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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 26, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 0-21238

LANDSTAR SYSTEM, INC.
(Exact name of registrant as specified in its charter)

Delaware	**06-1313069**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

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

32224
(Zip Code)

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files):

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares of the registrant's common stock, par value $0.01 per share, outstanding as of the close of business on October 19, 2026 was 33,708,943.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements contained herein reflect all adjustments (all of a normal, recurring nature) which, in the opinion of management, are necessary for a fair statement of the financial condition, results of operations, cash flows and changes in shareholders' equity for the periods presented. They have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the thirty-nine weeks ended September 26, 2026 are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 26, 2026.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2025 Annual Report on Form 10-K.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)
(Unaudited)

	September 26, 2026	December 27, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 297,321	$ 396,694
Short-term investments	53,683	55,531
Trade accounts receivable, less allowance of $8,090 and $12,490	892,404	670,137
Other receivables, including advances to independent contractors, less allowance of $15,314 and $18,759	77,898	52,784
Assets held for sale	—	12,231
Other current assets	50,217	28,949
Total current assets	1,371,523	1,216,326
Operating property, less accumulated depreciation and amortization of $494,295 and $473,642	268,570	261,322
Goodwill	34,005	34,005
Other assets	133,617	124,282
Total assets	$ 1,807,715	$ 1,635,935
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Cash overdraft	$ 68,713	$ 56,654
Accounts payable	482,041	369,567
Current maturities of long-term debt	25,772	28,342
Insurance claims	87,393	87,343
Dividends payable	—	68,117
Liabilities held for sale	—	6,961
Other current liabilities	101,837	78,856
Total current liabilities	765,756	695,840
Long-term debt, excluding current maturities	56,899	48,480
Insurance claims	103,299	62,706
Deferred income taxes and other noncurrent liabilities	51,765	33,244
Shareholders' Equity		
Common stock, $0.01 par value, authorized 160,000,000 shares, issued 68,636,098 and 68,590,708 shares	686	686
Additional paid-in capital	269,696	261,256
Retained earnings	2,947,019	2,852,680
Cost of 34,927,155 and 34,531,982 shares of common stock in treasury	(2,378,302)	(2,313,245)
Accumulated other comprehensive loss	(9,103)	(5,712)
Total shareholders' equity	829,996	795,665
Total liabilities and shareholders' equity	$ 1,807,715	$ 1,635,935

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except per share amounts)
(Unaudited)

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Revenue	$ 4,115,342	$ 3,569,291	$ 1,511,787	$ 1,205,406
Investment income	7,943	10,620	2,264	3,293
Costs and expenses:				
Purchased transportation	3,212,442	2,775,761	1,182,045	936,472
Commissions to agents	319,254	291,529	117,676	98,693
Other operating costs, net of gains on asset sales/dispositions	53,971	46,996	21,226	15,572
Insurance and claims	130,193	103,309	55,270	33,008
Selling, general and administrative	191,534	174,303	62,376	57,015
Depreciation and amortization	30,887	35,884	9,918	11,509
Impairment of intangible and other assets	—	30,104	—	30,104
Total costs and expenses	3,938,281	3,457,886	1,448,511	1,182,373
Operating income	185,004	122,025	65,540	26,326
Interest and debt expense	1,692	756	362	217
Income before income taxes	183,312	121,269	65,178	26,109
Income taxes	46,878	30,206	17,135	6,745
Net income	$ 136,434	$ 91,063	$ 48,043	$ 19,364
Basic and diluted earnings per share	$ 4.02	$ 2.61	$ 1.42	$ 0.56
Average basic and diluted shares outstanding	33,943,000	34,885,000	33,871,000	34,581,000
Dividends per common share	$ 1.24	$ 1.16	$ 0.44	$ 0.40

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)
(Unaudited)

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Net income	$ 136,434	$ 91,063	$ 48,043	$ 19,364
Other comprehensive (loss) income:				
Unrealized holding (losses) gains on available-for-sale investments, net of tax (benefit) expense of ($613), $570, ($429) and $146	(2,233)	2,081	(1,566)	535
Foreign currency translation (losses) gains	(1,158)	3,184	120	(116)
Other comprehensive (loss) income	(3,391)	5,265	(1,446)	419
Comprehensive income	$ 133,043	$ 96,328	$ 46,597	$ 19,783

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Thirty-Nine Weeks Ended	
	September 26, 2026	September 27, 2025
OPERATING ACTIVITIES		
Net income	$ 136,434	$ 91,063
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	30,887	35,884
Non-cash interest charges	213	198
Provisions for losses on trade and other accounts receivable	4,991	13,305
Gains on sales/disposals of operating property	(606)	(1,670)
Impairment of intangible and other assets	—	30,104
Deferred income taxes, net	17,590	5,891
Stock-based compensation	8,443	5,243
Changes in operating assets and liabilities:		
Increase in trade and other accounts receivable	(252,372)	(34,724)
Increase in other assets	(18,716)	(27,455)
Increase in accounts payable	112,474	19,128
Increase in other liabilities	18,738	7,099
Increase in insurance claims	40,643	8,103
NET CASH PROVIDED BY OPERATING ACTIVITIES	98,719	152,169
INVESTING ACTIVITIES		
Sales and maturities of investments	130,585	120,693
Purchases of investments	(133,969)	(119,097)
Purchases of operating property	(11,610)	(7,673)
Proceeds from sales of operating property	6,436	6,398
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(8,558)	321
FINANCING ACTIVITIES		
Increase (decrease) in cash overdraft	12,059	(13,041)
Dividends paid	(110,212)	(111,097)
Payment for debt issue costs	(1,049)	—
Taxes paid in lieu of shares issued related to stock-based compensation plans	(1,057)	(933)
Purchases of common stock	(65,178)	(143,230)
Principal payments on finance lease obligations	(22,759)	(25,176)
NET CASH USED BY FINANCING ACTIVITIES	(188,196)	(293,477)
Effect of exchange rate changes on cash and cash equivalents	(1,517)	1,958
Decrease in cash and cash equivalents, including cash and cash equivalents classified as assets held for sale	(99,552)	(139,029)
Plus: Net change in cash and cash equivalents classified as assets held for sale	179	(798)
Net change in cash and cash equivalents	(99,373)	(139,827)
Cash and cash equivalents at beginning of period	396,694	515,018
Cash and cash equivalents at end of period	$ 297,321	$ 375,191

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Thirty-Nine and Thirteen Weeks Ended September 26, 2026 and September 27, 2025
(Dollars in thousands)
(Unaudited)

	Common Stock		Additional Paid-In	Retained	Treasury Stock at Cost		Accumulated Other Comprehensive	
	Shares	Amount	Capital	Earnings	Shares	Amount	Loss	Total
Balance December 27, 2025	68,590,708	$ 686	$261,256	$2,852,680	34,531,982	$(2,313,245)	$ (5,712)	$795,665
Net income				39,440				39,440
Dividends ($0.40 per share)				(13,614)				(13,614)
Purchases of common stock					150,923	(22,587)		(22,587)
Issuance of stock related to stock-based compensation plans	28,532		(3)		8,125	(1,037)		(1,040)
Stock-based compensation			2,487					2,487
Other comprehensive loss							(1,375)	(1,375)
Balance March 28, 2026	68,619,240	$ 686	$263,740	$2,878,506	34,691,030	$(2,336,869)	$ (7,087)	$798,976
Net income				48,951				48,951
Dividends ($0.40 per share)				(13,567)				(13,567)
Purchases of common stock						24		24
Issuance of stock related to stock-based compensation plans	11,934				3,219	(17)		(17)
Stock-based compensation			2,933					2,933
Other comprehensive loss							(570)	(570)
Balance June 27, 2026	68,631,174	$ 686	$266,673	$2,913,890	34,694,249	$(2,336,862)	$ (7,657)	$836,730
Net income				48,043				48,043
Dividends ($0.44 per share)				(14,914)				(14,914)
Purchases of common stock					232,645	(41,440)		(41,440)
Issuance of stock related to stock-based compensation plans	4,924				261			—
Stock-based compensation			3,023					3,023
Other comprehensive loss							(1,446)	(1,446)
Balance September 26, 2026	68,636,098	$ 686	$269,696	$2,947,019	34,927,155	$(2,378,302)	$ (9,103)	$829,996

	Common Stock		Additional Paid-In	Retained	Treasury Stock at Cost		Accumulated Other Comprehensive	
	Shares	Amount	Capital	Earnings	Shares	Amount	(Loss) Income	Total
Balance December 28, 2024	68,559,269	$ 686	$255,260	$2,859,916	33,243,196	$(2,131,413)	$ (12,010)	$972,439
Net income				29,806				29,806
Dividends ($0.36 per share)				(12,688)				(12,688)
Purchases of common stock					386,318	(60,945)		(60,945)
Issuance of stock related to stock-based compensation plans	22,503		(2)		6,081	(907)		(909)
Stock-based compensation			2,038					2,038
Other comprehensive income							1,014	1,014
Balance March 29, 2025	68,581,772	$ 686	$257,296	$2,877,034	33,635,595	$(2,193,265)	$ (10,996)	$930,755
Net income				41,893				41,893
Dividends ($0.40 per share)				(13,916)				(13,916)
Purchases of common stock					300,141	(42,350)		(42,350)
Issuance of stock related to stock-based compensation plans	7,646				146	(7)		(7)
Stock-based compensation			1,619					1,619
Other comprehensive income							3,832	3,832
Balance June 28, 2025	68,589,418	$ 686	$258,915	$2,905,011	33,935,882	$(2,235,622)	$ (7,164)	$921,826
Net income				19,364				19,364
Dividends ($0.40 per share)				(13,861)				(13,861)
Purchases of common stock					308,709	(40,613)		(40,613)
Issuance of stock related to stock-based compensation plans					125	(17)		(17)
Stock-based compensation			1,586					1,586
Other comprehensive income							419	419
Balance September 27, 2025	68,589,418	$ 686	$260,501	$2,910,514	34,244,716	$(2,276,252)	$ (6,745)	$888,704

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The consolidated financial statements include the accounts of Landstar System, Inc. and its subsidiary, Landstar System Holdings, Inc., and reflect all adjustments (all of a normal, recurring nature) which are, in the opinion of management, necessary for a fair statement of the results for the periods presented. The preparation of the consolidated financial statements requires the use of management's estimates. Actual results could differ from those estimates. Landstar System, Inc. and its subsidiary are herein referred to as "Landstar" or the "Company." Significant intercompany accounts have been eliminated in consolidation.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2025 Annual Report on Form 10-K.

(1) Significant Accounting Policies

Revenue from Contracts with Customers – Disaggregation of Revenue

The following table summarizes (i) the percentage of consolidated revenue generated by mode of transportation and (ii) the total amount of truck transportation revenue hauled by BCO Independent Contractors and Truck Brokerage Carriers generated by equipment type during the thirty-nine-week and thirteen-week periods ended September 26, 2026 and September 27, 2025 (dollars in thousands):

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
Mode	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Truck – BCO Independent Contractors	40%	38%	39%	38%
Truck – Truck Brokerage Carriers	53%	54%	54%	52%
Rail intermodal	2%	2%	2%	2%
Ocean and air cargo carriers	4%	5%	4%	6%
Truck Equipment Type				
Van equipment	$ 2,080,868	$ 1,769,440	$ 759,949	$ 583,369
Unsided/platform equipment	$ 1,379,319	$ 1,127,276	$ 518,582	$ 386,006
Less-than-truckload	$ 73,845	$ 72,229	$ 24,933	$ 24,480
Other truck transportation (1)	$ 289,298	$ 288,807	$ 103,707	$ 96,041

(1) Includes power-only, expedited, straight truck, cargo van, and miscellaneous other truck transportation revenue generated by the transportation logistics segment. Power-only refers to shipments where the Company furnishes a power unit and an operator but not trailing equipment, which is typically provided by the shipper or consignee.

(2) Share-based Payment Arrangements

As of September 26, 2026, the Company has an employee equity incentive plan, the 2011 equity incentive plan (the "2011 EIP"). The Company also has a stock compensation plan for members of its Board of Directors, the 2022 Directors Stock Compensation Plan (the "2022 DSCP"). 6,000,000 shares of the Company's common stock were authorized for issuance under the 2011 EIP and 200,000 shares of the Company's common stock were authorized for issuance under the 2022 DSCP. The 2011 EIP and 2022 DSCP are each referred to herein as a "Plan," and, collectively, as the "Plans." Amounts recognized in the financial statements with respect to these Plans are as follows (in thousands):

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Total cost of the Plans during the period	$ 8,443	$ 5,243	$ 3,023	$ 1,586
Amount of related income tax benefit recognized during the period	(2,082)	(1,179)	(741)	(387)
Net cost of the Plans during the period	$ 6,361	$ 4,064	$ 2,282	$ 1,199

Included in income tax benefits recognized in the thirty-nine-week periods ended September 26, 2026 and September 27, 2025 were (excess tax benefits) tax deficiencies from stock-based awards of ($14,000) and $106,000, respectively.

As of September 26, 2026, there were 161,928 shares of the Company's common stock reserved for issuance under the 2022 DSCP and 2,589,785 shares of the Company's common stock reserved for issuance under the 2011 EIP.

Restricted Stock Units

The following table summarizes information regarding the Company's outstanding restricted stock unit ("RSU") awards with either a performance condition or a market condition under the Plans:

	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding at December 27, 2025	203,712	$ 143.95
Granted	65,401	$ 134.55
Forfeited	(45,208)	$ 154.76
Outstanding at September 26, 2026	223,905	$ 139.02

During the thirty-nine-week period ended September 26, 2026, the Company granted RSUs with a performance condition and RSUs with a market condition, as further described below. Outstanding RSUs at both December 27, 2025 and September 26, 2026 include RSUs with a performance condition and RSUs with a market condition, as further described below and in the Company's 2025 Annual Report on Form 10-K.

RSUs with a performance condition granted during the thirty-nine-week period ended September 26, 2026 may vest on January 31 of 2029, 2030 and 2031 based on growth in diluted earnings per share as compared to the results from the 2025 fiscal year, adjusted to reflect the add back of (i) the charge taken by the Company in the 2025 first quarter in connection with a supply chain fraud relating to the Company's international freight forwarding operations; and (ii) impairment charges recorded in the Company's 2025 fiscal year related to: the decision to actively market for sale Landstar Metro, S.A.P.I. de C.V., the Company's wholly-owned Mexican operating subsidiary; the decision to wind down the Landstar Blue TMS; and a non-controlling equity investment made by the Company in Cavnue, LLC, a privately held technology start-up company.

On January 30, 2026, the Company granted 6,715 RSUs that vest based on a market condition. These RSUs may vest based on the achievement of a specific total shareholder return ("TSR") compound annual growth rate, adjusted to reflect dividends (if any) paid during such periods and capital adjustments as may be necessary, and are eligible to vest annually starting after the sixth anniversary of the grant date and concluding after the tenth anniversary of the grant date. The fair value of this RSU award was determined at the time of grant based on the expected achievement of the market condition. With respect to these RSU awards, the Company reports compensation expense ratably over the service period of the award based on the number of units granted multiplied by the grant date fair value of the RSU. Previously recognized compensation cost would be reversed only if the employee did not complete the requisite service period due to termination of employment.

The Company recognized approximately $4,858,000 and $1,586,000 of share-based compensation expense related to RSU awards in the thirty-nine-week periods ended September 26, 2026 and September 27, 2025, respectively. As of September 26, 2026, there was a maximum of $46.4 million of total unrecognized compensation cost related to RSU awards granted under the Plans with an expected average remaining life of approximately 2.9 years. With respect to RSU awards with a performance condition, the amount of future compensation expense to be recognized will be determined based on future operating results.

Non-vested Restricted Stock and Deferred Stock Units

The following table summarizes information regarding the Company's outstanding shares of non-vested restricted stock and Deferred Stock Units (defined below) under the Plans:

	Number of Shares and Deferred Stock Units	Weighted Average Grant Date Fair Value
Non-vested at December 27, 2025	53,776	$ 168.95
Granted	41,059	$ 157.79
Vested	(31,570)	$ 167.44
Forfeited	(4,615)	$ 164.59
Non-vested at September 26, 2026	58,650	$ 162.29

The fair value of each share of non-vested restricted stock issued and Deferred Stock Unit granted under the Plans is based on the fair value of a share of the Company's common stock on the date of grant. Shares of non-vested restricted stock are generally subject to vesting in three equal annual installments either on the first, second and third anniversary of the date of the grant or the third, fourth and fifth anniversary of the date of the grant, in two equal annual installments on the first and second anniversary of the date of the grant or 100% on the first or third anniversary of the date of the grant. For restricted stock awards granted under the 2022 DSCP, each recipient may elect to defer receipt of shares and instead receive restricted stock units ("Deferred Stock Units"), which represent contingent rights to receive shares of the Company's common stock on the date of the recipient's separation from service from the Board of Directors, or, if earlier, upon a change in control event of the Company. Deferred Stock Units become vested 100% on the first anniversary of the date of the grant. Deferred Stock Units do not represent actual ownership in shares of the Company's common stock and the recipient does not have voting rights or other incidents of ownership until the shares are issued. However, Deferred Stock Units do contain the right to receive dividend equivalent payments prior to settlement into shares.

As of September 26, 2026, there was $6,683,000 of total unrecognized compensation cost related to non-vested shares of restricted stock and Deferred Stock Units granted under the Plans. The unrecognized compensation cost related to these non-vested shares of restricted stock and Deferred Stock Units is expected to be recognized over a weighted average period of 1.8 years.

(3) Income Taxes

The provisions for income taxes for the 2026 and 2025 thirty-nine-week periods were based on estimated annual effective income tax rates of 25.4% and 24.6%, respectively, adjusted for discrete events, such as excess tax benefits or deficiencies resulting from stock-based awards. The effective income tax rate for the 2026 thirty-nine-week period was 25.6%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2026 period primarily attributable to state taxes. The effective income tax rate for the 2025 thirty-nine-week period was 24.9%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2025 period primarily attributable to state taxes.

(4) Earnings Per Share

Basic earnings per common share are based on the weighted average number of shares outstanding, which includes outstanding non-vested restricted stock and outstanding Deferred Stock Units. Diluted earnings per share are based on the weighted average number of common shares outstanding plus the dilutive effect of outstanding stock awards, if applicable. Outstanding RSUs were excluded from the calculation of diluted earnings per share for all periods because the performance metric requirements or market condition for vesting had not been satisfied. Accordingly, the Company had no reconciling items between the average number of common shares outstanding used to calculate basic earnings per common share and the average number of common shares and common share equivalents outstanding used to calculate diluted earnings per share during each of the 2026 and 2025 thirty-nine-week periods.

(5) Additional Cash Flow Information

During the thirty-nine-week period ended September 26, 2026, Landstar paid income taxes and interest of $29,409,000 and $3,583,000, respectively. During the thirty-nine-week period ended September 27, 2025, Landstar paid income taxes and interest of $45,646,000 and $4,107,000, respectively. Landstar acquired operating property by entering into finance leases in the amount of $28,608,000 in the thirty-nine-week period ended September 26, 2026. Landstar did not acquire any operating property by entering into finance leases in the thirty-nine-week period ended September 27, 2025. During the thirty-nine-week period ended September 26, 2026, the Company purchased its common stock at a total cost of $64,003,000, including $63,416,000 in cash purchases and accrued excise tax of $587,000, which is included in other current liabilities in the consolidated balance sheet at September 26, 2026. The Company also paid $1,762,000 in excise tax on its common stock purchases, which was included in other current liabilities in the consolidated balance sheet at December 27, 2025. During the thirty-nine-week period ended September 27, 2025, the Company purchased its common stock at a total cost of $143,908,000, including $142,512,000 in cash purchases and accrued excise tax of $1,396,000, which was included in other current liabilities in the consolidated balance sheet at September 27, 2025.

(6) Segment Information

The Company reports the results of two operating segments: the transportation logistics segment and the insurance segment. The Company's chief operating decision maker ("CODM") is our Chief Executive Officer. The CODM evaluates each segment's performance and makes decisions about resource allocations primarily based on operating income, which is the principal financial metric utilized to monitor budgeted versus actual results by segment of the Company. Asset information by segment is not typically provided to the CODM for purposes of evaluating performance or allocating resources, and therefore such information has not been presented.

The following tables summarize information about the Company's reportable business segments as of and for the thirty-nine-week and thirteen-week periods ended September 26, 2026 and September 27, 2025 (in thousands):

	Thirty-Nine Weeks Ended					
	September 26, 2026			September 27, 2025		
	Transportation Logistics	Insurance	Total	Transportation Logistics	Insurance	Total
External revenue	$ 4,071,824	$ 43,518	$4,115,342	$ 3,525,234	$ 44,057	$3,569,291
Internal revenue		63,053	63,053		64,110	64,110
Total revenue	4,071,824	106,571	4,178,395	3,525,234	108,167	3,633,401
Investment income		7,943	7,943		10,620	10,620
Purchased transportation	3,212,442		3,212,442	2,775,761		2,775,761
Commissions to agents	319,254		319,254	291,529		291,529
Other operating costs, net of gains on asset sales/dispositions	53,971		53,971	46,996		46,996
Insurance and claims	94,043	99,203	193,246	89,387	78,032	167,419
Selling, general and administrative	181,789	9,745	191,534	165,860	8,443	174,303
Depreciation and amortization	30,887		30,887	35,884		35,884
Impairment of intangible and other assets				30,104		30,104
Operating income	179,438	5,566	185,004	89,713	32,312	122,025
Goodwill	34,005		34,005	34,005		34,005
Operating income			185,004			122,025
Interest and debt expense [1]			1,692			756
Income before income taxes			183,312			121,269

	Thirteen Weeks Ended					
	September 26, 2026			September 27, 2025		
	Transportation Logistics	Insurance	Total	Transportation Logistics	Insurance	Total
External revenue	$ 1,497,058	$ 14,729	$1,511,787	$ 1,190,802	$ 14,604	$1,205,406
Internal revenue		11,430	11,430		11,017	11,017
Total revenue	1,497,058	26,159	1,523,217	1,190,802	25,621	1,216,423
Investment income		2,264	2,264		3,293	3,293
Purchased transportation	1,182,045		1,182,045	936,472		936,472
Commissions to agents	117,676		117,676	98,693		98,693
Other operating costs, net of gains on asset sales/dispositions	21,226		21,226	15,572		15,572
Insurance and claims	32,582	34,118	66,700	26,014	18,011	44,025
Selling, general and administrative	59,047	3,329	62,376	53,875	3,140	57,015
Depreciation and amortization	9,918		9,918	11,509		11,509
Impairment of intangible and other assets				30,104		30,104
Operating income (loss)	74,564	(9,024)	65,540	18,563	7,763	26,326
Operating income			65,540			26,326
Interest and debt expense [1]			362			217
Income before income taxes			65,178			26,109

[1] Interest and debt expense includes (i) interest income earned on cash balances held by the transportation logistics segment of $2,088 and $3,549 in the 2026 and 2025 thirty-nine-week periods, respectively, and $837 and $1,140 in the 2026 and 2025 thirteen-week periods, respectively, and (ii) consolidated total interest expense of $3,780 and $4,305 in the 2026 and 2025 thirty-nine-week periods, respectively, and $1,199 and $1,357 in the 2026 and 2025 thirteen-week periods, respectively.

In the thirty-nine-week periods ended September 26, 2026 and September 27, 2025, no single customer accounted for more than 10% of the Company's consolidated revenue.

(7) Other Comprehensive Income

The following table presents the components of and changes in accumulated other comprehensive loss, net of related income taxes, as of and for the thirty-nine-week period ended September 26, 2026 (in thousands):

	Unrealized Holding Losses on Available-for-Sale Securities	Foreign Currency Translation	Total
Balance as of December 27, 2025	$ (396)	$ (5,316)	$(5,712)
Other comprehensive loss	(2,233)	(1,158)	(3,391)
Balance as of September 26, 2026	$ (2,629)	$ (6,474)	$(9,103)

Amounts reclassified from accumulated other comprehensive income to investment income due to the realization of previously unrealized gains and losses in the accompanying consolidated statements of income were not significant for the thirty-nine-week period ended September 26, 2026.

(8) Investments

Investments include primarily investment-grade corporate bonds, asset-backed securities, commercial paper and U.S. Treasury obligations having maturities of up to five years (the “bond portfolio”) and money market investments. Investments in the bond portfolio are reported as available-for-sale and are carried at fair value. Investments maturing less than one year from the balance sheet date are included in short-term investments and investments maturing more than one year from the balance sheet date are included in other assets in the consolidated balance sheets. Management performs an analysis of the nature of the unrealized losses on available-for-sale investments to determine whether an allowance for credit loss is necessary. Unrealized losses, representing the excess of the purchase price of an investment over its fair value as of the end of a period, considered to be a result of credit-related factors, are to be included as a charge in the statement of income, while unrealized losses considered to be a result of non-credit-related factors are to be included as a component of shareholders’ equity. Investments whose values are based on quoted market prices in active markets are classified within Level 1. Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, are classified within Level 2. As Level 2 investments include positions that are not traded in active markets, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Any transfers between levels are recognized as of the beginning of any reporting period. Fair value of the bond portfolio was determined using Level 1 inputs related to U.S. Treasury obligations and money market investments and Level 2 inputs related to investment-grade corporate bonds, asset-backed securities, commercial paper and direct obligations of government agencies. Unrealized losses, net of unrealized gains, on the investments in the bond portfolio were $3,350,000 and $504,000 at September 26, 2026 and December 27, 2025, respectively.

The amortized cost and fair values of available-for-sale investments are as follows at September 26, 2026 and December 27, 2025 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 26, 2026				
Money market investments	$ 5,557	$ —	$ —	$ 5,557
Asset-backed securities	12,827	—	1,267	11,560
Corporate bonds, commercial paper and direct obligations of government agencies	113,059	26	2,073	111,012
U.S. Treasury obligations	20,528	—	36	20,492
Total	$151,971	$ 26	$ 3,376	$148,621
December 27, 2025				
Money market investments	$ 15,046	$ —	$ —	$ 15,046
Asset-backed securities	19,380	43	1,128	18,295
Corporate bonds, commercial paper and direct obligations of government agencies	103,425	1,097	523	103,999
U.S. Treasury obligations	9,666	7	—	9,673
Total	$147,517	$ 1,147	$ 1,651	$147,013

For those available-for-sale investments with unrealized losses at September 26, 2026 and December 27, 2025, the following table summarizes the duration of the unrealized loss (in thousands):

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
September 26, 2026						
Asset-backed securities	$ 4,441	$ 203	$ 7,119	$ 1,064	$ 11,560	$ 1,267
Corporate bonds, commercial paper, and direct obligations of government agencies	94,588	1,495	4,498	578	99,086	2,073
U.S. Treasury obligations	20,492	36	—	—	20,492	36
Total	$119,521	$ 1,734	$11,617	$ 1,642	$131,138	$ 3,376
December 27, 2025						
Asset-backed securities	$ 2,768	$ 386	$10,425	$ 742	$ 13,193	$ 1,128
Corporate bonds, commercial paper, and direct obligations of government agencies	16,772	56	13,818	467	30,590	523
Total	$ 19,540	$ 442	$24,243	$ 1,209	$ 43,783	$ 1,651

The Company believes unrealized losses on investments were primarily caused by rising interest rates rather than changes in credit quality. The Company expects to recover, through collection of all of the contractual cash flows of each security, the amortized cost basis of these securities as it does not intend to sell, and does not anticipate being required to sell, these securities before recovery of the cost basis. For these reasons, no losses have been recognized in the Company's consolidated statements of income.

(9) Leases

Landstar's noncancelable leases are primarily comprised of finance leases for the acquisition of new trailing equipment. Each finance lease for the acquisition of trailing equipment is a five year lease with a $1 purchase option for the applicable equipment at lease expiration. Substantially all of Landstar's operating lease right-of-use assets and operating lease liabilities represent leases for facilities maintained in support of the Company's network of BCO Independent Contractors and office space used to conduct Landstar's business.

These leases do not have significant rent escalation holidays, concessions, leasehold improvement incentives or other build-out clauses. Further, the leases do not contain contingent rent provisions. Landstar also rents certain trailing equipment to supplement the Company-owned trailer fleet under "month-to-month" lease terms, which are not required to be recorded on the balance sheet due to the less than twelve month lease term exemption. Sublease income is primarily comprised of weekly trailing equipment rentals to BCO Independent Contractors.

Most of Landstar's operating leases include one or more options to renew. The exercise of lease renewal options is typically at Landstar's sole discretion, and, as such, the majority of renewals to extend the lease terms are not included in the right-of-use assets and lease liabilities as they are not reasonably certain of exercise. Landstar regularly evaluates the renewal options, and when they are reasonably certain of exercise, Landstar includes the renewal period in the lease term.

As most of Landstar's operating leases do not provide an implicit rate, Landstar utilized its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. Landstar has a centrally managed treasury function; therefore, based on the applicable lease terms and the current economic environment, the Company applies a portfolio approach for determining the incremental borrowing rate.

The components of lease cost for finance leases and operating leases for the thirty-nine weeks ended September 26, 2026 were (in thousands):

Finance leases:	
Amortization of right-of-use assets	$12,566
Interest on lease liability	2,777
Total finance lease cost	15,343
Operating leases:	
Lease cost	4,962
Variable lease cost	—
Sublease income	(4,864)
Total net operating lease cost	98
Total net lease cost	$15,441

A summary of the lease classification on the Company's consolidated balance sheet as of September 26, 2026 is as follows (in thousands):

Assets:

Operating lease right-of-use assets	Other assets	$ 414
Finance lease assets	Operating property, less accumulated depreciation and amortization	114,427
Total lease assets		$ 114,841

Liabilities:

The following table reconciles the undiscounted cash flows for the finance and operating leases to the finance and operating lease liabilities recorded on the balance sheet at September 26, 2026 (in thousands):

	Finance Leases	Operating Leases
2026 Remainder	$ 8,310	$ 75
2027	27,576	264
2028	23,672	94
2029	19,300	—
2030	8,386	—
Thereafter	4,573	—
Total future minimum lease payments	91,817	433
Less amount representing interest (1.9% to 6.4%)	9,146	19
Present value of minimum lease payments	$82,671	$ 414

Current maturities of long-term debt	25,772
Long-term debt, excluding current maturities	56,899
Other current liabilities	277
Deferred income taxes and other noncurrent liabilities	137

The weighted average remaining lease term and the weighted average discount rate for finance and operating leases as of September 26, 2026 were:

	Finance Leases	Operating Leases
Weighted average remaining lease term (years)	3.6	1.6
Weighted average discount rate	5.7%	5.5%

(10) Debt

Other than the finance lease obligations as presented on the consolidated balance sheets, the Company had no outstanding debt as of September 26, 2026 and December 27, 2025.

On June 30, 2026, and as previously disclosed in a Form 8-K filed with the SEC on July 6, 2026, Landstar entered into a third amended and restated credit agreement, dated June 30, 2026, with a bank syndicate led by JPMorgan Chase Bank, N.A., as administrative agent (the "Third Amended and Restated Credit Agreement"), which amended and restated the then-existing second amended and restated credit agreement. The Third Amended and Restated Credit Agreement, which matures June 30, 2031, provides for borrowing capacity in the form of a revolving credit facility of $300,000,000, $100,000,000 of which may be utilized in the form of letters of credit. The Third Amended and Restated Credit Agreement also includes an uncommitted "accordion" feature permitting up to an additional $500,000,000 in increases to the revolving credit facility.

The Third Amended and Restated Credit Agreement is referred to herein as the "Credit Agreement." As of September 26, 2026, the Company had no borrowings outstanding under the Credit Agreement.

The revolving credit loans under the Credit Agreement, at the option of Landstar, bear interest at (i) a forward-looking term rate based on the secured overnight financing rate and an applicable margin ranging from 1.25% to 2.00%, or (ii) an alternate base rate plus an applicable margin ranging from 0.25% to 1.00%, in each case with the applicable margin determined based upon the Company's Net Leverage Ratio, as defined in the Credit Agreement, at the end of the most recent applicable fiscal quarter for which financial statements have been delivered. The revolving credit facility bears a commitment fee, payable quarterly in arrears, of 0.175% to 0.25%, based on the Company's Net Leverage Ratio at the end of the most recent applicable fiscal quarter for which financial statements have been delivered.

The Credit Agreement contains a number of covenants that limit, among other things, the incurrence of additional indebtedness. The Company is required to, among other things, maintain a minimum interest coverage ratio, as described in the Credit Agreement, and maintain a Net Leverage Ratio, as defined in the Credit Agreement, below a specified maximum. The Credit Agreement provides for a restriction on cash dividends and other distributions to stockholders on the Company's capital stock to the extent there is a default under the Credit Agreement. In addition, the Credit Agreement under certain circumstances limits the amount of such cash dividends and other distributions to stockholders to the extent that, after giving effect to any payment made to effect such cash dividend or other distribution, the Net Leverage Ratio would exceed 2.5 to 1 on a pro forma basis as of the end of the Company's most recently completed fiscal quarter. The Credit Agreement provides for an event of default in the event that, among other things, a person or group acquires 35% or more of the outstanding capital stock of the Company or obtains power to elect a majority of the Company's directors or the directors cease to consist of a majority of Continuing Directors, as defined in the Credit Agreement. None of these covenants are presently considered by management to be materially restrictive to the Company's operations, capital resources or liquidity. The Company is currently in compliance with all of the debt covenants under the Credit Agreement.

The interest rates on borrowings under the revolving credit facility are typically tied to short-term interest rates and, as such, carrying value approximates fair value. Interest rates on borrowings under finance leases approximate the interest rates that would currently be available to the Company under similar terms and, as such, carrying value approximates fair value.

(11) Commitments and Contingencies

Short-term investments include $53,683,000 in current maturities of investments held by the Company's insurance segment at September 26, 2026. The non-current portion of the bond portfolio of $94,938,000 is included in other assets. The short-term investments, together with $30,018,000 of non-current investments, provide collateral for the $75,331,000 of letters of credit issued to guarantee payment of insurance claims. As of September 26, 2026, Landstar also had $34,786,000 of additional letters of credit outstanding under the Company's Credit Agreement.

The Company is involved in certain claims and pending litigation arising from the normal conduct of business. Many of these claims are covered in whole or in part by insurance. Based on knowledge of the facts and, in certain cases, opinions of outside counsel, management believes that adequate provisions have been made for probable and reasonably estimable losses with respect to the resolution of all such claims and pending litigation and that the ultimate outcome, after provisions therefor, will not have a material adverse effect on the financial condition of the Company, but could have a material effect on the results of operations in a given quarter or year.

Third party insurance arrangements providing excess coverage for commercial trucking liabilities in excess of the Company's self-insured retention, or applicable deductible, generally require that the Company fund settlement payments to claimants and seek reimbursement from the applicable third party insurance providers. In connection with settlements of claims in excess of the Company's self-insured retention or applicable deductible, the Company accrues for the anticipated settlement payments and records a corresponding receivable for the amounts it expects to collect from its third party insurance providers following payment of those settlement amounts. The liability and the related receivable are presented on a gross basis. As of September 26, 2026, the Company's consolidated balance sheet included an aggregate liability of $21,000,000 for anticipated settlement payments in excess of the Company's self-insured retention or deductible. The Company believes collection of these receivables from its third party insurance providers is probable following its payment of the settlement amounts included in the accrual. The Company evaluates the collectability of these receivables based on the creditworthiness and surplus of the applicable third party insurance provider, its prior experience with that provider, and the contractual terms of the applicable insurance arrangement.

(12) Change in Accounting Estimate for Self-Insured Claims

Landstar provides for the estimated costs of self-insured claims primarily on an actuarial basis. The amount recorded for the estimated liability for claims incurred is based upon the facts and circumstances known on the applicable balance sheet date. The ultimate resolution of these claims may be for an amount greater or less than the amount estimated by management. The Company continually revises its existing claim estimates as new or revised information becomes available on the status of each claim. Historically, the Company has experienced both favorable and unfavorable development of prior years' claims estimates within its various programs.

The following table summarizes the adverse effect of the increase in the cost of insurance claims resulting from unfavorable development of prior year self-insured claims estimates on operating income, net income and basic and diluted earnings per share set forth in the consolidated statements of income for the thirty-nine-week and thirteen-week periods ended September 26, 2026 and September 27, 2025 (in thousands, except per share amounts):

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Operating income	$ 37,317	$ 22,860	$ 21,924	$ 9,219
Net income	$ 27,838	$ 17,236	$ 16,355	$ 6,951
Basic and diluted earnings per share	$ 0.82	$ 0.49	$ 0.48	$ 0.20

The unfavorable development of prior years' claims during the thirty-nine-week period ended September 26, 2026 was primarily attributable to an increase in the Company's actuarially determined claim reserves, several specific commercial trucking claims involving BCO Independent Contractors leased on with motor carrier subsidiaries of the Company, several specific truck brokerage claims and cargo loss experience as a result of fraud and theft in the supply chain.

(13) Subsidiary Wind Down

During the 2025 fiscal year, the Company entered into an arrangement with a financial advisor to actively market its Mexican subsidiary, Landstar Metro, S.A.P.I. de C.V. ("Landstar Metro") and to consider other strategic alternatives for this subsidiary. During the second fiscal quarter of 2026, the Company stopped actively marketing Landstar Metro and initiated a wind-down of its operations and sales of certain assets. As such, the assets and liabilities of Landstar Metro are no longer presented as held for sale within the consolidated balance sheet at September 26, 2026. It is not anticipated that the disposition of Landstar Metro will adversely affect the Company's ability to provide U.S.-Mexico cross-border services, given that Landstar Metro was principally engaged in intra-Mexico truck transportation services.

In the thirty-nine-week period ended September 26, 2026, the Company recognized an impairment of $679,000 included in selling, general and administrative costs within the Company's consolidated statements of income related to Landstar Metro. As of the end of the 2026 third quarter, the Company is substantially complete with the wind-down process. While the Company does not currently anticipate any further charges to be incurred as a result of the wind-down process, no assurances can be provided that there will not be additional charges and expenses incurred by the Company in connection with any ultimate dissolution of Landstar Metro.

(14) Recent Accounting Pronouncements

Accounting Standards Issued But Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"), which expands disclosures about certain categories of expenses. ASU 2024-03 is effective for annual periods beginning after December 15, 2026. The Company is currently evaluating the impact of ASU 2024-03 on its disclosures, but this standard update is not expected to impact the Company's results of operations or financial condition.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the interim consolidated financial statements and notes thereto included herein, and with the Company's audited financial statements and notes thereto for the fiscal year ended December 27, 2025 and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2025 Annual Report on Form 10-K.

FORWARD-LOOKING STATEMENTS

The following is a "safe harbor" statement under the Private Securities Litigation Reform Act of 1995. Statements contained in this document that are not based on historical facts are "forward-looking statements." This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Form 10-Q contain forward-looking statements, such as statements which relate to Landstar's business objectives, plans, strategies and expectations. Terms such as "anticipates," "believes," "estimates," "intention," "expects," "plans," "predicts," "may," "should," "could," "would," "will," the negative thereof and similar expressions are intended to identify forward-looking statements. Such statements are by nature subject to uncertainties and risks, including but not limited to: decreased demand for transportation services; U.S. trade relationships and potential or imposed tariffs; an increase in the frequency or severity of accidents or other claims; unfavorable development of existing accident claims; substantial verdicts or settlements rendered in connection with accidents or other claims; dependence on third party insurance companies; dependence on independent commission sales agents; dependence on third party capacity providers; the impact of the Russian conflict with Ukraine on the operations of certain independent commission sales agents, including the Company's second largest such agent by revenue in the 2025 fiscal year; substantial industry competition; disruptions or failures in the Company's computer systems; cyber and other information security incidents; dependence on key vendors; potential changes in taxes; status of independent contractors; regulatory and legislative changes; regulations focused on diesel emissions and other air quality matters; regulations requiring the purchase and use of zero-emission vehicles; intellectual property; acquisitions and investments; increased exposure to broker liability claims; and other operational, financial or legal risks or uncertainties detailed in Landstar's Form 10-K for the 2025 fiscal year, described in Item 1A "Risk Factors;" Landstar's Form 10-Q for the 2026 second quarter, described in Item 1A "Risk Factors;" in this report or in Landstar's other Securities and Exchange Commission filings from time to time. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated. Investors should not place undue reliance on such forward-looking statements and the Company undertakes no obligation to publicly update or revise any forward-looking statements.

Introduction

Landstar System, Inc. and its subsidiary, Landstar System Holdings, Inc. (collectively referred to herein with their subsidiaries and other affiliated companies as "Landstar" or the "Company"), is a technology-enabled, asset-light provider of freight transportation and logistics solutions focused on safety, security and service to a broad range of customers utilizing a network of agents, third party capacity providers and employees. The Company offers services to its customers across multiple transportation modes, with the ability to arrange for individual shipments of freight to comprehensive third party logistics solutions to meet all of a customer's transportation needs. Landstar provides services principally throughout the United States and to a lesser extent in Canada and Mexico, and between the United States and Canada, Mexico and other countries around the world. The Company's services emphasize information coordination and are delivered through a network of approximately 980 independent commission sales agents and over 75,000 third party capacity providers, primarily truck capacity providers, linked together by a series of digital technologies which are provided and coordinated by the Company. The nature of the Company's business is such that a significant portion of its operating costs varies directly with revenue.

Landstar markets its freight transportation and logistics services primarily through independent commission sales agents and exclusively utilizes third party capacity providers to transport customers' freight. Landstar's independent commission sales agents enter into contractual arrangements with the Company and are responsible for locating freight, making that freight available to Landstar's capacity providers and coordinating the transportation of the freight with customers and capacity providers. The Company's third party capacity providers consist of independent contractors who provide truck capacity to the Company under exclusive lease arrangements (the "BCO Independent Contractors"), unrelated trucking companies who provide truck capacity to the Company under non-exclusive contractual arrangements (the "Truck Brokerage Carriers"), air cargo carriers, ocean cargo carriers and railroads. Through this network of agents and capacity providers linked together by Landstar's ecosystem of digital technologies, Landstar operates a freight transportation and logistics business primarily throughout North America with revenue of $4.7 billion during the most recently completed fiscal year. The Company reports the results of two operating segments: the transportation logistics segment and the insurance segment.

The transportation logistics segment provides a wide range of freight transportation and logistics services. Transportation services are provided by Landstar's "Operating Subsidiaries": Landstar Ranger, Inc., Landstar Inway, Inc., Landstar Ligon, Inc., Landstar Gemini, Inc., Landstar Transportation Logistics, Inc., Landstar Global Logistics, Inc., Landstar Express America, Inc., Landstar Canada, Inc., Landstar Metro, S.A.P.I. de C.V., and Landstar Blue, LLC. Transportation services offered by the Company include truckload, less-than-truckload and other truck transportation, rail intermodal, air cargo, ocean cargo, expedited ground and air delivery of time-critical freight, heavy-haul/specialized, hazardous materials ("haz-mat"), cold chain/temperature-controlled, U.S.-Canada and U.S.-Mexico cross-border, project cargo and customs brokerage. Examples of the industries serviced by the transportation logistics segment include automotive parts and assemblies, consumer durables, building products, metals, chemicals, foodstuffs, heavy machinery, retail, electronics, military equipment and general commodities. In addition, the transportation logistics segment provides transportation services to other transportation companies, including third party logistics and less-than-truckload service providers. The independent commission sales agents market services provided by the transportation logistics segment. Billings for freight transportation services are typically charged to customers on a per shipment basis for the physical transportation of freight and are referred to as transportation revenue. During the thirty-nine weeks ended September 26, 2026, revenue generated by BCO Independent Contractors, Truck Brokerage Carriers and railroads represented approximately 40%, 53% and 2%, respectively, of the Company's consolidated revenue. Collectively, revenue generated by air and ocean cargo carriers represented approximately 4% of the Company's consolidated revenue in the thirty-nine-week period ended September 26, 2026.

The insurance segment is comprised of Signature Insurance Company ("Signature"), a wholly-owned offshore insurance subsidiary, and Risk Management Claim Services, Inc. The insurance segment provides risk and claims management services to certain of Landstar's Operating Subsidiaries. In addition, it reinsures certain risks of the Company's BCO Independent Contractors and provides certain property and casualty insurance and reinsurance to certain of Landstar's Operating Subsidiaries. Revenue at the insurance segment represents reinsurance premiums from third party insurance companies that provide insurance programs to BCO Independent Contractors where all or a portion of the risk is ultimately borne by Signature. Revenue at the insurance segment represented approximately 1% of the Company's consolidated revenue for the thirty-nine-week period ended September 26, 2026.

Changes in Financial Condition and Results of Operations

Management believes the Company's success principally depends on its ability to generate freight transportation opportunities through its network of independent commission sales agents and to deliver freight safely, securely and efficiently utilizing BCO Independent Contractors and other third party capacity providers. Management believes the most significant factors to the Company's success include increasing revenue, sourcing capacity, empowering its network through technology-based tools and controlling costs, including insurance and claims.

Revenue

While customer demand, which is subject to overall economic conditions, ultimately drives increases or decreases in revenue, the Company primarily relies on its independent commission sales agents to establish customer relationships and generate revenue opportunities. Management's emphasis with respect to revenue growth is on revenue generated by independent commission sales agents who on an annual basis generate $1 million or more of Landstar revenue ("Million Dollar Agents"). Management believes future revenue growth is primarily dependent on its ability to increase both the revenue generated by Million Dollar Agents and the number of Million Dollar Agents through a combination of recruiting new agents, increasing the revenue opportunities generated by existing independent commission sales agents and providing its independent commission sales agents with technologies they may use to grow revenue and increase efficiencies at their businesses. During the 2025 fiscal year, 457 independent commission sales agents generated $1 million or more of Landstar revenue and thus qualified as Million Dollar Agents. During the 2025 fiscal year, the average revenue generated by a Million Dollar Agent was $9,827,000 and revenue generated by Million Dollar Agents in the aggregate represented 95% of consolidated revenue.

Management monitors business activity by tracking the number of loads (volume) and revenue per load by mode of transportation. Revenue per load can be influenced by many factors other than a change in price. Those factors include the average length of haul, freight type, special handling and equipment requirements, fuel costs and delivery time requirements. For shipments involving two or more modes of transportation, revenue is generally classified by the mode of transportation having the highest cost for the load. The following table summarizes this information by trailer type for truck transportation and by mode for all others:

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Revenue generated through (in thousands):				
Truck transportation				
Truckload:				
Van equipment	$ 2,080,868	$ 1,769,440	$ 759,949	$ 583,369
Unsided/platform equipment	1,379,319	1,127,276	518,582	386,006
Less-than-truckload	73,845	72,229	24,933	24,480
Other truck transportation (1)	289,298	288,807	103,707	96,041
Total truck transportation	3,823,330	3,257,752	1,407,171	1,089,896
Rail intermodal	74,881	63,183	27,806	23,668
Ocean and air cargo carriers	153,047	188,696	55,334	72,270
Other (2)	64,084	59,660	21,476	19,572
	$ 4,115,342	$ 3,569,291	$ 1,511,787	$ 1,205,406
Revenue on loads hauled via BCO Independent Contractors included in total truck transportation	$ 1,629,408	$ 1,345,852	$ 590,987	$ 457,363
Number of loads:				
Truck transportation				
Truckload:				
Van equipment	870,347	850,047	294,875	277,893
Unsided/platform equipment	375,093	369,495	128,398	123,254
Less-than-truckload	95,729	115,692	29,834	38,862
Other truck transportation (1)	143,311	135,606	47,543	45,421
Total truck transportation	1,484,480	1,470,840	500,650	485,430
Rail intermodal	23,600	21,960	8,490	7,990
Ocean and air cargo carriers	20,840	24,370	6,970	7,810
	1,528,920	1,517,170	516,110	501,230
Loads hauled via BCO Independent Contractors included in total truck transportation	644,870	597,010	212,660	199,010
Revenue per load:				
Truck transportation				
Truckload:				
Van equipment	$ 2,391	$ 2,082	$ 2,577	$ 2,099
Unsided/platform equipment	3,677	3,051	4,039	3,132
Less-than-truckload	771	624	836	630
Other truck transportation (1)	2,019	2,130	2,181	2,114
Total truck transportation	2,576	2,215	2,811	2,245
Rail intermodal	3,173	2,877	3,275	2,962
Ocean and air cargo carriers	7,344	7,743	7,939	9,254
Revenue per load on loads hauled via BCO Independent Contractors	$ 2,527	$ 2,254	$ 2,779	$ 2,298
Revenue by capacity type (as a % of total revenue):				
Truck capacity providers:				
BCO Independent Contractors	40%	38%	39%	38%
Truck Brokerage Carriers	53%	54%	54%	52%
Rail intermodal	2%	2%	2%	2%
Ocean and air cargo carriers	4%	5%	4%	6%
Other	2%	2%	1%	2%

(1) Includes power-only, expedited, straight truck, cargo van, and miscellaneous other truck transportation revenue generated by the transportation logistics segment. Power-only refers to shipments where the Company furnishes a power unit and an operator but not trailing equipment, which is typically provided by the shipper or consignee.

(2) Includes primarily reinsurance premium revenue generated by the insurance segment and intra-Mexico transportation services revenue generated by Landstar Metro.

Expenses

Purchased transportation

Also critical to the Company's success is its ability to secure capacity, particularly truck capacity, at rates that allow the Company to profitably transport customers' freight. The following table summarizes the number of available truck capacity providers on the dates indicated:

	September 26, 2026	September 27, 2025
BCO Independent Contractors	7,843	7,827
Truck Brokerage Carriers:		
Approved and active [1]	39,460	40,004
Other approved	28,455	27,461
	67,915	67,465
Total available truck capacity providers	75,758	75,292
Trucks provided by BCO Independent Contractors	8,709	8,618

(1) Active refers to Truck Brokerage Carriers who moved at least one load in the 180 days immediately preceding the fiscal quarter end.

Purchased transportation represents the amount a BCO Independent Contractor or other third party capacity provider is paid to haul freight. The amount of purchased transportation paid to a BCO Independent Contractor is primarily based on a contractually agreed-upon percentage of revenue generated by loads hauled by the BCO Independent Contractor. Purchased transportation paid to a Truck Brokerage Carrier is based on either a negotiated rate for each load hauled or, to a lesser extent, a contractually agreed-upon fixed rate per load. Purchased transportation paid to railroads and ocean cargo carriers is based on either a negotiated rate for each load hauled or a contractually agreed-upon fixed rate per load. Purchased transportation paid to air cargo carriers is generally based on a negotiated rate for each load hauled. Purchased transportation as a percentage of revenue for truck brokerage, rail intermodal and ocean cargo services is normally higher than that of BCO Independent Contractor and air cargo services. Purchased transportation is the largest component of costs and expenses and, on a consolidated basis, increases or decreases as a percentage of consolidated revenue in proportion to changes in the percentage of consolidated revenue generated through BCO Independent Contractors and other third party capacity providers and external revenue from the insurance segment, consisting of reinsurance premiums. Purchased transportation as a percent of revenue also increases or decreases in relation to the availability of truck brokerage capacity and with changes in the price of fuel on revenue generated from shipments hauled by Truck Brokerage Carriers. The Company passes 100% of fuel surcharges billed to customers for freight hauled by BCO Independent Contractors to its BCO Independent Contractors. These fuel surcharges are excluded from revenue and the cost of purchased transportation. Purchased transportation costs are recognized over the freight transit period as the performance obligation to the customer is completed.

Commissions to agents

Commissions to agents are based on contractually agreed-upon percentages of (i) revenue, (ii) revenue less the cost of purchased transportation, or (iii) revenue less a contractually agreed-upon percentage of revenue retained by Landstar and the cost of purchased transportation (the "retention contracts"). Commissions to agents as a percentage of consolidated revenue vary directly with fluctuations in the percentage of consolidated revenue generated by the various modes of transportation and reinsurance premiums and, in general, vary inversely with changes in the amount of purchased transportation as a percentage of revenue on services provided by Truck Brokerage Carriers, railroads, air cargo carriers and ocean cargo carriers. Commissions to agents are recognized over the freight transit period as the performance obligation to the customer is completed.

Other operating costs, net of gains on asset sales/dispositions

Maintenance costs for Company-provided trailing equipment, the provision for uncollectible advances and other receivables due from BCO Independent Contractors and independent commission sales agents and recruiting and qualification costs for BCO Independent Contractors are the largest components of other operating costs. Also included in other operating costs are trailer rental costs and gains/losses, if any, on sales of Company-owned trailing equipment.

As previously disclosed by the Company in current and periodic reports filed with the SEC, during the last week of the Company's 2025 first quarter, the Company identified a supply chain fraud relating to the Company's international freight forwarding operations. Other operating costs during the thirty-nine-week period ended September 27, 2025 included a $4.8 million expense relating to this matter.

Insurance and claims

With respect to insurance and claims cost, potential liability associated with accidents in the trucking industry is severe and occurrences are unpredictable.

Landstar retains liability through a self-insured retention for commercial trucking claims up to $5 million per occurrence. The Company also maintains third party insurance arrangements providing coverage for commercial trucking liabilities in excess of $5 million. Historically, these third party insurance arrangements were based on policy year periods beginning on May 1 and ending on the subsequent April 30. Beginning with the policy year period commencing May 1, 2025, the Company and its third party insurance providers adjusted the applicable policy year period, beginning in 2026, to commence on June 1 and end on the subsequent May 31.

Effective June 1, 2026, the Company entered into a new three year commercial auto liability insurance arrangement for losses incurred between $5 million and $10 million (the "2026 Initial Excess Policy") with a third party insurance company. For commercial trucking claims incurred on or after June 1, 2026 through May 31, 2029, the 2026 Initial Excess Policy provides for a limit for a single loss of $5 million, with a $10 million per policy year aggregate limit and an aggregate limit of $15 million over the thirty-six month term. It also includes a $2.5 million per policy year aggregate loss corridor. Moreover, in the event paid aggregate losses under the 2026 Initial Excess Policy during the three year period ending May 31, 2029 exceed a pre-determined threshold amount, the 2026 Initial Excess Policy requires the Company to pay an additional premium up to a maximum amount of $4 million.

The Company also maintains third party insurance arrangements providing excess coverage for commercial trucking liabilities in excess of $10 million. These third party arrangements provide coverage on a per occurrence or aggregated basis. Over the past fifteen years, there has been a significant increase in the occurrence of trials in courts throughout the United States involving catastrophic injury and fatality claims against commercial motor carriers that have resulted in verdicts in excess of $10 million. Within the transportation logistics industry, these verdicts are often referred to as "Nuclear Verdicts." The increase in Nuclear Verdicts has had a significant impact on the cost of commercial auto liability claims throughout the United States. Due to the increasing cost of commercial auto liability claims, the availability of excess coverage has significantly decreased, and the pricing associated with such excess coverage, to the extent available, has significantly increased. Since the annual policy year ended April 30, 2020, as compared to the annual policy year ending May 31, 2027, the Company experienced an increase of approximately $21 million, or approximately 390%, in the premiums charged by third party insurance companies to the Company for excess coverage for commercial trucking liabilities in excess of $10 million.

Moreover, the Company from year to year manages the level of its financial exposure to commercial trucking claims in excess of $10 million, including through the use of additional self-insurance, deductibles, aggregate loss limits, quota shares and other structured arrangements with third party insurance companies, based on the availability of coverage within certain excess insurance coverage layers and estimated cost differentials between proposed premiums from third party insurance companies and historical and actuarially projected losses experienced by the Company at various levels of excess insurance coverage. For example, with respect to a single hypothetical claim in the amount of $65 million incurred during the annual policy year ending May 31, 2027, the Company would have an aggregate financial exposure of approximately $33 million. Within the Company's third party insurance arrangements providing excess coverage for commercial trucking liabilities, structured arrangements with third party reinsurers within a specific loss layer may also include provisions that require additional payments of premium in the event of unfavorable loss experience or a refund of premium in the event of favorable loss experience.

Furthermore, the Company's third party insurance arrangements provide excess coverage up to an uppermost coverage layer, in excess of which the Company retains additional financial exposure. No assurances can be given that the availability of excess coverage for commercial trucking claims will not continue to deteriorate, that the pricing associated with such excess coverage, to the extent available, will not continue to increase, nor that insurance coverage from third party insurers for excess coverage of commercial trucking claims will even be available on commercially reasonable terms at certain levels. Moreover, the occurrence of a Nuclear Verdict, or the settlement of a catastrophic injury and/or fatality claim that could have otherwise resulted in a Nuclear Verdict, could have a material adverse effect on Landstar's cost of insurance and claims and its results of operations.

Further, the Company retains liability of up to $2,000,000 for each general liability claim, $250,000 for each workers' compensation claim and $250,000 for each cargo claim. In addition, under reinsurance arrangements by Signature of certain risks of the Company's BCO Independent Contractors, the Company retains liability of up to $500,000, $1,000,000 or $2,000,000 with respect to certain occupational accident claims and up to $750,000 with respect to certain workers' compensation claims. The Company's exposure to liability associated with accidents incurred by Truck Brokerage Carriers, railroads and air and ocean cargo carriers who transport freight on behalf of the Company may be reduced by various legal defenses and other factors including the extent to which such carriers maintain their own insurance coverage. However, Montgomery v. Caribe Transport II, LLC has narrowed our ability to rely on Federal Aviation Administration Authorization Act of 1994 (the "FAAAA") preemption as a defense by holding that state-law negligent selection claims against freight brokers fall within the statute's motor vehicle safety exception, which could have an adverse impact on our claims experience. A material increase in the frequency or severity of accidents, cargo claims or workers' compensation claims or the material unfavorable development of existing claims could have a material adverse effect on Landstar's cost of insurance and claims and its results of operations. For more information, see Part II, Item 1A, "Risk Factors—Increased exposure to Broker Liability Claims" in the Quarterly Report on Form 10-Q for the quarterly period ended June 27, 2026 and Part I, Item 1A, "Risk Factors—Increased severity or frequency of accidents and other claims or a material unfavorable development of existing claims" in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2025.

Selling, general and administrative

During the thirty-nine-week period ended September 26, 2026, employee compensation and benefits accounted for approximately 65% of the Company's selling, general and administrative costs. Employee compensation and benefits include wages and employee benefit costs as well as incentive compensation and stock-based compensation expense. Incentive compensation and stock-based compensation expense is highly variable in nature in comparison to wages and employee benefit costs.

Depreciation and amortization

Depreciation and amortization primarily relate to depreciation of trailing equipment and information technology hardware and software.

Impairment of intangible and other assets

As previously disclosed by the Company in current and periodic reports filed with the SEC, during the 2025 third quarter, the Company recorded certain non-cash, non-recurring impairment charges of $30,104,000 in the aggregate (the "Non-Cash Impairment Charges"). The Non-Cash Impairment Charges represented $0.66 per basic and diluted share. The Non-Cash Impairment Charges consisted of:

- $16,142,000, or $0.35 per basic and diluted share, in impairment charges to goodwill and certain other assets related to the Company's decision to actively market for sale Landstar Metro, S.A.P.I. de C.V. ("Landstar Metro"), the Company's wholly-owned Mexican operating subsidiary, principally engaged in intra-Mexico truck transportation services. For additional information regarding the disposition of Landstar Metro, see Note 13 in the "Notes to Consolidated Financial Statements" in this Quarterly Report on Form 10-Q.
- $8,963,000, or $0.20 per basic and diluted share, in impairment charges related to the decision to select one of the Company's transportation management systems as its primary such system for truckload brokerage services and, in connection with that decision, wind down an alternative transportation management system used by Landstar Blue, LLC, one of the Company's operating subsidiaries.
- $4,999,000, or $0.11 per basic and diluted share, relating to the carrying value of a non-controlling equity investment made by the Company in 2022 in Cavnue, LLC, a privately held technology start-up company.

Costs of revenue

The Company incurs costs of revenue related to the transportation of freight and, to a much lesser extent, to reinsurance premiums received by Signature. Costs of revenue include variable costs of revenue and other costs of revenue. Variable costs of revenue include purchased transportation and commissions to agents, as these costs are entirely variable on a shipment-by-shipment basis. Other costs of revenue include fixed costs of revenue and semi-variable costs of revenue, where such costs may vary over time based on certain economic factors or operational metrics such as the number of Company-controlled trailers, the number of BCO Independent Contractors, the frequency and severity of insurance claims, the number of miles traveled by BCO Independent Contractors, or the number and/or scale of information technology projects in process or in-service to support revenue generating activities, rather than on a shipment-by-shipment basis. Other costs of revenue associated with the transportation of freight include: (i) other operating costs, primarily consisting of trailer maintenance, the provision for uncollectible advances and other receivables due from BCO Independent Contractors and independent commission sales agents and BCO Independent Contractor recruiting and qualification costs, as reported in the Company's Consolidated

Statements of Income, (ii) transportation-related insurance premiums paid and claim costs incurred, included as a portion of insurance and claims in the Company's Consolidated Statements of Income, (iii) costs incurred related to internally developed software including ASC 350-40 amortization, implementation costs, hosting costs and other support costs utilized to support the Company's independent commission sales agents, third party capacity providers, and customers, included as a portion of depreciation and amortization and of selling, general and administrative in the Company's Consolidated Statements of Income; and (iv) depreciation on Company-owned trailing equipment, included as a portion of depreciation and amortization in the Company's Consolidated Statements of Income. Other costs of revenue associated with reinsurance premiums received by Signature are comprised of broker commissions and other fees paid related to the administration of insurance programs to BCO Independent Contractors and are included in selling, general and administrative in the Company's Consolidated Statements of Income. In addition to costs of revenue, the Company incurs various other costs relating to its business, including most selling, general and administrative costs and portions of costs attributable to insurance and claims and depreciation and amortization. Management continually monitors all components of the costs incurred by the Company and establishes annual cost budgets that, in general, are used to benchmark costs incurred on a monthly basis.

Gross Profit, Variable Contribution, Gross Profit Margin and Variable Contribution Margin

The following table sets forth calculations of gross profit, defined as revenue less costs of revenue, and gross profit margin, defined as gross profit divided by revenue, for the periods indicated. The Company refers to revenue less variable costs of revenue as "variable contribution" and variable contribution divided by revenue as "variable contribution margin." Variable contribution and variable contribution margin are each non-GAAP financial measures. The closest comparable GAAP financial measures to variable contribution and variable contribution margin are, respectively, gross profit and gross profit margin. The Company believes variable contribution and variable contribution margin are useful measures of the variable costs that we incur at a shipment-by-shipment level attributable to our transportation network of third party capacity providers and independent commission sales agents in order to provide services to our customers. The Company believes variable contribution and variable contribution margin are important performance measurements and management considers variable contribution and variable contribution margin in evaluating the Company's financial performance and in its decision-making, such as budgeting for infrastructure, trailing equipment and selling, general and administrative costs.

The reconciliations of gross profit to variable contribution and gross profit margin to variable contribution margin are each presented below:

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Revenue	$ 4,115,342	$ 3,569,291	$ 1,511,787	$ 1,205,406
Costs of revenue:				
Purchased transportation	3,212,442	2,775,761	1,182,045	936,472
Commissions to agents	319,254	291,529	117,676	98,693
Variable costs of revenue	3,531,696	3,067,290	1,299,721	1,035,165
Trailing equipment depreciation	19,108	20,829	6,489	6,985
Information technology costs	8,186	10,928	2,503	3,319
Insurance-related costs (1)	130,955	104,622	55,301	33,305
Other operating costs	53,971	46,996	21,226	15,572
Other costs of revenue	212,220	183,375	85,519	59,181
Total costs of revenue	3,743,916	3,250,665	1,385,240	1,094,346
Gross profit	$ 371,426	$ 318,626	$ 126,547	$ 111,060
Gross profit margin	9.0%	8.9%	8.4%	9.2%
Plus: other costs of revenue	212,220	183,375	85,519	59,181
Variable contribution	$ 583,646	$ 502,001	$ 212,066	$ 170,241
Variable contribution margin	14.2%	14.1%	14.0%	14.1%

(1) Insurance-related costs in the table above include (i) other costs of revenue related to the transportation of freight that are included as a portion of insurance and claims in the Company's Consolidated Statements of Income and (ii) certain other costs of revenue related to reinsurance premiums received by Signature that are included as a portion of selling, general and administrative in the Company's Consolidated Statements of Income. Insurance and claims costs included in other costs of revenue relating to the transportation of freight primarily consist of insurance premiums paid for commercial auto liability, general liability, cargo and other lines of coverage related to the transportation of freight and the related cost of claims incurred under those programs, and, to a lesser extent, the cost of claims incurred under insurance programs available to BCO Independent Contractors that are reinsured by Signature. Other insurance and claims costs included in costs of revenue that are included in selling, general and administrative in the Company's Consolidated Statements of Income consist of brokerage commissions and other fees incurred by Signature relating to the administration of insurance programs available to BCO Independent Contractors that are reinsured by Signature.

In general, variable contribution margin on revenue generated by BCO Independent Contractors represents a fixed percentage due to the nature of the contracts that pay a fixed percentage of revenue to both the BCO Independent Contractors and independent commission sales agents. For revenue generated by Truck Brokerage Carriers, variable contribution margin may be either a fixed or variable percentage, depending on the contract with each individual independent commission sales agent. Variable contribution margin on revenue generated from shipments hauled by railroads, air cargo carriers, ocean cargo carriers and Truck Brokerage Carriers, other than those under retention contracts, is variable in nature, as the Company's contracts with independent commission sales agents provide commissions to agents at a contractually agreed-upon percentage of the amount represented by revenue less purchased transportation for these types of shipments. Approximately 44% of the Company's consolidated revenue in the thirty-nine-week period ended September 26, 2026 was generated under transactions that pay a fixed percentage of revenue to the third party capacity provider and/or agents while approximately 56% was generated under transactions that pay a variable percentage of revenue to the third party capacity provider and/or agents.

Operating income as a percentage of gross profit and operating income as a percentage of variable contribution

The following table presents operating income as a percentage of gross profit and operating income as a percentage of variable contribution. The Company's operating income as a percentage of variable contribution is a non-GAAP financial measure calculated as operating income divided by variable contribution. The Company believes that operating income as a percentage of variable contribution is useful and meaningful to investors for the following principal reasons: (i) the variable costs of revenue for a significant portion of the business are highly influenced by short-term market-based trends in the freight transportation industry, whereas other costs, including other costs of revenue, are much less impacted by short-term freight market trends; (ii) disclosure of this measure allows investors to better understand the underlying trends in the Company's results of operations; (iii) this measure is meaningful to investors' evaluations of the Company's management of costs attributable to operations other than the purely variable costs associated with purchased transportation and commissions to agents that the Company incurs to provide services to our customers; and (iv) management considers this financial information in its decision-making, such as budgeting for infrastructure, trailing equipment and selling, general and administrative costs.

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
Gross profit	$ 371,426	$ 318,626	$ 126,547	$ 111,060
Operating income	$ 185,004	$ 122,025	$ 65,540	$ 26,326
Operating income as % of gross profit	**49.8%**	**38.3%**	**51.8%**	**23.7%**
Variable contribution	$ 583,646	$ 502,001	$ 212,066	$ 170,241
Operating income	$ 185,004	$ 122,025	$ 65,540	$ 26,326
Operating income as % of variable contribution	**31.7%**	**24.3%**	**30.9%**	**15.5%**

The increase in operating income as a percentage of gross profit from the thirty-nine-week period ended September 27, 2025 to the thirty-nine-week period ended September 26, 2026 resulted from the increase of operating income at a more rapid percentage rate than the increase in gross profit, primarily due to the impact of the impairment of certain intangible and other assets in the 2025 thirty-nine-week period and the Company's ability to scale its fixed cost infrastructure, primarily certain components of selling, general and administrative costs, across a larger gross profit base, and the impact of the supply chain fraud matter in the 2025 thirty-nine-week period. The increase in operating income as a percentage of gross profit from the 2025 thirteen-week period to the 2026 thirteen-week period was primarily due to the impact of the impairment of certain intangible and other assets in the 2025 thirteen-week period.

The increase in operating income as a percentage of variable contribution from the thirty-nine-week period ended September 27, 2025 to the thirty-nine-week period ended September 26, 2026 and from the 2025 thirteen-week period to the 2026 thirteen-week period resulted from the increase of operating income at a more rapid percentage rate than the increase in variable contribution, primarily due to the impact of the impairment of certain intangible and other assets in the 2025 thirty-nine-week and thirteen-week periods and the Company's ability to scale its fixed cost infrastructure, primarily certain components of selling, general and administrative costs across a larger variable contribution base, partially offset by increased insurance and claims costs and an increased provision for incentive compensation in the 2026 thirty-nine-week and thirteen-week periods.

Also, as previously mentioned, the Company reports two operating segments: the transportation logistics segment and the insurance segment. External revenue at the insurance segment, representing reinsurance premiums, has historically been relatively consistent on an annual basis at 2% or less of consolidated revenue and generally corresponds directly with the number of trucks provided by BCO Independent Contractors. The discussion of cost line items in Management's Discussion and Analysis of Financial Condition and Results of Operations considers the Company's costs on a consolidated basis rather than on a segment basis. Management believes this presentation format is the most appropriate to assist users of the financial statements in understanding the Company's business for the following reasons: (1) the insurance segment has no other operating costs; (2) discussion of insurance and claims at either segment without reference to the other may create confusion amongst investors and potential investors due to intercompany arrangements and specific deductible programs that affect comparability of financial results by segment between various fiscal periods but that have no effect on the Company from a consolidated reporting perspective; (3) selling, general and administrative costs of the insurance segment comprise less than 10% of consolidated selling, general and administrative costs and have historically been relatively consistent on a year-over-year basis; and (4) the insurance segment has no depreciation and amortization.

THIRTY-NINE WEEKS ENDED SEPTEMBER 26, 2026 COMPARED TO THIRTY-NINE WEEKS ENDED SEPTEMBER 27, 2025

Revenue for the 2026 thirty-nine-week period was $4,115,342,000, an increase of $546,051,000, or 15%, compared to the 2025 thirty-nine-week period. Transportation revenue increased $546,590,000, or 16%. The increase in transportation revenue was attributable to an increased revenue per load of approximately 15% and an increased number of loads of approximately 1% as compared to the 2025 thirty-nine-week period. Reinsurance premiums were $43,518,000 and $44,057,000 for the 2026 and 2025 thirty-nine-week periods, respectively. The decrease in revenue from reinsurance premiums was primarily attributable to a decrease in the average number of trucks provided by BCO Independent Contractors in the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period.

Truck transportation revenue generated by BCO Independent Contractors and Truck Brokerage Carriers (together, the "third party truck capacity providers") for the 2026 thirty-nine-week period was $3,823,330,000, representing 93% of total revenue, an increase of $565,578,000, or 17%, compared to the 2025 thirty-nine-week period. Revenue per load on loads hauled by third party truck capacity providers increased approximately 16% in the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period, and the number of loads hauled by third party truck capacity providers increased approximately 1% in the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period.

The increase in revenue per load on loads hauled via truck was primarily due to a tightening truck capacity environment in the 2026 thirty-nine-week period and the impact of higher diesel fuel costs on loads hauled via Truck Brokerage Carrier, partially offset by the impact of a lower average length of haul. During the 2026 thirty-nine-week period, revenue per load on less-than-truckload loadings increased 24%, on loads hauled via unsided/platform equipment increased 21%, and on loads hauled via van equipment increased 15%, while revenue per load on other truck transportation services decreased 5%, in each case, as compared to the 2025 thirty-nine-week period.

The increase in the number of loads hauled via truck for the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period was primarily due to increased demand from the 2025 thirty-nine-week period for the Company's van, unsided/platform and other truck transportation services. Loads hauled via other truck transportation services increased 6%, loads hauled via van equipment increased 2% and loads hauled via unsided/platform equipment increased 2%, while less-than-truckload loadings decreased 17%, in each case, as compared to the 2025 thirty-nine-week period.

Fuel surcharges billed to customers on revenue generated by BCO Independent Contractors are excluded from revenue. Fuel surcharges on Truck Brokerage Carrier revenue identified separately in billings to customers and included as a component of Truck Brokerage Carrier revenue were $115,563,000 and $82,232,000 in the 2026 and 2025 thirty-nine-week periods, respectively. It should be noted that billings to many customers of the Company's truck brokerage services include a single all-in rate that do not separately identify fuel surcharges on loads hauled via Truck Brokerage Carriers. Accordingly, the overall impact of changes in fuel prices on revenue and revenue per load on loads hauled via truck is likely to be greater than that indicated.

Transportation revenue generated by rail intermodal, air cargo and ocean cargo carriers (collectively, the "multimode capacity providers") for the 2026 thirty-nine-week period was $227,928,000, or 6% of total revenue, a decrease of $23,951,000, or 10%, compared to the 2025 thirty-nine-week period. Revenue per load on revenue generated by multimode capacity providers decreased approximately 6% in the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period, and the number of loads hauled by multimode capacity providers decreased approximately 4% over the same period. Revenue per load on loads hauled via ocean decreased approximately 7%, while air and rail intermodal revenue per load increased approximately 19% and 10%, respectively, during the 2026 thirty-nine-week period as compared to the 2025 thirty-nine-week period. The decrease in revenue per load on loads hauled by ocean cargo carriers was primarily attributable to decreases at several customers during the 2026 thirty-nine-week period. The increase in revenue per load on loads hauled by air cargo carriers was primarily attributable to increases at several specific customers during the 2026 thirty-nine-week period. The increase in revenue per load on loads hauled by rail intermodal carriers was attributable to the tighter truck capacity environment positively impacting intermodal revenue per load and the impact of higher diesel fuel costs during the 2026 thirty-nine-week period. Revenue per load on revenue generated by multimode capacity providers is influenced by many factors, including revenue mix among the various modes of transportation used, length of haul, complexity of freight, density of freight lanes, fuel costs and availability of capacity. The decrease in the number of loads hauled by multimode capacity providers was due to a 16% decrease in ocean loadings and a 10% decrease in air loadings, while rail intermodal loadings increased 7%. The 16% decrease in ocean loadings was broad-based with decreases at several customers. The 10% decrease in air loadings was primarily attributable to decreases at two specific agencies. The 7% increase in rail loadings was primarily attributable to increased loadings at one specific agency.

Purchased transportation was 78.1% and 77.8% of revenue in the 2026 and 2025 thirty-nine-week periods, respectively. The increase in purchased transportation as a percentage of revenue was primarily due to an increased rate of purchased transportation on revenue generated by Truck Brokerage Carriers, partially offset by favorable mix. Commissions to agents were 7.8% and 8.2% of revenue in the 2026 and 2025 thirty-nine-week periods, respectively. The decrease in commissions to agents as a percentage of revenue was primarily attributable to an increased cost of purchased transportation as a percentage of revenue on revenue generated by Truck Brokerage Carriers.

Investment income was $7,943,000 and $10,620,000 in the 2026 and 2025 thirty-nine-week periods, respectively. The decrease in investment income was attributable to a lower average investment balance held by the insurance segment in the 2026 thirty-nine-week period and lower average rates of return on investments during the 2026 thirty-nine-week period.

Other operating costs increased $6,975,000 in the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period. The increase in other operating costs compared to the prior year was primarily due to increased trailer equipment maintenance costs, increased trailer rental costs and decreased gains on sales of operating property, partially offset by an approximately $4,800,000 expense relating to the supply chain fraud matter in the 2025 thirty-nine-week period referenced above under "*Expenses - Other operating costs, net of gains on asset sales/dispositions."*

Insurance and claims increased $26,884,000 in the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period. The increase in insurance and claims expense compared to the prior year was primarily attributable to (a) increased net unfavorable development of prior years' claims in the 2026 thirty-nine-week period, which was driven by (i) an increase in the Company's actuarially determined claim reserves; (ii) several specific commercial trucking claims involving BCO Independent Contractors leased on with motor carrier subsidiaries of the Company; (iii) several specific truck brokerage claims; and (iv) cargo loss experience as a result of fraud and theft in the supply chain and (b) an increase in the Company's actuarially determined claim reserves relating to current year trucking claims during the 2026 thirty-nine-week period as compared to the 2025 period. During the 2026 and 2025 thirty-nine-week periods, insurance and claims costs included $37,317,000 and $22,860,000 of net unfavorable adjustments to prior years' claims estimates, respectively.

Selling, general and administrative costs increased $17,231,000 in the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period. The increase in selling, general and administrative costs compared to prior year was primarily attributable to an increased provision for incentive compensation and increased stock-based compensation expense, partially offset by a decreased provision for customer bad debt in the 2026 thirty-nine-week period. Included in selling, general and administrative costs was incentive compensation expense of $16,738,000 and $2,925,000, respectively, and stock-based compensation expense of $8,443,000 and $5,243,000, respectively, for the 2026 and 2025 thirty-nine-week periods.

Depreciation and amortization decreased $4,997,000 in the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period. The decrease in depreciation and amortization expense was primarily due to decreased depreciation on information technology software and decreased trailing equipment depreciation in the 2026 thirty-nine-week period.

Impairment of intangibles and other assets was $30,104,000 in the 2025 thirty-nine-week period. This was attributable to the impairment matters referenced above under "*Expenses – Impairment of intangible and other assets.*"

Interest and debt expense increased $936,000 in the 2026 thirty-nine-week period compared to the 2025 thirty-nine-week period. The increase in interest and debt expense was primarily attributable to decreased interest income earned on cash balances held by the transportation logistics segment, partially offset by decreased interest expense related to finance lease obligations.

The provisions for income taxes for the 2026 and 2025 thirty-nine-week periods were based on estimated annual effective income tax rates of 25.4% and 24.6%, respectively, adjusted for discrete events, such as excess tax benefits or deficiencies resulting from stock-based awards. The effective income tax rate for the 2026 thirty-nine-week period was 25.6%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2026 period primarily attributable to state taxes. The effective income tax rate for the 2025 thirty-nine-week period was 24.9%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2025 period primarily attributable to state taxes.

Net income was $136,434,000, or $4.02 per basic and diluted share, in the 2026 thirty-nine-week period. Net income was $91,063,000, or $2.61 per basic and diluted share, in the 2025 thirty-nine-week period. Net income during the 2025 thirty-nine-week period was unfavorably impacted by $30,104,000, or $0.66 per basic and diluted share, related to the impairment of intangible and other assets charges noted above.

THIRTEEN WEEKS ENDED SEPTEMBER 26, 2026 COMPARED TO THIRTEEN WEEKS ENDED SEPTEMBER 27, 2025

Revenue for the 2026 thirteen-week period was $1,511,787,000, an increase of $306,381,000, or 25%, compared to the 2025 thirteen-week period. Transportation revenue increased $306,256,000, or 26%. The increase in transportation revenue was attributable to an increased revenue per load of approximately 22% and an increased number of loads hauled of approximately 3% as compared to the 2025 thirteen-week period. Reinsurance premiums were $14,729,000 and $14,604,000 for the 2026 and 2025 thirteen-week periods, respectively.

Truck transportation revenue generated by third party truck capacity providers for the 2026 thirteen-week period was $1,407,171,000, representing 93% of total revenue, an increase of $317,275,000, or 29%, compared to the 2025 thirteen-week period. Revenue per load on loads hauled by third party truck capacity providers increased approximately 25% in the 2026 thirteen-week period compared to the 2025 thirteen-week period, and the number of loads hauled by third party truck capacity providers increased approximately 3% in the 2026 thirteen-week period compared to the 2025 thirteen-week period.

The increase in revenue per load on loads hauled via truck was primarily due to a tightening truck capacity environment in the 2026 thirteen-week period and the impact of higher diesel fuel costs on loads hauled via Truck Brokerage Carriers, partially offset by the impact of a lower average length of haul. During the 2026 thirteen-week period, revenue per load on less-than-truckload loadings increased 33%, on loads hauled via unsided/platform equipment increased 29%, on loads hauled via van equipment increased 23% and on other truck transportation services increased 3% as compared to the 2025 thirteen-week period.

The increase in the number of loads hauled via truck for the 2026 thirteen-week period compared to the 2025 thirteen-week period was primarily due to increased demand from the 2025 thirteen-week period for the Company’s van, unsided/platform and other truck transportation services. Loads hauled via van equipment increased 6%, loads hauled via other truck transportation services increased 5% and loads hauled via unsided/platform equipment increased 4%, while less-than-truckload loadings decreased 23%, in each case, as compared to the 2025 thirteen-week period.

Fuel surcharges billed to customers on revenue generated by BCO Independent Contractors are excluded from revenue. Fuel surcharges on Truck Brokerage Carrier revenue identified separately in billings to customers and included as a component of Truck Brokerage Carrier revenue were $44,326,000 and $28,216,000 in the 2026 and 2025 thirteen-week periods, respectively.

Transportation revenue generated by multimode capacity providers for the 2026 thirteen-week period was $83,140,000, or 5% of total revenue, a decrease of $12,798,000, or 13%, compared to the 2025 thirteen-week period. Revenue per load on revenue generated by multimode capacity providers decreased approximately 11% in the 2026 thirteen-week period compared to the 2025 thirteen-week period, and the number of loads hauled by multimode capacity providers decreased approximately 2% over the same period. Revenue per load on loads hauled via ocean decreased approximately 18%, while air and rail intermodal revenue per load increased approximately 13% and 11%, respectively, during the 2026 thirteen-week period as compared to the 2025 thirteen-week period. The decrease in revenue per load on loads hauled by ocean was primarily attributable to decreases at one specific customer during the 2026 thirteen-week period. The increase in revenue per load on loads hauled by air cargo carriers was broad-based with increases at multiple customers during the 2026 thirteen-week period. The increase in revenue per load on loads hauled by rail intermodal carriers was attributable to the tighter truck capacity environment positively impacting intermodal revenue per load and the impact of higher diesel fuel costs during the 2026 thirteen-

week period. Revenue per load on revenue generated by multimode capacity providers is influenced by many factors, including revenue mix among the various modes of transportation used, length of haul, complexity of freight, density of freight lanes, fuel costs and availability of capacity. The decrease in the number of loads hauled by multimode capacity providers was due to a 14% decrease in air loadings and a 9% decrease in ocean loadings, while rail intermodal loadings increased 6%. The 14% decrease in air loadings was primarily attributable to decreases at one specific agency. The 9% decrease in ocean loadings was broad-based with decreases at several customers. The 6% increase in rail loadings was primarily attributable to increased loadings at one specific agency.

Purchased transportation was 78.2% and 77.7% of revenue in the 2026 and 2025 thirteen-week periods, respectively. The increase in purchased transportation as a percentage of revenue was primarily due to an increased cost of purchased transportation as a percentage of revenue on revenue generated by Truck Brokerage Carriers, partially offset by favorable mix. Commissions to agents were 7.8% and 8.2% of revenue in the 2026 and 2025 thirteen-week periods, respectively. The decrease in commissions to agents as a percentage of revenue was primarily attributable to an increased cost of purchased transportation as a percentage of revenue on revenue generated by Truck Brokerage Carriers.

Investment income was $2,264,000 and $3,293,000 in the 2026 and 2025 thirteen-week periods, respectively. The decrease in investment income was attributable to a lower average investment balance held by the insurance segment in the 2026 thirteen-week period, partially offset by slightly higher average rates of return on investments during the 2026 thirteen-week period.

Other operating costs increased $5,654,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period. The increase in other operating costs compared to the prior year was primarily due to increased trailer equipment maintenance costs and increased trailer rental costs in the 2026 thirteen-week period and the impact of a favorable resolution of a multiyear foreign sales tax matter during the 2025 thirteen-week period.

Insurance and claims increased $22,262,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period. The increase in insurance and claims expense compared to the prior year was primarily attributable to (a) increased net unfavorable development of prior years' claims in the 2026 thirteen-week period, which was driven by (i) an increase in the Company's actuarially determined claim reserves; (ii) several specific commercial trucking claims involving BCO Independent Contractors leased on with motor carrier subsidiaries of the Company; (iii) several specific truck brokerage claims; and (iv) cargo loss experience as a result of fraud and theft in the supply chain and (b) an increase in the Company's actuarially determined claim reserves relating to current year trucking claims during the 2026 thirteen-week period. During the 2026 and 2025 thirteen-week periods, insurance and claims costs included $21,924,000 and $9,219,000 of net unfavorable adjustments to prior years' claims estimates, respectively.

Selling, general and administrative costs increased $5,361,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period. The increase in selling, general and administrative costs compared to prior year was primarily attributable to an increased provision for incentive compensation and increased stock-based compensation expense, partially offset by a decreased provision for customer bad debt in the 2026 thirteen-week period. Included in selling, general and administrative costs was incentive compensation expense of $6,906,000 and $975,000, respectively, and stock-based compensation expense of $3,023,000 and $1,586,000, respectively, for the 2026 and 2025 thirteen-week periods.

Depreciation and amortization decreased $1,591,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period. The decrease in depreciation and amortization expense was primarily due to decreased depreciation on information technology software and decreased trailing equipment depreciation in the 2026 thirteen-week period.

Impairment of intangibles and other assets was $30,104,000 in the 2025 thirteen-week period. This was attributable to the impairment matters referenced above under "*Expenses – Impairment of intangible and other assets.*"

Interest and debt expense increased $145,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period.

The provisions for income taxes for the 2026 and 2025 thirteen-week periods were based on estimated annual effective income tax rates of 25.4% and 24.6%, respectively, adjusted for discrete events, such as excess tax benefits or deficiencies resulting from stock-based awards. The effective income tax rate for the 2026 thirteen-week period was 26.3%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2026 period primarily attributable to state taxes. The effective income tax rate for the 2025 thirteen-week period was 25.8%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2025 period primarily attributable to state taxes.

Net income was $48,043,000, or $1.42 per basic and diluted share, in the 2026 thirteen-week period. Net income was $19,364,000, or $0.56 per basic and diluted share, in the 2025 thirteen-week period. Net income during the 2025 thirteen-week period was unfavorably impacted by $30,104,000, or $0.66 per basic and diluted share, related to the impairment of intangible and other assets charges noted above.

CAPITAL RESOURCES AND LIQUIDITY

Working capital and the ratio of current assets to current liabilities were $605,767,000 and 1.8 to 1, respectively, at September 26, 2026, compared with $520,486,000 and 1.7 to 1, respectively, at December 27, 2025. Landstar has historically operated with current ratios within the range of 1.5 to 1 to 2.0 to 1. Cash provided by operating activities was $98,719,000 in the 2026 thirty-nine-week period compared with $152,169,000 in the 2025 thirty-nine-week period. The decrease in cash flow provided by operating activities was primarily attributable to unfavorable net working capital impacts in connection with increased net receivables, defined as accounts receivable less accounts payable, partially offset by the impact of increased net income.

The Company declared and paid $1.24 per share, or $42,095,000 in the aggregate, in cash dividends during the thirty-nine-week period ended September 26, 2026 and, during such period, also paid $68,117,000 of dividends payable which were declared in December 2025 and included in current liabilities in the consolidated balance sheet at December 27, 2025. The Company declared and paid $1.16 per share, or $40,465,000 in the aggregate, in cash dividends during the thirty-nine-week period ended September 27, 2025 and, during such period, also paid $70,632,000 of dividends payable which were declared in December 2024 and included in current liabilities in the consolidated balance sheet at December 28, 2024. During the thirty-nine-week period ended September 26, 2026, the Company purchased 383,568 shares of its common stock at a total cost of $64,003,000, including $63,416,000 in cash purchases and accrued excise tax of $587,000, which is included in other current liabilities in the consolidated balance sheet at September 26, 2026. The Company also paid $1,762,000 in excise tax on its common stock purchases, which was included in other current liabilities in the consolidated balance sheet at December 27, 2025. During the thirty-nine-week period ended September 27, 2025, the Company purchased 995,168 shares of its common stock at a total cost of $143,908,000, including $142,512,000 in cash purchases and accrued excise tax of $1,396,000, which was included in other current liabilities in the consolidated balance sheet at September 27, 2025. As of September 26, 2026, the Company may purchase in the aggregate up to 882,550 shares of its common stock under its authorized stock purchase programs. Long-term debt, including current maturities, was $82,671,000 at September 26, 2026, $5,849,000 higher than at December 27, 2025.

Shareholders' equity was $829,996,000, or 91% of total capitalization (defined as long-term debt including current maturities plus equity), at September 26, 2026, compared to $795,665,000, or 91% of total capitalization, at December 27, 2025. The increase in shareholders' equity was primarily the result of net income, partially offset by purchases of shares of the Company's common stock and dividends declared by the Company in the 2026 thirty-nine-week period.

On June 30, 2026, and as previously disclosed in a Form 8-K filed with the SEC on July 6, 2026, Landstar entered into the Credit Agreement, which amended and restated the then-existing second amended and restated credit agreement. The Credit Agreement, which matures June 30, 2031, provides for borrowing capacity in the form of a revolving credit facility of $300,000,000, $100,000,000 of which may be utilized in the form of letters of credit. The Credit Agreement also includes an uncommitted "accordion" feature permitting up to an additional $500,000,000 in increases to the revolving credit facility.

The Credit Agreement contains a number of covenants that limit, among other things, the incurrence of additional indebtedness. The Company is required to, among other things, maintain a minimum interest coverage ratio, as described in the Credit Agreement, and maintain a Net Leverage Ratio, as defined in the Credit Agreement, below a specified maximum. The Credit Agreement provides for a restriction on cash dividends and other distributions to stockholders on the Company's capital stock to the extent there is a default under the Credit Agreement. In addition, the Credit Agreement under certain circumstances limits the amount of such cash dividends and other distributions to stockholders to the extent that, after giving effect to any payment made to effect such cash dividend or other distribution, the Net Leverage Ratio would exceed 2.5 to 1 on a pro forma basis as of the end of the Company's most recently completed fiscal quarter. The Credit Agreement provides for an event of default in the event that, among other things, a person or group acquires 35% or more of the outstanding capital stock of the Company or obtains power to elect a majority of the Company's directors or the directors cease to consist of a majority of Continuing Directors, as defined in the Credit Agreement. None of these covenants are presently considered by management to be materially restrictive to the Company's operations, capital resources or liquidity. The Company is currently in compliance with all of the debt covenants under the Credit Agreement.

At September 26, 2026, the Company had no borrowings outstanding and $34,786,000 of letters of credit outstanding under the Credit Agreement. At September 26, 2026, there was $265,214,000 available for future borrowings under the Credit Agreement and access to an additional $500,000,000 under the Credit Agreement's "accordion" feature. In addition, the Company has $75,331,000 in letters of credit outstanding as collateral for insurance claims that are secured by investments totaling $83,701,000 at September 26, 2026. Investments, all of which are carried at fair value, include primarily investment-grade bonds, asset-backed securities, commercial paper and U.S. Treasury obligations having maturities of up to five years. Fair value of investments is based primarily on quoted market prices. See "Notes to Consolidated Financial Statements" included herein for further discussion on measurement of fair value of investments.

Historically, the Company has generated sufficient operating cash flow to meet its debt service requirements, fund continued growth, both organic and through acquisitions, complete or execute share purchases of its common stock under authorized share purchase programs, pay dividends and meet working capital needs. As an asset-light provider of integrated transportation management solutions, the Company's annual capital requirements for operating property are generally for trailing equipment and information technology hardware and software. In addition, a significant portion of the trailing equipment used by the Company is provided by third party capacity providers, thereby reducing the Company's capital requirements. During the 2026 thirty-nine-week period, the Company purchased $11,610,000 of operating property and acquired $28,608,000 of trailing equipment by entering into finance leases. Landstar anticipates acquiring either by purchase or lease financing during the remainder of fiscal year 2026 approximately $79,000,000 in operating property consisting primarily of new trailing equipment to replace older trailing equipment and information technology hardware and software.

Management believes that available cash and cash flow from operations combined with the Company's borrowing capacity under the Credit Agreement will be adequate to meet Landstar's debt service requirements, fund continued growth, both internal and through acquisitions, pay dividends, complete the authorized share purchase programs and meet working capital needs.

LEGAL MATTERS

The Company is involved in certain claims and pending litigation arising from the normal conduct of business. Many of these claims are covered in whole or in part by insurance. Based on knowledge of the facts and, in certain cases, opinions of outside counsel, management believes that adequate provisions have been made for probable and reasonably estimable losses with respect to the resolution of all such claims and pending litigation and that the ultimate outcome, after provisions therefor, will not have a material adverse effect on the financial condition of the Company, but could have a material effect on the results of operations in a given quarter or year.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Landstar provides for the estimated costs of self-insured claims primarily on an actuarial basis. The amount recorded for the estimated liability for claims incurred is based upon the facts and circumstances known on the applicable balance sheet date. The ultimate resolution of these claims may be for an amount greater or less than the amount estimated by the Company. The Company continually revises its existing claim estimates as new or revised information becomes available on the status of each claim. Historically, the Company has experienced both favorable and unfavorable development of prior years' claims estimates within its various programs. During the 2026 and 2025 thirty-nine-week periods, insurance and claims costs included $37,317,000 and $22,860,000 of net unfavorable adjustments to prior years' claims estimates, respectively. It is reasonably likely that the ultimate outcome of settling all outstanding claims will be more or less than the estimated claims liability at September 26, 2026, primarily due to the inherent difficulty in estimating the severity of commercial trucking claims and the potential judgment or settlement amount that may be incurred in connection with the resolution of such claims.

Significant variances from the Company's estimates for the ultimate resolution of self-insured claims could be expected to positively or negatively affect Landstar's earnings in a given quarter or year. However, management believes that the ultimate resolution of these items, given a range of reasonably likely outcomes, will not significantly affect the long-term financial condition of Landstar or its ability to fund its continuing operations.

SEASONALITY

Landstar's operations are subject to seasonal trends common to the trucking industry. Historically, truckload shipments for the quarter ending in March are typically lower than for the quarters ending June, September and December.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to changes in interest rates as a result of its financing activities, primarily its borrowings on its revolving credit facility, if any, and investing activities with respect to investments held by the insurance segment.

On June 30, 2026, and as previously disclosed in a Form 8-K filed with the SEC on July 6, 2026, Landstar entered into a third amended and restated credit agreement, dated June 30, 2026, with a bank syndicate led by JPMorgan Chase Bank, N.A., as administrative agent, which amended and restated the then-existing second amended and restated credit agreement. The Credit Agreement, which matures June 30, 2031, provides for borrowing capacity in the form of a revolving credit facility of $300,000,000, $100,000,000 of which may be utilized in the form of letters of credit. The Credit Agreement also includes an uncommitted "accordion" feature permitting up to an additional $500,000,000 in increases to the revolving credit facility.

The revolving credit loans under the Credit Agreement, at the option of Landstar, bear interest at (i) a forward-looking term rate based on the secured overnight financing rate and an applicable margin ranging from 1.25% to 2.00%, or (ii) an alternate base rate plus an applicable margin ranging from 0.25% to 1.00%, in each case with the applicable margin determined based upon the Company's Net Leverage Ratio, as defined in the Credit Agreement, at the end of the most recent applicable fiscal quarter for which financial statements have been delivered. The revolving credit facility bears a commitment fee, payable quarterly in arrears, of 0.175% to 0.25%, based on the Company's Net Leverage Ratio at the end of the most recent applicable fiscal quarter for which financial statements have been delivered. During the entire third quarter of 2026 and as of September 26, 2026 and December 27, 2025, the Company had no borrowings outstanding under the Credit Agreement or under the second amended and restated credit agreement, as applicable.

Long-term investments, all of which are available-for-sale and are carried at fair value, include investment-grade bonds and asset-backed securities having maturities of up to five years. Assuming that the long-term portion of investments remains at $94,938,000, the balance at September 26, 2026, a hypothetical increase or decrease in interest rates of 100 basis points would not have a material impact on future earnings on an annualized basis. Short-term investments consist primarily of short-term investment-grade instruments and the current maturities of investment-grade corporate bonds and asset-backed securities. Accordingly, any future interest rate risk on these short-term investments would not be material to the Company's operating results.

Assets and liabilities of the Company's Canadian and Mexican operations are translated from their functional currency to U.S. dollars using exchange rates in effect at the balance sheet date and revenue and expense accounts are translated at average monthly exchange rates during the period. Adjustments resulting from the translation process are included in accumulated other comprehensive income. Transactional gains and losses arising from receivable and payable balances, including intercompany balances, in the normal course of business that are denominated in a currency other than the functional currency of the operation are recorded in the statements of income when they occur. The assets held at the Company's Canadian and Mexican subsidiaries at September 26, 2026 were collectively, as translated to U.S. dollars, less than 1% of total consolidated assets. Accordingly, translation gains or losses of 70% or less related to the Canadian and Mexican operations would not be material.

Item 4. Controls and Procedures

As of the end of the period covered by this quarterly report on Form 10-Q, an evaluation was carried out, under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended). Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of September 26, 2026 to provide reasonable assurance that information required to be disclosed by the Company in reports that it filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There were no changes in the Company's internal control over financial reporting during the third quarter of 2026, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In designing and evaluating disclosure controls and procedures, Company management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitation in any control system, no evaluation or implementation of a control system can provide complete assurance that all control issues and all possible instances of fraud have been or will be detected.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

See Part I, Item 2, "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Legal Matters*"

Item 1A. Risk Factors

For a discussion identifying risk factors and other important factors that could cause actual results to differ materially from those anticipated, see the discussions under Part I, Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2025, under Part II, Item 1A, "Risk Factors" in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 27, 2026, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to Consolidated Financial Statements" in this Quarterly Report on Form 10-Q.

Except as set forth under Part II, Item 1A, "Risk Factors" in the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 27, 2026, there have been no material changes to the Risk Factors described in Part I "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2025 as filed with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Company

The following table provides information regarding the Company's purchase of its common stock during the period from June 28, 2026 to September 26, 2026, the Company's third fiscal quarter:

Fiscal Period	Total Number of Shares Purchased	Average Price Paid Per Share [1]	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares That May Yet Be Purchased Under the Programs
June 27, 2026				1,115,195
June 28, 2026 – July 25, 2026	—	$ —	—	1,115,195
July 26, 2026 – August 22, 2026	67,392	181.72	67,392	1,047,803
August 23, 2026 – September 26, 2026	165,253	174.18	165,253	882,550
Total	232,645	$ 176.36	232,645	

[1] The average price paid per share does not include the 1% excise tax on net stock repurchases, as applicable.

On December 6, 2022, the Landstar System, Inc. Board of Directors authorized the Company to purchase up to 1,900,826 additional shares of the Company's common stock from time to time in the open market and in privately negotiated transactions. On December 4, 2023, the Landstar System, Inc. Board of Directors authorized the Company to purchase up to 319,332 additional shares of its common stock from time to time in the open market and in privately negotiated transactions under its share purchase program. As of September 26, 2026, the Company had authorization to purchase in the aggregate up to 882,550 shares of its common stock under these programs. No specific expiration date has been assigned to the December 6, 2022 or December 4, 2023 authorizations.

Dividends

On June 30, 2026, and as previously disclosed in a Form 8-K filed with the SEC on July 6, 2026, Landstar entered into the Credit Agreement, which amended and restated the then-existing second amended and restated credit agreement. The Credit Agreement provides for a restriction on cash dividends and other distributions to stockholders on the Company's capital stock in the event there is a default under the Credit Agreement. In addition, the Credit Agreement, under certain circumstances, limits the amount of such cash dividends and other distributions to stockholders to the extent that, after giving effect to any payment made to effect such cash dividend or other distribution, the Net Leverage Ratio, as defined in the Credit Agreement, would exceed 2.5 to 1 on a pro forma basis as of the end of the Company's most recently completed fiscal quarter.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the thirty-nine-week period ended September 26, 2026, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Landstar's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits

The exhibits listed on the Exhibit Index are furnished as part of this quarterly report on Form 10-Q.

EXHIBIT INDEX

Registrant's Commission File No.: 0-21238

Exhibit No.	Description
(10)	Material Contracts
10.1*	Letter Agreement, dated July 20, 2026, by and between Landstar System, Inc. and William C. Clement
(31)	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.1*	Chief Executive Officer certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Chief Financial Officer certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32)	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.1**	Chief Executive Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith
** Furnished herewith

SIGNATURES

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

LANDSTAR SYSTEM, INC.

Date: October 28, 2026

/s/ Frank A. Lonegro

Frank A. Lonegro
President and
Chief Executive Officer

Date: October 28, 2026

/s/ James P. Todd

James P. Todd
Vice President, Chief Financial Officer and Assistant Secretary

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

William “Bill” Clement
1502 Birkdale Lane
Ponte Vedra Beach, FL 32082

Dear Bill:

It is my pleasure to extend the following offer of employment for the position of Vice President and Chief Commercial Officer (the “Position”) on behalf of Landstar System, Inc. (the “Company”), and collectively with its subsidiaries and other affiliates, “Landstar”). We are very impressed with your experience and believe you will be a valuable contributor to the Landstar organization.

This letter details the terms and conditions of your employment and outlines the current major features of the Company’s compensation and benefit plans and practices, subject to Board approval. If these terms are satisfactory, please sign and return this letter as indicated below on or before July 22, 2026.

Assumption of Duties: Your start date for you to assume the Position is anticipated to be on or around August 1, 2026 (the actual date you commence employment, the “Start Date”). You will report to Frank Lonegro, President and Chief Executive Officer of Landstar System, Inc. Your work location will be in the Jacksonville Service Center located at 13410 Sutton Park Drive South, Jacksonville, Florida 32224.

Salary: Your annual base salary will be $450,000, which will be paid in semi-monthly installments, subject to deductions for taxes and other withholdings as required by law and/or the policies of Landstar. This position is classified as exempt under the Fair Labor Standards Act (FLSA).

Bonus: Your target annual cash bonus is 60% of base salary (the “Target Bonus”) as determined under the Company’s Incentive Compensation Plan (“ICP”). All amounts payable under the ICP are subject to the discretion of the Compensation Committee of the Board of Directors of Landstar System, Inc. (the “Committee.”) Any amounts that may be payable to you as bonus under the ICP with respect to the Company’s 2026 fiscal year will be pro-rated for your Start Date and will be paid to you when other bonuses under the ICP are paid to other senior executives of the Company. Except as otherwise set forth herein, you must be employed at the time of the payment in order to receive your bonus under the ICP. Your bonus payment under the ICP is subject to applicable taxes.

In addition, you are eligible for a one-time cash payment of $250,000 as compensation to you in recognition of you forgoing a pro-rata portion of your 2026 fiscal year bonus at your prior employer as a result of accepting this offer. This payment will be paid no later than March 31, 2027, subject to your continuous employment with the Company through such payment date. Such cash payment will be subject to repayment if your employment with Landstar is terminated for Cause (defined below) or if you resign without Good Reason (defined below), in either case within 24 months after your Start Date and will be subject to the Prior Employer Compensation Offset described below. This one-time cash payment is subject to applicable taxes.

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COBRA Reimbursement: While waiting for your Landstar benefits to become effective, you will be reimbursed the expense of COBRA premium payments for up to two (2) months. This is a taxable benefit that will be reimbursed through payroll upon providing evidence of payment.

Equity: You are eligible for annual equity grants under Landstar System, Inc's 2011 Equity Incentive Plan (the "Equity Incentive Plan") with the initial such grants anticipated to occur in Q1 2027, subject in all respects to the discretion of the Committee. Each equity award described herein will be evidenced by a separate award agreement between you and the Company and will be subject to the terms and conditions set forth in the applicable award agreement and the Equity Incentive Plan. This eligibility is as follows:

(A) $500,000 grant of performance-related stock awards granted in the form of restricted stock units (PSUs). Vesting of the initial grant of PSUs is based on the percentage change in diluted earnings per share for the fiscal year ended as compared to the base year results rounded to the nearest whole number, less any amounts previously vested. Your initial grant of PSUs would use fiscal year 2026 as the base year and vesting would occur following the end of fiscal years 2029, 2030 and 2031.

(B) $250,000 grant of restricted stock to vest pro rata on January 31, 2028, 2029 and 2030. Unvested shares of restricted stock are eligible to be voted and to receive dividends.

All annual equity grants will be subject to the terms and conditions of the Equity Incentive Plan and the applicable award agreement. In connection with equity grants to be made under the Equity Incentive Plan, you will be required to execute a restrictive covenant agreement, which will include, among other things, non-solicitation, non-interference and non-competition provisions which will apply during the period of your employment with the Company and for six months thereafter as well as customary perpetual confidentiality provisions.

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

(A) Equity

1. A one-time grant of restricted stock with a value of $850,000 under the Equity Incentive Plan to be granted on your Start Date, subject to the terms and conditions of the Equity Incentive Plan and the applicable award agreement. Such shares of restricted stock shall vest as follows: 25% on February 1, 2027; 25% on August 1, 2027; 25% on February 1,

2028; and 25% on August 1, 2028; subject to your continued employment with Landstar through each such date.

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2. A one-time $400,000 grant of performance-related stock awards granted in the form of restricted stock units (PSUs) subject to the terms of the Equity Incentive Plan and the applicable award agreement. Vesting of this one-time grant of PSUs is based on the percentage change in diluted earnings per share as of the end of each of 2028, 2029, and 2030 as compared to the base year results, using fiscal year 2025 as the base year, subject to such adjustments as determined by the Compensation Committee and less any amounts previously vested.

(B) Cash Awards

A one-time cash retention payment of $250,000 payable in regular payroll period installments for the first 36 months following your Start Date, subject to your continuous employment with the Company through each payment date. Any portion of such cash payment made to you will be subject to repayment if your employment with Landstar is terminated for Cause or if you resign without Good Reason (as defined below), in either case within 36 months after your Start Date.

Prior Employer Compensation Offset: You represent that, as of the date you execute this letter, you do not expect to receive any payments from your prior employer relating to the foregone compensation that the Make-Whole Payments (defined as the $250,000 one-time cash payment described under "Bonus" and the $250,000 one-time cash retention payment described under "Sign-on: Cash Awards") are intended to replace. If, at any time during the thirty-six (36) month period following your Start Date, you receive or become entitled to receive any cash payment, bonus, severance, settlement, or other compensation from your prior employer relating to such foregone compensation (a "Prior Employer Payment"), you agree to (a) notify the Company in writing within ten (10) business days of receipt, identifying the amount and nature of the Prior Employer Payment, and (b) repay to the Company, within sixty (60) days after the Company's written demand, an amount equal to the Prior Employer Payment, allocated pro rata between the Make-Whole Payments, up to a maximum aggregate offset of $500,000; provided that, to the extent any portion of the Make-Whole Payments has not yet been paid to you, the Company may reduce or cancel future installments in lieu of requiring repayment.

Severance: In the event of a termination of your employment by the Company without Cause or by you with Good Reason on or prior to the fifth anniversary of your Start Date and subject to your execution and delivery to the Company and non-revocation within 30 days of such termination of a general release of claims in the form customarily used by the Company, releasing Landstar from all claims and liabilities, severance in the amount of twelve (12) months of your then applicable annual salary will be paid to you promptly in a lump sum cash payment following the expiration of the 30-day period following such termination. Notwithstanding the foregoing, in the event that any severance benefits are payable to you under the KEEPA (as defined below), no severance payment will be made to you under the immediately preceding sentence. Moreover, you may not resign your employment with the Company for Good Reason unless (x) you provide the Company with at least 30 days prior written notice of your intent to resign for Good Reason (which notice is provided not later than the 30th day following the event constituting Good Reason); (y) the Company does not remedy the alleged violation(s) within such 30-day period; and (z) you terminate your employment within 10 days after the expiration of the cure period.

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Change in Control: You will be provided the opportunity to execute a Key Executive Employment Protection Agreement ("KEEPA") on the Company's standard form that provides severance benefits in the event of certain qualifying terminations within two years after, or after the execution of definitive documents for a change in control but prior to the consummation of, a change in control of the Company consisting of a lump sum cash amount equal to one (1) times the sum of your (A) then applicable annual base salary and (B) the amount of your Target Bonus for the year in which the change in control occurs. Each KEEPA also provides a pro rata payout of the Target Bonus amount for the year of employment termination and for continuation of medical benefits for up to one year from the date of employment termination.

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

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

Paid Time Off: Landstar currently recognizes 9 paid holidays per year. In addition, you will be entitled to 15 paid vacation days per year during the 2026 calendar year and 20 paid vacation days per year thereafter under the Company's vacation policy (which will be pro-rated for 2026 and, unless otherwise determined by the Company, available upon completion of 90 days of employment). You are also eligible for flex days in accordance with the Company policy.

We will honor your previously scheduled time off in August prior to your eligibility for paid time off.

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

(A) "Cause" for purposes of this offer letter means (i) your willful failure to perform substantially your duties as an employee of Landstar (other than due to physical or mental illness) after reasonable notice to you of such failure, (ii) your engagement in serious misconduct that is injurious to Landstar, (iii) your having been convicted of, or entered a plea of nolo contendere to, a crime that constitutes a felony or (iv) your breach of any material written policy of Landstar, or any written covenant or agreement with Landstar not to disclose any information pertaining to Landstar or not to compete or interfere with Landstar.

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(B) "Good Reason" shall, within two years after, or after the execution of definitive documents for a change in control but prior to the consummation of, a change in control of the Company, have the meaning set forth in the KEEPA you execute with the Company, and at any other time shall mean the occurrence of any of the following, without your express written consent: (i) the assignment to you of any duties inconsistent in any material adverse respect with your position, authority or responsibilities or any other material adverse change in your position, including titles, authority or responsibilities; (ii) a material reduction in your annual base salary or the level of your incentive compensation opportunities then in effect, other than (x) an across-the-board reduction affecting the Company's other senior executives or (y) an insubstantial or inadvertent reduction remedied by the Company promptly after receipt of notice thereof given by you; or (iii) the Company's requiring you to be based at any office or location more than 50 miles from that location at which you performed services for the Company immediately prior to such relocation, except for travel reasonably required in the performance of your responsibilities; provided that you (x) provide the Company with (1) written notice of your intent to resign for Good Reason within thirty (30) days of the date of the occurrence of any of the events described in clauses (i) through (iii) and (2) a thirty (30) day cure period; and (y) failing cure, you actually terminate your employment within ten (10) days following the expiration of the cure period.

This offer of employment is contingent on the following:

- Satisfactory drug screen. Upon acceptance of this offer, you will be provided with information needed to complete this process. The results must be available in advance of your start date; normal turnaround is at least 72 hours for results. All such testing is conducted in accordance with federal, state, and local laws.
- Provision of documents on your first day of work that establish your identity and authorization to work in the United States. All individuals hired are required by the Immigration Reform and Control Act of 1986 to provide verification documents.
- Satisfactory criminal background and reference checks.
- Execution of an agreement to arbitrate any disputes with the Company on the Company's standard form.
- Approval by the Compensation Committee and/or Board of Directors, as applicable.

Section 409A: This letter and all payments and benefits hereunder are intended to comply with, or be exempt from, Section 409A of the Internal Revenue Code and the regulations promulgated thereunder ("section 409A") and will be interpreted accordingly. For purposes of Section 409A, your right to receive installment payments hereunder shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall be considered at all times as separate and distinct payment. Notwithstanding anything to the contrary, if you are a "specified employee" within the meaning of Section 409A at the time of your "separation from service," any payment subject to Section 409A that is payable by reason of such separation from service and required to be delayed under Section 409A shall not unless otherwise permitted under Section 409A be paid before the date that is six months and one day following the separation from service.

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

Again, Bill, we look forward to you joining Landstar System, Inc. and wish you a prosperous career here. Please indicate your acceptance of this offer by signing below no later than July 22, 2026.

Sincerely,

/s/ Frank A. Lonegro

Frank A. Lonegro

President and Chief Executive Officer

Landstar System, Inc.

Signature on following page

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I accept the offer as stated above and intend to commence my employment on August 1, 2026. I understand and acknowledge that this offer does not guarantee me employment for any period of time and that the employment relationship between Landstar and me will be "at will," which means that either Landstar or I may terminate the relationship at any time. I also understand and acknowledge that Landstar may change the terms and conditions of my employment at any time.

Signature: /s/ William Clement Date: 07/20/2026

Name: William Clement

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Frank A. Lonegro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Landstar System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2026

/s/ Frank A. Lonegro

Frank A. Lonegro
President and Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, James P. Todd, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Landstar System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2026

/s/ James P. Todd

James P. Todd
Vice President, Chief Financial Officer and Assistant Secretary

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Landstar System, Inc. (the "Company") on Form 10-Q for the period ending September 26, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank A. Lonegro, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2026

/s/ Frank A. Lonegro
Frank A. Lonegro
President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Landstar System, Inc. (the "Company") on Form 10-Q for the period ending September 26, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James P. Todd, Vice President, Chief Financial Officer and Assistant Secretary of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2026

/s/ James P. Todd

James P. Todd
Vice President, Chief Financial Officer and Assistant Secretary