

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):
January 24, 2018 (January 23, 2018)



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
23510-9241
(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 January 24, 2018, the Registrant issued a Press Release, attached hereto as Exhibit 99.1, reporting fourth quarter results for 2017. Quarterly financial data is attached hereto as Exhibit 99.2. These documents are available on the Registrant's website, www.nscorp.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 8.01. Other Events

On January 23, 2018, the Registrant issued a Press Release, attached hereto as Exhibit 99.3, announcing that on January 23, 2018, its Board of Directors approved an 18 percent increase in its quarterly dividend on the Registrant's common stock from 61 to 72 cents per share, payable on March 10, 2018, to holders of record on February 2, 2018.

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 January 24, 2018</u>
99.2	<u>2017 4Q Financial Data</u>
99.3	<u>Press Release dated January 23, 2018</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: January 24, 2018

FOR IMMEDIATE RELEASE

Norfolk Southern reports fourth-quarter and full-year 2017 results

Achieves record 2017 operating ratio and earnings per share

NORFOLK, Va., Jan. 24, 2018 – Norfolk Southern Corporation (NYSE: NSC) today reported fourth-quarter and 2017 financial results.

Net income for the quarter was \$3,968 million and diluted earnings per share were \$13.79. For the year, net income was \$5,404 million and diluted earnings per share were \$18.61. These results include effects of the enactment of the Tax Cuts and Jobs Act of 2017 ("tax reform"), which added \$3,482 million to net income in both periods and increased diluted earnings per share by \$12.10 for the quarter and \$12.00 for the year.

Absent the effects of tax reform, fourth-quarter 2017 adjusted net income was \$486 million, and adjusted diluted earnings per share of \$1.69, compared with \$416 million, and \$1.42 per diluted share, during the same period of 2016. For the year, adjusted net income was \$1,922 million versus \$1,668 million in 2016. Adjusted diluted earnings per share were \$6.61, an 18 percent increase over last year's record diluted earnings per share of \$5.62.

"Norfolk Southern is open for growth, and we are optimistic as we head into 2018 that the current economic environment will provide an opportunity for continuing growth," said James A. Squires, Norfolk Southern chairman, president and CEO. "The hard work and dedication of our employees in executing our Strategic Plan are clearly evident as we continue to achieve record results and deliver on the commitments we made to our shareholders. We remain steadfast in our commitment to deliver on the goals in our Strategic Plan, of which positioning ourselves for growth is a key element. We are laser-focused on execution of our strategy and are confident that we can achieve our targets by 2020 or sooner."

For 2017, Norfolk Southern invested over \$1.7 billion in capital - reinvesting in the maintenance of its rail infrastructure and supporting economic growth. These investments range from sidings that better support network fluidity, to terminal expansions that accommodate volume growth, to roadway infrastructure that supports regional competitiveness. The recently-completed Portageville Bridge is one example; funded through a public-private partnership, it will support economic growth and jobs across New York's Southern Tier region. Norfolk Southern also realized new business in 2017 from 75 industries it assisted in locating or expanding along its lines – representing a customer investment of over one billion dollars.

Looking forward in 2018 with respect to capital deployment, Norfolk Southern plans to invest \$1.8 billion to maintain the safety of its rail network, enhance service, improve operational

efficiency, and support growth. In addition, Norfolk Southern's board of directors approved an 18 percent increase in its quarterly dividend on the company's common stock, from \$0.61 to \$0.72 per share. The dividend is payable March 10, to shareholders of record on Feb. 2. Since its inception in 1982, Norfolk Southern has paid dividends on its common stock for 142 consecutive quarters.

Fourth-quarter summary

- Railway operating revenues of \$2.7 billion increased 7 percent compared with fourth-quarter 2016, as overall volumes were up 5 percent reflecting growth in all three major commodity categories of intermodal, coal and merchandise.
- Railway operating expenses decreased \$74 million, or 4 percent, to \$1.7 billion compared with the same period last year. The effects of tax reform decreased railway operating expenses \$151 million, more than offsetting increases resulting from increased incentive compensation, higher fuel prices and the 5% growth in volume, which were offset in part by efficiency gains and higher property sales.
- Income from railway operations was \$1,014 million. Excluding the \$151 million benefit from tax reform, adjusted income from railway operations was \$863 million, an increase of 13 percent year-over-year, and the adjusted railway operating ratio, or operating expenses as a percentage of revenues, was 67.7 percent, a 170 basis point improvement over prior year.

2017 summary

- Railway operating revenues of \$10.6 billion increased 7 percent compared with 2016, as overall volumes were up 5 percent reflecting growth in the major commodity categories of coal and intermodal.
- Railway operating expenses of \$7.0 billion increased \$151 million, or 2 percent, compared with last year. Expenses related to higher diesel fuel prices, increased incentive compensation, higher inflationary costs and volume growth were offset in part by efficiency savings and the \$151 million benefit from tax reform.
- Income from railway operations was \$3,586 million. Excluding the tax reform benefit, adjusted income from railway operations was \$3,435 million, an increase of 12 percent over the prior year, and the adjusted railway operating ratio was 67.4 percent, a 150 basis point improvement over the prior year's 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

operates the most extensive intermodal network in the East and is a major transporter of coal, automotive, and industrial products.

Non-GAAP Financial Measures

This news release includes certain non-GAAP financial measures. Reconciliation of these non-GAAP financial measures is provided in the table below, entitled "Reconciliation of Non-GAAP Financial Measures."

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:

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Investor Inquiries:

Clay Moore, 757-629-2861 (clay.moore@nscorp.com)

<http://www.norfolksouthern.com>

Reconciliation of Non-GAAP Financial Measures

Information included within this press release includes non-GAAP financial measures, as defined by SEC Regulation G. Non-GAAP financial measures should be considered in addition to, not as a substitute for, the financial measures reported in accordance with U.S. generally accepted accounting principles (GAAP).

GAAP financial results are adjusted to exclude the effects of the Tax Cuts and Jobs Act ("tax reform"), signed into law on December 22, 2017. Specifically, the adjustments remove the effects of remeasurements of net deferred tax liabilities related to the reduction of the federal tax rate from 35% to 21%.

The Company uses these non-GAAP financial measures internally and believes this information provides useful supplemental information to investors to facilitate making period-to-period comparisons by excluding the effects of tax reform. While the Company believes that these non-GAAP financial measures are useful in evaluating the Company's business, this information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similar measures presented by other companies.

(\$ in millions except per share amounts)

	Fourth Quarter 2017	Year-Ended December 31, 2017
Income from railway operations	\$ 1,014	\$ 3,586
Effect of tax reform	(151)	(151)
Adjusted income from railway operations	\$ 863	\$ 3,435
Operating ratio (%)	62.0	66.0
Effect of tax reform (%)	5.7	1.4
Adjusted operating ratio (%)	67.7	67.4
Net income	\$ 3,968	\$ 5,404
Effect of tax reform	(3,482)	(3,482)
Adjusted net income	\$ 486	\$ 1,922
Diluted earnings per share	\$ 13.79	\$ 18.61
Effect of tax reform	(12.100)	(12.000)
Adjusted diluted earnings per share	\$ 1.69	\$ 6.61

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

	Fourth Quarter		Years Ended December 31,	
	2017	2016	2017	2016
	<i>(\$ in millions, except per share amounts)</i>			
Railway operating revenues				
Merchandise	\$ 1,576	\$ 1,504	\$ 6,357	\$ 6,182
Intermodal	667	583	2,452	2,218
Coal	426	403	1,742	1,488
Total railway operating revenues	2,669	2,490	10,551	9,888
Railway operating expenses				
Compensation and benefits	714	662	2,915	2,743
Purchased services and rents	268	399	1,414	1,548
Fuel	239	194	840	698
Depreciation	267	259	1,055	1,026
Materials and other	167	215	741	799
Total railway operating expenses	1,655	1,729	6,965	6,814
Income from railway operations	1,014	761	3,586	3,074
Other income – net	13	22	92	71
Interest expense on debt	134	142	550	563
Income before income taxes	893	641	3,128	2,582
Income taxes				
Current	3	175	583	687
Deferred	(3,078)	50	(2,859)	227
Total income taxes	(3,075)	225	(2,276)	914
Net income	\$ 3,968	\$ 416	\$ 5,404	\$ 1,668
Earnings per share				
Basic	\$ 13.91	\$ 1.43	\$ 18.76	\$ 5.66
Diluted	13.79	1.42	18.61	5.62
Weighted average shares outstanding				
Basic	285.1	291.2	287.9	293.9
Diluted	287.8	293.7	290.3	296.0

See accompanying notes to consolidated financial statements.

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

	Fourth Quarter		Years Ended December 31,	
	2017	2016	2017	2016
	<i>(\$ in millions)</i>			
Net income	\$ 3,968	\$ 416	\$ 5,404	\$ 1,668
Other comprehensive income (loss), before tax:				
Pension and other postretirement benefits	134	(94)	155	(74)
Other comprehensive income of equity investees	20	5	19	5
	<u>154</u>	<u>(89)</u>	<u>174</u>	<u>(69)</u>
Other comprehensive income (loss), before tax				
Income tax benefit (expense) related to items of other comprehensive income (loss)	(35)	35	(43)	27
	<u>119</u>	<u>(54)</u>	<u>131</u>	<u>(42)</u>
Other comprehensive income (loss), net of tax				
	<u>119</u>	<u>(54)</u>	<u>131</u>	<u>(42)</u>
Total comprehensive income	<u>\$ 4,087</u>	<u>\$ 362</u>	<u>\$ 5,535</u>	<u>\$ 1,626</u>

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	At December 31,	
	2017	2016
	<i>(\$ in millions)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 690	\$ 956
Accounts receivable – net	955	945
Materials and supplies	222	257
Other current assets	282	133
Total current assets	2,149	2,291
Investments	2,981	2,777
Properties less accumulated depreciation of \$11,909 and \$11,737, respectively	30,330	29,751
Other assets	251	73
Total assets	\$ 35,711	\$ 34,892
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,401	\$ 1,215
Short-term debt	100	100
Income and other taxes	211	245
Other current liabilities	233	229
Current maturities of long-term debt	600	550
Total current liabilities	2,545	2,339
Long-term debt	9,136	9,562
Other liabilities	1,347	1,442
Deferred income taxes	6,324	9,140
Total liabilities	19,352	22,483
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 284,157,187 and 290,417,610 shares, respectively, net of treasury shares	285	292
Additional paid-in capital	2,254	2,179
Accumulated other comprehensive loss	(356)	(487)
Retained income	14,176	10,425
Total stockholders' equity	16,359	12,409
Total liabilities and stockholders' equity	\$ 35,711	\$ 34,892

See accompanying notes to consolidated financial statements.

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

	Years Ended December 31,	
	2017	2016
	<i>(\$ in millions)</i>	
Cash flows from operating activities		
Net income	\$ 5,404	\$ 1,668
Reconciliation of net income to net cash provided by operating activities:		
Depreciation	1,059	1,030
Deferred income taxes	(2,859)	227
Gains and losses on properties	(92)	(46)
Changes in assets and liabilities affecting operations:		
Accounts receivable	(41)	23
Materials and supplies	35	42
Other current assets	(71)	82
Current liabilities other than debt	135	158
Other – net	(317)	(150)
Net cash provided by operating activities	3,253	3,034
Cash flows from investing activities		
Property additions	(1,723)	(1,887)
Property sales and other transactions	202	130
Investment purchases	(7)	(123)
Investment sales and other transactions	47	48
Net cash used in investing activities	(1,481)	(1,832)
Cash flows from financing activities		
Dividends	(703)	(695)
Common stock transactions	89	57
Purchase and retirement of common stock	(1,012)	(803)
Proceeds from borrowings – net of issuance costs	290	694
Debt repayments	(702)	(600)
Net cash used in financing activities	(2,038)	(1,347)
Net decrease in cash and cash equivalents	(266)	(145)
Cash and cash equivalents		
At beginning of year	956	1,101
At end of year	\$ 690	\$ 956
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 528	\$ 543
Income taxes (net of refunds)	705	593

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS:

1. Tax Reform

As a result of the enactment of tax reform, “Purchased services and rents” includes a \$151 million benefit and “Total income taxes” includes a \$3,331 million benefit which added \$3,482 million to “Net income.” This increased “Earnings per share - basic” by \$12.21 and \$12.10 in the fourth quarter and for the year 2017, respectively, and “Earnings per share - diluted” by \$12.10 and \$12.00 in the fourth quarter 2017 and for the year 2017, respectively.

2. Stock Repurchase Program

We repurchased and retired 8.2 million and 9.2 million shares of common stock under our stock repurchase program in 2017 and 2016, respectively, at a cost of \$1.0 billion and \$803 million, respectively. Since the beginning of 2006, we have repurchased and retired 168.5 million shares at a total cost of \$11.3 billion.

FOR IMMEDIATE RELEASE

Norfolk Southern Board increases quarterly dividend 18 percent

NORFOLK, Va., Jan. 23, 2018 – Norfolk Southern Corporation announced that its board of directors today approved an 18 percent increase in its quarterly dividend on the company's common stock, from 61 to 72 cents per share.

"This dividend increase demonstrates the board's confidence in Norfolk Southern's ability to invest in our business and in technology to grow and provide service to our customers, while returning capital to our shareholders consistent with our Strategic Plan," said James A. Squires, Norfolk Southern chairman, president, and CEO.

The dividend is payable March 10, to shareholders of record on Feb 2.

Since its inception in 1982, Norfolk Southern has paid dividends on its common stock for 142 consecutive quarters.

About Norfolk Southern

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