LANDSTAR SYSTEM INC

Form 4 July 31, 2007

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION OMB Washington, D.C. 20549

Number:

3235-0287

0.5

Check this box

Expires:

January 31, 2005

OMB APPROVAL

if no longer subject to Section 16. Form 4 or Form 5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per response...

obligations may continue.

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

See Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * MURPHY DIANA M			2. Issuer Name and Ticker or Trading Symbol LANDSTAR SYSTEM INC [LSTR]				5. Relationship of Reporting Person(s) to Issuer (Check all applicable)				
(Last)	(First)		3. Date of Earliest T Month/Day/Year)	ransaction		-	_X_ Director	**	Owner		
13410 SUTTON PARK DRIVE SOUTH			07/31/2007				Officer (give to below)	itleOthe	er (specify		
(Street) 4. If A			4. If Amendment, D	f Amendment, Date Original				6. Individual or Joint/Group Filing(Check			
JACKSON (City)	VILLE, FL 3222	· · · · · · · · · · · · · · · · · · ·				Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person					
	, , ,	(Zip)				_	ired, Disposed of,				
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)		Date, if Transaction Code	4. Securition Dispose (Instr. 3, 4) Amount	ed of (D)) Price	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
Common Stock	07/31/2007		M	56,000	A	\$ 3.9903	78,000	D			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. 5. Number of TransactionDerivative Code Securities (Instr. 8) Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exer Expiration D (Month/Day,	ate	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Options (Right to buy)	\$ 3.9903	07/31/2007		M	56,000	<u>(1)</u>	05/21/2008	Common Stock	56,000

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

MURPHY DIANA M 13410 SUTTON PARK DRIVE SOUTH X JACKSONVILLE, FL 32224

Signatures

L. Kevin Stout, Attorney-in-fact 07/31/2007

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Options became exercisable in the amount of 24,000 on May 21, 2000 and 32,000 on May 21, 2001.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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