UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 24, 2000

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________________ to ____________________

Commission File Number: 0-21238

LANDSTAR SYSTEM, INC.
(Exact name of registrant as specified in its charter)

Delaware	06-1313069
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

32224
(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)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes (X) No ( )

The number of shares of the registrant's Common Stock, par value $.01 per share, outstanding as of the close of business on July 21, 2000 was 8,750,833.

PART I

FINANCIAL INFORMATION

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Item 1

Item 1. Financial Statements

The interim consolidated financial statements contained herein reflect all adjustments (all of a normal, recurring nature) which, in the opinion of management, are necessary for a fair statement of the financial condition, results of operations, cash flows and changes in shareholders' equity for the periods presented. They have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the twenty six weeks ended June 24, 2000 are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 30, 2000.

These interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's 1999 Annual Report on Form 10-K.

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

	June 24, 2000	December 25, 1999
ASSETS		
Current assets:		
Cash	$ 31,907	$ 23,721
Short-term investments	1,060	1,000
Trade accounts receivable, less allowance of $3,263 and $4,002	192,011	207,024
Other receivables, including advances to independent contractors, less allowance of $4,783 and $5,033	16,688	14,318
Prepaid expenses and other current assets	9,868	6,190
Total current assets	251,534	252,253

Operating property, less accumulated depreciation and amortization of $35,252 and $34,283	72,400	63,797
Goodwill, less accumulated amortization of $8,386 and $7,777	33,124	33,733
Deferred income taxes and other assets	15,819	15,658
Total assets	$ 372,877	$ 365,441
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	$ 17,142	$ 19,471
Accounts payable	66,407	67,322
Current maturities of long-term debt	8,328	6,769
Insurance claims	27,530	27,207
Accrued compensation	4,973	12,113
Other current liabilities	29,579	37,782
Total current liabilities	153,959	170,664
Long-term debt, excluding current maturities	92,390	60,529
Insurance claims	28,465	27,364
Shareholders' equity:		
Common stock, $.01 par value, authorized 20,000,000 shares, issued 13,135,374 and 13,063,974 shares	131	131
Additional paid-in capital	68,097	65,833
Retained earnings	187,950	170,174
Cost of 4,384,541 and 3,909,041 shares of common stock in treasury	(154,743)	(127,560)
Notes receivable arising from exercise of stock options	(3,372)	(1,694)
Total shareholders' equity	98,063	106,884
Total liabilities and shareholders' equity	$ 372,877	$ 365,441

See accompanying notes to consolidated financial statements.

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

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	June 24, 2000	June 26, 1999	June 24, 2000	June 26, 1999
Revenue	$ 685,561	$ 656,499	$ 358,555	$ 345,064
Investment income	1,954	1,118	1,024	574
Costs and expenses:				
Purchased transportation	505,108	483,277	264,118	253,847
Commissions to agents	53,938	52,148	28,034	27,877
Other operating costs	15,245	13,769	7,798	7,100
Insurance and claims	19,086	21,963	9,982	11,818
Selling, general and administrative	51,704	48,731	25,756	23,213
Depreciation and amortization	6,190	5,431	3,136	2,788
Restructuring costs	3,040		3,040	
Total costs and expenses	654,311	625,319	341,864	326,643
Operating income	33,204	32,298	17,715	18,995
Interest and debt expense	3,823	1,660	2,118	921
Income before income taxes	29,381	30,638	15,597	18,074
Income taxes	11,605	12,408	6,160	7,319
Net income	$ 17,776	$ 18,230	$ 9,437	$ 10,755
Earnings per common share	$ 1.97	$ 1.78	$ 1.06	$ 1.06
Diluted earnings per share	$ 1.92	$ 1.76	$ 1.04	$ 1.05

Average number of shares outstanding:				
Earnings per common share	9,024,000	10,246,000	8,880,000	10,125,000
Diluted earnings per share	9,237,000	10,366,000	9,104,000	10,242,000

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Twenty Six Weeks Ended	
	June 24, 2000	June 26, 1999
OPERATING ACTIVITIES		
Net income	$ 17,776	$ 18,230
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of operating property	5,581	4,822
Amortization of goodwill	609	609
Non-cash interest charges	162	162
Provisions for losses on trade and other accounts receivable	1,122	22
Gains on sales of operating property	(139)	(142)
Deferred income taxes, net	702	673
Changes in operating assets and liabilities:		
Decrease (increase) in trade and other accounts receivable	11,521	(4,679)
Increase in prepaid expenses and other assets	(4,703)	(5,892)
Increase (decrease) in accounts payable	(915)	7,312
Decrease in other liabilities	(13,881)	(3,614)
Increase in insurance claims	1,424	3,049
NET CASH PROVIDED BY OPERATING ACTIVITIES	19,259	20,552
INVESTING ACTIVITIES		
Maturities of short-term investments	1,000	
Purchases of short-term investments	(1,060)	
Purchases of operating property	(4,101)	(1,419)
Proceeds from sales of operating property	636	856
NET CASH USED BY INVESTING ACTIVITIES	(3,525)	(563)
FINANCING ACTIVITIES		
Increase (decrease) in cash overdraft	(2,329)	1,558
Borrowings on revolving credit facility	26,500	
Proceeds from exercise of stock options and related income tax benefit	142	293
Purchases of common stock	(28,201)	(14,799)
Principal payments on capital lease obligations	(3,660)	(3,109)
NET CASH USED BY FINANCING ACTIVITIES	(7,548)	(16,057)
Increase in cash	8,186	3,932
Cash at beginning of period	23,721	26,681
Cash at end of period	$ 31,907	$ 30,613

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY
Twenty Six Weeks Ended June 24, 2000
(Dollars in thousands)
(Unaudited)

	Common Stock		Additional Paid-In	Retained	Treasury Stock at Cost		Notes Receivable Arising from Exercise of	
	Shares	Amount	Capital	Earnings	Shares	Amount	Stock Options	Total
Balance December 25, 1999	13,063,974	$ 131	$ 65,833	$ 170,174	3,909,041	$(127,560)	$ (1,694)	$ 106,884
Net income				17,776				17,776
Purchases of common stock					506,700	(28,201)		(28,201)
Exercise of stock options and related income tax benefit	71,400		1,820				(1,678)	142
Incentive compensation paid in common stock			444		(31,200)	1,018		1,462
Balance June 24, 2000	13,135,374	$ 131	$ 68,097	$ 187,950	4,384,541	$(154,743)	$ (3,372)	$ 98,063

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The consolidated financial statements include the accounts of Landstar System, Inc. and its subsidiary, Landstar System Holdings, Inc., and reflect all adjustments (all of a normal, recurring nature) which are, in the opinion of management, necessary for a fair statement of the results for the periods presented. The preparation of the consolidated financial statements requires the use of management's estimates. Actual results could differ from those estimates. Landstar System, Inc. and its subsidiary are herein referred to as "Landstar" or the "Company".

(1) Restructuring Costs

On March 28, 2000, the Company announced a plan to restructure the operations of Landstar Ligon, Inc. and to relocate its headquarters from Madisonville, Kentucky to Jacksonville, Florida in June of 2000. As a result of this restructuring and relocation, a one-time charge in the amount of $3,040,000 was recorded during the second quarter of 2000 representing approximately $1,370,000 of employee and office relocation costs, $1,000,000 of severance costs and $670,000 of other costs. Severance benefits were provided for 139 employees. As of June 24, 2000, 99 employees had terminated employment and $481,000 of severance costs were paid. After deducting income tax benefits of $1,225,000, this one-time restructuring charge reduced net income by $1,815,000, or $.20 per share ($.20 per diluted share), in both the 2000 twenty six and thirteen week periods.

(2) Income Taxes

The provisions for income taxes for the 2000 and 1999 twenty-six-week periods were based on estimated full year combined effective income tax rates of approximately 39.5% and 40.5%, respectively, which is higher than the statutory federal income tax rate primarily as a result of state income taxes, amortization of certain goodwill and the meals and entertainment exclusion.

(3) Earnings Per Share

Earnings per common share amounts are based on the weighted average number of common shares outstanding and diluted earnings per share amounts are based on the weighted average number of common shares outstanding plus the incremental shares that would have been outstanding upon the assumed exercise of all dilutive stock options.

(4) Additional Cash Flow Information

During the 2000 period, Landstar paid income taxes and interest of $15,858,000 and $4,073,000, respectively and acquired operating property by entering into capital leases in the amount of $10,580,000. During the 1999 period, Landstar paid income taxes and interest of $16,014,000 and $1,802,000, respectively, and acquired operating property by entering into capital leases in the amount of $9,110,000.

(5) Segment Information

The following tables summarize information about Landstar's reportable business segments for the twenty six and thirteen weeks ended June 24, 2000 and June 26, 1999 (in thousands):

Twenty Six Weeks Ended June 24, 2000

	Carrier	Multimodal	Insurance	Other	Total
External revenue	$ 538,509	$ 134,847	$ 12,205		$ 685,561
Investment income			1,954		1,954
Internal revenue	18,508	241	11,566		30,315
Operating income	38,970 (1)	3,983	10,127	$(19,876)	33,204 (1)

Twenty Six Weeks Ended June 26, 1999

	Carrier	Multimodal	Insurance	Other	Total
External revenue	$ 530,129	$ 113,644	$ 12,726		$ 656,499
Investment income			1,118		1,118
Internal revenue	15,749	79	11,477		27,305
Operating income	38,947	3,495	8,619	$(18,763)	32,298

Thirteen Weeks Ended June 24, 2000

	Carrier	Multimodal	Insurance	Other	Total
External revenue	$ 282,704	$ 69,649	$ 6,202		$ 358,555
Investment income			1,024		1,024
Internal revenue	9,428	193	6,363		15,984
Operating income	20,258 (1)	2,201	5,328	$(10,072)	17,715 (1)

Thirteen Weeks Ended June 26, 1999

	Carrier	Multimodal	Insurance	Other	Total
External revenue	$ 278,498	$ 60,072	$ 6,494		$ 345,064
Investment income			574		574
Internal revenue	9,402	45	6,271		15,718
Operating income	22,121	2,107	4,441	$ (9,674)	18,995

(1) Includes pre-tax restructuring costs of $3,040,000.

/TABLE>

(6) Commitments and Contingencies

At June 24, 2000, Landstar had commitments for letters of credit outstanding in the amount of $19,829,000, primarily as collateral for insurance claims. The commitments for letters of credit outstanding included $10,080,000 under the Second Amended and Restated Credit Agreement and $9,749,000 secured by assets deposited with a financial institution.

Landstar is involved in certain claims and pending litigation arising from the normal conduct of business. Based on the 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 claims and pending litigation and that the ultimate outcome, after provisions thereof, will not have a material adverse effect on the financial condition of Landstar, but could have a material effect on the results of operations in a given quarter or year.

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tem 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the attached interim consolidated financial statements and notes thereto, and with the Company's audited financial statements and notes thereto for the fiscal year ended December 25, 1999 and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 1999 Annual Report to Shareholders.

RESULTS OF OPERATIONS

Landstar System, Inc. and its subsidiary, Landstar System Holdings, Inc. ("Landstar" or the "Company"), provide transportation services to a variety of market niches throughout the United States and to a lesser extent in Canada and between the United States and Canada and Mexico through its operating subsidiaries. The Company has three reportable business segments. These are the carrier, multimodal and insurance segments.

The carrier segment consists of Landstar Ranger, Inc., Landstar Inway, Inc., Landstar Ligon, Inc. ("Landstar Ligon") and Landstar Gemini, Inc. The carrier segment provides truckload transportation for a wide range of general commodities over irregular routes with its fleet of dry and specialty vans and unsided trailers, including flatbed, drop deck and specialty. It also provides short-to-long haul movement of containers by truck and dedicated power-only truck capacity. The carrier segment markets its services primarily through independent commission sales agents and utilizes tractors provided by independent contractors. The nature of the carrier segment's business is such that a significant portion of its operating costs varies directly with revenue.

The multimodal segment is comprised of Landstar Logistics, Inc. and Landstar Express America, Inc. Transportation services provided by the multimodal segment include the arrangement of intermodal moves, contract logistics, truck brokerage and emergency and expedited ground and air freight. The multimodal segment markets its services through independent commission sales agents and utilizes capacity provided by independent contractors, including railroads and air cargo carriers. The nature of the multimodal segment's business is such that a significant portion of its operating costs also varies directly with revenue.

The insurance segment is comprised of Signature Insurance Company ("Signature"), a wholly-owned offshore insurance subsidiary and Risk Management Claim Services, Inc. The insurance segment provides risk and claims management services to Landstar's operating companies. In addition, it reinsures certain property, casualty and occupational accident risks of certain independent contractors who have contracted to haul freight for Landstar and provides certain property and casualty insurance directly to Landstar's operating subsidiaries.

Purchased transportation represents the amount an independent contractor is paid to haul freight and is primarily based on a contractually agreed-upon percentage of revenue generated by the haul for truck capacity provided by independent contractors. Purchased transportation for the intermodal services operations and the air freight operations of the multimodal segment is based on a contractually agreed-upon fixed rate. Purchased transportation as a percentage of revenue for the intermodal services operations is normally higher than that of Landstar's other transportation operations. Purchased transportation is the largest component of costs and expenses and, on a consolidated basis, increases or decreases in proportion to the revenue generated through independent contractors. Commissions to agents are primarily based on contractually agreed-upon percentages of revenue at the carrier segment and of gross profit at the multimodal segment. Commissions to agents as a percentage of consolidated revenue will vary directly with the percentage of consolidated revenue generated through independent commission sales agents. Both purchased transportation and commissions to agents generally will also increase or decrease as a percentage of the Company's consolidated revenue if there is a change in the percentage of revenue contributed by Signature or by the intermodal services operations or the air freight operations of the multimodal segment.

Trailer rent and maintenance costs are the largest components of other operating costs.

Potential liability associated with accidents in the trucking industry is severe and occurrences are unpredictable. A material increase in the frequency or severity of accidents or workers' compensation claims or the unfavorable development of existing claims can be expected to adversely affect Landstar's operating income.

Employee compensation and benefits account for over half of the Company's selling, general and administrative expense. Other significant components of selling, general and administrative expense are communications costs and rent expense.

Depreciation and amortization primarily relates to depreciation of trailers and management information services equipment.

The following table sets forth the percentage relationships of income and expense items to revenue for the periods indicated:

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	June 24, 2000	June 26, 1999	June 24, 2000	June 26, 1999
Revenue	100.0%	100.0%	100.0%	100.0%
Investment income	0.3	0.2	0.3	0.2
Costs and expenses:				
Purchased transportation	73.7	73.6	73.7	73.6
Commissions to agents	7.9	8.0	7.8	8.1
Other operating costs	2.2	2.1	2.2	2.1
Insurance and claims	2.8	3.4	2.8	3.4
Selling, general and administrative	7.5	7.4	7.2	6.7
Depreciation and amortization	0.9	0.8	0.9	0.8
Restructuring costs	0.4		0.8	
Total costs and expenses	95.4	95.3	95.4	94.7
Operating income	4.9	4.9	4.9	5.5
Interest and debt expense	0.6	0.2	0.6	0.3
Income before income taxes	4.3	4.7	4.3	5.2
Income taxes	1.7	1.9	1.7	2.1
Net income	2.6%	2.8%	2.6%	3.1%

TWENTY SIX WEEKS ENDED JUNE 24, 2000 COMPARED TO TWENTY SIX WEEKS ENDED JUNE 26, 1999

Revenue for the 2000 twenty six week period was $685,561,000, an increase of $29,062,000, or 4.4%, over the 1999 twenty six week period. The increase was attributable to increased revenue of $8,380,000 and $21,203,000 at the carrier and multimodal segments, respectively, partially offset by decreased revenue at the insurance segment of $521,000. Overall, revenue per revenue mile (price) increased approximately 4%, which reflected improved freight quality, while revenue miles (volume) increased approximately 1%. Investment income at the insurance segment was $1,954,000 and $1,118,000 in the 2000 and 1999 periods, respectively.

Purchased transportation was 73.7% of revenue in 2000 compared with 73.6% in 1999. The increase in purchased transportation as a percentage of revenue was primarily due to increased revenue contributed by the multimodal segment which tends to have a higher cost of transportation and decreased premium revenue at the insurance segment. In addition, purchased transportation costs at the multimodal segment were generally higher due to increased fuel costs incurred by its capacity providers. Commissions to agents were 7.9% of revenue in 2000 compared with 8.0% in 1999. The decrease in commissions to agents as a

percentage of revenue was caused by the increased purchased transportation costs incurred at the multimodal segment which negatively impacted gross profit and resulted in lower agent commissions. Other operating costs were 2.2% of revenue in 2000 compared with 2.1% in 1999. The increase in other operating costs as a percentage of revenue was primarily due to higher net trailer costs and an increased provision for contractor bad debts. Insurance and claims were 2.8% of revenue in 2000 compared with 3.4% in 1999. The decrease in insurance and claims as a percentage of revenue was primarily attributable to increased revenue at the multimodal segment which has a lower claims risk profile and favorable development of prior year claims in 2000. Selling, general and administrative costs were 7.5% of revenue in 2000 compared with 7.4% of revenue in 1999. The increase in selling, general and administrative costs as a percentage of revenue was primarily due to an increased provision for customer bad debts, increased management information services costs, increased building operating costs related to the new Jacksonville, Florida headquarters and increased wages and benefits, partially offset by a lower provision for bonuses under the management incentive compensation plan. Depreciation and amortization was .9% of revenue in 2000 compared with .8% in 1999. The increase in depreciation and amortization as a percentage of revenue was primarily attributable to increased Company owned trailers in the 2000 period.

On March 28, 2000, the Company announced a plan to restructure the operations of Landstar Ligon and to relocate its headquarters from Madisonville, Kentucky to Jacksonville, Florida in June of 2000. As a result of the restructuring and relocation, a one-time charge in the amount of $3,040,000 was recorded during the second quarter of 2000 representing approximately $1,370,000 of employee and office relocation costs, $1,000,000 of severance costs and $670,000 of other costs. Severance benefits have been provided for 139 employees. As of June 24, 2000, 99 employees had terminated employment and $481,000 of severance costs were paid. Management anticipates future savings of selling, general and administrative costs as a result of this restructuring to approximate $1,000,000 per annum.

Interest and debt expense was 0.6% and 0.2% of revenue in 2000 and 1999, respectively. This increase was primarily attributable to the effect of higher average borrowings on the senior credit facility, which were used to finance a portion of the Company's stock repurchase program and increased capital lease obligations for trailing equipment.

The provisions for income taxes for the 2000 and 1999 twenty six week periods were based on estimated full year combined effective income tax rates of approximately 39.5% and 40.5%, respectively, which is higher than the statutory federal income tax rate primarily as a result of state income taxes, amortization of certain goodwill and the meals and entertainment exclusion.

Net income was $17,776,000, or $1.97 per common share ($1.92 per diluted share), in the 2000 period compared with $18,230,000, or $1.78 per common share ($1.76 per diluted share), in the 1999 period. After deducting income tax benefits of $1,225,000, the restructuring charge reduced net income by $1,815,000 in the 2000 period. Excluding restructuring costs, net income would have been $19,591,000, or $2.17 per common share ($2.12 diluted earnings per share) in the 2000 period.

THIRTEEN WEEKS ENDED JUNE 24, 2000 COMPARED TO THIRTEEN WEEKS ENDED JUNE 26, 1999

Revenue for the 2000 thirteen week period was $358,555,000, an increase of $13,491,000, or 3.9%, over the 1999 thirteen week period. The increase was attributable to increased revenue of $4,206,000 and $9,577,000 at the carrier and multimodal segments, respectively, partially offset by decreased revenue at the insurance segment of $292,000. Overall, revenue per revenue mile increased approximately 5%, which reflected improved freight quality, while revenue miles were approximately 2% lower than 1999. Investment income at the insurance segment was $1,024,000 and $574,000 in the 2000 and 1999 periods, respectively.

Purchased transportation was 73.7% of revenue in 2000 compared with 73.6% in 1999. The increase in purchased transportation as a percentage of revenue was primarily attributable to increased revenue contributed by the multimodal segment and decreased premium revenue at the insurance segment. In addition, purchased transportation costs at the multimodal segment were generally higher due to increased fuel costs incurred by its capacity providers. Commissions to agents were 7.8% of revenue in 2000 compared with 8.1% in 1999. The decrease in commissions to agents as a percentage of revenue was caused by increased purchased transportation costs incurred at the multimodal segment which negatively impacted gross profit and resulted in lower agent commissions. Other operating costs were 2.2% of revenue in 2000 compared with 2.1% in 1999. The increase in other operating costs as a percentage of revenue was primarily due to higher net trailer costs and an increased provision for contractor bad debts. Insurance and claims were 2.8% of revenue in 2000 compared with 3.4% in 1999. The decrease in insurance and claims as a percentage of revenue was primarily attributable to increased revenue at the multimodal segment which has a lower claims risk profile and favorable development of prior year claims in 2000. Selling, general and administrative costs were 7.2% of revenue in 2000 compared with 6.7% of revenue in 1999. This increase was primarily due to an increased provision for customer bad debts and increased wages and benefits, partially offset by a decreased provision for bonuses under the management incentive compensation plan. Depreciation and amortization was .9% of revenue in 2000 compared with .8% in 1999. The increase in depreciation and amortization as a percentage of revenue was primarily attributable to increased Company owned trailers in the 2000 period.

Interest and debt expense was 0.6% and 0.3% of revenue in 2000 and 1999, respectively. This increase was primarily attributable to the effect of higher average borrowings on the senior credit facility, which were used to finance the Company's stock repurchase program and increased capital lease obligations for trailing equipment.

The provisions for income taxes for the 2000 and 1999 thirteen week periods were based on estimated full year combined effective income tax rates of approximately 39.5% and 40.5%, respectively, which is higher than the statutory federal income tax rate primarily as a result of state income taxes, amortization of certain goodwill and the meals and entertainment exclusion.

Net income was $9,437,000, or $1.06 per common share ($1.04 per diluted share), in the 2000 period compared with $10,755,000, or $1.06 per common share ($1.05 per diluted share), in the 1999 period. Excluding restructuring costs, net income would have been $11,252,000, or $1.27 per common share ($1.24 diluted earnings per share) in the 2000 period.

CAPITAL RESOURCES AND LIQUIDITY

Shareholders' equity decreased to $98,063,000 at June 24, 2000 compared with $106,884,000 at December 25, 1999, primarily as a result of the repurchase of 506,700 shares of the Company's common stock at an aggregate cost of $28,201,000, partially offset by net income for the period. Shareholders' equity was 49% and 61% of total capitalization at June 24, 2000 and December 25, 1999, respectively.

Working capital and the ratio of current assets to current liabilities were $97,575,000 and 1.63 to 1, respectively, at June 24, 2000, compared with $81,589,000 and 1.48 to 1, respectively, at December 25, 1999. Landstar has historically operated with current ratios approximating 1.5 to 1. Cash provided by operating activities was $19,259,000 in the 2000 period compared with $20,552,000 in the 1999 period. The decrease in cash flow provided by operating activities was primarily attributable to timing of payments to vendors and reduced earnings, partially offset by timing of the collection of accounts receivable. During the 2000 period, Landstar purchased $4,101,000 of operating property and acquired $10,580,000 of revenue equipment by entering into capital leases. Management anticipates acquiring approximately $11,000,000 of operating property during the remainder of fiscal year 2000 either by purchase or lease financing.

Management believes that cash flow from operations combined with the Company's borrowing capacity under its revolving credit agreement will be adequate to meet Landstar's debt service requirements, fund continued growth, both internal and through acquisitions, complete its announced stock repurchase program and meet working capital needs.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Investments and Hedging Activities." This Statement, effective for fiscal years beginning after June 15, 2000, establishes standards for reporting and display of derivative investments and for hedging activities. Management believes that upon adoption of this Statement, Landstar's financial statements will not be affected, considering the nature of the transactions the Company routinely enters into.

INFLATION

Management does not believe inflation has had a material impact on the results of operations or financial condition of Landstar in the past five years. However, inflation higher than that experienced in the past five years might have an adverse effect on the Company's results of operations.

FORWARD-LOOKING STATEMENTS

The Company has included various statements in Management's Discussion and Analysis of Financial Condition and Results of Operations, such as statements that related to Landstar's business objectives, plans, strategies and expectations. The words "believe," "anticipate," "should" and similar expressions identify forward-looking statements. While made in good faith and with a reasonable basis based on information currently available to Landstar's management, there is no assurance that such opinions, beliefs or expectations will be achieved or accomplished. Various factors could cause actual results and events to vary significantly from those expressed in any forward-looking statement. Such types of statements are intended to be forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. The Company is under no obligation to update any forward-looking statement to the extent it becomes aware that it will not be achieved for any reason.

SEASONALITY

Landstar's operations are subject to seasonal trends common to the trucking industry. Results of operations for the quarter ending in March is typically lower than the quarters ending June, September and December due to reduced shipments and higher operating costs in the winter months.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company maintains a credit agreement with a syndicate of banks and The Chase Manhattan Bank, as the administrative agent, (the "Second Amended and Restated Credit Agreement") that provides $200,000,000 of borrowing capacity, consisting of $150,000,000 revolving credit and $50,000,000 revolving credit to finance acquisitions. Borrowings under the Second Amended and Restated Credit Agreement bear interest at rates equal to, at the option of Landstar, either (i) the greatest of (a) the prime rate as publicly announced from time to time by The Chase Manhattan Bank, (b) the three month CD rate adjusted for statutory reserves and FDIC assessment costs plus 1% and (c) the federal funds effective rate plus 1/2%, or, (ii) the rate at the time offered to The Chase Manhattan Bank in the Eurodollar market for amounts and periods comparable to the relevant loan plus a margin that is determined based on the level of the Company's Leverage Ratio, as defined in the Second Amended and Restated Credit Agreement. There have been no significant changes that would affect the information provided in Item 7a of the 1999 Annual Report on Form 10-K regarding quantitative and qualitative disclosures about market risk.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

The Company is routinely a party to litigation incidental to its business, primarily involving claims for personal injury and property damage incurred in the transportation of freight. The Company maintains insurance which covers liability amounts in excess of retained liabilities from personal injury and property damages claims.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

On May 16, 2000, Landstar System, Inc. (the "Company") held its Annual Meeting of Shareholders (the "Meeting") at the Ponte Vedra Inn, Ponte Vedra Beach, Florida, 32082. The matters voted upon at the Meeting included (i) the election of two Class I directors for the terms to expire at the 2003 Annual Meeting of Shareholders, (ii) the ratification of appointment of KPMG LLP as the Company's independent auditors for fiscal year 2000, (iii) a proposal to increase the number of shares available for distribution from the Company's 1994 Director's Stock Option Plan and (iv) a proposal to amend Article IV of the Certificate of Incorporation to increase the authorized capital stock of the Company.

Pursuant to the Company's Restated Certificate of Incorporation, the Board of Directors has fixed the number of directors at seven: two Class III directors whose members' terms will expire at the 2002 Annual Meeting of Shareholders; two Class I directors whose members' terms will expire at the 2003 Annual Meeting of Shareholders; and three Class II directors whose members' terms will expire at the 2001 Annual Meeting of Shareholders. With respect to the election of the two Class I directors at the Meeting, nominee Henry H. Gerkens, and nominee Ronald W. Drucker were elected to the Board of Directors of the Company. Mr. Gerkens received 7,752,437 votes for election to the Board and 184,778 were withheld. Mr. Drucker received 7,752,387 votes for election to the Board and 184,828 were withheld. The names of the other directors whose terms of office as a director continued after the Meeting are as follows: Jeffrey C. Crowe (a Class III director), David G. Bannister (a Class III director), William S. Elston (a Class II director), Merritt J. Mott (a Class II director), and Diana M. Murphy (a Class II director).

The proposal to appoint KPMG LLP as the Company's independent auditors for fiscal year 2000 was ratified by the Company's shareholders. Votes for the ratification were 7,935,058, votes against were 967 and votes abstaining were 1,190.

The proposal to increase the number of shares available for distribution from the Company's 1994 Director's Stock Option Plan was ratified by the Company's shareholders. Votes for the ratification were 5,228,431, votes against were 2,702,511 and votes abstaining were 6,273.

The proposal to amend Article IV of the Certificate of Incorporation to increase the authorized capital stock of the Company was not approved by the Company's shareholders. Votes against the ratification were 3,687,300, votes for were 3,475,095 and votes abstaining were 4,733.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The exhibits listed on the Exhibit Index are filed as part of this quarterly report on Form 10-Q.

(b) Form 8-K

None.

EXHIBIT INDEX

Registrant's Commission File No.: 0-21238

Exhibit No.	Description
(11)	Statement re: Computation of Per Share Earnings:
11.1 *	Landstar System, Inc. and Subsidiary Calculation of Earnings Per Common Share for the Twenty Six and Thirteen Weeks Ended June 24, 2000 and June 26, 1999
11.2 *	Landstar System, Inc. and Subsidiary Calculation of Diluted Earnings Per Share for the Twenty Six and Thirteen Weeks Ended June 24, 2000 and June 26, 1999
(27)	Financial Data Schedules:
27.1 *	2000 Financial Data Schedule

* Filed herewith

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: July 25, 2000

Henry H. Gerkens

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

Date: July 25, 2000

Robert C. LaRose

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

EXHIBIT 11.1

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CALCULATION OF EARNINGS PER COMMON SHARE
(In thousands, except per share amounts)
(Unaudited)

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	June 24, 2000	June 26, 1999	June 24, 2000	June 26, 1999
Earnings available for earnings per share:				
Net income	$ 17,776	$ 18,230	$ 9,437	$ 10,755
Average number of common shares outstanding	9,024	10,246	8,880	10,125
Earnings per common share	$ 1.97	$ 1.78	$ 1.06	$ 1.06

EXHIBIT 11.2

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CALCULATION OF DILUTED EARNINGS PER SHARE
(In thousands, except per share amounts)
(Unaudited)

	Twenty Six Weeks Ended		Thirteen Weeks Ended	
	June 24, 2000	June 26, 1999	June 24, 2000	June 26, 1999
Net income	$ 17,776	$ 18,230	$ 9,437	$ 10,755
Average number of common shares outstanding	9,024	10,246	8,880	10,125
Plus: Incremental shares from assumed exercise of stock options	213	120	224	117
Average number of common shares and common share equivalents outstanding	9,237	10,366	9,104	10,242
Diluted earnings per share	$ 1.92	$ 1.76	$ 1.04	$ 1.05

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This schedule contains summary financial information extracted from the
Consolidated Balance Sheets at June 24, 2000 (Unaudited) and the Consolidated
Statements of Income for the twenty six weeks ended June 24, 2000 (Unaudited)
and is qualified in its entirety by reference to such financial statements.
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