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Alan H. Shaw
President

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The Honorable Martin J. Oberman
Chairman
Surface Transportation Board
395 E Street SW
Washington, DC 20423-0001

Dear Mr. Chairman:

This response is to your letter to Jim Squires dated November 23, 2021, requesting a review of the state of Norfolk Southern's network and efforts underway to meet our workforce needs. As you know, we have engaged with you and other Board members as well as the Board's staff to discuss our recent service challenges, our actions to increase hiring and workforce utilization, and our engagement with our customers. We think communication with the Board is especially important during this difficult period, and we are pleased to provide you with the information you requested in your letter.

At the outset, we recognize our current service levels do not meet our customers' or our expectations. We also understand the critical role we play in supporting our customers' business plans and the national economy. We are in business to provide an efficient, reliable transportation service and we are highly motivated to restore the level of service our customers expect and handle higher volumes of their freight. Recovering our service is our highest priority, and we assure you we are taking action to achieve this as quickly as possible.

State of the Network

Norfolk Southern is currently experiencing meaningful workforce shortfalls in critical portions of our network. These shortfalls are primarily concentrated in Birmingham, Alabama, in our CNO&TP corridor between Cincinnati, Ohio and Chattanooga, Tennessee, and along a portion of our Southern Tier line between Buffalo and Binghamton, New York. We have suffered unexpectedly high rates of attrition in these areas, which spiked during late September and October. These attrition rates have been compounded by hiring challenges, as the entire transportation industry, along with other sectors of the economy, face an unusually tight and rapidly evolving labor market. As a result of these workforce challenges, we are facing yard congestion in Birmingham and Chattanooga and slower train flows over both the CNO&TP and the Southern Tier. The strains we are experiencing in these areas have created collateral impacts in other parts of the network.

We have made substantial progress through the Thanksgiving holiday – when business activities declined temporarily – toward restoring our yard operations in Birmingham and Chattanooga. We also have made progress in improving flows over the CNO&TP by redeploying manpower and by reworking crew districts. We have not yet made similar progress on the Southern Tier but our efforts there, and throughout the challenged portions of our network, continue.

Efforts to Meet Workforce Needs

As we noted in our letter to you of June 18, 2021, we made headcount reductions at the onset of the COVID-19 pandemic when customer demand for rail transportation was significantly reduced. We have since recalled furloughed employees or offered the opportunity to transfer to locations of need and have begun a program of targeted hiring as business levels have increased. We reported to you that as of June 11 we had 114 conductor trainees in training with plans to add more classes every month for the rest of the year. Since then, we have increased the rate of hiring to account for higher than expected attrition levels in parts of our network and to recover our service. As of December 6, 2021, we had 285 employees in conductor training – the highest level year-to-date – and expect to further increase the number of conductor trainees between now and the end of the first quarter. We have a further 939 prospective employees in the pre-employment stage. To accommodate conductor trainee attrition and train a higher number of employees, we are dramatically expanding conductor training class sizes and will be starting new classes every week beginning January 3, 2022.

We are supplementing these increased numbers with other actions to bolster our workforce needs. Recognizing the changing expectations in today's labor market, we are offering bonuses and incentives to entice prospective employees to join our team and to encourage current employees to stay with us. To maximize utilization of our current employees, we also are offering availability bonuses, temporary transfer incentives, permanent transfer incentives, and incentives to work voluntarily through previously scheduled vacations. We have added resources to our Talent Acquisition, Technical

Training, and Health Services groups to handle a higher volume of job applicants and conductor trainees. We have advertised job openings in areas where we are experiencing high levels of attrition or are otherwise anticipating greater hiring demand, and we have grown the ranks of our “go teams” and reprioritized their deployment to the areas of our network experiencing the most critical need. In short, we are doing whatever we can to meet the challenges presented by high attrition and a tight labor market to put in place the resources we need to serve our customers.

Service Levels and Customer Outreach

As noted, we fully intend to improve the quality of the service we are providing to our customers. While we are making progress, it takes time to on-board and properly train new employees to make a safe and effective contribution to our business. Safety is an important value at Norfolk Southern and we are committed to preparing our employees to perform their duties safely. Until we can deploy new hires in sufficient numbers to counteract the unusually high attrition rates in some areas of our network, our ability to deliver the strong service product our customers are accustomed to receiving from us will continue to be under pressure.

While we always stay close to our customers, we recognize that doing so is especially critical when our service is challenged. We are committed to remaining in constant communication with them with clear feedback on our service capabilities and limitations so they can better manage their supply chains.

As we commit to staying in close contact with our customers, we similarly commit to staying in touch with you and your staff as we work through the challenges we face. We hope you will not hesitate to contact us if you would like to discuss any of these matters in greater detail.

Very truly yours,



Alan H. Shaw
President