
**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) April 19, 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 April 19, 2007, Landstar System, Inc. (the "Company") issued a press release announcing results for the first 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) with respect to the fiscal quarter ended March 31, 2007, earnings per diluted share, excluding the estimated impact of a severe accident; and (2) revenue per load on a consolidated basis and for the global logistics segment, excludes revenue and loads related to emergency transportation services provided primarily under the FAA Contract.

Each of the foregoing financial measures should be considered in addition to, and not as a substitute for, the corresponding and other 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) accidents with this level of financial severity, such as the accident referred to above, are rare for the Company; (4) a significant portion of the emergency 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 (5) 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 April 19, 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: April 19, 2007

By: /s/ Robert C. LaRose

Name: Robert C. LaRose

Title: Executive Vice President and Co-Chief Financial Officer

RCL/kv



Landstar System, Inc.
13410 Sutton Park Drive, South
Jacksonville, FL 32224
904.398.9400

For Immediate Release

April 19, 2007

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

LANDSTAR SYSTEM REPORTS FIRST QUARTER

EARNINGS PER DILUTED SHARE OF \$0.38

Jacksonville, FL — Landstar System, Inc. (NASDAQ: LSTR) reported net income for the thirteen-week period ended March 31, 2007 of \$21.6 million, or \$0.38 per diluted share, which included a \$5.0 million charge for the estimated cost of one severe accident that occurred during the first quarter of 2007. This charge, net of related income tax benefits, reduced 2007 first quarter net income by \$3.1 million, or \$0.05 per diluted share. Revenue for the first quarter of 2007 was \$577 million, which included \$3.4 million of revenue attributable to transportation services provided primarily under a contract between Landstar Express America and the United States Department of Transportation/Federal Aviation Administration (the "FAA"). The revenue recognized under the FAA contract during the 2007 first quarter generated \$1.0 million of operating income which, net of related income taxes, increased net income by \$0.6 million or, \$0.01 per diluted share. Operating margin in the 2007 first quarter was 6.4 percent. The revenue generated under the FAA contract increased operating margin by 14 basis points in the 2007 period.

Net income for the thirteen-week period ended April 1, 2006 was \$24.4 million, or \$0.41 per diluted share, on revenue of \$610 million. Included in the 2006 first quarter was \$35.4 million of revenue related to disaster relief efforts for the various hurricanes that impacted the United States during the second half of 2005. These transportation services were provided primarily under the FAA contract. The revenue recognized under this contract during the 2006 first quarter generated \$5.0 million of operating income which, net of related income taxes, increased net income by \$3.1 million, or

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\$0.05 per diluted share. Operating margin in the 2006 first quarter was 6.8 percent. The revenue generated under the FAA contract increased operating margin by 45 basis points in the 2006 period.

Landstar's carrier group of companies generated \$424 million of revenue in the thirteen-week period ended March 31, 2007, compared with revenue of \$428 million in the thirteen-week period ended April 1, 2006. In the 2007 and 2006 first quarters, the carrier group invoiced customers \$33.7 million and \$33.8 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 \$144 million of revenue, which included the \$3.4 million related to transportation services provided primarily under the FAA contract, in the 2007 thirteen-week period compared with \$173 million of revenue, which included \$35.4 million related to transportation services provided primarily under the FAA contract, in the 2006 thirteen-week period.

Landstar System, Inc. announced that its Board of Directors authorized the purchase of up to an additional 2,000,000 shares of its common stock from time to time in the open market and in privately negotiated transactions. During the 2007 first quarter, Landstar purchased 555,952 shares of its common stock at a total cost of \$23,585,000. The Company may purchase an additional 271,549 shares of its common stock under its previously authorized share purchase program.

Landstar System, Inc. also announced that its Board of Directors has declared a quarterly dividend of \$0.03 per share. The dividend is payable on May 31, 2007 to stockholders of record at the close of business on May 10, 2007. It is the intention of the Board of Directors to continue to pay a quarterly dividend on a go forward basis.

Commenting on Landstar's 2007 first quarter performance, Landstar President and CEO Henry Gerkens said, "Excluding the estimated impact of the severe accident in the 2007 first quarter, Landstar delivered earnings per diluted share of \$0.43, which was at the upper end of our original estimated range of earnings. As anticipated, revenue for the quarter was slightly lower than the prior year quarter due to the lower revenue derived under the FAA contract and the continuation of softer demand in the

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domestic freight transportation industry. Once again however, our non-asset based variable cost business model achieved high financial returns as it adapted to the slower 2007 first quarter economy.”

“Trailing twelve month return on average shareholders’ equity remained high at 44 percent and return on invested capital, net income divided by the sum of average equity plus average debt, was 31 percent. During the quarter Landstar purchased \$23,585,000 of its common stock, reduced debt by \$31.3 million and ended the 2007 first quarter with cash and short term investments of \$98.5 million.”

Gerkens continued, “During the first month and a half of the 2007 first quarter, there was downward pressure on price caused by lower volumes and more available capacity. However, as we moved into the second half of the quarter pricing began to stabilize and volume levels improved. In fact, as it relates to pricing, revenue per load in March of 2007 was higher than in March 2006. This is an encouraging trend as we move into the 2007 second quarter. I anticipate the 2007 second quarter to be another challenging quarter due to uncertain economic conditions. In addition, the 2006 second quarter results included \$20.8 million of revenue generated under the FAA contract. We are not forecasting any such revenue in the 2007 second quarter even though the contract has been extended through June 30, 2007 and the FAA has the option to extend the contract for the balance of the year. Given the comments above, I anticipate revenue growth for the second quarter of 2007 to be in a mid single digit range over the revenue generated in the second quarter of 2006, and I anticipate Landstar’s earnings per diluted share to be within a range of \$0.49 to \$0.54 for the 2007 second quarter.”

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 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,

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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)

	Thirteen Weeks Ended	
	March 31, 2007	April 1, 2006
Revenue	\$ 576,649	\$ 610,042
Investment income	1,740	379
Costs and expenses:		
Purchased transportation	434,058	458,250
Commissions to agents	46,632	47,011
Other operating costs	5,506	12,068
Insurance and claims	17,540	11,552
Selling, general and administrative	33,165	35,836
Depreciation and amortization	4,617	4,093
Total costs and expenses	<u>541,518</u>	<u>568,810</u>
Operating income	36,871	41,611
Interest and debt expense	<u>1,592</u>	<u>1,850</u>
Income before income taxes	35,279	39,761
Income taxes	<u>13,675</u>	<u>15,411</u>
Net income	<u>\$ 21,604</u>	<u>\$ 24,350</u>
Earnings per common share	<u>\$ 0.39</u>	<u>\$ 0.41</u>
Diluted earnings per share	<u>\$ 0.38</u>	<u>\$ 0.41</u>
Average number of shares outstanding:		
Earnings per common share	<u>55,926,000</u>	<u>58,901,000</u>
Diluted earnings per share	<u>56,470,000</u>	<u>59,919,000</u>
Dividends paid per common share	<u>\$ 0.030</u>	<u>\$ 0.025</u>

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

	Thirteen Weeks Ended	
	March 31, 2007	April 1, 2006
External Revenue		
Carrier segment	\$ 423,574	\$ 428,313
Global Logistics segment	143,865	173,425
Insurance segment	9,210	8,304
External revenue	<u>\$ 576,649</u>	<u>\$ 610,042</u>
Operating Income		
Carrier segment	\$ 41,409	\$ 40,571
Global Logistics segment	4,688	8,727
Insurance segment	3,359	6,676
Other	(12,585)	(14,363)
Operating income	<u>\$ 36,871</u>	<u>\$ 41,611</u>

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

	March 31, 2007	Dec 30, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 77,780	\$ 91,491
Short-term investments	20,701	21,548
Trade accounts receivable, less allowance of \$4,589 and \$4,834	300,255	318,983
Other receivables, including advances to independent contractors, less allowance of \$3,987 and \$4,512	22,053	14,198
Deferred income taxes and other current assets	17,154	25,142
Total current assets	<u>437,943</u>	<u>471,362</u>
Operating property, less accumulated depreciation and amortization of \$78,307 and \$77,938	115,501	110,957
Goodwill	31,134	31,134
Other assets	36,006	33,198
Total assets	<u>\$ 620,584</u>	<u>\$ 646,651</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	\$ 25,160	\$ 25,435
Accounts payable	120,404	122,313
Current maturities of long-term debt	19,578	18,730
Insurance claims	27,386	25,238
Other current liabilities	55,138	58,478
Total current liabilities	<u>247,666</u>	<u>250,194</u>
Long-term debt, excluding current maturities	78,415	110,591
Insurance claims	43,127	36,232
Deferred income taxes	20,424	19,360
Shareholders' equity:		
Common stock, \$.01 par value, authorized 160,000,000 shares, issued 65,127,496 and 64,993,143 shares	651	650
Additional paid-in capital	112,345	108,020
Retained earnings	519,195	499,273
Cost of 9,583,961 and 9,028,009 shares of common stock in treasury	(401,247)	(377,662)
Accumulated other comprehensive income (loss)	8	(7)
Total shareholders' equity	<u>230,952</u>	<u>230,274</u>
Total liabilities and shareholders' equity	<u>\$ 620,584</u>	<u>\$ 646,651</u>

Landstar System, Inc.
Supplemental Information
(Unaudited)

	Thirteen Weeks Ended	
	March 31, 2007	April 1, 2006
Carrier Segment		
External revenue generated through (in thousands):		
Business Capacity Owners (1)	\$ 299,398	\$ 303,793
Other third party truck capacity providers	124,176	124,520
	<u>\$ 423,574</u>	<u>\$ 428,313</u>
Revenue per revenue mile	\$ 1.98	\$ 1.99
Revenue per load	\$ 1,569	\$ 1,580
Average length of haul (miles)	792	793
Number of loads	<u>270,000</u>	<u>271,000</u>
Global Logistics Segment		
External revenue generated through (in thousands):		
Business Capacity Owners (1) (2)	\$ 26,841	\$ 24,832
Other third party truck capacity providers	79,953	100,627
Rail, Air, Ocean and Bus Carriers (3)	37,071	47,966
	<u>\$ 143,865</u>	<u>\$ 173,425</u>
Revenue per load (4)	\$ 1,560	\$ 1,500
Number of loads (4)	<u>90,000</u>	<u>92,000</u>
	As of March 31, 2007	As of April 1, 2006
Capacity		
Business Capacity Owners (1) (5)	8,510	8,219
Other third party truck capacity providers:		
Approved and active (6)	14,784	13,698
Approved	8,758	8,381
	<u>23,542</u>	<u>22,079</u>
Total available truck capacity providers	<u>32,052</u>	<u>30,298</u>
Agent Locations	<u>1,338</u>	<u>1,196</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 thirteen week period was \$481,000 and \$10,856,000, respectively, 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 emergency transportation services provided under the FAA contract.
- (5) Trucks provided by business capacity owners were 9,158 and 8,932, respectively.
- (6) Active refers to other third party truck capacity providers who have moved at least one load in the past 180 days.