

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

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
April 24, 2019 (April 24, 2019)



NORFOLK SOUTHERN CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or Other Jurisdiction
of Incorporation)

1-8339
(Commission File Number)

52-1188014
(IRS Employer
Identification Number)

Three Commercial Place
Norfolk, Virginia
23510-9121
(Address of principal executive offices)

757-629-2680
(Registrant's telephone number, including area code)

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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. ☐

Item 2.02. Results of Operations and Financial Condition**Item 7.01. Regulation FD Disclosure**

On April 24, 2019, the Registrant issued a Press Release, attached hereto as Exhibit 99.1, reporting first quarter results for 2019. Quarterly financial data is attached hereto as Exhibit 99.2. These documents are available on the Registrant's website, www.norfolksouthern.com, in the "Invest in NS" section, under "Financial Reports."

The accompanying unaudited financial information and summary of certain notes to the consolidated financial statements should be read in conjunction with: (a) the consolidated financial statements and notes included in the Registrant's latest Annual Report on Form 10-K and in subsequent Quarterly Reports on Form 10-Q; and (b) any Current Reports on Form 8-K.

Item 9.01. Financial Statements and Exhibits**(d) Exhibits**

The following exhibits are furnished as part of this Current Report on Form 8-K:

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>Press Release dated April 24, 2019</u>
99.2	<u>2019 1Q Financial Data</u>

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

SIGNATURES
NORFOLK SOUTHERN CORPORATION
(Registrant)

/s/ Denise W. Hutson
Name: Denise W. Hutson
Title: Corporate Secretary

Date: April 24, 2019

FOR IMMEDIATE RELEASE

Norfolk Southern reports first-quarter 2019 results

Achieves record first-quarter railway operating revenues, operating income, operating ratio, net income and earnings per share

NORFOLK, Va., April 24, 2019 – Norfolk Southern Corporation (NYSE: NSC) today reported first-quarter financial results.

First-quarter net income was \$677 million, up 23 percent year-over-year, a result of a 16 percent increase in income from railway operations and an increase in other income. Diluted earnings per share were \$2.51, up 30 percent year-over-year and a first-quarter record.

“Our first-quarter results reflect the initial steps in the implementation of our new strategic plan that are transforming our company,” said James A. Squires, Norfolk Southern chairman, president and CEO. “We set company records for many financial measures in the first quarter, while improving our service product for our customers. We are intensely focused on the execution of the initiatives in our strategic plan that will drive shareholder value.”

First-quarter summary

- Railway operating revenues of \$2.8 billion, a first-quarter record, increased 5 percent compared with prior year, due to an increase in revenue per unit, resulting from increased rates as well as higher fuel surcharge revenue.
- Railway operating expenses were \$1.9 billion, a decrease of \$8 million, compared with the same period last year as fuel price declines and lower compensation and benefits expenses were offset by increased purchased services and rents.
- Income from railway operations was \$966 million, an increase of 16 percent year-over-year, and a first-quarter record. The railway operating ratio, or operating expenses as a percentage of revenues, was 66.0 percent, also a first-quarter record.

About Norfolk Southern

Norfolk Southern Corporation (NYSE: NSC) is one of the nation’s premier transportation companies. Its Norfolk Southern Railway Company subsidiary operates approximately 19,500 route miles in 22 states and the District of Columbia, serves every major container port in the eastern United States, and provides efficient connections to other rail carriers. Norfolk Southern is a major transporter of industrial products, including chemicals, agriculture, and metals and

construction materials. In addition, the railroad operates the most extensive intermodal network in the East and is a principal carrier of coal, automobiles, and automotive parts.

Forward-looking statements

This news release contains forward-looking statements that may be identified by the use of words like “believe,” “expect,” “anticipate,” “estimate,” “plan,” “consider,” “project,” and similar references to the future. Forward-looking statements reflect our good-faith evaluation of information currently available. These forward-looking statements are subject to a number of risks and uncertainties, and our actual results may differ materially from those projected. Please refer to our annual and quarterly reports filed with the SEC for a full discussion of those risks and uncertainties we view as most important. Forward-looking statements are not, and should not be relied upon as, a guarantee 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. We undertake no obligation to update or revise forward-looking statements.

Media Inquiries:

Media Relations, 404-420-4444 (media.relations@nscorp.com)

Investor Inquiries:

Pete Sharbel, 757-629-2861 (peter.sharbel@nscorp.com)

<http://www.norfolksouthern.com>

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

	First Quarter	
	2019	2018
	<i>(\$ in millions, except per share amounts)</i>	
Railway operating revenues		
Merchandise	\$ 1,686	\$ 1,605
Intermodal	719	678
Coal	435	434
Total railway operating revenues	<u>2,840</u>	<u>2,717</u>
Railway operating expenses		
Compensation and benefits	727	737
Purchased services and rents	424	401
Fuel	250	266
Depreciation	283	272
Materials and other	190	206
Total railway operating expenses	<u>1,874</u>	<u>1,882</u>
Income from railway operations	966	835
Other income – net	44	8
Interest expense on debt	<u>149</u>	<u>136</u>
Income before income taxes	861	707
Income taxes		
Current	127	110
Deferred	57	45
Total income taxes	<u>184</u>	<u>155</u>
Net income	<u><u>\$ 677</u></u>	<u><u>\$ 552</u></u>
Earnings per share – diluted	\$ 2.51	\$ 1.93
Weighted average shares outstanding – diluted	269.4	285.9

See accompanying notes to consolidated financial statements.

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

	First Quarter	
	2019	2018
	<i>(\$ in millions)</i>	
Net income	\$ 677	\$ 552
Other comprehensive income (loss), before tax:		
Pension and other postretirement benefits (expense)	5	(7)
Other comprehensive income (loss) of equity investees	(1)	1
Other comprehensive income (loss), before tax	4	(6)
Income tax benefit (expense) related to items of other comprehensive income (loss)	(1)	2
Other comprehensive income (loss), net of tax	3	(4)
Total comprehensive income	<u>\$ 680</u>	<u>\$ 548</u>

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	March 31, 2019	December 31, 2018
	(\$ in millions)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 411	\$ 358
Accounts receivable – net	1,048	1,009
Materials and supplies	228	207
Other current assets	235	288
Total current assets	1,922	1,862
Investments	3,198	3,109
Properties less accumulated depreciation of \$12,374 at both periods	31,158	31,091
Other assets	784	177
Total assets	\$ 37,062	\$ 36,239
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,334	\$ 1,505
Short-term debt	250	—
Income and other taxes	338	255
Other current liabilities	378	246
Current maturities of long-term debt	585	585
Total current liabilities	2,885	2,591
Long-term debt	10,569	10,560
Other liabilities	1,759	1,266
Deferred income taxes	6,518	6,460
Total liabilities	21,731	20,877
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 265,967,039 and 268,098,472 shares, respectively, net of treasury shares	267	269
Additional paid-in capital	2,213	2,216
Accumulated other comprehensive loss	(560)	(563)
Retained income	13,411	13,440
Total stockholders' equity	15,331	15,362
Total liabilities and stockholders' equity	\$ 37,062	\$ 36,239

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	First Three Months	
	2019	2018
	<i>(\$ in millions)</i>	
Cash flows from operating activities		
Net income	\$ 677	\$ 552
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	283	272
Deferred income taxes	57	45
Gains and losses on properties	(18)	(8)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(39)	(26)
Materials and supplies	(21)	(23)
Other current assets	12	13
Current liabilities other than debt	(27)	12
Other – net	(43)	(21)
	<hr/>	<hr/>
Net cash provided by operating activities	881	816
Cash flows from investing activities		
Property additions	(467)	(383)
Property sales and other transactions	152	13
Investment purchases	(2)	(2)
Investment sales and other transactions	(33)	1
	<hr/>	<hr/>
Net cash used in investing activities	(350)	(371)
Cash flows from financing activities		
Dividends	(230)	(205)
Common stock transactions	2	(1)
Purchase and retirement of common stock	(500)	(300)
Proceeds from borrowings – net of issuance costs	250	543
Debt repayments	—	(100)
	<hr/>	<hr/>
Net cash used in financing activities	(478)	(63)
	<hr/>	<hr/>
Net increase in cash, cash equivalents, and restricted cash	53	382
Cash, cash equivalents, and restricted cash		
At beginning of year	446	690
	<hr/>	<hr/>
At end of period	<u>\$ 499</u>	<u>\$ 1,072</u>
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 112	\$ 69
Income taxes (net of refunds)	9	7

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)

	Common Stock	Additional Paid-in Capital	Accum. Other Comprehensive Loss	Retained Income	Total
	<i>(\$ in millions, except per share amounts)</i>				
Balance at December 31, 2018	\$ 269	\$ 2,216	\$ (563)	\$ 13,440	\$ 15,362
Comprehensive income:					
Net income				677	677
Other comprehensive income			3		3
Total comprehensive income					680
Dividends on common stock, \$0.86 per share				(230)	(230)
Share repurchases	(3)	(22)		(475)	(500)
Stock-based compensation	1	19		(1)	19
Balance at March 31, 2019	<u>\$ 267</u>	<u>\$ 2,213</u>	<u>\$ (560)</u>	<u>\$ 13,411</u>	<u>\$ 15,331</u>
	Common Stock	Additional Paid-in Capital	Accum. Other Comprehensive Loss	Retained Income	Total
	<i>(\$ in millions, except per share amounts)</i>				
Balance at December 31, 2017	\$ 285	\$ 2,254	\$ (356)	\$ 14,176	\$ 16,359
Comprehensive income:					
Net income				552	552
Other comprehensive loss			(4)		(4)
Total comprehensive income					548
Dividends on common stock, \$0.72 per share				(205)	(205)
Share repurchases	(2)	(16)		(282)	(300)
Stock-based compensation	1	17		(2)	16
Reclassification of stranded tax effects			(88)	88	—
Balance at March 31, 2018	<u>\$ 284</u>	<u>\$ 2,255</u>	<u>\$ (448)</u>	<u>\$ 14,327</u>	<u>\$ 16,418</u>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS:

1. Stock Repurchase Program

We repurchased and retired 2.9 million shares and 2.1 million shares of common stock under our stock repurchase program in the first three months of 2019 and 2018, respectively, at a cost of \$500 million and \$300 million, respectively. Since the beginning of 2006, we have repurchased and retired 188.5 million shares at a total cost of \$14.6 billion.

2. Leases

On January 1, 2019, we adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, “Leases (Topic 842)” which requires lessees to recognize right-of-use (ROU) assets and lease liabilities on the balance sheet for leases greater than twelve months. As a result of the adoption, the Consolidated Balance Sheet at March 31, 2019 includes the recognition of ROU assets of \$593 million included in “Other assets,” current lease liabilities of \$93 million included in “Other current liabilities,” and non-current lease liabilities of \$500 million included in “Other liabilities.”

3. Restricted Cash

The “Cash, cash equivalents, and restricted cash” line item in the Consolidated Statements of Cash Flows includes restricted cash of \$88 million at March 31, 2019 and December 31, 2018, reflecting deposits held by a third-party bond agent as collateral for certain debt obligations maturing in 2019. The restricted cash balance is included as part of “Other current assets” on the Consolidated Balance Sheets in both periods.

4. Reclassification of Stranded Tax Effects

In February 2018, the FASB issued ASU 2018-02, “Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.” We adopted the provisions of ASU 2018-02 in the first quarter of 2018 resulting in an increase to “Accumulated other comprehensive loss” of \$88 million and a corresponding increase to “Retained income,” with no impact on “Total stockholders’ equity.”