
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) April 14, 2005



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, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- 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 April 14, 2005, Landstar System, Inc. issued a press release announcing results for the first quarter of fiscal 2005. 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 9.01 Financial Statements and Exhibits

Exhibits

99.1 News Release dated April 14, 2005 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, thereunto duly authorized.

LANDSTAR SYSTEM, INC.

Date: April 14, 2005

/s/ Robert C. LaRose

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



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

For Immediate Release

Contact: Bob LaRose
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April 14, 2005

**LANDSTAR SYSTEM REPORTS FIRST QUARTER REVENUE INCREASE OF
19 PERCENT AND RECORD FIRST QUARTER EARNINGS PER
DILUTED SHARE OF \$.29**

Jacksonville, FL – Landstar System, Inc. (NASDAQ: LSTR) reported revenue rose 19 percent to a record \$502 million in the 2005 first quarter from \$421 million in the 2004 first quarter. Net income for the 2005 first quarter was a record \$17.9 million, or \$.29 per diluted share, compared to net income of \$8.1 million, or \$.13 per diluted share, for the 2004 first quarter. Included in the 2004 first quarter was \$7.6 million of costs to settle one severe accident. This charge, net of related income tax benefits, reduced net income by \$4.9 million, or \$.08 per diluted share. Operating margin was 6.0 percent in the 2005 first quarter compared to 3.3 percent in the 2004 first quarter, which was reduced 1.8 percent by the previously referred to accident.

Landstar's carrier group of companies generated \$371 million of revenue in the 2005 first quarter, compared with revenue of \$322 million in the 2004 first quarter. In the 2005 and 2004 first quarters, the carrier group invoiced customers \$20.6 million and \$8.3 million, respectively, of fuel surcharges that were passed on 100 percent to business capacity owners and excluded from revenue. Landstar's multimodal services group of companies generated \$124 million of revenue in the 2005 first quarter compared with \$92 million of revenue in the 2004 first quarter.

“Landstar’s 2005 first quarter’s performance was the best first quarter operating performance in its history,” said Landstar President and CEO Henry Gerkens. “Consolidated revenue increased by 19 percent to the highest first quarter revenue in Landstar history. This increase reflected strong growth at the carrier segment and a 34 percent increase in revenue at the multimodal segment. Additionally, revenue generated through other third party truck capacity providers (truck brokerage) increased 63 percent, over the 2004 first quarter. The significant increase in utilization of other third party capacity, combined with the outstanding improvement in operating margin, clearly demonstrate the ability of the Landstar system to source capacity and profitably satisfy customer demand,” Gerkens said.

“Trailing twelve-month return on average equity remained high at 45 percent and return on invested capital, net income divided by the sum of average equity plus average debt, was 30 percent. During the 2005 first quarter, we purchased 992,418, shares of common stock at a total cost of \$34,947,000,” Gerkens said. “The Company has the ability to purchase an additional 405,862 shares of its common stock under its authorized share repurchase program.”

“Based upon the current operating environment, I would anticipate revenue growth for the 2005 second quarter to be within a range of 14 to 18 percent compared to the 2004 second quarter. The current range of analysts’ earnings estimates, as reported by FIRST CALL, for the second quarter of 2005 is \$.31 to \$.36 per diluted share. I am comfortable with that range and currently anticipate earnings to be in the middle to upper end of the range,” said Gerkens.

Landstar will provide a live webcast of its quarterly earnings conference call this afternoon at 2 pm ET. To access the webcast, visit the Company’s website at www.landstar.com. Click on Investors and then the webcast icon.

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,” “plans,” “predicts,” “may,” “should,” “will,” the negative thereof and similar expressions, including any such expressions with respect to the level of comfort with 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’ compensation 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 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 2004 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.

Landstar System, Inc. is headquartered in Jacksonville, Florida. The Landstar carrier group comprised of Landstar Gemini, Inc., Landstar Inway, Inc., Landstar Ligon, Inc., Landstar Ranger, Inc. and Landstar Carrier Services, Inc. delivers excellence in safe and complete over-the-road transportation services. The Landstar multimodal group comprised of Landstar Express America, Inc. and Landstar Logistics, Inc. delivers excellence in safe, expedited, contract logistics, intermodal and ocean 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.

(tables follow)

LANDSTAR SYSTEM, INC.
Consolidated Statements of Income
(Dollars in thousands, except per share amounts)
(Unaudited)

	Thirteen Weeks Ended	
	March 26, 2005	March 27, 2004
Revenue	\$ 502,212	\$ 421,026
Investment income	539	303
Costs and expenses:		
Purchased transportation	377,578	313,797
Commissions to agents	39,126	32,434
Other operating costs	8,698	9,894
Insurance and claims	13,125	20,706
Selling, general and administrative	30,303	27,410
Depreciation and amortization	3,962	3,199
Total costs and expenses	<u>472,792</u>	<u>407,440</u>
Operating income	29,959	13,889
Interest and debt expense	<u>937</u>	<u>768</u>
Income before income taxes	29,022	13,121
Income taxes	11,144	5,019
Net income	<u>\$ 17,878</u>	<u>\$ 8,102</u>
Earnings per common share (1)	<u>\$ 0.30</u>	<u>\$ 0.14</u>
Diluted earnings per share (1)	<u>\$ 0.29</u>	<u>\$ 0.13</u>
Average number of shares outstanding:		
Earnings per common share (1)	<u>60,396,000</u>	<u>59,709,000</u>
Diluted earnings per share (1)	<u>61,881,000</u>	<u>61,935,000</u>

(1) All earnings per share amounts and average number of shares outstanding have been adjusted to give retroactive effect to a two-for-one stock split effected in the form of a 100% stock dividend declared December 9, 2004.

LANDSTAR SYSTEM, INC.
Selected Segment Information
(Dollars in thousands)
(Unaudited)

	Thirteen Weeks Ended	
	March 26, 2005	March 27, 2004
External Revenue		
Carrier segment	\$371,043	\$321,608
Multimodal segment	123,696	92,014
Insurance segment	7,473	7,404
External revenue	<u>\$502,212</u>	<u>\$421,026</u>
Operating Income		
Carrier segment	\$ 31,358	\$ 23,697
Multimodal segment	5,351	2,739
Insurance segment	4,092	(2,826)
Other	(10,842)	(9,721)
Operating income	<u>\$ 29,959</u>	<u>\$ 13,889</u>

LANDSTAR SYSTEM, INC.
Consolidated Balance Sheets
(Dollars in thousands, except per share amounts)
(Unaudited)

	March 26, 2005	December 25, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 73,118	\$ 61,684
Short-term investments	21,683	21,942
Trade accounts receivable, less allowance of \$4,420 and \$4,021	294,875	338,774
Other receivables, including advances to independent contractors, less allowance of \$4,347 and \$4,245	22,820	13,929
Deferred income taxes and other current assets	11,036	13,503
Total current assets	423,532	449,832
Operating property, less accumulated depreciation and amortization of \$66,024 and \$65,315	76,574	76,834
Goodwill	31,134	31,134
Other assets	25,891	26,712
Total assets	\$ 557,131	\$ 584,512
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	\$ 24,270	\$ 23,547
Accounts payable	99,903	120,197
Current maturities of long-term debt	8,464	8,797
Insurance claims	33,797	32,612
Other current liabilities	53,359	54,926
Total current liabilities	219,793	240,079
Long-term debt, excluding current maturities	87,168	83,293
Insurance claims	33,774	32,430
Deferred income taxes	15,639	15,871
Shareholders' equity:		
Common stock, \$.01 par value, authorized 80,000,000 issued 63,482,706 and 63,154,190 shares	635	632
Additional paid-in capital	47,657	43,845
Retained earnings	313,814	295,936
Cost of 3,464,248 and 2,490,930 shares of common stock in treasury	(161,123)	(127,151)
Accumulated other comprehensive income	(31)	47
Notes receivable arising from exercises of stock options	(195)	(470)
Total shareholders' equity	200,757	212,839
Total liabilities and shareholders' equity	\$ 557,131	\$ 584,512

LANDSTAR SYSTEM, INC.
Supplemental Information
(UNAUDITED)

	Thirteen Weeks Ended	
	March 26, 2005	March 27, 2004
Carrier Segment		
External revenue generated through (in thousands):		
Business Capacity Owners (1)	\$282,675	\$272,231
Other third party truck capacity providers	88,368	49,377
	<u>\$371,043</u>	<u>\$321,608</u>
Revenue per revenue mile	\$ 1.80	\$ 1.75
Revenue per load	\$ 1,444	\$ 1,266
Average length of haul (miles)	802	723
Number of loads (2)	<u>257,000</u>	<u>254,000</u>
Multimodal Segment		
External revenue generated through (in thousands):		
Business Capacity Owners (1) (3)	\$ 17,838	\$ 15,413
Other third party truck capacity providers	79,081	53,484
Rail, Air and Ocean Carriers	26,777	23,117
	<u>\$123,696</u>	<u>\$ 92,014</u>
Revenue per load (6)	\$ 1,541	\$ 1,373
Number of loads (6)	<u>76,000</u>	<u>67,000</u>
	As of	As of
	March 26, 2005	March 27, 2004
Capacity Providers		
Business Capacity Owners (1) (4)	<u>7,828</u>	<u>7,637</u>
Other third party truck capacity providers:		
Approved and active(5)	11,737	9,584
Approved	<u>7,255</u>	<u>6,321</u>
	<u>18,992</u>	<u>15,905</u>
Total available truck capacity providers	<u>26,820</u>	<u>23,542</u>

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

(2) Effective with the 2004 second quarter, the Company modified its methodology for reporting loads. The application of this new methodology to the 2004 thirteen week period ended March 26, 2004, resulted in an increase of 10,000 loads. This change in load recognition has no impact on reported revenue in any period.

(3) Includes revenue generated through Carrier Segment Business Capacity Owners.

(4) Trucks provided by business capacity owners were 8,659 and 8,583, respectively.

(5) Active refers to other third party truck capacity providers who have moved at least one load in the past 180 days.

(6) Number of loads and revenue per load excludes the effect of revenue derived from emergency transportation services provided under the FAA contract.