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

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 18, 2007



LANDSTAR SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

021238
(Commission
File Number)

06-1313069
(I.R.S. Employer
Identification No.)

13410 Sutton Park Drive South, Jacksonville, Florida
(Address of principal executive offices)

32224
(Zip Code)

(904) 398-9400
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On October 18, 2007, Landstar System, Inc. (the "Company") issued a press release announcing results for the third quarter of fiscal 2007. A copy of the press release is attached hereto as Exhibit 99.1.

In the press release attached hereto as Exhibit 99.1, Landstar provided the following information that may be deemed non-GAAP financial measures: (1) operating margin for the thirteen and thirty-nine week fiscal periods ended September 29, 2007, as compared to the thirteen and thirty-nine week fiscal periods ended September 30, 2006, exclusive of revenue and operating income related to transportation services provided under the contract between Landstar Express America, Inc. and the United States Department of Transportation/Federal Aviation Administration (the "FAA"); (2) change in operating margin for the fiscal quarter ended September 29, 2007, as compared to the fiscal quarter ended September 30, 2006, exclusive of revenue and operating income related to emergency transportation services provided primarily under the FAA contract; (3) percentage change in revenue and diluted earnings per share for the fiscal quarter ended September 29, 2007, as compared to the fiscal quarter ended September 30, 2006, exclusive of revenue and net income related to transportation services provided under the FAA contract; (4) percentage change in revenue for the fiscal quarter to end December 29, 2007, as compared to the fiscal quarter ended December 30, 2006, exclusive of revenue related to transportation services provided under the FAA contract; and (5) with respect to the fiscal periods ended September 29, 2007 and September 30, 2006, revenue per load for the global logistics segment excluding revenue and loads related to transportation services provided under the FAA contract.

Each of the foregoing financial measures should be considered in addition to, and not as a substitute for, the corresponding GAAP financial information also presented in the press release.

Management believes that it is appropriate to present this financial information for the following reasons: (1) disclosure of these matters will allow investors to better understand the underlying trends in Landstar's financial condition and results of operations; (2) this information will facilitate comparisons by investors of Landstar's results as compared to the results of peer companies; (3) a significant portion of the transportation services previously provided under the FAA Contract were provided on the basis of a daily rate for the use of transportation equipment in question, and therefore load and per load information is not necessarily available or appropriate for a significant portion of the related revenue; and (4) management considers this financial information in its decision making.

The information furnished under Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits

Exhibits

99.1 News Release dated October 18, 2007 of Landstar System, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LANDSTAR SYSTEM, INC.

Date: October 18, 2007

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



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

For Immediate Release

October 18, 2007

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

**LANDSTAR SYSTEM REPORTS THIRD QUARTER
EARNINGS PER DILUTED SHARE OF \$0.54**

Jacksonville, FL — Landstar System, Inc. (NASDAQ: LSTR) reported net income for the thirteen-week period ended September 29, 2007 of \$29.3 million, or \$0.54 per diluted share, compared to net income of \$30.6 million, or \$0.53 per diluted share, for the 2006 third quarter. Net income included \$400 thousand, or \$0.01 per diluted share in the 2007 third quarter compared to \$2.8 million, or \$0.05 per diluted share in the 2006 third quarter, from revenue of \$2.8 million and \$29.7 million in the 2007 and 2006 third quarters, respectively, for services provided under the contract between Landstar Express America, Inc. and the United States Department of Transportation/Federal Aviation Administration (the "FAA"). Operating income in the 2007 third quarter included \$600 thousand of income related to FAA revenue compared to \$4.5 million in the 2006 third quarter. Excluding the revenue and operating income related to the FAA revenue, operating margin was 7.8 percent in the 2007 third quarter compared to 7.6 percent in the 2006 third quarter. Overall, consolidated revenue, including FAA revenue, for the third quarter of 2007 was \$635 million compared to \$649 million for the 2006 third quarter. Excluding the FAA revenue from both periods, consolidated revenue increased approximately 2 percent.

Landstar's carrier group of companies generated \$461 million of revenue in both the 2007 and 2006 thirteen-week periods. In the 2007 and 2006 thirteen-week periods, the carrier group invoiced customers \$44.1 million and \$48.9 million, respectively, in fuel surcharges that were passed on 100 percent to business capacity owners and excluded from revenue. Landstar's global logistics group of companies generated \$165 million of

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revenue in the 2007 thirteen-week period, which included \$2.8 million related to transportation services provided under the FAA contract, compared with \$180 million of revenue, which included \$29.7 million related to transportation services provided under the FAA contract, in the 2006 thirteen-week period.

Net income for the thirty-nine-week period ended September 29, 2007 was \$80.6 million, or \$1.45 per diluted share, compared to net income of \$84.4 million, or \$1.43 per diluted share, in the 2006 thirty-nine-week period. Net income included \$1.0 million, or \$0.02 per diluted share in the 2007 thirty-nine-week period compared to \$7.5 million, or \$0.13 per diluted share in the 2006 thirty-nine-week period, from revenue of \$6.2 million and \$86.0 million in the 2007 and 2006 thirty-nine-week periods, respectively, for services provided under the FAA contract. Operating income in the 2007 thirty-nine-week period included \$1.6 million of income related to FAA revenue compared to \$12.2 million in the 2006 thirty-nine-week period. Excluding the revenue and operating income related to the services provided under the FAA contract, operating margin was 7.3 percent in the 2007 thirty-nine-week period compared to 7.2 percent in the 2006 thirty-nine-week period. Overall, consolidated revenue, including FAA revenue, for the thirty-nine-week period of 2007 was \$1.844 billion compared to \$1.902 billion for the 2006 thirty-nine-week period.

Landstar's carrier group of companies generated \$1.355 billion of revenue in the thirty-nine-week period ended September 29, 2007, compared with \$1.357 billion in the thirty-nine-week period ended September 30, 2006. In the 2007 and 2006 thirty-nine-week periods, the carrier group invoiced customers \$121.5 million and \$129.4 million, respectively, in fuel surcharges that were passed on 100 percent to business capacity owners and excluded from revenue. Landstar's global logistics group of companies generated \$462 million of revenue, which included \$6.2 million related to transportation services under the FAA contract, in the 2007 thirty-nine-week period compared with \$520 million of revenue, which included \$86.0 million related to the transportation services provided under the FAA contract, in the 2006 thirty-nine-week period.

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Landstar System, Inc. announced that its Board of Directors has declared a quarterly dividend of \$0.0375 per share. The dividend is payable on November 30, 2007 to stockholders of record at the close of business on November 12, 2007. It is the intention of the Board of Directors to continue to pay a quarterly dividend.

Commenting on Landstar's 2007 third quarter performance, Landstar's President and CEO Henry Gerkens said, "Despite a continued unpredictable and sluggish freight environment, Landstar delivered another solid quarterly performance. Excluding the FAA revenue and related net income from both the 2007 and 2006 third quarters, Landstar's revenue increased 2 percent quarter over quarter, diluted earnings per share increased 10 percent quarter over quarter and operating margin increased by 14 basis points quarter over quarter."

"Landstar continues to generate outstanding returns. Trailing twelve month return on average shareholders' equity remained high at 48 percent and return on invested capital, net income divided by the sum of average equity plus average debt, was 32 percent. During the 2007 third quarter, Landstar purchased 1,320,786 shares of its common stock at a total cost of \$58,394,000 bringing the total number of common shares purchased during the thirty-nine weeks ended September 29, 2007 to 2,827,501 at a total cost of \$126,148,000. The Company may purchase an additional 2,000,000 shares of its common stock under its authorized share purchase program."

Gerkens continued, "The fourth quarter of 2006 included \$15 million in revenue generated under the FAA contract. We estimate in the 2007 fourth quarter approximately \$2 million of such revenue. Based upon current business levels, no change in the current freight environment, and excluding FAA revenue from both the 2007 and 2006 fourth quarter, I anticipate revenue to increase in the low to mid single digit range quarter over quarter. Diluted earnings per share in the 2006 fourth quarter was \$0.50, which included \$0.03 per diluted share from the revenue recognized under the FAA contract. Based upon our current revenue forecast, I anticipate diluted earnings per share for the fourth quarter of 2007 to be within a range of \$0.47 to \$0.52 per diluted share."

Landstar will provide a live webcast of its quarterly earnings conference call this afternoon at 2 pm ET. To access the webcast, visit the Company's website at www.landstar.com; click on "Investor Relations" and "Webcasts", then click on "Landstar's Third Quarter 2007 Earnings Release Conference Call".

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The following is a "safe harbor" statement under the Private Securities Litigation Reform Act of 1995. Statements contained in this press release that are not based on historical facts are "forward-looking statements". This press release contains forward-looking statements, such as statements which relate to Landstar's business objectives, plans, strategies, expectations and intentions. Terms such as "anticipates," "believes," "estimates," "intention," "plans," "predicts," "may," "should," "will," the negative thereof and similar expressions are intended to identify forward-looking statements. Such statements are by nature subject to uncertainties and risks, including but not limited to: an increase in the frequency or severity of accidents or workers' compensation claims; unfavorable development of existing claims; dependence on independent sales agents; dependence on third party capacity providers; disruptions or failures in our computer systems; a downturn in domestic or international economic growth or growth in the transportation sector; substantial industry competition; and other operational, financial or legal risks or uncertainties detailed in Landstar's Form 10K for the 2006 fiscal year, described in Item 1A Risk Factors, and other SEC filings from time to time. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated. Investors should not place undue reliance on such forward-looking statements, and Landstar undertakes no obligation to publicly update or revise any forward-looking statements.

About Landstar:

Landstar System, Inc. delivers safe, specialized transportation services to a broad range of customers worldwide. The Company identifies and fulfills shippers' needs through the coordination of individual businesses comprised of independent sales agents and third-party transportation capacity providers. Landstar's carrier group, which is comprised of Landstar Gemini, Inc., Landstar Inway, Inc., Landstar Ligon, Inc., Landstar Ranger, Inc. and Landstar Carrier Services, Inc., delivers excellence in complete over-the-road transportation services. Landstar's global logistics group, which is comprised of Landstar Global Logistics, Inc. and its subsidiary Landstar Express America, Inc., provides international and domestic multimodal (over-the-road, air, ocean and rail) transportation, expedited, contract logistics and warehousing services. All Landstar operating companies are certified to ISO 9001:2000 quality management system standards. Landstar System, Inc. is headquartered in Jacksonville, Florida. Its common stock trades on The NASDAQ Stock Market® under the symbol LSTR.

(Tables follow)

Landstar System, Inc.
Consolidated Statements of Income
(Dollars in thousands, except per share amounts)
(Unaudited)

	Thirty Nine Weeks Ended		Thirteen Weeks Ended	
	Sept 29, 2007	Sept 30, 2006	Sept 29, 2007	Sept 30, 2006
Revenue	\$ 1,844,412	\$ 1,902,477	\$ 634,811	\$ 649,197
Investment income	4,103	2,589	1,106	1,337
Costs and expenses:				
Purchased transportation	1,394,781	1,430,411	481,946	486,102
Commissions to agents	148,574	149,694	51,170	52,173
Other operating costs	21,208	37,125	7,986	14,837
Insurance and claims	38,878	30,230	9,319	9,656
Selling, general and administrative	95,002	102,809	31,082	31,885
Depreciation and amortization	14,045	12,230	4,766	4,180
Total costs and expenses	<u>1,712,488</u>	<u>1,762,499</u>	<u>586,269</u>	<u>598,833</u>
Operating income	136,027	142,567	49,648	51,701
Interest and debt expense	<u>4,464</u>	<u>4,950</u>	<u>1,764</u>	<u>1,808</u>
Income before income taxes	131,563	137,617	47,884	49,893
Income taxes	<u>50,941</u>	<u>53,222</u>	<u>18,536</u>	<u>19,313</u>
Net income	<u>\$ 80,622</u>	<u>\$ 84,395</u>	<u>\$ 29,348</u>	<u>\$ 30,580</u>
Earnings per common share	<u>\$ 1.46</u>	<u>\$ 1.45</u>	<u>\$ 0.54</u>	<u>\$ 0.53</u>
Diluted earnings per share	<u>\$ 1.45</u>	<u>\$ 1.43</u>	<u>\$ 0.54</u>	<u>\$ 0.53</u>
Average number of shares outstanding:				
Earnings per common share	<u>55,221,000</u>	<u>58,229,000</u>	<u>54,189,000</u>	<u>57,287,000</u>
Diluted earnings per share	<u>55,740,000</u>	<u>59,155,000</u>	<u>54,608,000</u>	<u>57,948,000</u>
Dividends paid per common share	<u>\$ 0.0975</u>	<u>\$ 0.0800</u>	<u>\$ 0.0375</u>	<u>\$ 0.0300</u>

Landstar System, Inc.
Selected Segment Information
(Dollars in thousands)
(Unaudited)

	Thirty Nine Weeks Ended		Thirteen Weeks Ended	
	Sept 29, 2007	Sept 30, 2006	Sept 29, 2007	Sept 30, 2006
External Revenue				
Carrier segment	\$1,354,855	\$1,356,780	\$460,894	\$460,847
Global Logistics segment	461,896	520,080	164,687	179,613
Insurance segment	27,661	25,617	9,230	8,737
External revenue	<u>\$1,844,412</u>	<u>\$1,902,477</u>	<u>\$634,811</u>	<u>\$649,197</u>
Operating Income				
Carrier segment	\$135,542	\$137,398	\$45,664	\$49,334
Global Logistics segment	12,874	25,353	4,858	8,331
Insurance segment	25,586	24,056	11,577	8,967
Other	(37,975)	(44,240)	(12,451)	(14,931)
Operating income	<u>\$136,027</u>	<u>\$142,567</u>	<u>\$49,648</u>	<u>\$51,701</u>

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

	Sept 29, 2007	Dec 30, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 59,047	\$ 91,491
Short-term investments	20,948	21,548
Trade accounts receivable, less allowance of \$5,326 and \$4,834	310,110	318,983
Other receivables, including advances to independent contractors, less allowance of \$4,744 and \$4,512	11,398	14,198
Deferred income taxes and other current assets	34,984	25,142
Total current assets	<u>436,487</u>	<u>471,362</u>
Operating property, less accumulated depreciation and amortization of \$83,696 and \$77,938	128,203	110,957
Goodwill	31,134	31,134
Other assets	36,355	33,198
Total assets	<u>\$ 632,179</u>	<u>\$ 646,651</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	\$ 32,201	\$ 25,435
Accounts payable	125,068	122,313
Current maturities of long-term debt	21,848	18,730
Insurance claims	26,099	25,238
Other current liabilities	57,096	58,478
Total current liabilities	<u>262,312</u>	<u>250,194</u>
Long-term debt, excluding current maturities	106,187	110,591
Insurance claims	40,042	36,232
Deferred income taxes	22,178	19,360
Shareholders' equity:		
Common stock, \$.01 par value, authorized 160,000,000 shares, issued 65,613,866 and 64,993,143 shares	656	650
Additional paid-in capital	130,116	108,020
Retained earnings	574,505	499,273
Cost of 11,855,510 and 9,028,009 shares of common stock in treasury	(503,810)	(377,662)
Accumulated other comprehensive loss	(7)	(7)
Total shareholders' equity	<u>201,460</u>	<u>230,274</u>
Total liabilities and shareholders' equity	<u>\$ 632,179</u>	<u>\$ 646,651</u>

Landstar System, Inc.
Supplemental Information
(Unaudited)

	<u>Thirty Nine Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>Sept 29, 2007</u>	<u>Sept 30, 2006</u>	<u>Sept 29, 2007</u>	<u>Sept 30, 2006</u>
Carrier Segment				
External revenue generated through (in thousands):				
Business Capacity Owners (1)	\$ 970,432	\$ 964,260	\$ 330,776	\$ 323,664
Other third party truck capacity providers	384,423	392,520	130,118	137,183
	<u>\$ 1,354,855</u>	<u>\$ 1,356,780</u>	<u>\$ 460,894</u>	<u>460,847</u>
Revenue per revenue mile	\$ 2.02	\$ 2.02	\$ 2.06	\$ 2.05
Revenue per load	\$ 1,608	\$ 1,613	\$ 1,645	\$ 1,651
Average length of haul (miles)	795	800	798	806
Number of loads	<u>842,500</u>	<u>841,200</u>	<u>280,200</u>	<u>279,200</u>
Global Logistics Segment				
External revenue generated through (in thousands):				
Business Capacity Owners (1) (2)	\$ 76,175	\$ 78,308	\$ 23,990	\$ 31,145
Other third party truck capacity providers	261,344	302,746	95,449	104,445
Rail, Air, Ocean and Bus Carriers (3)	124,377	139,026	45,248	44,023
	<u>\$ 461,896</u>	<u>\$ 520,080</u>	<u>\$ 164,687</u>	<u>\$ 179,613</u>
Revenue per load (4) (5)	\$ 1,514	\$ 1,510	\$ 1,530	\$ 1,520
Number of loads (4) (5)	<u>301,000</u>	<u>287,400</u>	<u>105,800</u>	<u>98,600</u>
	<u>As of Sept 29, 2007</u>	<u>As of Sept 30, 2006</u>		
Capacity				
Business Capacity Owners (1) (6)	<u>8,452</u>	<u>8,463</u>		
Other third party truck capacity providers:				
Approved and active (7)	15,765	14,604		
Approved	<u>9,224</u>	<u>8,009</u>		
	<u>24,989</u>	<u>22,613</u>		
Total available truck capacity providers	<u>33,441</u>	<u>31,076</u>		
Agent Locations	<u>1,414</u>	<u>1,291</u>		

(1) Business Capacity Owners are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.

(2) Includes revenue generated through Carrier Segment Business Capacity Owners.

(3) Included in the 2007 and 2006 thirty nine week periods was \$481,000 and \$23,032,000, respectively, of revenue attributable to buses provided under the FAA contract. Included in the 2006 thirteen week period was \$3,594,000 of revenue attributable to buses provided under the FAA contract.

(4) Number of loads and revenue per load exclude the effect of revenue derived from transportation services provided under the FAA contract.

(5) The number of loads in the thirty nine and thirteen week periods ended 2006 were restated. This change had no impact on reported revenue in either period.

(6) Trucks provided by business capacity owners were 9,056 and 9,164, respectively.

(7) Active refers to other third party truck capacity providers who have moved at least one load in the past 180 days.