

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: September 8, 1998

Date of Event: August 22, 1998

LANDSTAR SYSTEM, INC.

(Exact name of registrant as specified in its charter)

Delaware	021238	06-1313069
(State or other jurisdiction of incorporation)	(Commission file number)	(I.R.S. Employer Identification No.)

4160 Woodcock Drive, Jacksonville, Florida
(Address of principal executive offices)

32207
(Zip Code)

(904) 390-1234
(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last
report)

Item 2 Acquisition or Disposition of Assets.

On August 22, Landstar Poole, Inc. ("Landstar Poole"), an indirect wholly-owned subsidiary of Landstar System, Inc. ("Landstar"), sold all of its tractors and trailers, certain operating assets and the Landstar Poole business to Schneider National, Inc. for approximately \$41,592,000 in cash. This transaction was fully described in Landstar's quarterly report on Form 10-Q for the quarter ended June 27, 1998.

Item 7. Financial Statements and Exhibits.

(a) Financial Statements of business acquired.

N/A

(b) Financial Statements and Pro Forma Financial Information and Exhibits

Pro Forma Consolidated Financial Statement Information as of
June 27, 1998 and December 27, 1997.

On August 22, 1998, Landstar Poole, which comprised Landstar's entire company-owned tractor segment, completed the sale of all its tractors and trailers, certain operating assets and the Landstar Poole business to Schneider National, Inc. for approximately \$41,592,000 in cash, of which \$750,000 has been placed in escrow pending a final accounting for certain asset values. In addition, Landstar Poole has entered into an agreement to sell its remaining truck terminal to an unrelated third party for approximately \$732,000 in cash. Certain liabilities of the company-owned tractor segment were retained by Landstar, primarily insurance claims, accounts payable and capital lease obligations.

The Pro Forma Financial Information is not necessarily indicative of what the financial condition of Landstar would have been had the disposition been completed on the date assumed, nor is such information necessarily indicative of the future financial condition or results of operations of Landstar.

The unaudited Pro Forma Financial Information should be read in conjunction with the explanatory notes thereto, and the consolidated financial statements of Landstar for the thirteen and twenty-six week periods ended June 27, 1998, included in Landstar's quarterly report on Form 10-Q, and the fiscal year ended December 27, 1997, included in Landstar's annual report on Form 10-K, both of which were previously filed with the Commission.

The historical Statements of Income for the thirteen and twenty-six weeks ended June 27, 1998 and June 28, 1997 included in Landstar's June 27, 1998 quarterly report on Form 10-Q fully reflect the results of operations and the disposition of the company-owned tractor segment as a discontinued operation for all periods presented. The Pro Forma Balance Sheet information at June 27, 1998 and

the Pro Forma Statement of Income information for the fiscal year ended December 27, 1997 follows:

2

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED PRO FORMA BALANCE SHEET INFORMATION
(Dollars in thousands, except per share amounts)
(Unaudited)

	June 27, 1998 -----	Pro Forma Adjustments -----	Pro Forma Balance Sheet Information -----
ASSETS			
Current assets:			
Cash	\$ 21,786	\$ 25,431	\$ 47,217
Short-term investments	1,460		1,460
Trade accounts receivable, less allowance of \$7,724	170,586		170,586
Other receivables, including advances to independent contractors, less allowance of \$4,804	13,195	1,482	14,677
Prepaid expenses and other current assets	9,503		9,503
Assets held for sale	42,324	(42,324)	
Total current assets	----- 258,854	----- (15,411)	----- 243,443
Operating property, less accumulated depreciation and amortization of \$27,606	40,471		40,471
Goodwill, less accumulated amortization of \$5,953	35,609		35,609
Deferred income taxes and other assets	10,274		10,274
Total assets	----- \$ 345,208	----- \$ (15,411)	----- \$ 329,797
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Cash overdraft	\$ 15,033		\$ 15,033
Accounts payable	59,972		59,972
Current maturities of long-term debt	35,284	\$ (15,411)	19,873
Insurance claims	31,490		31,490
Other current liabilities	35,329		35,329
Total current liabilities	----- 177,108	----- (15,411)	----- 161,697
Long-term debt, excluding current maturities	27,000		27,000
Insurance claims	31,367		31,367
Shareholders' equity:			
Common stock, \$.01 par value, authorized 20,000,000 shares, issued 12,943,174 shares	129		129
Additional paid-in capital	63,216		63,216

Retained earnings	103,672		103,672
Cost of 2,028,041 shares of common stock in treasury	(57,284)		(57,284)
	-----	-----	-----
Total shareholders' equity	109,733		109,733
	-----	-----	-----
Total liabilities and shareholders' equity	\$ 345,208	\$ (15,411)	\$ 329,797
	=====	=====	=====

See accompanying explanatory note to consolidated Pro Forma financial information.

3

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED PRO FORMA STATEMENT OF INCOME INFORMATION
(Dollars in thousands, except per share amounts)
(Unaudited)

	Fiscal Year Ended December 27, 1997		
	Historical Financial Information	Disposition of Business	Pro Forma Financial Information
	-----	-----	-----
Revenue	\$ 1,312,704	\$ 93,393	\$ 1,219,311
Costs and expenses:			
Purchased transportation	923,654	14,837	908,817
Drivers' wages and benefits	28,010	28,010	
Fuel and other operating costs	48,733	26,057	22,676
Insurance and claims	47,993	5,108	42,885
Commissions to agents and brokers	99,848	1,423	98,425
Selling, general and administrative	93,214	7,628	85,586
Depreciation and amortization	20,918	9,564	11,354
Restructuring costs	3,164	(83)	3,247
	-----	-----	-----
Total costs and expenses	1,265,534	92,544	1,172,990
	-----	-----	-----
Operating income	47,170	849	46,321
Interest and debt expense	4,602	1,897	2,705
	-----	-----	-----
Income before income taxes	42,568	(1,048)	43,616
Income taxes	17,878	(310)	18,188
	-----	-----	-----
Net income	\$ 24,690	\$ (738)	\$ 25,428
	=====	=====	=====
Earnings per common share	\$ 1.97	\$ (0.06)	\$ 2.03
	-----	-----	-----
Diluted earnings per share	\$ 1.96	\$ (0.06)	\$ 2.02
	=====	=====	=====
Average number of common shares outstanding:			
Earnings per common share	12,541,000	12,541,000	12,541,000
	=====	=====	=====
Diluted earnings per share	12,580,000	12,580,000	12,580,000
	=====	=====	=====

See accompanying explanatory note to consolidated Pro Forma financial information.

4

LANDSTAR SYSTEM, INC.
EXPLANATORY NOTES TO PRO FORMA FINANCIAL INFORMATION
(Unaudited)

The Pro Forma Balance Sheet Information assumes that the transaction was completed on June 27, 1998 and reflects that \$15,411,000 of the proceeds received from sale were utilized to repay the capital lease obligations secured by the assets sold.

The Pro Forma Statement of Income Information for the fiscal year ended December 27, 1997 assumes that the disposal of the company-owned tractor segment occurred on December 28, 1996, the end of the Company's 1996 fiscal year.

(c) Exhibits

The exhibits listed on the Exhibit Index are filed as part of this Current Report on Form 8-K.

Exhibit Index

Exhibit No.	Description
-----	-----
(2)	Plan of acquisition, reorganization, arrangement, Liquidation or succession.
(2.1)	Asset Purchase Agreement, by and between Landstar Poole, Inc. as the seller, and Landstar System, Inc. as the guarantor, and Schneider National, Inc. as the purchaser, dated as of July 15, 1998 (a copy of which has been previously filed with the Commission with the Company's June 27, 1998 quarterly report on Form 10-Q).

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, thereunto duly authorized.

LANDSTAR SYSTEM, INC.

Date: September 8, 1998

Henry H. Gerkens

Henry H. Gerkens
Executive Vice President and
Chief Financial Officer;
Principal Financial Officer

Date: September 8, 1998

Robert C. LaRose

Robert C. LaRose
Vice President Finance and Treasurer;
Principal Accounting Officer