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 SEPT. 30, 2000

( ) 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 Oct. 31, 2000
Common Stock (par value $1.00)	383,623,754 (excluding 21,627,902 shares held by registrant's consolidated subsidiaries)

TABLE OF CONTENTS

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 Sept. 30, 2000	Three Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 1999
Railway operating revenues:				
Coal	$ 361	$ 369	$ 1,081	$ 949
General merchandise	869	864	2,713	2,210
Intermodal	287	267	796	565
TOTAL RAILWAY OPERATING REVENUES	1,517	1,500	4,590	3,724
Railway operating expenses:				
Compensation and benefits (Note 4)	507	574	1,678	1,355
Materials, services and rents	342	354	1,033	837
Conrail rents and services (Note 5)	119	141	364	192
Depreciation	126	121	377	352
Diesel fuel	118	74	339	159
Casualties and other claims	33	36	99	100
Other	61	54	183	148

TOTAL RAILWAY OPERATING EXPENSES	1,306	1,354	4,073	3,143
Income from railway operations	211	146	517	581
Equity in earnings of Conrail (Note 5)	--	--	--	49
Other income - net	81	24	154	72
Interest expense on debt	(136)	(134)	(415)	(393)
Income before income taxes	156	36	256	309
Provision for income taxes	57	17	89	101
NET INCOME	$ 99	$ 19	$ 167	$ 208
Per share amounts (Note 8):				
Net income, basic and diluted	$ 0.26	$ 0.05	$ 0.44	$ 0.55
Dividends	0.20	0.20	0.60	0.60

See accompanying notes to Consolidated Financial Statements.

Item 1. Financial Statements. (continued)

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

	Sept. 30, 2000	Dec. 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 151	$ 37
Short-term investments	1	14
Accounts receivable, net (Note 3)	469	857
Due from Conrail (Note 5)	27	77
Materials and supplies	116	100
Deferred income taxes	169	134
Other current assets	70	152
Total current assets	1,003	1,371
Investment in Conrail (Note 5)	6,146	6,132
Properties less accumulated depreciation	11,013	10,956
Other assets	927	791
TOTAL ASSETS	$19,089	$19,250
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 962	$ 818
Income and other taxes	247	163
Notes and accounts payable to Conrail (Note 5)	148	184

Other current liabilities	336	256
Current maturities of long-term debt	296	503
Total current liabilities	1,989	1,924
Long-term debt (Note 6)	7,352	7,556
Other liabilities	1,091	1,101
Minority interests	49	50
Deferred income taxes	2,720	2,687
TOTAL LIABILITIES	13,201	13,318
Stockholders' equity:		
Common stock $1.00 per share par value, 1,350,000,000 shares authorized; issued 405,178,238 shares and 404,309,672 shares, respectively	405	404
Additional paid-in capital	385	372
Accumulated other comprehensive income (Note 9)	(6)	(11)
Retained income	5,124	5,187
Less treasury stock at cost, 21,627,902 shares	(20)	(20)
TOTAL STOCKHOLDERS' EQUITY	5,888	5,932
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$19,089	$19,250

See accompanying notes to Consolidated Financial Statements.

Item 1. Financial Statements. (continued)

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

	Nine Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 167	$ 208
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	387	363
Deferred income taxes	2	52
Equity in earnings of Conrail (Note 5)	(13)	(23)
Gains and losses on properties and investments	(141)	(28)
Changes in assets and liabilities affecting operations:		
Accounts receivable (Note 3)	388	(371)
Materials and supplies	(16)	(16)
Other current assets and due from Conrail	130	39
Current liabilities other than debt	303	345
Other - net (Note 4)	16	(3)
Net cash provided by operating activities	1,223	566
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(508)	(712)

Property sales and other transactions	116	73
Investments, including short-term	(64)	(105)
Investment sales and other transactions	43	180
Net cash used for investing activities	(413)	(564)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends	(230)	(228)
Common stock issued - net	1	18
Proceeds from borrowings	875	848
Debt repayments	(1,342)	(604)
Net cash provided by (used for) financing activities	(696)	34
Net increase in cash and cash equivalents	114	36
CASH AND CASH EQUIVALENTS:		
At beginning of year	37	5
At end of period	$ 151	$ 41
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest (net of amounts capitalized)	$ 335	$ 312
Income taxes	$ 6	$ 17

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 Sept. 30, 2000, and its results of operations and cash flows for the nine months ended Sept. 30, 2000 and 1999.

   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 1999 in the matters discussed in NOTE 16, COMMITMENTS AND CONTINGENCIES, appearing in the NS Annual Report on Form 10-K for 1999, Notes to Consolidated Financial Statements, beginning on page 76.

3. Sale of Accounts Receivable

   Effective May 2000, NS sold, through a bankruptcy-remote special purpose subsidiary, an undivided ownership interest in a pool of accounts receivable totaling approximately $700 million. New receivables are added to the pool as collections reduce previously sold accounts receivable. NS services and collects the sold receivables on behalf of the purchaser, who has a priority collection interest in the entire pool of receivables. NS has retained the credit risk related to collection to the extent the pool of receivables exceeds the amount sold.

At Sept. 30, 2000, accounts receivable of $416 million had been sold under this arrangement and accordingly, are not included in "Accounts receivable, net" on the balance sheet. The fees associated with the sale are included in "Other income - net." NS maintains an allowance for doubtful accounts for all receivables, including receivables sold. The allowance totaled $6 million at Sept. 30, 2000, and $5 million at Dec. 31, 1999.

4. Workforce Reduction Charge

"Compensation and benefits" expenses for the first nine months of 2000 include a first-quarter $101 million workforce reduction charge, which lowered net income by $62 million, or 16 cents per diluted share. Most of the charge resulted from a voluntary early retirement program, which was accepted by 919 of 1,180 eligible employees. The retirements were effective March 1, 2000, and most of the related benefits will be paid from the

Corporation's overfunded pension plan. As a result, there was a noncash reduction to NS' pension plan asset. Reductions in union personnel were achieved primarily through furloughs, and some of these employees are entitled to postemployment benefits. The charge includes an accrual for these amounts for the period until these employees return to work as a result of normal attrition.

5. Investment in Conrail and Operations Over Its Lines

Overview

Through a jointly owned entity, NS and CSX Corporation (CSX) own the stock of Conrail Inc. (Conrail), whose primary subsidiary is Consolidated Rail Corporation (CRC). 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 May 23, 1997, the date NS and CSX completed their acquisition of Conrail stock, until June 1, 1999 (the "Closing Date"), Conrail's operations continued substantially unchanged while NS and CSX awaited regulatory approvals and prepared for the integration of the respective Conrail routes and assets to be leased to their railroad subsidiaries, Norfolk Southern Railway Company (NSR) and CSX Transportation, Inc. (CSXT). From time to time, NS and CSX, as the indirect owners of Conrail, may need to make capital contributions, loans or advances to Conrail.

Commencement of Operations

On the Closing Date, NSR began operating the routes and assets of Pennsylvania Lines LLC (PRR), a wholly owned subsidiary of CRC, under various leasing and operating arrangements. Costs necessary to operate and maintain the PRR assets, including leasehold improvements, are borne by NSR. 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.

NSR and CSXT now provide substantially all rail freight services on Conrail's route system, are responsible for performing most services incident to customer rail transportation contracts, and employ the majority of Conrail's former workforce. As a result, on the Closing Date, both NS' railroad route miles and its railroad employees increased by approximately 50 percent.

Investment in Conrail

NS applies 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 Sept. 30, 2000, the difference between NS' investment in Conrail and its share of Conrail's underlying net equity was $3.9 billion.

NS' investment in Conrail includes $187 million ($115 million after taxes) of costs that will be paid by NSR. These costs consist principally of: (1) contractual obligations to Conrail employees imposed by the Surface Transportation Board when it approved the transaction and (2) costs to relocate Conrail employees. Most of these costs are expected to be paid in the two years following the Closing Date; $44 million is classified on NS' balance sheet as "Current liabilities." However, certain contractual obligations by their terms will be paid out over a longer period and are classified as "Other liabilities" on NS' balance sheet. Through Sept. 30, 2000, NS has paid $64 million of these costs.

Effective June 1, 1999, NS' Consolidated Financial Statements include the consolidated financial position and results of Triple Crown Services Company (TCS), a partnership in which subsidiaries of NS and PRR are partners.

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.

"Conrail rents and services," a line added to the income statements beginning June 1, 1999, includes: (1) expenses for amounts due to PRR and CRC for use by NSR of operating properties and equipment, operation of the Shared Assets Areas and continued operation of certain facilities during the transition period; and (2) NS' equity in the earnings (or loss) of Conrail, net of amortization.

"Notes and accounts payable to Conrail" includes $68 million at Sept. 30, 2000, and $123 million, at Dec. 31, 1999, of interest-bearing loans made to NS by a PRR subsidiary, payable on demand. The interest rate for these loans is variable and was 6.2 percent at Sept. 30, 2000. Also included is $80 million at Sept. 30, 2000, and $61 million, at Dec. 31, 1999, 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' 1999 Annual Report on Form 10-K.

Conrail's results of operations in the first nine months of 2000 reflect its new structure and operations. Conrail's current major sources of operating revenues are operating fees and rents from NSR and CSXT and, consequently, the composition of its operating expenses has changed. Results in 1999 reflect freight line-haul operations prior to the Closing Date.

Summarized Consolidated Statements of Income - Conrail

	Three Months Ended Sept. 30, 2000	Three Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 1999
	($ in millions) (Unaudited)			
Operating revenues	$ 243	$ 259	$ 748	$1,912
Operating expenses	178	323	571	1,891
Operating income (loss)	65	(64)	177	21
Other income (expense) - net	(6)	(21)	33	(66)
Income (loss) before income taxes	59	(85)	210	(45)
Provision for income taxes	24	(36)	79	(9)
Net income (loss)	$ 35	$ (49)	$ 131	$ (36)

Note: Conrail's results for the first nine months of 2000 included a gain from the sale of property in the first quarter 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. Conrail's results in 1999 included after-tax expenses of $51 million in the third quarter and $117 million in the second quarter, principally to increase certain components of its casualty reserves based on a then recently completed actuarial valuation and to adjust certain litigation and environmental reserves related to settlements and completion of site reviews. These items were considered in the fair-value allocation of NS' investment in Conrail, and, accordingly, were excluded in determining NS' equity in Conrail's net income.

Summarized Consolidated Balance Sheets - Conrail

	Sept. 30, 2000	Dec. 31, 1999
	($ in millions) (Unaudited)	
Assets:		
Current assets	$ 559	$ 669
Noncurrent assets	7,569	7,714
Total assets	$8,128	$8,383
Liabilities and stockholders' equity:		
Current liabilities	$ 576	$ 863
Noncurrent liabilities	3,602	3,701
Stockholders' equity	3,950	3,819
Total liabilities and stockholders' equity	$8,128	$8,383

6. Long-Term Debt

In May 2000, NS received net proceeds of $594 million from issuing $300 million of 8.375 percent, 5-year term Senior Notes and $300 million of 8.625 percent, 10-year term Senior Notes. The notes were issued using the remainder of the capacity under NS' November 1998 $1 billion shelf registration.

NS has not issued any securities under the $1 billion shelf registration that became effective in October 2000.

7. Lease Commitment

In March and June 2000, NSR entered into operating leases for a total of 140 locomotives, which have a maximum term of eight years and include purchase options. If NSR does not purchase the locomotives at the end of the lease terms, it is liable for the difference between the then fair-value of the locomotives and a specified residual value. NS does not expect to be required to make any payments under this provision.

8. 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 Sept. 30, 2000	Three Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 2000	Nine Months Ended Sept. 30, 1999
	(In millions)			
Weighted-average shares outstanding	383.5	380.5	383.2	380.2
Dilutive effect of outstanding options and				

performance share units (as determined by the application of the treasury stock method)	0.2	1.5	0.3	1.9
Diluted weighted-average shares outstanding	383.7	382.0	383.5	382.1

The calculations for 2000 exclude options on 28 million shares in each of the first and third quarters and on 20 million shares in the second quarter because their exercise price exceeded the average market price of Common Stock for the period. There are no adjustments to "Net income" for the diluted earnings per share computations.

9. Comprehensive Income

NS' total comprehensive income was as follows:

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2000	1999	2000	1999
	($ in millions)			
Net income	$ 99	$ 19	$ 167	$ 208
Other comprehensive income (loss)	3	(2)	5	(4)
Total comprehensive income	$ 102	$ 17	$ 172	$ 204

For NS, "Other comprehensive income" reflects the unrealized gains and losses on certain investments in debt and equity securities.

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

OPERATIONS OVER CONRAIL'S LINES

On June 1, 1999 (the "Closing Date"), NS' railroad subsidiary, Norfolk Southern Railway Company (NSR), began operating a substantial portion of Conrail's properties (NSR's new "Northern Region") under various agreements with Pennsylvania Lines LLC (PRR), a wholly owned subsidiary of Consolidated Rail Corporation (CRC) (see Note 5). As a result, both the railroad route miles operated by NSR and the number of its railroad employees increased approximately 50 percent on that date. Results for the first nine months of 1999 reflect only four months of operations on the Northern Region.

Difficulties encountered in assimilating the Northern Region into NSR's existing system during 1999 resulted in system congestion, an increase in cars on line, increased terminal dwell time and reduced system velocity. These service issues and actions taken to address them increased operating expenses. Moreover, revenues were lower than expected as some customers diverted traffic to other modes of transportation. Although system fluidity has improved, income from railway operations is expected to continue to be affected adversely until these revenue and expense issues have been resolved fully.

RESULTS OF OPERATIONS

Net Income

Net income was $99 million in the third quarter of 2000, up $80 million, or 421 percent, compared with the same period last year. Results in 2000 included a $46 million after-tax gain from the sale of timber rights. Excluding the effects of that gain, third-quarter net income was up $34 million, or 179 percent, principally due to increased income from railway operations.

For the first nine months of 2000, net income was $167 million, compared with $208 million in 1999. Results in 2000 included a first-quarter pretax charge of $101 million ($62 million after taxes) for pension expense associated with an early retirement program and protective benefits related to other actions taken to reduce the size of the workforce. Excluding the effects of the workforce reduction charge, net income would have been $229 million, up $21 million, or 10 percent, compared with last year, reflecting higher income from railway operations and higher nonoperating income.

Railway Operating Revenues

Third-quarter railway operating revenues were $1.5 billion in 2000, up $17 million, or 1 percent, compared with last year. For the first nine months of 2000, railway operating revenues were $4.6 billion, compared

with $3.7 billion in 1999. As shown in the following table, the increases were attributable to higher traffic volume, which, for the year-to-date, was largely the result of a full period this year of Northern Region operations. The year-to-date revenue per unit/mix component includes: (1) a $97 million positive variance for intermodal traffic, about half of which resulted from the consolidation of Triple Crown Services Company's (TCS) revenues, beginning June 1, 1999 (see Note 5), and (2) a $48 million negative variance for coal, reflecting an increase in the proportion of shorter-haul traffic.

	Third Quarter 2000 vs. 1999 Increase (Decrease)	First Nine Months 2000 vs. 1999 Increase (Decrease)
	($ in millions)	
Traffic volume (carloads)	$ 16	$ 811
Revenue per unit/mix	1	55
	$ 17	$ 866

Revenues and carloads for the commodity groups were as follows:

	Revenues			
	Third Quarter		Nine Months	
	2000	1999	2000	1999
	($ in millions)			
Coal	$ 361	$ 369	$1,081	$ 949
General merchandise:				
Automotive	207	190	694	537
Chemicals	188	189	567	461
Metals/construction	170	181	526	401
Paper/clay/forest	156	159	469	426
Agr./consumer prod./govt.	148	145	457	385
General merchandise	869	864	2,713	2,210
Intermodal	287	267	796	565
Total	$1,517	$1,500	$4,590	$ 3,724

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. (continued)

	Carloads			
	Third Quarter		Nine Months	
	2000	1999	2000	1999
	(in thousands)			
Coal	425	438	1,282	1,078
General merchandise:				
Automotive	158	155	530	446
Chemicals	114	111	343	282
Metals/construction	194	187	591	404
Paper/clay/forest	122	126	374	341
Agr./consumer prod./govt.	129	132	392	354
General merchandise	717	711	2,230	1,827
Intermodal	590	565	1,653	1,337
Total	1,732	1,714	5,165	4,242

Coal

Third-quarter coal revenues were $361 million, down $8 million, or 2 percent, compared with last year. For the first nine months, coal revenues were $1.1 billion, versus $949 million last year. Total tonnage handled decreased 1 million tons in the quarter, as the effects of reduced utility coal shipments were offset somewhat by increased export and metallurgical coal volume. For the first nine months, total tonnage handled increased 21 million tons, most of which was utility coal traffic, reflecting a full period this year of Northern Region traffic.

Fourth-quarter coal revenues are expected to be slightly lower than the comparable period of 1999.

General Merchandise

Third-quarter general merchandise revenues were $869 million, up $5 million, or 1 percent, compared with last year, as the effects of the return of business diverted last year were largely offset by softening economic conditions. Automotive revenues posted the only notable increase, up $17 million, or 9 percent, principally due to recaptured business. Metals and construction revenues decreased $11 million, or 6 percent, reflecting adverse market conditions. For the first nine months, general merchandise revenues were $2.7 billion, versus $2.2 billion last year, and reflected a full period this year of Northern Region operations.

General merchandise revenues are expected to be somewhat higher in the fourth quarter, compared with last year, reflecting additional business and higher rates.

Intermodal

Third-quarter intermodal revenues were $287 million, up $20 million, or 7 percent, compared with last year, reflecting higher container traffic volume and higher revenue per unit. For the first nine months, intermodal revenues were $796 million, versus $565 million last year, primarily due to a full period this year of Northern Region operations and the consolidation of TCS' revenues.

Fourth-quarter intermodal revenues are expected to be higher than last year, as the effects of the loss of APL business late in 1999 should continue to be offset by new business.

Railway Operating Expenses

Third-quarter railway operating expenses were $1.3 billion in 2000, down $48 million, or 4 percent, compared with last year, despite a sharp rise in diesel fuel expenses. For the first nine months of 2000, railway operating expenses were $4.1 billion, compared with $3.1 billion in 1999. Expenses in 2000 reflected both a full period of Northern Region operations and sharply higher diesel fuel prices. In addition, they included the $101 million first-quarter charge related to the workforce reduction efforts.

"Compensation and benefits" expense decreased $67 million, or 12 percent, in the third quarter, but, including the effects of the workforce reduction charge, increased $323 million, or 24 percent, for the first nine months. Excluding that charge, year-to-date compensation and benefits expense increased $222 million, or 16 percent. The decline for the quarter resulted from the absence of $49 million of accruals made last year for a special incentive program for union employees and pension income that was $15 million higher. Cost savings attributable to reduced employment, estimated at $27 million, were almost entirely offset by a $25 million increase in wages and health and welfare benefits for union employees. The year-to-date increase was primarily the result of the addition of Northern Region operations together with higher wage and fringe benefit costs for union employees. These increases were partially offset by the effects of reduced employment, the special incentive program last year, and pension income that was $57 million higher. Pension income in the fourth quarter of 2000 is expected to be comparable to that of 1999.

"Materials, services and rents" decreased $12 million, or 3 percent, in the third quarter, but increased $196 million, or 23 percent, for the first nine months. The decline for the quarter was primarily due to reduced maintenance expenses and lower equipment rents. The year-to-date increase was principally due to the addition of Northern Region operations, including higher maintenance expenses, equipment rents, and intermodal handling costs, and the effects of consolidating TCS. These increases were partially offset by the absence of certain costs, mostly to provide alternate transportation, related to the difficulties encountered last year in the commencement of Northern Region operations.

"Conrail rents and services" declined $22 million, or 16 percent, in the third quarter, principally due to the absence of significant wind-down costs Conrail incurred in 1999. "Conrail rents and services" amounted to $364 million for the first nine months. NS' equity in Conrail's earnings for the first nine months included $13 million in the first quarter related to a gain from the sale of property (see Note 5).

"Diesel fuel" expense increased $44 million, or 59 percent, in the third quarter, and $180 million, or 113 percent, for the first nine months. Both increases reflected sharply higher average prices per gallon, up 56 percent for the quarter and 72 percent for the first nine months, and increased consumption.

"Other" expense increased $7 million, or 13 percent, in the third quarter, and $35 million, or 24 percent, for the first nine months, principally due to higher property and other taxes.

The railway operating ratio was 86.1 percent in the third quarter, compared with 90.3 percent (87.0 percent excluding the special incentive program) last year. For the first nine months, the ratio was 88.7 percent; excluding the first-quarter workforce reduction charge, the ratio would have been 86.5 percent, compared with 84.4 percent (83.1 percent excluding the special incentive program) last year. The fourth-quarter ratio is expected to improve, compared with 1999's fourth-quarter ratio of 90.7 percent. In light of the changes in its business, NS continues to review its operations for opportunities to reduce its costs.

Other Income - Net

"Other income - net" increased $57 million in the third quarter and $82 million for the first nine months, compared with last year. The increases reflected a $73 million gain in the third quarter from the sale of timber rights and a $28 million gain in the second quarter from the sale of gas and oil royalty and working interests. "Other income - net" included expenses of $8 million for the quarter and $16 million year-to-date related to the sale of accounts receivable, which commenced May 1, 2000 (see Note 3).

Provision for Income Taxes

The effective income tax rate was 36.5 percent for the third quarter, compared with 47.2 percent last year, and was 34.8 percent for the first nine months versus 32.7 percent last year. Excluding NS' equity in Conrail's after-tax earnings, the effective rates for the quarter and first nine months were 37.3 percent and 36.6 percent, respectively, in 2000, versus 31.5 percent and 35.3 percent, respectively, in 1999. The lower third-quarter rate last year reflected tax credits that had a magnified effect on the rate calculation due to the lower pretax income.

FINANCIAL CONDITION AND LIQUIDITY

	Sept. 30, 2000	Dec. 31, 1999
	($ in millions)	
Cash and short-term investments	$ 152	$ 51
Working capital deficit	$ 986	$ 553
Current assets to current liabilities	0.5	0.7
Debt-to-total capitalization	56.7%	58.0%

CASH PROVIDED BY OPERATING ACTIVITIES, NS' principal source of liquidity, increased $657 million in the first nine months of 2000, compared with last year, reflecting accounts receivable sold during the period (see Note 3). Absent this infusion of cash, operating cash flow was $241 million higher, reflecting favorable changes in working capital, including the lack of bonus payments this year. The large increase in the working capital deficit (and corresponding decrease in the ratio of current assets to current liabilities) at Sept. 30, 2000, versus at Dec. 31, 1999, reflected the use of accounts receivable sale proceeds to reduce long-term debt and higher accruals for interest payments that are due semiannually in May and November. NS currently has in place a $2.0 billion credit facility to support $1.1 billion of commercial paper outstanding at Sept. 30, 2000. As a result, NS currently has the capability to issue commercial paper to meet its more immediate working capital needs. Moreover, NS currently has not issued any securities under the $1 billion shelf registration that became effective in October 2000.

CASH USED FOR INVESTING ACTIVITIES declined significantly, principally due to lower capital spending, reflecting the acquisition of locomotives in 2000 under an operating lease. Locomotives were purchased in 1999 using proceeds from the sale of equipment trust certificates.

CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES reflects slightly higher proceeds from borrowings in 2000, coupled with significantly higher debt repayments. NS issued $600 million of debt in May 2000, using the remainder of the capacity under its November 1998 $1 billion shelf registration, and used the proceeds to retire additional commercial paper and pay down its indebtedness to PRR.

CONRAIL'S RESULTS OF OPERATIONS, FINANCIAL CONDITION AND LIQUIDITY

Conrail's results of operations in 2000 reflect its new structure and operations that commenced on the Closing Date (see Note 5). Conrail's major sources of revenues are now operating fees and rents from NSR and CSXT and, consequently, the composition of its operating expenses has changed. Results in 1999 reflect freight line-haul operations prior to the Closing Date.

Conrail's third-quarter net income was $35 million in 2000, compared with a net loss of $49 million in 1999. For the first nine months, net income was $131 million in 2000, compared with a net loss of $36 million in 1999. Results in 1999 included after-tax expenses of $51 million in the

third quarter and $117 million in the second quarter, principally to increase certain components of its casualty reserves based on a then recently completed actuarial valuation and to adjust certain litigation and environmental reserves related to settlements and completion of site reviews. Excluding the effects of these expenses, Conrail's net income would have been up $33 million in the quarter and about even for the first nine months. The increase for the quarter was largely the result of the absence of significant wind-down costs incurred in 1999. Conrail's year-to-date 2000 results included a $61 million gain ($37 million after taxes) in the first quarter from a property sale.

Conrail's third-quarter operating revenues were $243 million, down $16 million, or 6 percent, and its operating expenses were $178 million, down $64 million, or 26 percent (excluding the expenses discussed above). The reduction in expenses reflected the wind-down of costs as Conrail made the transition to its current structure after the Closing Date. Conrail's operating revenues were $748 million for the first nine months of 2000, versus $1.9 billion last year, and its operating expenses were $571 million, versus $1.6 billion (excluding the expenses discussed above). The declines in year-to-date revenues and expenses were primarily attributable to the change in its operations.

Conrail's cash provided by operating activities was $85 million for the first nine months of 2000, compared with $369 million in 1999. The decline was principally attributable to lower operating income, a result of Conrail's new structure and operations, and substantial payments in the first quarter of one-time items owed to NSR and CSXT. In the third quarter of 2000, Conrail reached an expected settlement with the Commonwealth of Pennsylvania for remediation and other costs related to Closing Date environmental sites at the Hollidaysburg and Juniata shops.

Conrail's working capital deficit was $17 million at Sept. 30, 2000, compared with $194 million at Dec. 31, 1999. The reduction was attributable to the repayment of debt that matured in May. Conrail is expected to have sufficient cash flow to meet its ongoing obligations.

LABOR AGREEMENTS

Approximately 85 percent of NS' railroad employees are represented by labor unions under collective bargaining agreements with 14 different labor organizations. Moratorium provisions of the agreements currently in force expired Dec. 31, 1999; however, the agreements remain in effect until amendments are agreed to or until the Railway Labor Act's procedures are exhausted. In late 1999, negotiations began at the national level on agreements with major labor organizations. An agreement was reached with the Brotherhood of Locomotive Engineers which represents NS' locomotive engineers. In addition, a tentative national agreement has been reached with the United Transportation Union, which represents NS' trainmen, switchmen, conductors, and, in some cases, yardmasters. That settlement requires ratification by the members before acceptance. Negotiations with the other unions are continuing on a national basis, the outcome of which is uncertain at this time.

PROPOSED MERGER GUIDELINES

The Surface Transportation Board (STB) has now issued proposed merger guidelines which, if adopted as proposed, would increase the substantive and evidentiary standards that applicants will have to satisfy.

Prior to the STB's release of its proposed guidelines, Canadian National Railway Company and Burlington Northern Sante Fe Corporation announced the cancellation of their earlier proposal to combine their companies under common control.

NEW ACCOUNTING PRONOUNCEMENTS

In July 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board reached a consensus concerning Issue No. 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent." The consensus presents indicators to consider in establishing the accounting for revenue. Based on the application of this consensus, which is effective in the fourth quarter, NS expects to reclassify to railway operating expenses certain charges that previously have been reported net in railway operating revenues. This change in reporting will have no effect on income from railway operations.

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," replacing 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 expects to adopt the disclosure provisions of SFAS No. 140 in its Annual Report for the year 2000. NS does not expect the provisions of SFAS No. 140 to have a material effect on its financial statements.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that are based on current expectations, estimates and projections. Such forward-looking statements reflect Management's good-faith evaluation of information currently available. However, because such statements are based upon, and therefore can be influenced by, a number of external variables over which Management has no, or incomplete, control, they are not, and should not be read as being, guarantees of future performance or of actual future results; nor will they necessarily prove to be accurate indications of the times at or by which any such performance or result will be achieved. Accordingly, actual outcomes and results may differ materially from those expressed in such forward-looking statements. This caveat has particular importance in the context of any such statements that relate to the resolution of the service issues, the recapture of diverted business, the addition of new business, and the ability to reduce expenses.

PART II. OTHER INFORMATION

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 43 of the Corporation's 1999 Annual Report on Form 10-K.

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

(a) Exhibits:

Financial Data Schedule.

(b) Report on Form 8-K:

A report on Form 8-K was filed on Sept. 26, 2000, advising that the Board of Directors of Norfolk Southern Corporation approved the adoption of a stockholder rights plan, and attaching as exhibits the Rights Agreement (with exhibits thereto) and the related press release.

PAGE 22

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 10, 2000 /s/ Dezora M. Martin
Dezora M. Martin
Corporate Secretary (Signature)

Date: November 10, 2000 /s/ John P. Rathbone
John P. Rathbone
Senior Vice President and Controller
(Principal Accounting Officer) (Signature)

PAGE 23

EXHIBIT INDEX

Electronic Submission Exhibit Number	Description	Page
27	Financial Data Schedule	24
	(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.)	

PAGE 24

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