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 JUNE 30, 2001

( ) 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 (757) 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 July 31, 2001
Common Stock (par value $1.00)	385,325,681 (excluding 21,363,974 shares held by registrant's consolidated subsidiaries)

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Railway operating revenues:				
Coal	$ 395	$ 377	$ 788	$ 724
General merchandise	922	942	1,793	1,857
Intermodal	275	273	551	519
TOTAL RAILWAY OPERATING REVENUES	1,592	1,592	3,132	3,100
Railway operating expenses:				
Compensation and benefits (Note 4)	502	516	1,021	1,171
Materials, services and rents	377	347	749	718
Conrail rents and services (Note 5)	106	124	211	245
Depreciation	128	126	255	251
Diesel fuel	106	106	223	221
Casualties and other claims	40	34	77	66
Other	51	61	109	122
TOTAL RAILWAY OPERATING EXPENSES	1,310	1,314	2,645	2,794
Income from railway operations	282	278	487	306
Other income - net	24	45	51	73
Interest expense on debt	(139)	(139)	(280)	(279)

Income from continuing

operations before income taxes	167	184	258	100
Provision for income taxes	60	68	90	32
Income from continuing operations	107	116	168	68
Discontinued operations - gain on sale of motor carrier, net of taxes (Note 3)	--	--	13	--
NET INCOME	$ 107	$ 116	$ 181	$ 68
Per share amounts (Note 9):				
Income from continuing operations, basic and diluted	$ 0.28	$ 0.30	$ 0.44	$ 0.18
Net income, basic and diluted	$ 0.28	$ 0.30	$ 0.47	$ 0.18
Dividends	$ 0.06	$ 0.20	$ 0.12	$ 0.40

See accompanying notes to Consolidated Financial Statements.

Item 1. Financial Statements. (continued)

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
($ in millions)
(Unaudited)

	June 30, 2001	Dec. 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 47	$ --
Short-term investments	--	2
Accounts receivable, net (Note 7)	430	411
Due from Conrail (Note 5)	8	31
Materials and supplies	96	91
Deferred income taxes	175	182
Other current assets	55	132
Total current assets	811	849
Investment in Conrail (Note 5)	6,180	6,154
Properties less accumulated depreciation	11,249	11,105
Other assets	999	868
TOTAL ASSETS	$ 19,239	$ 18,976
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 24	$ --
Accounts payable	861	925
Income and other taxes	265	251
Notes and accounts payable to Conrail (Note 5)	285	155
Other current liabilities	251	259
Current maturities of long-term debt	605	297
Total current liabilities	2,291	1,887
Long-term debt (Note 6)	7,072	7,339
Other liabilities	1,108	1,131
Minority interests	45	50
Deferred income taxes	2,746	2,745
TOTAL LIABILITIES	13,262	13,152

Stockholders' equity:		
Common stock $1.00 per share par value, 1,350,000,000 shares authorized; issued 406,604,756 and 405,421,447 shares, respectively	407	405
Additional paid-in capital	412	392
Accumulated other comprehensive loss (Note 10)	(10)	(6)
Retained income	5,188	5,053
Less treasury stock at cost, 21,363,974 shares	(20)	(20)
TOTAL STOCKHOLDERS' EQUITY	5,977	5,824
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 19,239	$ 18,976

See accompanying notes to Consolidated Financial Statements.

NORFOLK SOUTHERN CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
($ in millions)
(Unaudited)

	Six Months Ended June 30, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 181	$ 68
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	262	258
Deferred income taxes	4	(8)
Equity in earnings of Conrail	(26)	(10)
Gains and losses on properties and investments	(26)	(61)
Income from discontinued operations	(13)	--
Changes in assets and liabilities affecting operations:		
Accounts receivable (Note 7)	(29)	432
Materials and supplies	(5)	(36)
Other current assets and due from Conrail	102	111
Current liabilities other than debt	(52)	122
Other - net	(88)	10
Net cash provided by operating activities	310	886
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(425)	(351)
Property sales and other transactions	25	82
Investments, including short-term	(59)	(43)
Investment sales and other transactions	32	38
Net cash used for investing activities	(427)	(274)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends	(46)	(153)
Common stock issued - net	13	1
Proceeds from borrowings	1,606	719
Debt repayments	(1,409)	(1,171)
Net cash provided by (used for) financing activities	164	(604)
Net increase in cash and cash equivalents	47	8

CASH AND CASH EQUIVALENTS:		
At beginning of year	--	37
At end of period	$ 47	$ 45
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest (net of amounts capitalized)	$ 285	$ 276
Income taxes	$ 67	$ 5

See accompanying notes to Consolidated Financial Statements.

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 Corporation's financial position as of June 30, 2001, its results of operations for the three and six months ended June 30, 2001 and 2000, and its cash flows for the six months ended June 30, 2001 and 2000.

   Although Management believes that the disclosures presented are adequate to make the information not misleading, these Consolidated Financial Statements should be read in conjunction with: (a) the financial statements and notes included in the Corporation's latest Annual Report on Form 10-K and in any subsequent Quarterly Reports on Form 10-Q and (b) any Current Reports on Form 8-K.

2. Commitments and Contingencies

   There have been no significant changes since year-end 2000 in the matters discussed in NOTE 17, COMMITMENTS AND CONTINGENCIES, appearing in the NS Annual Report on Form 10-K for 2000, Notes to Consolidated Financial Statements, beginning on page 78.

3. Discontinued Operations

   Results for the six months ended June 30, 2001 include an additional after-tax gain of $13 million, or 3 cents per share, recorded in the first quarter, related to the 1998 sale of NS' motor carrier subsidiary, North American Van Lines, Inc. This noncash gain resulted from the expiration of certain indemnities contained in the sales agreement.

4. Work-Force Reduction Costs in 2000

   "Compensation and benefits" expenses for the six months ended June 30, 2000, include $101 million of costs recorded in the first quarter related to actions taken to reduce the size of the work force, which reduced net income by $62 million, or 16 cents per share. These costs resulted principally from a voluntary early retirement program accepted by 919 of 1,180 eligible employees. The retirements were effective March 1, 2000, and most of the related benefits are being paid from the Corporation's overfunded pension plan. The resulting noncash reduction to NS' pension plan asset is included in "Other - net" in the Consolidated Statement of Cash Flows. In addition, an accrual was made for certain postemployment benefits due to some union employees who were furloughed.

5. Investment in Conrail and Operations Over Its Lines

   Overview

   NS and CSX Corporation (CSX) jointly own Conrail Inc. (Conrail), whose primary subsidiary is Consolidated Rail Corporation (CRC), the major freight railroad in the Northeast. NS has a 58 percent economic and

50 percent voting interest in the jointly owned entity, and CSX has the remainder of the economic and voting interests. From time to time, NS and CSX, as the indirect owners of Conrail, may need to make capital contributions, loans or advances to Conrail.

Operations of Conrail's Lines

NS' railroad subsidiary, Norfolk Southern Railway Company (NSR) operates as a part of its rail system the routes and assets of Pennsylvania Lines LLC (PRR), a wholly owned subsidiary of CRC, pursuant to operating and lease agreements. Costs necessary to operate and maintain the PRR assets, including leasehold improvements, are borne by NSR. CSX Transportation, Inc. (CSXT) operates the routes and assets of another CRC subsidiary under comparable terms. Certain other Conrail routes and assets (the "Shared Assets Areas") continue to be operated by CRC for the joint and exclusive benefit of NSR and CSXT. In addition to a fee paid for access, NSR and CSXT pay, based on usage, the costs incurred by CRC to operate the Shared Assets Areas.

Investment in Conrail

NS is applying the equity method of accounting to its investment in Conrail. NS is amortizing the excess of the purchase price over Conrail's net equity using the principles of purchase accounting, based primarily on the estimated remaining useful lives of Conrail's property and equipment, including the related deferred tax effect of the differences in tax and accounting bases for certain assets. At June 30, 2001, the difference between NS' investment in Conrail and its share of Conrail's underlying net equity was $3.8 billion.

NS' Consolidated Balance Sheet at June 30, 2001 includes $99 million of liabilities related to the Conrail transaction, principally for contractual obligations to Conrail employees imposed by the Surface Transportation Board when it approved the transaction. Through June 30, 2001, NS has paid $88 million of these costs.

Related-Party Transactions

NS provides certain general and administrative support functions to Conrail, the fees for which are billed in accordance with several service-provider arrangements. Any unpaid balance is included in "Due from Conrail."

"Conrail rents and services" includes: (1) expenses for amounts due to PRR and CRC for use by NSR of operating properties and equipment and operation of the Shared Assets Areas and (2) NS' equity in the earnings of Conrail, net of amortization.

"Notes and accounts payable to Conrail" includes $194 million at June 30, 2001, and $51 million at Dec. 31, 2000, of interest-bearing loans made to NS by a PRR subsidiary, payable on demand. The interest rate for these loans is variable and was 4.1 percent at June 30, 2001. Also included is $91 million at June 30, 2001, and $104 million at Dec. 31, 2000, due to PRR and CRC related to expenses included in "Conrail rents and services," as discussed above.

Summary Financial Information - Conrail

The following historical cost basis financial information should be read in conjunction with Conrail's audited financial statements, included as Exhibit 99 with NS' 2000 Annual Report on Form 10-K.

Summarized Consolidated Statements of Income - Conrail

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
	($ in millions) (Unaudited)			
Operating revenues	$ 229	$ 246	$ 462	$ 505
Operating expenses	153	194	322	393
Operating income	76	52	140	112
Other income (expense) - net	(3)	(5)	(11)	39
Income before income taxes	73	47	129	151
Provision for income taxes	26	17	37	55
Net income	$ 47	$ 30	$ 92	$ 96

Note: Conrail's results for the first six months of 2000 included a gain from the sale in the first quarter of property that had been written up to fair market value in the allocation of NS' investment in Conrail. Accordingly, the gain related to that fair-value write-up, totaling $16 million after taxes, was excluded in determining NS' equity in Conrail's net income.

Summarized Consolidated Balance Sheets - Conrail

	June 30, 2001	Dec. 31, 2000
	($ in millions) (Unaudited)	
Assets:		
Current assets	$ 718	$ 520
Noncurrent assets	7,390	7,540
Total assets	$ 8,108	$ 8,060
Liabilities and stockholders' equity:		
Current liabilities	$ 457	$ 435
Noncurrent liabilities	3,558	3,643
Stockholders' equity	4,093	3,982
Total liabilities and stockholders' equity	$ 8,108	$ 8,060

6. Long-Term Debt

In February 2001, NS received net proceeds of $987 million from issuing $300 million of 6.75 percent, 10-year term Senior Notes and $700 million of 7.25 percent, 30-year term Senior Notes. The notes were issued under NS' October 2000 $1 billion shelf registration.

In July 2001, NS issued $250 million floating rate, 2-year term Senior Notes under the $1 billion shelf registration that became effective in April 2001. NS intends to use the proceeds to retire commercial paper debt. Accordingly, $250 million of commercial paper outstanding at June 30, 2001, is included in "Long-term debt" on NS' Consolidated Balance Sheet. Because the credit facility that supports NS' commercial paper expires in May 2002, the remaining $24 million of commercial paper is classified as "Short-term debt."

7. Accounts Receivable

Beginning in May 2000, a bankruptcy-remote special purpose subsidiary of NS sold without recourse undivided ownership interests in a pool of accounts receivable totaling approximately $700 million. The buyers have a priority collection interest in the entire pool of receivables, and as a result, NS has retained credit risk to the extent the pool of receivables exceeds the amount sold. NS services and collects the receivables on behalf of the buyers; however, no servicing asset or liability has been recognized because the benefits of servicing are estimated to be just adequate to compensate NS for its responsibilities. Payments collected from sold receivables are reinvested in new accounts receivable on behalf of the buyers.

Accounts receivable sold under this arrangement, and therefore not included in "Accounts receivable, net" on the Consolidated Balance Sheets, were $402 million at June 30, 2001, and $388 million at Dec. 31, 2000. The fees associated with the sale, which are based on the buyers' financing costs, are included in "Other income - net."

8. Derivative Financial Instruments

On January 1, 2001, NS adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), as amended by Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (SFAS 138). The Statements establish accounting and reporting standards for derivative instruments and hedging activities, requiring that all derivatives be recognized in the financial statements as either assets or liabilities and that they be measured at fair value. Changes in fair value are recorded as adjustments to the assets or liabilities being hedged in "Other comprehensive income", or in current earnings, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction represented and the effectiveness of the hedge. The adoption of SFAS 133 and SFAS 138 resulted in the recognition of a $5 million asset and a $5 million increase in long-term debt as of Jan. 1, 2001.

NS uses derivative financial instruments to reduce the risk of volatility in its diesel fuel costs and to manage its overall exposure to fluctuations in interest rates. NS does not engage in the trading of derivatives. NS' management has determined that its derivative financial instruments qualify as either fair-value or cash-flow hedges, having values which highly correlate with the underlying hedged exposures, and has designated such instruments as hedging transactions. Credit risk related to the derivative financial instruments is considered to be minimal and is managed by requiring high credit standards for counterparties and periodic settlements.

Diesel Fuel Hedging

During April 2001, NS began a program to hedge a portion of its diesel fuel consumption. Fuel costs in the second quarter represented approximately 8 percent of NS' operating expenses, and as a result, fluctuations in the price of diesel fuel can significantly affect its operating margins and profitability. The intent of the program is to assist in the management of NS' aggregate risk exposure to fuel price fluctuations through the use of one or more types of derivative instruments. The program provides that NS will not enter into any fuel hedges with a duration of more than thirty-six months, and that no more than eighty percent of NS' average monthly fuel consumption will be hedged for each month within any thirty-six month period.

NS entered into two types of diesel fuel derivative transactions during the second quarter of 2001. NS' management has designated these derivative instruments as cash-flow hedges of the exposure to variability in expected future cash flows attributable to fluctuations in diesel fuel prices. In April, NS purchased eight monthly options at a strike price of $0.84 per gallon of Nymex No. 2 heating oil. The cost of the monthly options, which expire serially through Dec. 31, 2001, is being amortized as a component of diesel fuel expense, and because the price of diesel fuel did not reach the strike price at any time during the second quarter, NS has not recorded any benefit related to these transactions. NS also entered into 78 fuel swaps for approximately 163 million gallons at an average price of approximately $0.74 per gallon of Nymex No. 2 heating oil. As of June 30, 2001, outstanding swaps covered approximately 16 percent, 10 percent, and 4 percent of estimated fuel purchases for the remainder of 2001 and for the years 2002 and 2003, respectively.

NS has not recorded any ineffectiveness related to its use of diesel fuel hedges through June 30, 2001. NS' fuel hedging activity resulted in a net increase in diesel fuel expense of $0.6 million for the second quarter of 2001.

Interest Rate Hedging

NS manages its overall exposure to fluctuations in interest rates by issuing both fixed and floating-rate debt instruments, and by entering into interest rate hedging transactions. NS had $273 million, or 3.8 percent, and $294 million, or 4.5 percent, of its fixed rate debt portfolio hedged at June 30, 2001 and June 30, 2000, respectively, using interest rate swaps that qualify for and are designated as fair-value hedge transactions. These swaps have been effective in hedging the changes in fair value of the related debt arising from changes in interest rates, and accordingly, there has been no impact on earnings resulting from ineffectiveness associated with these derivative transactions.

Fair Values

The fair values of NS' diesel fuel derivative instruments at June 30, 2001, were determined based upon current fair market values as quoted by third party dealers. Fair values of interest rate swaps were determined based upon the present value of expected future cash flows discounted at the appropriate implied spot rate from the spot rate yield curve. Fair value adjustments are noncash transactions, and accordingly, are excluded from the Consolidated Statement of Cash Flows. At June 30, 2001, Accumulated other comprehensive income, a component of Stockholders' equity, includes $2 million relating to the decrease in the fair value of the derivative fuel hedging transactions that will terminate in 2001.

The asset and liability positions of NS' outstanding derivative financial instruments at June 30, 2001 and Dec. 31, 2000 were as follows:

	June 30, 2001	Dec. 31, 2000
	($ in millions)	
Interest rate hedges:		
Gross fair market asset position	$ 7	$ --
Gross fair market (liability) position	--	--
Fuel hedges:		

Gross fair market asset position	--	--
Gross fair market (liability) position	(2)	--
Total net asset position	$ 5	$ --

9. Earnings Per Share

The following table sets forth the reconciliation of the number of weighted-average shares outstanding used in the calculations of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
	(In millions)			
Weighted-average shares outstanding	385.0	383.2	384.8	383.1
Dilutive effect of outstanding options and performance share units (as determined by the application of the treasury stock method)	1.9	0.4	1.1	0.3
Diluted weighted-average shares outstanding	386.9	383.6	385.9	383.4

The calculations exclude options on shares whose exercise price exceeded the average market price of Common Stock for the period as follows: in 2001, 19 million in the second quarter and 28 million in the first quarter;

and in 2000, 20 million in the second quarter and 28 million in the first quarter. There are no adjustments to "Net income" for the diluted earnings per share computations.

10. Comprehensive Income

NS' total comprehensive income was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
	($ in millions)			
Net income	$ 107	$ 116	$ 181	$ 68
Other comprehensive income (loss)	(3)	--	(4)	2
Total comprehensive income	$ 104	$ 116	$ 177	$ 70

For NS, "Other comprehensive income (loss)" reflects the unrealized gains and losses on certain investments in debt and equity securities and net fair value adjustments to derivative financial instruments.

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

RESULTS OF OPERATIONS

Net Income

Second-quarter net income was $107 million in 2001, down $9 million, or 8 percent, compared with the same period last year, reflecting lower nonoperating income that was somewhat offset by a 1 percent increase in income from railway operations. For the first six months of 2001, net income was $181 million and included $13 million of additional after-tax gain related to the 1998 sale of NS' motor carrier subsidiary, which is reported as "Discontinued operations" on the Consolidated Statement of Income (see Note 3). Income from continuing operations for the first six months was $168 million, compared with $68 million for the first half of 2000. Results in 2000 included $62 million of after-tax costs related to actions taken to reduce the size of the work force (see Note 4). Excluding the effects of last year's work-force reduction costs, income from continuing operations increased $38 million, principally due to higher income from railway operations, which was somewhat offset by lower nonoperating income.

Railway Operating Revenues

Second-quarter railway operating revenues were $1.6 billion in 2001, unchanged from 2000. For the first six months, railway operating revenues were $3.1 billion, up $32 million, or 1 percent, compared with last year. For both periods, the effects of higher revenue per unit were offset, entirely for the quarter and in part for the first six months, by lower traffic volume.

	Second Quarter 2001 vs. 2000 Increase (Decrease) ($ in millions)	First Six Months 2001 vs. 2000 Increase (Decrease) ($ in millions)
Traffic volume (carloads)	$ (62)	$ (83)
Revenue per unit/mix	62	115
	$ --	$ 32

Revenues and carloads for the commodity groups were as follows (prior year data has been reclassified to conform to the current presentation):

Revenues

	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
	($ in millions)			
Coal	$ 395	$ 377	$ 788	$ 724
General merchandise:				
Automotive	244	249	458	490
Chemicals	191	195	379	380
Metals/construction	177	184	342	359
Paper/clay/forest	162	162	316	317
Agr./consumer prod./govt.	148	152	298	311
General merchandise	922	942	1,793	1,857
Intermodal	275	273	551	519
Total	$ 1,592	$ 1,592	$ 3,132	$ 3,100

	Carloads			
	Second Quarter 2001	Second Quarter 2000	Six Months 2001	Six Months 2000
	(In thousands)			
Coal	437	436	876	858
General merchandise:				
Automotive	173	189	325	372
Chemicals	111	116	218	230
Metals/construction	185	206	351	396
Paper/clay/forest	117	126	234	252
Agr./consumer prod./govt.	126	128	256	263
General merchandise	712	765	1,384	1,513
Intermodal	538	555	1,081	1,062
Total	1,687	1,756	3,341	3,433

Coal

Coal revenues increased $18 million, or 5 percent, in the second quarter and $64 million, or 9 percent, in the first six months, compared with the same periods last year. Total tonnage handled increased 1 percent for the quarter and 4 percent year-to-date, principally due to higher utility coal volume that was somewhat offset by lower volume for domestic metallurgical coal, coke and iron ore and export coal. Utility coal volume increased 9 percent in the quarter and 13 percent year-to-date. Growth moderated in the quarter, reflecting milder weather and production problems at some mines. Domestic metallurgical coal, coke and iron ore volume declined 21 percent for the quarter and 25 percent for the first six months, principally due to continued weakness in the steel-production industry. Export coal volume decreased 19 percent in the quarter and 17 percent year-to-date, due in part to high domestic prices, which is diverting coal from the export market. Coal revenue per unit increased 4 percent in the quarter and 7 percent year-to-date, reflecting utilization of higher capacity cars and longer hauls. In addition, higher export rates resulting from the annual contract negotiations began to take effect late in the quarter.

For the remainder of the year, coal revenues are expected to continue to benefit from increased demand for electricity; however, milder weather in NS' service region has negated this favorable outlook early in the third quarter.

General Merchandise

General merchandise revenues decreased $20 million, or 2 percent, in the second quarter and $64 million, or 3 percent, for the first six months, compared with the same periods last year. Traffic volume (carloads) declined 7 percent in the quarter and 9 percent year-to-date, as all commodity groups posted decreases for both periods. Automotive traffic volume was 9 percent lower in the quarter and 13 percent lower year-to-date, reflecting continued production cutbacks in the face of the slow economy. Metals and construction traffic volume declined 10 percent in the quarter and 11 percent for the first six months, principally due to the effects of the automotive slowdown and continued weakness in the steel industry. Paper, clay and forest products traffic volume decreased 7 percent in both the quarter and year-to-date, largely due to production cutbacks by paper producers, which were mitigated by increased lumber volume. Chemicals traffic volume declined 4 percent for the quarter and 5 percent year-to-date, reflecting continued weak demand. For both periods, higher revenue per unit, largely the result of higher rates and favorable changes in the mix of traffic, offset much of the effects of the traffic volume decreases. Revenue per unit for the automotive group benefited from improved yield associated with the redesign of the mixing center network and changes in the type of equipment used on certain movements.

In spite of new business initiatives, general merchandise revenues are expected to continue to post year-over-year declines in 2001 in view of the very weak manufacturing and industrial sectors of the economy.

Intermodal

Intermodal revenues increased $2 million, or 1 percent, in the second quarter and $32 million, or 6 percent, for the first six months, compared with the same periods last year. Growth in traffic volume (units) weakened in the second quarter, declining 3 percent compared with last year, as a 23 percent decrease in trailer volume more than offset a 3 percent increase in container shipments. Second-quarter traffic volume was uncharacteristically lower than that of the first quarter, reflecting the continuation of weak economic conditions and an abundance of competing truck capacity. For the year-to-date, shipments remained ahead of last year, supported by a 10 percent increase in container traffic volume, which was mitigated by a 20 percent decline in trailer traffic volume. Revenue per unit increased for both periods, largely due to rate increases.

For the remainder of the year, intermodal revenues are expected to benefit from new business and facility improvements; however, continued softness in the economy could temper this positive outlook.

Railway Operating Expenses

Second-quarter railway operating expenses were $1.3 billion, down slightly compared with last year. For the first six months, expenses were $2.6 billion, down $149 million, or 5 percent. Expenses in 2000 included $101 million of work-force reduction costs in the first quarter (see Note 4); excluding these costs, year-to-date 2001 expenses were down $48 million, or 2 percent.

"Compensation and benefits" expenses decreased $14 million, or 3 percent, in the second quarter and $49 million, or 5 percent, year-to-date, excluding the first-quarter 2000 work-force reduction costs. Lower salaries and wages, a result of last year's work force reductions, were somewhat offset by higher wage rates and benefit costs for union employees, a lower pension credit and higher stock-based compensation costs that resulted from an increase in NS' stock price.

"Materials, services and rents" expenses increased $30 million, or 9 percent, in the quarter and $31 million, or 4 percent, year-to-date, primarily due to higher mechanical and engineering costs and higher expenses for intermodal-related purchased services. These increases were partially offset by lower equipment rents and joint facility expenses.

"Conrail rents and services" expenses decreased $18 million, or 15 percent, in the second quarter and $34 million, or 14 percent, year-to-date. Both declines reflected higher equity earnings in Conrail and lower costs in the Shared Assets Areas.

"Diesel fuel" expenses were unchanged in the second quarter, but increased $2 million, or 1 percent, for the first six months. For both periods, consumption was lower (5 percent) and price per gallon was higher (5 percent for the quarter and 7 percent for the year-to-date).

"Casualties and other claims" expenses increased $6 million, or 18 percent, in the second quarter and $11 million, or 17 percent, for the first six months. Both comparisons reflected the absence of a premium refund that benefited last year and adverse claims development. The year-to-date also reflected higher costs related to derailments.

"Other" expenses decreased $10 million, or 16 percent, in the second quarter and $13 million, or 11 percent, for the first six months. Both declines primarily resulted from lower property and sales and use taxes, together with lower travel and relocation costs.

The second-quarter railway operating ratio was 82.3 percent in 2001, compared with 82.5 percent in 2000. For the first six months, the ratio was 84.5 percent in 2001, compared with 86.9 percent in 2000 (excluding the work-force reduction costs, which added 3.2 percentage points to the ratio).

Other Income - Net

"Other income - net" decreased $21 million in the second quarter and $22 million for the first six months, compared with the same periods last year. The comparisons reflect the $28 million gain in the second quarter of 2000 from the sale of gas and oil royalty and working interests.

Provision for Income Taxes

The second-quarter effective income tax rate was 35.9 percent in 2001, compared with 37.0 percent last year. For the first six months, the effective rate was 34.9 percent, compared with 32.0 percent last year. Excluding NS' equity in Conrail's after-tax income, the second-quarter rate was 39.2 percent in 2001 and 36.8 percent in 2000, and the year-to-date rate was 38.8 percent in 2001 and 35.6 percent in 2000. Both increases resulted from a reduction in the level of benefits from investments in coal-seam gas properties.

FINANCIAL CONDITION AND LIQUIDITY

Cash provided by operating activities, NS' principal source of liquidity, decreased significantly in the first six months of 2001, compared with the same period last year. The decline resulted from: (1) the absence of the large cash infusion received May 1, 2000, upon commencement of the program to sell accounts receivable; (2) higher tax payments this year, including the settlement of federal tax years 1995 and 1996; (3) the timing of payments to Conrail, coupled with the absence of significant one-time receipts that occurred in 2000; (4) the absence of bonus payments in 2000 and (5) a litigation settlement payment this year. These items were somewhat offset by higher operating income and the receipt of cash from a non-recurring settlement. NS' working capital deficit was $1.5 billion at June 30, 2001, compared with $1.0 billion at Dec. 31, 2000.

NS currently has the capability to issue commercial paper to meet its more immediate working capital needs (see the discussion of financing activities, below).

Cash used for investing activities increased significantly in the first six months of 2001, compared with the same period last year. The increase resulted from a 21 percent rise in property additions, reflecting the purchase of locomotives as compared to the absence of such a purchase in the first half of 2000, somewhat offset by less track program work and fewer freight car purchases.

Cash provided by financing activities was $164 million for the first six months of 2001. Sources of cash included $987 million of net proceeds from the sale of Senior Notes (see Note 6), $174 million of proceeds from the sale of equipment trust certificates and a net increase of $144 million in borrowings from PRR. Uses of cash included an $857 million net reduction to commercial paper and a $200 million repayment of Senior Notes. NS' debt-to-total capitalization ratio was 56.9 percent at June 30, 2001, unchanged compared with Dec. 31, 2000. NS currently has in place a $1 billion credit facility (which expires in May 2002, see Note 6) to support the $274 million of commercial paper outstanding at June 30, 2001. In addition, NS has issued (in July 2001, see Note 6) only $250 million of debt under its $1 billion shelf registration that became effective in April 2001.

CONRAIL'S RESULTS OF OPERATIONS, FINANCIAL CONDITION AND LIQUIDITY

Conrail's second-quarter net income was $47 million in 2001, compared with $30 million in the second quarter of last year. The improvement reflected lower casualties and other claims expenses, largely due to favorable claims development, and an environmental settlement in favor of the company. For the first six months, net income was $92 million this year, compared with $96 million last year. The decline was the result of the absence of a $37 million after-tax gain from a property sale in the first quarter of 2000 (see Note 5), largely offset by lower casualties and other claims expenses, a favorable adjustment to state tax reserves and the environmental settlement.

Conrail's operating revenues decreased 7 percent in the second quarter and 9 percent for the first six months, compared with the same periods of last year. The declines resulted from lower revenues at Conrail's Indiana Harbor Belt subsidiary, the expiration of some equipment leases and lower operating fees, largely because of reduced operating costs in the Shared Assets Areas.

Conrail's operating expenses decreased 21 percent in the second quarter and 18 percent for the first six months, compared with the same periods of last year. Both declines principally resulted from lower expenses for materials, services and rents; casualties and other claims; and compensation and benefits.

Conrail's working capital was $261 million at June 30, 2001, compared with $85 million at Dec. 31, 2000. Conrail is expected to have sufficient cash flow to meet its ongoing obligations.

NS' equity in earnings of Conrail, net of amortization, was $14 million in the second quarter, compared with a $1 million loss in the second quarter of last year, and was $26 million for the first six months, compared with $10 million for the same period last year.

OTHER MATTERS

Telecommunications Subsidiary

NS' subsidiary, Thoroughbred Technology and Telecommunications, Inc. ("T-Cubed"), is co-developing fiber optic infrastructure with members of the telecommunications industry. This industry has recently experienced a severe downturn. During the second quarter, one of T-Cubed's co-developers filed for protection under Chapter 11 of the U.S. Bankruptcy Code and foreign laws. This co-developer owes T-Cubed amounts for work performed on joint projects; however, based on known facts and circumstances, Management believes that such amounts ultimately will be realized.

As a result of changes in the values of telecommunications assets, T-Cubed has reviewed the carrying amount of its telecommunications assets, including those still under development, as required by SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of." Management believes that its ultimate investment in these assets will be recovered, and accordingly, no impairment has been recognized. Upon completion of the network currently under development, T-Cubed expects its net investment to be more than $100 million. Should conditions in the telecommunications industry worsen, T-Cubed's prospects for recovering its investment in these assets may be reduced.

Labor Arbitration

Several hundred claims have been filed on behalf of NSR employees furloughed after June 1, 1999, for various periods of time, alleging that the furloughs were a result of the Conrail transaction and seeking "New York Dock" income protection benefits. One labor organization has initiated arbitration on behalf of approximately one hundred of these claimants. These claims likely will be arbitrated in the fall of 2001. Management believes, based on known facts and circumstances, including the availability of legal defenses, that the amount of liability for claims currently in arbitration should not have a material adverse effect on NS' financial position, results of operations or liquidity. Depending on the outcome of the arbitration, other claims may be filed or progressed to arbitration. Should all such claimants prevail, there could be a significant effect on results of operations in a particular quarter.

Labor Agreements

Approximately 85 percent of NS' railroad employees are covered by collective bargaining agreements with 15 different labor unions. These agreements remain in effect until changed pursuant to the Railway Labor Act. Moratorium provisions in these agreements permitted NS and the unions to propose such changes in late 1999; negotiations at the national level commenced shortly thereafter. The outcome of these negotiations is uncertain. However, an agreement was reached with the Brotherhood of Locomotive Engineers, which represents about 5,000 NS employees, and a national agreement has been reached with the Brotherhood of Maintenance of Way Employes, which represents about 4,500 NS employees. In addition, tentative national agreements (subject to ratification) have been reached with the International Brotherhood of Electrical Workers, which represents about 1,000 NS employees, and the United Transportation Union, which represents about 7,500 NS employees.

REQUIRED ACCOUNTING CHANGES

Effective Jan. 1, 2001, NS adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" (see Note 8).

Effective April 1, 2001, NS adopted SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which replaced SFAS No. 125 of the same name. SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and requires certain disclosures, but carries over most of the provisions of SFAS No. 125. NS adopted the disclosure requirements with its 2000 Annual Report; the remaining provisions of SFAS No. 140 did not have a material effect on NS' financial statements.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that may be identified by the use of words like "believe," "expect," "anticipate" and "project." Forward-looking statements reflect Management's good-faith evaluation of information currently available. However, such statements are dependent on and, therefore, can be influenced by, a number of external variables over which Management has little or no control, including: domestic and international economic conditions; the business environment in industries that produce and consume rail freight; competition and consolidation within the transportation industry; fluctuation in prices of key materials, in particular diesel fuel; labor difficulties, including strikes and work stoppages; legislative and regulatory developments; changes in securities and capital markets; and natural events such as severe weather, floods and earthquakes. Forward-looking statements are not, and should not be relied upon as, a guaranty of future performance or results. Nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. As a result, actual outcomes and results may differ materially from those expressed in forward-looking statements. The Company undertakes no obligation to update or revise forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

There has been no material change to the disclosures made under the heading "Market Risks and Hedging Activities" on page 46 of the Corporation's 2000 Annual Report on Form 10-K. Additional information required by this item is included in Part I, Item I, "Financial Statements" in Note 8 on page 9.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

Registrant's Annual Meeting of Stockholders was held on May 10, 2001, at which meeting three directors were elected to serve for a term of three years, the appointment of independent public accountants was ratified, the Long-Term Incentive Plan, as amended, was approved and two stockholder proposals were defeated.

The three directors were elected by the following vote:

	FOR	AUTHORITY WITHHELD
Alston D. Correll	294,963,176 votes	33,832,559 votes
Landon Hilliard	290,688,924 votes	38,106,811 votes
Jane Margaret O'Brien	292,678,662 votes	36,117,073 votes

The appointment of KPMG LLP, independent public accountants, as auditors of the Corporation's books and records was ratified by the following vote:

FOR: 307,873,292 shares
AGAINST: 18,878,106 shares
ABSTAINED: 2,044,337 shares

The Long-Term Incentive Plan, as amended, was approved by the following vote:

FOR: 239,645,596 shares
AGAINST: 40,588,852 shares
ABSTAINED: 3,434,201 shares

A stockholder proposal concerning the Board's reporting to the stockholders on the Corporation's activities and efforts related to global warming was defeated by the following vote:

FOR: 21,653,627 shares
AGAINST: 251,349,564 shares
ABSTAINED: 10,665,458 shares

A stockholder proposal concerning the elimination of dividend equivalent payments on stock options for Vice Presidents and above was defeated by the following vote:

FOR: 31,720,573 shares
AGAINST: 246,744,053 shares
ABSTAINED: 5,204,023 shares

Item 6. Exhibits

10(v) The Norfolk Southern Corporation Stock Unit Plan, effective July 24, 2001, is filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORFOLK SOUTHERN CORPORATION
(Registrant)

Date: August 9, 2001

/s/ Dezora M. Martin
Dezora M. Martin
Corporate Secretary (Signature)

Date: August 9, 2001

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

EXHIBIT INDEX

Electronic Submission Exhibit Number	Description	Page
10(v)	Norfolk Southern Corporation Stock Unit Plan, effective July 24, 2001	24

NS STOCK UNIT PLAN

Effective July 24, 2001, as Renamed August 6, 2001

Section 1. PURPOSE

The Phantom Stock Unit Plan was adopted July 24, 2001, and renamed the NS Stock Unit Plan (the "Plan") on August 6, 2001. The purpose of the Plan is to promote the success of Norfolk Southern Corporation (the "Corporation") by providing compensation to officers and other key employees of the Corporation and its Subsidiary Companies (as hereinafter defined) which is tied to the performance of the common stock of the Corporation, thereby providing an additional incentive to officers and other key employees to devote their maximum efforts and skills to the success of the Corporation and further aligning their interests with those of the shareholders. The Plan provides for the grant of stock units whose value is measured by the fair market value of the Corporation's common stock and which will be payable in cash upon satisfaction of the applicable restrictions, in accordance with the terms and conditions set forth below.

Section 2. DEFINITIONS

The terms used herein shall have the following meanings unless otherwise specified or unless a different meaning is clearly required by the context:

Award — A grant of Stock Units.

Beneficiary — The person or persons designated in writing by the Participant as his Beneficiary in respect of Awards under the Corporation's Long-Term Incentive Plan or, in the absence of such a designation or if the designated person or persons predecease the Participant, the person or persons who shall acquire the Participant's rights in respect of Awards by bequest or inheritance in accordance with the applicable laws of descent and distribution. In order to be effective, a Participant's designation of a Beneficiary must be on file with the Corporation before the Participant's death.

Board of Directors — The Board of Directors of the Corporation.

Code — The Internal Revenue Code of 1986, as amended from time to time.

Committee — The Compensation and Nominating Committee or any other committee of the Board of Directors which is authorized to grant Awards under this Plan.

Common Stock — The Common Stock of the Corporation.

Disability — A disability that enables the Participant to be eligible for and receive a disability benefit under the Long-Term Disability Plan of the Corporation or a long-term disability plan of a Subsidiary Company (whichever is applicable), as amended from time to time.

Fair Market Value — The value of Common Stock on a particular date as measured by the mean of the high and low prices at which it is traded on such date as reported in the Composite Transactions for such date by The Wall Street Journal, or, if Common Stock was not traded on such date, on the next preceding day on which Common Stock was traded.

Participant — Any officer or key employee of the Corporation or a Subsidiary Company selected by the Committee to participate in the Plan.

Performance Period — A period of time not less than twelve (12) nor more than sixty (60) months, to be determined within those limits by

	the Committee in its sole discretion, commencing on the date as of which Stock Units are granted, during which the restrictions imposed by paragraph (b) of Section 5 of the Plan shall apply. The Committee shall determine the length of the Performance Period at the time that the Stock Units are granted.
Retirement	Retirement from the Corporation or a Subsidiary Company pursuant to the provisions of the Retirement Plan of the Corporation or a retirement plan of a Subsidiary Company (whichever is applicable), as amended from time to time.
Stock Units	Contingent rights to receive cash payment for the Fair Market Value of shares of Common Stock granted pursuant to Section 5 of the Plan and subject to the restrictions and other terms and conditions set forth therein. Each Stock Unit shall equal the Fair Market Value of one share of Common Stock.
Subsidiary Company	A corporation of which more than fifty percent (50%) of the total combined voting power of all classes of stock entitled to vote is owned, directly or indirectly, by the Corporation.

Section 3. ADMINISTRATION

The Plan shall be administered by the Committee, which, subject to the limitations set forth herein, shall have the full and complete authority and sole discretion from time to time to construe and interpret the Plan; to select the officers and other key employees who shall be granted Awards under the Plan; to determine the type, size, terms, and conditions of the Award or Awards to be granted to each such Participant; to authorize the grant of such Awards pursuant to the Plan; to adjust such Awards based on the performance of the Corporation or on the individual performance of the Participant; in connection with the merger or consolidation of the Corporation, to give a Participant an election to surrender an Award in exchange for the grant of a new Award; to adopt, amend and rescind rules and regulations relating to the Plan; and to make all other determinations and take all other action it may deem necessary or advisable for the implementation and administration of the Plan. The Committee may authorize the grant of more than one type of Award, and Awards subject to differing terms and conditions, to any eligible employee. The Committee's decision to authorize the grant of an Award to an employee at any time shall not require the Committee to authorize the grant of an Award to that employee at any other time or to any other employee at any time; nor shall its determination with respect to the size, type, or terms and conditions of the Award to be granted to an employee at any time require it to authorize the grant of an Award of the same type or size or with the same terms and conditions to that employee at any other time or to any other employee at any time. The Committee shall not be precluded from authorizing

the grant of an Award to any eligible employee solely because the employee previously may have been granted an Award of any kind under the Plan.

All determinations of the Committee shall be by a majority of its members and shall be final, conclusive and binding. Each member of the Committee, while serving as such, shall be considered to be acting in his capacity as a director of the Corporation, and no member of the Committee shall be liable for any action taken or decision made in good faith with respect to the implementation or administration of the Plan.

Section 4. ELIGIBILITY

To be eligible for selection by the Committee to participate in the Plan, an individual must be a full-time salaried officer or key employee of the Corporation, or of a Subsidiary Company, and must reside in the United States or Canada, on the date on which the Committee authorizes the grant to such individual of an Award.

Section 5. STOCK UNITS

(a) Type of Award - The Committee, in its sole discretion, may from time to time authorize the grant of Stock Units to a Participant. The grant of Stock Units shall be evidenced by a written Stock Unit

Agreement between the Corporation and the Participant setting forth the number of such Stock Units, Performance Period , and the terms, conditions, and restrictions applicable thereto. Such Stock Units will be recorded in individual memorandum accounts maintained by the Committee or its agent. The Participant shall have no beneficial ownership interest in the Common Stock represented by the Stock Units and no right to receive a certificate representing such shares of Common Stock. Further, the Participant shall have no right to vote the Common Stock represented by the Stock Units or to receive dividends (except for any equivalent payments which may be awarded by the Committee in connection with such Stock Units) on the Common Stock represented by the Stock Units.

(b) Restrictions - Until the expiration of the Performance Period or the lapse of restrictions in the manner provided in paragraphs (d) or (e) of this Section 5, Stock Units shall be subject to the following restrictions and any additional restrictions that the Committee, in its sole discretion, may from time to time deem desirable in furtherance of the objectives of the Plan:

(i) the Participant shall not be entitled to receive cash payment for the Stock Units which the Participant may have a contingent right to receive in the future;

(ii) the Stock Units may not be sold, transferred, assigned, pledged, conveyed, hypothecated, or otherwise disposed of; and

(iii) the Stock Units may be forfeited immediately as provided in paragraph (d) of this Section 5.

(c) Distribution of Stock Units - If a Participant to whom Stock Units have been granted remains in the continuous employment of the Corporation or a Subsidiary Company during the entire Performance Period, upon the expiration of the Performance Period all restrictions applicable to the Stock Units shall lapse, and the Stock Units shall be settled in cash, not in shares of Common

Stock, based on Fair Market Value on the date all applicable restrictions lapse. The Committee, in its sole discretion, may review and adjust the Award at any time prior to expiration of the Performance Period to increase or decrease the number of Stock Units between 0% and 125% based on the performance of the Corporation and/or on the individual performance of the Participant.

(d) Termination of Employment - If the employment of a Participant is terminated for any reason other than the Disability or death of the Participant in service before the expiration of the Performance Period, the Stock Units shall be forfeited immediately and all rights of the Participant to such units shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. If the employment of a Participant is terminated for Retirement before the expiration of the Performance Period, the Stock Units shall be forfeited immediately and all rights of the Participant to such units shall terminate immediately without further obligation on the part of the Corporation or any Subsidiary Company. If the Participant's employment is terminated by reason of the Disability or death of the Participant in service before the expiration of the Performance Period, the number of Stock Units held by the Corporation for the Participant's account shall be reduced by the proportion of the Performance Period remaining after the Participant's termination of employment; the restrictions on the balance of such Stock Units shall lapse on the date the Participant's employment terminated; and the cash settlement representing the Stock Units upon which the restrictions have lapsed shall be delivered to the Participant (or, in the event of the Participant's death, to his Beneficiary).

(e) Waiver of Restrictions - The Committee, in its sole discretion, may waive any or all restrictions with respect to Stock Units.

Section 6. DIVIDEND EQUIVALENT PAYMENTS

The Committee may authorize the payment of dividend equivalents on some or all of the Stock Units representing shares of Common Stock, in an amount equal to, and commensurate with, dividends declared by the Board of Directors and paid on Common Stock. Dividend equivalents payable on Stock Units under this Section 6 shall be paid immediately in cash or converted to additional Stock Units based on the Fair Market Value of Common Stock on the date dividends are paid, as may be determined by the Committee. If the dividend equivalents are paid immediately in cash, the cash settlement thereof will be paid in cash. If the dividend equivalents are converted to additional Stock Units, the additional Stock Units shall be recorded in the Participant's individual memorandum account and subject to any remaining Performance Period applicable to the Stock Units on which the dividend equivalents were paid. Upon cash settlement of the Stock Units on which the dividend equivalents were paid, the additional Stock Units representing dividend equivalents will be paid in cash. The Committee may authorize the payment of dividend equivalents under this Section 6 with respect to any Stock Unit for all or some portion of its term by including a specific provision, authorizing such payment, in the Stock Unit Agreement required under Section 5(a) of the Plan.

Section 7. CAPITAL ADJUSTMENTS

In the event of a recapitalization, stock split, stock dividend, exchange, combination, or reclassification of shares, merger, consolidation, reorganization, or other change in or affecting the capital structure or capital stock of the Corporation, the Board of Directors, upon the recommendation of the Committee, may make appropriate adjustments in the number of Stock Units representing shares of Common Stock, as it deems

equitable, in its absolute discretion, to prevent dilution or enlargement of the rights of Participants.

Section 8. AMENDMENT OR TERMINATION OF THE PLAN

The Corporation may at any time and from time to time alter or amend, in whole or in part, any or all of the provisions of the Plan, or may at any time suspend or terminate the Plan, through written action of its chief executive officer or resolution of its Board of Directors, provided that no change in any Awards theretofore granted to any Participant may be made which would impair or diminish the rights of the Participant without the Participant's consent.

Section 9. MISCELLANEOUS

(a) Withholding - The Corporation and its Subsidiary Companies shall have the right, to the extent permitted by law, to deduct from any payment of any kind otherwise due to a Participant any Federal, state or local taxes of any kind required by law to be withheld with respect to Awards under the Plan, and to the extent any such withholding requirements are not satisfied, each Participant shall pay to the Corporation any Federal, state or local taxes of any kind required by law to be withheld with respect to Awards under the Plan.

(b) Stockholder Rights - No person shall have any rights of a stockholder by virtue of a Stock Unit.

(c) No Contract of Employment - This Plan shall not be deemed to be an employment contract between the Corporation or any Subsidiary Company and any Participant or other employee. Nothing contained herein, or in any agreement, certificate or other document evidencing, providing for, or setting forth the terms and conditions applicable to any Awards shall be deemed to confer upon any Participant or other employee a right to continue in the employment of the Corporation or any Subsidiary Company, or to interfere with the right of the Corporation or any Subsidiary Company to terminate the employment of such Participant or employee at any time.

(d) Unfunded Plan - Except as may otherwise be provided in the Plan, the Plan shall be unfunded. Neither the Corporation nor any Subsidiary Company shall be required to segregate any assets that may be represented by Stock Units, and neither the Corporation nor any Subsidiary Company shall be deemed to be a trustee of any amounts to be paid under a Stock Unit. Any liability of the Corporation to pay any Participant or Beneficiary with respect to a Stock Unit shall be based solely upon any contractual obligations created pursuant to the provisions of the Plan; no such obligation shall be deemed to be secured by any pledge or encumbrance on any property of the Corporation or a Subsidiary Company.

(e) Applicable Law - The Plan, its validity, interpretation, and administration, and the rights and obligations of all persons having an interest therein, shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, except to the extent that such laws may be preempted by Federal law.

(f) Gender and Number - Wherever used in the Plan, words in the masculine form shall be deemed to refer to females as well as to males, and words in the singular or plural shall be deemed to refer also to the plural or singular, respectively, as the context may require.

Dated:	Approved as Renamed:
August 6, 2001	/s/ David R. Goode
	David R. Goode Chairman, President and Chief Executive Officer