

NORFOLK SOUTHERN CORP
Form 10-Q
July 25, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended JUNE 30, 2018

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) (IRS Employer Identification No.)

Three Commercial Place 23510-2191
Norfolk, Virginia (Zip Code)

(Address of principal executive offices)
(757) 629-2680
(Registrant's telephone number, including area code)

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.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 2018
Common Stock (\$1.00 par value per share)	280,029,764 (excluding 20,320,777 shares held by the 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
(Unaudited)

	Second Quarter		First Six Months	
	2018	2017	2018	2017
	(\$ in millions, except per share amounts)			
Railway operating revenues	\$2,898	\$2,637	\$5,615	\$5,212
Railway operating expenses:				
Compensation and benefits	706	719	1,443	1,478
Purchased services and rents	430	392	831	769
Fuel	272	190	538	403
Depreciation	273	264	545	523
Materials and other	191	200	397	410
Total railway operating expenses	1,872	1,765	3,754	3,583
Income from railway operations	1,026	872	1,861	1,629
Other income – net	29	48	37	88
Interest expense on debt	131	140	267	282
Income before income taxes	924	780	1,631	1,435
Income taxes	214	283	369	505
Net income	\$710	\$497	\$1,262	\$930
Per share amounts:				
Net income				
Basic	\$2.52	\$1.72	\$4.46	\$3.20
Diluted	2.50	1.71	4.43	3.18
Dividends	0.72	0.61	1.44	1.22

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
 Consolidated Statements of Comprehensive Income
 (Unaudited)

	Second Quarter		First Six Months	
	2018	2017	2018	2017
	(\$ in millions)			
Net income	\$710	\$497	\$1,262	\$930
Other comprehensive income, before tax:				
Pension and other postretirement benefit	8	7	1	14
Other comprehensive income (loss) of equity investees	1	1	2	(1)
Other comprehensive income, before tax	9	8	3	13