

NORFOLK SOUTHERN CORP
Form 10-Q
July 30, 2010

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, 2010**

OR

**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

(State or other jurisdiction of incorporation)

52-1188014

(IRS Employer Identification No.)

Three Commercial Place

Norfolk, Virginia

(Address of principal executive offices)

23510-2191

(Zip Code)

(757) 629-2680

(Registrant's telephone number, including area code)

No Change

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(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 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

<u>Class</u>	<u>Outstanding at June 30, 2010</u>
Common Stock (\$1.00 par value per share)	368,615,496 (excluding 20,388,515 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)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<i>(\$ in millions, except per share amounts)</i>			
Railway operating revenues	\$ 2,430	\$ 1,857	\$ 4,668	\$ 3,800
Railway operating expenses:				
Compensation and benefits	670	551	1,369	1,190
Purchased services and rents	374	334	709	689
Fuel	258	153	512	312
Depreciation	204	207	408	414
Materials and other	191	144	382	344
Total railway operating expenses	1,697	1,389	3,380	2,949
Income from railway operations	733	468	1,288	851
Other income - net	17	36	37	53
Interest expense on debt	115	113	234	230
Income before income taxes	635	391	1,091	674
Provision for income taxes	243	144	442	250

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Net income	\$	392	\$	247	\$	649	\$	424
Per share amounts								
Net income								
Basic	\$	1.06	\$	0.67	\$	1.74	\$	1.14
Diluted	\$	1.04	\$	0.66	\$	1.72	\$	1.13
Dividends	\$	0.34	\$	0.34	\$	0.68	\$	0.68

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries

Consolidated Balance Sheets

(Unaudited)

June 30, December 31,
2010 2009

(\$ in millions)

Assets

Current assets:

Cash and cash equivalents	\$	855	\$	996
Short-term investments		205		90
Accounts receivable - net		892		766
Materials and supplies		179		164
Deferred income taxes		148		142
Other current assets		49		88
Total current assets		2,328		2,246
Investments		2,293		2,164
Properties less accumulated depreciation		22,786		22,643
Other assets		226		316
Total assets	\$	27,633	\$	27,369

Liabilities and stockholders' equity

Current liabilities:

Accounts payable	\$	1,064	\$	974
Short-term debt		--		100
Income and other taxes		226		109
Other current liabilities		284		232
Current maturities of long-term debt		363		374
Total current liabilities		1,937		1,789
Long-term debt		6,326		6,679
Other liabilities		1,791		1,801

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Deferred income taxes	6,818	6,747
Total liabilities	16,872	17,016

Stockholders' equity:

Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 368,615,496 and 369,019,990 shares, respectively, net of treasury shares	370
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