following table illustrates the threshold, target and maximum amounts that could have been payable in respect of 2019 services under the EICP. The following table also sets forth the number of and information about stock-based awards granted in fiscal 2019 to each of the Named Executives of the Company.

Grants of Plan-based Awards

Name	Grant Date	Date of Compensation Committee Action	Estimated future payouts under non-equity incentive plan awards			Estimated future payouts under equity incentive plan awards			All other stock awards: Number of shares of stock or units (#)	Grant date fair value of stock and option awards (\$)	Fair market value on date of grant (\$/Sh)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
James B. Gattoni	February 1, 2019(1)	December 10, 2018				—	9,724	19,448		929,925	102.83
	February 1, 2019(2)	December 10, 2018							4,862	499,959	102.83
			500,000	1,500,000	3,000,000						
L. Kevin Stout	February 1, 2019(3)	December 10, 2018				—	9,725	14,588		500,011	102.83
	February 1, 2019(1)	December 10, 2018				—	4,862	9,724		464,962	102.83
	February 1, 2019(2)	December 10, 2018							2,431	249,980	102.83
			195,000	585,000	3,000,000						
Joseph J. Beacom	February 1, 2019(1)	December 10, 2018				—	4,862	9,724		464,962	102.83
	February 1, 2019(2)	December 10, 2018							2,431	249,980	102.83
			150,000	450,000	3,000,000						
Michael K. Kneller	February 1, 2019(1)	December 10, 2018				—	4,862	9,724		464,962	102.83
	February 1, 2019(2)	December 10, 2018							2,431	249,980	102.83
			150,000	450,000	3,000,000						
Ricardo S. Coro	February 1, 2019(1)	December 10, 2018				—	3,646	7,292		348,674	102.83
	February 1, 2019(2)	December 10, 2018							1,215	124,938	102.83
			150,000	450,000	3,000,000						
Patrick J. O'Malley	February 1, 2019(1)	December 10, 2018				—	4,862	9,724		464,962	102.83
	February 1, 2019(2)	December 10, 2018							2,431	249,980	102.83
			150,000	450,000	3,000,000						

(1) RSUs have five-year contractual lives and will vest on January 31 of 2022, 2023 and 2024 based on the average of the percentage change in operating income and pre-tax income per diluted share as compared to the results from the 2018 fiscal year rounded to the nearest whole number, less the number of RSUs that have previously vested. All unvested RSUs expire on March 1, 2024. The estimated future payouts under this award assume: i) 200 percent of the award granted will vest at the maximum payout, ii) 100 percent of the award granted will vest at the target (representing the sum of the average of the percentage change (positive or negative) in operating income and pre-tax income per diluted share, in each case from continuing operations as compared to the 2018 fiscal year, equals 50%) and iii) no awards are assumed to vest at the threshold. Amounts shown are based on the most probable outcome of the performance conditions for these stock awards. The grant date fair market value per share of this award was \$102.83.

- (2) Shares of restricted stock vest over three years at a rate of 33 1/3% per year on each of January 31 of 2020, 2021 and 2022.
- (3) Represents RSUs with a market condition in the form of TSR CAGR over the vesting period, adjusted to reflect dividends (if any) paid during such period, and as may be necessary to take into account capital adjustments. In general, the award will vest on June 30 of 2023, 2024 and 2025, with the number of units that vest on each vesting date determined by multiplying one-third of the number of units credited to Mr. Gattoni pursuant to the award by a “payout percentage” that is based on the Company’s TSR. If TSR CAGR is 12.0% or greater, then the payout percentage is 150%. If TSR CAGR is between 10.0% and 12.0%, then the payout percentage is 100%. If TSR CAGR is between 8.0% and 10.0%, then the payout percentage is 50%. If TSR CAGR is less than 8.0%, then the payout percentage is 0%, with straight line interpolation between the performance levels.

Stock Vested. The following table sets forth the number and value of all RSUs and restricted shares that vested during the 2019 fiscal year by each of the Named Executives.

Name	Stock Awards	
	Number of shares acquired on vesting (#)	Value realized on vesting (1) (\$)
James B. Gattoni	59,322	6,069,287
L. Kevin Stout	26,144	2,635,577
Joseph J. Beacom	24,489	2,468,736
Michael K. Kneller	24,489	2,468,736
Ricardo S. Coro	1,818	192,877
Patrick J. O’Malley	24,489	2,468,736

- (1) The value realized represents the fair market value of the shares of Common Stock on the vesting date. The fair market value was calculated based upon the average of the high and low sale prices per share of Common Stock as reported on NASDAQ on the respective vesting dates.

Outstanding Equity Awards at Fiscal Year End. The following table sets forth the outstanding equity awards held by the Named Executives at December 28, 2019 and corresponding market value based on the closing stock price on December 27, 2019.

Outstanding Equity Awards

Name	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
James B. Gattoni	8,789(1)	994,739	60,998(2)	6,903,754
L. Kevin Stout	4,394(1)	497,313	13,979(2)	1,582,143
Joseph J. Beacom	4,394(1)	497,313	13,979(2)	1,582,143
Michael K. Kneller	4,394(1)	497,313	13,979(2)	1,582,143
Ricardo S. Coro	4,852(1)	549,149	6,990(2)	791,128
Patrick J. O’Malley	4,394(1)	497,313	13,979(2)	1,582,143

- (1) Shares of restricted stock vest over three years at a rate of 33 1/3% per year on each of January 31 of 2018, 2019 and 2020 for grants made in 2017; January 31 of 2019, 2020 and 2021 for grants made in 2018; and January 31 of 2020, 2021 and 2022 for grants made in 2019. Shares of restricted stock for Mr. Coro also include 2,907 related to his May 1, 2017 grant of which 1,453 vest May 1, 2020 and 1,454 vest on May 1, 2021.

(2) For information regarding the vesting of RSUs, see “*Compensation Discussion and Analysis – Performance Based Compensation – Stock-based Awards.*”

Nonqualified Deferred Compensation. The following table provides the contributions, earnings and balances under the SERP as of and for the fiscal year ended December 28, 2019 for the Named Executives:

Nonqualified Deferred Compensation

<u>Name</u>	<u>Executive Contributions in Last Fiscal Year (\$)</u>	<u>Registrant Contributions in Last Fiscal Year (\$)</u>	<u>Aggregate Earnings in Last Fiscal Year (\$)</u>	<u>Aggregate Withdrawals/ Distributions (\$)</u>	<u>Aggregate Balance at Last Fiscal Year End (\$)</u>
James B. Gattoni	347,917	8,567	184,682		985,473
Joseph J. Beacom	523,250	1,350	226,207		1,498,537
Michael K. Kneller			10,002		48,696
Patrick J. O’Malley			17,205		99,333

Eligible employees can elect to make deferred contributions to the SERP, based on a percentage of their base salary and/or bonus, subject to certain limitations. To the extent the employee has achieved the maximum allowable matching contribution under the Landstar System, Inc. 401(k) Savings Plan (the “401(k) Plan”), the Company will contribute an amount equal to 100% of the first 3% of salary contributions and 50% of the next 2% of such salary contributions, subject to certain limitations. Interest, earnings or appreciation (less losses and depreciation) with respect to investment balances included in the employee’s SERP account balance are credited to the employee’s investment balance. Distributions under the SERP of individual account balances credited on or after January 1, 2005, and earnings thereon, are made following termination of employment as to form of payment (i.e., lump sum or annual installments) and time of payment (i.e., within 30 days following the six-month anniversary of the employee’s termination of employment or within 30 days of March 1 of the year following the year of termination from employment of the participant) elected by the participant for that year’s contributions prior to the start of each year of participation, and otherwise in accordance with the terms of the SERP. Investments in the SERP include primarily mutual funds and are valued using quoted market prices. The table below shows the investment options available to an employee under the SERP and their annual rate of return for 2019 as reported by the administrator of the SERP.

<u>Name of Fund</u>	<u>Rate of Return</u>	<u>Name of Fund</u>	<u>Rate of Return</u>
BlackRock Inflation Protected Bond A . . .	8.26%	T. Rowe Price Retirement 2025 TR-A	21.20%
MFS Growth R3	37.34%	T. Rowe Price Retirement 2030 TR-A	22.71%
Vanguard 500 Index Admiral	31.46%	T. Rowe Price Retirement 2035 TR-A	23.99%
T. Rowe Price Retirement 2010 Fund	16.22%	T. Rowe Price Retirement 2055 TR-A	25.65%
Prudential Guaranteed Income Fund Class 3	2.25%	T. Rowe Price Retirement 2060 TR-A	25.71%
MFS Value R3	29.74%	T. Rowe Price Retirement 2040 TR-A	24.95%
T. Rowe Price Retirement 2015 TR-A . . .	17.54%	Delaware Small Cap Value	28.17%
T. Rowe Price Retirement 2020 TR-A . . .	19.47%	T. Rowe Price Mid-Cap Value Fund ..	19.62%
T. Rowe Price Mid-Cap Growth Fund . . .	31.53%	American Funds Euro Pacific Growth R5	27.37%
Invesco Small Cap Growth Fund	24.76%	T. Rowe Price International Discovery	24.61%
BNY Mellon Small Cap Stock Index Fund	22.29%	PGIM Total Return Bond Z	11.03%
T. Rowe Price Retirement 2045 TR-A . . .	25.60%	T. Rowe Price Retirement 2050 TR-A	25.68%

Potential Payment Upon Termination or Change in Control

The table below reflects the amount of compensation payable to each of the current Named Executives in the event of a qualifying termination of employment in connection with a change in control or possible change in control under the Key Executive Employment Protection Agreements, as further described in the Compensation Discussion and Analysis section of this Proxy Statement as of the end of the Company’s 2019 fiscal year. In addition, in accordance with the provisions of the Company’s stock-based award plans, all outstanding, non-vested restricted stock are subject to accelerated vesting upon a change in control of the Company. The intent of the potential acceleration of non-vested restricted stock in the event of a change in control is to enable the executive to vest in an award primarily intended as a retention tool that would otherwise have vested based solely on the passage of time and the executive’s continued employment with the Company, which may not be possible or permitted by an acquirer following a change in control of the Company due to no fault of the executive. With respect to the January 27, 2015, January 29, 2016, February 2, 2017, February 2, 2018 and February 1, 2019 Regular RSU Awards to the Named Executives, unless the Compensation Committee determines otherwise, in the event a change in control occurs prior to March 1, 2020 with respect to the 2015 awards, prior to March 1, 2021 with respect to the 2016 awards, prior to March 1, 2022 with respect to the 2017 awards, prior to March 1, 2023 with respect to the 2018 awards and prior to March 1, 2024 with respect to the 2019 awards, 20% of each such RSU award would vest to the extent such amount would not exceed the number of RSUs that are eligible to vest at the maximum level under the applicable award. The intent of the partial potential acceleration of Regular RSU awards in the event of a change in control is to compensate the executive for 20% of the target amount under each such award in lieu of potential vesting for the year of the change in control. With respect to the TSR RSU Awards to the CEO, if there is a change in control of the Company prior to a vesting date, a pro rata number of the RSUs then credited to Mr. Gattoni (based on the number of days during the vesting period prior to the change in control) will vest based on the “payout percentage” achieved as of the date of the change in control, which would reflect the price paid for a share of Landstar System, Inc. common stock upon the change in control.

<u>Name</u>	<u>Change in Control (1)</u> <u>(\$)</u>
James B. Gattoni	7,555,692
L. Kevin Stout	2,179,298
Joseph J. Beacom	1,594,298
Michael K. Kneller	2,044,298
Ricardo S. Coro	1,788,307

- (1) Change in Control amounts include severance benefits, pro rata threshold bonus and medical benefits under the Key Executive Employment Protection Agreements, as described further in the Compensation Discussion and Analysis, plus the intrinsic value of unvested restricted stock and a portion of RSUs outstanding based on the closing price of the Company’s common stock of \$113.18 on December 28, 2019 and assuming accelerated vesting upon a change in control of the Company, effective as of that date. The value of medical benefits for each Named Executive equals the payments that may be waived by the Company on behalf of such Named Executive for the continuation of existing coverage for up to one year under the Company’s medical benefit plans pursuant to such Named Executive’s Key Executive Employment Protection Agreement.

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, Landstar is providing the following information regarding the relationship of compensation of employees of the Company and its affiliates and compensation of the Company’s President and Chief Executive Officer. The pay ratio set forth below is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

Landstar identified its “median employee” by examining the 2019 total cash compensation for all individuals, excluding our CEO, who were employed by the Company on December 28, 2019, the last day of the Company’s 2019 fiscal year. All employees, whether employed on a full-time, part-time or temporary basis, were included in this calculation. The Company (i) did not make any assumptions, adjustments or estimates with respect to total cash compensation, (ii) did not annualize the compensation for any employees that were not employed by Landstar or any of its affiliates for all of 2019, and (iii) did not make any “cost of living” adjustments to the compensation of any employees. The Company believes the use of total cash compensation for all employees is a consistently applied compensation measure as the Company does not widely distribute annual equity awards throughout its employee workforce. After identifying the median employee based on total cash compensation, the Company calculated annual total compensation for such employee using the same methodology used for the Named Executives as set forth in the 2019 Summary Compensation Table. As illustrated in the table below, Landstar’s 2019 CEO to median employee pay ratio was 62.8:1.

CEO to Median Employee Pay Ratio

	<u>President & CEO</u>	<u>Median Employee</u>
Base Salary	\$ 500,000	\$40,600
Stock Awards	1,929,895	—
Non-Equity Incentive Plan Compensation	—	1,500
Change in Pension Value	184,682	—
All Other Compensation	31,213	25
Total	<u>\$2,645,790</u>	<u>\$42,125</u>
CEO Pay to Median Employee Pay Ratio	62.8	: 1

Item 402(s) Statement

The Compensation Committee has considered the potential risks arising from the Company’s compensation policies and practices for all employees and does not believe the risks from those compensation policies and practices are reasonably likely to have a material adverse effect on the Company.

SECURITY OWNERSHIP BY MANAGEMENT AND OTHERS

The following table sets forth certain information concerning the beneficial ownership of the Company's Common Stock as of March 20, 2020 by (i) each person who is known by the Company to own beneficially more than 5% of the outstanding shares of Common Stock, (ii) each Director, nominee for election as a Director and Executive Officer of the Company, and (iii) all Directors and Executive Officers as a group. Except as otherwise indicated, the business address of each stockholder listed on the table below is c/o Landstar System, Inc., 13410 Sutton Park Drive South, Jacksonville, Florida 32224.

<u>Name of Beneficial Owner</u>	<u>Position(s)</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Ownership Percent of Class (1)</u>
(i)			
BlackRock, Inc.(2)(3)		4,570,670	11.9%
The Vanguard Group(2)(4)		4,124,638	10.7%
Eaton Vance Management(2)(5)		2,540,751	6.6%
Victory Capital Management, Inc.(2)(6)		2,458,793	6.4%
T. Rowe Price Associates, Inc.(2)(7)		1,972,123	5.1%
(ii)			
Homaira Akbari(8)	Director	8,694	*
David G. Bannister(8)	Director and Nominee for Director	30,883	*
Diana M. Murphy(8)	Chairman of the Board	31,969	*
Anthony J. Orlando(9)	Director	10,224	*
Larry J. Thoele(8)	Director	13,694	*
George P. Scanlon(8)	Director and Nominee for Director	3,353	*
James B. Gattoni(10)	President, Chief Executive Officer and Director	93,506	*
Michael K. Kneller(11)	Vice President, General Counsel and Secretary	70,205	*
Joseph J. Beacom(11)	Vice President and Chief Safety and Operations Officer	46,916	*
L. Kevin Stout(11)	Vice President, Chief Financial Officer and Assistant Secretary	38,861	*
Robert S. Brasher(12)	Vice President and Chief Commercial Officer	10,745	*
Ricardo S. Coro(13)	Vice President and Chief Information Officer	8,920	*
(iii)			
All Directors, Director Nominees and Executive Officers as a group (12 persons)(14)(15)		367,970	1.0%

* Less than 1%

- (1) The percentages are based upon the number of outstanding shares of the Company as of March 20, 2020.
- (2) In accordance with the rules of the SEC, the information set forth above is based on the most recent Schedule 13G (and amendments thereto) filed by this entity.
- (3) According to its Schedule 13G/A filed on February 4, 2020, BlackRock, Inc. ("BlackRock") is a parent holding company or control person and is deemed to be the beneficial owner of 4,570,670 shares of Common Stock. BlackRock has sole voting power with respect to 4,244,168 of such shares, shared voting power or shared dispositive power with respect to none of the shares, and sole dispositive power with respect to all 4,570,670 of such shares. The business address of BlackRock is 55 East 52nd Street, New York, NY 10055.

- (4) According to its Schedule 13G/A filed on February 12, 2020, the Vanguard Group, Inc. (“Vanguard”) is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and is deemed to be the beneficial owner of 4,124,638 shares of Common Stock. Vanguard has sole voting power with respect to 22,833 of such shares, shared voting power with respect to 8,401 of such shares, sole dispositive power with respect to 4,098,840 of such shares and shared dispositive power with respect to 25,798 of such shares. In addition, Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 17,397 shares as a result of serving as investment manager of collective trust accounts and Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owner of 13,837 shares as a result of its serving as investment manager of Australian investment offerings. The business address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.
- (5) According to its Schedule 13G/A filed on February 13, 2020, Eaton Vance Management (“Eaton Vance”) is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and is deemed to be the beneficial owner of 2,540,751 shares of Common Stock. Eaton Vance has sole voting power and sole dispositive power with respect to all 2,540,751 of such shares. The business address of Eaton Vance is 2 International Place, Boston, Massachusetts 02110.
- (6) According to its Schedule 13G/A filed on January 31, 2020, Victory Capital Management, Inc. (“Victory Capital”) is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and is deemed to be the beneficial owner of 2,458,793 shares of Common Stock. Victory Capital has sole voting power with respect to 2,360,193 of such shares, shared voting power or shared dispositive power with respect to none of the shares, and sole dispositive power with respect to all 2,458,793 of such shares. The business address of Victory Capital is 4900 Tiedeman Rd. 4th Floor, Brooklyn, OH 44144.
- (7) According to its Schedule 13G/A filed on February 14, 2020, (i) T. Rowe Price Associates, Inc. (“Price Associates”) is an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and is deemed to be the beneficial owner of 1,972,123 shares of Common Stock. Price Associates has sole voting power with respect to 559,024 of such shares, no shared voting or dispositive power with respect to such shares, and sole dispositive power with respect to all 1,972,123 of such shares. The business address of each of Price Associates is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (8) Includes 1,048 shares of restricted stock subject to vesting.
- (9) Includes 3,353 Deferred Stock Units, of which 1,048 remain subject to vesting.
- (10) Includes 9,176 shares of restricted stock subject to vesting.
- (11) Includes 4,588 shares of restricted stock subject to vesting.
- (12) Includes 5,237 shares of restricted stock subject to vesting.
- (13) Includes 6,319 shares of restricted stock subject to vesting.
- (14) Represents amount of shares that may be deemed to be beneficially owned either directly or indirectly by all Directors, Nominees for Director and Executive Officers as a group.
- (15) Includes 39,736 shares of restricted stock and 1,048 Deferred Stock units subject to vesting.

**PROPOSAL NUMBER TWO —
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

The firm of KPMG LLP served as the independent registered public accounting firm for the Company for the fiscal years ended December 28, 2019 and December 29, 2018. In addition to retaining KPMG LLP to audit the consolidated financial statements and internal control over financial reporting of the Company and its subsidiary, LSHI, the Company engaged KPMG LLP to render certain employee benefit plan audit services to the Company in fiscal years 2018 and 2019 and expects to continue to do so in fiscal 2020. The aggregate fees billed for professional services by KPMG LLP in fiscal years 2019 and 2018 for services consisted of the following:

AUDIT FEES: Fees for the audits of the consolidated financial statements and internal control over financial reporting, quarterly reviews and subsidiary audit were \$1,005,000 and \$1,015,000 for fiscal years 2019 and 2018, respectively.

AUDIT RELATED FEES: Fees for the audit of the Company's 401(k) plan were \$28,500 and \$28,000 for fiscal years 2019 and 2018, respectively.

TAX FEES: None.

ALL OTHER FEES: None

The Audit Committee has approved all of the fees above.

The Audit Committee has appointed KPMG LLP to continue in that capacity for the Company's fiscal year 2020, and has recommended to the Board that a resolution be presented to stockholders at the 2020 Annual Meeting to ratify that appointment. The Board has adopted such resolutions and hereby presents it to the Company's stockholders. A representative of KPMG LLP will be present at the 2020 Annual Meeting and will have an opportunity to make a statement and respond to questions from stockholders, as appropriate.

Assuming the presence of a Quorum, to be approved, this proposal must receive the affirmative vote of the holders of a majority of the Common Stock, present, in person or by proxy, at the 2020 Annual Meeting. Abstentions from voting and broker non-votes will have no effect on the outcome of this proposal.

THE BOARD RECOMMENDS A VOTE *FOR* THIS PROPOSAL

**PROPOSAL NUMBER THREE —
EXTEND THE TERM OF THE 2011 EQUITY INCENTIVE PLAN**

We are asking stockholders at this Annual Meeting to extend the term of the Landstar System, Inc. 2011 Equity Incentive Plan (the “2011 EIP”). The 2011 EIP currently provides that the plan shall continue in effect until the tenth anniversary of the date on which it was adopted by the Board, or March 21, 2021. If the stockholders approve this proposal, the term of the 2011 EIP will be extended until May 19, 2030. The 2011 EIP was previously approved by the stockholders of the Company at the Company’s 2011 Annual Meeting of Stockholders and an amendment to the 2011 EIP was approved by the stockholders of the Company at the Company’s 2016 Annual Meeting of Stockholders

The approval of this proposal will not increase the number of shares authorized for issuance or otherwise change the terms of the 2011 EIP. As of April 7, 2020, 3,558,742 shares of the 6,000,000 shares initially authorized for issuance under the 2011 EIP, as approved by the stockholders of the Company at the 2011 Annual Meeting, remain available for issuance under the 2011 EIP. Upon approval of this proposal, all of the shares that remain authorized for issuance under the 2011 EIP as of immediately prior to the 2020 Annual Meeting would remain available for issuance until May 19, 2030.

A description of the material provisions of the 2011 EIP, as currently in effect, is set forth below. This is a summary, not a complete recitation of the 2011 EIP provisions, and is qualified in its entirety by reference to the full text of the 2011 EIP attached to this Proxy Statement as Appendix A.

The 2011 EIP’s purposes, which remain unchanged, are to:

- attract and retain the best available personnel;
- provide additional incentives to employees;
- encourage an ownership interest in the Company; and
- promote the success of the Company.

The Compensation Committee of the Company’s Board of Directors administers the 2011 EIP. The Compensation Committee consists solely of two or more directors who are independent in accordance with the Internal Revenue Code and the National Association of Securities Dealers Automated Quotation/National Market System (“NASDAQ”) requirements. The Compensation Committee is authorized to:

- interpret the 2011 EIP and all awards;
- establish and amend rules and regulations for the 2011 EIP’s operation;
- select recipients of awards;
- determine the form, amount and other terms and conditions of awards; and
- amend awards.

The Company’s officers and key executive and management employees, in addition to those of its subsidiaries, are eligible to be selected to participate in the 2011 EIP. The Compensation Committee has the sole discretion to select participants from among the eligible persons. It is estimated that the total number of persons who are eligible to receive awards under the 2011 EIP at present would not exceed 1,500.

The aggregate number of shares of common stock that may be issued under the 2011 EIP with respect to awards may not exceed 6,000,000. This limit is subject to adjustment for certain transactions affecting the Company’s common stock. Each share issued pursuant to awards of stock options or stock appreciation rights under the 2011 EIP, or with respect to awards issued in settlement of existing obligations of the Company to pay cash, will reduce the share limit by one full share. Each share issued pursuant to an award of restricted stock,

performance shares or other stock based award will reduce the share limit by two shares. If an award is cancelled, forfeited or expires unexercised, the number of shares of common stock under such award will be added back to the shares available for grant under the 2011 EIP. If an award granted under the 2002 Employee Stock Option and Stock Incentive Plan is cancelled, forfeited or expires unexercised, the number of shares of common stock under such award shall be added to the shares available for grant under the 2011 EIP. The number of shares available for grant under the 2011 EIP shall not be increased by any shares not issued or delivered as a result of a net settlement of an option or a stock appreciation right. The shares issued under the 2011 EIP may be issued from shares held in treasury or from authorized but unissued shares.

The 2011 EIP provides for the grant of:

- stock options, including incentive stock options and nonqualified stock options;
- stock appreciation rights, in tandem with stock options or freestanding;
- restricted stock awards;
- performance share and cash awards;
- cash awards; and
- other stock based awards.

The Compensation Committee may grant awards individually, in combination, or in tandem.

The exercise or measurement price for any stock option or stock appreciation right will be at least equal to the fair market value of the Company's common stock at the date of grant. The fair market value generally is determined to be the average of the high and low sales prices of a share of the Company's common stock as reported on the NASDAQ. Stock options and stock appreciation rights will normally terminate on the earlier of (i) 10 years from the date of grant, (ii) 30 days after termination of employment or service for a reason other than cause, death, disability or retirement, or (iii) one year after death, disability or retirement.

Awards may be paid in cash, shares of the Company's common stock or a combination, as determined by the Compensation Committee. Awards are non-transferable except by disposition on death.

Options

Stock options granted under the 2011 EIP may be:

- incentive stock options, as defined in the Internal Revenue Code, as amended, or
- nonstatutory stock options, which do not qualify for treatment as incentive stock options under the Internal Revenue Code, as amended.

The Compensation Committee selects the recipients of stock options and sets the terms of the stock options, including:

- the number of shares for which a stock option is granted;
- the term of the stock option; and
- the date(s) when the stock option can be exercised.

The Compensation Committee determines how a stock option may be exercised, whether for cash or securities. The exercise price of a stock option may not be less than the fair market value of a share of the Company's common stock on the date of grant, and the stock option term may be no longer than ten years.

A stock option agreement or the Compensation Committee's procedures may set forth conditions respecting the exercise of a stock option. The Compensation Committee may in its discretion waive any condition respecting the exercise of any stock option and may accelerate the time at which any stock option is exercisable.

No incentive stock option may be granted after the tenth anniversary of the date the 2011 EIP was re-adopted by the Board on March 12, 2020.

No participant can receive more than 400,000 shares of stock subject to stock options (including incentive stock options) and/or stock appreciation rights in any year.

Stock Appreciation Rights

A stock appreciation right is a grant entitling the participant to receive an amount in cash or shares of common stock or a combination thereof, as the Compensation Committee may determine, in an amount equal to the increase in the fair market value between the grant and exercise dates of the shares of the Company's common stock with respect to which the stock appreciation right is exercised. The measurement price of a stock appreciation right may not be less than the fair market value of a share of the Company's common stock on the grant date, and the term of a stock appreciation right may be no longer than ten years. Stock appreciation rights may be granted separately or in tandem with the grant of a stock option.

A stock appreciation right granted in tandem with a nonstatutory stock option may be granted either at or after the time of the grant of the nonstatutory stock option. A stock appreciation right granted in tandem with an incentive stock option may be granted only at the time of the grant of the incentive stock option. A stock appreciation right granted in tandem with a stock option terminates and is no longer exercisable upon the termination or exercise of the related stock option. The Compensation Committee may set the terms and conditions of stock appreciation rights, subject to the limitations set forth in the 2011 EIP. At any time, the Compensation Committee may accelerate the exercisability of any stock appreciation right and otherwise waive or amend any condition(s) to the grant of a stock appreciation right.

Restricted Stock

A restricted stock grant entitles the recipient to acquire, at no cost or for a purchase price determined by the Compensation Committee on the date of grant, shares of the Company's common stock subject to such restrictions and conditions as the Compensation Committee may determine at or after the time of grant, including years of service or the attainment of specified performance goals. The recipient may have all the rights of a stockholder with respect to the restricted stock. These rights include voting and dividend rights and they are effective as soon as:

- restricted stock is granted (or upon payment of the purchase price for restricted stock); and
- issuance of the restricted stock is recorded by the Company's transfer agent.

A grant of restricted stock will be subject to non-transferability restrictions, repurchase and forfeiture provisions and such other conditions (including conditions on voting and dividends) as the Compensation Committee may impose at the time of grant.

Any restricted shares cease to be restricted stock and will be deemed "vested" after the lapse of all restrictions. Restrictions lapse, and restricted stock based on service becomes vested either ratably or in a lump-sum over a minimum period of three years and, over a minimum period of one year if the restricted period is based on performance goals. If determined by the Compensation Committee at or after the time of grant, the restrictions will lapse earlier upon the participant's death, disability or retirement or upon a change in control.

Performance Related Awards

The Compensation Committee may grant performance share and performance cash awards, which are rights to receive shares of the Company's common stock or the cash equivalent of the performance share award based on the attainment of pre-established performance goals and such other conditions, restrictions and contingencies as the Compensation Committee may determine. Performance awards will be contingent upon performance measures applicable to a particular period (not less than one year), as established by the Compensation Committee, and may be determined by reference to the performance of the Company, a subsidiary or a division or unit relative to past performance or to other companies based upon any one or more of the following (and the satisfaction of any additional performance goals as the Compensation Committee determines):

- earnings per share and/or diluted earnings per share;
- budgeted earnings per share;
- return on equity;
- total shareholder return;
- revenue;
- cash flows, revenue and/or earnings relative to other parameters (e.g., net or gross assets);
- operating income;
- return on investment;
- changes in the value of the Company's common stock;
- return on assets;
- return on invested capital;
- net revenue (defined as revenue less purchased transportation);
- net revenue percentage (defined as net revenue divided by revenue);
- gross profit (defined as revenue less purchased transportation and agent commissions);
- gross profit margin (defined as gross profit divided by revenue);
- operating margin (defined as operating income divided by gross profit); and
- certain costs (which may include other operating costs, insurance and claims costs, selling general and administrative costs and/or depreciation and amortization costs) in gross dollars and/or as a percentage of revenue, net revenue, gross profit or operating income.

The Compensation Committee may use any variation of the performance criteria or establish such other similar criteria to measure performance as the Compensation Committee, in its sole discretion, deems appropriate and necessary to give effect to the performance objectives of any performance-related award. The Compensation Committee may also generally modify or waive the performance goals or conditions to the granting or vesting of a performance award except with respect to grandfathered awards eligible to be treated as performance-based compensation under Section 162(m) of the Code.

The maximum number of shares that may be subject to a performance share award to any one participant in any year cannot exceed 750,000 shares and the maximum dollar value of any performance related cash award in any year cannot exceed \$3,000,000.

Other Stock Based Awards

The Compensation Committee may grant other types of stock based awards, as it determines in its discretion. These stock based awards cannot exceed five percent of the shares available under the 2011 EIP.

Provisions Relating to a Change In Control

The 2011 EIP provides certain benefits in the event of a change in control. A change in control is deemed to have occurred if:

- any person acquires beneficial ownership of 35% or more of the Company's voting securities;
- as a result of, or in connection with, a tender or exchange offer, merger or other business combination, there is a change in the majority of the Company's Board of Directors and after which less than 50% of the voting securities of the Company or the surviving entity outstanding immediately thereafter is owned by the Company's former stockholders;
- a sale of substantially all of the Company's assets; or
- a tender or exchange offer results in the acquisition of 35% or more of the Company's outstanding voting securities.

Upon a change in control, (i) each stock option and stock appreciation right will, at the discretion of the Compensation Committee, either be cancelled in exchange for a cash payment equal to the excess of the change in control price (as defined in the 2011 EIP) over the exercise price of the stock option or the base price of the stock appreciation right, or in the case of stock options, be fully exercisable and (ii) all forfeiture restrictions applicable to the award will lapse.

However, no cancellation, acceleration of exercisability or vesting or cash settlement will occur if the Compensation Committee reasonably determines before the change in control that the award will be honored or assumed or a new award will be made with substantially equivalent rights and economic value and which provides that if the participant is terminated, all restrictions lapse and the award will otherwise vest.

Upon a change in control, participants will earn that number of performance shares that would have been paid if the applicable measurement period had ended on the Company's fiscal year ended immediately preceding the change in control (based on the performance conditions set for that period) and such performance award will either be paid in shares or cancelled in exchange for a cash payment, as determined by the Compensation Committee, in its discretion.

Other Modifications

In the event of specified changes in the Company's capital structure, the Compensation Committee will have the power to adjust the number and type of shares authorized by the 2011 EIP (including on individual awards) and the number, stock option price or types of shares covered by outstanding awards. The Compensation Committee will also have the power to make other appropriate adjustments in awards under the 2011 EIP.

Clawback

Any payment or award made to a participant is subject to recovery or "clawback" by the Company if the payment or award is based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria, or as otherwise required by applicable law.

Amendment

The Board may at any time terminate or suspend the 2011 EIP, and from time to time may amend or modify the 2011 EIP, provided that without the approval by a majority of the votes cast at a meeting of stockholders at which a quorum representing a majority of the shares of common stock is present in person or by proxy, no amendment or modification to the 2011 EIP may (i) materially increase the benefits accruing to participants under the 2011 EIP, (ii) except in connection with an adjustment to the Company's capitalization, materially increase the number of shares of common stock subject to awards under the 2011 EIP or the number of awards

that may be granted to a participant in a single calendar year under the 2011 EIP, (iii) materially modify the requirements for participation in the 2011 EIP or (iv) permit the repricing of any option or stock appreciation right. No amendment, modification, or termination of the 2011 EIP shall in any manner adversely affect any award theretofore granted under the 2011 EIP, without the consent of the participant.

Federal Income Tax Consequences

The Internal Revenue Code provides that a participant receiving a nonqualified stock option ordinarily does not realize taxable income upon the grant of the stock option. A participant does, however, realize compensation income taxed at ordinary income tax rates upon the exercise of a nonqualified stock option to the extent that the fair market value of the common stock on the date of exercise exceeds the stock option price. Subject to the discussion under “Certain Tax Code Limitations on Deductibility” below, the Company is entitled to a federal income tax deduction for compensation in an amount equal to the ordinary income so realized by the participant. When the participant sells the shares acquired pursuant to a nonqualified stock option, any gain or loss will be capital gain or loss. This assumes that the shares represent a capital asset in the participant’s hands, although there will be no tax consequences for the Company.

The grant of an incentive stock option does not result in taxable income to a participant. The exercise of an incentive stock option also does not result in taxable income, provided that the circumstances satisfy the employment requirements in the Internal Revenue Code. However, the exercise of an incentive stock option may give rise to alternative minimum tax liability for the participant. In addition, if the participant does not dispose of the common stock acquired upon exercise of an incentive stock option during the statutory holding period, then any gain or loss upon subsequent sale of the common stock will be a long-term capital gain or loss. This assumes that the shares represent a capital asset in the participant’s hands.

The statutory holding period lasts until the later of:

- two years from the date the stock option is granted; and
- one year from the date the common stock is transferred to the participant pursuant to the exercise of the stock option.

If the employment and statutory holding period requirements are satisfied, the Company may not claim any federal income tax deduction upon either the exercise of the incentive stock option or the subsequent sale of the common stock received upon exercise. If these requirements are not satisfied (a “disqualifying disposition”), the amount of ordinary income taxable to the participant is the lesser of:

- the fair market value of the common stock on the date of exercise minus the stock option price; and
- the amount realized on disposition minus the stock option price.

Any excess is long-term or short-term capital gain or loss, assuming the shares represent a capital asset in the participant’s hands. Subject to the discussion under “Certain Tax Code Limitations on Deductibility” below, in the case of a disqualifying disposition, the Company is entitled to a federal income tax deduction in an amount equal to the ordinary income realized by the participant.

The exercise of a stock option through the exchange of previously-acquired stock will generally be treated as a non-taxable like-kind exchange as to the number of shares given up and the identical number of shares received under the stock option. That number of shares will take the same tax basis and, for capital gain purposes, the same holding period as the shares that are given up. The value of the shares received upon such an exchange which are in excess of the number given up will be taxed to the participant at the time of the exercise as ordinary income, taxed as compensation. The excess shares will have a new holding period for capital gains purposes and a tax basis equal to the value of such shares determined at the time of exercise. If the tendered shares were acquired through the prior exercise of an incentive stock option and do not satisfy the statutory two-year and one-year holding periods (“disqualified shares”), then the tender will result in compensation

income to the optionee taxed as ordinary income equal to the excess of the fair market value of the disqualified shares, determined when the prior incentive stock option was exercised, over the exercise price of the disqualified shares. The optionee will increase his tax basis in the number of shares received on exercise equal to the number of shares of disqualified shares tendered by the amount of compensation income recognized by the optionee with respect to the disqualified shares. Generally, the federal income tax consequences to the optionee are similar to those described above relating to the exercise of a stock option through the exchange of non-disqualified shares.

If an optionee exercises a stock option through the net exercise method, the Company will issue to the employee that number of shares as is equal to the quotient of (i) the excess of the then fair market value of the shares as to which the option is being exercised over (ii) the aggregate stock option exercise price for such shares divided by (ii) the then per share fair market value. It will then withhold from such shares a number of shares having an aggregate fair market value equal to the tax withholding obligations in respect of such exercise. Any fractional shares resulting from such calculations will be settled in cash. In the case of a nonqualified stock option, the net exercise method would result in compensation income to the optionee equal to, for each option exercised, the spread value between the fair market value of a share at the time of exercise and the exercise price of the option. In the case of an incentive stock option, the net exercise method would result in the options becoming disqualified and taxed in the same manner as nonqualified stock options.

Under Section 83(b) of the Internal Revenue Code, an employee may elect to include in ordinary income, as compensation at the time restricted stock is first issued, the excess of the fair market value of the stock at the time of issuance over the amount paid, if any, by the employee. In this event, any subsequent change in the value of the shares will be recognized for tax purposes as capital gain or loss upon disposition of the shares, assuming that the shares represent a capital asset in the hands of the employee. An employee makes a Section 83(b) election by filing the election with the IRS no later than 30 days after the restricted stock is transferred to the employee. If a Section 83(b) election is properly made, the employee will not be entitled to any loss deduction if the shares with respect to which a Section 83(b) election was made are later forfeited. Unless a Section 83(b) election is made, no taxable income will generally be recognized by the recipient of a restricted stock award until the shares are no longer subject to the restrictions or the risk of forfeiture. When either the restrictions or the risk of forfeiture lapses, the employee will recognize ordinary income, taxable as compensation, in an amount equal to the excess of the fair market value of the common stock on the date of lapse over the amount paid, if any, by the employee for the stock. Absent a Section 83(b) election, any cash dividends or other distributions paid with respect to the restricted stock prior to the lapse of the restrictions or risk of forfeiture will be included in the employee's ordinary income as compensation at the time of receipt and subsequent appreciation or depreciation will be recognized as capital gain or loss, assuming that the shares represent a capital asset in the hands of the employee.

Generally, an employee will not recognize any taxable income upon the grant of stock appreciation rights, performance shares, or other stock or cash based award. At the time the employee receives the payment for the stock appreciation right, performance shares, or other stock or cash based award, the fair market value of shares of common stock or the amount of any cash received in payment for such awards generally is taxable to the employee as ordinary income, taxable as compensation.

Subject to the discussion under "Certain Tax Code Limitations on Deductibility" below, the Company or one of its subsidiaries will be entitled to a deduction for federal income tax purposes at the same time and in the same amount that an employee recognizes ordinary income from awards under the 2011 EIP.

The exercisability of a stock option or a stock appreciation right, the payment of a performance share or the elimination of restrictions on restricted stock, may be accelerated, and special cash settlement rights may be triggered and exercised, as a result of a change in control. If any of the foregoing occurs, all or a portion of the value of the relevant award at that time may be considered a parachute payment under the Internal Revenue Code. This is relevant for determining whether a 20% excise tax (in addition to income tax otherwise owed) is payable by the participant as a result of the receipt of an excess parachute payment pursuant to the Internal Revenue Code. The Company will not be entitled to a deduction for that portion of any parachute payment which is subject to the excise tax.

Certain Tax Code Limitations on Deductibility

Section 162(m) of the Internal Revenue Code generally disallows a federal income tax deduction to any publicly held corporation for compensation paid in excess of \$1.0 million in any taxable year to Named Executives who are considered “covered employees” under this rule. In fiscal years prior to 2018, there was an exception for performance-based compensation, which is no longer available other than for certain “grandfathered” performance-based awards granted prior to November 2, 2017. Please see “Compensation Discussion and Analysis — Tax Considerations” for more information regarding Section 162(m) of the Internal Revenue Code.

PROPOSAL NUMBER FOUR — ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, and Section 14A of the Securities Exchange Act of 1934, enable the Company’s stockholders to vote to approve, on an advisory (nonbinding) basis, the compensation of the Named Executives as disclosed in this Proxy Statement.

As described in detail under the heading “*Compensation Discussion and Analysis*,” the executive compensation programs are designed to attract, motivate, and retain the Named Executives, who are critical to the Company’s success. Under these programs, the Named Executives are rewarded for the achievement of specific annual, long-term and corporate goals, and the realization of increased stockholder value. Please read the “*Compensation Discussion and Analysis*” included in this Proxy Statement for additional details about the executive compensation programs, including information about the fiscal year 2019 compensation of the Named Executives.

The Compensation Committee continually reviews the compensation programs for the Named Executives to ensure they achieve the desired goals of aligning the Company’s executive compensation structure with current market practices and the stockholders’ interests. While the Compensation Committee determines the compensation of the Named Executives in the manner described in the “*Compensation Discussion and Analysis*,” the Company understands that the stockholders may be particularly interested in the connection between our Chief Executive Officer’s compensation and the Company’s performance, as well as the long-term trend of the Chief Executive Officer’s total compensation relative to the stockholders’ return. As set forth in the Summary Compensation Table included in this Proxy Statement, a significant portion of total compensation paid to the Company’s Chief Executive Officer as well as the other Named Executives is designed to be “performance based” (as discussed in “*Compensation Discussion and Analysis*”).

In retrospect, the macroeconomic environment experienced throughout most of 2019 by the truckload transportation logistics industry was characterized by softness in demand, weakness in the U.S. manufacturing sector, and readily available truck capacity. Nevertheless, at the time the annual budgeted goals under the EICP were approved by the Compensation Committee, the freight transportation environment was relatively healthy. In fact, first quarter 2019 operating income, net income and diluted earnings per share all exceeded budgeted amounts for the first quarter set out in the Company’s 2019 financial plan. Following the 2019 first quarter, however, freight demand began to slow resulting in shortfalls to budgeted amounts of operating income, net income and diluted earnings per share with respect to each of the 2019 second, third and fourth quarters. On an annual basis, following financial performance in 2018 that was by far the best in the Company’s history, Landstar experienced year-over-year declines in both truck volumes and price for much of 2019, and revenue for fiscal year 2019 was 11% below that of fiscal year 2018. Total compensation paid to Named Executives with respect to fiscal year 2019 reflected this year-over-year softer operating environment. Fiscal year 2019, however, was still the second best financial year in the Company’s history after 2018, with 2019 revenue, gross profit, operating income and diluted earnings per share each representing the second highest annual amount achieved in Landstar history.

The Compensation Committee believes compensation realized by Named Executives in respect of 2019 demonstrated that the Company's executive compensation programs are designed effectively to take into account both short term and longer term performance components using a variety of financial metrics. As noted above in "*Compensation, Discussion and Analysis – Performance Based Compensation; Annual Incentive Compensation*," the Company did not achieve its "threshold" amount of full year diluted earnings per share under the EICP, which would have resulted in payments to Named Executives under our annual incentive compensation program. As a result, no annual bonus payments were made to any of the Named Executives under the EICP for the 2019 fiscal year. The Compensation Committee recognizes that it is unusual for a company not to pay bonus payments to any of the Named Executives following the second best annual financial performance in a company's history. The Compensation Committee believes, however, that the long-term compensation components of the Company's executive compensation program helped to appropriately compensate Named Executives with respect to 2019, reflecting the successful management of the enterprise over the last several years. For example, as a result of 2019 operating income having increased approximately 34% over 2016 operating income and 2019 diluted earnings per share having increased approximately 76% over 2016 diluted earnings per share, Named Executives were issued 34,087 shares of common stock in the aggregate in respect of the 2017 Regular RSU Awards. Moreover, under the CEO Promotion Award received by Mr. Gattoni in 2015, the Company's TSR CAGR of 14.2% over the initial four-year performance period under that award (adjusted to reflect dividends paid during such period) resulted in the issuance of 10,329 shares of common stock to Mr. Gattoni in 2019.

We are asking the stockholders to indicate their support for the Named Executive compensation as described in this Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives the stockholders the opportunity each year to express their views on the Named Executives' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Named Executives and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we will ask the stockholders to vote "FOR" the following resolution at the Company's 2020 Annual Meeting:

"RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Named Executives, as disclosed in the Company's Proxy Statement for the 2020 Annual Meeting pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2019 Summary Compensation Table and the other related tables and disclosure."

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or the Board. The Board and the Compensation Committee value the opinions of the Company's stockholders and to the extent there is any significant vote against the Named Executive compensation as disclosed in this Proxy Statement, we will consider the stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Approval of Proposal No. 3 requires the affirmative vote of a majority of the votes cast at the 2020 Annual Meeting, provided a Quorum is present. **Unless you instruct us to vote differently, we will vote valid proxies FOR the approval of the compensation paid by the Company to its Named Executives as discussed in this Proxy Statement.**

THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR* THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION PAID BY THE COMPANY TO ITS NAMED EXECUTIVES AS DISCUSSED IN THIS PROXY STATEMENT.

STOCKHOLDER PROPOSALS

In accordance with regulations issued by the SEC, stockholder proposals intended for presentation at the 2021 Annual Meeting must be received by the Secretary of the Company no later than December 8, 2020, if such proposals are to be considered for inclusion in the Company's Proxy Statement. In accordance with the Bylaws of the Company, stockholder proposals intended for presentation at the 2021 Annual Meeting that are not intended to be considered for inclusion in the Company's Proxy Statement must be received by the Secretary of the Company not earlier than December 8, 2020 and not later than January 7, 2021. For any proposal that is not submitted for inclusion in next year's Proxy Statement, but is instead sought to be presented directly at the 2021 Annual Meeting, SEC rules permit management to vote proxies in its discretion if the Company: (1) receives notice of the proposal before the close of business on February 21, 2021 and advises stockholders in the 2021 Proxy Statement about the nature of the matter and how management intends to vote on such matter; or (2) does not receive notice of the proposal prior to the close of business on February 21, 2021.

In addition, in accordance with the Bylaws, stockholder proposals intended for presentation at the 2020 Annual Meeting that are not intended for inclusion in this Proxy Statement must have been received by the Company not earlier than December 10, 2019 and not later than January 9, 2020. For any proposal that is not submitted for inclusion in this Proxy Statement, but is instead sought to be presented directly at the 2020 Annual Meeting, SEC rules permit management to vote proxies in its discretion if the Company: (1) received notice of the proposal before the close of business on February 23, 2020, and advises stockholders in this year's Proxy Statement about the nature of the matter and how management intends to vote on such matter; or (2) did not receive notice of the proposal prior to the close of business on February 23, 2020.

All proposals should be mailed via certified mail and addressed to Michael K. Kneller, Secretary, Landstar System, Inc., 13410 Sutton Park Drive South, Jacksonville, Florida 32224.

DELIVERY OF DOCUMENTS TO SECURITY HOLDERS SHARING AN ADDRESS

The Company and its intermediaries shall provide one copy of the Notice of Internet Availability to two or more security holders who share an address in accordance with Rule 14a-3(e)(1) of the Securities and Exchange Act of 1934, as amended, where consent of such security holders has been properly obtained and where neither the Company nor the intermediary has received contrary instructions from one or more of such security holders. The Company undertakes to deliver promptly upon written or oral request a separate copy of the Notice of Internet Availability to any security holder at a shared address to which a single copy of the Notice of Internet Availability was delivered. A security holder can notify the Company that the security holder wishes to receive a separate copy of the Notice of Internet Availability by contacting the Company at the following phone number and/or mailing address:

Landstar System, Inc.
Investor Relations
13410 Sutton Park Drive South
Jacksonville, FL 32224
Phone: 904-398-9400

Security holders sharing an address can also request delivery of a single copy of the Notice of Internet Availability if they are receiving multiple copies of the Notice of Internet Availability by contacting the Company at the preceding phone number and/or mailing address.

All stockholders may access the proxy materials at www.proxyvote.com as well as the Company's website— www.landstar.com. If you would like to receive a paper or an e-mail copy of our proxy materials, at no charge, please make the request by Internet at www.proxyvote.com, by phone at 1-800-579-1639 or by e-mail to sendmaterial@proxyvote.com.

OTHER MATTERS

Management knows of no matters that are to be presented for action at the meeting other than those set forth above. If any other matters properly come before the 2020 Annual Meeting, the persons named in the form of proxy will vote the shares of Common Stock represented by proxies in accordance with their best judgment on such matters.

Whether or not you expect to attend the Annual Meeting, we urge you to vote via the Internet, as instructed on the proxy card and Notice of Internet Availability or, by executing and returning the requested proxy card in the postage-paid envelope that will be provided, so that your shares may be represented at the Annual Meeting.

By Order of the Board of Directors



Michael K. Kneller
Vice President, General Counsel & Secretary

13410 Sutton Park Drive South
Jacksonville, FL 32224

THE COMPANY WILL FURNISH, WITHOUT CHARGE, TO ANY STOCKHOLDER OF THE COMPANY WHO SO REQUESTS, A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 28, 2019, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. ANY SUCH REQUEST SHOULD BE DIRECTED TO LANDSTAR SYSTEM, INC., ATTENTION: MICHAEL K. KNELLER, SECRETARY, 13410 SUTTON PARK DRIVE SOUTH, JACKSONVILLE, FLORIDA 32224.

LANDSTAR SYSTEM, INC.
2011 EQUITY INCENTIVE PLAN

As amended through March 12, 2020

SECTION 1.
PURPOSE

The purpose of the Plan is to foster and promote the long-term financial success of the Company and materially increase shareholder value by (a) motivating superior performance by means of performance-related incentives, (b) encouraging and providing for the acquisition of an ownership interest in the Company by Employees, and (c) enabling the Company to attract and retain the services of an outstanding management team upon whose judgment, interest, and special effort the successful conduct of its operations is largely dependent.

SECTION 2.
DEFINITIONS

2.1 Definitions. Whenever used herein, the following terms shall have the respective meanings set forth below:

- (a) “**Act**” means the Securities Exchange Act of 1934, as amended.
- (b) “**Award**” means any grant or award pursuant to Sections 6 through 10 of the Plan.
- (c) “**Award Agreement**” means an agreement between the Company and a Participant, setting forth the terms and conditions relating to an Award granted under the Plan.
- (d) “**Board**” means the Board of Directors of the Company.
- (e) “**Cause**” means (i) the willful failure by the Participant to perform substantially his duties as an Employee of the Company (other than due to physical or mental illness) after reasonable notice to the Participant of such failure, (ii) the Participant’s engaging in serious misconduct that is injurious to the Company or any Subsidiary, (iii) the Participant’s having been convicted of, or entered a plea of nolo contendere to, a crime that constitutes a felony or (iv) the breach by the Participant of any material written policy of the Company or any Subsidiary, or any written covenant or agreement with the Company or any Subsidiary not to disclose any information pertaining to the Company or any Subsidiary or not to compete or interfere with the Company or any Subsidiary.
- (f) “**Change in Control**” means the occurrence of any of the following events:
 - (i) any “person” including a “group” (as such terms are used in Sections 13(d) and 14(d)(2) of the Act, but excluding the Company, any of its Subsidiaries, any employee benefit plan of the Company or any of its Subsidiaries) is or becomes the “beneficial owner” (as defined in Rule 13(d)(3) under the Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company’s then outstanding securities; or
 - (ii) the consummation of a (a) merger or other business combination of the Company with or into another corporation, a majority of the directors of which were not directors of the Company immediately prior to the merger and in which the stockholders of the Company immediately prior to the effective date of such merger directly or indirectly own less than 50% of the voting power in such corporation or (b) sale or other disposition in a transaction or a series of related transactions of all or substantially all of the assets of the Company; provided that if a Participant’s employment with the Company is terminated between the date the stockholders of the Company approve a transaction

described in the preceding clauses (a) or (b) and the date of the consummation of such transaction, such Participant shall be entitled to the provisions of Section 11 as if such Participant had remained continuously employed through the date of such consummation; or

(iii) the purchase of Stock pursuant to any tender or exchange offer made by any “person,” including a “group” (as such terms are used in Sections 13(d) and 14(d)(2) of the Act), other than the Company, any of its Subsidiaries, an employee benefit plan of the Company or any of its Subsidiaries, for 35% or more of the Stock of the Company.

(g) “**Change in Control Price**” means the price per share of Stock paid in conjunction with any transaction resulting in a Change in Control (as determined in good faith by the Committee if any part of the offered price is payable other than in cash) provided, however that to the extent necessary to comply with Section 409A of the Code, the Change in Control Price should not exceed the fair market value of the Stock.

(h) “**Code**” means the Internal Revenue Code of 1986, as amended.

(i) “**Committee**” means the Compensation Committee of the Board, which is expected to consist of two or more “outside directors” within the meaning of Section 1-162-27(e) of the Treasury Regulations issued pursuant to Section 162(m) of the Code, each of whom is “independent” under the NASDAQ/NMS requirements.

(j) “**Company**” means Landstar System, Inc., a Delaware corporation, and any successor thereto.

(k) “**Disability**” means total disability as determined in accordance with the terms of the long-term disability plan of the Company or any of its Subsidiaries in which the Participant is eligible to participate, provided, that in the case of any Award subject to Section 409A of the Code, Disability shall have the meaning set forth in Section 409A of the Code.

(l) “**Effective Date**” means the date, following adoption of this Plan by the Board, on which this Plan is approved by a majority of the votes cast at a duly constituted meeting of the shareholders of the Company.

(m) “**Employee**” means any officer or other key executive and management employee of the Company or any of its Subsidiaries.

(n) “**Fair Market Value**” means, on any date, the average of the high sales price and the low sales price of a share of Stock as reported on the National Association of Securities Dealers Automated Quotation/National Market System (or on such other recognized market or quotation system on which the trading prices of the Stock are traded or quoted at the relevant time) on such date. In the event that there are no Stock transactions reported on NASDAQ/NMS (or such other system) on such date, Fair Market Value shall mean the closing price on the immediately preceding date on which Stock transactions were so reported.

(o) “**Net Exercise**” means the exercise of an Option or any portion thereof by the delivery of the greatest number of whole shares of Stock having a Fair Market Value on the date of exercise not in excess of the difference between the aggregate Fair Market Value of the shares of Stock subject to the Option (or the portion of such Option then being exercised) and the aggregate exercise price for all such shares of Stock under the Option (or the portion thereof then being exercised), with any fractional share that would result from such equation to be payable in cash.

(p) “**Option**” means the right to purchase Stock at a stated price for a specified period of time. For purposes of the Plan, an Option may be either (i) an “**Incentive Stock Option**” within the meaning of Section 422 of the Code or (ii) a “**Nonstatutory Stock Option**.”

(q) “**Participant**” means any Employee designated by the Committee to receive an Award under the Plan.

(r) “**Performance Criteria**” means the objectives established by the Committee pursuant to Section 9 of the Plan for the purpose of determining the extent to which a Performance Related Award has been earned or vested.

(s) “**Performance Related Award**” means Performance Related Cash Awards or Performance Related Stock Awards that vest (in whole or in part) upon the achievement of specified Performance Criteria.

(t) “**Plan**” means the Landstar System, Inc. 2011 Equity Incentive Plan, as in effect from time to time.

(u) “**Restricted Stock**” means shares of Stock contingently granted to a Participant under Section 8 of the Plan.

(v) “**Restriction Period**” means the period of time selected by the Committee during which a grant of Restricted Stock is subject to forfeiture and/or restrictions on transfer pursuant to the terms of the Plan.

(w) “**Retirement**” means termination of a Participant’s employment on or after the date the Participant attains age 62.

(x) “**Stock**” means the common stock of the Company, par value \$0.01 per share.

(y) “**Stock Appreciation Right**” or “**SAR**” means the right to receive a payment from the Company in cash and/or shares of Stock equal to the product of (i) the excess, if any, of the Fair Market Value of one share of Stock on the exercise date over a specified price fixed by the Committee on the grant date, multiplied by (ii) a stated number of shares of Stock. The number of shares to be issued shall be calculated on the basis of the Fair Market Value of the shares at the time of exercise. Notwithstanding the foregoing, the Committee may elect, at any time and from time to time, in lieu of issuing all or any portion of the shares of Stock otherwise issuable upon any exercise of any such SAR, to pay the grantee an amount in cash or other marketable property of a value equivalent to the aggregate Fair Market Value at the time of exercise to the number of shares of Stock that the Committee is electing to settle in cash or other marketable property.

(z) “**Stock Based Award**” means an Award described in Section 10 of the Plan.

(aa) “**Subsidiary**” means any corporation or partnership in which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock of such corporation or of the capital interest or profits interest of such partnership.

(bb) “**Unit Award**” means a Restricted Stock Unit Award granted pursuant to Section 8 of the Plan or a Performance Related Stock Award granted pursuant to Section 9 of the Plan, in each case, representing a contractual right to receive a share of Stock (or the cash equivalent thereof) upon the satisfaction, in whole or in part, of the terms and conditions applicable to such Award. Unless otherwise determined by the Committee and set forth in the applicable Award Agreement, Unit Awards shall be settled upon the satisfaction or waiver of such Unit Award’s terms and conditions. Unless otherwise determined by the Committee and set forth in the applicable Award Agreement, the holder of a Unit Award shall not be entitled to receive dividends with respect to any shares of Stock underlying such Unit Awards.

2.2 Gender and Number. Except when otherwise indicated by the context, words in the masculine gender used in the Plan shall include the feminine gender, the singular shall include the plural, and the plural shall include the singular.

SECTION 3. ELIGIBILITY AND PARTICIPATION

Participants in the Plan shall be those Employees selected by the Committee to participate in the Plan. The selection of an Employee as a Participant shall neither entitle such Employee to, nor disqualify such Employee from, participation in any other award or incentive plan.

SECTION 4.
POWERS OF THE COMMITTEE

4.1 Power to Grant. The Committee shall determine the Participants to whom Awards shall be granted and the terms and conditions of any and all such Awards. The Chairman of the Board may suggest to the Committee the Participants who should receive Awards under the Plan. The terms and conditions of each Award shall be determined by the Committee at the time of grant, and such terms and conditions shall not be subsequently changed in a manner which would be adverse to participants without the consent of the Participant to whom such Award has been granted. The Committee may establish different terms and conditions for different Participants receiving Awards and for the same Participant for each Award such Participant may receive, whether or not granted at different times.

4.2 Administration. The Committee shall be responsible for the administration of the Plan. The Committee, by majority action thereof, is authorized to prescribe, amend and rescind rules and regulations relating to the Plan and any Award thereunder, to establish the person(s) to whom Awards shall be payable or exercisable upon the death of a Participant, to provide for conditions deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration and interpretation of the Plan in order to carry out its provisions and purposes. Determinations, interpretations, or other actions made or taken by the Committee pursuant to the provisions of the Plan shall be final, binding, and conclusive for all purposes and upon all persons.

SECTION 5.
STOCK SUBJECT TO PLAN

5.1 Number. Subject to the provisions of Section 5.3, the number of shares of Stock subject to Awards under the Plan may not exceed 6,000,000 shares of Stock. The shares to be delivered under the Plan may consist, in whole or in part, of treasury Stock or authorized but unissued Stock, not reserved for any other purpose. Any shares of Stock issued in connection with an Option or SAR shall be counted against the limit as one (1) share of Stock issued; for Awards other than Options and SARs, any shares of Stock issued shall be counted against this limit as two shares of Stock for every one (1) share issued. The maximum number of shares of Stock that may be granted in the form of Incentive Stock Options shall be 6,000,000. The maximum number of shares of Stock available for issuance under the Plan shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional shares of Stock or credited as additional Restricted Stock or Stock Based Awards.

5.2 Cancelled, Terminated, Settled or Forfeited Awards. Any shares of Stock subject to any portion of any Award granted under the Plan or any Award granted under the Landstar System, Inc. 2002 Amended and Restated Stock Option and Stock Incentive Plan (the "**Prior Plan**") which is cancelled, forfeited or otherwise expires without having been exercised, in the case of an Option or SAR, or having become vested, in the case of any other Award shall again be available for grant under the Plan. For purposes of applying the share limit set forth in Section 5.1, upon the Net Exercise of any Options or the exercise of any SAR (whether granted under the Plan or granted under the Prior Plan), the gross number of shares of Stock as to which such Option or SAR is being exercised, and not just the net number of shares of Stock delivered upon such exercise, shall be treated as having been issued pursuant to the Plan or the Prior Plan, as applicable.

5.3 Adjustment in Capitalization. In the event of any Stock dividend or Stock split, recapitalization (including, without limitation, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders, exchange of shares, or other similar corporate change, the aggregate number of shares of Stock reserved for issuance under the Plan, the number and Option price of shares subject to outstanding Options or SARs granted under the Plan, and the number of shares subject to other outstanding Awards granted under the Plans may be appropriately adjusted by the Committee, in its sole discretion, and whose determination shall be conclusive.

SECTION 6. STOCK OPTIONS

6.1 Grant of Options. Options may be granted to Participants alone, in addition to, or in tandem with other Awards granted under the Plan, at such time or times as shall be determined by the Committee. Options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Nonstatutory Stock Options. The Committee shall have complete discretion in determining the number of Options, if any, to be granted to a Participant, provided that no Participant shall receive more than 400,000 shares of Stock subject to Options and/or SARs during any fiscal year of the Company. Each Option shall be evidenced by an Award Agreement that shall specify the type of Option granted, the exercise price, the duration of the Option, the number of shares of Stock to which the Option pertains, and such other terms and conditions not inconsistent with the Plan as the Committee shall determine. Notwithstanding any other Plan provision, no Incentive Stock Option may be granted on or after the tenth anniversary of the date the Plan was re-adopted by the Board on March 12, 2020.

6.2 Option Price. Nonstatutory Stock Options and Incentive Stock Options granted pursuant to the Plan shall have an exercise price which is not less than the Fair Market Value on the date the Option is granted. Without the express approval of the Company's stockholders, except as otherwise provided in Section 5.3, the Committee shall not be entitled to amend or otherwise modify any Option to lower the option price per share below the Fair Market Value on the date of grant, or to issue any replacement Option or similar Award in exchange for an Option with a higher exercise price.

6.3 Exercise of Options. Options awarded to a Participant under the Plan shall be exercisable at such times and shall be subject to such restrictions and conditions including the performance of a minimum period of service or the satisfaction of performance goals, as the Committee may impose either at or after the time of grant of such Options, subject to the Committee's right to accelerate the exercisability of such Option in its discretion. Notwithstanding the foregoing, no Option shall be exercisable more than 10 years after the date on which it is granted.

6.4 Payment. The Committee shall establish procedures governing the exercise of Options, which shall require that written notice of exercise be given and that the Option price be paid in full in cash or cash equivalents, including by personal check, at the time of exercise. The Committee may, in its discretion, permit a Participant to make payment in Stock already owned by him or her, valued at its Fair Market Value on the date of exercise, as partial or full payment of the exercise price. Alternatively, the Committee may permit a Participant to Net Exercise any Nonstatutory Stock Option. As soon as practicable after receipt of a written exercise notice and full payment of the exercise price (if applicable), the Company shall deliver to the Participant a certificate or certificates representing the acquired shares of Stock.

6.5 Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, no term of the Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of any Participant affected thereby, to cause any Incentive Stock Option previously granted to fail to qualify for the Federal income tax treatment afforded under Section 421 of the Code.

6.6 Termination of Employment Due to Retirement. Unless otherwise determined by the Committee at or after the time of grant, in the event a Participant's employment terminates by reason of Retirement, any Options granted to such Participant which are then outstanding (whether or not exercisable prior to the date of such termination) may be exercised at any time prior to the expiration of the term of the Options or within one (1) year (or such other period as the Committee shall determine at or after the time of grant) following the Participant's termination of employment, whichever period is shorter.

6.7 Termination of Employment Due to Death or Disability. Unless otherwise determined by the Committee at or after the time of grant, in the event a Participant's employment terminates by reason of death or Disability, any Options granted to such Participant which are then outstanding (whether or not exercisable prior to the date

of such termination) may be exercised by the Participant or the Participant's designated beneficiary (in accordance with procedures as may be determined by the Committee at or after the time of grant) and if none is named, at any time prior to the expiration date of the term of the options or within one (1) year (or such other period as the Committee shall determine at or after the time of grant) following the Participant's termination of employment, whichever period is shorter.

6.8 Termination of Employment for Cause. Unless otherwise determined by the Committee at or after the time of grant, in the event a Participant's employment is terminated for Cause, any Options granted to such Participant which are then outstanding (whether or not exercisable prior to the date of such termination) shall be forfeited.

6.9 Termination of Employment for Any Other Reason. Unless otherwise determined by the Committee at or after the time of grant, in the event the employment of the Participant shall terminate for any reason other than one described in Section 6.6, 6.7, or 6.8, any Options granted to such Participant which are exercisable at the date of the Participant's termination of employment shall be exercisable at any time prior to the expiration of the term of such Options or the thirtieth day following the Participant's termination of employment, whichever period is shorter.

SECTION 7. STOCK APPRECIATION RIGHTS

7.1 Grant. Stock Appreciation Rights may be granted alone, in addition to, or in tandem with, other Awards granted under the Plan. Any Stock Appreciation Right granted under the Plan shall be in such form as the Committee may from time to time approve. Stock Appreciation Rights may be granted in conjunction with all or part of any Option granted under the Plan. In the case of a Nonstatutory Stock Option, such rights may be granted either at or after the time of the grant of such Option. In the case of an Incentive Stock Option, unless the Participant otherwise consents, such rights may be granted only at the time of grant of such Option. Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee.

7.2 Exercisability. Stock Appreciation Rights shall be exercisable at such time and subject to such conditions as the Committee shall specify, except that any Stock Appreciation Right granted in tandem with an Option (or portion thereof) shall be exercisable only at such time or times and to the extent that the Options to which they relate shall be exercisable, including in the event of the termination of the Participant's employment, in accordance with the provisions of Section 6 of the Plan. Any Stock Appreciation Right granted on a stand-alone basis shall be subject to the same rules regarding exercisability (including those pertaining to periods following termination of employment) that apply to Options under Section 6.

7.3 Shares Delivered on Exercise. Upon the exercise of a Stock Appreciation Right, a grantee shall be entitled to receive an amount in shares of Stock (or, solely to the extent determined by the Committee, cash) equal in value to the excess of the Fair Market Value (at the time of exercise) of one share of Stock over the base price per share specified with respect to the Stock Appreciation Right, multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised. When payment is to be made in shares, the number of shares to be paid shall be calculated on the basis of the Fair Market Value of the shares at the time of exercise. Notwithstanding anything in this Section 7.3 to the contrary, the base price in respect of any Stock Appreciation Right shall not be less than the Fair Market Value of the Stock at the time the Stock Appreciation Right is granted, or in the case of a Stock Appreciation Right granted in tandem with an Option, the Fair Market Value of the Stock at the time the related Option was granted. Without the express approval of the Company's stockholders, except as otherwise provided in Section 5.3, the Committee shall not be entitled to amend or otherwise modify any Stock Appreciation Right to lower the exercise price below the applicable Fair Market Value established under the preceding sentence, or to issue any replacement Stock Appreciation Right or similar Award in exchange for a Stock Appreciation Right with a higher base price.

7.4 Exercise of SARs. A Stock Appreciation Right may be exercised by a grantee, subject to Section 7.3, in accordance with the procedures established by the Committee from time to time for such purposes. Upon such exercise, the grantee shall be entitled to receive an amount determined in the manner prescribed in Section 7.3.

7.5 Exercise of Tandem Option. A Stock Appreciation Right or applicable portion thereof granted with respect to a given Option shall terminate and no longer be exercisable upon the termination or upon the exercise of the related Option (and similarly the related Option shall no longer be exercisable upon the exercise or termination of the related Stock Appreciation Right), subject to such provisions as the Committee may specify at grant where a Stock Appreciation Right is granted with respect to less than the full number of shares covered by a related Option.

SECTION 8. RESTRICTED STOCK

8.1 Administration. Restricted Stock and Restricted Stock Unit Awards may be issued either alone, in addition to, or in tandem with, other Awards granted under the Plan and/or awards made outside of the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock and/or Restricted Stock Unit Awards will be made, the number of shares to be awarded, the price (if any) to be paid by the recipient of Restricted Stock and/or Restricted Stock Unit Awards, the time or times within which such Awards may be subject to forfeiture, and all other terms and conditions of the Awards. The Committee may condition the grant of Restricted Stock and/or Restricted Stock Unit Awards upon the attainment of specified Performance Criteria or such other factors as the Committee may determine, in its sole discretion. The provisions of Restricted Stock and Restricted Stock Unit Awards need not be the same with respect to each recipient. The shares of Restricted Stock and the Restricted Stock Unit Awards awarded pursuant to this Section 8 shall be subject to the terms and conditions set forth herein.

8.2 Restriction Period. Subject to the provisions of this Plan and the Award Agreement, during the Restriction Period for any Restricted Stock or Restricted Stock Unit Award, the Participant shall not be permitted to sell, transfer, pledge or assign shares or units awarded under such Award. Where the Restriction Period will lapse or expire based on service, the Restriction Period shall be at least three (3) years, provided that such Restriction Period may lapse ratably over such minimum three-year period and may be waived in the event of death, Disability, Retirement or a Change in Control. Where the Restriction Period will lapse or expire based on performance objectives, the Restriction Period shall be at least one (1) year, but may be waived in the event of death, Disability, Retirement or a Change of Control. Subject to the two immediately preceding sentences, the Committee, in its sole discretion, may provide for the lapse of any restrictions imposed on any Restricted Stock and/or Restricted Stock Unit Award in installments and may accelerate or waive such restrictions in whole or in part, based on service, Performance Criteria and/or such other factors as the Committee may determine, in its sole discretion.

8.3 Stock Certificates and Delivery. If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock and/or Restricted Stock Unit Award subject to such Restriction Period (except to the extent the Committee decides to settle the Award in cash), the Committee may (i) cause the Company to record on its books and records, in a manner generally consistent with its then current procedures for recording stock ownership, the Participant's ownership of an appropriate number of unrestricted shares of Stock, or (ii) deliver certificates for an appropriate number of unrestricted shares of Stock to the Participant promptly after the lapse of the Restriction Period.

SECTION 9.
PERFORMANCE RELATED AWARDS

9.1 Performance Objectives. Notwithstanding anything else contained in the Plan to the contrary, unless the Committee otherwise determines at the time of grant, any Award of Restricted Stock and/or Restricted Stock Unit Award to an officer who is subject to the reporting requirements of Section 16(a) of the Act, other than an Award which will vest solely on the basis of the passage of time, shall become vested, if at all, upon the determination by the Committee that performance objectives established by the Committee have been attained, in whole or in part (a **“Performance Related Stock Award”**). In addition, the Committee may grant dollar denominated awards to any Participant the vesting of which shall be subject to the determination by the Committee that performance objectives established by the Committee shall have been satisfied, in whole or in part (a **“Performance Related Cash Award”**). The performance objectives upon which any Performance Related Award shall be based shall be determined over a measurement period or periods established by the Committee (which period or periods shall not be less than one (1) year) and related to at least one of the following criteria, which may be determined solely by reference to the performance of: (i) the Company; (ii) a Subsidiary or (iii) a division or unit of any of the foregoing or based on comparative performance of any of the foregoing relative to past performance or to other companies: (A) actual and/or diluted earnings per share; (B) budgeted earnings per share; (C) return on equity; (D) total shareholder return; (E) revenues; (F) cash flows, revenues and/or earnings relative to other parameters (e.g., net or gross assets); (G) operating income; (H) return on investment; (I) changes in the value of the Stock; (J) return on assets; (K) return on invested capital; (L) net revenue (defined as revenue less purchased transportation); (M) net revenue percentage (defined as net revenue divided by revenue); (N) gross profit (defined as revenue less purchased transportation and agent commissions); (O) gross profit margin (defined as gross profit divided by revenue); (P) operating margin (defined as operating income divided by gross profit); and (Q) certain costs (which may include other operating costs, insurance and claim costs, selling, general and administrative costs and/or depreciation and amortization costs) in gross dollars, and/or as a percentage of revenue, net revenue, gross profit, or operating income (the **“Performance Criteria”**). The Committee may use any variation of the Performance Criteria or establish such other similar criteria to measure performance as the Committee, in its sole discretion, deems appropriate and necessary to give effect to the performance objectives of any Performance Related Award. In addition to the performance conditions established pursuant to the two immediately preceding sentences, the Committee may further condition the vesting of any Performance Related Award on achieving such additional performance conditions of whatever nature that the Committee deems appropriate. Excluding Options and/or Stock Appreciation Rights granted hereunder, the maximum number of shares of Stock that may be subject to any such Performance Related Stock Award granted to any key employee in any calendar year shall not exceed 750,000 shares, as such number may be adjusted pursuant to Section 5; provided that, based on the level of achievement of the performance objectives, the number of shares of Stock issuable in respect of any Performance Related Stock Award upon achievement of the applicable performance conditions may be up to twice the number of shares initially granted. The maximum initial dollar value of any Performance Related Cash Award granted may not exceed \$3,000,000; provided that, based on the level of achievement of the performance objectives, the actual amount payable in respect of any such Performance Related Cash Award upon achievement of the applicable performance conditions may be twice the initial dollar value.

9.2 Interpretation. Notwithstanding anything else contained in the Plan to the contrary, to the extent required to so qualify any Performance Related Award as other performance based compensation within the meaning of Section 162(m)(4)(C) of the Code, the Committee shall not be entitled to exercise any discretion otherwise authorized under the Plan (such as the right to accelerate vesting without regard to the achievement of the relevant performance objectives) with respect to such Performance Related Award if the ability to exercise such discretion (as opposed to the exercise of such discretion) would cause such Award to fail to qualify as such other performance based compensation.

SECTION 10.
STOCK BASED AWARDS

10.1 Stock Based Awards. The Committee may grant other types of equity-based or equity-related awards (“**Stock Based Awards**”) not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted shares of Stock) in such amounts and subject to such terms and conditions as the Committee shall determine. Such Stock Based Awards may be granted as an inducement to enter the employ of the Company or any Subsidiary or in satisfaction of any obligation of the Company or any Subsidiary to an officer or other key employee, whether pursuant to this Plan or otherwise, that would otherwise have been payable in cash. Additionally, Stock Based Awards in respect of not more than five percent of the shares of Stock available for issuance under Section 5.1 may be granted for such other purposes as the Committee shall determine. Such Stock Based Awards may entail the transfer of actual shares of Stock, or payment in cash or otherwise of amounts based on the value of shares of Stock and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

10.2 Termination of Service. The Committee shall specify the extent to which the Participant shall have the right to receive Stock Based Awards following termination of the Participant’s employment with the Company and its Subsidiaries. Such provisions need not be uniform among all Stock Based Awards, and may reflect distinctions based on the reasons for such termination.

10.3 Transferability. Except as the Committee shall otherwise specify at or after grant, Stock Based Awards may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution, and during the Participant’s lifetime only by the Participant.

SECTION 11.
CHANGE IN CONTROL

11.1 Accelerated Vesting and Payment. Subject to the provisions of Section 11.2 below, in the event of a Change in Control, (a) each Option and SAR shall, at the discretion of the Committee, either be cancelled in exchange for a payment in cash of an amount equal to the excess of the Change in Control Price over the exercise price for such Option or the base price for such SAR, whichever is applicable, or, in the case of Options, be fully exercisable regardless of the exercise schedule otherwise applicable to such Option and (b) the Restriction Period applicable to all shares of Restricted Stock and Restricted Stock Unit Awards shall expire and all such shares shall become nonforfeitable and immediately exercisable.

11.2 Alternative Awards. Notwithstanding Section 11.1, no cancellation, acceleration of exercisability or vesting or cash settlement or other payment shall occur with respect to any Award if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Award shall be honored or assumed, or new rights substituted therefore (such honored, assumed or substituted award hereinafter called an “**Alternative Award**”), by a Participant’s employer (or the parent or a subsidiary of such employer) immediately following the Change in Control, provided that any such Alternative Award must:

- (i) be based on stock which is traded on an established securities market, or which will be so traded within 60 days of the Change in Control;
- (ii) provide such Participant (or each Participant in a class of Participants) with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment;
- (iii) have substantially equivalent economic value to such Award (determined at the time of the Change in Control);

(iv) have terms and conditions which provide that in the event that the Participant's employment is involuntarily terminated or constructively terminated, any conditions on a Participant's rights under, or any restrictions on transfer or exercisability applicable to, each such Alternative Award shall be waived or shall lapse, as the case may be.

For this purpose, a constructive termination shall mean a termination by a Participant following a material reduction in the Participant's compensation or a material reduction in the Participant's responsibilities, in each case without the Participant's written consent.

11.3 Performance Related Awards. In the event of a Change in Control, each Participant shall be deemed to have earned Performance Related Stock Awards with respect to each of his Performance Related Stock Awards outstanding at the date of such Change in Control. The number of shares so earned for each Award shall be computed by determining the number of Performance Related Stock Awards that would have been paid if the subject measurement period had ended on the Company's fiscal year ended immediately preceding the Change in Control (based on the conditions set by the Committee for payment of Performance Related Awards for the subject measurement period), provided that in no event shall the number of shares earned be less than the aggregate number of Performance Related Stock Awards at the target level (as identified in the applicable Award Agreement) with respect to such Award. Performance Related Stock Awards granted in the year of the Change in Control shall be earned at the same percentage as Awards granted in the year preceding the year of the Change in Control. Each Performance Related Stock Award so earned shall either (a) be paid in shares of Stock or (b) be cancelled in exchange for an immediate payment in cash of an amount based upon the Change in Control Price, in the discretion of the Committee.

11.4 Compliance with Section 409A. Notwithstanding the foregoing, to the extent that the provisions of this Section 11 would result in a distribution of any amount that would be treated as deferred compensation under Section 409A of the Code (after taking into account any and all applicable exemptions from such status), no such distribution shall be made upon the occurrence of the event constituting the Change in Control unless it also constitutes a change in control within the meaning of such Section 409A. The immediately preceding sentence shall not be construed to deny any Participant the right to vest in any such Award on account of a Change in Control. If any amount is not payable at the time of a change in control by reason of this Section 11.4, such amount shall be paid at the time it would otherwise be payable in accordance with its terms.

SECTION 12. AMENDMENT, MODIFICATION AND TERMINATION OF PLAN

The Board may at any time terminate or suspend the Plan, and from time to time may amend or modify the Plan, provided that without the approval by a majority of the votes cast at a meeting of shareholders at which a quorum representing a majority of the shares of Stock is present in person or by proxy, no amendment or modification to the Plan may (i) materially increase the benefits accruing to participants under the Plan, (ii) except as otherwise expressly provided in Section 5.3, materially increase the number of shares of Stock subject to Awards under the Plan or the number of Awards that may be granted to a participant in a single calendar year under the Plan, (iii) materially modify the requirements for participation in the Plan or (iv) permit the repricing of any Option or Stock Appreciation Right. No amendment, modification, or termination of the Plan shall in any manner adversely affect any Award theretofore granted under the Plan, without the consent of the Participant.

SECTION 13. MISCELLANEOUS PROVISIONS

13.1 Nontransferability of Awards. No Awards granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. All rights with respect to Awards granted to a Participant under the Plan shall be exercisable during his lifetime only by such Participant.

13.2 No Guarantee of Employment or Participation. Nothing in the Plan shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company or any Subsidiary or affiliate. No Employee shall have a right to be selected as a Participant, or, having been so selected, to receive any future Awards.

13.3 Tax Withholding. The Company shall have the power to withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state and local withholding tax requirements on any Award under the Plan, and the Company may defer payment of cash or issuance of Stock until such requirements are satisfied.

13.4 Clawback. Any payment paid or Award made to a Participant is subject to recovery or "clawback" by the Company if the payment or Award is based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria, or as otherwise required by applicable law.

13.5 Indemnification. Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, action, suit, or proceeding to which he may be made a party or in which he may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by him in settlement thereof, with the Company's approval, or paid by him in satisfaction of any judgment in any such action, suit, or proceeding against him, provided he shall give the Company an opportunity, at its own expense, to handle and defend the same before he undertakes to handle and defend it on his own behalf. The foregoing right of indemnification shall not be exclusive and shall be independent of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, by contract, as a matter of law, or otherwise.

13.6 No Limitation on Compensation. Nothing in the Plan shall be construed to limit the right of the Company to establish other plans or to pay compensation to its employees in cash or property, in a manner which is not expressly authorized under the Plan.

13.7 Requirements of Law. The granting of Awards and the issuance of shares of Stock shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

13.8 Term of Plan. The Plan first became effective upon adoption by the Board on March 21, 2011 and approval by a majority of the stockholders of the Company on May 26, 2011. Following an amendment to the Plan adopted by the Board on March 12, 2020 and approved by a majority of the stockholders of the Company on May 19, 2020 (the "Amendment Date"), the Plan shall continue in effect, unless sooner terminated pursuant to Section 12, until the tenth anniversary of the Amendment Date.

13.9 Governing Law. The Plan, and all Awards hereunder, shall be construed in accordance with and governed by the laws of the State of Delaware.

13.10 No Impact on Benefits. Awards granted under the Plan are not compensation for purposes of calculating an Employee's rights under any employee benefit plan.

13.11 Freedom of Action. Subject to Section 12, nothing in the Plan or any Award Agreement shall be construed as limiting or preventing the Company or any subsidiary thereof from taking any action with respect to the operation or conduct of its business that it deems appropriate or in its best interest.

13.12 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan and shall not be employed in the construction of the Plan.

13.13 No Rights as Stockholder. No Participant shall have any voting or other rights as a stockholder of the Company with respect to any Stock covered by any Option until the Participant becomes the holder or record owner of such Stock. No adjustment shall be made for dividends or other rights for which the record date is prior to the date the Participant becomes the holder or record owner of such Stock.

13.14 Delay of Distributions. Any Plan provision to the contrary notwithstanding and subject to Section 409A of the Code, to the extent required by Section 409A of the Code, payment made to a Specified Employee upon a “separation from service” as defined in Section 409A of the Code may not be made before the date that is six months after the date of such separation from service (or, if earlier, the date of death of the Specified Employee). A Specified Employee is any Employee with respect to April 1 of each calendar year, who meets the definition of “key employee” of an Employer under Code Section 416(i) (without regard to Code Section 416(i)(5)) at any time during the preceding calendar year, all as provided in Code Section 409A.