



QUARTERLY REPORT

at March 31, 1997

LONGLEAF
PARTNERS FUND

MANAGED BY:

SOUTHEASTERN ASSET

MANAGEMENT, INC.

Longleaf Partners Fund

March 31, 1997

TO OUR SHAREHOLDERS:

We are pleased to report Longleaf Partners Fund's net asset value increased by 2.1% in the first quarter. By comparison, the Lipper Growth Fund Index was down, -0.3%.** The data below summarizes average annual and cumulative returns for various periods ended March 31, 1997, for the Partners Fund and its primary benchmarks.

Average Annual Returns *

	<u>Longleaf Partners Fund</u>	<u>Value-Line Index</u>	<u>S&P 500 Index</u>
Five Years	18.85%	7.58%	16.41%
Three years	18.34%	9.19%	22.29%
One Year	16.25%	7.49%	19.84%

Cumulative Total Returns *

	<u>Longleaf Partners Fund</u>	<u>Value-Line Index</u>	<u>S&P 500 Index</u>
Last Five Years	137.09%	44.12%	113.80%
Last Three Years	65.71%	30.17%	82.87%
Last Year	16.25%	7.49%	19.84%
Last Quarter	2.14%	-1.21%	2.68%

Little has changed in the Partners Fund during the first quarter of 1997. Cash has risen slightly from 16% at 12/31/96 to 20% currently; and, finding an equity home for these cash reserves continues to be a real challenge given our price disciplines. We feel no pressure with our capital, nor with yours, to buy stocks that aren't selling at less than 60% of our appraisals. We will exercise further patience until either opportunity bowls us over or we become productive enough to find an exceptional company or two in today's elevated markets. Over the past 25 years we have faced three other periods (1972, 1980 and 1987) where it has been extremely difficult to find qualifying investment ideas. Significant opportunity has followed each of those periods. If deductive logic prevails and fear once again follows greed, our patience should again be amply rewarded.

In a separate mailing you should have recently received Longleaf Partners Fund's very important proxy statement. We encourage you to review the items carefully and return your vote promptly. The sooner we receive a majority of shareholder proxies, the more expenses the Fund will save on follow up mailings and phone calls required for a vote.

We hope you will join us at the annual meeting on Tuesday, May 13 at 5:30 p.m. at the Memphis Botanic Garden. While in Memphis plan to visit the Dixon Gallery and Gardens to see a very special exhibit from the Museu de Arte de São Paulo. Memphis is the sole U.S. stop for twelve French masterpieces including some of the most extraordinary works by Van Gogh, Picasso, Matisse, Degas, Cézanne, Renoir and Toulouse-Lautrec.

We look forward to seeing you in May and thank you for your ongoing support.

Sincerely,



O. Mason Hawkins, CFA
Co-Portfolio Manager



G. Staley Cates, CFA
Co-Portfolio Manager

* The average annual total returns of Lingleaf Partners Fund for the one year and five years ended March 31, 1997 and from its initial public offering on April 8, 1987 through March 31, 1997 are 16.25%, 18.85% and 15.64%, respectively. Fund returns and those of the S&P 500 Index are shown with all dividends and distributions reinvested; the Value-Line Index is not available with reinvested dividends. The stock market indices shown are unmanaged. Past investment performance is no guarantee of future investment performance, and the value of an investment when redeemed may be more or less than the purchase price.

** Lipper Analytical Services' Growth Fund Index is based on the 30 largest growth funds tracked by Lipper and does not include multiple share classes of similar funds. Average annual returns for the Index for the periods ending March 31, 1997 were -0.3% for the quarter, 12.0% for 1 year, and 13.4% for 5 years.

Longleaf Partners Fund
SCHEDULE OF PORTFOLIO INVESTMENTS
at March 31, 1997 (Unaudited)

<u>Shares</u>	COMMON STOCK (80.6%)	<u>Market Value</u>
Beverages (4.2%)		
2,550,000	The Seagram Company Ltd.	\$ 97,537,500
Business Services (1.2%)		
590,300	Ecolab, Inc.	22,431,400
279,200	*The Union Corporation	6,002,800
		<u>28,434,200</u>
Entertainment (0.3%)		
176,415	*Chris-Craft Industries, Inc.	6,990,444
Environmental Services (2.2%)		
1,709,800	WMX Technologies, Inc.	52,362,625
Financial Services (2.8%)		
2,363,300	PaineWebber Group, Inc.	66,763,225
Food (12.8%)		
2,298,900	Nabisco Holdings Corp.	93,680,175
3,818,000	The Quaker Oats Company	139,357,000
846,500	Ralston Purina Group Common Stock	66,132,813
		<u>299,169,988</u>
Manufacturing (2.0%)		
1,407,000	Louisiana-Pacific Corporation	29,195,250
574,000	*USG Corporation	18,009,250
		<u>47,204,500</u>
Multi-Industry (9.1%)		
1,565,000	Alexander & Baldwin, Inc.	40,494,375
3,075,000	*Philips Electronics N.V.	136,837,500
1,488,300	Whitman Corporation	36,463,350
		<u>213,795,225</u>
Lodging (3.4%)		
1,358,200	*ITT Corp.	79,964,025

Longleaf Partners Fund

SCHEDULE OF PORTFOLIO INVESTMENTS

at March 31, 1997 (Unaudited)

<u>Shares</u>	<u>Market Value</u>
Natural Resources (6.0%)	
1,237,700 The Pioneer Group, Inc.	\$ 32,025,488
2,900,000 Rayonier Inc.	<u>108,025,000</u>
	<u>140,050,488</u>
Property & Casualty Insurance (1.0%)	
112,828 *Alleghany Corp.	<u>23,524,638</u>
Publishing (13.1%)	
6,341,200 Knight-Ridder, Inc.	252,855,350
158,300 The Washington Post Company - Class B.	<u>54,455,200</u>
	<u>307,310,550</u>
Real Estate (6.9%)	
788,000 Cousins Properties Incorporated.	21,473,000
6,224,291 *TrizecHahn Corporation.	<u>139,268,511</u>
	<u>160,741,511</u>
Telecommunications (4.3%)	
5,863,837 *360° Communications Company.	<u>101,151,188</u>
Transportation (11.3%)	
3,234,800 *Federal Express Corporation.	168,613,950
1,934,100 Kansas City Southern Industries, Inc.	<u>96,705,000</u>
	<u>265,318,950</u>
Total Common Stocks (Cost \$1,434,610,939)	<u>1,890,319,057</u>
Short-Term Obligations (20.1%)	
Certificate of Deposit - due 8-19-97 at 5.25%	45,000
Repurchase Agreement with State Street Bank and Trust Company, dated 3-31-97, due 4-1-97 at 5.0%, collateralized by \$24,878,313 U.S. Treasury Bond due 5-15-16 (Repurchase proceeds - \$24,392,387) (Cost \$24,389,000)	24,389,000
U.S. Treasury Bill, due 4-17-97, yield at date of purchase 5.1%	199,555,555
U.S. Treasury Bill, due 5-15-97, yield at date of purchase 5.3%	198,728,889
U.S. Treasury Bill, due 6-26-97, yield at date of purchase 5.2%	<u>49,396,806</u>
	<u>472,115,250</u>
Total Investments (Cost \$1,906,726,189) * *	100.7% 2,362,434,307
Cash and Other Assets in Excess of Liabilities	<u>(0.7) (16,313,420)</u>
Net Assets	<u>100.0% \$2,346,120,887</u>
Net asset value per share (offering and redemption price per share) based on 100,540,515 shares outstanding at March 31, 1997	
	<u>\$23.34</u>

* Non-income producing security

* * Also represents aggregate cost for Federal income tax purposes

FIVE LARGEST HOLDINGS
(Represents 35.6% of Net Assets at 3/31/97)

Knight-Ridder, Inc. (KRI)	10.8%
One of the largest newspaper publishers in the U.S. and a worldwide provider of electronic information services.	
Federal Express Corporation (FDX)	7.2%
Integrated air-ground transportation company providing overnight and second-day delivery of packages and documents worldwide.	
The Quaker Oats Company (OAT)	5.9%
A producer of brand name packaged foods and beverages including numerous hot and cold cereals, Gatorade, and Aunt Jemima products.	
TrizecHahn Corporation (TZH)	5.9%
One of the world's largest commercial real estate companies which owns, manages and develops retail (regional and super regional malls) and office space in the U.S., Canada and Eastern Europe.	
Philips Electronics N.V. (PHG)	5.8%
Owner of 75% of recording company Polygram. Also a leading manufacturer of lighting systems, electronics products including television and stereo equipment, appliances and semiconductors.	

PORTFOLIO CHANGES
January 1, 1997 through March 31, 1997

New Holdings

ITT Corporation

Eliminations

Alexander & Alexander Services Inc.
American Stores Company
Safety-Kleen Corp.
United HealthCare Corporation

PUBLISHED DAILY PRICE QUOTATIONS

The daily net asset values per share of each series of Longleaf Partners Funds Trust are reported in the Mutual Fund Quotations tables of major newspapers in alphabetical sequence under the bold heading **Longleaf Partners** as follows:

		<u>Symbol</u>
“Partners”	Longleaf Partners Fund	LLPFX
“Realty”	Longleaf Partners Realty Fund	LLREX
“Sm-Cap”	Longleaf Partners Small-Cap Fund	LLSCX

TRUSTEES

- O. MASON HAWKINS, CFA —
Chairman, Southeastern Asset
Management, Inc.
Memphis, Tennessee
- CHADWICK H. CARPENTER, JR. —
Senior Executive Officer, Progress
Software Corporation
Bedford, Massachusetts
- DANIEL W. CONNELL, JR. —
Senior Vice President Marketing,
Jacksonville Jaguars, Ltd.
Jacksonville, Florida
- STEVEN N. MELNYK —
Chairman of the Executive
Committee and President,
Riverside Golf Group, Inc.
Jacksonville, Florida
- C. BARHAM RAY — Chairman of the
Board and Secretary, SSM Corp.
Memphis, Tennessee
- W. REID SANDERS — Executive
Vice President, Southeastern
Asset Management, Inc.
Memphis, Tennessee
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This report is submitted for the general information of shareholders of the Fund. For more detailed information about the Fund, its management, fees, expenses and other pertinent information, please see the prospectus.

This report is not authorized for distribution to prospective investors in the Fund unless preceded or accompanied by an effective prospectus.



LONGLEAF
PARTNERS
FUNDS

MANAGED BY:

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