GATES WILLIAM H III
Form 4
November 17, 2004

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
GATES WILLIAM H III

(Last) (First) (Middle)

ONE MICROSOFT WAY

(Street)

REDMOND, WA 98052

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MICROSOFT CORP [MSFT]

3. Date of Earliest Transaction (Month/Day/Year)
11/15/2004

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director __X__ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman of the Board

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/15/2004		S		150,000	D	$ 27.28	1,097,349,336	D	
Common Stock	11/15/2004		S		229,823	D	$ 27.29	1,097,119,513	D	
Common Stock	11/15/2004		S		520,177	D	$ 27.3	1,096,599,336	D	
Common Stock	11/15/2004		S		100,000	D	$ 27.31	1,096,499,336	D	
Common Stock	11/15/2004		S		536,075	D	$ 27.32	1,095,963,261	D	
	11/15/2004		S		100,000	D		1,095,863,261	D	

Common Stock						$ 27.33		
Common Stock	11/15/2004		S	50,000	D	$ 27.34	1,095,813,261	D
Common Stock	11/15/2004		S	63,925	D	$ 27.35	1,095,749,336	D
Common Stock	11/15/2004		S	72,200	D	$ 27.36	1,095,677,136	D
Common Stock	11/15/2004		S	95,057	D	$ 27.37	1,095,582,079	D
Common Stock	11/15/2004		S	82,743	D	$ 27.38	1,095,499,336 (1)	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GATES WILLIAM H III ONE MICROSOFT WAY REDMOND, WA 98052	X	X	Chairman of the Board	

Signatures

Michael Larson, on behalf of William H. Gates III. Authorized under power of attorney dated 3/14/2001 by William H. Gates III, filed on 3/19/2001 with Cascade Investment's Schedule 13D, SEC File No. 005-52919.	11/17/2004
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	In addition, there are 428,520 shares owned by reporting person's spouse. The reporting person disclaims beneficial ownership of these securities, and this report shall not be deemed an admission that the reporting person is the beneficial owner of the securities for purpose of Section 16 or for any other purposes.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. "1"> 591 1

Total						
	$7,126	$145	$	$	$7,126	$145

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LANDSTAR SYSTEM, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Short-term investments include $35,528,000 in current maturities of investments held by the Company s insurance segment at December 29, 2012. The non-current portion of the bond portfolio of $56,874,000 is included in other assets. The short-term investments, together with $14,634,000 of non-current investments, provide collateral for the $45,146,000 of letters of credit issued to guarantee payment of insurance claims.

Investment income represents the earnings on the insurance segment s assets. Investment income earned from the assets of the insurance segment are included as a component of operating income as the investment of these assets is critical to providing collateral, liquidity and earnings with respect to the operation of the Company s insurance programs.

(4) Income Taxes

The provisions for income taxes consisted of the following (in thousands):

		Fiscal Year	
	2012	**2011**	**2010**
Current:			
Federal	$ 65,307	$ 53,413	$ 46,164
State	2,387	3,247	2,199
Canadian	1,013	1,023	878
Total current	$ 68,707	$ 57,683	$ 49,241
Deferred:			
Federal	$ 4,117	$ 9,056	$ 801
State	144	449	(276)
Total deferred	4,261	9,505	525
Income taxes	$ 72,968	$ 67,188	$ 49,766

Temporary differences and carryforwards which gave rise to deferred tax assets and liabilities consisted of the following (in thousands):

	Dec. 29, 2012	**Dec. 31, 2011**
Deferred tax assets:		
Receivable valuations	$ 5,386	$ 4,570
Share-based payments	4,182	5,843
Self-insured claims	5,541	5,940
Other	5,076	5,316
Total deferred tax assets	$ 20,185	$ 21,669
Deferred tax liabilities:		
Operating property	$ 39,469	$ 38,040
Goodwill	7,190	6,721

Other	2,417	1,538
Total deferred tax liabilities	$ 49,076	$ 46,299
Net deferred tax liability	$ 28,891	$ 24,630

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the differences between income taxes calculated at the federal income tax rate of 35% on income before income taxes and the provisions for income taxes (in thousands):

	Fiscal Year		
	2012	**2011**	**2010**
Income taxes at federal income tax rate	$ 70,962	$ 63,047	$ 47,722
State income taxes, net of federal income tax benefit	1,465	2,424	695
Meals and entertainment exclusion	950	972	691
Share-based payments	(122)	708	550
Other, net	(287)	37	108
Income taxes	$ 72,968	$ 67,188	$ 49,766

As of December 29, 2012 and December 31, 2011, the Company had $1,643,000 and $5,069,000, respectively, of net unrecognized tax benefits representing the provision for the uncertainty of certain tax positions plus a component of interest and penalties. Estimated interest and penalties on the provision for the uncertainty of certain tax positions is included in income tax expense. At December 29, 2012 and December 31, 2011 there was $626,000 and $2,214,000, respectively, accrued for estimated interest and penalties related to the uncertainty of certain tax positions. The Company does not currently anticipate any significant increase or decrease to the unrecognized tax benefit during 2013.

The Company files a consolidated U.S. federal income tax return. The Company or its subsidiaries file state tax returns in the majority of the U.S. state tax jurisdictions. With few exceptions, the Company and its subsidiaries are no longer subject to U.S. federal or state income tax examinations by tax authorities for 2008 and prior years. The Company s wholly owned Canadian subsidiary, Landstar Canada, Inc., is subject to Canadian income and other taxes.

The following table summarizes the rollforward of the total amounts of gross unrecognized tax benefits for fiscal years 2012 and 2011 (in thousands):

	Fiscal Year	
	2012	**2011**
Gross unrecognized tax benefits beginning of the year	$ 7,364	$ 9,209
Gross increases related to current year tax positions	373	553
Gross increases related to prior year tax positions	929	755
Gross decreases related to prior year tax positions	(5,212)	(2,098)
Settlements	(246)	(274)
Lapse of statute of limitations	(879)	(781)
Gross unrecognized tax benefits end of the year	$ 2,329	$ 7,364

Landstar paid income taxes of $71,033,000 in 2012, $59,442,000 in 2011 and $51,542,000 in 2010.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Operating Property

Operating property is summarized as follows (in thousands):

	Dec. 29, 2012	Dec. 31, 2011
Land	$ 7,982	$ 7,982
Buildings and improvements	33,622	33,688
Trailing equipment	230,213	204,117
Other equipment	46,135	42,163
Total operating property, gross	317,952	287,950
Less accumulated depreciation and amortization	158,999	145,804
Total operating property, net	$ 158,953	$ 142,146

Included above is $98,054,000 in 2012 and $112,599,000 in 2011 of operating property under capital leases, $82,833,000 and $76,603,000, respectively, net of accumulated amortization. Landstar acquired operating property by entering into capital leases in the amount of $43,077,000 in 2012, $34,044,000 in 2011 and $14,986,000 in 2010.

(6) Retirement Plan

Landstar sponsors an Internal Revenue Code section 401(k) defined contribution plan for the benefit of full-time employees who have completed one year of service. Eligible employees make voluntary contributions up to 75% of their base salary, subject to certain limitations. Landstar contributes an amount equal to 100% of the first 3% and 50% of the next 2% of such contributions, subject to certain limitations.

The expense for the Company-sponsored defined contribution plan included in selling, general and administrative expense was $1,809,000 in 2012, $1,754,000 in 2011 and $1,663,000 in 2010.

(7) Debt

Long-term debt is summarized as follows (in thousands):

	Dec. 29, 2012	Dec. 31, 2011
Capital leases	$ 74,141	$ 52,342
Revolving credit facility	40,000	80,000
	114,141	132,342
Less current maturities	19,016	17,212
Total long-term debt	$ 95,125	$ 115,130

On June 29, 2012, Landstar entered into a credit agreement with a syndicate of banks and JPMorgan Chase Bank, N.A., as administrative agent (the Credit Agreement). The Credit Agreement, which matures on June 29, 2017, provides $225,000,000 of borrowing capacity in the form of a revolving credit facility, $75,000,000 of which may be utilized in the form of letter of credit guarantees. The initial borrowing of $60,000,000 under the Credit Agreement was used to refinance $60,000,000 of outstanding borrowings under the prior credit agreement, which was terminated. Borrowings under the Credit Agreement are unsecured, however, all but two of the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company s subsidiaries guarantee the obligations under the Credit Agreement. All amounts outstanding under the Credit Agreement are payable on June 29, 2017, the maturity date of the Credit Agreement.

Depending upon the specific type of borrowing, borrowings under the Credit Agreement bear interest based on either (a) the prime rate, (b) the federal funds effective rate, (c) the rate at the time offered to JPMorgan Chase Bank, N.A. in the Eurodollar market or (d) the London Interbank Offered Rate, plus a margin that is determined based on the level of the Company s Leverage Ratio, as defined in the Credit Agreement. The unused portion of the revolving credit facility under the Credit Agreement carries a commitment fee determined based on the level of the Leverage Ratio. The commitment fee for the unused portion of the revolving credit facility under the Credit Agreement ranges from .15% to .35%, based on achieving certain levels of the Leverage Ratio. As of December 29, 2012, the weighted average interest rate on borrowings outstanding was 1.22%.

The Credit Agreement contains a number of covenants that limit, among other things, the incurrence of additional indebtedness. The Company is required to, among other things, maintain a minimum Fixed Charge Coverage Ratio, as defined in the Credit Agreement, and maintain a Leverage Ratio below a specified maximum. The Credit Agreement provides for a restriction on cash dividends and other distributions to stockholders on the Company s capital stock to the extent there is a default under the Credit Agreement. In addition, the Credit Agreement under certain circumstances limits the amount of such cash dividends and other distributions to stockholders to the extent that, after giving effect to any payment made to effect such cash dividend or other distribution, the Leverage Ratio would exceed 2.5 to 1 on a pro forma basis as of the end of the Company s most recently completed fiscal quarter. The Credit Agreement provides for an event of default in the event that, among other things, a person or group acquires 25% or more of the outstanding capital stock of the Company or obtains power to elect a majority of the Company s directors. None of these covenants are presently considered by management to be materially restrictive to the Company s operations, capital resources or liquidity. The Company is currently in compliance with all of the debt covenants under the Credit Agreement.

The interest rates on borrowings under the revolving credit facility are typically tied to short-term LIBOR rates that adjust monthly and, as such, carrying value approximates fair value. Interest rates on borrowings under capital leases approximate the interest rates that would currently be available to the Company under similar terms and, as such, carrying value approximates fair value.

Landstar paid interest of $3,156,000 in 2012, $3,133,000 in 2011 and $3,785,000 in 2010.

(8) Leases

The future minimum lease payments under all noncancelable leases at December 29, 2012, principally for trailing equipment, are shown in the following table (in thousands):

	Capital Leases	Operating Leases
2013	$ 20,696	$ 2,152
2014	19,973	1,659
2015	17,702	1,084
2016	14,918	574
2017	4,691	572
Thereafter		588
	77,980	$ 6,629
Less amount representing interest (2.1% to 5.0%)	3,839	

Present value of minimum lease payments	$ 74,141

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Total rent expense, net of sublease income, was $1,042,000 in 2012, $1,238,000 in 2011 and $356,000 in 2010.

(9) Share-Based Payment Arrangements

As of December 29, 2012, the Company had two employee equity incentive plans, the 2002 employee stock option and stock incentive plan (the ESOSIP) and the 2011 equity incentive plan (the 2011 EIP). The Company also has a stock compensation plan for members of its Board of Directors (the Directors Stock Compensation Plan). The ESOSIP, 2011 EIP and Directors Stock Compensation Plan are each referred to herein as a Plan, and, collectively, as the Plans. No further grants can be made under the ESOSIP. Amounts recognized in the financial statements with respect to these Plans are as follows (in thousands):

	Fiscal Years		
	2012	2011	2010
Total cost of the Plans during the period	$ 6,149	$ 5,012	$ 4,769
Amount of related income tax benefit recognized during the period	2,398	983	1,194
Net cost of the Plans during the period	$ 3,751	$ 4,029	$ 3,575

Included in income tax benefits recognized in the fiscal years ended December 29, 2012 and December 31, 2011 were income tax benefits of $771,000 and $78,000, respectively, recognized on disqualifying dispositions of the Company s Common Stock by employees who obtained shares of Common Stock through exercises of incentive stock options.

Stock Options

Options granted under the Plans generally become exercisable in either five equal annual installments commencing on the first anniversary of the date of grant or 100% on the fifth anniversary from the date of grant, subject to acceleration in certain circumstances. All options granted under the Plans expire on the tenth anniversary of the date of grant. Under the Plans, the exercise price of each option equals the fair market value of the Company s Common Stock on the date of grant.

The fair value of each option grant on its grant date was calculated using the Black-Scholes option pricing model with the following weighted average assumptions for grants made in 2012, 2011 and 2010:

	2012	2011	2010
Expected volatility	34.0%	35.0%	37.0%
Expected dividend yield	0.420%	0.450%	0.400%
Risk-free interest rate	0.90%	1.75%	2.50%
Expected lives (in years)	4.0	4.0	4.2

The Company utilizes historical data, including exercise patterns and employee departure behavior, in estimating the term that options will be outstanding. Expected volatility was based on historical volatility and other factors, such as expected changes in volatility arising from planned changes to the Company s business, if any. The risk-free interest rate was based on the yield of zero coupon U.S. Treasury bonds for terms that approximated the terms of the options granted. The weighted average grant date fair value of stock options granted during 2012, 2011 and 2010 was $13.99, $12.06 and $12.03, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes information regarding the Company s outstanding stock options under the Plans:

	Options Outstanding		Options Exercisable	
		Weighted Average		Weighted Average
	Number of Options	Exercise Price per Share	Number of Options	Exercise Price per Share
Options at December 26, 2009	2,557,802	$ 36.86	1,225,802	$ 32.43
Granted	230,250	$ 37.41		
Exercised	(424,354)	$ 20.73		
Forfeited	(67,867)	$ 42.64		
Options at December 25, 2010	2,295,831	$ 39.73	936,081	$ 38.85
Granted	273,000	$ 41.79		
Exercised	(111,355)	$ 34.84		
Forfeited	(130,700)	$ 41.48		
Options at December 31, 2011	2,326,776	$ 40.11	1,110,743	$ 39.74
Granted	329,500	$ 52.03		
Exercised	(846,294)	$ 39.47		
Forfeited	(28,800)	$ 43.23		
Options at December 29, 2012	1,781,182	$ 42.56	661,865	$ 40.64

The following tables summarize stock options outstanding and exercisable at December 29, 2012:

	Options Outstanding		
Range of Exercise Prices Per Share	Number Outstanding	Weighted Average Remaining Contractual Term (years)	Weighted Average Exercise Price per Share
$14.62 - $ 25.00	18,019	0.8	$ 18.77
$25.01 - $ 35.00	55,704	2.1	$ 32.13
$35.01 - $ 40.00	458,663	6.0	$ 37.89
$40.01 - $ 45.00	865,696	5.4	$ 42.31
$45.01 - $ 57.83	383,100	8.4	$ 51.37
	1,781,182	6.1	$ 42.56

	Options Exercisable		
Range of Exercise Prices Per Share	Number Exercisable	Weighted Average Remaining Contractual	Weighted Average Exercise Price per Share

		Term (years)		
$14.62 - $ 25.00	18,019	0.8	$	18.77
$25.01 - $ 35.00	55,704	2.1	$	32.13
$35.01 - $ 40.00	131,479	4.8	$	37.11
$40.01 - $ 45.00	407,963	4.3	$	43.03
$45.01 - $ 51.99	48,700	5.0	$	47.94
	661,865	4.2	$	40.64

At December 29, 2012, the total intrinsic value of options outstanding was $16,134,000. At December 29, 2012, the total intrinsic value of options outstanding and exercisable was $7,270,000. The total intrinsic value of stock options exercised during 2012, 2011 and 2010 was $12,476,000, $1,052,000 and $9,657,000, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 29, 2012, there was $6,724,000 of total unrecognized compensation cost related to non-vested stock options granted under the Plans. The unrecognized compensation cost related to these non-vested options is expected to be recognized over a weighted average period of 3.2 years.

Non-vested Restricted Stock

The 2011 EIP provides the Compensation Committee of the Board of Directors with the authority to issues shares of Common Stock of the Company, subject to certain vesting and other restrictions on transfer (restricted stock). Shares of restricted stock generally are granted under the 2011 EIP subject to vesting in three year annual installments or 100% on the fifth anniversary of the date of grant and the shares of restricted stock remain subject to forfeiture unless the grantee remains continuously employed with the Company or a subsidiary thereof through the applicable vesting date. The fair value of each share of non-vested restricted stock issued under the Plans is based on the fair value of a share of the Company s Common Stock on the date of grant.

The following table summarizes information regarding the Company s outstanding non-vested restricted stock under the Plans:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at December 26, 2009	11,500	$ 34.82
Granted	18,354	$ 42.41
Outstanding at December 25, 2010	29,854	$ 39.49
Granted	22,410	$ 44.82
Vested	(8,333)	$ 42.14
Forfeited	(2,938)	$ 37.13
Outstanding at December 31, 2011	40,993	$ 42.03
Granted	4,151	$ 54.20
Vested	(8,732)	$ 44.35
Forfeited	(1,693)	$ 45.21
Outstanding at December 29, 2012	34,719	$ 42.75

As of December 29, 2012, there was $799,000 of total unrecognized compensation cost related to non-vested shares of restricted stock granted under the Plans. The unrecognized compensation cost related to these non-vested shares of restricted stock is expected to be recognized over a weighted average period of 2.0 years.

Restricted Stock Units

A restricted stock unit (RSU) award issued under the 2011 EIP represents a contractual right to receive one share of the Company s Common Stock upon achievement of certain performance objectives. RSU awards typically have contractual lives of five years from the date of grant and requirements for continuous employment.

The Company has historically granted stock options and restricted stock as part of its equity incentive plans. On January 2, 2012, the Company granted 113,000 performance related stock awards in the form of RSUs to members of management. The number of RSUs that vest is determined annually, for each year in the five-year period from date of grant, by multiplying the number of RSUs granted by the sum of (a) the average of the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

percentage change (positive or negative) in operating income and diluted earnings per share in each of the 5 years as compared to operating income and diluted earnings per share reported in the Company s 2011 fiscal year, plus (b) 5%, rounded to the nearest whole number, less (c) the number of RSUs from that grant that have previously vested. No dividends are paid on RSUs and RSUs have no voting rights. The fair value of an RSU is determined based on the market value of the Company s Common Stock on the date of grant, discounted for lack of marketability for a minimum post-vesting holding requirement. The Company reports compensation expense over the life of the award based on an estimated number of shares that will vest over the life of the award, multiplied by the fair value of an RSU. The closing market price of a share of the Company s Common Stock on the grant date was $48.15 as reported on the NASDAQ Global Select Market and the lack of marketability discount rate used for RSU award grants during 2012 was 7%. As of December 29, 2012, 113,000 performance-related RSU awards were outstanding.

The Company recognized approximately $964,000 of share-based compensation expense related to RSU awards in 2012. As of December 29, 2012, there was a maximum of $4.1 million of total unrecognized compensation cost related to RSU awards granted under the Plans with an expected average remaining life of approximately 4.0 years. The amount of future compensation expense to be recognized will be determined based on actual future operating results.

Directors Stock Compensation Plan

Upon election or re-election to the Board of Directors for a three year term, outside members of the Board of Directors may receive a grant of such number of restricted shares of the Company s Common Stock equal to the quotient of $225,000 divided by the fair market value of a share of Common Stock on the date immediately following the date of such Director s re-election or election to the Board. In 2012, 2011 and 2010, 4,151, 9,510 and 9,954 restricted shares, respectively, were granted to outside Directors upon their re-election to the Board. The restricted shares vest in three equal annual installments on the first three annual anniversary dates of the date of grant. During 2012, 2011 and 2010, $292,000, $242,000 and $98,000, respectively, of compensation cost was recorded for the grant of these restricted shares.

As of December 29, 2012, there were 7,371,358 shares of the Company s Common Stock reserved for issuance in the aggregate under the ESOSIP and 2011 EIP. As of December 29, 2012, there were 114,808 shares of the Company s Common Stock reserved for issuance upon the grant of Common Stock under the Directors Stock Compensation Plan.

(10) Equity

On August 16, 2011, Landstar System, Inc. announced that it had been authorized by its Board of Directors to purchase up to 1,000,000 shares of its Common Stock from time to time in the open market and in privately negotiated transactions. During its 2012 fourth quarter, the Company completed the purchase of shares authorized for purchase under this program. On July 25, 2012, Landstar System, Inc. announced that it had been authorized by its Board of Directors 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. As of December 29, 2012, Landstar is authorized to purchase 1,991,877 shares of its Common Stock under this authorization. No specific expiration date has been assigned to the July 25, 2012 authorization. During 2012, Landstar purchased a total of 524,674 shares of its Common Stock at a total cost of $25,826,000 pursuant to its previously announced stock purchase programs.

The Company has 2,000,000 shares of preferred stock authorized and unissued.

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LANDSTAR SYSTEM, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Commitments and Contingencies

At December 29, 2012, in addition to the $45,146,000 letters of credit secured by investments, Landstar had $32,754,000 of letters of credit outstanding under the Credit Agreement.

As further described in periodic and current reports previously filed by the Company with the Securities and Exchange Commission (the SEC), the Company and certain of its subsidiaries (the Defendants) were defendants in a suit (the Litigation) brought in the United States District Court for the Middle District of Florida (the District Court) by the Owner-Operator Independent Drivers Association, Inc. (OOIDA) and four former BCO Independent Contractors (the Named Plaintiffs and, with OOIDA, the Plaintiffs) on behalf of all independent contractors who provide truck capacity to the Company and its subsidiaries under exclusive lease arrangements (the BCO Independent Contractors). The initial complaint in the Litigation was filed on November 1, 2002. The Plaintiffs alleged that certain aspects of the Company s motor carrier leases and related practices with its BCO Independent Contractors violated certain federal leasing regulations and sought injunctive relief, an unspecified amount of damages and attorneys fees. Following a second trial in August 2012 in which all claims against the Defendants were denied, the Litigation was settled in December 2012. Under the terms of the settlement, the Plaintiffs dismissed their remaining claims in the Litigation, each party agreed to bear its own costs and fees in the Litigation, the parties exchanged releases, and OOIDA made a contribution to the BCO Benevolence Fund, Inc., a non-profit corporation founded by the Company to provide financial assistance to BCO Independent Contractors in hardship situations.

Also as further described in periodic and current reports previously filed by the Company with the SEC, in June 2011, Landstar System, Inc. received a Civil Investigative Demand (the CID) from the United States Attorney for the Western District of Kentucky (the U.S. Attorney) issued pursuant to a complaint (the Complaint) filed by a third party under the False Claims Act. The Company cooperated fully with the CID, which requested documents and answers to written interrogatories limited to freight hauled to or from Fort Campbell, Kentucky by certain subsidiaries of the Company and billed to the U.S. government. In November 2012, the Company was informed by the U.S. Attorney of the dismissal of the Complaint and the consent by the U.S. government to such dismissal. The Company believes this matter has been concluded.

On September 23, 2011, a jury sitting in a state court in Cobb County, Georgia, entered a damage award of approximately $40.2 million (such amount, plus pre-judgment interest, post-judgment interest and a portion of plaintiffs attorney fees in an amount not yet determined are collectively referred to herein as the Damage Award) against Landstar Ranger, Inc., Landstar System Holdings, Inc. and Landstar System, Inc. While a judgment has been entered by the court on the verdict, execution on that judgment is stayed and no judgment has been entered on the pre-judgment interest claims and attorney fee claims due to the pendency of certain post-trial motions. The Damage Award arises out of an accident that occurred in February 2007 involving a BCO Independent Contractor leased to Landstar Ranger, Inc. Under the terms of the commercial trucking insurance program that Landstar had in place in 2007, Landstar retained liability for up to $5 million with respect to the accident giving rise to the Damage Award. Landstar has third party insurance and/or reinsurance policies in place that are expected to provide coverage for all amounts of the Damage Award in excess of such retention, including all related out-of-pocket expenses, such as the costs of an appeal bond, interest and attorney fees comprising the Damage Award that may be entered by the trial court or an appellate court in the future. The Company recorded a $5 million charge representing its self-insured retention in respect of this accident in the consolidated financial results of the Company in the 2007 first quarter. Accordingly, that portion of the Damage Award has been previously recorded by the Company and therefore did not reduce consolidated operating income or net income for the Company s 2011 or 2012 fiscal years. Under the terms of the Company s insurance policies, the Company is the primary obligor of the amount of the Damage Award, and as such, the Company has reported a $38.7 million receivable from the third party insurance providers in other receivables and a corresponding liability of

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LANDSTAR SYSTEM, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the same amount in insurance claims in the consolidated balance sheets at December 29, 2012. The Company and its insurers have filed post-trial motions challenging the Damage Award and seeking a new trial and intend to appeal the Damage Award to the extent necessary following the resolution of those motions. No assurances can be given regarding the outcome of the pending motions or any such appeal, including as to the impact of the Damage Award on the premiums charged by the Company s third party insurers from time to time for commercial trucking insurance.

The Company is involved in certain claims and pending litigation, including those described herein, arising from the normal conduct of business. Based on knowledge of the facts and, in certain cases, opinions of outside counsel, management believes that adequate provisions have been made for probable losses with respect to the resolution of all such claims and pending litigation and that the ultimate outcome, after provisions therefor, will not have a material adverse effect on the financial condition of the Company, but could have a material effect on the results of operations in a given quarter or year.

(12) Segment Information

Landstar markets its freight transportation services and supply chain solutions primarily through independent commission sales agents who enter into contractual arrangements with the Company and are responsible for locating freight, making that freight available to Landstar s capacity providers and coordinating the transportation of the freight with customers and capacity providers. The Company s third party capacity providers consist of independent contractors who provide truck capacity to the Company under exclusive lease arrangements (the BCO Independent Contractors), unrelated trucking companies who provide truck capacity to the Company under non-exclusive contractual arrangements (the Truck Brokerage Carriers), air cargo carriers, ocean cargo carriers, railroads and independent warehouse capacity providers (Warehouse Capacity Owners). Through this network of agents and capacity providers linked together by Landstar s information technology systems, Landstar operates a transportation services and supply chain solutions business primarily throughout North America with revenue of $2.8 billion during the most recently completed fiscal year. The Company reports the results of two operating segments: the transportation logistics segment and the insurance segment.

The transportation logistics segment provides a wide range of transportation services and supply chain solutions. Transportation services offered by the Company include truckload and less-than-truckload transportation, rail intermodal, air cargo, ocean cargo, expedited ground and air delivery of time-critical freight, heavy-haul/specialized, U.S.-Canada and U.S.-Mexico cross-border, project cargo and customs brokerage. Supply chain solutions are based on advanced technology solutions utilizing intellectual property that may be owned by the Company or licensed from third parties. Such solutions as offered by the Company may include integrated multi-modal solutions, outsourced logistics, supply chain engineering and warehousing. Industries serviced by the transportation logistics segment include automotive products, lumber and building products, metals, chemicals, foodstuffs, heavy machinery, retail, electronics, ammunition and explosives and military equipment. In addition, the transportation logistics segment provides transportation services to other transportation companies, including logistics and less-than-truckload service providers. Each of the independent commission sales agents has the opportunity to market all of the services provided by the transportation logistics segment. Freight transportation services are typically charged to customers on a per shipment basis for the physical transportation of freight. Supply chain solutions customers are generally charged fees for the services provided.

The insurance segment is comprised of Signature Insurance Company, a wholly owned offshore insurance subsidiary, and Risk Management Claim Services, Inc. The insurance segment provides risk and claims management services to certain of Landstar s operating subsidiaries. In addition, it reinsures certain risks of the Company s BCO Independent Contractors and provides certain property and casualty insurance directly to

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LANDSTAR SYSTEM, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

certain of Landstar s operating subsidiaries. Internal revenue for premiums billed by the insurance segment to the transportation logistics segment is calculated each fiscal period based primarily on an actuarial calculation of historical loss experience and is believed to approximate the cost that would have been incurred by the transportation logistics segment had similar insurance been obtained from an unrelated third party.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates a segment s performance based on operating income.

No single customer accounted for more than 10% of consolidated revenue in 2012, 2011 or 2010. Substantially all of the Company s revenue is generated in North America, primarily through customers located in the United States.

The following tables summarize information about the Company s reportable business segments as of and for the fiscal years ending December 29, 2012, December 31, 2011 and December 25, 2010 (in thousands):

	Transportation Logistics	Insurance	Total
2012			
External revenue	$ 2,757,559	$ 35,861	$ 2,793,420
Internal revenue		28,446	28,446
Investment income		1,563	1,563
Interest and debt expense	3,104		3,104
Depreciation and amortization	27,456		27,456
Operating income	172,740	33,113	205,853
Expenditures on long-lived assets	7,072		7,072
Goodwill	57,470		57,470
Capital lease additions	43,077		43,077
Total assets	708,233	171,188	879,421
2011			
External revenue	$ 2,614,739	$ 34,343	$ 2,649,082
Internal revenue		27,544	27,544
Investment income		1,705	1,705
Interest and debt expense	3,112		3,112
Depreciation and amortization	25,814		25,814
Operating income	156,354	26,891	183,245
Expenditures on long-lived assets	4,337		4,337
Goodwill	57,470		57,470
Capital lease additions	34,044		34,044
Total assets	647,002	161,447	808,449
2010			
External revenue	$ 2,366,032	$ 34,138	$ 2,400,170
Internal revenue		27,535	27,535
Investment income		1,558	1,558
Interest and debt expense	3,623		3,623
Depreciation and amortization	24,804		24,804
Operating income	116,512	23,459	139,971
Expenditures on long-lived assets	27,505		27,505
Goodwill	57,470		57,470
Capital lease additions	14,986		14,986
Total assets	576,334	107,548	683,882

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders

Landstar System, Inc.:

We have audited the accompanying consolidated balance sheets of Landstar System, Inc. and subsidiary (the Company) as of December 29, 2012 and December 31, 2011, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the fiscal years ended December 29, 2012, December 31, 2011 and December 25, 2010. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Landstar System, Inc. and subsidiary as of December 29, 2012 and December 31, 2011, and the results of their operations and their cash flows for each of the fiscal years ended December 29, 2012, December 31, 2011 and December 25, 2010, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Landstar System, Inc. s internal control over financial reporting as of December 29, 2012, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 21, 2013, expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

/s/ KPMG LLP

February 21, 2013

Jacksonville, Florida

Certified Public Accountants

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LANDSTAR SYSTEM, INC. AND SUBSIDIARY

QUARTERLY FINANCIAL DATA

(Dollars in thousands, except per share amounts)

(Unaudited)

	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012
Revenue	$ 691,256	$ 717,168	$ 735,973	$ 649,023
Operating income	$ 49,535	$ 54,379	$ 58,789	$ 43,150
Income before income taxes	$ 48,743	$ 53,561	$ 58,019	$ 42,426
Income taxes	14,765	20,460	22,164	15,579
Net income	$ 33,978	$ 33,101	$ 35,855	$ 26,847
Earnings per common share attributable to Landstar System, Inc. and subsidiary(1)	$ 0.73	$ 0.71	$ 0.76	$ 0.57
Diluted earnings per share attributable to Landstar System, Inc. and subsidiary(1)	$ 0.73	$ 0.71	$ 0.76	$ 0.57
Dividends paid per common share	$ 0.560	$ 0.060	$ 0.055	$ 0.055

	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011	First Quarter 2011
Revenue	$ 717,522	$ 684,013	$ 675,561	$ 571,986
Operating income	$ 50,950	$ 49,533	$ 48,670	$ 34,092
Income before income taxes	$ 50,178	$ 48,798	$ 47,893	$ 33,264
Income taxes	17,546	18,640	18,295	12,707
Net income	$ 32,632	$ 30,158	$ 29,598	$ 20,557
Less: Net loss attributable to noncontrolling interest				(62)
Net income attributable to Landstar System, Inc. and subsidiary	$ 32,632	$ 30,158	$ 29,598	$ 20,619
Earnings per common share attributable to Landstar System, Inc. and subsidiary(1)	$ 0.70	$ 0.64	$ 0.62	$ 0.43
Diluted earnings per share attributable to Landstar System, Inc. and subsidiary(1)	$ 0.70	$ 0.64	$ 0.62	$ 0.43
Dividends paid per common share	$ 0.055	$ 0.055	$ 0.050	$ 0.050

(1) Due to the changes in the number of average common shares and common stock equivalents outstanding during the year, the sum of earnings per share amounts for each quarter do not necessarily sum in the aggregate to the earnings per share amounts for the full year.

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Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***
None.

Item 9A. ***Controls and Procedures***
Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out, under the supervision and with the participation of the Company s management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company s disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended). Based on that evaluation, the CEO and CFO concluded that the Company s disclosure controls and procedures were effective as of December 29, 2012 to provide reasonable assurance that information required to be disclosed by the Company in reports that it filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

In designing and evaluating disclosure controls and procedures, Company management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitation in any control system, no evaluation or implementation of a control system can provide complete assurance that all control issues and all possible instances of fraud have been or will be detected.

Internal Control Over Financial Reporting

(a) Management s Report on Internal Control over Financial Reporting

Management of Landstar System, Inc. (the Company) is responsible for establishing and maintaining effective internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act, as amended.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company s assets that could have a material effect on the Company s financial statements.

Management, with the participation of the Company s principal executive and principal financial officers, assessed the effectiveness of the Company s internal control over financial reporting as of December 29, 2012. This assessment was performed using the criteria established under the Internal Control-Integrated Framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error or circumvention or overriding of internal control. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and reporting and may not prevent or

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detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on the assessment performed using the criteria established by COSO, management has concluded that the Company maintained effective internal control over financial reporting as of December 29, 2012.

KPMG LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K for the fiscal year ended December 29, 2012, has issued an audit report on the effectiveness of the Company s internal control over financial reporting. Such report appears immediately below.

(b) Attestation Report of the Registered Public Accounting Firm

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders

Landstar System, Inc.:

We have audited Landstar System, Inc. s internal control over financial reporting as of December 29, 2012, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Landstar System, Inc. s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Landstar System, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 29, 2012, based on criteria established in *Internal Control Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Landstar System, Inc. and subsidiary as of December 29, 2012 and December 31, 2011, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the fiscal years ended December 29, 2012, December 31, 2011 and December 25, 2010, and our report dated February 21, 2013, expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

February 21, 2013

Jacksonville, Florida

Certified Public Accountants

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(c) Changes in Internal Control Over Financial Reporting

There were no significant changes in the Company s internal control over financial reporting during the Company s fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

Item 9B. ***Other Information***

None

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PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required by this Item concerning the Directors (and nominees for Directors) and Executive Officers of the Company is set forth under the captions Election of Directors, Directors of the Company, Information Regarding Board of Directors and Committees, and Executive Officers of the Company and Compliance with Section 16(a) of the Securities Exchange Act of 1934 in the Company s definitive Proxy Statement for its annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference. The information required by this Item concerning the Company s Audit Committee and the Audit Committee s Financial Expert is set forth under the caption Information Regarding Board of Directors and Committees and Report of the Audit Committee in the Company s definitive Proxy Statement for its annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The Company has adopted a Code of Ethics and Business Conduct that applies to each of its directors and employees, including its principal executive officer, principal financial officer, controller and all other employees performing similar functions. The Code of Ethics and Business Conduct is available on the Company s website at *www.landstar.com* under Investor Relations Corporate Governance. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendments to, or waivers from, a provision or provisions of the Code of Ethics and Business Conduct by posting such information on its website at the web address indicated above.

Item 11. ***Executive Compensation***

The information required by this Item is set forth under the captions Compensation of Directors, Compensation of Executive Officers, Compensation Discussion and Analysis, Summary Compensation Table, Grants of Plan-Based Awards, Option Exercises and Stock Vested, Outstanding Equity Awards at Fiscal Year End, Nonqualified Deferred Compensation, Report of the Compensation Committee on Executive Compensation and Key Executive Employment Protection Agreements in the Company s definitive Proxy Statement for its annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this Item pursuant to Item 201(d) of Regulation S-K is set forth under the caption Market for Registrants Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities in Part II, Item 5 of this report, and is incorporated by reference herein.

The information required by this Item pursuant to Item 403 of Regulation S-K is set forth under the caption Security Ownership by Management and Others in the Company s definitive Proxy Statement for its annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

None, other than information required to be disclosed under this item in regard to Director Independence, which is set forth under the caption Independent Directors in the Company s definitive Proxy Statement for its annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A and incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services***

The information required by this item is set forth under the caption Report of the Audit Committee and Ratification of Appointment of Independent Registered Public Accounting Firm in the Company s definitive Proxy Statement for its annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

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PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a)(1) *Financial Statements and Supplementary Data*

(2) *Financial Statement Schedules*

Financial statement schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or is not applicable or required.

(3) *Exhibits*

Exhibit No.	Description
(3)	**Articles of Incorporation and By-Laws:**
3.1	Restated Certificate of Incorporation of the Company dated March 6, 2006, including Certificate of Designation of Junior Participating Preferred Stock dated February 10, 1993. (Incorporated by reference to Exhibit 3.1 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (Commission File No. 0-21238))
3.2	The Company s Bylaws, as amended and restated on February 21, 2011. (Incorporated by reference to Exhibit 3.2 to the Registrant s Annual Report on Form 10-K for fiscal year ended December 25, 2010 (Commission File No. 0-21238))
(4)	**Instruments defining the rights of security holders, including indentures:**
4.1	Specimen of Common Stock Certificate. (Incorporated by reference to Exhibit 4.1 to the Registrant s Registration Statement on Form S-1 (Registration No. 33-57174))
4.2	Amended and Restated Credit Agreement, dated as of June 29, 2012, among Landstar System Holding, Inc., the Company, the lenders named therein, and JPMorgan Chase Bank, N.A. as Administrative Agent (including exhibits and schedules thereto). (Incorporated by reference to Exhibit 99.1 to the Registrant s Form 8-K filed on July 5, 2012 (Commission File No. 0-21238))
(10)	**Material contracts:**
10.1+	Landstar System, Inc. Executive Incentive Compensation Plan (Incorporated by reference to Exhibit A to the Registrant s Definitive Proxy Statement filed on April 12, 2012 (Commission File No. 0-21238))
10.2+	Landstar System, Inc. Supplemental Executive Retirement Plan, as amended and restated as of January 1, 2012 (Incorporated by reference to Exhibit 10.3 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (Commission File No. 0-21238))
10.3+	Amended and Restated Landstar System, Inc. 2002 Employee Stock Option and Stock Incentive Plan (Incorporated by reference to Exhibit A to the Registrant s Definitive Proxy Statement filed on March 23, 2009 (Commission File No. 0-21238))
10.4+	Landstar System, Inc. 2011 Equity Incentive Plan, as amended through November 29, 2011 (Incorporated by reference to Exhibit 10.5 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (Commission File No. 0-21238))

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Exhibit No.	Description
10.5+	Directors Stock Compensation Plan, as amended and restated as of February 22, 2010 (Incorporated by reference to Exhibit 10.7 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 26, 2009 (Commission File No. 0-21238))
10.6+	Form of Indemnification Agreement between the Company and each of the directors and Executive Officers of the Company. (Incorporated by reference to Exhibit 10.2 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 27, 2003 (Commission No. 0-21238))
10.7+	Form of Key Executive Employment Protection Agreement between Landstar System, Inc. and each of the Executive Officers of the Company (Incorporated by reference to Exhibit 10.13 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 30, 2006 (Commission File No. 0-21238))
10.8+	Form of Amendment to Key Executive Employment Protection Agreement between Landstar System, Inc. and each of the Executive Officers of the Company (Incorporated by reference to Exhibit 10.12 to the Registrant s Annual Report on Form 10-K for fiscal year ended December 27, 2008 (Commission File No. 0-21238))
10.9+	Amendment to Key Executive Employment Protection Agreement, dated May 16, 2012, between Landstar System, Inc. and Henry H. Gerkens (Incorporated by reference to Exhibit 99.1 to the Registrant s Current Report on Form 8-K filed on May 16, 2012 (Commission File No. 0-21238))
10.10+*	Form of Amendment to Key Executive Employment Protection Agreement between Landstar System, Inc. and each of the Executive Officers of the Company other than Henry H. Gerkens
10.11+	Letter Agreement, dated July 2, 2002 from Jeffrey C. Crowe to Henry H. Gerkens. (Incorporated by reference to Exhibit 10.17 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 28, 2002 (Commission File No. 0-21238))
10.12+	Letter Agreement, dated January 3, 2012, between Landstar System, Inc. and Henry H. Gerkens (Incorporated by reference to Exhibit 99.1 to the Registrant s Current Report on Form 8-K filed on January 3, 2012 (Commission File No. 0-21238))
10.13+	Amendment, dated January 23, 2013, to the Letter Agreement dated January 2, 2012, between Landstar System, Inc. and Henry H. Gerkens (Incorporated by reference to Exhibit 99.1 to the Registrant s Current Report on Form 8-K filed on January 25, 2013 (Commission File No. 0-21238))
10.14+	Performance Related Stock Award Agreement, dated January 23, 2013, between Landstar System, Inc. and Henry H. Gerkens (Incorporated by reference to Exhibit 99.1 to the Registrant s Current Report on Form 8-K filed on January 25, 2013 (Commission File No. 0-21238))
10.15+	Consulting Services Agreement, dated as of December 18, 2009, between Landstar System, Inc. and Jeffrey C. Crowe (Incorporated by reference to Exhibit 10.13 to the Registrant s Annual Report on Form 10-K for the fiscal year ended December 26, 2009 (Commission File No. 0-21238))
(21)	**Subsidiaries of the Registrant:**
21.1*	List of Subsidiaries of the Registrant
(23)	**Consents of experts and counsel:**
23.1*	Consent of KPMG LLP as Independent Registered Public Accounting Firm
(24)	**Power of attorney:**
24.1*	Powers of Attorney
(31)	**Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002:**
31.1*	Chief Executive Officer certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Chief Financial Officer certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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Exhibit No.	Description
(32)	**Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:**
32.1**	Chief Executive Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Schema Document
101.CAL**	XBRL Calculation Linkbase Document
101.LAB**	XBRL Labels Linkbase Document
101.PRE**	XBRL Presentation Linkbase Document
101.DEF**	XBRL Definition Linkbase Document

\+ management contract or compensatory plan or arrangement

* Filed herewith.

** Furnished herewith.

THE COMPANY WILL FURNISH, WITHOUT CHARGE, TO ANY SHAREHOLDER OF THE COMPANY WHO SO REQUESTS IN WRITING, A COPY OF ANY EXHIBITS, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. ANY SUCH REQUEST SHOULD BE DIRECTED TO LANDSTAR SYSTEM, INC., ATTENTION: INVESTOR RELATIONS, 13410 SUTTON PARK DRIVE SOUTH, JACKSONVILLE, FLORIDA 32224.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 21, 2013

LANDSTAR SYSTEM, INC.

By: /s/ Henry H. Gerkens
Henry H. Gerkens
Chairman of the Board, President and
Chief Executive Officer

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Henry H. Gerkens Henry H. Gerkens	Chairman, President and Chief Executive Officer; Principal Executive Officer	February 21, 2013
/s/ James B. Gattoni James B. Gattoni	Executive Vice President and Chief Financial Officer; Principal Accounting Officer	February 21, 2013
* Homaira Akbari	Director	February 21, 2013
* David G. Bannister	Director	February 21, 2013
* Jeffrey C. Crowe	Director	February 21, 2013
* Michael A. Henning	Director	February 21, 2013

*	Director	February 21, 2013
Diana M. Murphy		
*	Director	February 21, 2013
Larry J. Thoele		

By: /s/ MICHAEL K. KNELLER
Michael K. Kneller
*Attorney In Fact**

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