
**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 27, 2010



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 27, 2010, Landstar System, Inc. issued a press release announcing results for the fourth quarter of fiscal 2009. 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 January 27, 2010 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 27, 2010

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



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13410 Sutton Park Drive, South
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For Immediate Release

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January 27, 2010

LANDSTAR SYSTEM REPORTS FOURTH QUARTER RESULTS

Jacksonville, FL — Landstar System, Inc. (NASDAQ: LSTR) reported 2009 fourth quarter net income of \$18.6 million, or \$0.37 per diluted share, from revenue of \$547.7 million. Net income for the 2008 fourth quarter was \$24.6 million, or \$0.47 per diluted share, from revenue of \$603.8 million.

Revenue hauled by third-party truck capacity providers in the 2009 fourth quarter was \$498.4 million, or 91 percent of revenue, compared to \$547.4 million, or 91 percent of revenue, in the 2008 fourth quarter. Included in revenue hauled by third-party truck capacity providers in the 2009 and 2008 fourth quarters were \$16.8 million and \$24.6 million, respectively, of fuel surcharges invoiced to customers on revenue hauled by third-party truck brokerage carriers. In the 2009 and 2008 fourth quarters, the Company also invoiced customers \$40.7 million and \$54.5 million, respectively, of fuel surcharges that were passed 100 percent to third-party BCO Independent Contractors and excluded from revenue. Revenue hauled by rail, air and ocean cargo carriers was \$35.0 million, or 6 percent of revenue, in the 2009 fourth quarter compared to \$47.0 million, or 8 percent of revenue, in the 2008 fourth quarter. Transportation management fee revenue was \$4.4 million, or 1 percent of revenue, in the 2009 fourth quarter.

Landstar System, Inc. also announced that its Board of Directors has declared a quarterly dividend of \$0.045 per share. The dividend is payable on February 26, 2010 to stockholders of record at the close of business on February 5, 2010. It is the intention of the Board of Directors to continue to pay a quarterly dividend. During the 2009 fourth quarter, Landstar purchased 665,000 shares of its common stock at a total cost of \$24.1 million.

The Company's variable cost business model continues to generate significant cash flow. During 2009, the Company purchased 1,625,000 shares of its common stock at a total cost of \$55.8 million and completed two acquisitions, while at the same time reduced borrowings on its senior credit facility by \$30 million. Under the Company's authorized share purchase program, the Company currently has a total of 1,375,000 shares of its common stock available for purchase.

Commenting on Landstar's 2009 fourth quarter, Landstar's Chairman, President and CEO, Henry Gerken said, "I am pleased with the way the Company finished 2009, particularly as it relates to revenue. Sequentially, Landstar was able to increase revenue by 9 percent over the 2009 third quarter, and that was significantly better than has been experienced in the fourth quarter compared to the third quarter in each of the prior three years. The increased revenue was primarily the result of a general increase in rate per load of approximately 4 percent, combined with increased loadings of approximately 6 percent over the 2009 third quarter. 2009 fourth quarter revenue compared to the 2008 fourth quarter decreased 9 percent, significantly better than the 28 percent decrease experienced during the first nine months of 2009 compared to the first nine months of 2008.

Gerken continued, "Diluted earnings per share in the 2009 fourth quarter compared to the 2008 fourth quarter was negatively impacted by \$0.10 per diluted share due to increased insurance and claims expense attributable to an unusual amount of adverse development of commercial trucking claims in the 2009 fourth quarter, partly offset by \$0.03 per diluted share from a lower provision for taxes. Although the cost of insurance and claims in the quarter was much higher than a typical quarter, our 2009 accident frequency rate was the lowest in Landstar history, demonstrating the Company's continued emphasis on safety. Operating margin was 5.0 percent in the 2009 fourth quarter compared to 6.8 percent in the 2008 fourth quarter, primarily as a result of the adverse development of commercial trucking claims."

"As we moved through the 2009 fourth quarter, both the number of loads and rate per load continued to show signs of strengthening. Through the first several weeks of January, I have seen daily volume increases of approximately five to ten percent compared to January 2009, while rate per load continues to show improvement. Assuming these trends continue for the balance of the quarter, I would anticipate 2010 first quarter revenue to increase over the 2009 first quarter revenue in a mid to upper single digit range. As a result, I anticipate Landstar's earnings to be within a range of \$0.28 to \$0.32 per diluted share. Although I remain cautiously optimistic about 2010, I will not be providing specific annual revenue and earnings guidance. From a longer term perspective, our goals are to achieve a cumulative average growth rate in revenue over a three to five year period in a mid-teen range, to increase annual operating margins and to grow earnings per share at a slightly higher rate than the rate of revenue increase."

Landstar will provide a live webcast of its quarterly earnings conference call this afternoon at 5 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 2009 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 2008 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 9001:2000 quality 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 End		Thirteen Weeks Ended	
	December 26, 2009	December 27, 2008	December 26, 2009	December 27, 2008
Revenue	\$ 2,008,796	\$ 2,643,069	\$ 547,715	\$ 603,837
Investment income	1,268	3,339	314	653
Costs and expenses:				
Purchased transportation	1,503,520	2,033,384	413,301	460,175
Commissions to agents	160,571	203,058	42,836	49,201
Other operating costs	29,173	28,033	7,424	7,219
Insurance and claims	45,918	36,374	16,862	9,215
Selling, general and administrative	133,612	137,758	33,922	32,301
Depreciation and amortization	<u>23,528</u>	<u>20,960</u>	<u>6,114</u>	<u>5,402</u>
Total costs and expenses	<u>1,896,322</u>	<u>2,459,567</u>	<u>520,459</u>	<u>563,513</u>
Operating income	113,742	186,841	27,570	40,977
Interest and debt expense	<u>4,030</u>	<u>7,351</u>	<u>937</u>	<u>1,716</u>
Income before income taxes	109,712	179,490	26,633	39,261
Income taxes	<u>39,762</u>	<u>68,560</u>	<u>8,296</u>	<u>14,656</u>
Net income	69,950	110,930	18,337	24,605
Less: Net loss attributable to noncontrolling interest	(445)	—	(231)	—
Net income attributable to Landstar System, Inc. and subsidiary	<u>\$ 70,395</u>	<u>\$ 110,930</u>	<u>\$ 18,568</u>	<u>\$ 24,605</u>
Earnings per common share attributable to Landstar System, Inc. and subsidiary	<u>\$ 1.38</u>	<u>\$ 2.11</u>	<u>\$ 0.37</u>	<u>\$ 0.47</u>
Diluted earnings per share attributable to Landstar System, Inc. and subsidiary	<u>\$ 1.37</u>	<u>\$ 2.10</u>	<u>\$ 0.37</u>	<u>\$ 0.47</u>
Average number of shares outstanding:				
Earnings per common share	<u>51,095,000</u>	<u>52,503,000</u>	<u>50,404,000</u>	<u>51,973,000</u>
Diluted earnings per share	<u>51,280,000</u>	<u>52,854,000</u>	<u>50,594,000</u>	<u>52,197,000</u>
Dividends paid per common share	<u>\$ 0.1700</u>	<u>\$ 0.1550</u>	<u>\$ 0.0450</u>	<u>\$ 0.0400</u>

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

	Dec. 26, 2009	Dec. 27, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 85,719	\$ 98,904
Short-term investments	24,325	23,479
Trade accounts receivable, less allowance of \$5,547 and \$6,230	278,854	315,065
Other receivables, including advances to independent contractors, less allowance of \$5,797 and \$4,298	18,149	10,083
Deferred income taxes and other current assets	19,565	27,871
Total current assets	<u>426,612</u>	<u>475,402</u>
Operating property, less accumulated depreciation and amortization of \$124,810 and \$106,635	116,656	124,178
Goodwill	57,470	31,134
Other assets	48,054	32,816
Total assets	<u>\$ 648,792</u>	<u>\$ 663,530</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Cash overdraft	\$ 28,919	\$ 32,065
Accounts payable	121,030	105,882
Current maturities of long-term debt	24,585	24,693
Insurance claims	41,627	23,545
Accrued income taxes	9,957	12,239
Other current liabilities	32,517	38,161
Total current liabilities	<u>258,635</u>	<u>236,585</u>
Long-term debt, excluding current maturities	68,313	111,752
Insurance claims	30,680	38,278
Deferred income taxes	23,013	23,779
Equity		
Landstar System, Inc. and subsidiary shareholders' equity		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 66,255,358 and 66,109,547 shares	663	661
Additional paid-in capital	161,261	154,533
Retained earnings	766,040	704,331
Cost of 16,022,111 and 14,424,887 shares of common stock in treasury	(660,446)	(605,828)
Accumulated other comprehensive income (loss)	498	(561)
Total Landstar System, Inc. and subsidiary shareholders' equity	<u>268,016</u>	<u>253,136</u>
Noncontrolling interest	135	—
Total equity	<u>268,151</u>	<u>253,136</u>
Total liabilities and equity	<u>\$ 648,792</u>	<u>\$ 663,530</u>

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

	Fiscal Year End		Thirteen Weeks Ended	
	December 26, 2009	December 27, 2008	December 26, 2009	December 27, 2008
Revenue generated through (in thousands):				
Business Capacity Owners (1)	\$ 1,140,004	\$ 1,388,353	\$ 299,613	\$ 317,371
Truck Brokerage Carriers	694,467	996,269	198,806	230,007
Rail intermodal	76,346	136,367	19,252	29,431
Ocean cargo carriers	33,835	42,153	8,376	12,824
Air cargo carriers	17,621	14,891	7,362	4,756
Other (2)	46,523	65,036	14,306	9,448
	<u>\$ 2,008,796</u>	<u>\$ 2,643,069</u>	<u>\$ 547,715</u>	<u>\$ 603,837</u>
Number of loads:				
Business Capacity Owners (1)	761,940	820,680	200,100	182,350
Truck Brokerage Carriers	501,980	571,600	138,980	136,350
Rail intermodal	37,890	58,510	9,290	12,900
Ocean cargo carriers	5,370	5,380	1,450	1,390
Air cargo carriers	7,780	8,260	1,340	2,740
	<u>1,314,960</u>	<u>1,464,430</u>	<u>351,160</u>	<u>335,730</u>
Revenue per load:				
Business Capacity Owners (1)	\$ 1,496	\$ 1,692	\$ 1,497	\$ 1,740
Truck Brokerage Carriers	1,383	1,743	1,430	1,687
Rail intermodal	2,015	2,331	2,072	2,281
Ocean cargo carriers	6,301	7,835	5,777	9,226
Air cargo carriers	2,265	1,803	5,494	1,736
Truck Capacity				
Business Capacity Owners (1) (3)			7,926	8,455
Truck Brokerage Carriers:				
Approved and active (4)			14,887	16,135
Approved			9,886	10,036
			<u>24,773</u>	<u>26,171</u>
Total available truck capacity providers			<u>32,699</u>	<u>34,626</u>
Agent Locations				
			<u>1,366</u>	<u>1,428</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. Also, included in the 2008 fiscal year was \$27,638 of revenue for bus capacity provided for evacuation assistance related to the storms that impacted the Gulf Coast in the third quarter of 2008.
- (3) Trucks provided by Business Capacity Owners were 8,519 and 9,039 at December 26, 2009 and December 27, 2008, respectively.
- (4) Active refers to Truck Brokerage Carriers who have moved at least one load in the past 180 days.