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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

LANDAIR SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
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	September 30, December 31, 1997 1996	
	(Unaudited)	(Note)
	(In thousands, except share data)	
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ASSETS		
Current assets:		
Cash and cash equivalents	\$ 148	\$ 28
Accounts receivable, less allowance of \$726 in 1997 and \$415 in 1996	27,646	23,671
Other current assets	5,348	4,505
Total current assets	33,142	28,204
Property and equipment	105,010	97,445
Less accumulated depreciation and amortization	33,552	27,166
	71,458	70,279
Other assets	587	591
Total assets	\$105,187	\$99,074

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 4,049	\$ 5,525
Accrued expenses	12,294	7,391
Current portion of long-term debt	10,038	7,701
Current portion of capital lease obligations	2,087	1,797

Total current liabilities	28,468	22,414
Long-term debt, less current portion	12,026	18,346
Capital lease obligations, less current portion	6,850	8,748
Deferred income taxes	10,555	8,302
Shareholders' equity:		
Preferred stock	--	--
Common stock, \$.01 par value:		
Authorized shares - 20,000,000		
Issued and outstanding shares - 5,973,486 in 1997 and 5,952,880 in 1996	60	60
Additional paid-in capital	26,335	26,202
Retained earnings	20,893	15,002
Total shareholders' equity	47,288	41,264
Total liabilities and shareholders' equity	\$105,187	\$99,074

</TABLE>

Note: The balance sheet at December 31, 1996 has been derived from the audited financial statements at that date, but does not include all of the financial information and footnotes required by generally accepted accounting principles for complete financial statements.

See notes to condensed consolidated financial statements.

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LANDAIR SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 30, 1997	September 30, 1996	September 30, 1997	September 30, 1996
	(In thousands, except per share data)			
<S>	<C>	<C>	<C>	<C>
Operating revenue	\$50,456	\$39,295	\$136,963	\$115,167
Operating expenses:				
Purchased transportation	15,843	12,629	44,118	37,471
Salaries, wages, and employee benefits	14,086	10,911	38,732	31,898
Depreciation and amortization	2,815	2,687	8,118	7,909
Fuel and fuel taxes	2,846	2,573	8,140	8,175
Insurance and claims	2,080	2,440	7,055	6,153
Operating leases	1,682	1,603	4,659	4,374
Other operating expenses	5,297	4,326	14,408	12,692
	44,649	37,169	125,230	108,672
Income from operations	5,807	2,126	11,733	6,495
Other income (expense):				
Interest expense	(651)	(694)	(1,990)	(2,288)
Other, net	32	0	(97)	26

	(619)	(694)	(2,087)	(2,262)	
Income before income taxes		5,188	1,432	9,646	4,233
Income taxes	2,012	545	3,755	1,616	
Net income	\$ 3,176	\$ 887	\$ 5,891	\$ 2,617	
<hr/>					
Net income per share:					
Primary	\$.51	\$.15	\$.96	\$.43	
Fully diluted	\$.51	\$.15	\$.94	\$.43	
Dividends declared per share	\$ --	\$ --	\$ --	\$ --	

</TABLE>

See notes to condensed consolidated financial statements.

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LANDAIR SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	Nine months ended	
	September 30, 1997	September 30, 1996
	(In thousands)	
<S>	<C>	<C>
Cash from operations	\$ 15,114	\$ 7,180
Investing activities:		
Proceeds from disposal of property and equipment	980	2,700
Purchases of property and equipment	(10,520)	(6,028)
Other	4	(135)
	(9,536)	(3,463)
Financing activities:		
Proceeds from long-term debt	4,990	1,664
Payments of long-term debt	(8,973)	(8,119)
Payments of capital lease obligations	(1,608)	(1,649)
Common Stock issued under Stock Purchase Plan	78	--
Proceeds from exercise of stock options	55	579
	(5,458)	(7,525)
Increase (decrease) in cash and cash equivalents	\$ 120	\$(3,808)

</TABLE>

See notes to condensed consolidated financial statements.

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LANDAIR SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

September 30, 1997

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended September 30, 1997 are not necessarily indicative of the results that may be expected for the year ending December 31, 1997. For further information, refer to the consolidated financial statements and footnotes thereto included in the Landair Services, Inc. annual report on Form 10-K for the year ended December 31, 1996.

NOTE 2 - NET INCOME PER SHARE

Net income per share is based on the weighted average number of shares of common stock and common stock equivalents outstanding during the period. Common stock equivalents consist of outstanding stock options and have been included in the calculation of net income per share using the treasury stock method. See Note 6.

NOTE 3 - INCOME TAXES

For the three months and nine months ended September 30, 1997 and 1996, the effective income tax rate varied from the statutory federal income tax rate of 34% primarily as a result of the effect of state income taxes, net of the federal benefit, and permanent differences.

NOTE 4 - CONTINGENCIES

The Company is, from time to time, a party to litigation arising in the normal course of its business, most of which involve claims for personal injury and property damage incurred in connection with the transportation of freight. Management believes none of these actions, individually or in the aggregate, will have a material adverse effect on the financial condition or results of operations of the Company.

NOTE 5 - CHANGE IN ACCOUNTING ESTIMATE

Effective July 1, 1996, the Company changed the estimated useful life of tires in service to reflect the increased warranty periods provided by the tire manufacturers. The change resulted in a decrease in other expenses of \$280,000, an increase in net earnings of \$171,000 and an increase in earnings per share of \$.03 for the nine months ended September 30, 1997.

NOTE 6 - ADOPTION OF NEW ACCOUNTING RULES

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings Per Share, which is required to be adopted on December 31, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. The impact of Statement No. 128 on the calculation of primary earnings per share for the three months and nine months ended September 30, 1997 is expected to result in an increase of \$.02 and \$.03

per share, respectively.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following table sets forth expenses as a percentage of operating revenue for the periods indicated.

<TABLE>
<CAPTION>

	Three months ended		Nine months ended		
	September 30, 1997	September 30, 1996	September 30, 1997	September 30, 1996	
<S>	<C>	<C>	<C>	<C>	
Operating revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Operating expenses:					
Purchased transportation	31.4	32.1	32.2	32.5	
Salaries, wages, and employee benefits	27.9	27.8	28.3	27.7	
Depreciation and amortization	5.6	6.8	5.9	6.9	
Fuel and fuel taxes	5.7	6.5	5.9	7.1	
Insurance and claims	4.1	6.2	5.2	5.3	
Operating leases	3.3	4.1	3.4	3.8	
Other operating expenses	10.5	11.1	10.5	11.1	
	-----	-----	-----	-----	
Income from operations	88.5	94.6	91.4	94.4	
Other income (expense):		11.5	5.4	8.6	5.6
Interest expense	(1.3)	(1.8)	(1.5)	(2.0)	
Other, net	0.1	0.0	(0.1)	0.0	
	-----	-----	-----	-----	
	(1.2)	(1.8)	(1.6)	(2.0)	
	-----	-----	-----	-----	
Income before income taxes		10.3	3.6	7.0	3.6
Income taxes	4.0	1.3	2.7	1.3	
	-----	-----	-----	-----	
Net income	6.3%	2.3%	4.3%	2.3%	

</TABLE>

Results of Operations

Operating revenue increased by \$11.2 million, or 28%, to \$50.5 million in the third quarter of 1997 from \$39.3 million in 1996. For the first nine months of 1997, operating revenue of \$137.0 million was \$21.8 million, or 19%, higher than the same period of 1996. The increase in operating revenue compared to the prior-year periods is attributable to additional volume from the Company's Forward Air operations, which increased 40% and 31% during the third quarter and first nine months of 1997, respectively, coupled with increased revenue in the Company's Truckload operations, which increased 15% and 7%, respectively, due to improvements in utilization and yield and additional tractors in service. The Forward Air and Truckload operations also benefited from the disruption to the national transportation system brought about by the UPS strike which contributed approximately \$2.3 million and \$500,000 of additional revenue, respectively, during the third quarter of 1997.

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The operating ratio (operating expenses as a percentage of operating revenue) for the three months and nine months ended September 30, 1997 was 88.5% and 91.4%, respectively, compared to 94.6% and 94.4% for the respective periods in 1996. Except as explained below, operating expenses in the aggregate generally reflect increases proportionate to the increased level of operations.

The improvement in the operating ratio for the third quarter of 1997 was partially attributed to the non-recurring revenue that resulted from the UPS strike. This additional revenue net of variable costs and income taxes, but not allocated fixed costs, resulted in an estimated additional \$1.4 million of pre-tax income from operations and \$.14 of earnings per share during the quarter. On a pro forma basis, excluding the impact of the UPS strike, the Company's operating ratio for the three months and nine months ended September 30, 1997 would have been 91.3% and 92.5%, respectively.

The components of operating expenses fluctuate between periods primarily because of the ratio of owner-operators to Company-operated equipment. For the quarters ended September 30, 1997 and 1996, respectively, the Company operated 551 and 523 Company-owned tractors and leased 382 and 376 tractors from owner-operators.

Depreciation and amortization expense as a percentage of operating revenue was 5.6% and 5.9% in the third quarter and first nine months of 1997, respectively, compared to 6.8% and 6.9% for the respective periods in 1996. The improvement in depreciation and amortization expense as a percentage of operating revenue is primarily attributed to increased utilization of operating assets.

Fuel and fuel taxes were 5.7% and 5.9% of operating revenue in the third quarter and first nine months of 1997, respectively, compared to 6.5% and 7.1% for the respective periods in 1996. The decrease in fuel and fuel taxes as a percentage of operating revenue during 1997 is partially attributed to a decrease in fuel costs, net of surcharges passed on to customers, of approximately 7% during the third quarter and first nine months of 1997.

Insurance and claims were 4.1% and 5.2% of operating revenue for the three months and nine months ended September 30, 1997, respectively, compared to 6.2% and 5.3% for the respective periods in 1996. The decrease in costs during the third quarter of 1997 is due primarily to a decrease in the severity of accidents compared to the corresponding quarter of 1996.

Operating leases were 3.3% and 3.4% of operating revenue in the third quarter and first nine months of 1997, respectively, compared to 4.1% and 3.8% for the respective periods in 1996. The decrease in operating lease expense as a percentage of operating revenue is attributed to increased utilization of leased operating equipment and facilities.

Included in income from operations for the third quarter and first nine months of 1997 were gains (losses) on the sale of revenue equipment in the amount of \$(60,000) and \$(40,000), respectively, compared to \$216,000 and \$386,000 for the respective periods in 1996. See Note 5 to the September 30, 1997 Condensed Consolidated Financial Statements for the current year financial impact of a change in the estimated useful life of tires in service.

Interest expense was \$651,000 and \$2.0 million, respectively, for the three months and nine months ended September 30, 1997, compared to \$694,000 and \$2.3 million for the respective periods in 1996. The decrease in interest costs during 1997 is due to lower average net borrowings in 1997.

The effective tax rate for the third quarter and first nine months of 1997 was 39% compared to 38% for the respective periods in 1996.

Liquidity and Sources of Capital

Cash flows from operations were \$15.1 million for the first nine months of 1997 compared with \$7.2 million in the same period of 1996. The \$7.9 million increase in cash flows from operations was principally attributable to increased business volumes and collection of the related accounts receivable.

Management believes available borrowing under existing lines of credit, future borrowing under installment notes for revenue equipment, and cash generated by operations will be sufficient to fund the Company's cash needs and anticipated capital expenditures over the near term.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is, from time to time, a party to litigation arising in the normal course of its business, most of which involve claims for personal injury and property damage incurred in connection with the transportation of freight. Management believes that none of these actions, individually or in the aggregate, will have a material adverse effect on the financial condition or results of operations of the Company.

ITEM 2. CHANGES IN SECURITIES

Not Applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The following exhibits are included herein:

- (a) Exhibits - The response to this portion of Item 6 is submitted as a separate section of this report.
- (b) Reports on Form 8-K - The Company did not file any reports on Form 8-K during the three months ended September 30, 1997.

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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.

Landair Services, Inc.

Date: November 14, 1997

By: /s/ Edward W. Cook

Edward W. Cook
Chief Financial Officer
and Senior Vice President

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EXHIBIT INDEX

Exhibit Number -----	Exhibit -----
11	Statement Re: Computation of Per Share Earnings
27	Financial Data Schedule (Electronic Filing Only)

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Exhibit 11

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

<TABLE>
<CAPTION>

	Three months ended		Nine months ended	
	September 30, 1997	September 30, 1996	September 30, 1997	September 30, 1996
	(In thousands, except per share data)			
	<C>	<C>	<C>	<C>
Primary:				
Average outstanding shares		5,967	5,949	5,958
Net effect of dilutive stock options - based on the treasury stock method using the average market price		251	108	164
Totals	6,218	6,057	6,122	6,057
Net income	\$3,176	\$ 887	\$5,891	\$2,617
Per share amount	\$.51	\$.15	\$.96	\$.43
Fully diluted:				
Average shares outstanding		5,967	5,949	5,958
Net effect of dilutive stock options - based on the treasury stock method using the quarter-end market price if higher than the average market price		296	108	296
Totals	6,263	6,057	6,254	6,063
Net income	\$3,176	\$ 887	\$5,891	\$2,617
Per share amount	\$.51	\$.15	\$.94	\$.43

</TABLE>

<TABLE> <S> <C>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF LANDAIR SERVICES, INC. FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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