



NATIONAL TRANSPORTATION SAFETY BOARD
Investigative Hearing

Norfolk Southern Railway general merchandise freight train 32N
derailment with subsequent hazardous material release and fires,
in East Palestine, Ohio, on February 3, 2023

GROUP	G
EXHIBIT	
30	

Agency / Organization

NTSB

Title

**Interview Transcript – Alan Shaw
President / CEO,
Norfolk Southern Railway,
May 4, 2023**

The latter portion of this interview has been removed because it is a separate topic not directly related to the NTSB hearing. The entire interview will be entered into the NTSB public docket at a later date.



I, Alan Shaw, have read the foregoing pages of a copy of my testimony given during a follow-up interview stemming from NTSB's investigation of the derailment of a Norfolk Southern freight train on February 3, 2023, in East Palestine, Ohio, and that these pages constitute a true and accurate transcription of same with the exception of the following amendments, additions, deletions or corrections:

<u>PAGE NO:</u>	<u>LINE NO:</u>	<u>CHANGE AND REASON FOR CHANGE:</u>
<u>ii</u>	<u>N/A</u>	<u>“For Norfolk Southern” instead of “On behalf of Alan Shaw”; Clarification</u>
<u>5</u>	<u>19</u>	<u>“president of Norfolk Southern on” instead of “president of Norfolk Southern in”; Typo</u>
<u>5</u>	<u>20</u>	<u>“at that point, I still reported” instead of “at that point still reported”; Typo</u>
<u>5</u>	<u>22</u>	<u>“Board” instead of “board”; Typo</u>
<u>6</u>	<u>24</u>	<u>“and a half running our” instead of “and a half in running our”; Typo</u>
<u>8</u>	<u>15-16</u>	<u>“a crew of about 15” instead of “about a crew of about 15”; Typo</u>
<u>16</u>	<u>24</u>	<u>“at Norfolk Southern” instead of “on Norfolk Southern”; Typo</u>
<u>17</u>	<u>15</u>	<u>“matters” instead of “numbers”; Typo</u>
<u>18</u>	<u>23</u>	<u>“he continued” instead of “he to continued”; Typo</u>
<u>19</u>	<u>4-5</u>	<u>“Little Creek Amphibious Base” instead of “Little Creek amphibious base”; Capitalization</u>
<u>19</u>	<u>17</u>	<u>“shared consciousness” instead of “shear consciousness”; Typo</u>

<u>21</u>	<u>16-17</u>	<u>“They were like: ‘here’s the things we need to work on.’”</u> <u>Instead of “They were like here’s the things we need to</u> <u>work on.” Typo</u>
<u>25</u>	<u>21-22</u>	<u>“VP of Transportation” instead of “VP of transportation”;</u> <u>Capitalization</u>
<u>26</u>	<u>9</u>	<u>“of the next generation” instead of “at the next</u> <u>generation”;</u> Typo
<u>28</u>	<u>25</u>	<u>“Chief Operating Officer” instead of “chief operating</u> <u>officer”;</u> Capitalization
<u>30</u>	<u>9</u>	<u>“on safety” instead of “on it”;</u> Clarification
<u>30</u>	<u>14</u>	<u>“lot of pride” instead of “lot pride”;</u> Typo
<u>30</u>	<u>25</u>	<u>“hundred-and-twenty-five” instead of “hundred and 25”;</u> <u>Typo</u>
<u>37</u>	<u>10</u>	<u>“Chief Legal Officer” instead of “chief legal officer”;</u> <u>Capitalization</u>
<u>37</u>	<u>11</u>	<u>“trends, right?” not “trends, right.”;</u> Typo
<u>38</u>	<u>13</u>	<u>“I don’t want it to go” instead of “I don’t want to go”;</u> <u>Typo</u>
<u>42</u>	<u>3</u>	<u>“going back and pulling” instead of “going back pulling”;</u> <u>Typo</u>
<u>42</u>	<u>8-9</u>	<u>“diverse, digitally savvy” instead of “diverse digitally</u> <u>savvy”;</u> Typo
<u>50</u>	<u>1</u>	<u>“analysis” instead of “analyst”;</u> Typo
<u>52</u>	<u>1</u>	<u>“the top” instead of “like the top”;</u> Clarification
<u>59</u>	<u>25</u>	<u>“it’s -- we use” instead of “it’s we use”;</u> Typo
<u>70</u>	<u>9</u>	<u>“pivot away” instead of “pivot way”;</u> Typo
<u>71</u>	<u>14</u>	<u>“an op-ed” instead of “op-ed”;</u> Typo
<u>75</u>	<u>12-13</u>	<u>“Chief Operating Officer, new Chief Operating Officer”</u> <u>instead of “chief operating officer, new chief operating</u>

		<u>officer”; Capitalization</u>
<u>75</u>	<u>17</u>	<u>“I’m investing in that with my teams” instead of “I’m investing in that with my treasure”; Typo</u>
<u>80</u>	<u>25</u>	<u>“not just throwing” instead of “you know, just throwing”; Typo</u>
<u>89</u>	<u>6</u>	<u>“communications corp comms team” instead of “communications corp com team”; Typo</u>
<u>91</u>	<u>6</u>	<u>“VP of Safety” instead of “VP of safety”; Capitalization</u>

I declare that I have read my statements and that it is true and correct subject to any changes in the form or substance entered here.

Date: 6/4/2023

Witness: Alan Shaw

UNITED STATES OF AMERICA

NATIONAL TRANSPORTATION SAFETY BOARD

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Investigation of: *

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NORFOLK SOUTHERN TRAIN DERAILMENT *

IN EAST PALESTINE, OHIO * Accident No.: RRD23MR005

ON FEBRUARY 3, 2023 *

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* * * * *

Interview of: ALAN SHAW, President/CEO
Norfolk Southern Railroad

Washington, D.C.

Thursday,
May 4, 2023

APPEARANCES:

STEPHEN JENNER, Ph.D.,
Human Performance and System Safety Investigator
National Transportation Safety Board

ANNE GARCIA, Ed.D.
Human Performance and System Safety Investigator
National Transportation Safety Board

CHRIS DAVIES, Esq.
WilmerHale
On behalf of Alan Shaw

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I N T E R V I E W

(1:10 a.m.)

1
2
3 DR. JENNER: Good afternoon. Today is Thursday, May 4th,
4 2023, the time is 1:10 p.m. My name is Stephen Jenner, I'm a
5 human performance and system safety investigator with the NTSB.
6 We are at the law offices of WilmerHale in Washington, D.C. and
7 today we are meeting with Mr. Alan Shaw of the Norfolk Southern
8 Railroad as part of the NTSB investigation of Norfolk Southern's
9 safety practices and safety culture.

10 And first, I'd like to go around the room and have everyone
11 introduce themselves and if you would, state your name and your
12 title and who you're with and if you would also spell your name.
13 So again, I'm Stephen Jenner, S-t-e-p-h-e-n J-e-n-n-e-r. I'm a
14 human performance and system safety investigator with the NTSB.
15 We'll go to Anne.

16 DR. GARCIA: I'm Anne Garcia, G-a-r-c-i-a. I am also a human
17 performance and system safety investigator for the NTSB.

18 MR. SHAW: I'm Alan Shaw, A-l-a-n S-h-a-w. I'm president and
19 CEO of Norfolk Southern.

20 MR. DAVIES: And Chris Davies, D-a-v-i-e-s. I'm a partner at
21 WilmerHale.

22 DR. JENNER: Great. And what's your role in the interview
23 today?

24 MR. DAVIES: A representative of Mr. Shaw.

25 DR. JENNER: Thank you. And I want to make sure that you're

1 aware and okay with this being recorded and it will become part of
2 the public docket.

3 MR. SHAW: I understand.

4 DR. JENNER: Very good. And you'll have a chance to review
5 the transcript for accuracy. So in the last few months, Norfolk
6 Southern's had some train derailments on their main line,
7 including one in East Palestine, Ohio. We have heard you state
8 that your goal for Norfolk Southern is to have the strongest
9 safety culture in the industry, so we would like to better
10 understand how close you are to achieving this goal. So thank you
11 for meeting with us and sharing your insights.

12 INTERVIEW OF ALAN SHAW

13 BY DR. JENNER:

14 Q. But we'll start off and have us -- have you tell us about
15 your background in the rail industry and how you got to your
16 current position.

17 A. Gladly. It's a pleasure to be with you today. I became CEO
18 of Norfolk Southern a little over a year ago, in fact, it was
19 May 1st of 2022. I became president of Norfolk Southern in
20 December 1st of 2021, at that point still reported to our previous
21 CEO, Jim Squires, and that was really good for me in that, as
22 president and still having a CEO to whom I reported, the board
23 really asked me to spend a lot of time out in the field with our
24 operating team and my craft colleagues. And so the first day I
25 became -- was named president, I was out in the field, in the crew

1 rooms, in the locomotives, talking to my craft colleagues about
2 safety, service, and growth. Those are the three things that are
3 really important to me. And the first day I became CEO of Norfolk
4 Southern about this time last year, I was out in the field having
5 those same conversations and in the interim, I have spent a lot of
6 time out in the field. In fact, just earlier this week I was in
7 Missouri, we have two big yards in St. Louis, I had the
8 opportunity to spend a lot of time with my craft colleagues and
9 there's some really funny stories there.

10 But I basically get my energy from being out with our
11 customers and being with my craft colleagues in the field. And so
12 what you hear Norfolk Southern talking about is creating this
13 culture of a customer-centric, operations-driven service
14 organization. And I'm sure we'll get a chance to talk about that
15 in a little bit.

16 Before I became president of Norfolk Southern, I spent 7
17 years, approximately, as the chief marketing officer. And so,
18 while a lot of people know me as, say, a marketing person, I'm
19 more of -- I was an engineer by training, I was an aerospace
20 engineer, and spent a lot of time in finance and actually thought
21 I was going to progress in a career in finance.

22 Q. Um-hum.

23 A. Before I became chief marketing officer, I spent about a year
24 and a half in running our intermodal operations team, which we've
25 got -- we have about 57 intermodal ramps that we serve, we have

1 got the most powerful intermodal franchise in the East, it faces
2 the consumer, we serve about 60 percent of the population, in
3 fact, about a hundred million people each and every day live
4 within about 50 miles of our intermodal ramp, one of our
5 intermodal ramps. So that's a really strategic advantage for us
6 and it's something that we're leveraging at Norfolk Southern to
7 grow.

8 Q. Um-hum.

9 A. When I was in intermodal operations, again, I spent -- it was
10 really nice because I got an opportunity to spend a lot of time
11 out in the field with the NS employees and the contractors who
12 generally run our ramps and there, my responsibility was service
13 and safety of our intermodal facilities.

14 Before that, I spent 4 years in marketing and I was -- I was
15 in charge of our chemicals marketing team and so you can imagine
16 the importance that the -- our chemicals customers in particular
17 place on safety and we -- we work really closely with our
18 chemicals customers on safe transportation of hazardous materials,
19 right, it is the safest form of transportation and our chemicals
20 customers certainly understand that, and they're really good about
21 working with the rail industry to enhance safety.

22 Before that, I was in charge of our coal transportation team
23 for about 9, 10 years. Again, it gave me an opportunity to spend
24 a lot of time out in the field, this time with coal customers,
25 then also with our own operations team. And then before that, I

1 actually joined Norfolk Southern in the finance department and I
2 was there for 5 years and while I was in finance, I earned the
3 designation of a chartered financial analyst. It's a 3-year
4 program, you take one test a year. If you pass it, you get to
5 take the next test the next year. And so that's -- I really
6 thought that I was going to stay in finance. Luckily, people
7 above me moved me around and moved me into different roles, so you
8 see me bouncing between finance and operations and marketing.

9 Before I joined Norfolk Southern, I worked in the banking
10 industry, I got my M.B.A., that's where I met my wife. And my
11 first job out of school as an aerospace engineer was in the Navy
12 nuclear program for -- but I was a contractor, I worked at Newport
13 News Shipbuilding and we were -- and Newport News Shipbuilding is
14 still the only domestic shipyard that can build nuclear reactors.
15 And my job was training tradesmen, union employees, about a crew
16 of about 15, on nuclear reactor installation and we worked on the
17 USS George Washington at the time.

18 We also refueled a couple subs. There you get this -- just
19 an intense appreciation for -- for the safety culture and the
20 Navy, particularly around Navy nukes, right? The Navy nuclear
21 program is pretty close to 75 years and there's never been a
22 discharge, there's never been a negative impact to the environment
23 and there's never been an injury associated with a release of
24 radioactive materials because Admiral Rickover, at the time,
25 basically said we can't avoid -- or we can't have any failures,

1 right, I mean, this is zero tolerance. And so there's this unique
2 and really interesting culture wrapped around training and
3 oversight and management in the Navy nuclear program and that just
4 -- that always stuck with me. And so, frankly, that was my first
5 exposure to the importance of safety, this was my first job right
6 out of school. It was a great job having your office on a nuclear
7 aircraft carrier, it really was.

8 Q. All right. Thank you for that.

9 A. Um-hum.

10 Q. But I didn't get the year that you first joined Norfolk
11 Southern.

12 A. Oh, it's April 1st, 1994, so 29 years. Graduated from
13 college in '89.

14 Q. Great. So you've been in your role, this is like the 1-year
15 anniversary this week.

16 A. Um-hum.

17 Q. Your current role. Can you talk about what major challenges
18 or issues you inherited from the previous CEO?

19 A. You know, I think when I -- when I came on board, we were --
20 we had a -- we had a pretty poor service product and, you know, I
21 sat down with my team and I basically said look, we do one thing
22 and that's make service and we sell one thing and that's service.
23 And so I spent -- I spent about 6 months working on this new
24 strategy for Norfolk Southern and a new strategy for the --
25 frankly, we charted a new course in the industry and we announced

1 it last December and it was all based on taking a much longer-term
2 approach to decision making. Yeah, we're a hundred and 95 years
3 old, right, and -- so we got to look for the long term, we've got
4 to look on the long-term horizon. In the past, the traditional
5 rail model has been a really near-term focus on operating margins,
6 right, and that's still important though, right?

7 But I wanted to take a different approach, right, and so I
8 wanted to look longer term, which means a balanced approach
9 between safely delivering service, focused on productivity and
10 smart growth. Not "grow at all costs," but growth that fits
11 within your network, growth with which we can be successful and
12 our customers can be successful. And that takes a different
13 mindset, right? And so instead of -- the rail industry has
14 typically furloughed employees, are you familiar with that term?

15 Q. Yeah, sure.

16 A. Okay.

17 Q. If you work for the government, you're familiar with that
18 term.

19 A. Oh, okay. Yeah, in the past, during an economic downturn,
20 the railroad industry would furlough employees and, you know, I
21 wanted to make an investment in the long term and so I said all
22 right, what are the -- what are the strategic things that we know
23 we're going to need 5 years from now, 10 years from now, right,
24 and it's locomotives, it's intermodal terminals because -- I
25 talked to you about, right, my passion for growth and passion for

1 service. It's track, well-maintained track, that's really
2 important, right? You can't run a safe railroad and a good
3 railroad without having a safe roadbed and a safe track. It's
4 boxcars that help you compete with truck, right, we operate in the
5 same sphere as other railroads, but our primary form of
6 competition is truck. It's technology, it's yard offices, right,
7 because I want to create a good work environment for our team and
8 so investing in our yard offices -- you've been to our building.

9 Q. Um-hum.

10 A. Right? I want to make sure our yard offices are nice, too.

11 Q. Um-hum.

12 A. And it's investing in our people. And so I made the
13 commitment, during the next economic downturn, we're not going to
14 furlough. And so right now, when you see a bunch of other
15 industries laying people off, our pipeline of conductor trainees
16 is near record high and since I became CEO of Norfolk Southern,
17 we've added about 1500 jobs at NS. We went on a hiring spree when
18 I -- when I took over control.

19 And I've also really invested in our culture at Norfolk
20 Southern because I want -- I want decisions based on what's best
21 for NS, not necessarily what's best for the department or best for
22 an individual, and I want a much more -- I wanted a cohesive and
23 collaborative team and I've really tried to foster this culture of
24 transparency and trust and candid communication.

25 Q. Great, thank you. So that was -- you reflected on the issues

1 that you adopted, that you inherited or is there anything in the
2 last year that has arisen that you have to give attention to?

3 A. Yeah. I mean, certainly, you know, we had the labor issue
4 last fall where, you know, we went down to the 11th hour before we
5 got a deal with our craft colleagues on wage increases and
6 healthcare benefits and as soon as that was done, I made the
7 commitment to my craft colleagues that I'm now -- I really wanted
8 to work with them on the local level on quality of life issues.

9 So the contract that we did was national, right, all
10 railroads, all unions were involved. It was important to me that
11 I now pivot to talking to our local labor union leaders, just the
12 folks who work on NS, right, about what's important to them from a
13 quality of life and employee engagement standpoint. And so that
14 started in mid-December and, you know, here we are 5 months later
15 and we've reached agreement with 11 of our 12 unions on quality of
16 life issues, which includes paid sick leave.

17 We just reached this wonderful agreement with our conductors,
18 in which they get paid differential -- assuming it gets ratified
19 by the conductors union, right, they get paid differential on
20 weekends, they get much more predictable work schedules, you know,
21 because what was important to people 15, 20 years ago might not be
22 as important now, right, and people are much more interested in
23 spending time with their families and all. I got four kids,
24 right, I get it.

25 DR. GARCIA: Um-hum. Yeah. A question on that.

1 MR. SHAW: Go ahead, Anne.

2 BY DR. GARCIA:

3 Q. What is your current policy on sick leave hours and use of
4 sick leave?

5 A. Depending upon the craft, then they get up to 7 days of paid
6 sick leave.

7 Q. So specifically for conductors?

8 A. I think conductors, with this new rule -- with this new deal,
9 will get up to 7 days and then they would also have some personal
10 days as well.

11 Q. And this is the same for the engineers?

12 A. We're still working with the engineers on theirs, you know,
13 they were more interested in focusing on other quality of life
14 issues. I have reached out personally to the heads of our two
15 largest unions, which is the conductors and the engineers, and
16 told them I want to come visit them on their home turf and I want
17 to talk to them about employee engagement and help on improving
18 safety at Norfolk Southern. So I'm looking forward to -- I got a
19 meeting with them and -- like around the 15th or 16th of this
20 month.

21 Q. Those unions, that's SMART and BLET?

22 A. Yes, ma'am. Yes.

23 Q. Okay.

24 A. Yeah.

25 Q. And what about railcar inspectors, the sick leave policies

1 for them and use of sick leave?

2 A. I don't know the specific ones for the other unions. I
3 believe, ma'am, that all of them have at least 4 days of paid sick
4 leave.

5 Q. Okay. And they're able to use that to call in like the day
6 of that they're to report for a shift without penalties?

7 A. We don't have penalties, you know, and I think that's one of
8 the reasons that I wanted to do this at the local level, right?
9 You hear about these -- at national negotiations, when paid sick
10 leave became such an issue, you heard about a points-based
11 attendance policy. We're the only railroad who didn't have that,
12 right?

13 And so that might work for other railroads, I don't know, it
14 doesn't work for us and it didn't work for -- for what I was
15 trying to get accomplished with respect to positive engagement
16 with our employees, so we didn't put it in and because of that, I
17 feel like we've got more trust with our union employees than some
18 other railroads might enjoy, which is why I wanted to negotiate
19 these quality of life issues at a local level instead of at a
20 national level.

21 Q. So 7 days, you said, of sick leave?

22 A. For the conductors, yes, ma'am.

23 Q. Okay. So that's for themselves, like if they come down with
24 the flu or if they wake up and they're extremely fatigued, weren't
25 able to sleep well, they can use their sick leave to call in?

1 A. Or they can -- yes, if they want to get paid or they can just
2 -- what we call mark off, just say I'm not going to -- I can't
3 come to work today. That happens a lot, too.

4 Q. Okay. Without penalties?

5 A. Yes. Yeah, we don't have paid sick leave.

6 Q. Okay.

7 MR. DAVIES: You don't have paid sick leave?

8 MR. SHAW: I'm sorry. We don't -- I'm sorry. We don't have
9 a points-based attendance policy, I apologize.

10 DR. GARCIA: Okay.

11 MR. SHAW: Now, if someone abuses it, like in any setting,
12 then we'll have a discussion with them, but we don't have a
13 points-based --

14 DR. GARCIA: Right.

15 MR. SHAW: -- attendance policy.

16 BY DR. GARCIA:

17 Q. And that's also if one of their family members is sick, they
18 can use that sick leave?

19 A. Um-hum.

20 Q. Okay. And do you go by the Family Medical Leave Act?

21 A. Yes, we do.

22 Q. Okay.

23 A. Right. And then we also have some other sick policies that
24 the railroads fund, which pays for time off for an extended time
25 period, if they're out for a couple days, and it depends upon the

1 union agreement. I don't know the specifics --

2 Q. Okay.

3 A. -- of all the deals, Anne, but --

4 Q. But Norfolk Southern pays for that?

5 A. Yeah.

6 Q. Okay.

7 A. Yes, ma'am.

8 DR. GARCIA: Good.

9 BY DR. JENNER:

10 Q. How do you see your relationship with the -- with labor at
11 this point and has it changed over time?

12 A. Yeah, I think, you know, labor -- my labor colleagues will
13 tell you that, you know, the last -- until about a year and a half
14 ago, when I became president or actually -- you know, it was
15 tough, you know, my labor colleagues were out working in the
16 field, not a farm field, right, but they were working on the
17 railroad during COVID when most of the United States shut down.

18 And, you know, they were part -- a critical link in America's
19 supply chain and they kept the economy going and they kept food on
20 the shelves and medical supplies and all that kind of like really
21 important stuff and we asked a lot of them, we were going through
22 a contentious labor negotiation, so that was tough, too. And so I
23 think that -- I think employee morale was stressed during that
24 time period, at least on Norfolk Southern, and so that's why, as
25 soon as I became president, I was like well, I've got to flip this

1 script and so that's why I go out a lot, several times a month I'm
2 out in the field and the first place I go is in the crew room,
3 right, or go on the locomotives. You know, I was talking to them
4 yesterday or -- yeah, 2 days ago when I was in St. Louis and
5 generally, what I talked to my colleagues about is my goal is to
6 be the safest railroad in the United States and have the best
7 service product, ask them, right, for ideas on how to deliver that
8 and then I always ask about morale.

9 And since we've been on a hiring spree, since I'm visible out
10 in the field, since I'm affecting culture change at Norfolk
11 Southern, they are starting to see morale improve. That's the
12 feedback I get. That's a good thing, that's what I want. It's
13 going to take a while, I get that, right? Culture takes a really
14 long time to implement and it's -- I'm a financial guy, right, and
15 I do the math, the math numbers, it's really hard to figure that
16 out on a spreadsheet that says here's your return --

17 Q. Um-hum.

18 A. -- for your investments in your culture. It's hard to
19 measure that, but I know it's the right thing to do and I know
20 that if you don't do it, you got a problem. So that's why I'm
21 committed to it and that's the other thing that they want to know,
22 is that we are committed to this longer-term vision, we are
23 committed to this vision of working in the long-term best
24 interests of our customers and our shareholders and our employees
25 and the communities we serve. They like that.

1 DR. JENNER: Um-hum.

2 BY DR. GARCIA:

3 Q. So since you became president in December 2021, CEO in May of
4 2022, what changes have you instituted in terms of employee safety
5 and community safety?

6 A. Well, I've talked about the employee engagement, I've --
7 we --

8 Q. This would be back starting when?

9 A. Well, my first days as president we ramped up employee
10 engagement. We have invested in our culture, a cultural
11 transformation at Norfolk Southern. During COVID I read a lot
12 because I wasn't traveling and one of the books that I picked up
13 was Stanley McChrystal's book *Team of Teams* and I found it
14 fascinating because it was -- it was kind of like NS, right,
15 there's all these different -- he was in charge of joint ops,
16 right, and there are all these different teams, whether it's CIA,
17 rangers, Navy SEALs, regular army, you know, air assets, working
18 towards a common goal, but they were really siloed, and -- which
19 is kind of -- we're like every other company, that's the way we
20 were, and he got them together and he invested in their culture
21 and it took him like 2 to 3 years, you know, he told me the other
22 day, he said it's like breathing life support into the patient
23 every single day, but he continued to invest and he to continued
24 invest and he built this really high-performing team out of a
25 bunch of little teams, right?

1 Q. So how do you apply that to Norfolk Southern?

2 A. Yeah, so I -- I was very good friends at the time with a Navy
3 SEAL commander of SEAL Team 8 and -- because we were living in
4 Virginia Beach, the East Coast SEALs are at Little Creek
5 amphibious base in Virginia Beach, West Coast are out of San
6 Diego, and he and I would sit around, we talked about management
7 and we talked about culture a lot and he taught me a lot about it
8 and it was about, you know, you -- first of all, I asked him if
9 this stuff in *Team of Teams*, in McChrystal's book, was like real
10 and he said yeah, that absolutely is.

11 And he had actually taken me on a training mission one time,
12 that might be the coolest thing I've ever done, other than work on
13 a nuclear aircraft carrier, but I went on this training mission
14 with the SEALs and again, it was like you've got the SEAL team of
15 like really high-performing people who all know what to do and
16 they all know what everyone else is doing around them, so there's
17 the shear consciousness.

18 But the air insertion assets were not SEALs, the people who
19 drive the boats aren't Navy SEALs, and I said how do you like --
20 how do you get that, where you got a high-performing team, a high-
21 performing operation, and you're working with Army and you're
22 working with the Navy and he's like you move people around, right,
23 you don't worry as much about efficiency as you do about
24 collaboration and communication and transparency and trust. And
25 so that really stuck with me and then as I was going out in the

1 field, I remember it was like early February of 2022, so I'd been
2 president for 2 months, right, and I was in Cincinnati and I was
3 talking to our transportation team and it was just -- I was
4 hearing the same stuff over and over again, right, the culture
5 wasn't what we needed, right, they weren't working together, they
6 weren't working to help each other out, they weren't --

7 DR. JENNER: I'm sorry, I'm going to pause for a second, my
8 battery just died on me.

9 DR. GARCIA: Okay.

10 DR. JENNER: It's 1:36.

11 (Off the record at 1:36 p.m.)

12 (On the record.)

13 DR. GARCIA: And recording again.

14 MR. SHAW: Thank you. So I was out -- I was in Cincinnati
15 and I kept hearing the same stuff about our culture and as I was
16 leaving Cincinnati, I called our EVP of transformation, Annie
17 Adams, and I said when I land in Atlanta, I want to have a
18 conference call with you about what we need to do to enhance the
19 culture in transportation and when I landed, we talked through it
20 and we landed on the idea of engaging the McChrystal group and
21 that team of teams concept at Norfolk Southern. So -- which I was
22 like thrilled with, right? So we brought them in and it worked,
23 and it worked really well and it worked really quickly. So I said
24 all right, let's bring this to all of Norfolk Southern. So we
25 worked with the McChrystal group and then early last fall we

1 rolled it out to the top hundred and 50 people at NS, what we call
2 our leadership committee, and then that worked, so I wanted to
3 continue the investment and I pledged to my team, I was like look,
4 this is not the -- you know, the flavor of the year, right, we're
5 going to commit to this thing and I'm going to commit to it over
6 the long term. And then we rolled it out to the next hundred and
7 50 people.

8 And then what you started to see is departments, particularly
9 in operations, loved it so much that they would go to HR and say
10 we want our own engagement with the McChrystal group for our
11 department, which is really good, so that tells you that the
12 organization was thirsting for this stuff and they really wanted
13 to buy in and the engagement was so powerful.

14 Yeah, we had a lot of things we had to fix, which is fine,
15 right, if they'd come in and said hey, you guys are good, then
16 that's probably not worth an investment, right? They were like
17 here's the things we need to work on. So we got that rolled out
18 to the top 300 individual departments and then we decided --

19 BY DR. GARCIA:

20 Q. What specifically were they looking to do to deliver to you?

21 A. Oh.

22 Q. Give us just a handful --

23 A. Sure.

24 Q. -- of bullets.

25 A. Yeah. Team of teams really comes down to this like shared

1 consciousness, right, making the decision that's best for the
2 organization and then doing it in a manner that is sustainable.

3 Q. This is the top-level management?

4 A. Yeah. Well, now it's the top 300 and then I'm going to tell
5 you a little bit more about it, but it's doing it in a manner that
6 replicates itself. General McChrystal, he wrote me the other day,
7 he's like any leader can get something done in a short term by
8 being a jerk, right, but if you want to do it over the long run,
9 you need to be the leader that your people want to follow. And so
10 we boiled it down to like three really simple things, trust,
11 communication, and collaboration.

12 And I've got this theory and I've read it, that change moves
13 at the speed of trust and trust is the lubricant for a high-
14 performing organization, right? If you trust your coworker, that
15 that coworker knows what they're doing, kind of like a Navy SEAL
16 does, knows that they're making the decisions in the best
17 interests of the company, right, then you're going to be able to
18 get stuff done really quickly.

19 And if you communicate throughout this process and you
20 communicate in a positive manner, particularly in public, and you
21 think about sharing the information and not just waiting until
22 you've done your analysis and made the decision and share the end
23 result there, but you share with them your work so they can --
24 yeah, it's an open book so they can see what you're doing, right?
25 Then they can help you get it done. And then the last thing is

1 collaboration, you know, working together. We've got 20,000
2 people at Norfolk Southern. We're far better off if all 20,000
3 people are working together on the best interests of Norfolk
4 Southern to safely deliver exceptional service, work on
5 productivity, and grow.

6 Q. Right. So you're talking about you rolled it out to the top
7 150 people and then to the next hundred and 50 and you got
8 departments asking for it. Do you have a time frame to hit all
9 20,000 people because -- versus upper management, middle
10 management?

11 A. Well, Anne, so first we rolled it out to the transportation
12 group.

13 Q. Okay.

14 A. The supervisors in transportation. Then it was the top 150,
15 then it was the next 150, then it was -- then it's individual
16 departments. And now we're doing something that we call ballast
17 line leadership program and this is where the engagement with our
18 craft colleagues really comes into play. So these are kind of
19 managers and assistant managers, we call them, effectively,
20 trainmasters, right, they're the folks --

21 Q. Um-hum.

22 A. -- on the ground, out it in the field, working 24/7/365 and
23 engaged with our craft colleagues. So we're rolling this ballast
24 line leadership program out to all of our -- our folks at that
25 level. And when I was in St. Louis earlier this week, I had the

1 pleasure of speaking to one of the classes and I talked to them
2 about why I wanted to invest in the culture at Norfolk Southern
3 and what I was hoping to get out of it and these concepts of trust
4 and collaboration and communication. And I've also rolled out
5 what I call the -- I called it the NS leadership framework and
6 then our HR department changed it to the way we lead, but that's
7 fine, right?

8 And it's these concepts that I came up with about what I'm
9 looking for in a leader, what I think -- if you want to be
10 successful at Norfolk Southern, these are kind of the attributes
11 that you need to display and frankly, if you aren't comfortable
12 displaying those attributes, then you might not be happy at
13 Norfolk Southern.

14 Q. Um-hum.

15 A. Right? And it starts with a focus on what's best for NS,
16 then what's best for the team, what's best for yourself, and it's
17 about trust and collaboration and communication and it's about
18 bridge builders, it's about people who are working across
19 different departments and tearing down silos and people who are
20 interested in helping others succeed and --

21 Q. Okay.

22 A. -- they get their success through others. It's --

23 Q. What was the time frame of this? Excuse me, I didn't want to
24 cut you off.

25 A. I think, Anne, the ballast line leadership program will be

1 rolled out through late summer. I heard August when I was there
2 this week.

3 Q. Um-hum. And when did it start, when you first brought them
4 in?

5 A. I think we started it, Anne, this year. You know, we've
6 refreshed our operations leadership, or I have, over the last year
7 and frankly, some of the folks who are no longer with us are
8 because they weren't exhibiting that NS leadership framework that
9 I'm looking for.

10 Q. That was the question I had because we've spoken with a few
11 of your top leadership when we interviewed down at your Norfolk
12 Southern headquarters and in preparing for that and looking at who
13 to interview, we realized that you had quite a turnover --

14 A. Um-hum.

15 Q. -- in your upper management. So what do you attribute that
16 to? Could you tell us about the turnover, you know, what
17 different positions have been replaced --

18 A. Sure.

19 Q. -- and why?

20 A. You know, my focal point has been safety, service,
21 productivity and growth, and I made a move at the VP of
22 transportation last April because I wasn't happy with the
23 leadership and we promoted --

24 Q. So that person was removed?

25 A. Yes.

1 Q. Um-hum.

2 A. We promoted Floyd Hudson, who is awesome in a crew room.
3 I've never seen anybody better at engaging with our employees than
4 him in a crew room and so he exhibits that type of leadership
5 quality that I was looking for. That was the first move. I
6 brought in Paul Duncan, who's now our chief operating officer,
7 from BNSF last -- probably around the same time. It might be
8 slightly before, it might have been slightly after. Paul is like
9 one of the -- he's probably the leader or thought leader at the
10 next generation of railroad operating executives.

11 You know, frankly, a lot of talent in the rail industry has
12 exited because of some of the ways that things have been managed,
13 right? Paul is a next great thought leader, so I was like well, I
14 want some of that, right? And then we promoted from within, as
15 well, we've promoted somebody who came out of our HR team and then
16 was in marketing and this person is now our vice president of
17 network planning, service design.

18 Q. Why did the people leave those positions that they --

19 A. Some of them were retiring, some of them were asked to leave.

20 Q. Okay.

21 A. We promoted John Fleps to be vice president of safety, I
22 think you guys met with Fleps.

23 Q. Um-hum.

24 A. Fleps is like me, right, Fleps is an engineer, Fleps is
25 really data driven. He's probably a better engineer than me

1 because he graduated with honors, I think, from Vanderbilt, right?
2 But, you know, I really want a data-driven organization, I don't
3 want to make decisions based on anecdote, right, even -- you know,
4 even though most of my time was in marketing, as I told you, my
5 training and my first jobs and all that kind of stuff were more
6 engineering and finance related, so facts matter to me, data
7 matters to me, continuous learning matters to me, improvement
8 matters to me. So I think we've refreshed -- we got Paul, Fleps,
9 Rodney Moore, Jacob Ellum, and Floyd, five -- five folks at the VP
10 level or above in operations in the last year.

11 Q. Okay.

12 A. It's a young team, but they're really talented and they --
13 they all exhibit that NS leadership framework, right, and they're
14 all doing things the right way.

15 Q. Okay. I have another question to put in there. So I've got
16 this, and we'll just call this Exhibit 1 for this interview.

17 A. Yeah.

18 Q. So you're familiar with this?

19 A. Um-hum.

20 Q. What can you tell us about this?

21 A. Well, this is the -- these are the principles of PSR, serve
22 your customers, manage your assets, control costs, focus on
23 safety, and develop your people. And then these are the
24 disciplines of PSR, run trains on time, switch cars in less than 6
25 hours, right car, right train, right block, safety. Here's the

1 mistake that was made. These should not have been in this order,
2 it sends a really bad message to people and that was one of the
3 things I also heard, right, it's like go out in the crew rooms,
4 it's like they were really, really frustrated that safety was
5 fourth on this list. It wasn't intended to be and frankly -- I'm
6 sorry, Anne, go ahead.

7 Q. When did this come out?

8 A. I think we probably put this out in 2018 or 2019 when we
9 adopted PSR.

10 Q. Okay.

11 A. I've never seen it with numbers associated with it, but I
12 have seen it in this order and that created a problem because our
13 culture, our safety culture, has been really strong, we've always
14 focused on safety and we've talked about safety first, and Floyd
15 has this awesome way of talking about it, he says it's -- safety
16 is who we are, service is what we do. But candidly, when we put
17 out that thing, it sent a wrong message to our team. Now, it
18 wasn't intentional by any stretch, but it sent the message.

19 And so, you know, Paul, since he became COO in January of
20 this year, we've taken down all these, they're no longer in any of
21 the crew rooms, I don't think you'll find one, and he pulled
22 together his operations leadership and he invited me and he
23 invited marketing leadership and he held like -- let's call it
24 like, I think, 19 town halls in the first month, month and a half
25 of his tenure as chief operating officer, and he really stressed

1 the importance of safety. You know, what Paul always talks about
2 is every conversation starts with safety at Norfolk Southern and
3 it ends with a thank you. To his credit, Paul addressed this head
4 on and he admitted that was -- he wasn't here when this happened,
5 right, but he admitted that that was a mistake.

6 Q. So was it your -- who was it that put this out, do you know?

7 A. It was our operations team at the time.

8 Q. Okay. Thank you.

9 A. And the folks that did that are no longer here.

10 DR. GARCIA: Thank you.

11 BY DR. JENNER:

12 Q. We'll stick with this topic here. So your thinking is safety
13 is -- it should be number one. How was that message getting out
14 to the employees and do you think that employees at all levels of
15 the organization feel it the way you were trying to communicate
16 it?

17 A. The way it gets out to our employees is through our actions
18 and through our words, right? And so it's, you know, this ballast
19 line leadership and when we're talking to our leaders about the --
20 and our trainmasters about the importance of safety, it's every
21 conversation starts with safety, it's me talking about it, the
22 importance of safety, and it's encouraging our employees, our
23 craft colleagues, to be part of the process, which is one of the
24 reasons I reached out to the head of the BLET and the SMART TD and
25 one of the reasons I'm going to go meet with them in about 10

1 days, is asking for their help because this isn't something that
2 just comes from management, right, I mean, this has to be input
3 from all 20,000 of our employees. But don't get me wrong, I'm not
4 -- I'm not deflecting and saying it's their responsibility. I've
5 got to be the one who starts it, I've got to be the one who shows
6 it, I've got to be the one who makes it important to the
7 organization. And we changed our comp plan this year for
8 management and we included safety metrics, so that's another
9 demonstration of the way that we're focused on it.

10 And the other thing is, as I told you, when we go out -- when
11 I go out and I climb on a locomotive or walk into a crew room, I
12 talk to them about safety and service, and then I ask are we a
13 safe railroad and how do we get safer, right? And so, you know,
14 they tell me we're a safe railroad, our employees take a lot pride
15 in working for Norfolk Southern, they take a lot of pride of
16 wearing the NS logo. I'm told that NS employees tend to wear our
17 company logo more than employees at other railroads, that's cool,
18 right?

19 I want that, right? I've got a lot of pride wearing the NS
20 logo. And then I ask them how can we get better and frankly, what
21 I hear is a lot of the stuff that we've been talking about, it's
22 engagement, it's training, it's oversight. And so one of the
23 things that we're doing, Anne, is we're increasing our number of
24 field supervisors in transportation by 25 percent. We're going to
25 hire about a hundred and 25 new field supervisors in

1 transportation because it's important to me that we have a really
2 good engagement between supervision and between our craft
3 colleagues. So that's an investment, right? And again, that goes
4 back to not just focused on near-term operating margins, I'm
5 really focused on the long term.

6 BY DR. GARCIA:

7 Q. Okay. You mentioned meeting with the union leadership.

8 A. Um-hum.

9 Q. They've mentioned that there's been a change in the safety
10 team compositions at the local level. Can you tell us something
11 about that? Coming out of COVID, well, during COVID, the safety
12 teams were stopped --

13 A. Yeah.

14 Q. -- and then coming out of COVID, how you changed them.

15 A. Well, I think you're talking about the LSSCs, which is the
16 local safety and service committee, which is run by supervisors
17 and craft colleagues and it really does really, really well when
18 our craft colleagues are taking the ball and running with it and
19 candidly, we've had pretty uneven participation in that over the
20 years. Sometimes it's because of, you know, friction between
21 supervisors and craft colleagues and of course, during COVID, like
22 meetings like that were discouraged. So --

23 Q. Did you try video meetings? I mean, what was the reason why
24 you stopped them altogether during COVID?

25 A. I don't know. Just I don't think we wanted to do in-person

1 meetings, right? I don't know about the video, I wasn't --

2 Q. Yeah.

3 A. -- in my role at that time point.

4 Q. Okay.

5 A. When I was in St. Louis earlier this week, they talked about,
6 for a number of years like preceding all of this, they -- because
7 of some tension between our craft colleagues and our supervisors,
8 the craft employees didn't participate in it, but they are now.
9 So that's a good thing, right? I'm looking forward and what I'm
10 seeing is improvements in culture, improvements in engagement, and
11 improvements in messaging around the importance of safety.

12 DR. GARCIA: Okay. Thank you.

13 BY DR. JENNER:

14 Q. Okay. A tough question for you. So we've interviewed, in
15 addition to your people, labor representing different crafts.

16 A. Sure.

17 Q. Conductors and carmen and engineers. This is their
18 perception, so I'm not going to say anything factual, but this is
19 their perception that they communicated to us and one person, in
20 particular, who was a long-time NS employee, you know, I asked
21 him, you know, was safety their number one priority and they say
22 that it is and he said for many years Norfolk Southern said safety
23 was their priority, top priority, and their actions supported
24 that --

25 A. Um-hum.

1 Q. -- for many years of his tenure. Then 2019 things changed,
2 and we heard from different crafts and they're linking it to PSR.

3 A. That's when this came out, right?

4 Q. I'm sorry?

5 A. I said that's when that came out.

6 Q. Sure.

7 A. Yeah.

8 Q. Yeah. And they're linking it to PSR and then, since that
9 time they're not feeling the same commitment towards safety. So
10 that's their perception. Are you aware of their concerns and
11 what's your overall thinking?

12 A. Yeah, I'm aware of their concerns because I'm with our
13 employees. I don't necessarily link it to PSR because our safety
14 stats actually improved during PSR. But I know that not having
15 enough crew members and working during COVID and not having enough
16 supervisors created -- and frankly, not getting a raise while we
17 were negotiating the deal created a lot of stress for our
18 employees and I'm really empathetic to that, right, I understand
19 it completely.

20 I'm focused on something new, right? I worked at NS for 29
21 years, I remember when we were regarded as the best in the
22 industry at service and safety and productivity. We were great, I
23 love that, I want to win, right, and I want to get back to that
24 and that's what I've told my team is, I'm going to invest in the
25 long term and I'm playing to win and I want to get back to that,

1 where we were the best in service and safety and productivity,
2 because I know we've got the franchise to do it, we've got the
3 people to do it, and we've got the customer base to do it and
4 that's what I'm investing in going forward. And yeah, like I
5 said, it's going to take a while to turn it around, but I got to
6 do it, I got to -- you got to start somewhere and each and every
7 day you got to show your commitment to it and you can't -- you
8 have to be unwavering in your commitment to improve, which is why
9 I've surrounded myself with a new team, I'm looking for people who
10 follow that NS leadership framework and I'm looking for people who
11 have the same core values as I do.

12 BY DR. GARCIA:

13 Q. How would you rank these now? You can go ahead and --

14 A. Okay. Well, I think -- let me see, I'd put -- I would put
15 safety, one.

16 Q. This is for the principles?

17 A. Yeah, the five principles.

18 Q. Um-hum.

19 A. You've heard me a lot about developing people, right, it
20 starts with your team. And you hear me talk about serving our
21 customers. So safety, first; develop people, second; serve
22 customers, third; manage assets, fourth; control costs, five.

23 Q. Okay. And --

24 A. And that's what I'm doing.

25 Q. -- the next set.

1 A. Well, I would put safety as number one.

2 Q. The key disciplines, um-hum.

3 A. Right. And then, yeah, I think then the rest of it --
4 safety, one; then you run trains on time; you switch cars; and you
5 put the right cars and the right train in the right block. And my
6 actions are exactly aligned around that, Anne, that's exactly what
7 we're doing. It's going to take a while. Like I said --

8 Q. Yeah.

9 A. -- investments in culture take time, they need to see that
10 it's important to me, they need to see that we're not going to
11 deviate and yeah, we're going through some tough times right now,
12 right, but frankly, our response in East Palestine is perfectly
13 aligned with that approach right there, because as soon as that
14 thing happened, that terrible accident, I said we are going to do
15 more than less, right, that means more assistance, that means more
16 of my personal involvement than less.

17 And we're going to do this in a way that doesn't necessarily
18 optimize what it looks like and what our response in the -- in the
19 first quarter. What we're going to do is we're going to respond
20 in a way so that 5 years from now, 10 years from now, we can look
21 back on this and the citizens of East Palestine can look back on
22 this and we can both be proud of Norfolk Southern's response.
23 That's my focus and that's how I'm running the railroad.

24 BY DR. JENNER:

25 Q. Okay, appreciate that. I want to talk -- continue talking a

1 little bit about concerns from the craft people.

2 A. Sure.

3 Q. Well, when they do express their concerns, does it make it up
4 to your level or is it filtered by others? And once it's
5 communicated, what's the response, you know, what's the process
6 for responding to their concerns?

7 A. Well, a lot of them will express their concerns directly to
8 me, right? I'm approachable, I'm authentic, I'm out in the field
9 a lot, I'm wearing jeans, right? The only time you see me in a
10 tie is like in a Senate hearing.

11 Q. Um-hum.

12 A. And I'm in the crew rooms. And so they've got direct
13 feedback or they got direct input to me, they got my phone number.

14 BY DR. GARCIA:

15 Q. So when you're not there --

16 A. Okay.

17 Q. -- on a day-to-day basis, what's the process, if they have an
18 issue or a concern, what's the process for them to report that in
19 and where does it go?

20 A. Are we talking about a safety concern or something?

21 Q. Sure.

22 A. Okay, so let's talk safety. So I think there -- at Norfolk
23 Southern there's several avenues in which to offer a safety
24 concern, right, they could bring it to the LSSC, we've talked
25 about that, they could bring it to their local labor leader, they

1 could bring it to their supervisor, they -- we have an EEO ethics
2 and compliance hotline that they can call in to, we've got our own
3 confidential reporting hotline at Norfolk Southern for safety, and
4 then we've got a -- we're joining the FRA's confidential close
5 call reporting hotline, or they can send me an e-mail and I get an
6 e-mail every once in a while and I turn it over to our internal
7 audit department. I don't send it to operations, I turn it over
8 to our audit department and say I want you to look into this.

9 Q. Where does the audit department fit in?

10 A. They report to our chief legal officer, who reports to me,
11 right? And so what I want is an independent unbiased view. If
12 something's coming to me, I take it seriously and I ask our team
13 to look at it.

14 Q. Okay. Do all of these different places maintain logs and are
15 they ever looked at for patterns?

16 A. Yes. I'm not sure about the LSSCs, but I know that the
17 ethics and compliance hotline keeps logs on everything and that we
18 do look at patterns and I think that our folks on the ground, our
19 supervisors, are looking at patterns and data and, you know,
20 frankly, that's one of the things John Fleps brings to this, is we
21 collect a lot of data and we look at a lot of data about safety.
22 I look at a lot of data about everything in the morning, right,
23 including our operations and including our markets and including
24 our pricing and our volumes and our market share. Safety as well,
25 we have got a lot of safety data and John brings that engineer

1 mentality to it and so he's been working with the head of our
2 safety committee who used to run Armstrong World Industries, he
3 used to run transportation at GE, so he's got an understanding of
4 rail and rail equipment and I think he used to be a former auditor
5 at GE, as well. So he's a numbers guy, he can look at issues.
6 And John and the head of our safety committee have been working
7 really closely on our safety data and as John and I talk, and we
8 look at the numbers and we look at the data, not as an endpoint,
9 we produced a graph that shows our safety stats and that's not it,
10 right?

11 What you're looking for is trends, right, you're looking for
12 where does this point me next, is there something -- is this going
13 in a direction that I don't want to go and if it is, what do I
14 need to do. And so, you know, I was having a conversation with
15 him over the weekend about accidents in our -- low-speed accidents
16 in our yards and, you know, that's been elevated over the last
17 couple years.

18 Our main line accidents, our main line derailments are --
19 have been in pretty good shape, it's the accident rate in our
20 yards and he's like yeah, we were looking at the data and it's
21 pretty clear that a lot of those were occurring at night. And so
22 we did something about it, right, and he's been working with the
23 ops team on increasing oversight, increasing training and
24 increasing transportation supervision in the yards in the evening.

25 DR. JENNER: So I had a question, but I think you're

1 answering it, like how safety data is used for risk mitigation.
2 So you're giving me one example right there.

3 MR. SHAW: Sure.

4 DR. JENNER: Okay.

5 MR. SHAW: You know, another thing is, you know, the NTSB is
6 doing its full investigation on East Palestine. The preliminary
7 results came out and said the NS crew was doing exactly what it
8 was supposed to do, our box detectors were working the way they
9 were supposed to and there were no track defects, right? Good.
10 They're focused on the train or car that the railroads don't own,
11 they're focused on a car that touched three railroads before it
12 got to us, but it was clear that even our safety appliances and
13 our safety culture didn't prevent that accident.

14 And so we're not waiting for the final results of the NTSB
15 investigation, although, as we talked about, I'm looking forward
16 to it because I've got a lot of confidence in the NTSB's approach
17 to this thing.

18 We implemented a six-point safety plan and what we decided
19 is, you know, increase our inventory of hot box detectors, so we
20 made an investment. We already had amongst the tightest spacing
21 in all of industry of our hot box detectors, but I wanted more and
22 so we're increasing our inventory by 25 percent, particularly
23 focused on key corridors where we handle hazardous materials, for
24 obvious reasons, and as you can imagine, some of the first two
25 that went up were on the east side and the west side of East

1 Palestine. So there's where we're using data to invest in safety.
2 And it's also a fundamental part of our enterprise risk management
3 process, as well.

4 BY DR. GARCIA:

5 Q. Just to follow up on that, you mentioned East Palestine. So
6 the ATC desk, the analysts, they receive the alarms when something
7 is detected, for example, a hot wheel bearing is detected by the
8 wayside detector, and we went there and observed them on the job
9 when we were at your headquarters building. And then we spoke
10 with them and did interviews.

11 And we heard that you've got your ATC analysts working in 12-
12 hour shifts, one person on 12 hours then it hands off. There's
13 one supervisor that covers a number of things. And it used to be
14 that there was an additional person on, but that person was cut as
15 part of -- I don't know what it was, it was part of cost cutting.
16 And they put in requests over the last couple years to get the
17 person back, that they need more staffing.

18 So I'm curious, because you have one person there at the desk
19 for 12 hours. If an alarm goes off and they're taking a restroom
20 break or taking a lunch break to go get food, they may not hear
21 it. If the train crew calls them and hangs up because they
22 haven't gotten a response for 10, 15 minutes, when they get back
23 in they have no idea that a train crew tried to reach them. So
24 what are your thoughts on increasing the performance levels? And
25 this is a big safety area --

1 A. Um-hum.

2 Q. -- to look at. What's your thoughts on safety concerns in
3 this?

4 A. Can I make one minor point? And I don't think you meant --

5 Q. Um-hum.

6 A. -- to do this, but --

7 Q. Sure.

8 A. -- my understanding is the alarms go directly to the crews,
9 the alert goes to the desk, and I think that's what happened at
10 East Palestine. But your point is well taken and what I've done
11 is I've asked my team, I was like do we have enough resources
12 there and so we're adding resources on that desk. And I also
13 went --

14 Q. What specifically are you doing?

15 A. Adding people. So --

16 Q. How many?

17 A. I don't know.

18 Q. Okay.

19 A. They'll figure out how many we need and make sure that we're
20 -- well, we've increased our staffing by 1500 people since I
21 became CEO, in a year, right? I'm investing in our people, I'm
22 willing to add resources to safely deliver the best service in the
23 industry and to outgrow the rest of the industry. So we're adding
24 resources there and I also asked my team, in support of the folks
25 who are working that desk, can't we use like automated

1 intelligence data or something, like technology to help like look
2 at trending data and stuff like that and so, yeah, my
3 understanding is we're going back pulling in all the data points
4 that we've gotten over the last 7 years and looking for trends and
5 looking for stuff where we can write a program that can help, a
6 tool that can help the folks working that desk.

7 Now, one of the reasons that we've relocated from Norfolk to
8 Atlanta is so that we could have access to that diverse digitally
9 savvy talent pool sitting in Atlanta, right, because technology's
10 really important to us, and if you sit in my office, you can look
11 down and see Georgia Tech and if you sit in Georgia Tech's
12 football stadium, you look up and you see the NS logo on a
13 building and that's on purpose, right? So we're going to invest
14 in people and we're going to invest in technology.

15 We're working with the Georgia Tech Research Institute on
16 this like really cool next generation machine visioning portal
17 where you can -- the train will run through it at track speed and
18 it's got all of these like optical cameras and stuff in there,
19 right, that can capture things and see issues that the human eye
20 never could.

21 And we're using automated intelligence there, too, to teach
22 ourselves how to do that, because look, all the respect in the
23 world, I know that it's really hard to catch something if you're
24 inspecting a train at night in Chicago in February, right? And so
25 I want to invest in technology to support that and get even better

1 and that's what we're doing. That's part of our corporate
2 strategy.

3 BY DR. JENNER:

4 Q. Okay. Since we're on the topic of hot box detectors and you
5 clarified that the analysts get the data, the trending data, and
6 there are certain criteria about when it becomes an alert, an
7 alarm, and --

8 A. Right.

9 Q. -- when it's communicated to dispatch and all that. But it
10 used to be, if I understand, that operating crews would get more
11 information directly from the hot box detectors even before it
12 became a critical alarm. Am I correct?

13 A. I'm not aware of that.

14 Q. Okay.

15 A. So I can't say yes or no.

16 Q. Okay. So there's been quite a bit of discussions about hot
17 box detectors in the last few months and so since East Palestine,
18 there are a lot of things that have to go right for that to be an
19 effective process, you know, the amount of data, the quality of
20 data that go to analysts and how efficient they are communicating
21 with the dispatchers and back to the crew, so there's a whole
22 process there. You just talked about adding people to the ATC --

23 A. Um-hum.

24 Q. -- aspect of it. Is there discussions about examining the
25 criteria by which something becomes an alert versus an alarm?

1 A. Yeah, my understanding is that our threshold for an alarm was
2 already amongst the lowest in the industry, but in the immediate
3 aftermath of this and particularly after we got the preliminary
4 report of the -- from the NTSB, I talked to my colleagues in the
5 rail industry, the CEOs, and I said, you know, we got to work on
6 best practices here. You know, I want to -- I want to compete
7 vigorously on revenue and volume, but I want to collaborate just
8 as vigorously on safety, right, there shouldn't be -- there's no
9 competitive advantage in this industry with safety, right, we've
10 got to share best practices, kind of the way the nuclear industry
11 does, right?

12 And so we've gotten together, the teams from the different
13 railroads are getting together, we're sharing best practices on
14 hot box detectors, we're investing and we're piloting some new --
15 some new hot box detector technology, we're investing in machine
16 visioning portals and we're increasing our population of hot box
17 detectors by 25 percent and I've asked my team to come up with
18 some more technology and some automated intelligence to help us
19 with trending data.

20 Q. Okay. Now, I heard you say that you're adding personnel to
21 the ATC component. Is that just with the focus of so people could
22 go on vacation and cover for sick leave or are you thinking about
23 having two people operate a desk?

24 A. Yeah, I wasn't involved directly in figuring out what the
25 right staffing level is, but what I told my team was just figure

1 out what the right staffing is and I will support it.

2 Q. Right. I'm thinking along the lines of if you make a change
3 to either the spacing of hot box --

4 A. Um-hum.

5 Q. -- detectors or the quantity, then the quantity of data
6 coming in for an analyst increases, so they have to sort through
7 more.

8 A. Okay.

9 Q. So do you think there will be any type of assessment to
10 evaluate if too much data is coming in or, you know, how it might
11 affect the agency's workload?

12 A. Yeah, what I've instructed our team to do is figure out what
13 we need to do to properly manage this process.

14 Q. Okay. So they're in the process of figuring that out right
15 now?

16 A. Yes.

17 Q. Okay. Do you have a time frame about when you'd like to hear
18 results?

19 A. Well, I know we're going to -- I know that we're adding folks
20 in the field for the enhanced hot box detectors and the
21 maintenance of it. I don't know the specifics of the hot box
22 detector help desk, but I was very clear, you need to get the
23 resources in place to manage it properly.

24 DR. JENNER: Okay. Do you have any more questions in that
25 area?

1 DR. GARCIA: In a different area.

2 DR. JENNER: Okay.

3 BY DR. GARCIA:

4 Q. I want to talk about risk management for a little bit.

5 A. Okay.

6 Q. And you mentioned the low-speed accidents that have increased
7 in the yards. Of course, there's a number of different types of
8 accidents --

9 A. Um-hum.

10 Q. -- that have a real dollar figure associated with them in
11 terms of infrastructure, equipment, people being injured or off,
12 and there have been several derailments since East Palestine.

13 A. Um-hum.

14 Q. And we know that those are expensive. So do you do -- is
15 part of your annual budget that you figure out your expenses for
16 the next year, is part of that looking at having to pay for
17 damages to infrastructure or to, you know, your railcars,
18 locomotives, if there's a derailment? How do you do that?

19 A. You know, we accrue for claims and --

20 Q. Accrue for --

21 A. Yeah, so we take charges for claims, which would be lading
22 damage or injuries or something like that, right, and we -- we
23 have to factor that into our forecast going forward, but we don't
24 make decisions based on an acceptable level of claims, right?

25 Q. Claims, meaning?

1 A. Monetary payments for lading damage or employee injuries,
2 right, it's --

3 Q. Okay.

4 A. We invest over a billion dollars a year in safety and our
5 operating expenses are over a billion dollars a year associated
6 with safety and maintenance of our property and we're going to do
7 more, right, you've already heard me talking about that.

8 Q. Um-hum.

9 A. You know, we looked at the accidents in our yards and I
10 talked to you about how Fleps was looking at it and saying, you
11 know, he's isolated the higher degree in the percentage in the --
12 at night and so we're addressing that. I've looked at accidents
13 last year in some of our yards and I said you know, we need to
14 reopen a couple of our hump yards.

15 Q. Um-hum.

16 A. Right. And so we did that in Ohio and we did that in Macon.
17 So we're always trying to get better, we're always looking at the
18 data and we're saying where do we see incidents that we can
19 address and let's invest in them.

20 Q. Do you know what the pattern is in terms of the dollar
21 figures over the years for claims in different areas, whether it
22 be equipment or --

23 A. I don't know equipment. My understanding is personal injury
24 claims -- and that's not necessarily just for NS employees, it
25 could be -- well, I guess it would be. I think personal injury

1 claims have gotten higher because settlement costs have gotten
2 higher, just with inflation.

3 Q. So not necessarily the numbers but the costs?

4 A. Yeah, in fact, our employee injury rate last year was the
5 lowest in a decade. We're a safe railroad, but we're going to get
6 better. Our number of derailments last year was the lowest in 2
7 decades, but we're going to get better. And our -- most of our
8 FRA safety stats last year improved relative to 2021 and we're
9 going to get better.

10 Q. Yeah. So I'm just curious because you mentioned like the
11 number of derailments has gone down.

12 A. Um-hum.

13 Q. Also, that could be a factor of the train lengths have
14 increased. I know for a long time various railroads have been
15 running longer trains.

16 A. Um-hum.

17 Q. But could that be one reason? I mean, if you talk about
18 derailments and you have, you know, two trains combined so it's
19 now a train that's twice as long as a single train was 10 years
20 ago, could that be one of the reasons?

21 A. I don't know. I mean, are you making the correlation that
22 longer trains are safer trains?

23 Q. No.

24 A. Okay.

25 Q. I have no opinion on that.

1 A. Yeah.

2 Q. I'm asking because one of the issues that's come up that we
3 heard from employees is concerns with the longer trains.

4 A. Okay.

5 Q. And we have under our umbrella for this special investigation
6 number six or seven of recent Norfolk Southern accidents that
7 we're looking into and there's different forces in effect --

8 A. Right.

9 Q. -- on a train --

10 A. Yes, ma'am.

11 Q. -- when it's long and part of the train is going uphill, part
12 of the train is --

13 A. Right.

14 Q. -- going downhill, so can you speak to that?

15 A. Yeah, so as we talked about, I made some changes in our ops
16 leadership starting early last year with a mandate to improve
17 service and safety, and one of the things I really asked them to
18 do is take a broad look at our train make-up and how we're running
19 trains and how we're using distributed power, which, as you know,
20 Anne, is utilized as a method to -- to better influence the buff
21 and the draft forces within the train.

22 And then, candidly, after the Springfield derailment on
23 March 4th, that was -- that happened Saturday evening, first thing
24 Sunday morning when I talked to Paul, I said I want to get really,
25 really conservative with our train make-up rules, right, we've got

1 to put some data and we got to put some analysts behind our train
2 make-up rules and the physics behind it. And so I want you to
3 analyze each and every train over each and every line segment and
4 look at the train configuration, look at the locomotive
5 configuration, look where we put the cars, for loaded and empty
6 and all that kind of stuff, right, and that's what we're doing.

7 And the FRA came out with a safety advisory several weeks ago
8 and it very closely mirrored the new rules that we had put in
9 place a couple weeks beforehand, so much so that I turned to Paul,
10 our chief operating officer, and said did the FRA get a hold of
11 our new operating rules, so yeah, we're always focused on getting
12 better.

13 And I'm pretty data oriented, I'm pretty technology oriented,
14 I'm pretty science oriented and so I said, you know, let's analyze
15 this thing, I want you to look at each and every train symbol,
16 each and every line segment, and figure out how we can enhance
17 safety. And that's what we're doing and we're not going to stop,
18 we're going to continue to do that, we're going to continue to use
19 data and we're going to continue to use science, we're going to
20 continue to use processes and engagement and culture --

21 Q. Um-hum.

22 A. -- to make ourselves better in safety and service and growth
23 and productivity.

24 Q. Good. Speaking of that, I had a chance to look over your
25 statement to the 2022 annual shareholders meeting. Do you recall

1 what date that was?

2 A. I would assume it was like this time last year, right,
3 because we have another one next week.

4 Q. Okay, so 2023 would be next week, so it would be --

5 A. Yeah.

6 Q. -- about a year ago.

7 A. Yeah.

8 Q. And I looked over it and the transcript of that was, I don't
9 know, 60 pages, 50, 60 pages and your comments of that were the
10 first six pages and then a number of your senior people spoke, as
11 well.

12 A. Oh, I think you must be talking about our investor day.

13 Q. That must be it.

14 A. In December.

15 Q. That was this December?

16 A. Yeah, yeah.

17 Q. Okay. Yeah, I thought it was the end of the year.

18 A. Yeah.

19 Q. So that's what it was called, the investor day. Okay. So I
20 read the transcript of that and the first six pages -- I don't
21 know how long it takes you to talk that many pages, but that was
22 on your remarks to open it up, and not once did you mention
23 safety.

24 A. Um-hum.

25 Q. Can you tell us why?

1 A. Yeah, at NS, safety's always been like the top priority and,
2 you know, I understand what you saw in those posters but, you
3 know, we've always put safety first and I think Floyd even talked
4 about it during that, it's like safety is who we are, service is
5 what we do. And we're always going to get better, we're always
6 going to learn, and as a result of East Palestine, we've made
7 changes and --

8 Q. Right.

9 A. -- we're trying to get better.

10 Q. Right. I just want to understanding and give you an
11 opportunity to explain why, at the investor's day, that your
12 remarks, although your people talked about safety --

13 A. Um-hum.

14 Q. -- you know, a number of people did, but in your remarks you
15 didn't mention safety once and this to the investor's group.

16 A. I mean, they're focused on safety, too, and I think -- I
17 think safety and operational excellence go hand in hand, right,
18 because in order to have the discipline to run a good railroad,
19 you need to have the discipline to run a safe railroad and if
20 you're not running a safe railroad, then you're probably not
21 giving a good service product, right?

22 If you're derailing trains or causing accidents, then it
23 really impacts your operations and you want your employees to feel
24 safe, you want your employees to feel engaged. You heard me talk
25 a lot about employee engagement and investing in the future and

1 investing in the culture of Norfolk Southern.

2 Q. Um-hum. I appreciate that. And I'm curious also, I was
3 thinking that there's sort of a balance but also a tension between
4 meeting your safety goals that you've expressed really well and
5 also meeting your investors' and shareholders' desires. Okay. So
6 how do you balance that?

7 A. Respectfully, Anne, I don't think there is a tension between
8 that --

9 Q. Okay.

10 A. -- right, because I do think that everybody wants and expects
11 safe operations and I think -- again, I think safe operations are
12 a part of operational excellence, which is how we said we're going
13 to compete. And so there isn't a tension between the two.

14 Now, I'm willing to make investments in our culture change
15 and take a long-term approach to things, and that's what we
16 signaled during investor day is my intention to really focus on
17 the long-term best interests of our customers, our employees, our
18 communities, and our shareholders.

19 Q. Okay. One of the accidents that we're looking at in this
20 umbrella group has to do with a conductor fatality and I launched
21 on the Baltimore Bayview conductor fatality a few years ago and
22 Norfolk Southern isn't alone in this, but especially someone
23 coming right out of training, being only on the job out of the
24 conductor training status and being a full conductor for a couple
25 of months and they're in a position working in the yard and

1 they're fatally injured. There's been some concern expressed that
2 the training for conductors has changed over the years and that
3 the time for conductor trainees to have on-the-job training isn't
4 -- the yards aren't adhering to your own policies on the amount of
5 actual training received. I don't know if you are aware of this,
6 if this has trickled up to you.

7 A. Anne, I'm not familiar with that. I can tell you that when I
8 was in St. Louis earlier this week, I was with our supervisors and
9 we were talking to crews and were talking about training and, you
10 know, we've -- we've come to the conclusion that we're asking our
11 folks if you want more training, if you're not ready, raise your
12 hand and we'll provide more, right? There isn't just -- people
13 learn at different speeds, right, and that's okay. And so --

14 Q. Right.

15 A. -- there isn't this -- my understanding is there isn't this
16 like set time limit, right, there's a minimum, but if the folks
17 get out there or their peers see that they need more training,
18 then I distinctly heard conversations this week with our
19 supervisors and our craft colleagues, is we'll absolutely get you
20 more training, raise your hand, that's what -- we want that
21 communication, right, that's the culture we're trying to build at
22 Norfolk Southern is like transparency and --

23 Q. Right. So specifically, for on-the-job training, it's so
24 many hours where they're supposed to be supervised by a conductor
25 with at least 1 year of experience as they do their jobs in the

1 yard and frequently, or sometimes a conductor with 1-year
2 experience is not available. And so the conductor trainee then,
3 for safety reasons, is told to stay in the head of the locomotive
4 with the engineer and look out the window. And that is, you know,
5 understandable. And this is from the employees that I've spoken
6 with, their thoughts they're sharing. But then that time, if it's
7 an 8-hour or a 10-hour shift, whatever, is counted as their on-
8 the-job training when it's quite clear they're not getting --

9 A. Um-hum.

10 Q. -- the training. So that's what I'm speaking to.

11 A. Okay.

12 Q. And then it's on the books as they completed all minimum
13 required hours for on-the-job training and they get marked up to
14 become a full conductor. What are your thoughts on that?

15 A. Again, I don't have a perspective on that, I'm not aware of
16 it. I could tell the conversations that I've heard and the
17 conversations that I've had with my team, whereas if people want
18 more training and people need more training, we're absolutely
19 going to provide it. We want to be safe.

20 Q. Okay.

21 A. We want our employees to be safe. I've visited -- you know,
22 our conductor trainee class is in -- is in McDonough, Georgia,
23 which is like --

24 Q. Right.

25 A. -- 45 minutes south of Atlanta, I've been there multiple,

1 multiple times, right?

2 Q. Right.

3 A. So I'm engaged with our trainees.

4 Q. Right. So following that, they go out to the yards for --

5 A. Yeah, there's on-the-job and I think they might even -- well,
6 I'll just stop there because I'm not sure.

7 Q. Right, right.

8 A. I think there's multiple avenues for training, but we're
9 really clear, and I've heard the conversations myself, we're very
10 clear, if people want more training, we'll give it to them.

11 Q. Okay. And that would be the employees that you're asking if
12 they want more training, they'll get it?

13 A. Yes, ma'am.

14 Q. Okay. But in terms of on-the-job training, if they're
15 fulfilling the minimum hours and checking them off on that, that
16 -- I mean, you don't have an opinion as to if it should be
17 actually on-the-job training with a conductor with at least 1-year
18 experience or just sitting in the front end of a locomotive for a
19 fourth of that time because no conductor with experience is
20 available?

21 A. Ma'am, I expect our folks to follow our policies.

22 Q. And that is the policy, but that's okay. Okay. All right.

23 A. I don't know that.

24 MR. DAVIES: That's not what he actually said, so I mean --

25 DR. GARCIA: Yeah, you want to follow the policies.

1 MR. DAVIES: No, that's -- if you guys -- I don't want to
2 interject because you guys should ask your questions, but you just
3 mischaracterized what Alan said.

4 DR. GARCIA: I didn't mean to.

5 MR. DAVIES: Well, you did and like if you guys could clear
6 it up, you're welcome to, but that was a mischaracterization --

7 DR. GARCIA: Please, go ahead.

8 MR. DAVIES: -- of what Alan just said.

9 MR. SHAW: Ma'am, what I'm telling -- suggesting is I'm not
10 aware of the situation to which you're speaking.

11 DR. GARCIA: Okay. Okay, good.

12 MR. SHAW: Okay.

13 DR. GARCIA: Thank you. So I have another line of questions.
14 Did you need a break?

15 MR. SHAW: I'm fine, thanks.

16 DR. GARCIA: Okay. Steve?

17 DR. JENNER: Okay.

18 DR. GARCIA: You're good?

19 MR. DAVIES: Yeah, thank you.

20 DR. GARCIA: Okay. Just to step back, I appreciate that.
21 One reason I asked the questions was to see if you were aware of
22 it and if you weren't aware, to bring it to your attention because
23 I've heard that issue brought up multiple times and I didn't know
24 if you were aware of it.

25 MR. SHAW: No, ma'am, I'm not.

1 BY DR. GARCIA:

2 Q. So this is a different area of questions, okay? So as the
3 president and CEO of Norfolk Southern, how would you phrase
4 Norfolk Southern's position on their responsibility for the safety
5 of the communities that your tracks and trains travel through or
6 near?

7 A. Yeah, we've got a responsibility to the communities that we
8 serve and we want to be really good corporate citizens. Frankly,
9 if you lived in Norfolk, you'd probably know that we were a good
10 corporate citizen in Norfolk, right? That's a legacy of my
11 predecessors and I want to continue that. You know, we train
12 5,000 first responders each and every year, approximately.

13 In the aftermath of East Palestine, you know, I've -- you
14 know, clearly, the heroes there were the first responders, right,
15 and we had dozens of fire departments from Ohio and Pennsylvania
16 and West Virginia rush to scene and I really appreciate everything
17 they did for the community of East Palestine and the surrounding
18 areas. And one of the first things that we announced is we are
19 setting up a regional training facility for first responders.

20 Now, initially we're putting in -- it's in Bellevue, Ohio,
21 because that's where we've got the space and the track, that's one
22 of our yards, and I think we've trained well over 300 first
23 responders from Ohio and Pennsylvania and West Virginia, but my
24 stated goal is to move that thing a lot closer to East Palestine
25 and I've become pretty close with the mayor, Mayor Conaway, I've

1 become pretty close with Chief Drabick, and we're engaged in
2 discussions with them right now about setting up a facility in
3 East Palestine. We held a first responder family appreciation
4 night in East Palestine a couple weeks ago, I went there and it
5 was an opportunity for me to thank the first responders and our --
6 and their families, right, for what they've done and thank their
7 families for their sacrifices. We had the same thing in
8 Darlington Township a couple weeks ago, as well.

9 Q. And I appreciate that, thank you for going into those
10 examples. And that is after the fact, because the emergency
11 response happens after an incident or an accident occurs.

12 A. Um-hum.

13 Q. So what have you been looking at in terms of your
14 responsibility to communities to keep an accident from happening?

15 A. Well, I think -- so I look at it in terms of prevention,
16 mitigation, and response. So with respect to prevention, you can
17 see that in our actions with increasing the number of hot box
18 detectors, you know, it's working on machine visioning portals,
19 it's joining the FRA's close call reporting program, it's working
20 with industry on best practices and safety, and it's piloting new
21 hot box detector technology and it's installing more acoustic
22 bearing detectors on our network. That is part of it, right, and
23 there are a lot of areas in which we go well above and beyond any
24 sort of regulation on safety, that's locomotive mounted track
25 geometry, it's we use artificial intelligence to predict rail

1 wear, right, because that's -- you know, we can't have broken
2 rails, right? And so that's part of it and as I said -- and this
3 was well before East Palestine, you know, we train about 5,000
4 first responders each and every year. I've been a really vocal
5 advocate in D.C.; in fact, I was on the Hill earlier today for a
6 lot of the provisions in the rail safety bills that are out there
7 and that includes enhanced tank car standards, right?

8 The rail industry's been pushing for enhanced tank car
9 standards for about 8 years, right, and that includes more funding
10 for first responders, that includes notification of hazardous
11 shipments going through communities. Now, that has to be balanced
12 with Department of Homeland Security security concerns, as you can
13 imagine.

14 Q. Um-hum.

15 A. You know, I'm all for that, I'm all for additional training
16 and additional funding for the communities and the first
17 responders, and so you see me being a very vocal advocate in D.C.
18 for these provisions.

19 Q. And what about for informing communities that your trains are
20 carrying hazardous materials through their towns or near their
21 towns?

22 A. Yeah, that was the advanced notification that I talked about.

23 Q. Um-hum.

24 A. And again, I think we're okay with that, as long as it's done
25 under the construct of Department of Homeland Security security

1 concerns, right, because you wouldn't want a terrorist to get a
2 hold of information that shows such and such train coming through
3 a town in 2 hours is going to have hazardous materials on it.

4 Q. Right, emergency services need to know --

5 A. Yeah. Right.

6 Q. -- at the time. Okay.

7 A. And you know, advanced use of technology to inform first
8 responders, as well, whether that's AAR's AskRail app or
9 something.

10 Q. The app, right.

11 A. Right.

12 Q. Yeah, okay. Have you done any specific outreach to
13 communities that's not post-accident in terms -- or organizations
14 that represent communities in terms of what their interests or
15 concerns are, you know, doing a feedback loop with them?

16 A. Sure, we've got -- we have local government relations folks
17 in each one of the states in which we operate and we're engaged
18 with them or they're engaged with the local politicians, the local
19 communities, on issues and of course, you know, we're a highly
20 decentralized organization, we've got 20,000 people spread across
21 22 states, particularly in operations, and I know that our
22 operations teams are -- stay close to community leaders, as well.

23 Q. Okay. Thank you. And in regards to outreach to communities,
24 what consultation has Norfolk Southern done with the Native
25 American and indigenous communities regarding safety?

1 A. I don't know.

2 Q. Okay.

3 A. I don't have the specifics of that.

4 Q. Do you know if there's any or you just don't know?

5 A. I don't know.

6 Q. Okay. Do you have interest in getting their input as
7 stakeholders in the safety of their --

8 A. We have interest in getting input from all stakeholders on
9 how to improve safety.

10 Q. Okay. It's the safety of their reservations or tribal lands,
11 but also of their sacred sites, which may or may not be on their
12 lands, maybe on federal lands. So are you interested in including
13 that in your outreach?

14 A. Ma'am, we're interested in talking to anybody about safety.

15 Q. Okay.

16 A. I don't make the distinction based on race.

17 Q. Okay. Well, I wasn't distinguishing based on race.

18 A. Okay.

19 Q. It's a different governmental organization because they are
20 independent of local communities and states and federal, of our
21 structure, so that's why I was asking about that. Also, in terms
22 of outreach to communities, and you talked about emergency
23 response, what about working with them on when derailments and
24 spilled materials, including hazardous materials, go into the
25 water tables, do you know the part of your organization that works

1 with communities on that? So when something happens, what do your
2 folks do?

3 A. We have an environmental protection department -- my wife
4 used to work for it at Norfolk Southern for about 10 years -- that
5 is within our safety department, reporting to John Fleps.

6 Q. Okay. Who do they reach out to? The environmental.

7 A. Well, they typically work in -- like East Palestine is a
8 great example, right, we're working with the U.S. EPA, the Ohio
9 EPA, the Pennsylvania Department of Environmental Protection, and
10 then other local authorities, as well.

11 DR. GARCIA: Okay. All right, that's all I had.

12 BY DR. JENNER:

13 Q. I just have one more area and I guess I just need an update
14 from you. I know that when you were on the Hill there was a lot
15 of questions about the amount of time that a carman has to inspect
16 a car pre-departure and I think there was discussion about the
17 decrease in time and maybe decrease in personnel. Have you since
18 done a deep dive to look into that? Is it an accurate statement
19 to say that the amount of time they have to inspect has decreased
20 in the last couple years?

21 A. My understanding is there are guidelines out there. I expect
22 our folks to take the time to safely and thoroughly inspect our
23 cars.

24 Q. Okay. Do you know if they are provided that time? Have you
25 gotten feedback from the people, you know, boots on the ground

1 types, that we need more time, more whatever?

2 A. I have not gotten that feedback.

3 Q. Okay. How would you -- what's the mechanism if you have
4 carmen that are concerned --

5 A. Yeah, if there are safety concerns, it's the same avenues,
6 right, that we talked about before, you'd go through the LSSCs,
7 they could talk to their union rep, they could talk to their
8 supervisor or they could talk to the EEO hotline. Again, you
9 know, we don't want safe -- unsafe trains or unsafe equipment out
10 there and I expect our team to take the time to safely and
11 thorough inspect cars.

12 Q. Yeah, I appreciate that, but -- so you yourself have not
13 heard concerns expressed from labor about the -- not having enough
14 employees to do it safely or not having enough time, you have not
15 heard that concern expressed?

16 A. Well, you know, you see stuff in newspaper articles, but you
17 know, in my time in the field no one has come up to me and said
18 that.

19 DR. JENNER: Okay. All right. Do you have a different area
20 -- we want to be respectful of your time here. Do you have a
21 different area or do you want to focus in on your particular
22 questions?

23 DR. GARCIA: Do you want to move into the safety culture
24 questions?

25 BY DR. JENNER:

1 Q. Sure. Oh, yeah, I wanted to ask you about you've done
2 surveys internally of your own employees and I think we've heard
3 your return rate is in the mid to upper 20s percentage of people.
4 Can you conceptualize what you've learned from those surveys, the
5 safety culture surveys and what actions you've taken?

6 A. Yeah, I think, you know, one of the things we started in '21,
7 so we've had two and yeah, the feedback on the first one was we
8 got to get more employee engagement in this, right, and so --

9 DR. GARCIA: You mean in terms of number of respondents?

10 MR. SHAW: Yes, ma'am. Yeah, so we've actively worked at
11 that and the trend in that direction is getting better and I think
12 the trend in the safety -- the results of the survey is getting
13 better, too. Again, we're going to invest in this, we're going to
14 invest in overtime, we're going to listen to our team and we're
15 going to make it really clear through our communications and our
16 actions that we're investing in the safety culture, and I've been
17 as loud about that as I can, right, I want to get back to where we
18 were 15 years ago and I've said, you know, I want to have the best
19 safety and the best service in the industry.

20 BY DR. JENNER:

21 Q. Right. So yeah, the response rate is always a challenge for
22 all service, I appreciate that, but did any -- did any message
23 particularly strike you from the feedback? This is one area that
24 we really need to give more attention to.

25 A. You know, I think it is -- what you continue to see is more

1 training, more engagement, more oversight, right, which is why,
2 you know, I'm investing in -- I'm investing in the team of teams
3 concept, this is why I'm investing in the ballast line leadership
4 program, which is why I'm investing in increasing the number of
5 supervisors that we have out in the field, which is why we're
6 bringing -- making sure that we're doing the LSSCs on a regular
7 basis and, you know, this is why I'm investing in hiring more
8 craft colleagues, as well. It's a process.

9 DR. JENNER: Um-hum. I appreciate that, thank you.

10 BY DR. GARCIA:

11 Q. You mentioned the LSSCs, just a real quick question because
12 this has come up in our interviews with the unions that -- I mean,
13 first of all, who would you say are the players on the LSSC?

14 A. It's generally the -- as I talked about, the local
15 supervisors and then, you know, influential people within the
16 craft colleague branch, and I think my understanding from talking
17 to our folks is that they're really good and they're really
18 powerful when you get real good buy-in from our craft colleagues
19 and when --

20 Q. Right.

21 A. You can find some -- one of our craft colleagues who really
22 wants to take a lead role in that thing, right, there's always
23 influencers in every organization. That's when you start to get
24 some really good results in.

25 Q. So how was that person selected at the local level, the one

1 from the crafts?

2 A. I don't know. You know, I know that our supervisors are real
3 close to our craft colleagues. I don't know the answer to that.

4 Q. Okay. We had heard there was a change in how they were --

5 A. Okay.

6 Q. -- done, that pre-COVID, when they were in place, it was the
7 unions who decided who was the person with the breadth or depth --

8 A. Um-hum.

9 Q. -- of experience that they wanted to have on there, that had,
10 you know, perhaps years of experience in hearing --

11 A. Um-hum.

12 Q. -- safety issues and the history of it. And then during
13 COVID, they were disbanded and then post-COVID came back, that it
14 was Norfolk Southern management supervisors who appointed the
15 person from the craft to represent the craft. Have you heard
16 anything about that?

17 A. No, I don't know, I don't know about that.

18 Q. Okay. It might be something to ask when you meet with the
19 unions.

20 A. Yeah. Well, like I told you, you know, I'm going to go to
21 Cleveland in 10 days and I'm --

22 Q. Yeah.

23 A. -- asking for their help, asking for their involvement and
24 asking for their engagement because this isn't something that gets
25 pushed down, we all got to like lift each other up.

1 Q. Right. So in terms of the safety culture, we've used that
2 word a lot, as you know, that's one of the things that we're
3 looking at, how would you define safety culture?

4 A. I think it's part of broader culture, right, it can't be --
5 you can't have a safety culture and then like a different culture
6 at Norfolk Southern, you've got to have one culture, right, and
7 it's about, you know, the things that we've been talking about for
8 the last 2 hours, right, so it's about continuous improvements,
9 it's about collaborations, it's about trust, it's about
10 communication and it's about transparency and, you know, it's
11 about being a humble organization, right? A humble organization
12 is an organization that can learn and is willing to learn, right?
13 We're never going to be perfect.

14 When I was -- you know, I was CMO for 7 years, I'm confident
15 that the person who replaced me is going to be better than me.
16 I'm confident of that, right, he's going to make improvements.
17 And I'm confident that the person who replaces me as CEO is going
18 to make improvements over what I've done, right? But we got to be
19 -- we got to be humble, we got to be willing to learn and we got
20 to be approachable, we got to be authentic and we got to listen,
21 and that's -- I think that's part of a broader culture. So if you
22 combine that with trust and communication and collaboration and
23 you understand your goals, right, and then I think you build a
24 really high-performing team of teams.

25 Q. Okay. And you may have answered this already, but why,

1 specifically, would you say that building a strong safety culture
2 is important to Norfolk Southern?

3 A. Because it's part of -- it's who we are, right, safety is who
4 we are, service is what we do and, you know, I think about
5 operational excellence, I think about safety. You know, it's a
6 responsibility that we have to our employees and the communities
7 that we serve and our customers, that we operate in a safe and
8 reliable manner and we provide a good service product and it's
9 just -- if you have good -- if you have good discipline around
10 safety and good discipline around operational excellence, I think
11 you're going to be a really high-performing organization.

12 I can go right back to my roots as a contractor for the
13 nuclear navy, right? Those folks know exactly what they're
14 supposed to be doing, there was a lot of training involved, which
15 is why I'm investing in more trainmasters. I guess we don't call
16 them trainmasters anymore, there's some other word, local
17 supervisors, right, which is why we're investing in our culture
18 and how we approach things and a better way of engaging with our
19 employees.

20 DR. GARCIA: Okay. Thank you.

21 DR. JENNER: Nothing else for me.

22 DR. GARCIA: Okay. Did you have anything that you want to
23 add or go further into before we move on to another area? Any
24 comments.

25 MR. SHAW: Yeah. You know, I hope -- we're not done, I

1 guess.

2 DR. GARCIA: No.

3 MR. SHAW: But I hope what you're picking up is that we're on
4 a journey and we're transforming Norfolk Southern. We're going to
5 do things different than what's been done in the industry, we're
6 investing in the long term and we're making long-term decisions
7 based on what's best for our employees and our customers and our
8 communities and our shareholders.

9 And it's a pivot way from a focus on near-term operating
10 margins to a more sustainable organization, which involves culture
11 change. I don't know when that's going to be done, I know that
12 you have to continue to invest in it year after year after year.
13 And that's been really consistent with our approach at East
14 Palestine, you could see it on display visibly right there.

15 DR. GARCIA: Okay. Thank you.

16 MR. SHAW: May I get a Diet Coke?

17 DR. GARCIA: Take a break?

18 MR. SHAW: Yeah.

19 DR. JENNER: Yeah, absolutely.

20 (Off the record.)

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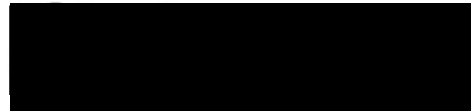
NATIONAL TRANSPORTATION SAFETY BOARD

IN THE MATTER OF: NORFOLK SOUTHERN TRAIN DERAILMENT
 IN EAST PALESTINE, OHIO
 ON FEBRUARY 3, 2023
 Interview of Alan Shaw

PLACE: Washington D.C.

DATE: May 4, 2023

was held according to the record, and that this is the original,
complete, true and accurate transcript which has been transcribed
to the best of my skill and ability.

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David A. Martini
Transcriber