

Operations Update:

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Norfolk Southern Corporation

January 23, 2008



Unit Train Network Scheduling

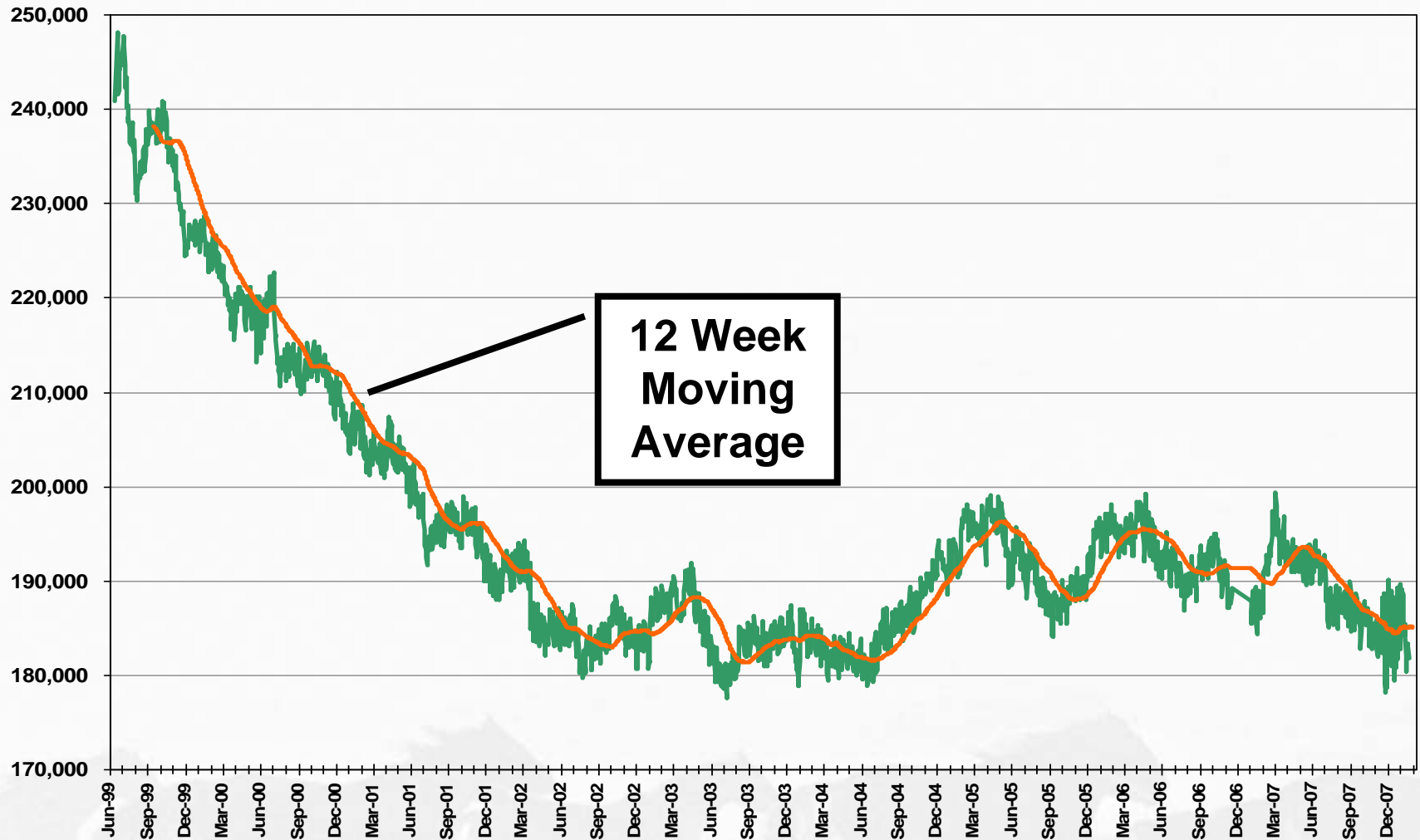
- Historical Philosophy
 - Division Centric
 - Minimal accounting for impact on other scheduled network operations or divisions
- New Philosophy
 - System, Network Centric
 - Fully integrated with other scheduled network operations

Unit Train Network Scheduling

- Benefits – Coal Redesign
 - Improved Cycle Time
 - 18% reduction in loaded transit times
 - 40% reduction in loaded trains awaiting power
 - Improved Asset Utilization
 - 4,500 cars stored since July 2007
 - 800 unit reduction in 2008 car orders

Total Cars On-Line

June 1999 and Forward

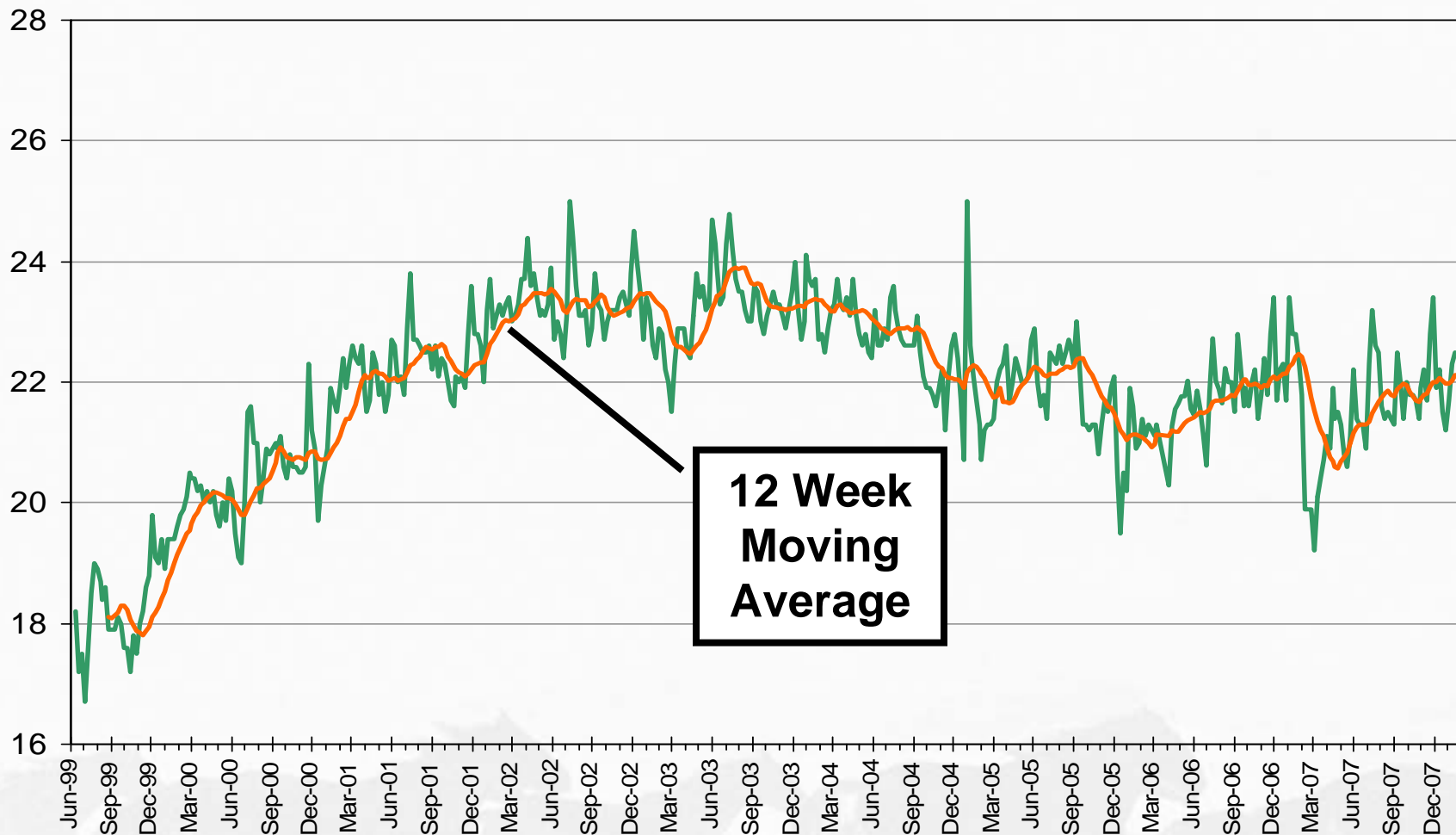


Through January 20, 2008



Average Train Speed

System Weekly: June 1999 and Forward

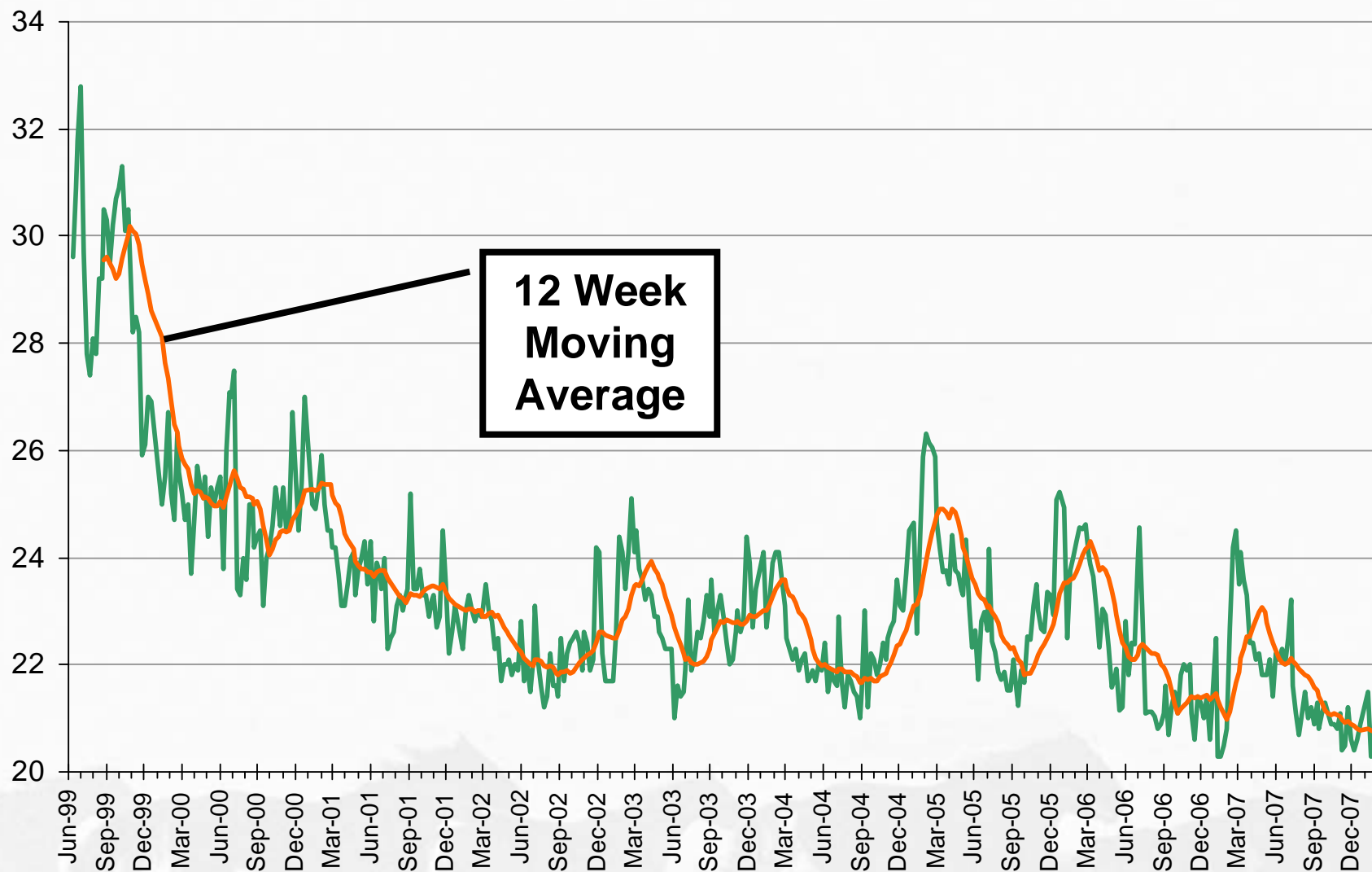


Through January 18, 2008



Terminal Dwell Time

System Weekly: June 1999 and Forward

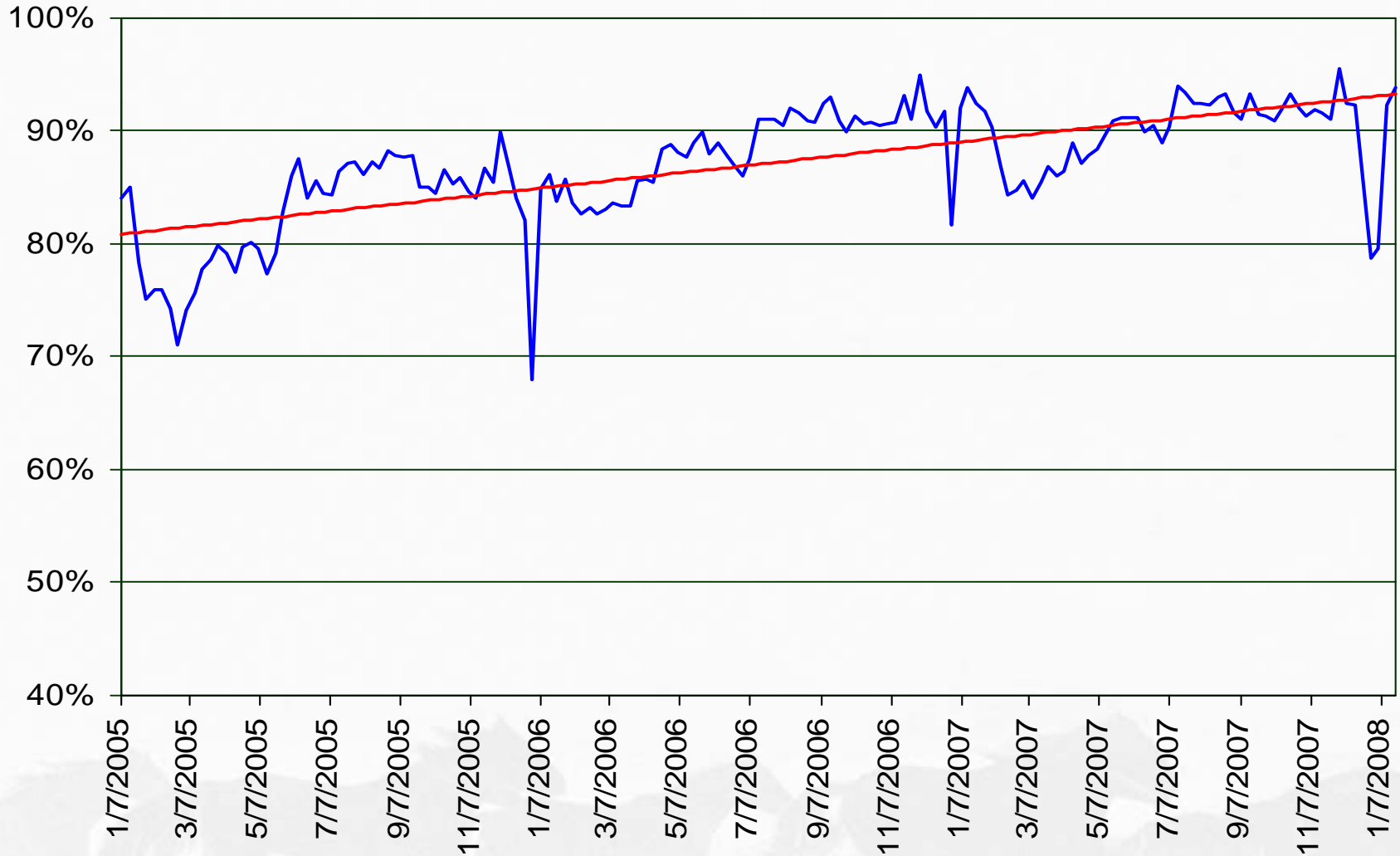


Through January 18, 2008



Connection Performance

Most Recent Performance: 94%

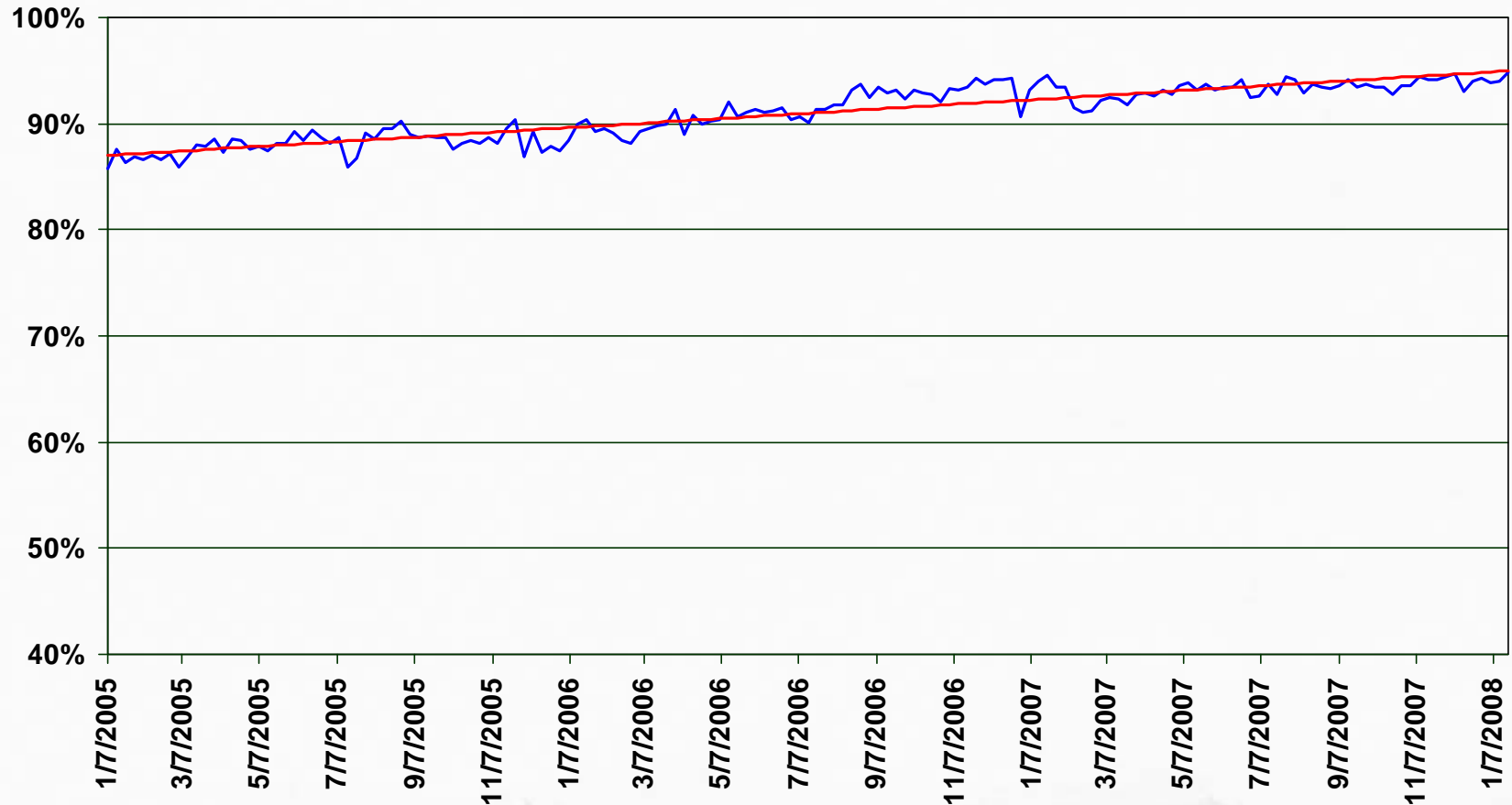


Through January 18, 2008



TOP Adherence

Most Recent Performance: 95%



Through January 18, 2008

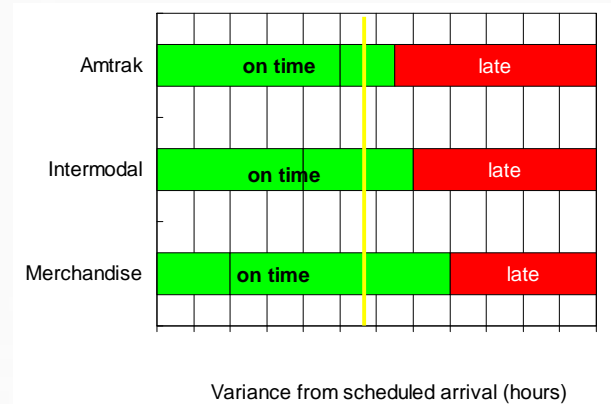


Train Performance

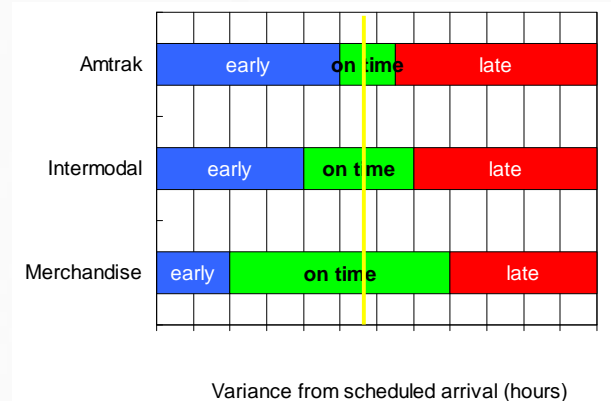
■ Train Performance

- Include all scheduled trains
 - Amtrak
 - Merchandise, Multilevel, Auto Parts
 - Intermodal, Premium Intermodal, Triple Crown
 - Coal, Grain, and other bulk commodity trains
- Redefine “On-Time”
 - Early and late both counted as defects

Old



New



Composite Performance Measure

- Provides a single, direct measure for Transportation performance that is:
 - **Comprehensive** – covers as many facets of operation as is practical.
 - **Plan driven** – must measure performance against defined expectations (plan).
 - **Accurate** – relies on complete, accurate and well understood data.
 - **Robust** – not subject to changes in systems or reporting variations.
 - **Transparent** – easy to understand.
 - **Actionable** – rewards desired behavior.

Composite Performance Measure

■ Composite Measure - Definition

- Weighted average of the three component measures.
- Weighting allows for more balanced inclusion of Intermodal and Unit train traffic

Component	Weight
TOP Adherence	30%
Connection Performance	30%
Train Performance	40%
Composite Performance Measure	100 %

- 20% of Bonus Calculation.

