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 28, 1998

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.)

4160 Woodcock Drive, Jacksonville, Florida
(Address of principal executive offices)

32207
(Zip Code)

(904) 390-1234
(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 6, 1998 was 11,331,733.

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 28, 1998 are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 26, 1998.

These interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Company's 1997 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 28, 1998	December 27, 1997
ASSETS		
Current assets:		
Cash	$ 11,303	$ 17,994
Short-term investments	3,036	3,012
Trade accounts receivable, less allowance of $7,199 and $5,957	173,642	176,785
Other receivables, including advances to independent contractors, less allowance of $4,555 and $4,009	16,505	12,599
Prepaid expenses and other current assets	11,651	7,832
Total current assets	216,137	218,222
Operating property, less accumulated depreciation		

and amortization of $52,685 and $50,301	77,534	81,258
Goodwill, less accumulated amortization of $9,252 and $8,818	52,855	53,289
Other assets	5,153	4,410
Total assets	$ 351,679	$ 357,179
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Cash overdraft	$ 14,730	$ 12,475
Accounts payable	58,652	50,394
Current maturities of long-term debt	13,070	14,228
Insurance claims	30,210	28,247
Other current liabilities	29,992	33,827
Total current liabilities	146,654	139,171
Long-term debt, excluding current maturities	33,149	36,218
Insurance claims	29,008	27,890
Deferred income taxes	2,703	2,204
Shareholders' equity:		
Common stock, $.01 par value, authorized 20,000,000 shares, issued 12,936,974 shares and 12,900,974 shares	129	129
Additional paid-in capital	63,058	62,169
Retained earnings	116,837	112,345
Cost of 1,513,441 and 915,441 shares of common stock in treasury	(39,859)	(22,947)
Total shareholders' equity	140,165	151,696
Total liabilities and shareholders' equity	$ 351,679	$ 357,179

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 28, 1998	March 29, 1997
Revenue	$ 320,168	$ 305,558
Investment income	331	
Costs and expenses:		
Purchased transportation	223,277	213,626
Drivers' wages and benefits	6,202	8,145
Fuel and other operating costs	14,067	14,659
Insurance and claims	13,416	9,331
Commissions to agents and brokers	23,576	22,719
Selling, general and administrative	26,396	24,166
Depreciation and amortization	4,873	5,114
Restructuring costs		1,179
Total costs and expenses	311,807	298,939
Operating income	8,692	6,619
Interest and debt expense	1,013	1,439
Income before income taxes	7,679	5,180
Income taxes	3,187	2,175
Net income	$ 4,492	$ 3,005
Earnings per common share	$ 0.38	$ 0.24

Diluted earnings per share	$ 0.38	$ 0.24
Average number of shares outstanding:		
Earnings per common share	11,686,000	12,726,000
Diluted earnings per share	11,746,000	12,756,000

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 28, 1998	March 29, 1997
OPERATING ACTIVITIES		
Net income	$ 4,492	$ 3,005
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of operating property	4,389	4,579
Amortization of goodwill and non-competition agreements	484	535
Non-cash interest charges	81	66
Provisions for losses on trade and other accounts receivable	2,048	622
Gains on sales of operating property	(436)	(762)
Deferred income taxes, net	499	76
Changes in operating assets and liabilities:		
Decrease (increase) in trade and other accounts receivable	(2,811)	12,961
Increase in prepaid expenses and other assets	(4,717)	(867)
Increase in accounts payable	8,258	9,519
Increase (decrease) in other liabilities	(3,835)	1,023
Increase in insurance claims	3,081	1,670
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,533	32,427
INVESTING ACTIVITIES		
Purchases of operating property	(1,717)	(4,289)
Proceeds from sales of operating property	1,488	5,729
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(229)	1,440
FINANCING ACTIVITIES		
Increase (decrease) in cash overdraft	2,255	(5,301)
Proceeds from exercise of stock options and related income tax benefit	889	146
Purchases of common stock	(16,912)	(3,990)
Principal payments on long-term debt and capital lease obligations	(4,227)	(20,887)

NET CASH USED BY FINANCING ACTIVITIES	(17,995)	(30,032)
Increase (decrease) in cash	(6,691)	3,835
Cash at beginning of period	17,994	4,187
Cash at end of period	$ 11,303	$ 8,022

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY
Thirteen Weeks Ended March 28, 1998
(Dollars in thousands)
(Unaudited)

	Common Stock		Additional Paid-In	Retained	Treasury Stock at Cost		
	Shares	Amount	Capital	Earnings	Shares	Amount	Total
Balance December 27, 1997	12,900,974	$ 129	$62,169	$112,345	915,441	$(22,947)	$151,696
Purchases of common stock					598,000	(16,912)	(16,912)
Exercise of stock options and related income tax benefit	36,000		889				889
Net income				4,492			4,492
Balance March 28, 1998	12,936,974	$ 129	$63,058	$116,837	1,513,441	$(39,859)	$140,165

See accompanying notes to consolidated financial statements.

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) Reclassification of Certain Costs

Certain costs in the amount of $1,496,000 were reclassified from purchased transportation to fuel and other operating costs for the 1997 period in order to conform with the classification of these costs in 1998. The reclassification had no effect on operating income or net income for the period.

(2) Income Taxes

The provisions for income taxes for the 1998 and 1997 thirteen-week periods were based on estimated combined full year effective income tax rates of 41.5% and 42.0%, 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 common share amounts are based on the weighted average number of common shares outstanding and diluted earnings per share amounts are based on the weighted average number of common shares outstanding plus the incremental shares that would have been outstanding upon the assumed exercise of all dilutive stock options.

(4) Additional Cash Flow Information

During the 1998 period, Landstar paid income taxes and interest of $4,049,000 and $821,000, respectively. During the 1997 period, Landstar paid income taxes and interest of $813,000 and $1,719,000, respectively.

(5) Segment Information

The following tables summarize information about Landstar's reportable business segments for the thirteen weeks ending March 28, 1998 and March 29, 1997 (in thousands):

Thirteen Weeks Ending March 28, 1998

	Carrier	Multimodal	Company-owned Tractor	Insurance	Other	Total
External revenue	$ 229,696	$ 62,578	$ 21,984	$ 5,910		$ 320,168
Investment income				331		331
Internal revenue	8,610	120	639	5,242		14,611
Operating income	12,389	934	(245)	3,064	$(7,450)	8,692

Thirteen Weeks Ending March 29, 1997

	Carrier	Multimodal	Company-owned Tractor	Insurance	Other	Total
External revenue	$ 221,473	$ 56,792	$ 27,293			$ 305,558
Internal revenue	11,326	188	3,193			14,707
Operating income	13,406	643	(675)		$(6,755)	6,619

(6) Commitments and Contingencies

At March 28, 1998, Landstar had commitments for letters of credit outstanding in the amount of $24,659,000, primarily as collateral for insurance claims. The commitments for letters of credit outstanding included $17,659,000 under the Second Amended and Restated Credit Agreement and $7,000,000 secured by assets deposited with a financial institution.

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 27, 1997 and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 1997 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 which employ different operating strategies. The Company has four reportable business segments: the carrier segment, the multimodal segment, the company-owned tractor segment and the insurance segment.

The carrier segment consists of Landstar Ranger, Inc. ("Landstar Ranger"), Landstar Inway, Inc. ("Landstar Inway") and Landstar Ligon, Inc. The carrier segment provides truckload transportation for a wide range of general commodities over irregular routes with its fleet of dry and specialty vans and unsided trailers, including flatbed, drop deck and specialty. The carrier segment markets its services primarily through independent commission sales agents and utilizes tractors provided by independent contractors. The nature of the carrier segment's business is such that a significant portion of its operating costs varies directly with revenue.

The multimodal segment is comprised of Landstar Logistics, Inc. and Landstar Express America, Inc. ("Landstar Express"). Transportation services provided by the multimodal segment include the arrangement of intermodal moves, contract logistics, truck brokerage, short-to-long haul movement of containers by truck and emergency and expedited air freight and truck services. The multimodal segment markets its services through independent commission sales agents and utilizes capacity provided by independent contractors, including railroads and air cargo carriers. The nature of the multimodal segment's business is such that a significant portion of its operating costs also varies directly with revenue.

The company-owned tractor segment consists of Landstar Poole, Inc. ("Landstar Poole"). This segment provides truckload transportation services over short and medium length regional traffic lanes. The company-owned tractor segment primarily markets its services through an employee sales force and primarily utilizes company-owned and employee-driven tractors.

The insurance segment is Signature Insurance Company ("Signature"), a wholly-owned offshore insurance subsidiary, formed in March 1997. The insurance segment reinsures certain property, casualty and occupational accident risks of certain independent contractors who have contracted to haul freight for Landstar. In addition, the insurance segment provides certain property and casualty insurance directly to Landstar's operating subsidiaries.

During the fourth quarter of 1996, the Company announced a plan to restructure the operations of both Landstar Poole and Landstar T.L.C., Inc. ("Landstar T.L.C."). The Landstar Poole restructuring plan included the transfer of the variable cost business component of Landstar Poole to Landstar Ranger and the disposal of 175 company-owned tractors. The Landstar T.L.C. restructuring plan included the merger of the operations of Landstar T.L.C. into Landstar Inway and the disposal of all the company-owned tractors. The restructuring was substantially completed by June 28, 1997.

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 capacity provided by independent contractors. Purchased transportation for the intermodal services operations and the air freight operations of the multimodal segment is based on a contractually agreed-upon fixed rate. Purchased transportation as a percentage of revenue for the intermodal services operations is normally higher than that of Landstar's other transportation operations. 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 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 operations or the air freight operations of the multimodal segment or through the company-employed drivers of the company-owned tractor segment.

Drivers' wages and benefits represent the amount the Company's 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 the 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 maintain or 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. 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 the company-owned tractor segment's operating results. Also included in fuel and other operating costs are costs of equipment maintenance paid to third parties.

Employee compensation and benefits account for over 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.

Depreciation and amortization primarily relate to depreciation of tractors and trailers.

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

	Thirteen Weeks Ended	
	March 28, 1998	March 29, 1997
Revenue	100.0%	100.0%
Investment income	0.1%	
Costs and expenses:		
Purchased transportation	69.7%	69.9%
Drivers' wages and benefits	1.9%	2.7%
Fuel and other operating costs	4.4%	4.8%
Insurance and claims	4.2%	3.0%
Commissions to agents and brokers	7.4%	7.4%
Selling, general and administrative	8.3%	7.9%
Depreciation and amortization	1.5%	1.7%
Restructuring costs		0.4%
Total costs and expenses	97.4%	97.8%
Operating income	2.7%	2.2%
Interest and debt expense	0.3%	0.5%
Income before income taxes	2.4%	1.7%
Income taxes	1.0%	0.7%
Net income	1.4%	1.0%

THIRTEEN WEEKS ENDED MARCH 28, 1998 COMPARED TO THIRTEEN WEEKS ENDED MARCH 29, 1997

Revenue for the 1998 thirteen-week period was $320,168,000, an increase of $14,610,000, or 4.8%, over the 1997 thirteen-week period. The increase was attributable to higher revenue of $8,223,000 and $5,786,000 at the carrier and multimodal segments, respectively, and premium revenue of $5,910,000 generated by the insurance segment. These increases were partially offset by a $5,309,000 revenue decline at the company-owned tractor segment, which resulted from the restructuring of the operations of Landstar Poole. Overall, revenue per revenue mile (price) increased approximately 5%, which reflected improved freight quality, while revenue miles (volume) were approximately 3% lower than 1997, primarily as a result of the restructuring of the operations of Landstar Poole and Landstar T.L.C. During the 1998 and 1997 periods, revenue generated through all independent contractors, including railroads and air cargo carriers, was 92.9% of consolidated revenue. During the 1998 period, $331,000 of investment income was generated by the insurance segment.

Purchased transportation was 69.7% of revenue in 1998 compared with 69.9% in 1997. Drivers' wages and benefits were 1.9% of revenue in 1998 compared with 2.7% in 1997. Fuel and other operating costs were 4.4% of revenue in 1998 compared with 4.8% in 1997. The decrease in purchased transportation as a percentage of revenue was primarily attributable to the effect of the premium revenue generated at the insurance segment, partially offset by an increase in the percentage of revenue (excluding premium revenue) generated through independent contractors due to the reduction of company-owned tractors as a result of the Landstar Poole and Landstar T.L.C. restructuring. The decrease in drivers' wages and benefits and fuel and other operating costs was due primarily to the effect of premium revenue generated at the insurance segment and the reduction of company-owned tractors as a result of the restructuring. Insurance and claims were 4.2% of revenue in 1998 compared with 3.0% in 1997. The increase in insurance and claims as a percentage of revenue was primarily attributable to the effects of insurance programs available to the Company's independent contractors which Signature reinsures. Excluding the premium revenue and insurance and claims expense related to the above reinsurance programs, insurance and claims as a percentage of revenue was 3.0% in 1998. Commissions to agents and brokers were 7.4% of revenue in both 1998 and 1997. Selling, general and administrative costs were 8.3% of revenue in 1998 compared with 7.9% of revenue in 1997, primarily due to a higher provision for customer bad debts, increased management information systems costs, marketing and administrative costs at Signature and one time costs related to the relocation of Landstar Express from Charlotte, North Carolina to Jacksonville, Florida. Depreciation and amortization was 1.5% of revenue in 1998 compared with 1.7% in 1997, primarily due to the effect of increased revenue including the premium revenue generated at the insurance segment.

On December 18, 1996, the Company announced a plan to restructure its Landstar T.L.C. and Landstar Poole operations, in addition to the relocation of its Shelton, Connecticut corporate office headquarters to Jacksonville, Florida in the second quarter of 1997. During the first quarter of 1997, the Company recorded $1,179,000 of restructuring costs. The restructuring was substantially completed by June 28, 1997.

Interest and debt expense was 0.3% of revenue in 1998 and 0.5% in 1997. This decrease was primarily attributable to the effect of lower average borrowings on the senior credit facility and reduced capital lease obligations.

The provisions for income taxes for the 1998 and 1997 thirteen-week periods were based on estimated full year combined effective income tax rates of approximately 41.5% and 42.0%, 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 $4,492,000, or $0.38 per common share, in the 1998 period compared with $3,005,000, or $0.24 per common share, in the 1997 period. Including the dilutive effect of the Company's stock options, diluted earnings per share was $0.38 in the 1998 period and $0.24 in the 1997 period. Excluding restructuring costs, net income for the 1997 period would have been $3,689,000, or $0.29 per common share ($0.29 diluted earnings per share).

CAPITAL RESOURCES AND LIQUIDITY

Shareholders' equity decreased to $140,165,000 at March 28, 1998, compared with $151,696,000 at December 27, 1997, as a result of the repurchase of 598,000 shares of common stock, at an aggregate cost of $16,912,000, partially offset by net income for the period. Shareholders' equity was 75% of total capitalization at both March 28, 1998 and December 27, 1997.

Working capital and the ratio of current assets to current liabilities were $69,483,000 and 1.47 to 1, respectively, at March 28, 1998, compared with $79,051,000 and 1.57 to 1, respectively, at December 27, 1997. Landstar has historically operated with a current ratio of approximately 1.5 to 1. Cash provided by operating activities was $11,533,000 in the 1998 period compared with $32,427,000 in the 1997 period. The decrease in cash flow provided by operating activities was primarily attributable to the timing of cash collections and payments. During the 1998 period, Landstar purchased $1,717,000 of operating property. Landstar plans to acquire approximately $23,000,000 of operating property during the remainder of fiscal year 1998 either by purchase or lease financing.

The Company is aware of the issues associated with the programming code in its existing computer systems in order for the systems to recognize date-sensitive information when the year changes to 2000. The Company believes it has identified and is in the process of modifying all computer software which requires change to ensure its computer systems will be year 2000 compliant as part of its scheduled maintenance and normal system upgrades. As such,

management has not separately quantified the cost of year 2000 compliance, however, management does not believe that the future costs of maintaining and upgrading Landstar's computer systems will have a material adverse effect on results of operations. It is anticipated that all reprogramming and testing efforts will be completed by May 1999. To date, confirmations have been received from the Company's primary outside processing vendors that plans have been developed to address the year 2000 issue.

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

On August 5, 1997, suit was filed entitled Rene Alberto Rivas Vs. Landstar System, Inc., Landstar Gemini, Inc., Landstar Ranger, Inc., Risk Management Claims Services, Inc., Insurance Management Corporation, and Does 1 through 500, inclusive, in federal district court in Los Angeles. The suit claims Rivas represents a class of all drivers who, according to the suit, should be classified as employees and are therefore allegedly aggrieved by the practice of Landstar Gemini, Inc. requiring such drivers, as independent contractors, to provide either a worker's compensation certificate or to participate in an occupational accident insurance program. Rivas claims violations of federal leasing regulations for allegedly improperly disclosing the program. Rivas also claims violations of Racketeer Influence and Corrupt Organizations ("RICO") Act and the California Business and Professions Act. He seeks on behalf of himself and the class damages of $15 million trebled by virtue of trebling provisions in the RICO Act plus punitive damages. A motion to dismiss these claims was argued to the court on February 9, 1998, and the court's decision is pending. On March 24, 1998, the court granted defendant's motion to dismiss the RICO claim and invited briefs on the question of a private right of action to enforce the federal leasing regulations. The court will likely refer Rivas' remaining claims to arbitration if a private right of action and Federal court jurisdiction is sustained. Plaintiff may appeal dismissal of the RICO claim. The Company continues to vigorously contest this action. It believes that the drivers in question are properly classified as independent contractors and that it also has other meritorious defenses to the various 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 28, 1998.

EXHIBIT INDEX

Registrant's Commission File No.: 0-21238

Exhibit No.	Description
(11)	Statement re: Computation of Per Share Earnings:
11.1 *	Landstar System, Inc. and Subsidiary Calculation of Earnings Per Common Share for the Thirteen Weeks Ending March 28, 1998 and March 29, 1997
11.2 *	Landstar System, Inc. and Subsidiary Calculation of Diluted Earnings Per Share for the Thirteen Weeks Ending March 28, 1998 and March 29, 1997
(27)	Financial Data Schedules:
27.1 *	1998 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, 1998

Henry H. Gerkens

Henry H. Gerkens

Executive Vice President and
Chief Financial Officer;
Principal Financial Officer

Date: May 8, 1998

Robert C. LaRose

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

[DESCRIPTION] CALCULATION OF EARNINGS PER SHARE

EXHIBIT 11.1

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

	Thirteen Weeks Ending March 28, 1998	Thirteen Weeks Ending March 29, 1997
Earnings available for earnings per share:		
Net income	$ 4,492	$ 3,005
Average number of common shares outstanding	11,686	12,726
Earnings per common share	$ 0.38	$ 0.24

EXHIBIT 11.2

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

	Thirteen Weeks Ending March 28, 1998	Thirteen Weeks Ending March 29, 1997
Net income	$ 4,492	$ 3,005
Average number of common shares outstanding	11,686	12,726
Plus: Incremental shares from assumed exercise of stock options	60	30
Average number of common shares and common share equivalents outstanding	11,746	12,756
Diluted earnings per share	$ 0.38	$ 0.24

<ARTICLE> 5
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This schedule contains summary financial information extracted from the Consolidated Balance Sheets at March 28, 1998 (Unaudited) and the Consolidated Statements of Income for the thirteen weeks ended March 28, 1998 (Unaudited) and is qualified in its entirety by reference to such financial statements.
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<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	4,492
<EPS-PRIMARY>	0.38
<EPS-DILUTED>	0.38