
**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) January 29, 2015



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 January 29, 2015, Landstar System, Inc. issued a press release announcing results for the fourth quarter of fiscal 2014. A copy of the press release is attached hereto as Exhibit 99.1.

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

(d) On January 29, 2015, the Board of Directors (the “Board”) of Landstar System, Inc. (the “Company”) announced the appointment of James B. Gattoni as a Class I Director, effective immediately. As a Class I Director, the term of Mr. Gattoni will expire at the Company’s 2015 annual meeting of stockholders. The Board has also appointed Mr. Gattoni to the Safety and Risk Committee and the Strategic Planning Committee, in each case effective January 29, 2015.

Item 9.01 Financial Statements and Exhibits

Exhibits

99.1 News Release dated January 29, 2015 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: January 29, 2015

By: /s/ L. Kevin Stout

Name: L. Kevin Stout

Title: Vice President, Chief Financial Officer and
Assistant Secretary



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

For Immediate Release

January 29, 2015

Contact: Kevin Stout
Landstar System, Inc.
www.landstar.com
904-398-9400

**LANDSTAR SYSTEM REPORTS RECORD QUARTERLY REVENUE OF
\$863 MILLION AND RECORD QUARTERLY DILUTED EARNINGS PER SHARE
FROM CONTINUING OPERATIONS OF \$0.86**

Jacksonville, FL – Landstar System, Inc. (NASDAQ: LSTR) reported record quarterly revenue of \$863 million in the 2014 fourth quarter, the highest quarterly revenue of any quarter in Landstar history. Landstar also reported diluted earnings per share of \$0.86 in the 2014 fourth quarter on net income from continuing operations of \$38.5 million. This is the highest quarterly diluted earnings per share from continuing operations in Landstar history. With respect to the Company's results from continuing operations for the 2013 fourth quarter, Landstar reported net income of \$25.2 million, or \$0.55 per diluted share, on revenue of \$692 million. Additionally, the 2013 fourth quarter included \$0.75 of diluted earnings per share from income from discontinued operations attributable to the sale of the Landstar Supply Chain Solutions companies. Gross profit (defined as revenue less the cost of purchased transportation and commissions to agents) was \$124.7 million in the 2014 fourth quarter compared to \$102.7 million of gross profit in the 2013 fourth quarter. Operating margin, representing operating income divided by gross profit, was 49.1 percent in the 2014 fourth quarter.

Truck transportation revenue hauled by independent business capacity owners ("BCOs") and truck brokerage carriers in the 2014 fourth quarter was \$811.2 million, or 94 percent of revenue, compared to \$643.6 million, or 93 percent of revenue, in the 2013 fourth quarter. Truckload transportation revenue hauled via van equipment in the 2014 fourth quarter was \$499.7 million compared to \$391.4 million in the 2013 fourth quarter. Truckload revenue hauled via unsided/platform equipment in the 2014 fourth

quarter was \$289.6 million compared to \$233.4 million in the 2013 fourth quarter. Revenue hauled by rail, air and ocean cargo carriers was \$41.0 million, or 5 percent of revenue, in the 2014 fourth quarter compared to \$39.0 million, or 6 percent of revenue, in the 2013 fourth quarter.

Trailing twelve-month return on average shareholders' equity was 30 percent and trailing twelve-month return on invested capital, net income divided by the sum of average equity plus average debt, was 24 percent. Landstar purchased approximately 940,000 shares of its common stock during 2014 at an aggregate cost of \$56.4 million. Currently, there are approximately 1,828,000 shares of the Company's common stock available for purchase under Landstar's authorized share purchase program.

As previously announced on December 4, 2014, the Company's Board of Directors declared a special dividend of \$1.00 per share payable on January 26, 2015, to stockholders of record as of the close of business on January 12, 2015. In addition, Landstar announced today that its Board of Directors has declared a quarterly dividend of \$0.07 per share payable on March 13, 2015, to stockholders of record as of the close of business on February 16, 2015. It is currently the intention of the Board to pay dividends on a quarterly basis going forward.

Landstar also announced that effective January 29, 2015, Landstar President and CEO Jim Gattoni has joined the Board of Directors of Landstar System, Inc.

"Landstar's 2014 fourth quarter results were record setting," said Gattoni. "Revenue and diluted earnings per share for the 2014 fourth quarter were quarterly records for continuing operations. Demand for Landstar's truck transportation services in the 2014 fourth quarter continued to be extremely strong, as the number of loads hauled via truck increased 11 percent over the 2013 fourth quarter. Revenue per load hauled via truck also remained very strong and increased 14 percent over the 2013 fourth quarter. In fact, Landstar's average revenue per load hauled via truck in the 2014 fourth quarter set a new record and was up four percent over the record set in the Company's 2014 third quarter. Landstar experienced very strong revenue growth over the 2013 fourth quarter with respect to both loads hauled via van equipment and loads hauled via

unsided/platform equipment. On a quarter-over-prior-year-quarter basis, revenue hauled via van equipment increased 28 percent and revenue hauled via unsided/platform equipment increased 24 percent. Despite a significant provision for incentive compensation, operating margin was an impressive 49.1 percent in the 2014 fourth quarter and was the second highest fourth quarter operating margin in Landstar's history. And finally, diluted earnings per share from continuing operations in the 2014 fourth quarter increased an outstanding 56 percent over the 2013 fourth quarter. 2014 was truly an exceptional year for Landstar as the Company surpassed \$3 billion in revenue for the first time in its history. In addition to revenue, annual records were set for many other financial metrics including gross profit, operating income, net income and diluted earnings per share from continuing operations."

Gattoni continued, "The strength in both the number of loads hauled via truck and truck revenue per load experienced in the 2014 fourth quarter has so far continued through the first several weeks of 2015. Assuming continued strength in both load volume and revenue per load from truck transportation services throughout the remainder of the 2015 first quarter, I anticipate revenue for the 2015 first quarter to be in a range of \$750 million to \$800 million and, assuming that range of estimated revenue, I would anticipate 2015 first quarter diluted earnings per share to be in a range of \$0.71 to \$0.76 per share compared to \$0.61 per diluted share in the 2014 first quarter."

PLEASE NOTE: As of the first quarter of 2015, the Company has revised the format of its financial statement supplemental information presentation to include revenue by trailer type. Included with this earnings release are supplemental information presentations in both the historical format and the new format. The Company intends to use only the new supplemental information presentation format on a going forward basis. Management believes this change in reporting supplemental information will allow investors to better understand underlying trends in the Company's results. This change in the reporting of supplemental information has no impact on reporting with respect to the Company's consolidated balance sheets, income statements, cash flows or changes in shareholders' equity for any periods.

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 Fourth Quarter 2014 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 and expectations. Terms such as "anticipates," "believes," "estimates," "intention," "expects," "plans," "predicts," "may," "should," "could," "will," the negative thereof and similar expressions are intended to identify forward-looking statements. Such statements are by nature subject to uncertainties and risks, including but not limited to: an increase in the frequency or severity of accidents or other claims; unfavorable development of existing accident claims; dependence on third party insurance companies; dependence on independent commission sales agents; dependence on third party capacity providers; decreased demand for transportation services; substantial industry competition; disruptions or failures in the Company's computer systems; dependence on key vendors; changes in fuel taxes; status of independent contractors; regulatory and legislative changes; catastrophic loss of a Company facility; intellectual property; unclaimed property; and other operational, financial or legal risks or uncertainties detailed in Landstar's Form 10K for the 2013 fiscal year, described in Item 1A Risk Factors, and in other SEC filings from time to time. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated. Investors should not place undue reliance on such forward-looking statements, and the Company undertakes no obligation to publicly update or revise any forward-looking statements.

About Landstar:

Landstar System, Inc. is a worldwide, asset-light provider of integrated transportation management solutions delivering safe, specialized transportation services to a broad range of customers utilizing a network of agents, third-party capacity owners and employees. All Landstar transportation services companies are certified to ISO 9001:2008 quality management system standards and RC14001:2013

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)

	Fiscal Year Ended		Fiscal Quarter Ended	
	December 27, 2014	December 28, 2013	December 27, 2014	December 28, 2013
Revenue	\$ 3,184,790	\$ 2,664,780	\$ 862,830	\$ 691,975
Investment income	1,381	1,475	354	364
Costs and expenses:				
Purchased transportation	2,461,143	2,046,927	668,583	534,250
Commissions to agents	250,780	211,355	69,584	54,978
Other operating costs, net of gains on asset dispositions	25,771	21,568	6,421	6,172
Insurance and claims	46,280	50,438	8,548	13,531
Selling, general and administrative	150,250	131,710	41,683	36,743
Depreciation and amortization	27,575	27,667	7,156	6,924
Total costs and expenses	<u>2,961,799</u>	<u>2,489,665</u>	<u>801,975</u>	<u>652,598</u>
Operating income	224,372	176,590	61,209	39,741
Interest and debt expense	<u>3,177</u>	<u>3,211</u>	<u>917</u>	<u>844</u>
Income from continuing operations before income taxes	221,195	173,379	60,292	38,897
Income taxes	<u>82,386</u>	<u>64,457</u>	<u>21,801</u>	<u>13,721</u>
Income from continuing operations	138,809	108,922	38,491	25,176
Discontinued operations:				
Income from discontinued operations, net of income taxes	—	4,058	—	1,352
Gain on sale of discontinued operations, net of income taxes	—	33,029	—	33,029
Income from discontinued operations, net of income taxes	<u>—</u>	<u>37,087</u>	<u>—</u>	<u>34,381</u>
Net income	<u>\$ 138,809</u>	<u>\$ 146,009</u>	<u>\$ 38,491</u>	<u>\$ 59,557</u>
Earnings per common share:				
Income from continuing operations	\$ 3.09	\$ 2.37	\$ 0.86	\$ 0.55
Income from discontinued operations	—	0.81	—	0.75
Earnings per common share	3.09	3.17	0.86	1.30
Diluted earnings per share:				
Income from continuing operations	\$ 3.07	\$ 2.36	\$ 0.86	\$ 0.55
Income from discontinued operations	—	0.80	—	0.75
Diluted earnings per share	3.07	3.16	0.86	1.30
Average number of shares outstanding:				
Earnings per common share	<u>44,956,000</u>	<u>46,039,000</u>	<u>44,770,000</u>	<u>45,689,000</u>
Diluted earnings per share	<u>45,169,000</u>	<u>46,210,000</u>	<u>45,002,000</u>	<u>45,869,000</u>
Dividends per common share	<u>\$ 1.26</u>	<u>\$ 0.35</u>	<u>\$ 1.07</u>	<u>\$ 0.35</u>

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

	December 27, 2014	December 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 163,944	\$ 180,302
Short-term investments	37,007	34,939
Trade accounts receivable, less allowance of \$4,338 and \$3,773	492,642	378,732
Other receivables, including advances to independent contractors, less allowance of \$4,189 and \$4,253	15,132	73,903
Deferred income taxes and other current assets	23,603	14,592
Total current assets	732,328	682,468
Operating property, less accumulated depreciation and amortization of \$160,681 and \$157,985	202,203	177,329
Goodwill	31,134	31,134
Other assets	78,547	79,765
Total assets	\$ 1,044,212	\$ 970,696
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	\$ 34,629	\$ 27,780
Accounts payable	220,077	157,796
Current maturities of long-term debt	35,064	27,567
Insurance claims	24,233	92,280
Dividends payable	44,794	15,921
Other current liabilities	51,654	54,316
Total current liabilities	410,451	375,660
Long-term debt, excluding current maturities	76,257	73,938
Insurance claims	21,769	24,171
Deferred income taxes and other non-current liabilities	47,474	42,446
Shareholders' equity:		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 67,268,817 and 67,017,858 shares	673	670
Additional paid-in capital	189,012	179,807
Retained earnings	1,255,374	1,173,044
Cost of 22,474,331 and 21,528,693 shares of common stock in treasury	(955,613)	(899,028)
Accumulated other comprehensive loss	(1,185)	(12)
Total shareholders' equity	488,261	454,481
Total liabilities and shareholders' equity	\$ 1,044,212	\$ 970,696

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

	Fiscal Year Ended		Fiscal Quarter Ended	
	December 27, 2014	December 28, 2013	December 27, 2014	December 28, 2013
Revenue generated through (in thousands):				
Truck transportation				
Truckload:				
Van equipment	\$ 1,814,195	\$ 1,464,558	\$ 499,651	\$ 391,424
Unsided/platform equipment	1,093,999	932,176	289,627	233,366
Less-than-truckload	80,384	71,769	21,969	18,794
Total truck transportation	2,988,578	2,468,503	811,247	643,584
Rail intermodal	81,220	73,820	22,263	18,370
Ocean and air cargo carriers	74,952	85,681	18,784	20,599
Other (1)	40,040	36,776	10,536	9,422
	<u>\$ 3,184,790</u>	<u>\$ 2,664,780</u>	<u>\$ 862,830</u>	<u>\$ 691,975</u>

Number of loads:

Truck transportation				
Truckload:				
Van equipment	1,038,517	935,530	270,875	241,837
Unsided/platform equipment	444,852	418,982	112,300	103,484
Less-than-truckload	96,541	101,498	26,835	24,249
Total truck transportation	1,579,910	1,456,010	410,010	369,570
Rail intermodal	31,640	29,450	8,800	7,350
Ocean and air cargo carriers	16,260	16,660	4,150	4,290
	<u>1,627,810</u>	<u>1,502,120</u>	<u>422,960</u>	<u>381,210</u>

Revenue per load:

Truck transportation				
Truckload:				
Van equipment	\$ 1,747	\$ 1,565	\$ 1,845	\$ 1,619
Unsided/platform equipment	2,459	2,225	2,579	2,255
Less-than-truckload	833	707	819	775
Total truck transportation	1,892	1,695	1,979	1,741
Rail intermodal	2,567	2,507	2,530	2,499
Ocean and air cargo carriers	4,610	5,143	4,526	4,802

Revenue by capacity type (as a % of total revenue):

Truck capacity providers				
BCO independent contractors (2)	48%	50%	45%	49%
Truck brokerage carriers	46%	43%	49%	44%
Rail intermodal	3%	3%	3%	3%
Ocean and air cargo carriers	2%	3%	2%	3%
Other	1%	1%	1%	1%

	December 27, 2014	December 28, 2013
Truck Capacity Providers		
Business Capacity Owners (2) (3)	8,372	7,927
Truck Brokerage Carriers:		
Approved and active (4)	26,222	21,183
Approved	12,135	10,933
	<u>38,357</u>	<u>32,116</u>
Total available truck capacity providers	<u>46,729</u>	<u>40,043</u>

(1) Includes primarily premium revenue generated by the insurance segment.

(2) Business Capacity Owners are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.

(3) Trucks provided by Business Capacity Owners were 8,932 and 8,432 at December 27, 2014 and December 28, 2013, respectively.

(4) Active refers to Truck Brokerage Carriers who have moved at least one load in the past 180 days.

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

	Fiscal Year Ended		Fiscal Quarter Ended	
	December 27, 2014	December 28, 2013	December 27, 2014	December 28, 2013
Revenue generated through (in thousands):				
Business Capacity Owners (1)	\$ 1,514,254	\$ 1,327,458	\$ 388,041	\$ 339,544
Truck Brokerage Carriers	1,474,324	1,141,045	423,206	304,040
Rail intermodal	81,220	73,820	22,263	18,370
Ocean and air cargo carriers	74,952	85,681	18,784	20,599
Other (2)	40,040	36,776	10,536	9,422
	<u>\$ 3,184,790</u>	<u>\$ 2,664,780</u>	<u>\$ 862,830</u>	<u>\$ 691,975</u>
Number of loads:				
Business Capacity Owners (1)	818,480	790,690	203,680	199,490
Truck Brokerage Carriers	761,430	665,320	206,330	170,080
Rail intermodal	31,640	29,450	8,800	7,350
Ocean and air cargo carriers	16,260	16,660	4,150	4,290
	<u>1,627,810</u>	<u>1,502,120</u>	<u>422,960</u>	<u>381,210</u>
Revenue per load:				
Business Capacity Owners (1)	\$ 1,850	\$ 1,679	\$ 1,905	\$ 1,702
Truck Brokerage Carriers	1,936	1,715	2,051	1,788
Rail intermodal	2,567	2,507	2,530	2,499
Ocean and air cargo carriers	4,610	5,143	4,526	4,802
			December 27, 2014	December 28, 2013
Truck Capacity Providers				
Business Capacity Owners (1) (3)			8,372	7,927
Truck Brokerage Carriers:				
Approved and active (4)			26,222	21,183
Approved			12,135	10,933
			<u>38,357</u>	<u>32,116</u>
Total available truck capacity providers			<u>46,729</u>	<u>40,043</u>

(1) Business Capacity Owners are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.

(2) Includes primarily premium revenue generated by the insurance segment.

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