

LANDSTAR SYSTEM INC
Form 4
May 19, 2016

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 *
MURPHY DIANA M

(Last) (First) (Middle)

13410 SUTTON PARK DRIVE
SOUTH

(Street)

JACKSONVILLE, FL 32224

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

LANDSTAR SYSTEM INC [LSTR]

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

05/18/2016

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

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 Ownership (Instr. 4)
				(A) or (D) Code V Amount (D) Price			
Common Stock	05/18/2016		A	1,674 A \$ 0	50,515	D	

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

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SEC 1474
(9-02)

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

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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 Own Follo Repo Trans (Instr
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MURPHY DIANA M 13410 SUTTON PARK DRIVE SOUTH JACKSONVILLE, FL 32224		X		

Signatures

/s/ James P. Todd, attorney-in-fact
Date: 05/19/2016

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).
 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. e="DISPLAY: inline; FONT-SIZE: 10pt; FONT-FAMILY: times new roman">\$2,357,958 \$1,889,875 \$3,520,466
 Mr. Wade

Cash Severance (d)										
						\$-	\$475,000	\$825,000	\$825,000	\$1,650,000
Stock Incentives (e)(f)(g)						-	1,348,782	1,348,782	1,348,782	1,348,782
Cont'd Medical Coverage (h)										
								-	9,023	- 9,023 9,023
Outplacement										
									-	- - 12,000 12,000
Executive Choice										
									-	- - 11,000 11,000
Life Insurance										
									-	- - 500,000 - -

- (a) Voluntary termination or termination for Due Cause makes an executive ineligible for any employment agreement benefits other than any rights he may have under the normal terms of other benefit plans. Executives must exercise vested long-term incentives within 90 days after the date of termination. The term "Due Cause" is defined in the agreements as (i) a material breach of the executive's obligations under the agreement or a material violation of any code or standard of conduct applicable to the Company's officers that is willful and deliberate and committed in bad faith and that has not been cured; (ii) a material violation of the loyalty obligations as provided in the agreement; (iii) the executive's willful engagement in bad faith conduct that is demonstrably and materially injurious to the Company (iv) a conviction of a crime of moral turpitude or a felony involving fraud, breach of trust, or misappropriation; or (v) a determination that the executive is in material violation of the Company's Substance Abuse Policy.
- (b) The employment agreements provide that the executive's employment is deemed to be terminated by the Company without Due Cause if the executive elects to terminate his employment for Good Reason. The term "Good Reason" is defined in the agreement as: (i) a material diminution in the executive's total direct compensation; (ii) material diminution in the executive's authority, duties or responsibilities or those of his supervisors, (iii) the termination of the Executive Incentive Plan without a replacement plan or the material reduction of the executive's benefits without a similar reduction for other executives; or (iv) requiring the executive to be based more than 60 miles from the Company's office at which he was principally employed immediately prior to the date of the relocation. For Mr. Jackson, the definition of "Good Reason" includes failure of the Nominating Committee of the Board to renominate him for election as a director or the Board requiring that he no longer report to the Board. Upon termination of employment by the Company other than for Due Cause or by the executive for Good Reason, the executive is entitled to receive a cash "termination payment" which equals the sum of the executive's annual base salary, target bonus amount, and the prorated value of the annual Executive Choice Plan. The value of the target bonus amount included in the cash severance payment is the 2008 target bonus amount for each executive. In addition, the executive will receive outplacement services and certain medical benefits coverage.
- (c) If, within 12 months of a change in control (as defined in our 2004 LTIP), the executive's employment is terminated by the Company other than for Due Cause or by the executive for Good Reason, the employment agreements provide that the executive will be entitled to a Change in Control Termination Payment equal to two times his base salary and two times his target bonus and the prorated value of the annual Executive Choice Plan. The value of the target bonus amount included in the cash severance payment is the 2008 target bonus amount for each executive. In addition, the executive will be entitled to a tax gross-up payment in the event that an excise tax is levied on the Change in Control payment.
- (d) In the case of voluntary termination or termination for Due Cause, the executive would be ineligible to receive a cash severance payment because he would not have been actively employed on the date of distribution. In accordance with the employment agreements, if the executive's employment is terminated on account of death, the executive's beneficiary or estate is entitled to receive a lump sum payment equivalent to the executive's annual base salary and target bonus amount. In the event that employment is terminated on account of disability, the employment agreements provide that the executive is entitled to receive a cash severance amount equivalent to 30 percent of his annual base salary and his target bonus amount. The value of the target bonus amount included in the cash severance payment is the 2008 target bonus amount for each executive.
- (e) Amounts shown here are calculated as the differences between the exercise price of the outstanding long-term stock-based incentives and the closing price of our stock at the end of our fiscal year (\$34.14).
- (f) The terms of executives' stock option and SAR agreements provide that all long-term stock-based incentives are 100 percent vested when a change in control occurs.
- (g) The terms of executives' restricted stock awards provide that restricted stock becomes 100 percent vested when a change in control occurs.
- (h) Amounts provided here represent the Company's cost of providing one year of healthcare coverage to the executive.
- (i) Disability amounts shown consist of the amount the executives receive under the Company's qualified plan, and the cash severance.
- (j)

Mr. Moore's employment terminated prior to January 3, 2009. The amounts shown were paid to him in connection with his separation from employment in 2008.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth our shares authorized for issuance under our equity compensation plans on January 3, 2009.

	Number of shares to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights (a)	Number of securities remaining available for future issuance under equity compensation plans(b)
Equity compensation plans approved by stockholders	(c) 7,188,000	\$33.95	3,998,000
Equity compensation plans not approved by stockholders	-	-	-
Total	7,188,000	\$33.95	3,998,000

(a) Includes weighted average exercise price of outstanding stock options and SARs only.

(b) Excludes shares reflected in the first column.

(c) Includes grants of stock options, SARs, performance-based SARs, restricted stock, performance-based restricted stock and deferred stock units.

NON-MANAGEMENT DIRECTOR COMPENSATION

Under our director compensation program, each non-management director receives annual compensation that is comprised of a combination of cash and equity-based compensation. Management directors do not receive any additional compensation for services as a director. Non-management directors receive an annual retainer of \$25,000 and all additional applicable retainers or fees as set forth in the following table. Specific committee member information is provided in the "Corporate Governance" section of this proxy statement.

Board Participation Type	Retainer/Fee
Chair	\$100,000
Audit Committee Chair	\$ 15,000
Compensation Committee Chair	\$ 10,000
Finance Committee Chair	\$ 10,000
Nominating and Corporate Governance Committee Chair	\$ 10,000
Board Meeting Attendance	\$ 2,000
Telephonic Board Meeting Attendance	\$ 1,000
Committee Meeting Attendance	\$ 1,000
Telephonic Committee Meeting Attendance	\$ 750

Each non-management director may elect to receive all or a portion of his or her annual retainer on a deferred basis in the form of DSUs. Each DSU is equivalent to one share of our common stock. Dividends paid by the Company are credited toward the purchase of additional DSUs. DSUs are payable in the form of common stock to participating

directors over a specified period of time as elected by the participating director, or whenever their Board service ends, whichever is sooner.

In addition, each non-management director receives long-term equity incentives valued at \$120,000 per year. The long-term incentives are awarded annually in the form of 50 percent in SARs and 50 percent in DSUs. Newly appointed Board members receive an initial grant valued at \$120,000. Thereafter, annual stock-based compensation is granted to a

director shortly after the date of the annual stockholder meeting. Each new director's first annual grant will be prorated based upon the number of days served as a director during the year preceding the first annual grant. SARs vest in three equal annual installments commencing on the first anniversary of the grant and expire after seven years. In May 2008, each director received long-term incentives valued at \$120,000, which were granted in the form of 5,709 SARs and 1,541 DSUs. The SARs will vest in three equal annual installments commencing on the first anniversary of the grant date and expire after seven years. DSUs are fully vested upon grant but will not be available for distribution until the director's service on the Board ends.

2008 Director Summary Compensation Table

Information provided in the following table reflects the compensation delivered to non-management directors for our last fiscal year:

Name	Fees Earned or			Total
	Paid in Cash (a) (\$)	Stock Awards (b) (\$)	Option Awards (c) (\$)	
John F. Bergstrom	\$ 33,750	\$ 60,000	\$ 12,308	\$ 106,058
John C. Brouillard (d)	159,167	60,000	111,085	330,252
Lawrence P. Castellani	39,750	60,000	173,883	273,633
Nicholas J. LaHowchic	49,250	60,000	68,483	177,733
William S. Oglesby	54,500	60,000	75,513	190,013
Gilbert T. Ray	54,750	60,000	80,535	195,285
Carlos A. Saladrigas	58,000	60,000	80,535	198,535
Francesca M. Spinelli	53,750	60,000	80,535	194,285
William Salter (e)	3,000	-	68,227	71,227

- (a) Information includes paid or deferred board annual retainers, chair retainers and board and committee meeting fees paid to directors based on their respective meeting attendance during 2008. For Messrs. LaHowchic and Oglesby, amounts shown include \$25,000 of their respective annual retainers deferred by them to the Company's DSU plan.
- (b) Represents the dollar amounts recognized for the fair value of DSUs granted during fiscal 2008 in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment," or SFAS 123R. The grant date fair value is calculated using the closing price of the Company's stock on the date of grant. The reported fair value is based on the number of units granted multiplied by the stock price (\$38.94) on May 20, 2008, the grant date. For additional information, refer to Note 16 of the Company's consolidated financial statements in the 2008 Form 10-K filed with the SEC on March 4, 2009. These amounts reflect the Company's accounting expense and do not correspond to the actual value that will be realized by the directors.
- (c) Represents the dollar amounts recognized during fiscal year 2008 for the fair value of SARs granted in 2008, as well as stock option grants in prior fiscal years, in accordance with SFAS 123R. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For Mr. Castellani, amounts shown include options awarded during his tenure as the Company's Chief Executive Officer. For fiscal 2008, the Company's directors received grants of SARs on May 20, 2008 with an exercise price of \$38.94, the closing price of the Company's stock on the date of grant. The grant date fair value per SAR was \$10.51. For information on the valuation assumptions, refer to Note 16 of the Company's consolidated financial statements in the 2008 Form 10-K filed with the SEC on March 4, 2009. These amounts reflect the Company's accounting expense, and do not correspond to the actual value that will be realized by the directors.
- (d) Compensation reported for Mr. Brouillard includes normal board compensation fees paid to him after he became non-executive chair shortly after the start of 2008. Refer to the Summary Compensation Table for compensation paid to Mr. Brouillard while he served as Interim Chair, President, and Chief Executive Officer.

(e) Compensation reported for Mr. Salter includes normal board compensation fees paid to him in 2008 prior to his retirement from the Board in May 2008. He did not receive a grant of DSUs or SARs during 2008.

Directors' Outstanding Equity Awards at 2008 Fiscal-Year End

The following table provides information about non-management directors' outstanding equity as of the end of our last fiscal year:

Name	Outstanding Stock Options and SARs	Outstanding Deferred Stock Units
John F. Bergstrom	5,709	1,545
John C. Brouillard (a)	43,209	6,052
Lawrence P. Castellani (b)	266,209	3,217
Nicholas J. LaHowchic	20,709	4,180
William S. Oglesby	32,584	6,321
Gilbert T. Ray	41,959	5,108
Carlos A. Saladrigas	58,209	4,898
Francesca Spinelli	46,959	5,318
William L. Salter (c)	40,624	-

- (a) Outstanding stock options for Mr. Brouillard reflect stock incentives awarded to him during his tenure as Interim Chair, President, and Chief Executive Officer which continue to vest during his service as a director.
- (b) Outstanding stock options for Mr. Castellani reflect those awarded to him during his tenure as our past chief executive officer and chairman and other grants awarded to him under our director compensation arrangement, all of which continue to vest during his service as a director.
- (c) Outstanding stock options for Mr. Salter reflect those awarded to him prior to 2008 during his tenure as a director.

INFORMATION CONCERNING OUR EXECUTIVE OFFICERS

The following table provides information about our executive officers as of March 30, 2009.

Name	Age	Position
Darren R. Jackson	44	Chief Executive Officer and Director
Jimmie L. Wade	54	President
Kevin P. Freeland	51	Chief Operating Officer
Michael A. Norona	45	Executive Vice President, Chief Financial Officer and Secretary
Jill A. Livesay	40	Senior Vice President, Controller
Michael Marolt	53	Senior Vice President, Customer Operations Excellence Officer
Keith A. Oreson	52	Senior Vice President, Human Resources
Charles E. Tyson	47	Senior Vice President, Merchandising
Kenneth A. Wirth, Jr.	50	Senior Vice President, Customer Experience Officer

Our executive officers are elected by and serve at the discretion of our Board. Set forth below is a brief description of the business experience of all executive officers other than Mr. Jackson, who is also a Director and whose business experience is set forth in the “Information Concerning Members of Our Board” section of this proxy statement.

Mr. Wade, President, joined us in February 1994 and has held his current position since January 2009. From February 2008 to January 2009, Mr. Wade served as Executive Vice President, Customer Development Officer, Commercial. From May 2005 until February 2008, Mr. Wade served as Executive Vice President, Business Development. Mr. Wade was named President in October 1999 and was named Chief Financial Officer in March 2000. He served as President and Chief Financial Officer through August 2003 and served as President until May 2005. Mr. Wade also served as our Secretary from March 2000 until April 2001. Prior to 1993, Mr. Wade was Vice President, Finance and Operations, for S.H. Heironimus, a regional department store company.

Mr. Freeland, Chief Operating Officer, joined us in February 2008 and has held his current position since January 2009. From February 2008 until January 2009, Mr. Freeland served as Executive Vice President, Merchandising, Supply Chain and Information Technology. Before joining Advance, Mr. Freeland was the President and Founder of Optimal Advantage, a boutique retail consulting firm, from September 2004 to February 2008. Prior to establishing his own business, Mr. Freeland spent eight years with Best Buy Co., Inc., a specialty retailer of consumer electronics, office products, appliances and software, serving as its Vice President of Inventory, Senior Vice President of Inventory and, ultimately, President of the Musicland Division. Mr. Freeland also spent eight years at Payless Shoe Source, a family footwear and accessories retail chain, in a variety of merchandising positions, including his final position as Vice President of Merchandise Distribution.

Mr. Norona, Executive Vice President, Chief Financial Officer and Secretary, joined us in February 2008. Before joining Advance, Mr. Norona served as the President of Financial Services for Best Buy Co., Inc., a national retailer of consumer electronics, office products, appliances and software, from March 2007 to February 2008. Prior to that position, he served Best Buy as Vice President of Financial Services from June 2006 until March 2007, as Vice

President Finance-Retail Decision Support from May 2004 until June 2006, and as Vice President Finance-Shared Services from April 2002 until May 2004. Prior to April 2002, Mr. Norona served in escalating financial leadership roles, ultimately as head of Finance, with Future Shop, a Best Buy subsidiary. Mr. Norona holds the Professional Accounting Designation (CGA) and is a member of the Certified General Accountants of Canada.

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Ms. Livesay, Senior Vice President, Controller, joined us in July 1995 and has served in her current position since July 2005. During her tenure at Advance, she has served in several leadership roles in accounting and finance. In January 2002, she became Vice President, Accounting, a position she held until October 2004, when she became Vice President, Controller. Prior to joining Advance, Ms. Livesay worked for KPMG LLP, a public accounting firm. Ms. Livesay is a certified public accountant.

Mr. Marolt, Senior Vice President, Customer Operations Excellence Officer, joined us in March 2008. Before joining Advance, he served as President and CEO, of eq-life, a firm that provides consulting services with health care systems to develop new retail health care products from February 2006 to February 2008. Prior to his position at eq-life, Mr. Marolt held multiple positions with increasing responsibilities at Best Buy Co. Inc., a national retailer of consumer electronics, office products, appliances and software, from 2002 to 2006, including Senior Vice President of Retail Operations and Services, Senior Vice President of Loss Prevention and Risk Management, Vice President of Loss Prevention and Risk Management, and Director of Loss Prevention and Risk Management.

Mr. Oreson, Senior Vice President, Human Resources, joined us in May 2005. Before joining Advance, Mr. Oreson served as Vice President of Human Resources for Frank's Nursery & Crafts, Inc., a lawn and garden products retailer, from 1998 to May 2005. From 1993 to 1997, he served as Senior Vice President, Human Resources for ARAMARK Uniform Services, a provider of food services, facilities management and uniform apparel. Prior to 1993, Mr. Oreson worked for Pizza Hut, a division of PepsiCo, where he held a variety of positions, ultimately serving as Division Director, Human Resources.

Mr. Tyson, Senior Vice President, Merchandising, joined Advance in March 2008. Prior to joining Advance, Mr. Tyson served as Senior Vice President, Merchandising and Technology with OfficeMax, Inc. from March 2005 to February 2008. Prior to joining OfficeMax, Mr. Tyson was President of Diversitech Group, an importer of hand and power tools from September 2001 to March 2005. Prior to that, he worked for Office Depot, Inc. from October 1997 to September 2001 where he held multiple positions with increasing responsibilities, including Senior Vice President, Merchandising and General Merchandising Manager; Senior Vice President, World Wide Global Sourcing; and Vice President, Divisional Merchandise Manager.

Mr. Wirth, Senior Vice President, Customer Experience Officer, joined us in 1983 and has held his current position since March 2008. He has served as a Store Manager, Division Manager, and since 1991 has held various Senior Vice President positions. Mr. Wirth most recently served as the Senior Vice President, Store Operations – Area 5. Prior to joining Advance, Mr. Wirth served in the United States Navy.

There are no family relationships among any of our executive officers.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information known to us regarding the ownership of our common stock as of March 30, 2009 by:

- each person or entity that beneficially owns more than 5 percent of our common stock;
- each member of our Board;
- each of our executive officers named in the “Summary Compensation Table” included in the “Executive Compensation” section of this proxy statement; and
- all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage of ownership held by that person, shares of common stock subject to options and warrants held by that person that are currently exercisable or will become exercisable within 60 days after March 30, 2009 are deemed outstanding, while these shares are not deemed outstanding for computing percentage ownership of any other person. The address of each beneficial owner for which an address is not otherwise indicated is: c/o Advance Auto Parts, Inc., 5008 Airport Road, Roanoke, Virginia 24012. Unless otherwise indicated in the footnotes to the table, the persons and entities named in the table have sole voting and investment power with respect to all shares beneficially owned, subject to community property laws where applicable. We know of no agreements among our stockholders which relate to voting or investment power over our common stock or any arrangement that may at a subsequent date result in a change in control of the Company.

The percentages of common stock beneficially owned are based on 95,182,092 shares of our common stock outstanding at March 30, 2009.

Name of Beneficial Owner	Shares beneficially owned	
	Number	Percentage
Wellington Management Company, LLP(1) 75 State Street Boston, MA 02109	6,512,593	6.8%
FMR, LLC(2) 82 Devonshire Street Boston, MA 02109	5,760,031	6.0%
JPMorgan Chase & Co.(3) 270 Park Ave New York, NY 10017	5,124,631	5.4%
John F. Bergstrom (4)	4,451	*
John C. Brouillard (5)	40,915	*
Lawrence P. Castellani (6)	17,626	*
Darren R. Jackson (7)	347,077	*
Nicholas J. LaHowchic (8)	24,880	*
William S. Oglesby (9)	35,754	*
Gilbert T. Ray (10)	45,871	*
Carlos A. Saladrigas (11)	56,810	*
Francesca M. Spinelli (12)	47,481	*
Michael A. Norona (13)	106,456	*
Kevin P. Freeland (14)	93,699	*
Jimmie L. Wade (15)	511,381	*
Elwyn G. Murray, III (16)	243,077	*

Explanation of Responses:

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Michael O. Moore	-	-
All executive officers and directors as a group (19 persons) (17)	1,934,131	2.0%

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- (1) Based solely on a Schedule 13G filed with the SEC by Wellington Management Company, LLC. Wellington Management Company, LLC, in its capacity as investment advisor, may be deemed to beneficially own 6,512,593 shares which are held of record by clients of the company, of which it has sole voting power of 5,196,203 shares.
- (2) Based solely on a Schedule 13G filed with the SEC by FMR, LLC, (“FMR”) and Edward C. Johnson, 3rd, all such shares are beneficially owned by or for entities: (a) Fidelity Management & Research Company, a registered investment advisor to various investment companies (“Fidelity Funds”) and a wholly-owned subsidiary of FMR (“FM&RC”), (b) Pyramis Global Advisors, LLC (“PGALLC”), an indirect wholly-owned subsidiary of FMR and a registered investment advisor, (c) Pyramis Global Advisors Trust Company (“PGATC”), an indirect wholly-owned subsidiary of FMR and a bank and (d) Fidelity International Limited (“FIL”), a qualified institution. FM&RC is the beneficial owner of 3,835,476 shares. Mr. Johnson (Chairman of FMR), FMR (through its control of FM&RC) and Fidelity Funds each has sole dispositive power with respect to 3,835,476 shares. Neither Mr. Johnson nor FMR has the sole power to vote or direct the voting of the shares owned directly by Fidelity Funds. The sole voting power of all shares directly owned by Fidelity Funds resides with the Board of Trustees of such funds. PGALLC is the beneficial owner of 93,320 shares. Mr. Johnson and FMR (through its control of PGALLC) each has sole dispositive voting power with respect to 93,320 shares. PGATC is the beneficial owner of 966,760 shares. Mr. Johnson and FMR (through its control of PGATC) each have sole dispositive and voting power with respect to 966,760 shares. FIL is the beneficial owner of 864,475 shares of which it has sole dispositive power of 864,475 shares and sole voting power of 842,075 shares.
- (3) Based solely on a Schedule 13G filed with the SEC by JPMorgan Chase & Co., all such shares are beneficially owned by JPMorgan Chase & Co. and its subsidiaries: JPMorgan Chase Bank, National Association, J.P. Morgan Investment Management Inc., JPMorgan Investment Advisors Inc. and JPMorgan Asset Management (UK) Ltd.
- (4) Includes 1,548 shares of our common stock issuable with respect to DSUs and 1,903 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (5) Includes 6,064 shares of our common stock issuable with respect to DSUs and 34,403 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (6) Includes 3,223 shares of our common stock issuable with respect to DSUs and 14,403 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (7) Includes 126,709 shares of our common stock issuable with respect to restricted common stock; 31,618 shares of our common stock issuable with respect to DSUs and 138,750 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (8) Includes 4,356 shares of our common stock issuable with respect to DSUs and 14,403 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (9) Includes 6,333 shares of our common stock issuable with respect to DSUs and 26,278 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (10) Includes 5,118 shares of our common stock issuable with respect to DSUs and 35,653 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (11) Includes 4,907 shares of our common stock issuable with respect to DSUs and 51,903 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (12) Includes 5,328 shares of our common stock issuable with respect to DSUs and 40,653 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (13) Includes 41,754 shares of our common stock issuable with respect to restricted common stock and 46,187 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (14) Includes 10,451 shares of our common stock issuable with respect to restricted common stock and 28,248 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (15) Includes 19,903 shares of our common stock issuable with respect to restricted common stock and 459,675 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (16) Includes 240,274 shares of our common stock subject to options exercisable within 60 days of March 30, 2009.
- (17) Includes 225,854 shares of our common stock with respect to restricted common stock; 71,579 shares of our common stock issuable with respect to DSUs; and 1,440,733 shares of our common stock subject to options and

SARs beneficially owned and exercisable within 60 days of March 30, 2009 by our executive officers and directors.

STOCK OWNERSHIP GUIDELINES FOR DIRECTORS AND EXECUTIVE COMMITTEE

In an effort to align the interests of non-employee directors and members of management’s Executive Committee more closely with the interests of stockholders, the Company’s Board has adopted Stock Ownership Guidelines as follows:

Directors	Stock valued at 3 times their annual retainer
Chairman, President and CEO	Stock valued at 3 times their annual base salary
Other Executive Committee Members	Stock valued at 1 times their annual base salary

Incumbent Directors and Executive Committee Members are expected to achieve this level of stock ownership by the end of year 2012. Current Executive Committee Members who have been in their current positions for less than two years will be given an additional two years to reach the target ownership levels. Those individuals who do not achieve the required levels of ownership within the prescribed amount of time will be required to retain a designated percentage of the net shares received upon the exercise of any stock options or SARs until the guideline ownership levels have been reached.

Shares or units held by a director or an executive officer in any deferral plan are included in calculating the value of ownership to determine whether the minimum ownership requirement has been met. Currently, each director receives a portion of his or her annual retainer in the form of DSUs and is permitted to defer a portion of his or her cash retainer in the form of DSUs.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires “insiders,” including our executive officers, directors and beneficial owners of more than 10 percent of our common stock, to file reports of ownership and changes in ownership of our common stock with the SEC and the NYSE, and to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of copies of such forms received by us, or written representations from reporting persons that no Forms 5 were required for those persons, we believe that our insiders complied with all applicable Section 16(a) filing requirements during fiscal 2008, with the following exceptions:

One transaction involving the acquisition of 5 DSU’s by Mr. Oreson as a result of dividend reinvestment was reported late on a Form 5 filed after the end of fiscal 2008. One Form 4 to report two option exercises and 27 related sales of the underlying shares by Mr. Wade on the same day was filed three days late.

PROPOSAL NO. 2

RATIFICATION OF APPOINTMENT BY THE AUDIT COMMITTEE OF
DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM FOR 2009

Our Audit Committee has selected Deloitte & Touche LLP (“Deloitte”) as our independent registered public accounting firm for fiscal 2009. Deloitte also served as our independent registered public accounting firm for fiscal 2008. You are being asked to ratify the appointment by our Audit Committee of Deloitte as our independent registered public accounting firm for fiscal 2009.

Members of Deloitte will be present at the Annual Meeting, will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. If Deloitte should decline to act or otherwise become incapable of acting, or if Deloitte’s engagement is discontinued for any reason, our Audit Committee will appoint another accounting firm to serve as our independent registered public accounting firm for fiscal 2009.

2008 and 2007 Audit Fees

The following table summarizes the aggregate fees billed by Deloitte for 2008 and 2007 for the following professional services:

	2008 (\$ in thousands)	2007 (\$ in thousands)
Audit Fees (a)	\$1,588	\$1,968
Audit-Related Fees	370	-
Tax Fees	-	-
All Other Fees	-	-
Total	\$1,958	\$1,968

(a) Fees for audit services billed in 2008 and 2007 consisted of:

- audit of our annual financial statements
- reviews of our quarterly financial statements
- attestation of management’s assessment and effectiveness of internal controls as required by the Sarbanes-Oxley Act of 2002, Section 404
- statutory and regulatory audits, consents and other services related to SEC matters

The total fees we paid to Deloitte in 2008 were consistent with those amounts we paid in 2007. However, our audit fees decreased about 20 percent to \$1,588,000. This decrease was primarily due to a reduction in our annual audit fee as well as services provided by Deloitte in 2007 pertaining to a financial systems upgrade and the adoption of Financial Interpretations No. 48, “Accounting for Uncertainty in Income Taxes.” In 2008, Deloitte also provided audit-related due diligence services totaling \$370,000 pertaining to a potential acquisition.

The Audit Committee is required by its charter to pre-approve audit services and permitted non-audit services to be performed by our independent registered public accounting firm. The Audit Committee approved all services provided by Deloitte during 2008.

In considering the nature of the services provided by Deloitte, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with

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Deloitte and management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the SEC to implement the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants.

OUR BOARD RECOMMENDS A VOTE FOR RATIFICATION OF
DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM FOR 2009.

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AUDIT COMMITTEE REPORT

We are responsible for providing independent, objective oversight of Advance's accounting functions and internal controls and operate pursuant to a written charter approved by Advance's Board. We are comprised entirely of three independent directors who meet independence, experience and other qualification requirements of the NYSE listing standards, Section 10A(m)(3) of the Securities Exchange Act of 1934 and the rules and regulations of the SEC. Advance's Board has determined the committee's current chair, Mr. Saladrigas, is the Audit Committee "financial expert," as defined by SEC rules.

Management is responsible for Advance's financial reporting process, including Advance's system of internal control, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States. Advance's independent registered public accounting firm, or "independent accountants," are responsible for auditing its consolidated financial statements and providing an opinion as to their conformity with accounting principles generally accepted in the United States as well as attesting and reporting on the effectiveness of its internal controls over financial reporting. Our responsibility is to monitor and review these processes. It is not our duty or responsibility to conduct auditing or accounting reviews or procedures. Consequently, in carrying out our oversight responsibilities, we shall not be charged with, and are not providing, any expert or special assurance as to Advance's financial statements, or any professional certification as to the independent accountants' work. In addition, we have relied on management's representation that the financial statements have been prepared with integrity and objectively in conformity with accounting principles generally accepted in the United States, and on the representations of independent accountants included in their report on Advance's financial statements.

During 2008 we met nine times, including five times via conference call. We schedule our meetings to ensure we have sufficient time to devote attention to all of our tasks. During 2008 and subsequent to the end of the year, we:

- appointed Deloitte & Touche LLP as the independent registered public accounting firm for fiscal year 2008;
- met with management and the independent accountants to review and discuss Advance's critical accounting policies and significant estimates;
- met with management and the independent accountants to review and approve the fiscal year 2008 audit plan;
- met regularly with both the independent accountants and members of internal audit outside the presence of management;
- met with management and the independent accountants to review the audited financial statements for the year ended January 3, 2009, and internal controls over financial reporting as of January 3, 2009;
- reviewed and discussed the quarterly and annual reports prior to filing with the SEC;
- reviewed and discussed the quarterly earnings press releases and other financial press releases;
- met with the Chief Internal Audit Executive to review, among other things, the audit plan, test work, findings and recommendations, and staffing;
- reviewed the processes by which risk is assessed and mitigated; and
- completed all other responsibilities under the Audit Committee charter.

We have discussed with the independent accountants the matters required by PCAOB AU 380, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board, and SEC Rule 2-07 of Regulation S-X, which includes a review of significant accounting estimates and Advance's accounting practices. In addition, we have received written disclosures and the letter from the independent accountants required by PCAOB Ethics and Independence Rule 3526, Communications with Audit Committees Concerning Independence, and discussed with the independent accountants their firm's independence.

Based upon our discussion with management and the independent accountants, and our review of the representations of management and the independent accountants, we recommended to the Board that the audited consolidated

financial statements be included in Advance's annual report on Form 10-K for the year ended January 3, 2009.

We considered whether the independent accountants' provision of non-audit services to Advance is compatible with maintaining the independent accountants' independence, and have determined the provision of the non-audit services are compatible with the independent accountants' independence. Accordingly, we have approved retention of Deloitte as Advance's independent registered public accounting firm for fiscal year 2009.

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We reviewed and reassessed the adequacy of the Audit Committee Charter and recommended changes, which were approved by the Board.

THE AUDIT COMMITTEE

Carlos A. Saladrigas, Chair

John C. Brouillard

Nicholas J. LaHowchic

OTHER MATTERS

A copy of our 2008 annual report to stockholders is being mailed to each stockholder of record together with this proxy statement. The annual report is not part of our proxy soliciting material.

By order of the Board of Directors,

Michael A. Norona
Executive Vice President,
Chief Financial Officer and Secretary

Roanoke, Virginia
April 14, 2009

