
**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) December 28, 2013



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 2.01 Completion of Acquisition or Disposition of Assets.

On December 28, 2013, Landstar System Holdings, Inc., a Delaware corporation (“LSH”) and a direct, wholly owned subsidiary of Landstar System, Inc. (the “Company”), completed the previously announced sale (the “Transaction”) of all of the issued and outstanding equity interests of Landstar Supply Chain Solutions, Inc., a Delaware corporation, including its wholly owned subsidiary Landstar Supply Chain Solutions LLC (collectively, “LSCS”), to XPO Logistics, Inc., a Delaware corporation (“XPO”). XPO paid a purchase price of \$87 million in cash (the “Purchase Price”) as consideration for its acquisition of LSCS. The Purchase Price is subject to adjustment, including decrease by the amount of Closing Date Indebtedness, and increase or decrease, as the case may be, by the Working Capital Adjustment Amount, if any, as those terms are defined in and calculated under the stock purchase agreement entered into on December 10, 2013 by and among LSH, LSCS and XPO (the “XPO Agreement”) as amended by the Letter Agreement, dated as of December 27, 2013, by and among LSH, LSCS and XPO (the “Letter Agreement”). The foregoing description of the XPO Agreement and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of the XPO Agreement, a copy of which is attached as Exhibit 2.1 to the Company’s Form 8-K filed on December 12, 2013, which is hereby incorporated by reference, and the full text of the Letter Agreement, a copy of which is included as Exhibit 99.1 hereto and hereby incorporated by reference.

Item 8.01 Other Events.

A press release announcing the completion of the acquisition of LSCS by XPO was issued by the Company on December 30, 2013, a copy of which is included as Exhibit 99.2 hereto and hereby incorporated by reference.

Selected Consolidated Financial Data of Landstar System, Inc. for fiscal years ended December 26, 2009, December 25, 2010, December 31, 2011 and December 29, 2012 and the thirty-nine week period ended September 28, 2013 are included as Exhibit 99.3 hereto and hereby incorporated by reference. As a result of the Transaction, the Company is treating LSCS as a discontinued operation effective December 28, 2013.

Forward-Looking Statements

The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements contained in this Current Report on Form 8-K that are not based on historical facts are “forward-looking statements.” This Current Report on Form 8-K contains forward-looking statements, such as statements which relate to the Company’s plans and expectations. Terms such as “anticipates,” “believes,” “estimates,” “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 our computer systems; dependence on key vendors; changes in fuel taxes; status of independent contractors; regulatory and legislative changes; catastrophic loss of a Company facility; acquired businesses; intellectual property; and other operational, financial or legal risks or uncertainties detailed in the Company’s Form 10-K for the 2012 fiscal year (described in Item 1A “Risk Factors”), the Company’s Form 10-Q filed on November 1, 2013 or in the Company’s other Securities and Exchange Commission 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.

Item 9.01 Financial Statements and Exhibits.**(b) Pro Forma Financial Information**

The unaudited pro forma condensed consolidated financial information related to the Transaction is included as Exhibit 99.4 hereto and hereby incorporated by reference.

(d) Exhibits

Exhibit 99.1 - Letter Agreement, dated December 27, 2013, by and among Landstar System Holdings, Inc., Landstar Supply Chain Solutions, Inc. and XPO Logistics, Inc.

Exhibit 99.2 – Press Release of Landstar System, Inc., dated December 30, 2013

Exhibit 99.3 - Selected Consolidated Financial Data of Landstar System, Inc.

Exhibit 99.4 - Unaudited Pro Forma Condensed Consolidated Financial Information

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 3, 2014

By: /s/ James B. Gattoni

Name: James B. Gattoni

Title: Executive Vice President and Chief Financial Officer

Landstar System Holdings, Inc.

December 27, 2013

XPO Logistics, Inc.
5 Greenwich Office Park
Greenwich, CT 06831

Attn: General Counsel

Email: Gordon.Devens@XPOLogistics.com

Dear Sirs:

Reference is made to the Stock Purchase Agreement, dated as of December 10, 2013 (as amended hereby, the "Agreement"), by and among XPO Logistics, Inc., a Delaware corporation ("Buyer"), Landstar Supply Chain Solutions, Inc., a Delaware corporation ("LSCS") and Landstar System Holdings, Inc., a Delaware corporation ("Seller"). Capitalized terms used herein without definition shall have the meanings assigned thereto in the Agreement.

This Letter Agreement reflects certain changes to the Agreement that have been agreed to among the Parties.

Now therefore in consideration of the promises and covenants set forth in the Agreement and herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Amendment to Section 1.4(a). The phrase "a mutually agreeable time on the third Business Day following the satisfaction or waiver of all the applicable conditions to the obligations of the Parties to consummate the transactions contemplated hereby as set forth in Articles 6 and 7 hereof" is hereby deleted in full and replaced in its entirety with the phrase "12:01 am on December 28, 2013".

2. Amendment of Section 1.5(a). Section 1.5(a) of the Agreement is hereby amended by deleting the first word thereof and replacing it with the phrase "At least two".

3. Amendment of Section 1.5(b). Section 1.5(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

“(b) At 12:00 p.m., Eastern Standard Time, on December 27, 2013, Buyer shall deliver to Seller an amount equal to the Initial Purchase Price by wire transfer of immediately available funds to such account as Seller has previously designated to Buyer for such purpose, which amount shall be held in escrow by Seller pending the Closing, whereupon it shall automatically be deemed released and paid to Seller for all purposes of the Agreement.”

4. Full Force and Effect. Except as expressly amended hereby, the Agreement remains in full force and effect in accordance with its terms.

5. Section 5. General Provisions. The provisions of Article 12 of the Agreement shall apply to this Letter Agreement, *mutatis mutandis*, to the extent applicable.

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Very Truly Yours,

LANDSTAR SYSTEM HOLDINGS, INC., a
Delaware corporation

/s/ James B. Gattoni

Name: James B. Gattoni

Title: Executive Vice President and Chief Financial Officer

LANDSTAR SUPPLY CHAIN SOLUTIONS, INC., a
Delaware corporation

/s/ James B. Gattoni

Name: James B. Gattoni

Title: Vice President

ACKNOWLEDGED AND CONSENTED TO:

XPO LOGISTICS, INC., a Delaware corporation

/s/ Gordon E. Devens

Name: Gordon E. Devens

Title: Senior Vice President and General Counsel

cc: Scudder Law Firm, P.C., L.L.O.
411 South 13th Street Second Floor
Lincoln, Nebraska 68508
Attn: Mark A. Scudder
E-mail: mscudder@scudderlaw.com



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

For Immediate Release

December 30, 2013

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

**LANDSTAR COMPLETES SALE OF SUPPLY CHAIN COMPANIES
TO XPO LOGISTICS**

Jacksonville, Florida - (NASDAQ-LSTR) Landstar System, Inc., a worldwide, asset-light provider of integrated transportation management solutions delivering safe, specialized transportation logistics services, announced today that it has completed the previously announced sale of its Michigan-based supply chain subsidiaries ("LSCS") to XPO Logistics, Inc. ("XPO") for \$87.0 million in cash.

Commenting on the transaction, Landstar Chairman, President and CEO Henry Gerkens said, "We are very pleased to have been able to provide our stockholders with an excellent return on investment with respect to the two acquisitions we made in 2009 and to have closed this transaction during our 2013 fiscal year. We look forward to beginning 2014 focused on growing our core business model and are committed to investing in the technology and other businesses that will best support and expand our agent, customer and third party capacity provider bases."

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 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.

Safe Harbor Statement:

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,” “expects,” “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 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 our computer systems; dependence on key vendors; changes in fuel taxes; status of independent contractors; regulatory and legislative changes; catastrophic loss of a Company facility; acquired businesses; intellectual property; and other operational, financial or legal risks or uncertainties detailed in Landstar’s Form 10K for the 2012 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.

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Landstar System, Inc.
Selected Consolidated Financial Data
(Dollars in thousand, except per share amounts)
(unaudited)

	Fiscal Years				39 weeks ended
	2009	2010	2011	2012	September 28, 2013
Income statement data:					
Revenue	\$1,998,459	\$2,380,112	\$2,628,374	\$2,770,799	\$ 1,972,805
Investment income	1,268	1,558	1,705	1,563	1,111
Costs and expenses					
Purchased transportation	1,503,520	1,824,308	2,007,666	2,130,323	1,512,677
Commission to agents	160,571	181,354	209,917	218,122	156,377
Other operating costs	27,471	26,744	28,285	22,582	15,396
Insurance and claims	45,813	49,156	42,638	37,289	36,907
Selling, general and administrative	126,474	132,839	136,841	138,094	94,967
Depreciation and amortization	22,682	23,165	23,905	25,213	20,743
Total costs and expenses	<u>1,886,531</u>	<u>2,237,566</u>	<u>2,449,252</u>	<u>2,571,623</u>	<u>1,837,067</u>
Operating income	113,196	144,104	180,827	200,739	136,849
Interest and debt expense	4,030	3,624	3,109	3,110	2,367
Income from continuing operations before income taxes	109,166	140,480	177,718	197,629	134,482
Income taxes	39,520	51,223	66,175	71,063	50,736
Income from continuing operations	69,646	89,257	111,543	126,566	83,746
Discontinued operations:					
Income (loss) from operations of discontinued component	749	(1,743)	1,464	3,215	2,706
Income (loss) from discontinued operations	749	(1,743)	1,464	3,215	2,706
Net income	<u>\$ 70,395</u>	<u>\$ 87,514</u>	<u>\$ 113,007</u>	<u>\$ 129,781</u>	<u>\$ 86,452</u>
EPS - Continuing operations	\$ 1.36	\$ 1.80	\$ 2.35	\$ 2.71	\$ 1.81
Diluted EPS - Continuing operations	\$ 1.36	\$ 1.80	\$ 2.35	\$ 2.70	\$ 1.81
EPS - Discontinued operations	\$ 0.02	\$ (0.03)	\$ 0.03	\$ 0.07	\$ 0.06
Diluted EPS - Discontinued operations	\$ 0.01	\$ (0.03)	\$ 0.03	\$ 0.07	\$ 0.06
Earnings per share	\$ 1.38	\$ 1.77	\$ 2.38	\$ 2.78	\$ 1.87
Diluted earnings per share	\$ 1.37	\$ 1.77	\$ 2.38	\$ 2.77	\$ 1.87
Dividends paid per common share	\$ 0.170	\$ 0.190	\$ 0.210	\$ 0.730	\$ —
Balance sheet data:					
Total assets	\$ 648,792	\$ 683,882	\$ 808,449	\$ 879,421	\$ 950,932
Long-term debt, including current maturities	92,898	121,611	132,342	114,141	118,056
Shareholders' equity	268,151	250,967	300,577	379,454	423,261

All information above has been adjusted for the completion of the sale of Landstar Supply Chain Solutions, Inc., including its wholly owned subsidiary, Landstar Supply Chain Solution LLC (collectively, "LSCS"), to XPO Logistics, Inc. (the "Transaction") and the treatment of LSCS as a discontinued operation effective December 28, 2013.

Landstar System, Inc.
Pro Forma Condensed Consolidated Financial Statements
(Unaudited)

On December 28, 2013, Landstar System Holdings, Inc., a Delaware corporation (“LSHI”) and a direct, wholly owned subsidiary of Landstar System, Inc. (the “Company”), completed the sale of all of the issued and outstanding equity interests of Landstar Supply Chain Solutions, Inc., a Delaware corporation, to XPO Logistics, Inc. (the “Transaction”).

The unaudited pro forma condensed consolidated financial information of the Company presented on the following pages was derived from the Company’s historical consolidated financial statements and is being presented to give effect to the Transaction. The pro forma adjustments are based on information that is directly attributable to the Transaction. The unaudited pro forma condensed financial information should be read in conjunction with the historical financial information and related notes contained in the Company’s Annual Report on Form 10-K for the 2012 fiscal year and its Quarterly Reports on Form 10-Q for the first three quarters of its 2013 fiscal year.

Landstar System, Inc.
Consolidated Statements of Income
(Dollars in thousands, except per share amounts)
(unaudited- pro forma information)

	39 weeks ended September 28, 2013			Fiscal Year Ended December 29, 2012		
	Historical	Results of operations of business sold (d)	Pro forma (c)	Historical	Results of operations of business sold (d)	Pro forma (c)
Revenue	\$ 1,988,182	\$ 15,377	\$ 1,972,805	\$ 2,793,420	\$ 22,621	\$ 2,770,799
Investment income	1,111		1,111	1,563		1,563
Costs and expenses						
Purchased transportation	1,510,984	(1,693)	1,512,677	2,129,345	(978)	2,130,323
Commission to agents	156,480	103	156,377	218,363	241	218,122
Other operating costs	15,557	161	15,396	22,949	367	22,582
Insurance and claims	37,040	133	36,907	37,451	162	37,289
Selling, general and administrative	105,220	10,253	94,967	153,566	15,472	138,094
Depreciation and amortization	22,833	2,090	20,743	27,456	2,243	25,213
Total costs and expenses	<u>1,848,114</u>	<u>11,047</u>	<u>1,837,067</u>	<u>2,589,130</u>	<u>17,507</u>	<u>2,571,623</u>
Operating income	141,179	4,330	136,849	205,853	5,114	200,739
Interest and debt expense	<u>2,367</u>	<u>—</u>	<u>2,367</u>	<u>3,104</u>	<u>(6)</u>	<u>3,110</u>
Income from continuing operations before income taxes	138,812	4,330	134,482	202,749	5,120	197,629
Income taxes	<u>52,360</u>	<u>1,624</u>	<u>50,736</u>	<u>72,968</u>	<u>1,905</u>	<u>71,063</u>
Income from continuing operations	<u>\$ 86,452</u>	<u>\$ 2,706</u>	<u>\$ 83,746</u>	<u>\$ 129,781</u>	<u>\$ 3,215</u>	<u>\$ 126,566</u>
EPS - Continuing operations	\$ 1.87	\$ 0.06	\$ 1.81	\$ 2.78	\$ 0.07	\$ 2.71
Diluted EPS - Continuing operations	\$ 1.87	\$ 0.06	\$ 1.81	\$ 2.77	\$ 0.07	\$ 2.70
Common shares	46,156,000	46,156,000	46,156,000	46,698,000	46,698,000	46,698,000
Diluted shares	46,323,000	46,323,000	46,323,000	46,877,000	46,877,000	46,877,000

Landstar System, Inc.
Consolidated Balance Sheet
(Dollars in thousands except per share amount)
(unaudited- pro forma information)

	September 28, 2013			Pro Forma (c)
	Historical	Assets sold on disposition (a)	Assumed net proceeds on sale (b)	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 97,552	\$ (11,639)	\$ 87,000	\$ 172,913
Short-term investments	34,568	—		34,568
Trade accounts receivable, net	394,796	(30,308)		364,488
Other receivables, net	77,169	(3)		77,166
Deferred income taxes and other current assets	18,983	(1,114)		17,869
Total current assets	<u>623,068</u>	<u>(43,064)</u>	<u>87,000</u>	<u>667,004</u>
Operating property, less accumulated depreciation and amortization	184,441	(1,926)		182,515
Goodwill	57,470	(26,336)		31,134
Other assets	85,953	(4,362)		81,591
Total assets	<u>950,932</u>	<u>(75,688)</u>	<u>87,000</u>	<u>962,244</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Cash overdraft	26,894	(4,875)		22,019
Accounts payable	194,134	(36,973)		157,161
Current maturities of long-term debt	27,347	—		27,347
Insurance claims	89,877	(9)		89,868
Other current liabilities	32,922	(1,206)	21,949	53,665
Total current liabilities	<u>371,174</u>	<u>(43,063)</u>	<u>21,949</u>	<u>350,060</u>
Long-term debt, excluding current maturities	90,709	—		90,709
Insurance claims	23,119	(9)		23,110
Deferred income taxes and other noncurrent liabilities	42,669	—		42,669
Shareholders' Equity				
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 67,013,297 shares	670	—		670
Additional paid-in capital	178,952	—		178,952
Retained earnings	1,129,408	(32,616)	65,051	1,161,843
Cost of 21,296,347 shares of common stock in treasury	(886,135)	—		(886,135)
Accumulated other comprehensive income	366	—		366
Total shareholders' equity	<u>423,261</u>	<u>(32,616)</u>	<u>65,051</u>	<u>455,696</u>
Total liabilities and shareholders' equity	<u>\$ 950,932</u>	<u>\$ (75,688)</u>	<u>\$ 87,000</u>	<u>\$ 962,244</u>

Landstar System, Inc.
Notes to the Pro Forma Condensed Consolidated Financial Statements
(Unaudited)

Description of the Transaction and basis of presentation

The unaudited pro forma condensed consolidated balance sheet and consolidated statements of income of the Company are based upon the historical consolidated financial statements of the Company, which were included in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 28, 2013, and the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2012. The unaudited pro forma condensed consolidated statements of income include the results of operations from continuing operations and exclude discontinued operations resulting from the Transaction. The unaudited pro forma condensed consolidated statements of income for the 39 weeks ended September 28, 2013 and for the fiscal year ended December 29, 2012 reflect the Transaction as if it had occurred as of the beginning of the Company's 2012 fiscal year. The unaudited pro forma condensed consolidated balance sheet at September 28, 2013 reflects the Transaction as if it had occurred on September 28, 2013, the last day of the Company's 2013 third fiscal quarter.

Pro forma adjustments

- a) Reflects the assets of LSCS as of September 28, 2013, adjusted for cash and intercompany amounts settled prior to consummation of the Transaction. Under the terms of the stock purchase agreement for the Transaction, previously filed as Exhibit 2.1 to the Company's Form 8-K filed on December 12, 2013, working capital of LSCS at closing of the Transaction was set at \$1 with the balance in excess over \$1 being distributed in cash to the Company (subject to subsequent adjustment in accordance with the terms of the stock purchase agreement).
- b) Cash and cash equivalents include cash proceeds of \$87.0 million. Other current liabilities include taxes payable in relation to the Transaction, net of a deferred tax asset of \$0.8 million, plus an estimate of transaction costs incurred in connection with the Transaction.
- c) Reflects the removal of the results of operations of LSCS as a discontinued operation.
- d) Purchased transportation of the business sold represents intercompany cost of purchased transportation paid to LSCS by subsidiaries of the Company for capacity procurement services (previously eliminated for consolidated reporting purposes). These services are expected to continue to be provided by LSCS to subsidiaries of the Company, and therefore, the cost of purchased transportation related to these services is included in the Company's pro forma condensed consolidated income statements.