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 September 28, 1996

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 November 6, 1996 was 12,788,833.

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 and thirty-nine weeks ended September 28, 1996 are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 28, 1996.

These interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's 1995 Annual Report on Form 10-K.

Index

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

	September 28, 1996	December 30, 1995
ASSETS		
Current assets:		
Cash	$ 4,966	$ 3,415
Trade accounts receivable, less allowance of $7,115 and $6,923	179,022	151,009
Other receivables, including advances to independent contractors, less allowance of $5,617 and $4,205	11,996	13,359
Inventories	2,320	2,292
Prepaid expenses and other current assets	12,000	8,501
Total current assets	210,304	178,576
Operating property, less accumulated depreciation and amortization of $49,469 and $39,796	109,485	108,052
Goodwill, less accumulated amortization of $6,653 and $5,354	55,750	57,049
Deferred income taxes and other assets	8,770	9,402
Total assets	$ 384,309	$ 353,079
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	$ 13,457	$ 13,449
Accounts payable	44,275	37,427
Current maturities of long-term debt	35,780	20,668
Estimated insurance claims	23,393	23,654
Other current liabilities	28,617	32,018
Total current liabilities	145,522	127,216
Long-term debt, excluding current maturities	68,107	73,199
Estimated insurance claims	24,186	24,031
Other liabilities		237
Shareholders' equity:		
Common stock, $.01 par value, authorized 20,000,000 shares, issued 12,882,874 shares and 12,871,674 shares	129	129
Additional paid-in capital	61,740	61,504
Retained earnings	86,592	68,730
Cost of 94,041 shares of common stock in treasury	(1,967)	(1,967)
Total shareholders' equity	146,494	128,396
Total liabilities and shareholders' equity	$ 384,309	$ 353,079

See accompanying notes to consolidated financial statements.

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

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	Sept. 28,	Sept. 30,	Sept. 28,	Sept. 30,

	1996	1995	1996	1995
Revenue	$ 954,784	$ 902,535	$ 330,195	$ 298,681
Costs and expenses:				
Purchased transportation	654,537	608,174	229,308	200,684
Drivers' wages and benefits	32,277	36,077	9,547	11,928
Fuel and other operating costs	53,118	49,727	15,826	16,248
Insurance and claims	26,069	28,030	8,313	8,602
Commissions to agents and brokers	63,499	54,287	22,838	18,781
Selling, general and administrative	70,578	71,853	23,309	22,908
Depreciation and amortization	17,994	15,171	5,793	5,364
Total costs and expenses	918,072	863,319	314,934	284,515
Operating income	36,712	39,216	15,261	14,166
Interest and debt expense, net	5,909	5,651	1,936	1,981
Income before income taxes	30,803	33,565	13,325	12,185
Income taxes	12,941	13,812	5,631	5,009
Net income	$ 17,862	$ 19,753	$ 7,694	$ 7,176
Earnings per share	$ 1.40	$ 1.54	$ 0.60	$ 0.56
Average number of common shares outstanding	12,783,000	12,816,000	12,788,000	12,778,000

See accompanying notes to consolidated financial statements.

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

	Thirty-Nine Weeks Ended	
	Sept. 28, 1996	Sept. 30, 1995
OPERATING ACTIVITIES		
Net income	$ 17,862	$ 19,753
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of operating property	16,376	13,754
Amortization of goodwill and non-competition agreements	1,618	1,417
Non-cash interest charges	198	187
Provisions for losses on trade and other accounts receivable	3,411	2,939
Gains on sales of operating property	(1,719)	(1,474)
Deferred income taxes, net	888	726
Changes in operating assets and liabilities, net of businesses acquired:		
Increase in trade and other accounts receivable	(30,061)	(8,198)
Increase in inventories, prepaid expenses and		

other assets	(4,300)	(3,275)
Increase (decrease) in accounts payable and other liabilities	3,210	(15,422)
Increase (decrease) in estimated insurance claims	(106)	4,250
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,377	14,657
INVESTING ACTIVITIES		
Purchases of businesses, net of cash acquired		(32,373)
Purchases of operating property	(8,481)	(5,410)
Proceeds from sales of operating property	7,133	4,617
NET CASH USED BY INVESTING ACTIVITIES	(1,348)	(33,166)
FINANCING ACTIVITIES		
Borrowings to finance businesses acquired		45,900
Borrowings under revolving credit facility	16,000	10,000
Increase in cash overdraft	8	1,461
Proceeds from exercise of stock options and related income tax benefit	236	
Purchases of Common Stock		(1,727)
Principal payments on long-term debt and capital lease obligations	(20,722)	(47,616)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(4,478)	8,018
Increase (decrease) in cash	1,551	(10,491)
Cash at beginning of period	3,415	17,755
Cash at end of period	$ 4,966	$ 7,264

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY
Thirty-Nine Weeks Ended September 28, 1996
(Dollars in thousands)
(Unaudited)

	Common Stock		Additional		Treasury Stock at Cost		
	Shares	Amount	Paid-In Capital	Retained Earnings	Shares	Amount	Total
Balance December 30, 1995	12,871,674	$ 129	$ 61,504	$ 68,730	94,041	$(1,967)	$128,396
Exercise of stock options and related income tax benefit	11,200		236				236
Net income				17,862			17,862
Balance September 28, 1996	12,882,874	$ 129	$ 61,740	$ 86,592	94,041	$(1,967)	$146,494

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) Acquisitions

During the first quarter of 1995, Landstar, through different subsidiaries of Landstar System Holdings, Inc. ("LSHI"), acquired the businesses and net assets of Intermodal Transport Company, a California-based intermodal marketing company, LDS Truck Lines, Inc., a California-based drayage company, and T.L.C. Lines, Inc., a Missouri-based temperature-controlled and long-haul, time sensitive dry van carrier. Also in the 1995 first quarter, Landstar, through another subsidiary of LSHI, acquired all of the outstanding common stock of Express America Freight Systems, Inc., a North Carolina-based air freight and truck expedited service provider.

The following unaudited pro forma information represents the consolidated results of operations of Landstar and the four acquired businesses as if the acquisitions had occurred at the beginning of the period presented, and gives effect to increased depreciation of operating property, amortization of goodwill and non-competition agreements and increased interest expense, at rates available to Landstar under the acquisition line of its revolving credit facility (in thousands, except per share amounts):

	Thirty-Nine Weeks Ended Sept. 30, 1995
Revenue	$ 912,135
Net income	$ 19,133
Earnings per share	$ 1.49

The above pro forma information is not necessarily indicative of the results of operations which actually would have been obtained during such period.

(2) Income Taxes

The provisions for income taxes for the 1996 and 1995 thirty-nine week periods were based on estimated combined full year effective income tax rates of approximately 42% and 41%, respectively, which are 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 share amounts were based on the weighted average number of common shares outstanding.

(4) Additional Cash Flow Information

During the 1996 period, Landstar paid income taxes and interest of $14,040,000 and $5,525,000, respectively, and acquired operating property by entering into capital leases in the amount of $14,742,000. During the 1995 period, Landstar paid income taxes and interest of $16,748,000 and $5,669,000, respectively, and acquired operating property by entering into capital leases in the amount of $21,287,000.

(5) Commitments and Contingencies

At September 28, 1996, Landstar had commitments for letters of credit outstanding in the amount of $21,439,000, 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 30, 1995 and Management's Discussion and Analysis of Financial Condition and Results of Operations, included in the Annual Report to Shareholders.

RESULTS OF OPERATIONS

Introduction

Landstar System, Inc. and its subsidiary, Landstar System Holdings, Inc. ("Landstar" or the "Company"), serve a variety of different market niches through its operating subsidiaries which employ different operating strategies. Four of Landstar's subsidiaries, Landstar Ranger, Inc., Landstar Inway, Inc., Landstar Ligon, Inc. and Landstar Gemini, Inc. (collectively, the "Owner-Operator Companies"), provide truckload transportation services through independent contractors and independent commission sales agents. The nature of the Owner-Operator Companies' business is such that a significant portion of their operating costs vary directly with revenue.

Landstar Poole, Inc.("Poole")and Landstar T.L.C., Inc.("TLC") provide truckload transportation services using both company-owned or leased equipment driven by company-employed drivers, and independent contractors. During the thirty-nine week period ended September 28, 1996, revenue generated through independent contractors was 42.5% of Poole's total revenue and 63.4% of TLC's total revenue.

During the first quarter of 1996, the operations of Landstar ITCO, Inc. and Landstar Logistics, Inc. ("Logistics") were combined. As a result, Logistics' operations have been divided into a contract services division and an intermodal services division. The contract services division provides logistics support, single source alternatives, dedicated fleet services, brokerage and other transportation solutions to large customers. The intermodal services division provides intermodal transportation services primarily by arranging for the movement of customers' goods by a combination of rail and truck. Both the railroad and drayage carriers utilized by Logistics are independent contractors.

Landstar Express America, Inc. ("Express") provides air and surface expedited transportation services through independent contractors, including air cargo carriers, and principally utilizes 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 services division of Logistics and the air freight operations of Express is based on a contractually agreed-upon fixed rate. Purchased transportation as a percentage of revenue for the intermodal services division of Logistics is normally higher than that of Landstar's other transportation companies. 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 the intermodal services division of Logistics or through the air freight operations of Express or through company-employed drivers.

Drivers' wages and benefits represent the amount Poole and TLC employed drivers are compensated. Drivers are compensated 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 Poole's or TLC's rate of 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 services division of Logistics and TLC have principally utilized a company employee sales structure and to a lesser degree, independent commission sales agents. During the second quarter of 1995, management began the process of converting 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 is the largest component of fuel and other operating costs. Changes in prevailing prices of fuel or increases in fuel taxes can significantly affect Poole's or TLC's operating results. Also included in fuel and other operating costs are costs of equipment maintenance paid to third parties and the operating costs of Poole and TLC terminals. Effective August 1, 1996, Landstar closed all but one of the Landstar Poole terminals, including those that had functioned as Landstar Centers. The closings are part of Landstar's strategy to reduce the fixed cost elements of Landstar Poole.

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:

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	Sept. 28, 1996	Sept. 30, 1995	Sept. 28, 1996	Sept. 30, 1995
Revenue	100.0%	100.0%	100.0%	100.0%
Costs and expenses:				
Purchased transportation	68.6%	67.4%	69.4%	67.2%
Drivers' wages and benefits	3.4%	4.0%	2.9%	4.0%
Fuel and other operating costs	5.6%	5.5%	4.8%	5.4%
Insurance and claims	2.7%	3.1%	2.5%	2.9%
Commissions to agents and brokers	6.6%	6.0%	6.9%	6.3%
Selling, general and administrative	7.4%	8.0%	7.1%	7.7%
Depreciation and amortization	1.9%	1.7%	1.8%	1.8%
Total costs and expenses	96.2%	95.7%	95.4%	95.3%
Operating income	3.8%	4.3%	4.6%	4.7%
Interest and debt expense, net	0.6%	0.6%	0.6%	0.6%
Income before income taxes	3.2%	3.7%	4.0%	4.1%
Income taxes	1.3%	1.5%	1.7%	1.7%
Net income	1.9%	2.2%	2.3%	2.4%

THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 1996 COMPARED TO THIRTY-NINE WEEKS ENDED SEPTEMBER 30, 1995

Revenue for the 1996 thirty-nine week period was $954,784,000, an increase of $52,249,000, or 5.8%, over the 1995 thirty-nine week period. The increase was primarily attributable to an increase in revenue miles (volume) of approximately 41,924,000, or 7.4%, to 604,773,000, which included the revenue of the businesses acquired during the first quarter of 1995 for the full thirty-nine weeks of 1996. This increase was partially offset by a decrease of less than 1% in revenue per revenue mile (price). In the 1996 period, revenue generated through independent contractors, including railroads and air cargo carriers, was 89.9% of total consolidated revenue compared with 88.3% in the 1995 period.

Purchased transportation was 68.6% of revenue in 1996 compared with 67.4% in 1995. Drivers' wages and benefits were 3.4% of revenue in 1996 compared with 4.0% in 1995. The increase in purchased transportation and decrease in drivers' wages and benefits as a percentage of revenue was primarily attributable to an increase in the percentage of revenue generated through independent contractors.

Fuel and other operating costs were 5.6% of revenue in 1996 compared with 5.5% in 1995. The increase in fuel and other operating costs as a percentage of revenue was attributable to the effects of the 1995 first quarter acquisition of TLC, increased trailer costs and an increased provision for contractor bad debts. Insurance and claims were 2.7% of revenue in 1996 compared with 3.1% in 1995. The favorable variance to prior year was due to lower third party premiums, reduced accident severity and favorable development of prior years' claims. Commissions to agents and brokers were 6.6% of revenue in 1996 compared with 6.0% in 1995, primarily due to an increased percentage of revenue generated through independent commission sales agents. Selling, general and administrative costs were 7.4% of revenue in 1996 compared with 8.0% of revenue in 1995, primarily due to increased revenue, a lower bonus accrual under the Company's management incentive compensation plan and a lower provision for customer bad debts.

Depreciation and amortization was 1.9% of revenue in 1996 compared with 1.7% in 1995, primarily due to increased depreciation on company-owned trucks and data processing equipment.

The provisions for income taxes for the 1996 and 1995 thirty-nine week periods were based on estimated full year combined effective income tax rates of approximately 42% and 41%, respectively, which are 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 $17,862,000, or $1.40 per share, in the 1996 period, compared with $19,753,000, or $1.54 per share, in the 1995 period. If the 1995 first quarter acquisitions had taken place at the beginning of 1995, net income for the 1995 period would have been $19,133,000, or $1.49 per share.

THIRTEEN WEEKS ENDED SEPTEMBER 28, 1996 COMPARED TO THIRTEEN WEEKS ENDED SEPTEMBER 30, 1995

Revenue for the 1996 thirteen week period was $330,195,000, an increase of $31,514,000, or 10.6%, over the 1995 thirteen week period. The increase was primarily attributable to an increase in revenue miles of approximately 23,531,000 to 184,969,000 partially offset by a decrease in revenue per revenue mile of less then 1%. In the 1996 period, revenue generated through independent contractors, including railroads and air cargo carriers, was 91.1% of total consolidated revenue compared with 88.5% in the 1995 period.

Purchased transportation was 69.4% of revenue in 1996 compared with 67.2% in 1995. Drivers' wages and benefits were 2.9% of revenue in 1996 compared with 4.0% in 1995. The increase in purchased transportation and decrease in drivers' wages and benefits as a percentage of revenue was primarily attributable to an increase in the percentage of revenue generated through independent contractors.

Fuel and other operating costs were 4.8% of revenue in 1996 compared with 5.4% in 1995. The decrease in fuel and other operating costs as a percentage of revenue was attributable to an increase in the percentage of revenue generated through independent contractors and savings from closing the Poole terminals effective August 1, 1996, partially offset by an increase in the provision for contractor bad debt and an increase in trailer costs. Insurance and claims were 2.5% of revenue in 1996 compared with 2.9% in 1995.

The favorable variance to prior year was primarily attributable to lower third party premiums and reduced severity of accidents, partially offset by unfavorable development of prior years' claims. Commissions to agents and brokers were 6.9% of revenue in 1996 compare with 6.3% in 1995, primarily due to an increased percentage of revenue generated through independent commission sales agents. Selling, general and administrative costs were 7.1% of revenue in 1996 compared with 7.7% of revenue in 1995, primarily due to the increase in revenue over the prior year quarter.

The provisions for income taxes for the 1996 and 1995 thirteen week periods were based on estimated full year combined effective income tax rates of approximately 42% and 41%, respectively, which are 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 $7,694,000, or $0.60 per share, in the 1996 period compared with $7,176,000, or $0.56 per share, in the 1995 period.

CAPITAL RESOURCES AND LIQUIDITY

Shareholders' equity increased to $146,494,000 at September 28, 1996, compared with $128,396,000 at December 30, 1995, reflecting the results of operations for the period. Shareholders' equity increased to 58.5% of total capitalization at September 28, 1996, compared with 57.8% at December 30, 1995.

Working capital and the ratio of current assets to current liabilities were $64,782,000 and 1.45 to 1, respectively, at September 28, 1996, compared with $51,360,000 and 1.40 to 1, respectively, at December 30, 1995. Landstar has historically operated with a current ratio of approximately 1.4 to 1. Cash provided by operating activities was $7,377,000 in the 1996 thirty-nine week period compared with $14,657,000 in the 1995 thirty-nine week period. The decrease in cash flow provided by operating activities was primarily attributable to the timing of cash collections and payments and reduced earnings. During the 1996 thirty-nine week period, Landstar purchased $8,481,000 of operating property and acquired $14,742,000 of operating property by entering into capital leases. Landstar plans to acquire approximately $13,000,000 of operating property during the remainder of fiscal year 1996 either by purchase or by 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.

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 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 Gemini, have asserted breach of contract, tort and state antitrust law counterclaims against Gemini and other parties, including EnviroSource, 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 Gemini's motion for summary judgment in its entirety and denied Defendants motion for summary judgment in its entirety. The court also granted Gemini's request for costs and reasonable attorney's fees. It is anticipated that Defendants will appeal the judges decision. 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 mid to late 1997.

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 thirty-nine week period ended September 28, 1996.

EXHIBIT INDEX

Registrant's Commission File No.: 0-21238

Exhibit No.	Description
(11)	Statement re: Computation of Per Share Earnings:
(11.1)*	Statement re: Computation of Per Share Earnings for the Thirty-Nine and Thirteen Weeks ended September 28, 1996.
(11.2)*	Statement re: Computation of Per Share Earnings for the Thirty-Nine and Thirteen Weeks ended September 30, 1995.
(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: November 7, 1996

Henry H. Gerkens

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

Date: November 7, 1996

Robert C. LaRose

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

[DESCRIPTION]   CALCULATION OF 1996 EARNINGS PER SHARE

EXHIBIT 11.1

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

	Thirty-Nine Weeks Ending September 28, 1996	Thirteen Weeks Ending September 28, 1996
Earnings available for earnings per share:		
Net income	$ 17,862	$ 7,694
Average number of common shares outstanding	12,783	12,788

Earnings per share	$ 1.40	$ 0.60

[DESCRIPTION] CALCULATION OF 1995 EARNINGS PER SHARE

EXHIBIT 11.2

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

	Thirty-Nine Weeks Ending Sept. 30, 1995	Thirteen Weeks Ending Sept. 30, 1995
Earnings available for earnings per share:		
Net income	$ 19,753	$ 7,176
Average number of common shares outstanding	12,816	12,778
Earnings per share	$ 1.54	$ 0.56

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

<ARTICLE> 5
<LEGEND>
This schedule contains summary financial information extracted from the Consolidated Balance Sheets at September 28, 1996 (Unaudited) and the Consolidated Statements of Income for the thirty-nine weeks ended September 28, 1996 (Unaudited) and is qualified in its entirety by reference to such financial statements.
</LEGEND>
<MULTIPLIER> 1,000

<PERIOD-TYPE>	OTHER
<FISCAL-YEAR-END>	DEC-28-1996
<PERIOD-START>	DEC-31-1995
<PERIOD-END>	SEPT-28-1996
<CASH>	4,966
<SECURITIES>	0
<RECEIVABLES>	186,137
<ALLOWANCES>	7,115
<INVENTORY>	2,320
<CURRENT-ASSETS>	210,304
<PP&E>	158,954
<DEPRECIATION>	49,469
<TOTAL-ASSETS>	384,309
<CURRENT-LIABILITIES>	145,522
<BONDS>	68,107
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	129
<OTHER-SE>	146,365
<TOTAL-LIABILITY-AND-EQUITY>	384,309
<SALES>	0
<TOTAL-REVENUES>	954,784
<CGS>	0
<TOTAL-COSTS>	739,932
<OTHER-EXPENSES>	26,069
<LOSS-PROVISION>	3,411
<INTEREST-EXPENSE>	5,909
<INCOME-PRETAX>	30,803
<INCOME-TAX>	12,941
<INCOME-CONTINUING>	17,862
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	17,862
<EPS-PRIMARY>	1.40
<EPS-DILUTED>	1.40