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Landstar System, Inc. F3Q08 Business Update Call Transcript

Earnings Call Excerpt

Landstar System, Inc. (LSTR)

F3Q08 Business Update Call

August 25, 2008 1:00 pm ET

Executives

Henry H. Gerken - President, Chief Executive Officer and Director

James B. Gattoni - Chief Financial Officer, Vice President

Presentation

Operator

Welcome to Landstar System, Inc.'s third mid-quarter 2008 conference call. (Operator Instructions) Joining us today from Landstar are Henry Gerken, President and Chief Executive Officer and Jim Gattoni, Vice President and Chief Financial Officer.

Now I would like to turn the call over to Henry Gerken.

Henry H. Gerken

Welcome to the Landstar 2008 third quarter mid-quarter update conference call. As a reminder, let me review how our mid-quarter update call works. There is no question and answer period during this call. The purpose of the call is to provide a brief update on how management sees the current quarter shaping up as it relates to the business levels and earnings projections. The call will last about five minutes.

Before we start, let me read the following statement. The following is a Safe Harbor statement under the Private Securities Litigation Reform Act of 1995. Statements made during this conference call that are not based on historical facts are forward-looking statements. During this conference call I may make certain statements containing forward-looking statements such as statements which relate to Landstar's business objectives, plans, strategies and expectations.

Such statements are by nature subject to uncertainties and risks including but not limited to the operational, financial and legal risks detailed in Landstar's Form 10K for the 2007 fiscal year described in the section "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.

In my second quarter earnings conference call I stated that I believed that the tight capacity trends experienced in the second quarter will generally continue and result in a strong pricing environment and a higher cost of purchased transportation for brokerage capacity. I also stated that the weakness experienced in the automotive sector and certain other accounts would continue into the back half of the year but would be offset by strengths in other accounts. Generally speaking, these trends are what we saw through the first eight weeks of the third quarter. The total number of loads hauled by BCOs and brokerage carriers during the first eight weeks of the 2008 third quarter was below the total number of loads hauled in those same weeks in the 2007 third quarter entirely caused by a load decline in the automotive related accounts and one other account.

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