
**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 20, 2016



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 April 20, 2016, Landstar System, Inc. issued a press release announcing results for the first quarter of fiscal 2016. A copy of the press release is attached hereto as Exhibit 99.1.

The information contained in Item 7.01 concerning the presentation to Landstar investors is hereby incorporated into this Item 2.02 by reference.

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 7.01 Regulation FD Disclosure

A slide presentation, dated April 20, 2016, is attached hereto as Exhibit 99.2 and is incorporated herein by reference. The slide presentation provides information that may be referred to by the Company on its conference call with investors scheduled to occur on April 21, 2016 in connection with the Company’s release of results for the first quarter of fiscal 2016.

The information furnished under Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2 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 20, 2016 of Landstar System, Inc.

99.2 Slide Presentation dated April 20, 2016 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: April 20, 2016

By: /s/ L. Kevin Stout

Name: L. Kevin Stout

Title: Vice President and Chief Financial Officer



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

For Immediate Release

April 20, 2016

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

LANDSTAR SYSTEM REPORTS FIRST QUARTER REVENUE OF \$712 MILLION AND RECORD FIRST QUARTER DILUTED EARNINGS PER SHARE OF \$0.69

Jacksonville, FL – Landstar System, Inc. (NASDAQ: LSTR) reported record first quarter diluted earnings per share of \$0.69, on revenue of \$712 million in the 2016 first quarter. Landstar reported diluted earnings per share of \$0.67 on revenue of \$762 million in the 2015 first quarter. Gross profit (defined as revenue less the cost of purchased transportation and commissions to agents) was \$112.2 million in the 2016 first quarter compared to \$115.4 million in the 2015 first quarter. Operating margin, representing operating income divided by gross profit, was 42.7 percent in the 2016 first quarter.

Truck transportation revenue hauled by independent business capacity owners (“BCOs”) and truck brokerage carriers in the 2016 first quarter was \$655.1 million, or 92 percent of revenue, compared to \$708.9 million, or 93 percent of revenue, in the 2015 first quarter. Truckload transportation revenue hauled via van equipment in the 2016 first quarter was \$428.2 million compared to \$449.7 million in the 2015 first quarter. Truckload transportation revenue hauled via unsided/platform equipment in the 2016 first quarter was \$209.4 million compared to \$239.5 million in the 2015 first quarter. Revenue hauled by rail, air and ocean cargo carriers was \$44.9 million, or 6 percent of revenue, in the 2016 first quarter compared to \$42.8 million, or 6 percent of revenue, in the 2015 first quarter.

Trailing twelve-month return on average shareholders’ equity was 31 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 purchased 175,000 shares

of its common stock during 2016 at an aggregate cost of \$10.2 million. Currently, there are approximately 1,634,000 shares of the Company's common stock available for purchase under Landstar's authorized share purchase program. As of March 26, 2016, the Company had \$217 million in cash and short term investments and \$192 million available for borrowings under the Company's senior credit facility.

In addition, Landstar announced today that its Board of Directors has declared a quarterly dividend of \$0.08 per share payable on May 27, 2016, to stockholders of record as of the close of business on May 5, 2016. It is currently the intention of the Board to pay dividends on a quarterly basis going forward.

"During the 2016 first quarter, the number of loads hauled via truck was higher than any first quarter in Landstar history. Given the freight environment during the quarter, where demand was somewhat softer than during the 2015 first quarter, I am pleased with the continued execution of adding increased volumes," said Landstar's President and Chief Executive Officer, Jim Gattoni.

Gattoni continued, "Overall, however, 2016 first quarter revenue was 7 percent below the comparable prior year period entirely due to lower revenue per load, particularly on loads hauled via truck. The number of loads hauled via truck in the 2016 first quarter increased 3 percent over the 2015 first quarter, driven by a 4 percent increase in the number of loads hauled via van equipment, a 1 percent increase in the number of loads hauled via unsided/platform equipment and a 3 percent increase in less-than-truckload volume. The number of loads hauled via unsided/platform equipment was impacted by a 5 percent decrease in the number of heavy/specialized loads, which comprised approximately 28 percent of Landstar's unsided/platform revenue in the 2016 first quarter. Landstar also achieved a 22 percent increase in the 2016 first quarter over the 2015 first quarter in the number of loads hauled via railroads, ocean cargo carriers and air cargo carriers."

Gattoni further commented, "As I mentioned earlier, our truckload services experienced pricing pressure throughout the 2016 first quarter, as industry-wide truck capacity was more readily available as compared to the 2015 first quarter. This pricing pressure was

more apparent in the U.S. spot market, in which the Company mostly operates. Additionally, the average cost of a gallon of diesel fuel was over 25 percent lower during the 2016 first quarter compared to the 2015 first quarter putting additional pressure on pricing, especially as it relates to loads hauled via truck brokerage carriers. As such, revenue per load on loads hauled via truck was 10 percent lower in the 2016 first quarter compared to the 2015 first quarter. Despite the softer pricing environment, 2016 first quarter operating margin was 42.7 percent, in line with seasonal historical first quarter results, and diluted earnings per share in the 2016 first quarter increased 3 percent over the 2015 first quarter.”

Gattoni continued, “Through the first several weeks of April, the number of loads hauled via truck exceeded the prior year comparable period in a low single digit percentage, consistent with the growth rate Landstar experienced in the 2016 first quarter. In mid-April 2015, we began a project to haul a significant number of loads for a single account in the automotive industry. That project ended at the end of 2015. Excluding the 13,000 loads hauled via truck in the 2015 second quarter related to that project (representing approximately \$27 million in revenue), I expect the number of loads hauled via truck in the 2016 second quarter to increase in a low single digit range over the 2015 second quarter. Although we have recently experienced the normal seasonal uptick in revenue per load as we moved into April, I anticipate truck revenue per load in the 2016 second quarter to be below the 2015 second quarter in a high single digit to low double digit percentage range. My expectation is that pricing conditions for truck services in the 2016 second quarter will continue to be impacted by more readily available truck capacity as compared to the prior year second quarter and a relatively low per gallon cost of diesel fuel. Assuming the current environment continues throughout the 2016 second quarter, I anticipate revenue for the 2016 second quarter to be in a range of \$770 million to \$820 million and, assuming that range of estimated revenue, I would anticipate 2016 second quarter diluted earnings per share to be in a range of \$0.80 to \$0.85 per share compared to \$0.92 per diluted share in the 2015 second quarter.”

Landstar will provide a live webcast of its quarterly earnings conference call tomorrow morning at 8:00 a.m. 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 First Quarter 2016 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; cyber incidents; 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 2015 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 logistics services to a broad range of customers utilizing a network of agents, third-party capacity providers 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)

	Thirteen Weeks Ended	
	March 26, 2016	March 28, 2015
Revenue	\$ 711,644	\$ 762,380
Investment income	380	354
Costs and expenses:		
Purchased transportation	540,328	587,153
Commissions to agents	59,092	59,784
Other operating costs, net of gains on asset sales/dispositions	7,407	7,689
Insurance and claims	14,213	14,796
Selling, general and administrative	34,614	37,248
Depreciation and amortization	8,438	7,019
Total costs and expenses	<u>664,092</u>	<u>713,689</u>
Operating income	47,932	49,045
Interest and debt expense	889	781
Income before income taxes	47,043	48,264
Income taxes	17,859	18,249
Net income	<u>\$ 29,184</u>	<u>\$ 30,015</u>
Earnings per common share	<u>\$ 0.69</u>	<u>\$ 0.67</u>
Diluted earnings per share	<u>\$ 0.69</u>	<u>\$ 0.67</u>
Average number of shares outstanding:		
Earnings per common share	<u>42,395,000</u>	<u>44,588,000</u>
Diluted earnings per share	<u>42,489,000</u>	<u>44,760,000</u>
Dividends per common share	<u>\$ 0.08</u>	<u>\$ 0.07</u>

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

	March 26, 2016	December 26, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 156,284	\$ 114,520
Short-term investments	61,140	48,823
Trade accounts receivable, less allowance of \$4,777 and \$4,327	383,057	462,699
Other receivables, including advances to independent contractors, less allowance of \$4,373 and \$4,143	28,778	18,472
Other current assets	7,529	11,604
Total current assets	<u>636,788</u>	<u>656,118</u>
Operating property, less accumulated depreciation and amortization of \$185,236 and \$182,591	228,474	225,927
Goodwill	31,134	31,134
Other assets	61,096	78,339
Total assets	<u>\$ 957,492</u>	<u>\$ 991,518</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	\$ 30,073	\$ 35,609
Accounts payable	172,035	223,709
Current maturities of long-term debt	43,148	42,499
Insurance claims	22,026	19,757
Other current liabilities	54,786	47,963
Total current liabilities	<u>322,068</u>	<u>369,537</u>
Long-term debt, excluding current maturities	81,385	81,793
Insurance claims	21,493	21,477
Deferred income taxes and other non-current liabilities	50,157	52,474
Shareholders' equity:		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 67,473,450 and 67,391,616 shares	675	674
Additional paid-in capital	195,667	195,841
Retained earnings	1,415,763	1,389,975
Cost of 25,147,079 and 24,972,079 shares of common stock in treasury	(1,126,993)	(1,116,765)
Accumulated other comprehensive loss	(2,723)	(3,488)
Total shareholders' equity	<u>482,389</u>	<u>466,237</u>
Total liabilities and shareholders' equity	<u>\$ 957,492</u>	<u>\$ 991,518</u>

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

	Thirteen Weeks Ended	
	March 26, 2016	March 28, 2015
Revenue generated through (in thousands):		
Truck transportation		
Truckload:		
Van equipment	\$428,193	\$449,688
Unsided/platform equipment	209,422	239,483
Less-than-truckload	<u>17,477</u>	<u>19,698</u>
Total truck transportation	655,092	708,869
Rail intermodal	26,108	23,181
Ocean and air cargo carriers	18,808	19,632
Other (1)	11,636	10,698
	<u>\$711,644</u>	<u>\$762,380</u>
Revenue on loads hauled via BCO Independent Contractors (2) included in total truck transportation	\$334,278	\$350,325
Number of loads:		
Truck transportation		
Truckload:		
Van equipment	269,040	258,952
Unsided/platform equipment	102,742	102,166
Less-than-truckload	<u>26,898</u>	<u>25,992</u>
Total truck transportation	398,680	387,110
Rail intermodal	12,030	9,480
Ocean and air cargo carriers	4,560	4,130
	<u>415,270</u>	<u>400,720</u>
Loads hauled via BCO Independent Contractors (2) included in total truck transportation	197,670	191,300
Revenue per load:		
Truck transportation		
Truckload:		
Van equipment	\$ 1,592	\$ 1,737
Unsided/platform equipment	2,038	2,344
Less-than-truckload	650	758
Total truck transportation	1,643	1,831
Rail intermodal	2,170	2,445
Ocean and air cargo carriers	4,125	4,754
Revenue per load on loads hauled via BCO Independent Contractors (2)	\$ 1,691	\$ 1,831
Revenue by capacity type (as a % of total revenue):		
Truck capacity providers:		
BCO Independent Contractors (2)	47%	46%
Truck Brokerage Carriers	45%	47%
Rail intermodal	4%	3%
Ocean and air cargo carriers	3%	3%
Other	2%	1%
	March 26, 2016	March 28, 2015
Truck Capacity Providers		
BCO Independent Contractors (2)	8,889	8,478
Truck Brokerage Carriers:		
Approved and active (3)	29,523	27,304
Other approved	<u>15,748</u>	<u>13,016</u>
	45,271	40,320
Total available truck capacity providers	<u>54,160</u>	<u>48,798</u>
Trucks provided by BCO Independent Contractors (2)	9,497	9,046

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

(2) BCO Independent Contractors are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.

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

*Landstar System, Inc.
Earnings Conference Call
First Quarter 2016*



April 20, 2016



Date Published: 04/20/2016

The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements made during this presentation that are not based on historical facts are “forward looking statements.” During this presentation, I may make certain statements, containing forward-looking statements, such as statements which relate to Landstar’s business objectives, plans, strategies and expectations. Such statements are by nature subject to uncertainties and risks, including but not limited to: the operational, financial and legal risks detailed in Landstar’s Form 10-K for the 2015 fiscal year, described in the section 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.

Model Definition



Landstar 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 providers and employees.

The Network



2015 Results

\$3.3 billion in revenue

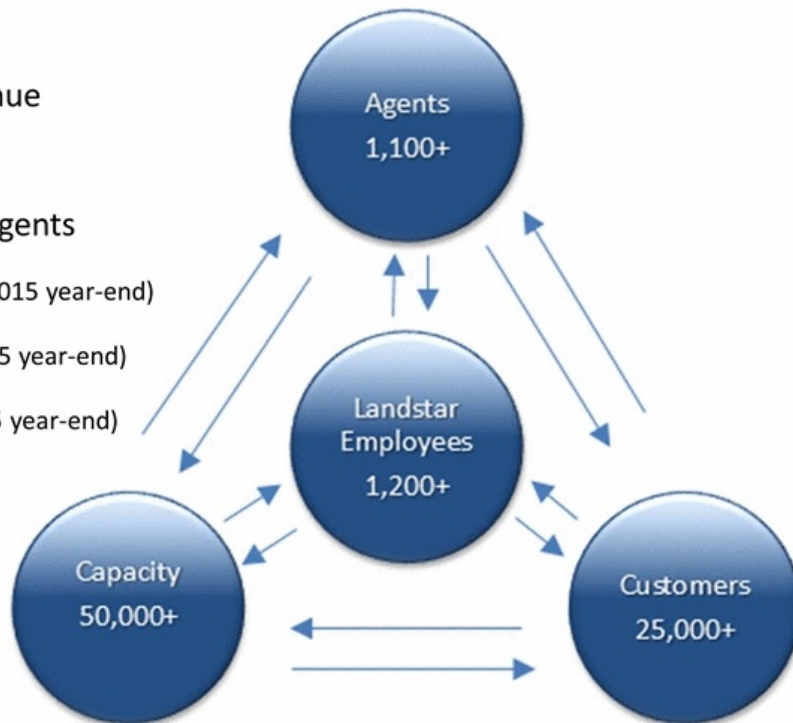
1.8 million loadings

512 million dollar agents

9,500 BCO trucks (2015 year-end)

44,000 Carriers (2015 year-end)

14,000 Trailers (2015 year-end)



Date Published: 04/20/2016

Transportation Management Services



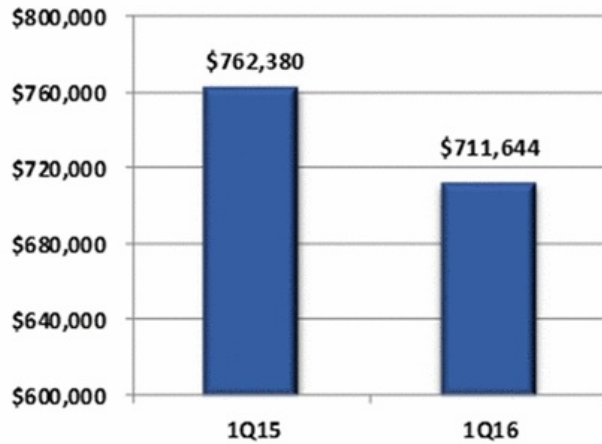
	Percentage of Revenue	
	1Q15	1Q16
Truck Transportation		
Truckload		
Van trailer	59%	60%
Unsided trailer (flat, specialized)	31%	29%
Less-than-Truckload	3%	2%
Rail Intermodal	3%	4%
Air & Ocean	3%	3%

Revenue

(\$'s in thousands)



First Quarter Revenue



Quarter over Prior Year Quarter

	Rate ⁽¹⁾	Volume ⁽²⁾	Change
Truck Revenue	- 10.3%	3.0%	- 7.6%
Rail Intermodal Revenue	- 11.2%	26.9%	12.6%
Air/Ocean Revenue	- 13.2%	10.4%	- 4.2%
Insurance Premiums	NA	NA	9.1%
Total Revenue			- 6.7%

(1) Percentage change in rate is calculated on a revenue per load basis.

(2) Percentage change in volume is calculated on the number of loads hauled.

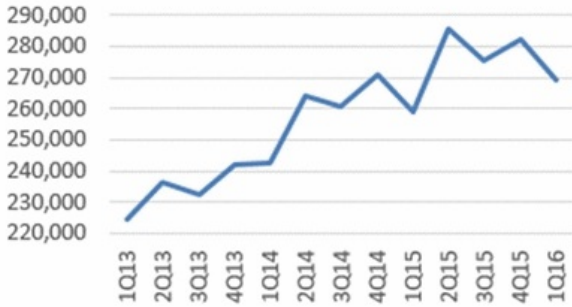
Truckload Loadings and Revenue per Load

(Excludes LTL)

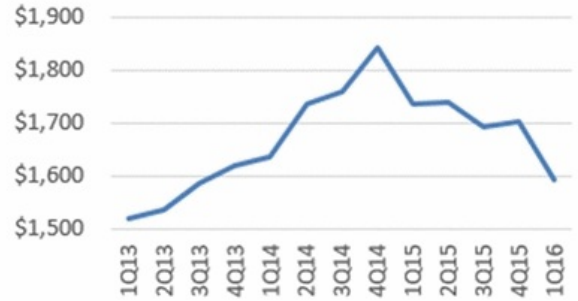


Van Equipment

Number of Loads

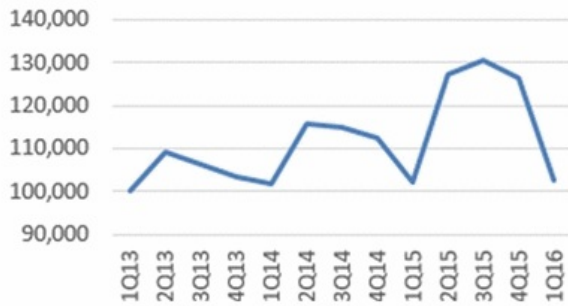


Revenue per Load

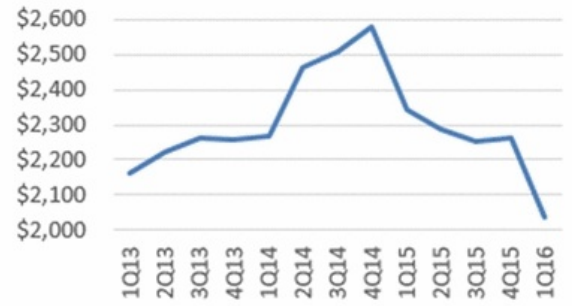


Unsided/Platform Equipment

Number of Loads



Revenue per Load



Date Published: 04/20/2016

Industries Served



	As a Percentage of Revenue		Quarter over Prior Year Quarter Growth
	Q1 2015	Q1 2016	
Consumer Products / Appliances / Furniture	19.2	20.5	0%
Machinery	15.1	14.6	-10%
Automotive	9.5	9.7	-5%
Building Products	7.5	8.6	7%
Metals	7.4	6.6	-16%
AA&E, Hazmat	7.3	7.5	-4%
Foodstuffs	5.8	5.5	-12%
Energy	5.0	2.8	-48%
Other	23.2	24.2	-3%
Total	<u>100.0</u>	<u>100.0</u>	-7%

Gross Profit ⁽¹⁾ and Gross Profit Margin ⁽²⁾

(\$'s in thousands)



First Quarter Gross Profit



	1st Qtr ⁽³⁾
Changes in gross profit margin	%
2015 Period Ended	15.1
Revenue - fixed gp margin	0.2
Revenue - variable gp margin	0.3
Change in mix and other	0.2
2016 Period Ended	15.8

(1) Gross profit equals revenue less the cost of purchased transportation and commissions to agents.

(2) Gross profit margin equals gross profit divided by revenue.

(3) Revenue on transactions with a fixed gross profit margin was 55% and 56% of revenue in the 2015 and 2016 first quarters, respectively.

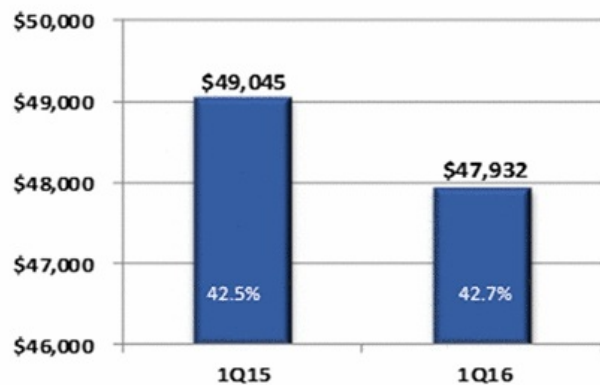
Date Published: 04/20/2016

Operating Income and Operating Margin ⁽¹⁾

(\$'s in thousands)



First Quarter Operating Income



	1st Qtr
Changes in operating margin	%
2015 Period Ended	42.5
Other operating costs	0.0
Insurance and claims	0.2
SG&A	1.4
Depreciation and amortization	-1.4
2016 Period Ended	42.7

(1) Operating margin equals operating income divided by gross profit.

Truck Capacity Data

(All information other than fuel surcharges are at the end of the period)



	QTR Mar 28, 2015	YTD Dec 26, 2015	QTR Mar 26, 2016
BCO Independent Contractors	8,478	8,907	8,889
Truck Brokerage Carriers:			
Approved and Active ⁽¹⁾	27,304	29,728	29,523
Other Approved	13,016	14,715	15,748
	40,320	44,443	45,271
Total Available Truck Capacity Providers	48,798	53,350	54,160
Trucks Provided by BCO Independent Contractors	9,046	9,500	9,497
Fuel Surcharges - BCO Loadings only (\$ in thousands) ⁽²⁾	\$ 46,046	\$ 174,661	\$ 25,549

(1) Active refers to truck brokerage carriers who hauled freight for Landstar in the 180 day period immediately preceding the period end.

(2) Fuel surcharges billed to customers on freight hauled by BCO Independent Contractors are paid 100% to the BCO and excluded from revenue and the cost of purchased transportation.

Date Published: 04/20/2016

Key Balance Sheet and Cash Flow Statistics

(\$'s in thousands)



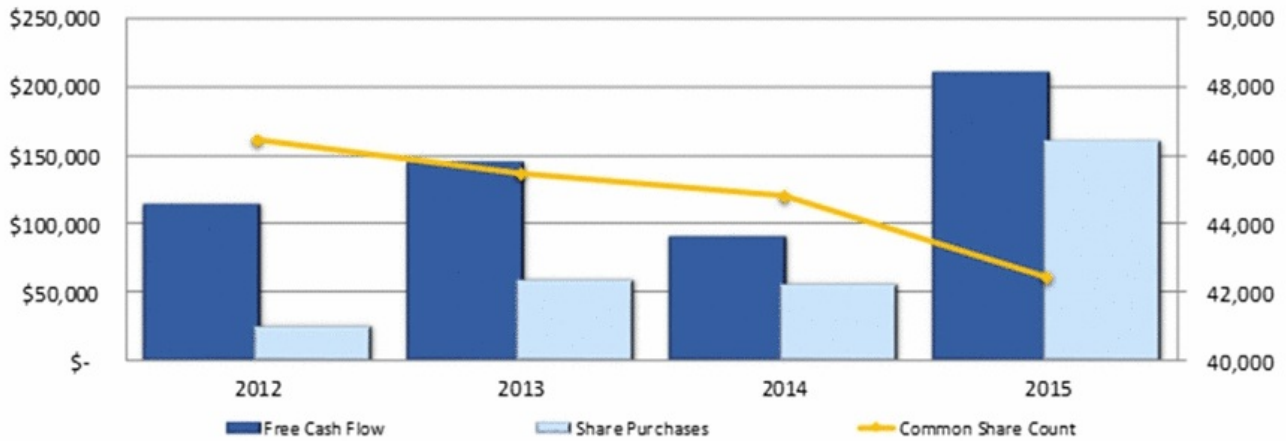
	QTR Mar 28, 2015	QTR Mar 26, 2016
Balance sheet (period end amounts):		
Debt to Capital	17%	21%
Net Cash (1)	\$ 49,958	\$ 92,891
Cash flow:		
Cash flow from operations	\$ 49,270	\$ 72,038
Capital expenditures	\$ 2,450	\$ 828
Share repurchases	\$ 31,300	\$ 10,228
Dividends paid	\$ 47,906	\$ 3,396
TTM Return on Equity	30%	31%
TTM Return on Invested Capital	24%	25%
TTM Return on Assets	14%	15%

(1) Net cash is defined as cash and cash equivalents plus short term investments less outstanding debt.

Free Cash Flow / Share Purchases



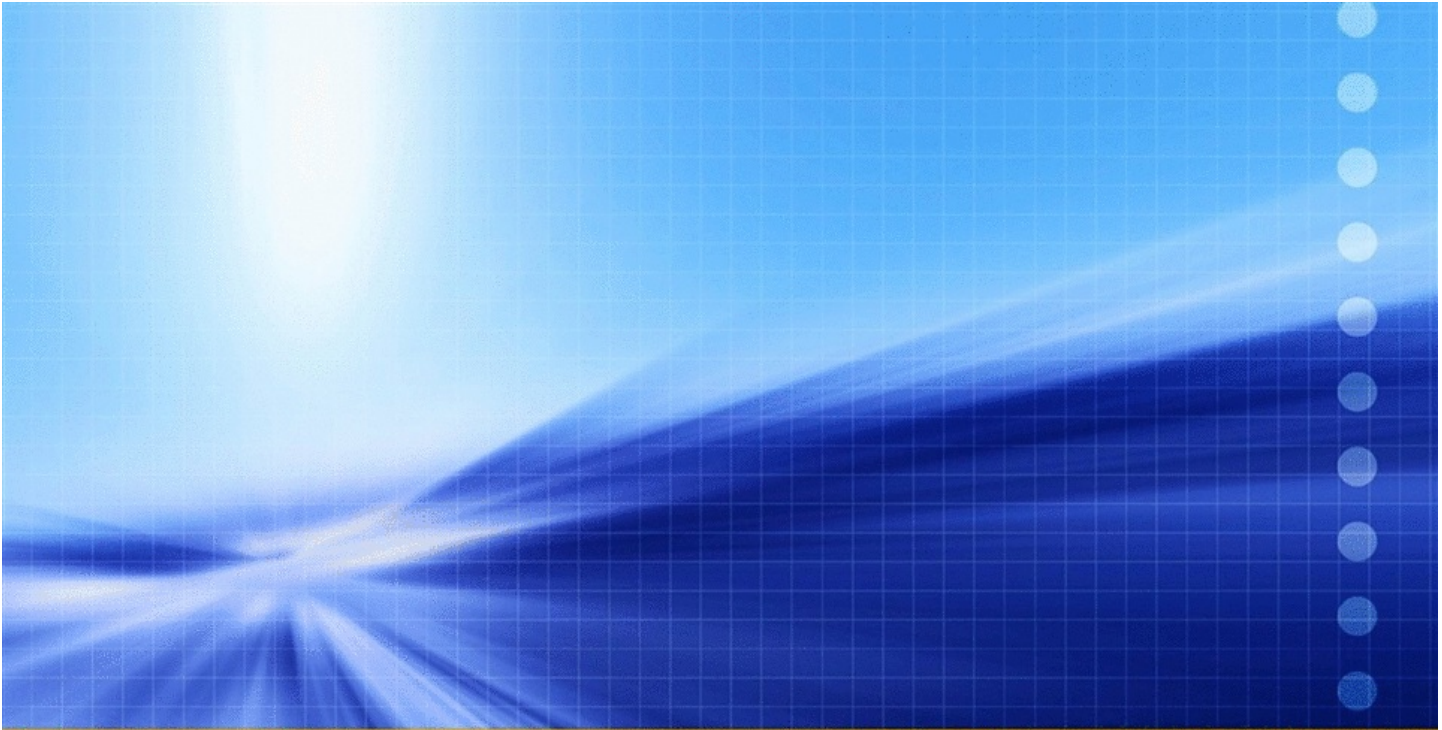
(In Thousands)



First quarter 2016	
Free cash flow (1)	\$ 71,210
Share purchases	\$ 10,228
Ending common share count	42,326

(1) Free cash flow is defined as cash flow from operations less capital expenditures, each set forth on the prior slide.

Date Published: 04/20/2016



LANDSTAR 

Date Published: 04/20/2016