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 March 29, 1997

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.)

First Shelton Place, 1000 Bridgeport Avenue, Shelton, Connecticut
(Address of principal executive offices)

06484-0898
(Zip Code)

(203) 925-2900
(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 May 8, 1997 was 12,616,833.

PART I

FINANCIAL INFORMATION

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 thirteen weeks ended March 29, 1997 are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 27, 1997.

These interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's 1996 Annual Report on Form 10-K.

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LANDSTAR SYSTEM, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)

(Unaudited)

	March 29, 1997	December 28, 1996

ASSETS		
Current assets:		
Cash	$ 8,022	$ 4,187
Trade accounts receivable, less allowance of $6,496 and $6,526	157,992	176,892
Other receivables, including advances to independent contractors, less allowance of $4,551 and $4,390	16,057	10,740
Inventories	1,522	1,785
Prepaid expenses and other current assets	8,987	7,319
Total current assets	192,580	200,923
Operating property, less accumulated depreciation and amortization of $49,422 and $50,223	100,307	105,564
Goodwill, less accumulated amortization of $7,520 and $7,087	54,693	55,126
Deferred income taxes and other assets	8,406	9,188
Total assets	$ 355,986	$ 370,801
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	$ 8,187	$ 13,488
Accounts payable	49,420	39,901
Current maturities of long-term debt	20,568	23,241
Estimated insurance claims	26,477	25,328
Other current liabilities	29,335	28,312
Total current liabilities	133,987	130,270
Long-term debt, excluding current maturities	48,941	67,155
Estimated insurance claims	26,340	25,819
Shareholders' equity:		
Common stock, $.01 par value, authorized 20,000,000 shares, issued 12,889,874 shares and 12,882,874 shares	129	129
Additional paid-in capital	61,886	61,740
Retained earnings	90,660	87,655
Cost of 273,041 and 94,041 shares of common stock in treasury	(5,957)	(1,967)
Total shareholders' equity	146,718	147,557
Total liabilities and shareholders' equity	$ 355,986	$ 370,801

See accompanying notes to consolidated financial statements.

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

	Thirteen Weeks Ended	
	March 29, 1997	March 30, 1996
Revenue	$ 305,558	$ 295,477
Costs and expenses:		
Purchased transportation	215,122	200,213
Drivers' wages and benefits	8,145	11,505
Fuel and other operating costs	13,163	17,778
Insurance and claims	9,331	9,797
Commissions to agents and brokers	22,719	18,767
Selling, general and administrative	24,166	24,070
Depreciation and amortization	5,114	6,014
Restructuring costs	1,179	

Total costs and expenses	298,939	288,144
Operating income	6,619	7,333
Interest and debt expense, net	1,439	1,922
Income before income taxes	5,180	5,411
Income taxes	2,175	2,257
Net income	$ 3,005	$ 3,154
Earnings per share	$ 0.24	$ 0.25
Average number of common shares outstanding	12,726,000	12,779,000

See accompanying notes to consolidated financial statements.

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

	Thirteen Weeks Ended	
	March 29, 1997	March 30, 1996
OPERATING ACTIVITIES		
Net income	$ 3,005	$ 3,154
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of operating property	4,579	5,479
Amortization of goodwill and non-competition agreements	535	535
Non-cash interest charges	66	66
Provisions for losses on trade and other accounts receivable	622	811
Gains on sales of operating property	(762)	(1,132)
Deferred income taxes, net	76	58
Changes in operating assets and liabilities:		
Decrease (increase) in trade and other accounts receivable	12,961	(7,519)
Decrease (increase) in inventories, prepaid expenses and other assets	(867)	182
Increase in accounts payable and other liabilities	10,542	4,681
Increase in estimated insurance claims	1,670	847
NET CASH PROVIDED BY OPERATING ACTIVITIES	32,427	7,162
INVESTING ACTIVITIES		
Purchases of operating property	(4,289)	(2,178)
Proceeds from sales of operating property	5,729	3,260
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,440	1,082
FINANCING ACTIVITIES		

Borrowings under revolving credit facility		7,000
Decrease in cash overdraft	(5,301)	(4,110)
Proceeds from exercise of stock options and related income tax benefit	146	37
Purchases of common stock	(3,990)	
Principal payments on long-term debt and capital lease obligations	(20,887)	(9,949)
NET CASH USED BY FINANCING ACTIVITIES	(30,032)	(7,022)
Increase in cash	3,835	1,222
Cash at beginning of period	4,187	3,415
Cash at end of period	$ 8,022	$ 4,637

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY
Thirteen Weeks Ended March 29, 1997
(Dollars in thousands)
(Unaudited)

	Common Stock		Additional		Treasury Stock at Cost		
	Shares	Amount	Paid-In Capital	Retained Earnings	Shares	Amount	Total
Balance December 28, 1996	12,882,874	$ 129	$61,740	$87,655	94,041	$(1,967)	$147,557
Purchases of common stock					179,000	(3,990)	(3,990)
Exercise of stock options and related income tax benefit	7,000		146				146
Net income				3,005			3,005
Balance March 29, 1997	12,889,874	$ 129	$61,886	$90,660	273,041	$(5,957)	$146,718

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".

(1) Income Taxes

The provisions for income taxes for both the 1997 and 1996 thirteen week periods were based on an estimated combined full year effective income tax rate of approximately 42%, 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.

(2) Earnings Per Share

Earnings per share amounts were based on the weighted average number of common shares outstanding.

(3) Additional Cash Flow Information

During the 1997 period, Landstar paid income taxes and interest of $813,000 and $1,719,000, respectively, and did not acquire any property by entering into capital leases. During the 1996 period, Landstar paid income taxes and interest of $1,688,000 and $1,795,000, respectively, and acquired operating property by entering into capital leases in the amount of $8,659,000.

(4) Commitments and Contingencies

At March 29, 1997, Landstar had commitments for letters of credit outstanding in the amount of $21,469,000, primarily as collateral for estimated insurance claims.

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.

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 28, 1996 and Management's Discussion and Analysis of Financial Condition and Results of Operations, included in the 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 provides truckload transportation, intermodal transportation services, expedited air and surface transportation and contract logistics services.

The Company provides truckload and expedited surface transportation through independent contractors, and to a lesser extent company-owned equipment driven by company-employed drivers. The Company's intermodal and expedited air transportation services primarily involve arranging for the movement of customer's goods by a combination of rail or air and truck. Both the railroads and air cargo carriers used by the Company in its intermodal and expedited air operations are independent contractors. Contract logistics services include single source alternatives, truck brokerage and other transportation solutions for large customers. The Company markets its transportation services and provides local operating support primarily through a network of independent commission sales agents.

A significant portion of the Company's operating costs vary directly with revenue which is attributable to the use of independent contractors and independent commission sales agents. 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 operations. Purchased transportation for the intermodal and expedited air operations is based on a contractually agreed-upon fixed rate. Purchased transportation as a percentage of revenue for the intermodal operations is normally higher than that of Landstar's other transportation services. 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 and brokers are primarily based on contractually agreed upon percentages of revenue or contractually agreed upon percentages of gross profit. Commissions to agents and brokers as a percentage of consolidated revenue will vary directly with the revenue generated through independent commission sales agents. Both purchased transportation and commissions to agents and brokers 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 intermodal operations or expedited air operations or through company-employed drivers.

Drivers' wages and benefits represent the amount Landstar employee drivers are compensated. Employee drivers are compensated primarily on a cents per

mile driven basis. Drivers' wages and benefits as a percentage of consolidated revenue generally will vary only if there is a change in the revenue contribution generated through independent contractors or a change in Landstar's rate of employee driver pay or benefit structure.

The Company's intention is to continue its expansion of truckload capacity provided by independent contractors and to reduce its truckload capacity provided by company-owned equipment and company-employed drivers. It is also the Company's intention to favor independent commission sales agent locations over company-owned and operated locations. Historically, the intermodal operations and a portion of the company-owned equipment operations have principally utilized a company employee sales structure and to a lesser degree, independent commission sales agents. During 1996, management completed the process of converting the majority of the company-owned sales locations to independent commission sales agent locations. Accordingly, purchased transportation and commissions to agents and brokers are anticipated to increase as a percentage of total consolidated revenue and drivers' wages and benefits are anticipated to decline as a percentage of total consolidated revenue over time.

Potential liability associated with accidents in the trucking industry is severe and occurrences are unpredictable. The industry is also subject to substantial workers' compensation expense. 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.

The cost of fuel, including fuel taxes, is the largest component of fuel and other operating costs. Changes in prevailing prices of fuel or increases in fuel taxes can significantly affect the operating results of the company-owned equipment operations. Also included in fuel and other operating costs are costs of equipment maintenance paid to third parties and the operating costs of Company terminals. Effective August 1, 1996, Landstar closed all but one of its Company terminals, including those that had functioned as Landstar Centers. The closings were part of the Company's strategy to reduce its fixed cost elements.

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

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

	Thirteen Weeks Ended	
	March 29, 1997	March 30, 1996
Revenue	100.0%	100.0%
Costs and expenses:		
Purchased transportation	70.4%	67.8%
Drivers' wages and benefits	2.7%	3.9%
Fuel and other operating costs	4.3%	6.0%
Insurance and claims	3.0%	3.3%
Commissions to agents and brokers	7.4%	6.4%
Selling, general and administrative	7.9%	8.1%
Depreciation and amortization	1.7%	2.0%
Restructuring costs	0.4%	-

Total costs and expenses	97.8%	97.5%
Operating income	2.2%	2.5%
Interest and debt expense, net	0.5%	0.7%
Income before income taxes	1.7%	1.8%
Income taxes	0.7%	0.7%
Net income	1.0%	1.1%

THIRTEEN WEEKS ENDED MARCH 29, 1997 COMPARED TO THIRTEEN WEEKS ENDED MARCH 30, 1996

Revenue for the 1997 thirteen week period was $305,558,000, an increase of $10,081,000, or 3.4%, over the 1996 thirteen week period. The increase was primarily attributable to an increase in revenue per revenue mile (price) of approximately 4%, which reflected improved freight quality. An increase in revenue miles (volume) generated through independent contractors was offset by a decline in revenue miles generated through company-owned equipment, which reflected a planned reduction in company-owned tractors. In the 1997 period, revenue generated through independent contractors, including railroads and air cargo carriers, was 92.9% of total consolidated revenue compared with 88.7% in the 1996 period.

Purchased transportation was 70.4% of revenue in 1997 compared with 67.8% in 1996. Drivers' wages and benefits were 2.7% of revenue in 1997 compared with 3.9% in 1996. Fuel and other operating costs were 4.3% of revenue in 1997 compared with 6.0% in 1996. The increase in purchased transportation and decrease in drivers' wages and benefits and fuel and other operating costs as a percentage of revenue was primarily attributable to an increase in the percentage of revenue generated through independent contractors which reflected the reduction in company-owned equipment in accordance with a previously announced restructuring plan.

The decrease in fuel and other operating costs as a percentage of revenue was also attributable to reduced terminal and maintenance costs, partially offset by increased trailer costs. Insurance and claims were 3.0% of revenue in 1997 compared with 3.3% in 1996. The favorable variance to prior year was primarily due to lower third party premiums. Commissions to agents and brokers were 7.4% of revenue in 1997 compared with 6.4% in 1996, primarily due to an increased percentage of revenue generated through independent commission sales agents, which reflected the conversion of company-owned sales locations to independent commission sales agent locations. Selling, general and administrative costs were 7.9% of revenue in 1997 compared with 8.1% of revenue in 1996, primarily due to increased revenue, partially offset by an increased provision for bonuses under the Company's management incentive compensation plan.

Depreciation and amortization was 1.7% of revenue in 1997 compared with 2.0% in 1996, primarily due to a decrease in the number of company-owned tractors.

During the fourth quarter of 1996, the Company announced a plan to restructure its Landstar T.L.C., Inc. ("Landstar T.L.C.") and Landstar Poole, Inc. ("Landstar Poole") operations, in addition to the relocation of its Shelton, Connecticut corporate office headquarters to Jacksonville, Florida in the second quarter of 1997. The Landstar Poole restructuring plan included the transfer of the variable cost business component of Landstar Poole to Landstar Ranger, Inc. and the disposal of 175 company-owned tractors. The Landstar T.L.C. restructuring plan included the merger of Landstar T.L.C. into Landstar Inway, Inc. and the disposal of all the company-owned tractors. During the first quarter of 1997, the Company incurred $1,179,000 of such restructuring costs.

The provisions for income taxes for both the 1997 and 1996 thirteen week periods were both based on an estimated full year combined effective income tax rate of approximately 42%, 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 $3,005,000, or $0.24 per share, in the 1997 period, compared with $3,154,000, or $0.25 per share, in the 1996 period. Excluding restructuring costs, 1997 net income would have been $3,689,000, or $0.29 per share.

CAPITAL RESOURCES AND LIQUIDITY

Shareholders' equity decreased to $146,718,000 at March 29, 1997, compared with $147,557,000 at December 28, 1996, which reflected the repurchase of 179,000 shares of common stock, at an aggregate cost of $3,990,000, partially offset by the net income for the period. However, shareholders' equity increased to 67.9% of total capitalization at March 29, 1997 compared with 62.0% at December 28, 1996, as a result of reduced borrowings on the acquisition line of the senior credit facility and reduced capital lease obligations.

Working capital and the ratio of current assets to current liabilities were $58,593,000 and 1.44 to 1, respectively, at March 29, 1997, compared with $70,653,000 and 1.54 to 1, respectively, at December 28, 1996. Landstar has historically operated with a current ratio of approximately 1.5 to 1. Cash provided by operating activities was $32,427,000 in the 1997 thirteen week period compared with $7,162,000 in the 1996 thirteen week period. The increase in cash flow provided by operating

activities was primarily attributable to the timing of cash collections and payments. During the 1997 thirteen week period, Landstar purchased $4,289,000 of operating property and did not acquire any operating property by entering into capital leases. Landstar plans to acquire approximately $10,700,000 of operating property during the remainder of fiscal year 1997 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, and meet working capital needs.

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.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard ("FAS") No. 128, "Earnings per Share." This statement, effective for financial statements issued for periods ending after December 15, 1997, replaces the presentation of primary earnings per share, currently required under Accounting Principals Board Opinion 15 "Earnings Per Share" ("APB 15"), with a presentation of basic earnings per share. Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. FAS No. 128 also requires the dual presentation of basic earnings per share and diluted earnings per share on the face of the income statement. Management believes that, upon the adoption of this statement, basic earnings per share will not differ from primary earnings per share calculated in accordance with APB 15 and diluted earnings per share will not be materially different from the basic earnings per share given the current market value of the Company's common stock and the current structure of its stock compensation plans.

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.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

In response to a breach of contract suit filed in January 1988 by Landstar Gemini in the Circuit Court, County of Genesee, in the state of Michigan against Vicki and Kevin Cresson, individually and doing business as V&C Trucking (the "Defendants"), the Defendants, who are former agents and independent contractors of Landstar Gemini, have asserted breach of contract, tort and state antitrust law counterclaims against Landstar Gemini and other parties, including EnviroSource, Landstar, Landstar Ranger and John B. Bowron, a director and executive officer of the Company. Defendants have claimed approximately $7,500,000 in actual damages (subject to trebling) as well as punitive damages.

On October 24, 1996, the court rendered an opinion on the parties' cross-motions for summary judgment. The court granted Landstar Gemini's motion for summary judgment in its entirety and denied Defendants motion for summary judgment in its entirety. The court also granted Landstar Gemini's request for costs and reasonable attorney's fees. Defendants have appealed the judge's decision, which to date, have been denied. Further appeals may ensue at the close of the actions brought by Landstar Gemini which remain pending. The Company, believing that its defenses are and will continue to be deemed good and meritorious, will vigorously contest any such appeal. Although a trial in this matter is now considerably less likely in light of the judges favorable rulings, any such trial would not likely occur before 1998.

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

None

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

No reports on Form 8-K were filed by the Registrant during the thirteen week period ended March 29, 1997.

EXHIBIT INDEX

Registrant's Commission File No.: 0-21238

Exhibit No.	Description
(4)	Instruments defining the rights of security holders, including indentures:
(4.1)*	Amendment, dated February 28, 1997, to the Credit Agreement, dated October 7, 1994, among Landstar System Holdings, Inc., Landstar System, Inc., the lenders named therein, and Chase Manhattan Bank, as agent.
(11)	Statement re: Computation of Per Share Earnings:
(11.1)*	Statement re: Computation of Per Share Earnings for the Thirteen Weeks ended March 29, 1997 and March 30, 1996.
(27)	Statement re: Financial Data Schedule:
(27)*	Statement re: 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: May 8, 1997

Henry H. Gerkens

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

Date: May 8, 1997

Robert C. LaRose

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

EXHIBIT 4.1

THIRD AMENDMENT

THIRD AMENDMENT, dated as of February 28, 1997 (this "Amendment"), to the Amended and Restated Credit Agreement, dated as of October 7, 1994 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among LANDSTAR SYSTEM HOLDINGS, INC., a Delaware corporation (the "Borrower"), LANDSTAR SYSTEM, INC., a Delaware corporation (the "Parent"), the lenders parties thereto (the "Lenders") and THE CHASE MANHATTAN BANK, a New York banking corporation, as agent (in such capacity, the "Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the Parent, the Lenders and the Agent are parties to the Credit Agreement; and

WHEREAS, the Borrower and the Parent have requested that the Lenders agree to amend certain provisions of the Credit Agreement and the Lenders are agreeable to such request upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein, and for other valuable consideration the receipt of which is hereby acknowledged, the Borrower, the Parent, the Lenders and the Agent hereby agree as follows:

1. Definitions. All terms defined in the Credit Agreement shall have such defined meanings when used herein unless otherwise defined herein.

2. Amendment of Subsection 1.1. Subsection 1.1 of the Credit Agreement is hereby amended by amending or adding definitions in alphabetical order therein such that the following definitions shall, in their entirety, be as follows:

> "Insurance Subsidiary": a wholly owned corporate Subsidiary of the Borrower organized under the insurance laws of the Cayman Islands for the purpose of engaging in the business of providing insurance to the Borrower, its Subsidiaries and/or independent contractors doing business with the Borrower and/or any of its Subsidiaries.
>
> "Permitted Insurance Company Investments": any investments (i) in Cash Equivalents, (ii) constituting loans and advances to the Borrower or any of its Subsidiaries and (iii) in obligations which, at the time the investment in question is made, are rated one, two or three by the Securities Valuation Office of the National Association of Insurance Commissioners.
>
> "Subsidiary Guarantors": the Subsidiaries of the Borrower listed on Schedule 1.1(b) hereto and the Insurance Subsidiary.

3. Amendment to Subsection 6.4. Subsection 6.4 of the Credit Agreement is hereby amended by inserting therein, immediately following the phrase "the same general type as now conducted by it", the following parenthetical clause: "(except that the Insurance Subsidiary shall be permitted to engage in the business of providing insurance to the Borrower, its Subsidiaries and/or independent contractors doing business with the Borrower and/or any of its Subsidiaries)".

4. Amendment of Subsection 7.10. Subsection 7.10 of the Credit Agreement is hereby amended by deleting paragraph (b) in its entirety and substituting in lieu thereof the following new paragraph (b):

"(b) investments in Cash Equivalents and investments by the Insurance Subsidiary in Permitted Insurance Company Investments;"

5. Amendment to Subsection 7.16. Subsection 7.16 of the Credit Agreement is hereby amended by inserting therein, immediately following the phrase "subsection 7.10(k)", the following: "; provided, further, that the Insurance Subsidiary shall be permitted to engage in the business of providing insurance to the Borrower, its Subsidiaries and/or independent contractors doing business with the Borrower and/or any of its Subsidiaries provided that, in the case of insurance for independent contractors, the premiums charged by the Insurance Subsidiary in connection therewith are consistent in all material respects with those prevailing in the industry for similar risks (based on the good faith judgment of the Insurance Subsidiary)".

6. Amendment to Subsection 7.17. Subsection 7.17 of the Credit Agreement is hereby amended by inserting therein, immediately following the phrase "equal to $5,000,000", the following: "; provided, further, that the Borrower shall be permitted to form the Insurance Subsidiary".

7. Amendment to Schedule 1.1(b). Schedule 1.1(b) to the Credit Agreement is hereby amended by deleting Schedule 1.1(b) in its entirety and substituting in lieu thereof Schedule 1.1(b) attached hereto.

8. Representations; No Default. On and as of the date hereof, and after giving effect to this Amendment, the Borrower confirms, reaffirms and restates that the representations and warranties set forth in Section 4 of the Credit Agreement are true and correct in all material respects, provided that the references to the Credit Agreement therein shall be deemed to be references to this Amendment and to the Credit Agreement as amended by this Amendment.

9. Conditions to Effectiveness. This Amendment shall become effective on the date on which the Agent shall have received each of the following:

(a) counterparts of this Amendment, duly executed and delivered by a duly authorized officer of each of the Borrower, the Parent, each Guarantor which is a party to the Subsidiaries Guarantee and the Required Lenders;

(b) a supplement to the Subsidiaries Guarantee, in substantially the form attached to the Subsidiaries Guarantee as Exhibit A thereto, executed and delivered by a duly authorized officer of the Insurance Subsidiary; and

(c) an opinion of counsel to the Insurance Subsidiary, in form and substance satisfactory to the Agent, with respect to the documents delivered pursuant to clause (b) above.

10. Limited Effect. Except as expressly amended herein, the Credit Agreement shall continue to be, and shall remain, in full force and effect. This Amendment shall not be deemed to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Credit Agreement or to prejudice any other right or rights which the Lenders may now have or may have in the future under or in connection with the Credit Agreement or any of the instruments or agreements referred to therein, as the same may be amended from time to time.

11. Costs and Expenses. The Borrower agrees to pay or reimburse

the Agent for all its reasonable and customary out-of-pocket costs and expenses incurred in connection with this Amendment, including, without limitation, the reasonable fees and disbursements of its counsel.

12. Counterparts. This Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

13. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their respective duly authorized officers as of the date first above written.

LANDSTAR SYSTEM HOLDINGS, INC.

By: Robert C. LaRose
Title: Vice President Finance
and Treasurer

LANDSTAR SYSTEM, INC.

By: Robert C. LaRose
Title: Vice President Finance
and Treasurer

THE CHASE MANHATTAN BANK, as Agent
and as a Lender

By: Rosemary Bradley
Title: Vice President

ABN AMRO BANK N.V.

By: Nancy W. Lanzoni
Title: Group Vice President

By: Thomas T. Rogers
Title: Assistant Vice President

AMSOUTH BANK OF ALABAMA

By: John J. Hooker
Title: Commercial Banking
Officer

THE BANK OF NEW YORK

By: Ken Sneider
Title: Vice President

BARNETT BANK OF JACKSONVILLE, N.A.

By: Pamela Fitch
Title: Vice President

CORESTATES BANK, N.A.

By: Verna R. Prentice
Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON

By: Michael J. Blake
Title: Director

FLEET BANK, NATIONAL ASSOCIATION

By: John V. Raliegh
Title: Vice President

THE LONG-TERM CREDIT BANK OF JAPAN,
LIMITED, NEW YORK BRANCH

By: Nobru Kubota
Title: Deputy General Manager

NATIONSBANK N.A. (CAROLINAS)

By: Thomas J. Kane
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION

By: Sarah McClintock
Title: Vice President

FIRST UNION NATIONAL BANK OF
NORTH CAROLINA

By: Rey Giallongo, Jr.
Title: Senior Vice
President

The undersigned Guarantors do hereby consent and agree to the execution and delivery by the Borrower and the Parent of the foregoing Amendment:

LANDSTAR GEMINI, INC. (f.k.a.
GEMINI TRANSPORTATION
SERVICES, INC.)

LANDSTAR EXPEDITED, INC.

LANDSTAR GEMINI ACQUISITION

LANDSTAR CORPORATE
SERVICES, INC.

LANDSTAR RANGER, INC. (f.k.a.
RANGER TRANSPORTATION,INC.)

LANDSTAR LIGON, INC. (f.k.a.
LIGON NATIONWIDE, INC.)

LANDSTAR POOLE, INC. (f.k.a.
POOLE TRUCK LINE, INC.)

RISK MANAGEMENT CLAIM
SERVICES, INC.

LANDSTAR LOGISTICS, INC.
(f.k.a. LANDSTAR
TRANSPORTATION SERVICE, INC.)

LANDSTAR EXPRESS AMERICA,
INC.

LANDSTAR T.L.C., INC.

LANDSTAR INWAY, INC.
(f.k.a. INDEPENDENT
FREIGHTWAY, INC.)

By: Robert C. LaRose
Title: Vice President

Schedule 1.1(b)

Subsidiary Guarantors

Landstar Gemini, Inc. (f.k.a. Gemini Transportation Services, Inc.)

Landstar Expedited, Inc.

Landstar Gemini Acquisition

Landstar Corporate Services, Inc.

Landstar Ranger, Inc. (f.k.a. Ranger Transportation, Inc.)

Landstar Ligon, Inc. (f.k.a. Ligon Nationwide, Inc.)

Landstar Poole, Inc. (f.k.a. Poole Truck Line, Inc.)

Risk Management Claim Services, Inc.

Landstar Logistics, Inc. (f.k.a. Landstar Transportation Service, Inc.)

Landstar Express America, Inc.

Landstar T.L.C., Inc.

Landstar Inway, Inc. (f.k.a. Independent Freightway, Inc.)

[DESCRIPTION]   CALCULATION OF 1997 EARNINGS PER SHARE

EXHIBIT 11.1

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

	Thirteen Weeks Ending March 29, 1997	Thirteen Weeks Ending March 30, 1996
Earnings available for earnings per share:		
Net income	$ 3,005	$ 3,154
Average number of common shares outstanding	12,726	12,779
Earnings per share	$ 0.24	$ 0.25

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This schedule contains summary financial information extracted from the Consolidated Balance Sheets at March 29, 1997 (Unaudited) and the Consolidated Statements of Income for the thirteen weeks ended March 29, 1997 (Unaudited) and is qualified in its entirety by reference to such financial statements.
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