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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the quarterly period ended SEPTEMBER 30, 1996

() 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 1-8339

NORFOLK SOUTHERN CORPORATION

(Exact name of registrant as specified in its charter)

Virginia

52-1188014

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

Three Commercial Place
Norfolk, Virginia

23510-2191

(Address of principal executive offices)

Zip Code

Registrant's telephone number, including area code (804) 629-2680

No Change

(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. (X) Yes () No

The number of shares outstanding of each of the registrant's classes of
Common Stock, as of the last practicable date:

Class -----	Outstanding as of October 31, 1996 -----
Common Stock (par value \$1.00)	125,088,459 shares (excluding 7,252,634 shares held by registrant's consolidated subsidiaries)

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES (NS)

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES Consolidated Statements of Income (In millions of dollars except per share amounts) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
	-----	-----	-----	-----
TRANSPORTATION OPERATING REVENUES:				
Railway (Note 6):				
Coal	\$ 327.5	\$ 325.7	\$ 979.8	\$ 950.6
Merchandise	570.3	553.7	1,737.5	1,710.0
Intermodal	122.3	116.6	357.5	351.0
	-----	-----	-----	-----
Total railway	1,020.1	996.0	3,074.8	3,011.6
Motor carrier	191.2	187.9	515.3	501.2
	-----	-----	-----	-----
Total operating revenues	1,211.3	1,183.9	3,590.1	3,512.8
	-----	-----	-----	-----
TRANSPORTATION OPERATING EXPENSES:				
Railway:				
Compensation and benefits	341.3	359.7	1,069.9	1,091.6
Materials, services and rents	154.7	146.7	465.0	472.5
Depreciation	102.2	98.3	304.1	289.4
Diesel fuel	53.7	45.2	165.8	140.9
Casualties and other claims	28.2	30.7	93.8	91.7
Other	39.6	37.7	113.9	114.1
	-----	-----	-----	-----
Total railway	719.7	718.3	2,212.5	2,200.2
Motor carrier	175.9	173.5	490.4	481.3
	-----	-----	-----	-----
Total operating expenses	895.6	891.8	2,702.9	2,681.5
	-----	-----	-----	-----
Income from operations	315.7	292.1	887.2	831.3
	-----	-----	-----	-----
Other income (expense):				
Interest income	4.4	6.9	15.3	21.7
Interest expense on debt	(28.3)	(28.8)	(83.9)	(85.7)
Other - net	21.6	16.9	68.0	87.4
	-----	-----	-----	-----

Total other income	(2.3)	(5.0)	(0.6)	23.4
	-----	-----	-----	-----
Income before income taxes	313.4	287.1	886.6	854.7
Provision for income taxes	111.1	103.2	316.7	318.9
	-----	-----	-----	-----
NET INCOME	\$ 202.3	\$ 183.9	\$ 569.9	\$ 535.8
	=====	=====	=====	=====
Per share amounts (Note 5):				
Net income	\$ 1.61	\$ 1.40	\$ 4.49	\$ 4.07
Dividends	0.56	0.52	1.68	1.56

See accompanying notes to consolidated financial statements.

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Item 1. Financial Statements. (continued)

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In millions of dollars)
(Unaudited)

	September 30, 1996	December 31, 1995
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 187.6	\$ 67.7
Short-term investments	173.9	261.3
Accounts receivable - net	775.5	703.5
Materials and supplies	58.1	61.7
Deferred income taxes	151.8	144.7
Other current assets	109.7	103.9
	-----	-----
Total current assets	1,456.6	1,342.8
Investments	273.0	231.7
Properties less accumulated depreciation	9,460.2	9,258.8
Other assets	71.7	71.5
	-----	-----
TOTAL ASSETS	\$11,261.5	\$10,904.8
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 45.1	\$ 45.2
Accounts payable	746.7	732.8
Income and other taxes	204.1	190.8
Other current liabilities	133.7	151.3
Current maturities of long-term debt (Note 3)	78.8	85.7
	-----	-----
Total current liabilities	1,208.4	1,205.8
Long-term debt (Note 3)	1,811.2	1,553.3
Other liabilities	986.8	965.5
Minority interests	49.5	52.2
Deferred income taxes	2,351.0	2,299.0
	-----	-----
TOTAL LIABILITIES	6,406.9	6,075.8
	-----	-----
Stockholders' equity:		
Common stock \$1.00 per share par value	132.4	136.3
Other capital	459.1	430.9
Retained income	4,283.7	4,282.4
Less treasury stock at cost, 7,252,634 shares	(20.6)	(20.6)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	4,854.6	4,829.0
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$11,261.5	\$10,904.8

See accompanying notes to consolidated financial statements.

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Item 1. Financial Statements. (continued)

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES		
Consolidated Statements of Cash Flows		
(In millions of dollars)		
(Unaudited)		
	Nine Months Ended	
	September 30,	
	1996	1995
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 569.9	\$ 535.8
Reconciliation of net income to net cash provided by operating activities:		
Special charge payments	(12.6)	(9.6)
Depreciation	320.5	308.1
Deferred income taxes	44.3	44.7
Nonoperating gains and losses on properties and investments	(38.9)	(56.8)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(72.0)	(42.2)
Materials and supplies	3.6	(1.2)
Other current assets	24.6	27.5
Current liabilities other than debt	34.8	91.5
Other - net	9.5	16.4
	-----	-----
Net cash provided by operating activities	883.7	914.2
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions (Note 3)	(500.2)	(497.6)
Property sales and other transactions	88.8	80.8
Investments and loans	(57.0)	(54.5)
Investment sales and other transactions	25.5	24.6
Short-term investments - net	85.4	38.6
	-----	-----
Net cash used for investing activities	(357.5)	(408.1)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends	(213.7)	(205.9)
Common stock issued - net	25.8	10.6
Purchase and retirement of common stock (Note 4)	(370.5)	(238.6)
Proceeds from long-term borrowings (Note 3)	209.6	7.6
Debt repayments	(57.5)	(63.6)
	-----	-----
Net cash used for financing activities	(406.3)	(489.9)
	-----	-----
Net increase in cash and cash equivalents	119.9	16.2
CASH AND CASH EQUIVALENTS:*		
At beginning of year	67.7	57.0
	-----	-----
At end of period	\$ 187.6	\$ 73.2
	=====	=====

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period for:

Interest (net of amounts capitalized)	\$ 108.8	\$ 100.7
Income taxes	\$ 232.7	\$ 219.3

* Cash equivalents are highly liquid investments purchased three months or less from maturity.

See accompanying notes to consolidated financial statements.

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. In the opinion of Management, the accompanying unaudited interim financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position as of September 30, 1996, and the results of operations and cash flows for the nine months ended September 30, 1996, and 1995.

While Management believes that the disclosures presented are adequate to make the information not misleading, these consolidated financial statements should be read in conjunction with the financial statements and notes included in the Corporation's latest Annual Report on Form 10-K.

2. Contingencies

There have been no significant changes since year-end 1995 in the matters as discussed in NOTE 17, CONTINGENCIES, appearing in the NS Annual Report on Form 10-K for 1995, Notes to Consolidated Financial Statements, beginning on page 74.

3. Long-Term Debt

MEDIUM-TERM NOTES

During September 1996, NS issued and sold \$200 million principal amount of Medium-Term Notes due September 15, 2006, under its \$750 million shelf registration statement filed in 1991. Of these notes, \$100 million has an interest rate of 7.4 percent and the other \$100 million, an interest rate of 7.22 percent. The notes are not redeemable prior to maturity and are not entitled to any sinking fund. Including the notes issued in September, \$700 million principal amount of debt has been issued and sold under the 1991 shelf registration.

CAPITAL LEASE OBLIGATIONS

During the first nine months of 1996 and 1995, an NS rail subsidiary entered into capital leases covering new locomotives. The related capital lease obligations totaling \$107.8 million in 1996 and \$104.5 million in 1995 were reflected in the Consolidated Balance Sheets as debt and, because they were non-cash transactions, were excluded from the Consolidated Statements of Cash Flows. The lease obligations carry stated interest rates between 6.20 percent and 6.75 percent for those entered into in 1996, and between 8.23 percent and 8.60 percent for those entered into in 1995. All were converted to variable rate obligations using interest rate swap agreements. The interest rates on these obligations are based on the six-month London Interbank Offered

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

3. Long-Term Debt (continued)

Rate and are reset every six months with realized gains or losses accounted for as an adjustment of interest expense over the terms of the leases. As a result, NS is exposed to the market risk associated with fluctuations in interest rates. To date, the effects of the rate fluctuations have been favorable. Counterparties to the interest rate swap agreements are major financial institutions believed by Management to be credit-worthy. NS' use of interest rate swaps has been limited to those discussed above.

4. Stock Purchase Programs

In January 1996, the Board of Directors authorized the purchase and retirement of up to 30 million shares of common stock. NS completed its purchases (45 million shares) under a 1989 authorization on March 8, 1996, and completed in 1989 an initial program for 20 million shares which began in 1987. Since the first purchases in December 1987 through September 30, 1996, NS has purchased and retired 68,416,000 shares of its common stock at a cost of \$3.2 billion (see also Note 8).

5. Earnings Per Share

"Earnings per share" is computed by dividing net income by the weighted average number of common shares outstanding as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	1996	1995	1996	1995
	----	----	----	----
	(In thousands)			
Average number of shares outstanding	125,605	130,578	126,912	131,532

Recent decreases in the average number of outstanding shares of NS common stock are the result of the stock purchase program described in Note 4.

6. Reclassification of Railway Revenues

Beginning in 1996, revenues previously reported as "Other railway revenues" (principally switching and demurrage) are included in each of the respective commodity groups. 1995 revenues have been reclassified to conform with the current presentation.

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Item 1. Financial Statements. (continued)

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES Notes to Consolidated Financial Statements

7. Lease Commitments

On July 29, 1996, implementation of the Lease Extension Agreement between Norfolk Southern Railway Company (NS Rail) and North Carolina Railroad Company (NCRR) was enjoined by a federal court, which ruled that a quorum of private stockholders was not present at the NCRR stockholders' meeting at which the Agreement was approved. In light of the Federal Court's injunction of NCRR from entering into the lease extension agreement which had been negotiated between NCRR and NS Rail, NCRR has elected to file, against NS Rail and affiliated companies, a lawsuit in state court to resolve contractual and environmental issues and an action in the Surface Transportation Board (STB) to determine appropriate compensation for NS Rail's continued use of the line. Pending resolution of the STB proceedings, NS Rail will continue to discharge its common carrier obligations by operating over the lines of NCRR. Final resolution of these matters is not expected to have a material effect on NS' consolidated financial position or results of operations.

8. Subsequent Events

PROPOSED ACQUISITION OF CONRAIL INC.

On October 23, 1996, NS announced its intention to commence an all-cash tender offer for Conrail Inc., a Pennsylvania corporation (Conrail). On October 24, 1996, Atlantic Acquisition Corporation, a Pennsylvania corporation and a wholly owned subsidiary of NS,

offered to purchase all outstanding shares of (i) common stock, par value \$1.00 per share, and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (collectively, the Shares), of Conrail including, in each case, the associated Common Stock Purchase Rights, at a price of \$100 per share, net to the seller in cash, without interest, or approximately \$9.1 billion in the aggregate. NS intends ultimately to effect a merger in which all remaining Conrail shareholders also will receive the same cash price paid in the tender offer. Shares tendered in the offer or acquired in any subsequent merger would be held in a voting trust pending regulatory approval by the STB. The offer followed the October 15 announcement that Conrail had entered into a merger agreement with CSX Corporation (CSX), whereby Conrail stockholders would receive \$92.50 cash per share for up to 40 percent of their Shares and receive CSX common stock for the balance of their Shares. Based on the October 15, 1996, closing price of CSX common stock in NYSE composite trading (the Closing Price), the aggregate value of the CSX transaction was approximately \$8.1 billion. On November 5, 1996, Conrail's Board of Directors unanimously reaffirmed its conclusion that the merger with CSX is in Conrail's best interest and rejected NS' offer. On November 6, 1996, CSX and Conrail announced that they had amended the terms of their merger agreement. Under the revised terms, CSX raised the cash portion of its offer to \$110 per Share and left unchanged the ratio pursuant to which certain Conrail stockholders would receive shares of CSX common

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Item 1. Financial Statements. (continued)

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

8. Subsequent Events (continued)

PROPOSED ACQUISITION OF CONRAIL INC. (continued)

stock - an offer valued at approximately \$8.4 billion in the aggregate based on the November 6, 1996, Closing Price of CSX common stock. On November 8, 1996, NS announced that it had increased to \$110 per share, or approximately \$10.0 billion in the aggregate, its all-cash offer. On November 13, Conrail reaffirmed its commitment to the merger with CSX and recommended that its stockholders not tender into the increased NS offer.

NS' tender offer is conditioned upon, among other things, the receipt by NS of an informal written opinion from the staff of the STB that the use of the voting trust is consistent with the policies of the STB, NS having obtained sufficient financing for the tender offer and subsequent merger, the valid tender of a majority of Conrail's shares on a fully diluted basis, Subchapter 25F of Pennsylvania's Business Corporation Law not being applicable to the offer, Conrail's Rights Agreement (or poison pill) having been redeemed or otherwise made inapplicable to NS' tender offer, the merger agreement between CSX and Conrail having been terminated in accordance with its terms or otherwise, and other conditions. The full terms and conditions of the tender offer and certain other disclosures, to all of which the foregoing summary is subject, are set forth in documents filed on October 24 and November 8 with the Securities and Exchange Commission. See also Part II, Item 1, "Legal Proceedings" on page 19.

STOCK PURCHASE PROGRAM

On October 23, 1996, NS announced that the share purchase program authorized by the Board of Directors in January 1996 had been suspended.

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Item 2. Management's Discussion and Analysis of Financial Condition

and Results of Operations.

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES
Management's Discussion and Analysis of Financial Condition
and Results of Operations

RESULTS OF OPERATIONS

Net Income

"Net income" for the third quarter of 1996 was a record \$202.3 million, up \$18.4 million, or 10 percent, compared with \$183.9 million in last year's third quarter. "Net income" for the nine months ended September 30, 1996, was a record \$569.9 million, a \$34.1 million, or 6 percent, increase. Increased "Income from operations," up 8 percent for the third quarter and 7 percent for the first nine months, was principally responsible for both improvements. A lower effective income tax rate (see "Income Taxes") also contributed to the year-to-date improvement.

Railway Operating Revenues

Third-quarter "Railway operating revenues" were a record \$1.02 billion, a \$24.1 million, or 2 percent, increase over the same period last year. "Railway operating revenues" for the first nine months were \$3.07 billion, also a record, up \$63.2 million, or 2 percent, compared with the same period last year. The increases in operating revenues were due to:

	Third Quarter 1996 vs. 1995 Increase (Decrease)	First Nine Months 1996 vs. 1995 Increase (Decrease)
	-----	-----
	(In millions of dollars)	
Traffic volume (carloads)	\$ 40.6	\$ 40.5
Revenue per unit	(16.5)	22.7
	-----	-----
	\$ 24.1	\$ 63.2
	=====	=====

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Item 2. Management's Discussion and Analysis of Financial Condition

and Results of Operations. (continued)

Revenues and carloads for the commodity groups were as follows (see Note 6 on page 7 for a discussion of revenue reclassifications):

	Revenues			
	Third Quarter		Nine Months	
	1996	1995	1996	1995
	-----	-----	-----	-----
	(\$ in millions)			
Coal	\$ 327.5	\$ 325.7	\$ 979.8	\$ 950.6
Chemicals	140.0	127.9	419.3	402.5
Paper/forest	130.1	137.3	388.5	409.1
Automotive	112.2	99.1	364.2	337.6
Agriculture	94.4	98.7	293.1	293.4
Metals/construction	93.6	90.7	272.4	267.4
	-----	-----	-----	-----
General merchandise	570.3	553.7	1,737.5	1,710.0
Intermodal	122.3	116.6	357.5	351.0
	-----	-----	-----	-----
Total	\$1,020.1	\$ 996.0	\$3,074.8	\$3,011.6

	Third Quarter 1996	1995	Nine Months 1996	1995
	(in thousands)			
Coal	333.4	319.9	987.5	951.9
Chemicals	95.6	87.5	282.5	274.8
Paper/forest	111.6	116.0	329.8	349.9
Automotive	83.5	70.9	263.1	245.3
Agriculture	91.6	96.9	275.5	292.0
Metals/construction	96.3	95.5	277.8	283.2
General merchandise	478.6	466.8	1,428.7	1,445.2
Intermodal	334.1	313.9	976.5	938.1
Total	1,146.1	1,100.6	3,392.7	3,335.2

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Item 2. Management's Discussion and Analysis of Financial Condition

 and Results of Operations. (continued)

Coal

Third-quarter coal revenues were \$1.8 million, or 1 percent, above third-quarter 1995, and were \$29.2 million, or 3 percent, higher for the first nine months. Increased traffic volume was responsible for these improvements, as carloads were 4 percent ahead of both last year's third quarter and first nine months. Lower average revenue per car, largely the result of an increased proportion of utility traffic, offset most of the revenue increase generated by the improved third-quarter traffic volume. Domestic utility coal led the volume gains, a result of downtime at certain nuclear power plants and increased generation at several NS-served utilities. Third-quarter export coal traffic volumes declined compared with a strong third quarter last year, partly due to vessel timing.

Domestic utility coal traffic is projected to remain strong in the fourth quarter due to expected continued downtime at nuclear power plants and increased winter demand. Fourth-quarter export coal volume is expected to benefit as the vessel timing, which unfavorably affected the third quarter, reverses in the fourth quarter.

General Merchandise

Third-quarter general merchandise revenues increased \$16.6 million, or 3 percent, over last year, and were \$27.5 million, or 2 percent, above the first nine months of 1995. Increased automotive and chemicals traffic volume was principally responsible for both improvements.

Automotive led the growth, climbing \$13.1 million, or 13 percent, for the quarter, and \$26.6 million, or 8 percent, for the first nine months. NS' automotive revenues continued to benefit from a combination of increased production at selected plants that produce popular cars and trucks; production at the GM assembly plant in Wentzville, Mo., which was down two years for retooling; and BMW production at the new Greer, S.C., plant. Fourth-quarter automotive revenues are expected to continue to benefit from these factors.

Revenues in the chemicals group were up \$12.1 million, or 9 percent, for the quarter and \$16.8 million, or 4 percent, for the first nine months, largely a result of increased traffic volume in fertilizers and plastics. Chemical revenues are expected to remain ahead of last year, benefiting

from increased demand.

Revenues from metals/construction traffic were up \$2.9 million, or 3 percent, for the quarter, and \$5.0 million, or 2 percent, for the first nine months. Higher average revenue per car was principally responsible for the improvements in both periods.

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Item 2. Management's Discussion and Analysis of Financial Condition

and Results of Operations. (continued)

Paper/forest revenues decreased \$7.2 million, or 5 percent, for the quarter, and were \$20.6 million, or 5 percent, lower for the first nine months. Declines in NS' paper/forest traffic continue to reflect the overall softness in the U.S. paper industry.

Revenues in the agriculture group were down \$4.3 million, or 4 percent, in the third quarter, and were roughly flat for the first nine months. The third-quarter decline was the result of lower traffic volume due to very low supplies of grain following last year's poor harvest. Fourth-quarter agriculture revenues are projected to be ahead of last year, a result of an improvement in this year's harvest.

Intermodal

Third-quarter intermodal revenues increased \$5.7 million, or 5 percent, compared with last year, and were \$6.5 million, or 2 percent, higher for the first nine months. Traffic volume was up 6 percent and 4 percent for the quarter and nine months, respectively, due to the continued conversion of domestic freight from trailers to efficient double-stack containers. NS' intermodal traffic is expected to continue this positive growth trend in the fourth quarter.

Railway Operating Expenses

"Railway operating expenses" increased \$1.4 million in the third quarter of 1996, and \$12.3 million, or 1 percent, for the first nine months, compared with the same periods last year.

The largest increase was in "Diesel fuel," which was up \$8.5 million, or 19 percent, for the quarter, and \$24.9 million, or 18 percent, for the first nine months. The increases were primarily due to increased price per gallon, up 15 percent and 14 percent for the quarter and nine months, respectively.

"Materials, services and rents" increased \$8.0 million, or 5 percent, for the third quarter, but decreased \$7.5 million, or 2 percent, for the first nine months. The third-quarter increase was primarily due to higher equipment rents related largely to growth in intermodal traffic and the absence of rental income on locomotives leased to UP in 1995. Hurricane Fran, which disrupted some operations during September, also contributed to the increase. The decrease for the first nine months was principally the result of lower locomotive and freight car maintenance costs.

"Depreciation" increased \$3.9 million, or 4 percent, for the quarter, and \$14.7 million, or 5 percent, for the first nine months due to additional investment in depreciable assets.

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Item 2. Management's Discussion and Analysis of Financial Condition

and Results of Operations. (continued)

The largest decrease was in "Compensation and benefits," which was \$18.4 million, or 5 percent, and \$21.7 million, or 2 percent, below last year's third quarter and first nine months, respectively. The reductions were primarily attributable to lower fringe benefit costs,

principally medical benefits, and an adjustment to capitalized labor costs, chiefly associated with wages payable in connection with the recently ratified labor agreements. "Compensation and benefits" also continues to reflect the positive effects of last year's early retirement program and reduced employment.

"Casualties and other claims" decreased \$2.5 million, or 8 percent, in the third quarter, but increased \$2.1 million, or 2 percent, for the first nine months. The third-quarter decrease was largely the result of a nonrecurring liability insurance refund, somewhat offset by higher accruals for environmental remediation. The year-to-date increase was due to the higher environmental expenses, which more than offset the insurance refund and favorable personal injury experience.

Motor Carrier Operating Revenues

"Motor carrier operating revenues" of \$191.2 million for the third quarter and \$515.3 million for the first nine months were \$3.3 million, or 2 percent, and \$14.1 million, or 3 percent, respectively, ahead of the same periods last year. The High Value Products (HVP) Division was responsible for these improvements, as increased revenues were recorded in the Division's logistics, European and trucking operations.

Motor Carrier Operating Expenses

"Motor carrier operating expenses" were \$2.4 million, or 1 percent, higher for the third quarter, and were \$9.1 million, or 2 percent, higher for the nine months. Both variances were principally a result of increased volume, with lower claims costs in both HVP and the Relocation Services (RS) Division mitigating the volume-related increases.

Other Income (Expense)

"Interest income" was \$2.5 million, or 36 percent, lower for the quarter and \$6.4 million, or 29 percent, lower for the first nine months. The declines were due to a combination of lower interest rates and lower invested balances in 1996.

"Other-net" increased \$4.7 million, or 28 percent, for the quarter, but decreased \$19.4 million, or 22 percent, for the first nine months. The favorable comparison for the quarter was largely attributable to higher gains from dispositions of properties and investments, including NS' investment in a captive insurance company, while the unfavorable first nine months' variance was due to a \$30.5 million (\$18.8 million after-tax) gain recorded in first-quarter 1995, resulting from the partial redemption of an interest in a real estate partnership.

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Item 2. Management's Discussion and Analysis of Financial Condition

and Results of Operations. (continued)

Income Taxes

The effective income tax rate for the third quarter was 35.4 percent, compared with third-quarter 1995's effective rate of 35.9 percent. Both years reflect favorable adjustments related to the filing of the prior year's tax return. For the first nine months, the effective rate was 35.7 percent versus 37.3 percent for 1995. The lower effective rate in 1996 resulted from favorable adjustments for settlement of federal income tax years 1990 through 1992 and continued benefits from Section 29 income tax credits attributable to investments in certain gas properties.

FINANCIAL CONDITION AND LIQUIDITY

September 30, 1996	December 31, 1995
-----	-----
(Dollars in millions)	

Cash and short-term investments	\$361.5	\$329.0
Working capital	\$248.2	\$137.0
Current assets to current liabilities	1.2	1.1
Debt to total capitalization	28.5%	25.9%

CASH PROVIDED BY OPERATING ACTIVITIES is NS' principal source of liquidity and was sufficient to cover cash outflows for dividends, debt repayments and capital spending (see Consolidated Statements of Cash Flows on page 5). The decline in cash provided by operations, compared with the first nine months of 1995, was attributable to tax and interest payments made as a result of the federal income tax settlement in 1996 (see "Income Taxes"). Accounts receivable increased \$72 million, primarily as a result of higher rail freight receivables.

CASH USED FOR INVESTING ACTIVITIES was affected principally by capital spending for property additions, which included \$33 million and \$30 million in 1996 and 1995, respectively, related to locomotives under capital leases (see Note 3). "Investments and loans" consisted primarily of premium payments related to corporate-owned life insurance (COLI), while "Investment sales and other transactions" principally reflected borrowing on COLI.

CASH USED FOR FINANCING ACTIVITIES primarily reflected uses of cash with the largest amount having been spent on the stock purchase program (see Notes 4 and 8). "Common stock issued" in the first nine months of 1996 reflected substantially higher proceeds from stock option exercises. The higher "Proceeds from long-term borrowings" resulted from amounts received in connection with the issuance and sale of \$200 million principal amount of Medium-Term Notes due September 15, 2006 (see Note 3).

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Item 2. Management's Discussion and Analysis of Financial Condition

and Results of Operations. (continued)

NEW ACCOUNTING PRONOUNCEMENTS

Effective January 1, 1996, NS adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121). This standard establishes the accounting and reporting requirements for recognizing and measuring impairment of long-lived assets to be either held and used or held for disposal. SFAS 121 did not have a material effect on NS' financial statements.

On October 10, 1996, the AICPA issued Statement of Position 96-1, "Environmental Remediation Liabilities" (SOP 96-1), which is effective for fiscal years beginning after December 15, 1996. SOP 96-1 provides guidance with respect to recognition and measurement of environmental remediation liabilities and disclosure of such liabilities in financial statements. The impact to NS of adopting SOP 96-1 is not expected to have a material effect on the Corporation's financial position or results of operations.

ENVIRONMENTAL MATTERS

During 1995, the EPA alleged that The Alabama Great Southern Railroad Company ("AGS"), a subsidiary of NS' rail subsidiary, was responsible, along with several other entities believed to be financially solvent, for past and future cleanup and monitoring costs at the Bayou Bonfouca NPL Superfund site located in Slidell, Louisiana. The site was owned by the parent of an AGS predecessor from 1882 until 1902. Some of the bridge timbers used in the 1882 construction of the predecessor's bridge across Lake Pontchartrain were treated at the site. The United States and the State of Louisiana filed suit to recover all costs incurred (estimated in the complaint at around \$100 million) and unspecified amounts to be incurred. Defendants in that suit include AGS and all other entities the EPA earlier identified as potentially

responsible parties. AGS believes it never owned, operated or had any other culpable connection to the site and denies responsibility. AGS has now entered into settlement negotiations with the Justice Department in an effort to avoid litigation costs. At this juncture, a settlement with the Justice Department and Louisiana is expected to be at a level immaterial to NS' financial statements.

PROPOSED ACQUISITION OF CONRAIL INC.

On October 23, 1996, NS announced its intention to commence an all-cash tender offer for Conrail Inc., a Pennsylvania corporation (Conrail). On October 24, 1996, Atlantic Acquisition Corporation, a Pennsylvania corporation and a wholly owned subsidiary of NS, offered to purchase

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Item 2. Management's Discussion and Analysis of Financial Condition

----- and Results of Operations. (continued) -----

all outstanding shares of (i) common stock, par value \$1.00 per share, and (ii) Series A ESOP Convertible Junior Preferred Stock, without par value (collectively, the Shares), of Conrail including, in each case, the associated Common Stock Purchase Rights, at a price of \$100 per share, net to the seller in cash, without interest, or approximately \$9.1 billion in the aggregate. NS intends ultimately to effect a merger in which all remaining Conrail shareholders also will receive the same cash price paid in the tender offer. Shares tendered in the offer or acquired in any subsequent merger would be held in a voting trust pending regulatory approval by the STB. The offer followed the October 15 announcement that Conrail had entered into a merger agreement with CSX Corporation (CSX), whereby Conrail stockholders would receive \$92.50 cash per share for up to 40 percent of their Shares and receive CSX common stock for the balance of their Shares. Based on the October 15, 1996, closing price of CSX common stock in NYSE composite trading (the Closing Price), the aggregate value of the CSX transaction was approximately \$8.1 billion. On November 5, 1996, Conrail's Board of Directors unanimously reaffirmed its conclusion that the merger with CSX is in Conrail's best interest and rejected NS' offer. On November 6, 1996, CSX and Conrail announced that they had amended the terms of their merger agreement. Under the revised terms, CSX raised the cash portion of its offer to \$110 per Share and left unchanged the ratio pursuant to which certain Conrail stockholders would receive shares of CSX common stock - an offer valued at approximately \$8.4 billion in the aggregate based on the November 6, 1996, Closing Price of CSX common stock. On November 8, 1996, NS announced that it had increased to \$110 per share, or approximately \$10.0 billion in the aggregate, its all-cash offer. On November 13, Conrail reaffirmed its commitment to the merger with CSX and recommended that its stockholders not tender into the increased NS offer.

NS' tender offer is conditioned upon, among other things, the receipt by NS of an informal written opinion from the staff of the STB that the use of the voting trust is consistent with the policies of the STB, NS having obtained sufficient financing for the tender offer and subsequent merger, the valid tender of a majority of Conrail's shares on a fully diluted basis, Subchapter 25F of Pennsylvania's Business Corporation Law not being applicable to the offer, Conrail's Rights Agreement (or poison pill) having been redeemed or otherwise made inapplicable to NS' tender offer, the merger agreement between CSX and Conrail having been terminated in accordance with its terms or otherwise, and other conditions. The full terms and conditions of the tender offer and certain other disclosures, to all of which the foregoing summary is subject, are set forth in documents filed on October 24 and November 8 with the Securities and Exchange Commission. See also Part II, Item 1, "Legal Proceedings" on page 19.

NS expects future cash flows of the merged entity to be sufficient to service and retire the acquisition and related debt.

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Item 2. Management's Discussion and Analysis of Financial Condition

and Results of Operations. (continued)

The STB has 15 months after accepting NS' application to acquire control of Conrail to decide whether or not to approve the application or impose conditions. If the STB does not approve or if NS deems the conditions imposed by the STB too onerous, NS would have the right to and could be required to sell all Conrail shares held in the voting trust. Such a disposition could result in a significant loss in and over the period of disposition.

STOCK PURCHASE PROGRAM

On October 23, 1996, NS announced that the share purchase program authorized by the Board of Directors in January 1996 had been suspended.

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PART II. OTHER INFORMATION

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

Item 1. Legal Proceedings.

Conrail. On October 15, 1996, Conrail Inc. ("Conrail") and CSX Corporation ("CSX") announced an agreement to merge, in connection with which CSX announced its intention to commence a multi-tier tender offer for shares of Conrail stock in return for cash and shares of CSX stock.

On October 23, 1996, NS announced it would make a competing, all-cash tender offer for all shares of Conrail stock; on the same date, NS, Atlantic Acquisition Corporation (a wholly owned Pennsylvania subsidiary of NS) and a Conrail stockholder who is an NS employee (such parties together, the "Plaintiffs") filed a complaint against Conrail and its directors and against CSX (such parties together, the "Defendants") in the United States District Court for the Eastern District of Pennsylvania. Plaintiffs sought, among other things, certain declaratory and injunctive relief and alleged various breaches of fiduciary duty and violations of certain federal securities laws. The District Court set a November 12 hearing date - two days prior to the date then set for a Special Meeting at which Conrail stockholders were to be asked to approve an amendment to the Articles of Incorporation that ultimately would be necessary to permit CSX to acquire sufficient shares of Conrail stock virtually to assure approval of that merger.

On October 30, 1996, Plaintiffs amended the complaint. In addition to the allegations cited in the original complaint, the amended complaint alleges, among other things, that provisions in the merger agreement between Conrail and CSX, which prohibit the Conrail Board from redeeming the rights issuable under a Conrail-adopted rights plan (Conrail's "Poison Pill") and from amending or otherwise taking further action with respect to the Conrail rights plan, are ultra vires under Pennsylvania law and constitute a breach of the Conrail directors' fiduciary duties of loyalty and care; that the tender offer materials distributed by Conrail and CSX misrepresented key terms of the Conrail rights plan necessary to an understanding of the effects of that plan; that the provisions of the merger agreement between Conrail and CSX which prohibit the Conrail directors from withdrawing their recommendation that Conrail stockholders accept and approve the proposed CSX transaction and from terminating the merger agreement between Conrail and CSX for a period of 180 days from the date of execution of that agreement are ultra vires under Pennsylvania law and constitute a breach of the Conrail directors' fiduciary duties of loyalty and care; and that CSX has knowingly participated in the illegal conduct of Conrail and its directors. In the amended complaint, Plaintiffs seek

certain declaratory and injunctive relief in addition to that sought pursuant to the original complaint.

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Item 1. Legal Proceedings. (continued)

- -----

On November 1, Plaintiffs requested that the District Court temporarily enjoin the Defendants from taking, or in certain instances to require them to take, certain actions, including taking the steps necessary to prevent a "Distribution Date" from occurring under the Conrail rights plan. At the hearing on November 4 to hear arguments concerning Plaintiffs' motion, Conrail advised that its directors earlier that day had adopted a resolution deferring the "Distribution Date" under that plan.

As a result of Conrail's announcement that its Special Meeting had been rescheduled from November 14, the District Court moved its hearing from November 12 to November 18. At that hearing, Plaintiffs also will seek to enjoin the CSX offer from expiring on November 20 and CSX from acquiring shares pursuant to the CSX offer.

The value of NS' offer for Conrail is approximately \$10 billion in cash; analysts estimate the value of the last CSX offer (part cash and part stock) at about \$8.4 billion. Although the final outcome of these competing efforts to acquire Conrail - including any relief that may be granted by the District Court and any conditions that may be imposed by the Surface Transportation Board - cannot be predicted with certainty, NS will continue to take all the steps it believes necessary and desirable to protect the interests of its stockholders, rail patrons and the general public by seeking to assure the presence of balanced and competitive rail service in the East.

Item 6. Exhibits and Reports on Form 8-K.

- -----

(a) Exhibits:

Bylaws as amended effective July 23, 1996

Computation of Per Share Earnings

Financial Data Schedule

(b) Reports on Form 8-K:

None

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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.

NORFOLK SOUTHERN CORPORATION

(Registrant)

Date: November 13, 1996

/s/ Dezora M. Martin

Dezora M. Martin

Corporate Secretary (Signature)

Date: November 13, 1996

/s/ John P. Rathbone

John P. Rathbone
Vice President and Controller
(Principal Accounting Officer) (Signature)

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NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES

INDEX TO EXHIBITS

Electronic
Submission
Exhibit
Number

Description

Page Number

3(ii)	Bylaws of Norfolk Southern Corporation as amended effective July 23, 1996	23-30
11	Statement re Computation of Per Share Earnings	31-32
27	Financial Data Schedule (This exhibit is required to be submitted electronically pursuant to the rules and regulations of the Securities and Exchange Commission and shall not be deemed filed for purposes of Section 11 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934.)	33

EXHIBIT 3(ii) TITLE PAGE

B Y L A W S

OF

NORFOLK SOUTHERN CORPORATION

AS AMENDED

JULY 23, 1996

EXHIBIT 3(ii) Page 1 of 7

BYLAWS

OF

NORFOLK SOUTHERN CORPORATION

ARTICLE I

Stockholders' Meetings

SECTION 1. Annual Meeting. The annual meeting of the stockholders of the corporation shall be held on such date in March, April, May or June as the board of directors may designate. If the date of the annual meeting shall be a legal holiday, the meeting shall be held on the next succeeding day not a legal holiday.

SECTION 2. Special Meetings. Special meetings of the stockholders shall be held whenever called by the chief executive officer or by a majority of the directors.

SECTION 3. Time and Place. All meetings of the stockholders shall be held at the time and place stated in the notice of meeting.

SECTION 4. Quorum. The holders of a majority of the outstanding shares of capital stock entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of the stockholders. If less than a quorum is present at an annual or special meeting, then a majority in interest of the stockholders present in person or by proxy may from time to time adjourn the meeting to a fixed time and place, no further notice of any adjourned meeting being required. Each stockholder shall be entitled to one vote in person or by proxy for each share entitled to vote then outstanding in his name on the books of the corporation.

SECTION 5. Record Date. The board of directors may fix in advance a date as the record date for a determination of stockholders for any purpose, such date to be not more than seventy days before the

meeting or action requiring a determination of stockholders.

SECTION 6. Conduct of Meetings. The chief executive officer, or any officer or director he may designate, shall preside over all meetings of the stockholders. The secretary of the corporation, or an assistant secretary, shall act as secretary of all the meetings, if present. If the secretary or an assistant secretary is not present, the chairman of the meeting shall appoint a secretary.

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The board of directors, prior to the annual meeting of the stockholders each year, shall appoint one or more inspectors of election to act at such annual meeting and at all other meetings of stockholders held during the ensuing year. In the event of the failure of the board to make such appointment or if any inspector of election shall for any reason fail to attend and to act at such meeting, an inspector or inspectors of election, as the case may be, may be appointed by the chairman of the meeting. The inspectors of election shall determine the qualification of voters, the validity of proxies and the results of ballots.

SECTION 7. Proposals by Stockholders. No business may be transacted at an annual or special meeting of stockholders other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (b) otherwise properly brought before the meeting by or at the direction of the board of directors or (c) otherwise properly brought before the meeting by a stockholder (i) who is a stockholder on the date of the giving of the notice provided for in this Section 7 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who gives to the corporation notice in writing of the proposal, provided that such written notice is received at the principal executive office of the corporation, addressed to the Corporate Secretary, (A) in the case of an annual meeting, not less than ninety (90) nor more than one hundred sixty (160) calendar days prior to the anniversary date of the immediately preceding annual meeting and, (B) in the case of a special meeting, not later than the tenth calendar day next following the date on which notice of the holding of the special meeting is mailed to stockholders or public disclosure of the date of the special meeting was made, whichever first occurs. The written notice given to the corporation shall include (i) the specific language on which stockholders will be asked to vote, (ii) the name and address of such stockholder, (iii) the class or series and number of shares of the capital stock of the corporation which are owned beneficially and/or of record by such stockholder, (iv) a representation as to the existence and nature of any agreement or understanding between the proposing stockholder and any other person or persons (including their identities) in connection with bringing the proposal, and (v) a representation as to any material interest of the proposing stockholder (and the other person or persons) in the subject matter of the proposal. The requirements of this Section 7 are in addition to any other applicable requirements.

ARTICLE II

Board of Directors

SECTION 1. Election, Number and Term. The board of directors shall be chosen at the annual meeting of the stockholders. The number of the directors shall be eleven, and the directors shall be classified and shall hold office for terms as provided in the articles of incorporation. This number may be increased or decreased at any time by amendment of these bylaws, but shall always be a number of not less than three. Directors need not be stockholders. Directors shall hold office until their successors are elected.

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SECTION 2. Quorum. A majority of the number of directors fixed by these bylaws shall constitute a quorum. If less than a quorum

is present at a meeting, then a majority of those present may adjourn the meeting to a fixed time and place, no further notice of any adjourned meeting being required.

SECTION 3. Vacancies. Any vacancy arising among the directors, including a vacancy resulting from an increase by not more than thirty percent in the number of directors last elected by the stockholders, may be filled by a majority vote of the remaining directors though less than a quorum unless sooner filled by the stockholders.

SECTION 4. Meetings. Meetings of the board of directors shall be held at times fixed by resolution of the board or upon the call of the chief executive officer or of one-third of the members of the board. Notice of any meeting not held at a time fixed by a resolution of the board shall be given to each director at least two days before the meeting at his residence or business address or by delivering such notice to him or by telephoning or telegraphing it to him at least one day before the meeting. Any such notice shall contain the time and place of the meeting. Meetings may be held without notice if all the directors are present or those not present waive notice before or after the meeting. The chief executive officer, or any director he may designate, shall preside over all meetings.

SECTION 5. Committees. The board of directors may by resolution designate an executive committee and one or more other committees, each of which shall consist of two or more directors. Any such committee, to the extent provided in the resolution of the board of directors and except as otherwise provided by law, shall have and may exercise the powers and authority of the board of directors in the management of the business and affairs of the corporation.

SECTION 6. Nominations of Directors. Except as otherwise provided in the Articles of Incorporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the board of directors may be made at any annual meeting of the stockholders (a) by or at the direction of the board of directors or (b) by any stockholder (i) who is a stockholder on the date of the giving of the notice provided for in this Section 6 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who gives to the corporation notice in writing of the nomination, provided that such written notice is received at the principal executive office of the corporation, addressed to the Corporate Secretary, not less than ninety (90) nor more than one hundred sixty (160) calendar days prior to the anniversary date of the immediately preceding annual meeting. The written notice given to the corporation shall include all the information about the nominee that would be required by applicable rules and regulations of the Securities and Exchange Commission to be included for nominees listed in the proxy statement for such meeting and shall include (i) the name and address of such stockholder and (ii) the class or series and number of shares of the capital stock of the corporation which are owned beneficially and/or of record by such stockholder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

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ARTICLE III

Officers

SECTION 1. Election, Number and Term. The board of directors, promptly after its election in each year, may elect a chairman of the board and shall elect a president (one of whom shall be designated chief executive officer), a secretary and a treasurer, and may elect one or more vice chairmen and vice presidents and may appoint such other officers as it may deem proper. Any officer may hold more than one office except that the same person shall not be president and secretary. Each officer shall hold office until his successor is elected or until his death or until he resigns or is removed in the manner hereinafter provided.

SECTION 2. Removal. Any officer may be removed at any time

by the vote of the board of directors and any officer or agent appointed otherwise than by the board of directors may be removed by any officer having authority to appoint that officer or agent.

SECTION 3. Vacancies. Vacancies among the officers elected by the board of directors shall be filled by the directors.

SECTION 4. The Chief Executive Officer. The chief executive officer, subject to the control of the board of directors, shall in general supervise and control all of the business and affairs of the corporation. All officers and agents, other than officers or agents elected or appointed by the board of directors, shall be appointed by the chief executive officer or by the heads of departments, subject to the approval of the chief executive officer. Unless otherwise specifically provided in these bylaws or by direction of the board of directors, the chief executive officer or, at his direction, any officer, employee or agent of the corporation designated by him, may sign and execute all representations, securities, conveyances of real and personal property, leases, licenses, releases, contracts and other obligations and instruments in the name of the corporation.

SECTION 5. The Vice Chairmen and Vice Presidents. The vice chairmen and the vice presidents shall perform such duties as from time to time may be assigned to them by the chief executive officer or by the board of directors. In the absence of the chief executive officer, or in the event of his death, inability or refusal to act, the officer designated by the chief executive officer or the board of directors shall perform the duties of the chief executive officer, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the chief executive officer. Any vice chairman or vice president may sign, with the secretary or an assistant secretary, certificates for shares of the corporation.

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SECTION 6. The Secretary. The secretary shall: (a) keep the minutes of the meetings of the stockholders and the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholders; (e) sign with the chairman of the board, a vice chairman, the president, or a vice president, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the board of directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the chief executive officer or by the board of directors.

SECTION 7. The Treasurer. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine. He shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article IV of these bylaws; (b) when duly authorized, disperse all moneys belonging or coming to the corporation; and (c) in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the chief executive officer or by the board of directors.

SECTION 8. Assistant Secretaries and Assistant Treasurers. The assistant secretaries, when authorized by the board of directors, may sign with the chairman of the board, a vice chairman, the president or a vice president certificates for shares of the corporation the issuance of which shall have been authorized by a resolution of the board of

directors. The assistant treasurers shall respectively, if required by the board of directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the chief executive officer or the board of directors.

SECTION 9. Salaries. The salaries of the officers elected by the board of directors shall be fixed by the board of directors. The salaries of all other officers shall be fixed by the chief executive officer or by the heads of departments, subject to the approval of the chief executive officer.

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ARTICLE IV

Checks and Deposits

SECTION 1. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

SECTION 2. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as may be selected in a manner authorized by the board of directors.

ARTICLE V

Certificate of Stock

Each stockholder shall be entitled to a certificate or certificates of stock in such form as may be approved by the board of directors signed by the chairman of the board, a vice chairman, the president or a vice president and by the secretary or an assistant secretary or the treasurer or any assistant treasurer.

All transfers of stock of the corporation shall be made upon its books by surrender of the certificate for the shares transferred accompanied by an assignment in writing by the holder and may be accomplished either by the holder in person or by a duly authorized attorney in fact.

In case of the loss, mutilation or destruction of a certificate of stock, a duplicate certificate may be issued upon such terms not in conflict with law as the board of directors may prescribe.

The board of directors may also appoint one or more transfer agents and registrars and may require stock certificates to be countersigned by a transfer agent or registered by a registrar or may require stock certificates to be both countersigned by a transfer agent and registered by a registrar. If certificates of capital stock of the corporation are signed by a transfer agent or by a registrar (other than the corporation itself or one of its employees), the signature thereon of the officers of the corporation and the seal of the corporation thereon may be facsimiles, engraved or printed. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation, whether because of death, resignation or otherwise, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers of the corporation.

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ARTICLE VI

Seal

The seal of the corporation shall be a flat-faced circular die, of which there may be any number of counterparts, with the word "SEAL" and the name of the corporation and the state and year of incorporation engraved thereon.

ARTICLE VII

Fiscal Year

The fiscal year of the corporation shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE VIII

Voting of Stock Held

Unless otherwise ordered by the board of directors, the chief executive officer, or his designee, shall have full power and authority in behalf of the corporation to attend and to act and to vote at any meetings of stockholders of any corporation in which the corporation may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock, which, as the owner thereof, the corporation might have possessed and exercised if present, and may sign proxies on behalf of the corporation with respect to any such meeting or sign consents on behalf of the corporation with respect to corporate actions permitted without a meeting of stockholders. The board of directors, by resolution, from time to time, may confer like powers upon any other person or persons.

ARTICLE IX

Amendments

These bylaws may be altered, amended or repealed and new bylaws may be adopted by the board of directors at any regular or special meeting of the board of directors.

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES
Computation of Per Share Earnings
(In millions except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
	-----	-----	-----	-----
Computation for Statements of Income				

Net income per statements of income	\$ 202.3	\$ 183.9	\$ 569.9	\$ 535.8
	-----	-----	-----	-----
Weighted average number of shares outstanding	125.6	130.6	126.9	131.5
	-----	-----	-----	-----
Primary earnings per share	\$ 1.61	\$ 1.40	\$ 4.49	\$ 4.07
	=====	=====	=====	=====
Additional Primary Computation				

Net income per statements of income	\$ 202.3	\$ 183.9	\$ 569.9	\$ 535.8
	-----	-----	-----	-----
Adjustment to weighted average number of shares outstanding:				
Weighted average number of shares outstanding per primary computation above	125.6	130.6	126.9	131.5
Dilutive effect of outstanding options, stock appreciation rights (SARs) and performance share units (PSUs) (as determined by the application of the treasury stock method) (1)	1.5	1.5	1.4	1.3
	-----	-----	-----	-----
Weighted average number of shares outstanding, as adjusted	127.1	132.1	128.3	132.8
	=====	=====	=====	=====
Primary earnings per share, as adjusted (2):				
Net income	\$ 1.59	\$ 1.39	\$ 4.44	\$ 4.03
	=====	=====	=====	=====

(1) See Note 12 of Notes to Consolidated Financial Statements in Norfolk Southern's 1995 Annual Report on Form 10-K for a description of the Long-Term Incentive Plan.

(2) These

calculations are submitted in accordance with Regulation S-K item 601(b)(11) although not required by footnote 2 to paragraph 14 of APB Opinion No. 15 because they result in dilution of less than 3 percent.

Computation of Per Share Earnings
(In millions except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
	-----	-----	-----	-----
Fully Diluted Computation				

Net income per statements of income	\$ 202.3	\$ 183.9	\$ 569.9	\$ 535.8
Adjustment to increase earnings to requisite level to earn maximum PSUs, net of tax effect	29.7	13.5	83.6	39.3
	-----	-----	-----	-----
Net income, as adjusted	\$ 232.0	\$ 197.4	\$ 653.5	\$ 575.1
	=====	=====	=====	=====
Adjustment to weighted average number of shares outstanding, as adjusted for additional primary calculation:				
Weighted average number of shares outstanding, as adjusted per additional primary computation on page 1	127.1	132.1	128.3	132.8
Additional dilutive effect of outstanding options and SARs (as determined by the application of the treasury stock method using period end market price)	0.2	--	0.3	0.3
Additional shares issuable at maximum level for PSUs	0.1	0.1	0.1	0.1
	-----	-----	-----	-----
Weighted average number of shares, as adjusted	127.4	132.2	128.7	133.2
	=====	=====	=====	=====
Fully diluted earnings per share (3):	\$ 1.82	\$ 1.49	\$ 5.08	\$ 4.32
	=====	=====	=====	=====

(3) These calculations are submitted in accordance with Regulation S-K item 601(b)(11) although they are contrary to paragraph 40 of APB Opinion No. 15 because they produce an anti-dilutive result.

<ARTICLE> 5
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<CURRENT-LIABILITIES>	1,208
<BONDS>	1,811
<COMMON>	132
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	4,722
<TOTAL-LIABILITY-AND-EQUITY>	11,262
<SALES>	0
<TOTAL-REVENUES>	3,590
<CGS>	0
<TOTAL-COSTS>	2,703
<OTHER-EXPENSES>	(84)
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	84
<INCOME-PRETAX>	887
<INCOME-TAX>	317
<INCOME-CONTINUING>	570
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	570
<EPS-PRIMARY>	4.49
<EPS-DILUTED>	0