

**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) April 27, 2004



**LANDSTAR SYSTEM, INC.**

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(Exact name of registrant as specified in its charter)

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Delaware  
(State or other  
jurisdiction of  
incorporation)

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021238  
(Commission File Number)

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06-1313069  
(IRS Employer  
Identification No.)

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

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32224  
(Zip Code)

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

Not Applicable

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(Former name or former address, if changed since last report).

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Item 5. Other Events.

On April 28, 2004, Landstar System, Inc. (the “Company”) issued a press release announcing that its Board of Directors is separating the roles of Chairman and Chief Executive Officer and that Landstar President and Chief Operating Officer Henry H. Gerkens will become President and Chief Executive Officer effective July 1, 2004. Jeffrey C. Crowe, who currently serves as Chairman and CEO, will continue to serve as the Company’s Chairman of the Board. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

In connection with these events, the Company has entered into a letter agreement with each of Messrs. Gerkens and Crowe. Such letter agreements are attached as Exhibits 10.1 and 10.2 hereto, respectively, and are incorporated herein by reference.

In addition, Mr. Crowe has advised the Company that in connection with these events he intends to exercise stock options to acquire approximately 329,920 shares of Company Common Stock (“Option Shares”) and to establish a written plan under Rule 10b5-1 of the Securities Exchange Act of 1934 providing for his disposition of approximately 66,000 Option Shares per month over the five month period beginning on or around May 1, 2004.

<u>Item 7.</u>	<u>Exhibits.</u>
10.1	Letter Agreement, dated April 27, 2004, between Landstar System, Inc. and Henry H. Gerkens.
10.2	Letter Agreement, dated April 27, 2004, between Landstar System, Inc. and Jeffrey C. Crowe.
99.1	Press Release issued by Landstar System, Inc, dated April 28, 2004.

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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.

Date: April 28, 2004

LANDSTAR SYSTEM, INC.

/s/ Robert C. LaRose

Robert C. LaRose  
Vice President, Chief Financial  
Officer and Secretary

April 27, 2004

Henry H. Gerkens  
13410 Sutton Park Drive South  
Jacksonville, Florida 32224

Dear Henry:

On behalf of Landstar System, Inc. (the "Company") and the Board of Directors (the "Board"), we are pleased to acknowledge your appointment as Chief Executive Officer of the Company. In this capacity, you will be the principal executive officer of the Company and have all of the duties and obligations generally associated with that position at the Company.

As Chief Executive Officer, you shall continue to be compensated on the same terms and conditions as are currently applicable to you, except that, effective as of July 1, 2004, (i) your base salary shall increase to the annual rate of \$400,000, (ii) your Participant's Percentage Participation under the Company's Executive Incentive Compensation Plan (the "EICP") shall increase to 100% and (iii) you shall be granted a one time special award of 50,000 options under the Company's 2002 Employee Stock Option Plan (the "Option Plan"). Each such option shall have an exercise price equal to the Fair Market Value (as such term is defined in the Option Plan) of the Company's Common Stock on July 1, 2004 and shall vest on December 31, 2008, provided you remain employed with the Company on such date.

In addition, with respect to 2004, your bonus under the EICP shall be determined based on the product of (x) the multiplier under the EICP for 2004, if any, times (y) \$341,300, representing the sum of (i) \$141,300 (or 90% of your base salary for the first six months of 2004) plus (ii) \$200,000 (or 100% of your base salary for the last six months of 2004).

You shall serve as the Chief Executive Officer at the pleasure of the Board and as a member of the Board at the discretion of our shareholders. Notwithstanding the foregoing, if the Company terminates your employment for any reason other than Cause or Disability (as such terms are defined in your Key Executive Employment Protection Agreement ("KEEPA")) or you voluntarily terminate your employment for Good Reason (as defined in clauses (i) and (ii) in the definition of such term in the KEEP A, but determined based on your title, authority and compensation as in effect immediately following your appointment as Chief Executive Officer) at any time that your rights to receive severance are not governed by the KEEP A (that is, generally prior to the occurrence of Change of Control, as defined in the KEEP A), then the Company shall pay you a lump sum severance benefit equal to two times your annual base salary (as scheduled to be in effect on July 1, 2004, or as it may hereafter be increased) within five (5) business days of the date of your termination of employment. If you receive this severance benefit, you and, to the extent applicable, your dependents shall be entitled, after the date of your termination until the earlier of (x) the second anniversary of such date or (y) the date you become eligible for

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comparable benefits under a similar plan, policy or program of a subsequent employer, to continue participation in all of the Company's employee and executive welfare benefit plans (the "Benefit Plans") in which you participated immediately prior to the date of your termination. To the extent any such benefits cannot be provided under the terms of the applicable plan, policy or program, the Company shall provide you a comparable benefit under another plan or from the Company's general assets. Your continued participation in the Benefit Plans will be on the same terms and conditions that would have applied had you continued to be an employee of the Company. In addition, you would be entitled to receive any vested amounts or benefits owing to you under the Company's otherwise applicable employee benefit plans and programs (including any equity compensation plan), and all options granted to you under the second paragraph of this letter agreement which have not previously vested in accordance with their terms shall become fully vested and exercisable under the Option Plan.

You acknowledge that in the event you receive all of the compensation and other benefits provided for in the immediately preceding paragraph in respect of any termination of your employment with the Company, you will not assert any claims against the Company with respect to such termination and the payments and benefits paid to you pursuant to the immediately preceding paragraph will be in full satisfaction of any and all claims you may have against the Company with respect to such termination.

For the avoidance of doubt, at any time that the rights and protections provided to you under the KEEPA are in effect, the severance benefits payable to you hereunder shall not be applicable and you shall be entitled to receive the full benefit and protection afforded to you under the terms of the KEEPA.

Please confirm your acceptance of your appointment as Chief Executive Officer and the terms set forth in this letter agreement by signing where indicated below.

Sincerely,

/s/ Ronald W. Drucker

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Ronald W. Drucker, Chairman  
Governance Committee of the Board of Directors

/s/ Robert C. LaRose

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Robert C. LaRose  
Vice President, Chief Financial Officer, & Secretary

Agreed and Accepted:                      /s/Henry H. Gerkens

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Henry H. Gerkens

Date: April 27, 2004

April 27, 2004

Jeffrey C. Crowe  
13410 Sutton Park Drive South  
Jacksonville, FL 32224

Dear Jeff:

On behalf of Landstar System, Inc. (the "Company") and the Board of Directors (the "Board"), we want to thank you for your leadership and outstanding efforts on behalf of the Company. We are also pleased that you will continue as Chairman of the Board of Directors ("Chairman"). In this capacity you will have all of the duties and obligations of each member of the Board, but will also provide the Company services in addition to those performed by other directors, on the terms and conditions set forth below.

You will continue to serve as Chairman at the pleasure of the Board and as a member of the Board at the discretion of our shareholders. You may elect to voluntarily terminate your services at any time. During this continuing service, you shall be paid a base salary in the annualized amount of \$250,000, payable in accordance with the Company's usual payroll practices. Such amount will be in lieu of any other fees that might be payable to you for service as a director, and will encompass the compensation payable for your service as a director and for the additional services that you will perform, as described below.

Your duties and responsibilities will be commensurate with your title as non-executive Chairman, and will include representing the Company at such conferences, trade shows and other events and occurrences that you shall be requested to attend by the Board or the Chief Executive Officer, as well as performing such other assignments consistent with your position as shall be requested of you from time to time. In the performance of these services, you will not be an executive officer of the Company and will not have the power to bind the Company. You will be entitled to be reimbursed for any expenses that you incur on behalf of the Company in the performance of your duties and obligations hereunder in accordance with the Company's generally applicable policies and procedures, as in effect from time to time.

It is agreed and understood that these services will not require a full business time commitment on behalf of the Company. However, as services that we will request of you will require that you perform these functions at specified times and locations, and under the supervision of the Board and the Chief Executive Officer, you will continue to be treated as a common law employee of the Company. As an employee, you shall be entitled to continue to participate in all of the Company's employee benefit plans, programs and arrangements in accordance with the terms thereof. However, you agree

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with the Company that your Key Employee Protection Agreement, dated as of January 30, 1998, shall be terminated effective as of the date hereof.

If you cease to serve as the Chairman at any time prior to age 65, whether by action of the Company or the shareholders, or whether in your discretion, you agree that you shall be a consultant to the Company at the annual rate of \$250,000 per annum, payable quarterly, in advance, and shall provide such services to the Company as shall reasonably be requested of you from time to time by the Board or the Chief Executive Officer. It is expected that the nature and scope of such services will generally be of a type consistent your stature and experience, and shall be provided at such time and in such locations as you shall determine, unless the Company shall otherwise request a specific time and location upon reasonable advance notice. The term of your consulting services shall be two years following the cessation of your services as Chairman, which term may be extended by mutual agreement of the parties. During the period that you are providing such consulting services, the Company recognizes that you may provide services to other persons (except that the Company may terminate your services as a consultant by written notice if you shall also be providing services to a competitor of the Company).

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

Sincerely,

/s/ Ronald W. Drucker

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Ronald W. Drucker, Chairman  
Governance Committee of the Board of Directors

/s/ Robert C. LaRose

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Robert C. LaRose  
Vice President, Chief Financial Officer, and Secretary

Agreed and Accepted:

/s/ Jeffrey C. Crowe

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Jeffrey C. Crowe

Date: April 27, 2004



For Immediate Release  
April 28, 2004

Contact: Donna Mellion  
Landstar System, Inc.  
904-390-1457  
www.landstar.com

**Landstar Board of Directors Appoints  
Henry H. Gerkens Chief Executive Officer**

Jacksonville, Florida — (NASDAQ: LSTR) Landstar System, Inc., a safety-first non-asset provider of transportation capacity, announced today that its Board of Directors is separating the roles of Chairman and Chief Executive Officer and that Landstar President and Chief Operating Officer Henry H. Gerkens will become President and Chief Executive Officer effective July 1, 2004. Jeffrey C. Crowe, who currently serves as Chairman and CEO, will continue to serve as the Company's Chairman of the Board.

“We believe separating the roles of chairman and chief executive officer will create a management structure that best serves the interests of Landstar's shareholders at this time,” said Landstar Director and Governance Committee Chairman Ronald W. Drucker. “Henry has been instrumental in Landstar's success since the Company's inception. His financial acumen, coupled with his long-term strategic vision will enable him to bring singular focus to managing the company's operations, enhancing its ability to shape and realize its strategic agenda. This is a well-earned promotion and we are delighted he will succeed Jeff as CEO.”

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“Landstar is an established leader in the transportation industry thanks to Jeff. His leadership and innovative approach to small business support has served the company well,” said Drucker.

“Jeff has done an excellent job in keeping Landstar on its road to success. I am honored to follow in his footsteps as the leader of this exceptional Company and I am excited at the opportunities ahead,” said Gerkens. “In concert with our small business owners and other third-party capacity providers, we will continue to demonstrate the strength and agility of our business model. We will continue to deliver excellence in safe, reliable transportation services, and we will continue in our quest to deliver outstanding returns to our shareholders.”

“From Landstar’s variable-cost business model to its on-going consolidation of efficiencies, Henry’s safety-first mentality, financial expertise and commitment to excellence in customer service have enabled the Company’s independent small business owners to thrive in an extremely competitive market,” said outgoing CEO Jeff Crowe. “He is an integral part of this Company’s success story.”

Landstar System, Inc. is a non-asset-based provider of transportation capacity delivering safe, specialized transportation services to a broad range of customers throughout North America. The Company identifies and fulfills shippers’ needs through the coordination of individual businesses comprised of independent sales agents, business capacity owners, and other transportation capacity providers. The term, business capacity owner, refers to Landstar’s independent contractors who operate a small business and provide the equipment necessary to haul freight.

Landstar’s carrier group is comprised of Landstar Gemini, Inc., Landstar Inway, Inc., Landstar Ligon, Inc., Landstar Ranger, Inc., and Landstar Carrier Services, Inc. and delivers excellence in complete over-the-road transportation services. Landstar’s multimodal group is comprised of Landstar Express America, Inc. and

Landstar Logistics, Inc., provides expedited, contract logistics and intermodal transportation services. All Landstar operating companies are certified to ISO 9001:2000 quality management system standards. Landstar System, Inc.'s common stock trades on The NASDAQ Stock Market® under the symbol LSTR.

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 that relate to Landstar's business objectives, plans, strategies and expectations. Terms such as "anticipates," "believes," "estimates," "plans," "predicts," "may," "should," "will," the negative thereof and similar expressions, including any such expressions with respect to the level of comfort with an analyst estimates, 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' compensations claims; unfavorable development of existing accident claims; dependence on independent sales agents; dependence on third-party capacity providers; disruptions or failures in our computer systems; a downturn in the domestic 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 2003 fiscal year, described in the section Factors That May Affect Future Results and/or Forward-Looking Statements, 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.

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