

NORFOLK SOUTHERN CORP
Form 10-Q
April 24, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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 **MARCH 31, 2009****

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

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(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 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 checkmark 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 March 31, 2009</u>
Common Stock (\$1.00 par value per share)	367,037,849 (excluding 20,548,963 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	
	March 31,	
	<u>2009</u>	<u>2008</u>
	<i>(\$ in millions,</i>	
	<i>except earnings per share)</i>	
Railway operating revenues	\$ 1,943	\$ 2,500
Railway operating expenses:		
Compensation and benefits	639	705
Purchased services and rents	355	375
Fuel	159	404
Depreciation	207	198
Materials and other	200	240
Total railway operating expenses	1,560	1,922
Income from railway operations	383	578
Other income – net	17	7
Interest expense on debt	117	109

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Income before income taxes		283		476
Provision for income taxes		106		185
Net income		\$ 177	\$	291
Per share amounts				
Net income				
Basic		\$ 0.48	\$	0.77
Diluted		\$ 0.47	\$	0.76
Dividends		\$ 0.34	\$	0.29

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries

Consolidated Balance Sheets**(Unaudited)**

	March 31,		December 31,
	<u>2009</u>		<u>2008</u>
	<i>(\$ in millions)</i>		
Assets			
Current assets:			
Cash and cash equivalents	\$ 884	\$	618
Accounts receivable – net	831		870
Materials and supplies	191		194
Deferred income taxes	161		149
Other current assets	127		168
Total current assets	2,194		1,999
Investments	1,806		1,779
Properties less accumulated depreciation	22,292		22,247
Other assets	254		272
Total assets	\$ 26,546	\$	26,297
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 952	\$	1,140
Income and other taxes	311		261
Other current liabilities	287		220
Current maturities of long-term debt	468		484
Total current liabilities	2,018		2,105

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Long-term debt	6,467	6,183
Other liabilities	1,945	2,030
Deferred income taxes	6,406	6,372
Total liabilities	16,836	16,690
Stockholders' equity:		
Common stock \$1.00 per share par value, 1,350,000,000 shares authorized; outstanding 367,037,849 and 366,233,106 shares, respectively, net of treasury shares	369	368
Additional paid-in capital	1,723	1,680
Accumulated other comprehensive loss	(933)	(942)
Retained income	8,551	8,501
Total stockholders' equity	9,710	9,607
Total liabilities and stockholders' equity	\$ 26,546	\$ 26,297

See accompanying notes to consolidated financial statements.

Norfolk Southern Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

Three Months Ended

March 31,

(i)

Sole
power to
vote or to
direct the
vote of
Common
Stock:

Not applicable.

(ii) Shared power to vote or to direct the vote of Common Stock:

The Onshore Fund, Luxor Capital Group, LCG Holdings, Luxor Management and Mr. Leone have shared power to vote or direct the vote of the 593,046 shares of Common Stock held by the Onshore Fund.

The Select Onshore Fund, Luxor Capital Group, LCG Holdings, Luxor Management and Mr. Leone have shared power to vote or direct the vote of the 170,915 shares of Common Stock held by the Select Onshore Fund.

The Offshore Fund, Luxor Capital Group, Luxor Management and Mr. Leone have shared power to vote or direct the vote of the 874,491 shares of Common Stock held by the Offshore Fund.

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The Select Offshore Fund, Luxor Capital Group, Luxor Management and Mr. Leone have shared power to vote or direct the vote of the 853,502 shares of Common Stock held by the Select Offshore Fund.

Luxor Capital Group, Luxor Management and Mr. Leone have shared power to vote or direct the vote of the 218,550 shares of Common Stock beneficially owned by Luxor Capital Group through the separate accounts it manages.

(iii) Sole power to dispose or to direct the disposition of Common Stock:

Not applicable.

(iv) Shared power to dispose or to direct the disposition of Common Stock:

The Onshore Fund, Luxor Capital Group, LCG Holdings, Luxor Management and Mr. Leone have shared power to dispose or direct the disposition of the 593,046 shares of Common Stock held by the Onshore Fund.

The Select Onshore Fund, Luxor Capital Group, LCG Holdings, Luxor Management and Mr. Leone have shared power to dispose or direct the disposition of the 170,915 shares of Common Stock held by the Select Onshore Fund.

The Offshore Fund, Luxor Capital Group, Luxor Management and Mr. Leone have shared power to dispose or direct the disposition of the 874,491 shares of Common Stock held by the Offshore Fund.

The Select Offshore Fund, Luxor Capital Group, Luxor Management and Mr. Leone have shared power to dispose or direct the disposition of the 853,502 shares of Common Stock held by the Select Offshore Fund.

Luxor Capital Group, Luxor Management and Mr. Leone have shared power to dispose or direct the disposition of the 218,550 shares of Common Stock beneficially owned by Luxor Capital Group through the separate accounts it manages.

ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS.

If this statement is being filed to report the fact that as of the date hereof the Reporting Persons have ceased to be the beneficial owner of more than five percent of the class of securities, check the following o.

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON.

Not applicable.

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY.

Not applicable.

ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP.

See Exhibit B.

ITEM 9. NOTICE OF DISSOLUTION OF GROUP.

Not applicable.

ITEM 10. CERTIFICATION.

By signing below the undersigned certifies that, to the best of its or his knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete, and correct.

Dated: December 17, 2007

LUXOR CAPITAL PARTNERS, LP

By: LCG Holdings, LLC, as General Partner

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LUXOR SELECT, LLC

By: LCG Holdings, LLC, as General Partner

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LUXOR CAPITAL PARTNERS OFFSHORE, LTD.

By: Luxor Capital Group, LP, as investment manager

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LUXOR SELECT OFFSHORE, LTD.

By: Luxor Capital Group, LP, as investment manager

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

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LUXOR CAPITAL GROUP, LP.

By: Luxor Management, LLC, as General Partner

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LCG HOLDINGS, LLC

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LUXOR MANAGEMENT, LLC

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

/s/ Elena Cimador

Elena Cimador, as Attorney-in-Fact

for Christian Leone

EXHIBIT A

JOINT FILING AGREEMENT

The undersigned hereby agree that the statement on Schedule 13G with respect to the Common Stock of PHH Corporation dated as of December 17, 2007, and any amendments thereto signed by each of the undersigned shall be, filed on behalf of each of the undersigned pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended.

Dated: December 17, 2007

LUXOR CAPITAL PARTNERS, LP

By: LCG Holdings, LLC, as General Partner

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LUXOR SELECT, LLC

By: LCG Holdings, LLC, as General Partner

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LUXOR CAPITAL PARTNERS OFFSHORE, LTD.

By: Luxor Capital Group, LP, as investment manager

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LUXOR SELECT OFFSHORE, LTD.

By: Luxor Capital Group, LP, as investment manager

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

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LUXOR CAPITAL GROUP, LP.

By: Luxor Management, LLC, as General Partner

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LCG HOLDINGS, LLC

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

LUXOR MANAGEMENT, LLC

By: /s/ Norris Nissim

Norris Nissim,

General Counsel

/s/ Elena Cimador

Elena Cimador, as Attorney-in-Fact

for Christian Leone

EXHIBIT B

Luxor Capital Partners, LP

LCG Select, LLC

Luxor Capital Partners Offshore, Ltd.

LCG Select Offshore, Ltd.

Luxor Capital Group, LP

LCG Holdings, LLC

Luxor Management, LLC

Christian Leone

EXHIBIT C

POWER OF ATTORNEY

The undersigned hereby makes, constitutes and appoints each of Adam Miller and Elena Cimador as the undersigned's true and lawful authorized representative, attorney-in-fact and agent, each with the power individually to execute for and on behalf of the undersigned and to file with and deliver to the United States Securities and Exchange Commission and any other authority or party required or entitled to receive the same: (a) any Forms 3, 4 and 5, and any amendments thereto, in accordance with Section 16(a) of the Securities Exchange Act of 1934, as amended (the 1934 Act), and the rules promulgated thereunder; and (b) any Schedule 13D or Schedule 13G, and any amendments thereto, on behalf of the undersigned in accordance with Section 13 of the 1934 Act and the rules promulgated thereunder.

The undersigned also hereby grants to each such attorney-in-fact the full power and authority to do and perform all and every act and thing whatsoever requisite, necessary and proper to be done in the exercise of any of the rights and powers herein granted, hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that each of the foregoing attorneys-in-fact, in serving in such capacity at the request of the undersigned, is not assuming any of the undersigned's responsibilities to comply with Section 16 or Section 13 or any other provision of the 1934 Act or the rules promulgated thereunder.

This Power of Attorney shall remain in full force and effect until earlier revoked by the undersigned in a signed writing delivered to the foregoing attorneys-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of January 20, 2006.

/s/ Christian Leone

Christian Leone

ACKNOWLEDGEMENT IN NEW YORK STATE

STATE OF NEW YORK)
: ss.:

COUNTY OF NEW YORK)

On January 20, 2006, before me, the undersigned personally appeared, Christian Leone, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

/s/ Michael J. Sadler

Notary Public

[Notary Stamp and Seal]