

**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) July 25, 2012



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))

Item 2.02 Results of Operations and Financial Condition

On July 26, 2012, Landstar System, Inc. issued a press release announcing results for the second quarter of fiscal 2012. 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 8.01 Other Events

On July 26, 2012, the Company announced that during its 2012 second quarter, the Company purchased 315,600 shares of its common stock and currently has authorization to purchase approximately 200,000 additional shares of its common stock under its existing, previously announced share purchase program. The Company further announced that on July 25, 2012, the Board authorized the Company to purchase up to an additional 2,000,000 shares of its common stock from time to time in the open market and in privately negotiated transactions under its share purchase program. No specific expiration date has been assigned to the July 25, 2012 authorization. In the aggregate, as of July 26, 2012, the Company has authorization to purchase approximately 2,200,000 shares of its common stock under these programs.

Item 9.01 Financial Statements and Exhibits

Exhibits

99.1 News Release dated July 26, 2012 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: July 26, 2012

By: /s/ James B. Gattoni

Name: James B. Gattoni

Title: Vice President and Chief Financial Officer



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

For Immediate Release

July 26, 2012

Contact: Jim Gattoni
Landstar System, Inc.
www.landstar.com
904-398-9400

LANDSTAR SYSTEM REPORTS 23 PERCENT INCREASE IN DILUTED EARNINGS PER SHARE TO A SECOND QUARTER RECORD OF \$0.76

Jacksonville, FL – Landstar System, Inc. (NASDAQ: LSTR) reported 2012 record second quarter diluted earnings per share of \$0.76 from net income of \$35.9 million, compared to net income of \$29.6 million, or \$0.62 per diluted share, for the 2011 second quarter. Operating margin, representing operating income divided by gross profit (gross profit defined as revenue less the cost of purchased transportation and commissions to agents) was 50.4 percent in the 2012 second quarter compared to 43.6 percent in the 2011 second quarter. Revenue for the 2012 second quarter was a second quarter record of \$736.0 million compared to \$675.6 million in the 2011 second quarter.

Truck transportation revenue hauled by independent business capacity owners (“BCOs”) and truck brokerage carriers in the 2012 second quarter was \$680.0 million, or 92 percent of revenue, compared to \$621.5 million, or 92 percent of revenue, in the 2011 second quarter. In the 2012 and 2011 second quarters, the Company invoiced customers \$79.3 million and \$78.7 million, respectively, of fuel surcharges that were passed 100 percent to BCOs and excluded from revenue. Included in revenue hauled by third-party truck capacity providers in the 2012 and 2011 second quarters were \$30.1 million and \$25.9 million, respectively, of fuel surcharges invoiced to customers on revenue hauled by third-party truck brokerage carriers. Revenue hauled by rail, air and ocean cargo carriers was \$41.3 million, or 6 percent of revenue, in the 2012 second quarter compared to \$39.9 million, or 6 percent of revenue, in the 2011 second quarter.

Trailing twelve-month return on average shareholder's equity was 41 percent and trailing twelve-month return on invested capital, net income divided by the sum of average equity plus average debt, was 29 percent. Landstar also announced that its Board of Directors has declared a quarterly dividend of \$0.06 per share. The dividend is payable on August 31, 2012 to stockholders of record at the close of business on August 13, 2012. Also during the 2012 second quarter, the Company entered into a new credit agreement to refinance its existing credit facility. The new credit facility will expire in June 2017.

In addition, Landstar announced that its Board of Directors authorized the purchase of an additional 2,000,000 shares of its common stock from time-to-time in the open market and in privately negotiated transactions. During the 2012 second quarter, Landstar purchased 315,600 shares of its common stock at a total cost of \$15,752,000. Currently, there are approximately 2,200,000 shares of the Company's common stock available for purchase under Landstar's authorized share purchase program.

"Landstar's 2012 second quarter performance was the best second quarter operating performance in Landstar history," said Landstar Chairman, President and CEO Henry Gerkens. "Revenue in the 2012 second quarter increased approximately \$60 million over the 2011 second quarter to record second quarter revenue of \$736.0 million. Gross profit in the 2012 second quarter increased 5 percent over the 2011 second quarter to record second quarter gross profit of \$116.7 million. Operating income in the 2012 second quarter increased 21 percent over the 2011 second quarter to record second quarter operating income of \$58.8 million. Diluted earnings per share in the 2012 second quarter increased 23 percent over the 2011 second quarter to record second quarter diluted earnings per share of \$0.76. The record second quarter performance was led by continued strength in demand for Landstar's truck transportation services as Landstar continues to execute on its solutions oriented approach to customers. The number of loads hauled on truck capacity in the 2012 second quarter increased 8 percent over the 2011 second quarter. As anticipated, the increase in pricing on truck transportation on a quarter over prior year quarter basis has moderated to some degree, but still remained high in relation to historical amounts."

Gerkens continued, "Demand for the Company's truck transportation services continued to be strong throughout the 2012 second quarter. Available truck capacity in the flatbed/unsided trailing equipment market continued to lag demand and available truck capacity in the van arena was in-line with demand. Historically, revenue in the Company's core business during the fiscal third quarter has been relatively consistent with revenue generated in the Company's core business during the fiscal second quarter. Assuming the current and historical operating trends continue, I would expect 2012 third quarter diluted earnings per share to be within a range of \$0.71 to \$0.75."

Landstar will hold 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 Second Quarter 2012 Earnings Release Conference Call." The webcast will be available on the Company's website through Thursday, August 2, 2012.

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 2011 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 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 and logistics services to a broad range of customers worldwide 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 RC14001:2008 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)

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Revenue	\$ 1,384,996	\$ 1,247,547	\$ 735,973	\$ 675,561
Investment income	792	921	405	393
Costs and expenses:				
Purchased transportation	1,055,703	941,360	562,781	509,982
Commissions to agents	106,692	98,175	56,460	54,004
Other operating costs	11,188	15,623	4,716	7,679
Insurance and claims	20,401	24,715	9,306	13,449
Selling, general and administrative	76,461	73,046	37,662	35,782
Depreciation and amortization	13,404	12,787	6,664	6,388
Total costs and expenses	<u>1,283,849</u>	<u>1,165,706</u>	<u>677,589</u>	<u>627,284</u>
Operating income	101,939	82,762	58,789	48,670
Interest and debt expense	<u>1,494</u>	<u>1,605</u>	<u>770</u>	<u>777</u>
Income before income taxes	100,445	81,157	58,019	47,893
Income taxes	<u>37,743</u>	<u>31,002</u>	<u>22,164</u>	<u>18,295</u>
Net income	62,702	50,155	35,855	29,598
Less: Net loss attributable to noncontrolling interest	—	(62)	—	—
Net income attributable to Landstar System, Inc. and subsidiary	<u>\$ 62,702</u>	<u>\$ 50,217</u>	<u>\$ 35,855</u>	<u>\$ 29,598</u>
Earnings per common share attributable to Landstar System, Inc. and subsidiary	<u>\$ 1.34</u>	<u>\$ 1.05</u>	<u>\$ 0.76</u>	<u>\$ 0.62</u>
Diluted earnings per share attributable to Landstar System, Inc. and subsidiary	<u>\$ 1.33</u>	<u>\$ 1.05</u>	<u>\$ 0.76</u>	<u>\$ 0.62</u>
Average number of shares outstanding:				
Earnings per common share	<u>46,856,000</u>	<u>47,826,000</u>	<u>46,915,000</u>	<u>47,782,000</u>
Diluted earnings per share	<u>47,083,000</u>	<u>47,907,000</u>	<u>47,104,000</u>	<u>47,912,000</u>
Dividends paid per common share	<u>\$ 0.110</u>	<u>\$ 0.100</u>	<u>\$ 0.055</u>	<u>\$ 0.050</u>

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

	June 30, 2012	Dec. 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 64,395	\$ 80,900
Short-term investments	36,601	27,944
Trade accounts receivable, less allowance of \$7,379 and \$6,591	423,059	368,377
Other receivables, including advances to independent contractors, less allowance of \$4,727 and \$5,384	54,938	53,263
Deferred income taxes and other current assets	23,089	21,308
Total current assets	<u>602,082</u>	<u>551,792</u>
Operating property, less accumulated depreciation and amortization of \$150,687 and \$145,804	152,059	142,146
Goodwill	57,470	57,470
Other assets	71,687	57,041
Total assets	<u>\$ 883,298</u>	<u>\$ 808,449</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	\$ 24,072	\$ 25,905
Accounts payable	203,919	163,307
Current maturities of long-term debt	16,937	17,212
Insurance claims	69,156	76,624
Other current liabilities	46,984	48,065
Total current liabilities	<u>361,068</u>	<u>331,113</u>
Long-term debt, excluding current maturities	108,617	115,130
Insurance claims	25,297	27,494
Deferred income taxes and other non-current liabilities	40,557	34,135
Shareholders' equity:		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 66,851,672 and 66,602,486 shares	669	666
Additional paid-in capital	170,921	165,712
Retained earnings	1,004,701	947,156
Cost of 20,202,662 and 19,882,289 shares of common stock in treasury	(829,443)	(813,684)
Accumulated other comprehensive income	911	727
Total shareholders' equity	<u>347,759</u>	<u>300,577</u>
Total liabilities and shareholders' equity	<u>\$ 883,298</u>	<u>\$ 808,449</u>

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

	<u>Twenty Six Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>June 30, 2012</u>	<u>June 25, 2011</u>	<u>June 30, 2012</u>	<u>June 25, 2011</u>
Revenue generated through (in thousands):				
Business Capacity Owners ⁽¹⁾	\$ 701,248	\$ 669,748	\$ 371,886	\$ 362,854
Truck Brokerage Carriers	578,932	472,391	308,090	258,668
Rail intermodal	36,220	34,832	18,838	18,367
Ocean and air cargo carriers	40,127	42,931	22,458	21,538
Other ⁽²⁾	28,469	27,645	14,701	14,134
	<u>\$1,384,996</u>	<u>\$1,247,547</u>	<u>\$ 735,973</u>	<u>\$675,561</u>

Number of loads:				
Business Capacity Owners ⁽¹⁾	415,150	402,730	215,950	210,690
Truck Brokerage Carriers	333,600	287,210	175,570	151,470
Rail intermodal	14,820	14,830	7,660	7,570
Ocean and air cargo carriers	7,910	7,950	3,930	4,170
	<u>771,480</u>	<u>712,720</u>	<u>403,110</u>	<u>373,900</u>

Revenue per load:				
Business Capacity Owners ⁽¹⁾	\$ 1,689	\$ 1,663	\$ 1,722	\$ 1,722
Truck Brokerage Carriers	1,735	1,645	1,755	1,708
Rail intermodal	2,444	2,349	2,459	2,426
Ocean and air cargo carriers	5,073	5,400	5,715	5,165

	<u>June 30, 2012</u>	<u>June 25, 2011</u>
Truck Capacity Providers		
Business Capacity Owners ⁽¹⁾⁽³⁾	7,959	7,711
Truck Brokerage Carriers:		
Approved and active ⁽⁴⁾	19,283	17,696
Approved	9,051	8,984
	<u>28,334</u>	<u>26,680</u>
Total available truck capacity providers	<u>36,293</u>	<u>34,391</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.
- (3) Trucks provided by Business Capacity Owners were 8,478 and 8,231 at June 30, 2012 and June 25, 2011, respectively.
- (4) Active refers to Truck Brokerage Carriers who have moved at least one load in the past 180 days.