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

FORM 8-K

Current Report

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

Date of Report (Date of earliest event reported) July 21, 2011



LANDSTAR SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

021238
(Commission
File Number)

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

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

32224
(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On July 21, 2011, Landstar System, Inc. (the "Company") issued a press release announcing results for the second quarter of fiscal 2011. A copy of the press release is attached hereto as Exhibit 99.1.

In the press release attached hereto as Exhibit 99.1, the Company provided the following information that may be deemed a non-GAAP financial measure: percentage change in revenue for the second fiscal quarter of 2011, as compared to second fiscal quarter of 2010, exclusive of substitute line haul revenue.

Management believes that it is appropriate to present this financial information for the following reasons: (1) disclosure of these matters will allow investors to better understand the underlying trends in the Company's financial condition and results of operations; (2) this information will facilitate comparisons by investors of the Company's results as compared to the results of peer companies; and (3) management considers this financial information in its decision making.

The information furnished under Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits

Exhibits

99.1 News Release dated July 21, 2011 of Landstar System, Inc.

SIGNATURES

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

LANDSTAR SYSTEM, INC.

Date: July 21, 2011

By: /s/ James B. Gattoni
Name: James B. Gattoni
Title: Vice President and Chief Financial Officer



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

For Immediate Release

July 21, 2011

Contact: Jim Gattoni
Landstar System, Inc.
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904-398-9400

LANDSTAR SYSTEM REPORTS 27 PERCENT INCREASE IN DILUTED EARNINGS PER SHARE TO A SECOND QUARTER RECORD OF \$0.62

Jacksonville, FL — Landstar System, Inc. (NASDAQ: LSTR) reported 2011 record second quarter diluted earnings per share of \$0.62 per diluted share, from net income of \$29.6 million, compared to net income of \$24.4 million, or \$0.49 per diluted share, for the 2010 second quarter. Operating margin was 43.6 percent in the 2011 second quarter compared to 38.2 percent in the 2010 second quarter. Revenue for the 2011 second quarter was \$675.6 million compared to \$641.7 million in the 2010 second quarter.

Truck transportation revenue hauled by independent business capacity owners ("BCOs") and truck brokerage carriers in the 2011 second quarter was \$621.5 million, or 92 percent of revenue, compared to \$592.0 million, or 92 percent of revenue, in the 2010 second quarter. In the 2011 and 2010 second quarters, the Company invoiced customers \$78.7 million and \$53.1 million, respectively, of fuel surcharges that were passed 100 percent to BCOs and excluded from revenue. Included in revenue hauled by third-party truck capacity providers in the 2011 and 2010 second quarters were \$25.9 million and \$23.1 million, respectively, of fuel surcharges invoiced to customers on revenue hauled by third-party truck brokerage carriers. Also included in revenue hauled by third-party truck capacity providers was revenue generated under the Company's less-than-truckload substitute line haul service offering of \$18.8 million and \$70.5 million in the 2011 and 2010 second quarters, respectively. Revenue hauled by rail, air and ocean cargo carriers was \$39.9 million, or 6 percent of revenue, in the 2011 second quarter compared to \$35.0 million, or 5 percent of revenue, in the 2010 second quarter. Transportation management fee revenue generated by the supply chain solutions companies was \$5.6 million and \$4.9 million in the 2011 and 2010 second quarters, respectively.

Trailing twelve-month return on average shareholder's equity was 35 percent and trailing twelve-month return on invested capital, net income divided by the sum of average equity plus average debt, was 25 percent. Landstar System, Inc. also announced that its Board of Directors has declared a quarterly dividend of \$0.055 per share. This represents a 10 percent increase in the Company's quarterly dividend. The dividend is payable on August 26, 2011 to stockholders of record at the close of business on August 8, 2011. It is the intention of the Board of Directors to continue to pay a quarterly dividend. During the 2011 second quarter, Landstar purchased 196,693 shares of its common stock at a total cost of \$9.3 million. Under the Company's authorized share purchase program, the Company currently has a total of 526,000 shares of its common stock available for purchase.

"I am extremely pleased with the Company's 2011 second quarter operating performance," said Henry Gerkens, Landstar's Chairman, President and CEO. "Despite the anticipated revenue decline in our substitute line haul service offering, revenue increased five percent over the 2010 second quarter. Excluding the substitute line haul revenue from both the 2011 and 2010 second quarters, revenue increased 15 percent. I would characterize the overall second quarter freight environment as a little choppy, but moving in an upward direction. Pricing continued to be strong. Consolidated operating income increased 22 percent, while earnings per diluted share increased 27 percent to \$0.62 per diluted share, the best second quarter diluted earnings per share in Landstar history."

Gerkens continued, "Recent trends in June, and thus far in July, indicate continued strength in revenue per load with a relatively stable increase in the number of loads hauled month over prior year month. I expect these trends to continue throughout the 2011 third quarter. In addition, excluding disaster relief service revenue, revenue generated in the Company's third quarter has historically been very similar to revenue generated in the Company's second quarter. As such, I would expect revenue, gross profit, operating income and diluted earnings per share to be similar to those experienced during the 2011 second quarter."

Landstar will provide a live webcast of its quarterly earnings conference call this afternoon at 2:00 pm ET. To access the webcast, visit the Company's website at www.landstar.com; click on "Investor Relations" and "Webcasts," then click on "Landstar's Second Quarter 2011 Earnings Release Conference Call."

The following is a "safe harbor" statement under the Private Securities Litigation Reform Act of 1995. Statements contained in this press release that are not based on historical facts are "forward-looking statements". This press release contains forward-looking statements, such as statements which relate to Landstar's business objectives, plans, strategies, expectations and intentions. Terms such as "anticipates," "believes," "estimates," "intention," "plans," "predicts," "may," "should," "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: an increase in the frequency or severity of accidents or workers' compensation claims; unfavorable development of existing claims; dependence on independent sales agents; dependence on third-party capacity providers; disruptions or failures in our computer systems; a downturn in domestic or international economic growth or growth in the transportation sector; substantial industry competition; and other operational, financial or legal risks or uncertainties detailed in Landstar's Form 10K for the 2010 fiscal year, described in Item 1A Risk Factors, and other SEC filings from time-to-time. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated. Investors should not place undue reliance on such forward-looking statements, and Landstar undertakes no obligation to publicly update or revise any forward-looking statements.

About Landstar:

Landstar System, Inc. is a non-asset based provider of integrated supply chain solutions. Landstar delivers safe, specialized transportation, warehousing and logistics services to a broad range of customers worldwide utilizing a network of agents, third-party capacity owners and employees. All Landstar transportation companies are certified to ISO 9001:2008 quality management system standards and RC14001:2008 environmental, health, safety and security management system standards. Landstar System, Inc. is headquartered in Jacksonville, Florida. Its common stock trades on The NASDAQ Stock Market® under the symbol LSTR.

(Tables follow)

Landstar System, Inc. and Subsidiary
Consolidated Statements of Income
(Dollars in thousands, except per share amounts)
(Unaudited)

| | Twenty Six Weeks Ended | | Thirteen Weeks Ended | |
|---|------------------------|-------------------|----------------------|-------------------|
| | June 25, 2011 | June 26, 2010 | June 25, 2011 | June 26, 2010 |
| Revenue | \$ 1,247,547 | \$ 1,189,809 | \$ 675,561 | \$ 641,721 |
| Investment income | 921 | 574 | 393 | 289 |
| Costs and expenses: | | | | |
| Purchased transportation | 941,360 | 907,290 | 509,982 | 490,089 |
| Commissions to agents | 98,175 | 87,379 | 54,004 | 46,971 |
| Other operating costs | 15,623 | 15,504 | 7,679 | 7,968 |
| Insurance and claims | 24,715 | 26,129 | 13,449 | 13,831 |
| Selling, general and administrative | 73,046 | 73,816 | 35,782 | 36,973 |
| Depreciation and amortization | 12,787 | 11,988 | 6,388 | 6,196 |
| Total costs and expenses | <u>1,165,706</u> | <u>1,122,106</u> | <u>627,284</u> | <u>602,028</u> |
| Operating income | 82,762 | 68,277 | 48,670 | 39,982 |
| Interest and debt expense | <u>1,605</u> | <u>1,664</u> | <u>777</u> | <u>810</u> |
| Income before income taxes | 81,157 | 66,613 | 47,893 | 39,172 |
| Income taxes | 31,002 | 25,446 | 18,295 | 14,962 |
| Net income | <u>50,155</u> | <u>41,167</u> | <u>29,598</u> | <u>24,210</u> |
| Less: Net loss attributable to noncontrolling interest | (62) | (446) | — | (227) |
| Net income attributable to Landstar System, Inc. and subsidiary | <u>\$ 50,217</u> | <u>\$ 41,613</u> | <u>\$ 29,598</u> | <u>\$ 24,437</u> |
| Earnings per common share attributable to Landstar System, Inc. and subsidiary | <u>\$ 1.05</u> | <u>\$ 0.83</u> | <u>\$ 0.62</u> | <u>\$ 0.49</u> |
| Diluted earnings per share attributable to Landstar System, Inc. and subsidiary | <u>\$ 1.05</u> | <u>\$ 0.83</u> | <u>\$ 0.62</u> | <u>\$ 0.49</u> |
| Average number of shares outstanding: | | | | |
| Earnings per common share | <u>47,826,000</u> | <u>50,165,000</u> | <u>47,782,000</u> | <u>50,123,000</u> |
| Diluted earnings per share | <u>47,907,000</u> | <u>50,259,000</u> | <u>47,912,000</u> | <u>50,215,000</u> |
| Dividends paid per common share | <u>\$ 0.100</u> | <u>\$ 0.090</u> | <u>\$ 0.050</u> | <u>\$ 0.045</u> |

Landstar System, Inc. and Subsidiary
Consolidated Balance Sheets
(Dollars in thousands, except per share amounts)
(Unaudited)

| | June 25, 2011 | Dec. 25, 2010 |
|---|-------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 39,544 | \$ 44,706 |
| Short-term investments | 30,489 | 23,266 |
| Trade accounts receivable, less allowance of \$4,155 and \$5,324 | 385,540 | 307,350 |
| Other receivables, including advances to independent contractors, less allowance of \$4,987 and \$5,511 | 25,493 | 23,943 |
| Deferred income taxes and other current assets | 21,008 | 21,652 |
| Total current assets | <u>502,074</u> | <u>420,917</u> |
| Operating property, less accumulated depreciation and amortization of \$146,476 and \$137,830 | 123,895 | 132,649 |
| Goodwill | 57,470 | 57,470 |
| Other assets | 60,873 | 72,846 |
| Total assets | <u>\$ 744,312</u> | <u>\$ 683,882</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Cash overdraft | \$ 26,347 | \$ 24,877 |
| Accounts payable | 175,325 | 137,297 |
| Current maturities of long-term debt | 17,260 | 22,172 |
| Insurance claims | 44,442 | 40,215 |
| Other current liabilities | 53,077 | 53,785 |
| Total current liabilities | <u>316,451</u> | <u>278,346</u> |
| Long-term debt, excluding current maturities | 93,894 | 99,439 |
| Insurance claims | 31,273 | 31,468 |
| Deferred income taxes | 20,214 | 23,662 |
| Equity | | |
| Landstar System, Inc. and subsidiary shareholders' equity | | |
| Common stock, \$0.01 par value, authorized | | |
| 160,000,000 shares, issued 66,589,780 and 66,535,169 shares | 666 | 665 |
| Additional paid-in capital | 163,355 | 169,268 |
| Retained earnings | 889,561 | 844,132 |
| Cost of 18,872,652 and 18,674,902 shares of common stock in treasury | (772,489) | (763,182) |
| Accumulated other comprehensive income | 1,387 | 881 |
| Total Landstar System, Inc. and subsidiary shareholders' equity | <u>282,480</u> | <u>251,764</u> |
| Noncontrolling interest | — | (797) |
| Total equity | <u>282,480</u> | <u>250,967</u> |
| Total liabilities and equity | <u>\$ 744,312</u> | <u>\$ 683,882</u> |

Landstar System, Inc. and Subsidiary
Supplemental Information
(Unaudited)

| | Twenty Six Weeks Ended | | Thirteen Weeks Ended | |
|--|------------------------|--------------------|----------------------|------------------|
| | June 25, 2011 | June 26, 2010 | June 25, 2011 | June 26, 2010 |
| Revenue generated through (in thousands): | | | | |
| Business Capacity Owners (1) | \$ 669,748 | \$ 631,736 | \$362,854 | \$345,595 |
| Truck Brokerage Carriers | 472,391 | 466,163 | 258,668 | 246,408 |
| Rail intermodal | 34,832 | 34,092 | 18,367 | 19,316 |
| Ocean cargo carriers | 26,031 | 20,835 | 12,198 | 11,700 |
| Air cargo carriers | 16,900 | 8,562 | 9,340 | 3,959 |
| Other (2) | 27,645 | 28,421 | 14,134 | 14,743 |
| | <u>\$1,247,547</u> | <u>\$1,189,809</u> | <u>\$675,561</u> | <u>\$641,721</u> |
| Number of loads: | | | | |
| Business Capacity Owners (1) | 402,730 | 420,770 | 210,690 | 223,020 |
| Truck Brokerage Carriers | 287,210 | 308,330 | 151,470 | 158,980 |
| Rail intermodal | 14,830 | 15,490 | 7,570 | 8,620 |
| Ocean cargo carriers | 3,950 | 3,110 | 2,120 | 1,650 |
| Air cargo carriers | 4,000 | 3,130 | 2,050 | 1,630 |
| | <u>712,720</u> | <u>750,830</u> | <u>373,900</u> | <u>393,900</u> |
| Revenue per load: | | | | |
| Business Capacity Owners (1) | \$ 1,663 | \$ 1,501 | \$ 1,722 | \$ 1,550 |
| Truck Brokerage Carriers | 1,645 | 1,512 | 1,708 | 1,550 |
| Rail intermodal | 2,349 | 2,201 | 2,426 | 2,241 |
| Ocean cargo carriers | 6,590 | 6,699 | 5,754 | 7,091 |
| Air cargo carriers | 4,225 | 2,735 | 4,556 | 2,429 |
| Truck Capacity | | | | |
| Business Capacity Owners (1) (3) | | | 7,711 | 7,818 |
| Truck Brokerage Carriers: | | | | |
| Approved and active (4) | | | 17,696 | 16,670 |
| Approved | | | 8,984 | 9,047 |
| | | | <u>26,680</u> | <u>25,717</u> |
| Total available truck capacity providers | | | <u>34,391</u> | <u>33,535</u> |

- (1) Business Capacity Owners are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.
- (2) Includes premium revenue generated by the insurance segment and warehousing and transportation management fee revenue generated by the transportation logistics segment.
- (3) Trucks provided by Business Capacity Owners were 8,231 and 8,399 at June 25, 2011 and June 26, 2010, respectively.
- (4) Active refers to Truck Brokerage Carriers who have moved at least one load in the past 180 days.