

Item 12. Results of Operations and Financial Condition

On October 16, 2003, Landstar System, Inc. issued a press release announcing results for the third quarter of fiscal 2003. 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 non-GAAP financial measures: (1) earnings per diluted share before costs related to settlement of one lawsuit and (2) net income excluding costs relating to settlement of this lawsuit. The non-GAAP financial information presented in the attached press release should be considered in addition to, and not as a substitute for, the corresponding GAAP financial information also presented in the attached press release.

Management believes that it is appropriate to present this non-GAAP financial information for the following reasons: (1) the circumstances relating to this lawsuit are unusual and unique and thus are not likely to recur as a part of Landstar's normal operations, (2) disclosure of the impact of these costs on earnings per diluted share and net income will allow investors to better understand the underlying trends in Landstar's financial condition and results of operation, (3) this information will facilitate comparisons by investors of Landstar's results as compared to the results of peer companies and (4) management considers this non-GAAP financial information in its decision making.

The information furnished under Item 12 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.

PRESS RELEASE,
dated October 16, 2003

For Immediate Release

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October 16, 2003

LANDSTAR SYSTEM REPORTS RESULTS FOR THE 2003 THIRD QUARTER AND DECLARES TWO-FOR-ONE STOCK SPLIT

Jacksonville, FL – Landstar System, Inc. (NASDAQ: LSTR) reported 2003 third quarter net income of \$11.8 million, or \$.76 per diluted share. As previously disclosed, the 2003 third quarter included \$3.2 million of costs to defend and settle the Gulf Bridge lawsuit. These costs, net of related income tax benefits, reduced net income in the 2003 period by \$2.0 million, or \$.13 per diluted share. Excluding the costs related to this litigation, net income was \$13.9 million, or \$.89 per diluted share. Net income in the 2002 third quarter was \$13.9 million, or \$.83 per diluted share. Revenue was a record \$406.8 million for the thirteen-week period ended September 27, 2003, compared with \$385.7 million for the thirteen-week period ended September 28, 2002. Landstar's carrier group of companies generated \$307.8 million of revenue in the 2003 third quarter compared with \$298.9 million in the 2002 third quarter. In the 2003 and 2002 third quarters, the carrier group invoiced customers \$7.8 million and \$3.0 million, respectively, of fuel surcharges that were passed on 100 percent to business capacity owners and excluded from revenue. Landstar's multimodal services group of companies generated revenue of \$91.9 million in the 2003 third quarter compared with \$80.0 million in the 2002 third quarter.

Net income for the thirty-nine-week period ended September 27, 2003 was \$35.6 million, or \$2.21 per diluted share. The 2003 thirty-nine-week period included \$4.2 million of costs to defend and settle the Gulf Bridge lawsuit. These costs, net of related income tax benefits, reduced net income in the 2003 thirty-nine-week period by \$2.7 million, or \$.16 per diluted share. Excluding the costs related to this litigation, net income was \$38.2 million, or \$2.37 per diluted share, compared to \$34.7 million, or \$2.06 per diluted share in the 2002 thirty-nine-week period.

Revenue was \$1,163 million in the 2003 thirty-nine-week period, compared to revenue of \$1,113 million in the 2002 period. Landstar's carrier group of companies generated \$901.0 million of revenue in the thirty-nine-week period ended September 27, 2003 compared with \$878.8 million in the thirty-nine-week period ended September 28, 2002. In the 2003 and 2002 thirty-nine-week periods, the carrier group invoiced customers \$26.4 million and \$6.2 million, respectively, of fuel surcharges that were passed on 100 percent to business capacity owners and excluded from revenue. Landstar's multimodal services group of companies generated \$240.6 million of revenue in the 2003 thirty-nine-week period compared with \$213.0 million in the comparable 2002 period.

Landstar also announced that its Board of Directors has declared a two-for-one stock split to be effected in the form of a 100% stock dividend. Stockholders will receive one additional share for every share held on the record date for the stock-split, which is November 3, 2003. Additional shares will be mailed or delivered on or about November 13, 2003 by the Company's Transfer Agent, The Bank of New York.

"I am pleased with Landstar's 2003 third quarter performance," said Landstar Chairman and CEO, Jeff Crowe. "Revenue in the 2003 third quarter was the highest third quarter revenue amount in Landstar history. Overall, revenue increased 5.5 percent over the 2002 third quarter. Revenue generated through other third party truck capacity providers (brokerage) continued to be strong and increased more than 23 percent over the 2002 third quarter. In addition, trailing twelve-month return on average equity remained high at 36 percent and return on invested capital, net income divided by the sum of average equity plus average debt, was 23 percent. During the 2003 third quarter, we purchased 480,000 shares of common stock at a total cost of \$29,630,000," Crowe said.

"Based upon the current operating environment, I currently believe Landstar will earn between \$.85 to \$.95 per diluted share for the fourth quarter."

Landstar will provide a live webcast of its quarterly earnings conference call this afternoon at 2 p.m. ET. To access the webcast, visit the Company's website at www.landstar.com. Click on Investors and then the webcast icon.

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 and expectations. Terms such as "anticipates," "believes," "estimates," "plans," "predicts," "may," "should," "will," the negative thereof and similar expressions, including any such expressions with respect to our level of comfort with analyst estimates, 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 accident claims; dependence on independent sales agents; dependence on third party capacity providers; disruptions or failures in our computer systems; a downturn in domestic economic growth or growth in the transportation sector; and substantial industry competition. 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.

Landstar's carrier group is comprised of Landstar Gemini, Inc., Landstar Inway, Inc., Landstar Ligon, Inc. and Landstar Ranger, Inc. and delivers excellence in complete over-the-road transportation services. Landstar's multimodal group is comprised of Landstar Express America, Inc. and Landstar Logistics, Inc., providing expedited, contract logistics and intermodal transportation services. All Landstar operating companies are certified to ISO 9001:2000 quality management system standards. Landstar System, Inc.'s common stock trades on The NASDAQ Stock Market® under the symbol LSTR. (Tables follow)

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

| | Thirty Nine Weeks Ended | | Thirteen Weeks Ended | |
|---|-------------------------|-------------------|----------------------|-------------------|
| | Sept. 27, 2003 | Sept. 28, 2002 | Sept. 27, 2003 | Sept. 28, 2002 |
| Revenue | \$ 1,162,574 | \$ 1,112,569 | \$ 406,772 | \$ 385,660 |
| Investment income | 960 | 1,552 | 337 | 474 |
| Costs and expenses: | | | | |
| Purchased transportation | 862,371 | 822,193 | 300,907 | 285,771 |
| Commissions to agents | 91,224 | 87,550 | 32,601 | 30,645 |
| Other operating costs | 27,571 | 26,274 | 9,731 | 8,460 |
| Insurance and claims | 32,187 | 32,672 | 10,026 | 8,288 |
| Selling, general and administrative (1) | 81,004 | 77,421 | 30,668 | 26,698 |
| Depreciation and amortization | 9,558 | 8,521 | 3,213 | 2,821 |
| Total costs and expenses | 1,103,915 | 1,054,631 | 387,146 | 362,683 |
| Operating income (1) | 59,619 | 59,490 | 19,963 | 23,451 |
| Interest and debt expense | 2,400 | 3,518 | 856 | 966 |
| Income before income taxes (1) | 57,219 | 55,972 | 19,107 | 22,485 |
| Income taxes | 21,667 | 21,269 | 7,280 | 8,544 |
| Net income (1) | \$ 35,552 | \$ 34,703 | \$ 11,827 | \$ 13,941 |
| Earnings per common share (1) | \$ 2.29 | \$ 2.14 | \$ 0.78 | \$ 0.86 |
| Diluted earnings per share (1) | \$ 2.21 | \$ 2.06 | \$ 0.76 | \$ 0.83 |
| Average number of shares outstanding: | | | | |
| Earnings per common share | 15,501,000 | 16,223,000 | 15,077,000 | 16,224,000 |
| Diluted earnings per share | 16,097,000 | 16,847,000 | 15,643,000 | 16,875,000 |

(1) The 2003 thirty-nine and thirteen-week periods include \$4,150 and \$3,180, respectively, of costs to defend and settle the Gulf Bridge lawsuit. Net of related income tax benefits, these costs reduced net income for the thirty-nine and thirteen-week periods ended September 27, 2003 by \$2,650, or \$0.17 per common share (\$0.16 per diluted share), and \$2,030, or \$0.13 per common share (\$0.13 per diluted share), respectively.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
SELECTED SEGMENT INFORMATION
(Dollars in thousands)
(Unaudited)

| | Thirty Nine Weeks Ended | | Thirteen Weeks Ended | |
|------------------------|-------------------------|-------------------|----------------------|-------------------|
| | Sept. 27, 2003 | Sept. 28, 2002 | Sept. 27, 2003 | Sept. 28, 2002 |
| External Revenue | | | | |
| Carrier segment | \$ 901,041 | \$ 878,836 | \$ 307,755 | \$ 298,872 |
| Multimodal segment | 240,551 | 213,018 | 91,911 | 79,959 |
| Insurance segment | 20,982 | 20,715 | 7,106 | 6,829 |
| External revenue | \$ 1,162,574 | \$ 1,112,569 | \$ 406,772 | \$ 385,660 |
| Operating Income | | | | |
| Carrier segment | \$ 66,398 | \$ 63,912 | \$ 23,542 | \$ 22,453 |
| Multimodal segment (1) | 2,756 | 5,007 | (235) | 2,222 |
| Insurance segment | 17,830 | 15,867 | 6,769 | 8,307 |
| Other | (27,365) | (25,296) | (10,113) | (9,531) |
| Operating income (1) | \$ 59,619 | \$ 59,490 | \$ 19,963 | \$ 23,451 |

(1) The 2003 thirty-nine and thirteen-week periods include \$4,150 and \$3,180, respectively, of costs to defend and settle the Gulf Bridge lawsuit.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)
(Unaudited)

| ASSETS | Sept. 27, 2003 | Dec. 28, 2002 |
|--|-------------------|------------------|
| Current Assets | | |
| Cash | \$ 9,743 | \$ 9,775 |
| Short-term investments | 53,961 | 58,802 |
| Trade accounts receivable, less allowance of \$3,120 and \$3,953 | 201,747 | 190,052 |
| Other receivables, including advances to independent contractors, less allowance of \$5,782 and \$5,331 | 11,850 | 12,640 |
| Prepaid expenses and other current assets | 9,326 | 3,338 |

| | | |
|---|------------|------------|
| Total current assets | 286,627 | 274,607 |
| Operating property, less accumulated depreciation and amortization of \$58,296 and \$52,841 | 69,212 | 76,774 |
| Goodwill | 31,134 | 31,134 |
| Other assets | 17,864 | 18,233 |
| Total assets | \$ 404,837 | \$ 400,748 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Cash overdraft | \$ 15,435 | \$ 16,545 |
| Accounts payable | 76,721 | 60,297 |
| Current maturities of long-term debt | 10,629 | 12,123 |
| Insurance claims | 26,878 | 24,419 |
| Other current liabilities | 39,749 | 40,593 |
| Total current liabilities | 169,412 | 153,977 |
| Long-term debt, excluding current maturities | 78,493 | 65,237 |
| Insurance claims | 26,874 | 25,276 |
| Deferred income taxes | 7,073 | 7,165 |
| Shareholders' equity | | |
| Common stock, \$0.01 par value, authorized 50,000,000 and 20,000,000 shares, issued 16,699,269 and 16,337,506 shares | 167 | 163 |
| Additional paid-in capital | 14,356 | 2,609 |
| Retained earnings | 209,369 | 173,817 |
| Cost of 1,809,930 and 554,879 shares of common stock in treasury | (100,150) | (26,306) |
| Notes receivable arising from exercise of stock options | (757) | (1,190) |
| Total shareholders' equity | 122,985 | 149,093 |
| Total liabilities and shareholders' equity | \$ 404,837 | \$ 400,748 |

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LANDSTAR SYSTEM, INC. AND SUBSIDIARY
SUPPLEMENTAL INFORMATION
September 27, 2003
(Unaudited)

| | Thirty Nine Weeks Ended | | Thirteen Weeks Ended | |
|--|-------------------------|-------------------|----------------------|-------------------|
| | Sept. 27, 2003 | Sept. 28, 2002 | Sept. 27, 2003 | Sept. 28, 2002 |
| Carrier Segment | | | | |
| External revenue generated through (in thousands): | | | | |
| Business Capacity Owners (1) | \$ 775,696 | \$ 781,990 | \$ 265,824 | \$ 262,366 |
| Other third party truck capacity providers | 125,345 | 96,846 | 41,931 | 36,506 |
| | \$ 901,041 | \$ 878,836 | \$ 307,755 | \$ 298,872 |
| Revenue per revenue mile | \$ 1.72 | \$ 1.68 | \$ 1.70 | \$ 1.68 |
| Revenue per load | \$ 1,210 | \$ 1,163 | \$ 1,243 | \$ 1,188 |
| Average length of haul (miles) | 702 | 693 | 730 | 706 |
| Number of loads | 744,875 | 755,987 | 247,585 | 251,623 |
| Multimodal Segment | | | | |
| External revenue generated through (in thousands): | | | | |
| Business capacity Owners (1) (2) | \$ 37,674 | \$ 42,553 | \$ 14,921 | \$ 14,833 |

| | | | | |
|---|----------------------------|---------------------------|-----------|-----------|
| Other third party truck capacity providers | 131,155 | 101,588 | 50,354 | 38,126 |
| Rail and Air Carriers | 71,722 | 68,877 | 26,636 | 27,000 |
| | \$ 240,551 | \$ 213,018 | \$ 91,911 | \$ 79,959 |
| Revenue per load | \$ 1,305 | \$ 1,110 | \$ 1,348 | \$ 1,133 |
| Number of loads | 184,282 | 191,923 | 68,163 | 70,599 |
| | As of Sept. 27, 2003 | As of Dec. 28, 2002 | | |
| Capacity | | | | |
| Business Capacity Owners (1) (3) | 7,461 | 7,365 | | |
| Other third party truck capacity providers: | | | | |
| Approved and active (4) | 9,139 | 8,610 | | |
| Approved | 6,204 | 5,310 | | |
| | 15,343 | 13,920 | | |
| Total available truck capacity providers | 22,804 | 21,285 | | |

(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) Trucks provided by business capacity owners were 8,451 and 8,402, respectively.

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