

R&N MAGAZINE

Winter 2013 • Volume 15, Issue 5

Official Magazine of the Employees and Customers of the Reading & Northern Railroad

Serving our customers, and the environment.



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Cover Photo: The PILE is stopped at the Pittston office on a snowy morning for a crew change where the Pittston Extra crew will take over and move the freight along to its destination. Photographer: Anthony Verbyla

Editors: Jolene Busher • Frances Karycki • Frances Muller

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KEEPING ON TRACK

By Wayne Michel, President

Author's note: This poem was finished on Thanksgiving. So even though our Newsmagazine is coming to you in early January, it was written with the holiday spirit in mind.

And with apologies to talented poets, Christmas traditionalists, and my Jewish family, here is my ode to the holidays.

A VERY MULLER CHRISTMAS



T'was the nite before Christmas and as I
lay in bed
I thought of all the things that I wished I
had said.

I owed thanks to employees and
customers too.
I came up with a long list of things I
needed to do.

Unable to sleep I got out of my bed
slowly clearing cobwebs from my head.

Dressed for comfort in pjs of cotton and
silk
I walked down the hall for some cookies
and milk.

As I entered the hallway I saw a faint light
I looked more closely; it was a beautiful
sight.

Under the tree there were gifts of all sizes
For the Reading & Northern lots of
surprises.

It seemed that Santa this year was none
other
Than RBMN's founder and owner, Andy
Muller.

He had come and gone and left under the
tree
Millions of dollars worth of presents for
us to see.

Thirty five thousand wooden ties
purchased and installed.
All paid for by us, no State money at all.

Shiny steel coal cars with three pocket
doors.
One hundred and five hoppers left by our
Santa Claus.

Four locomotives each with four axles
Ensuring customers served without any
hassles.

There were two cabooses
For which there were uses

Hi-rail trucks and cars, even one electric
Giving us a vehicle fleet very eclectic.

Twenty acres purchased giving us land
So our growing company has room to
expand.

Old railroad yards into transloads
converted
Lots of trucks off of highways diverted.

A John Deere Backhoe purchased brand
new
because our track gangs have much work
to do.

And as I finished unwrapping the
wonders
I heard what sounded like an echo of
thunder.

I rushed to the window and what did I
see?
A red suited figure running; it was Santa
Andy!

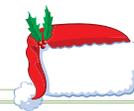
He was running for the idling steamer,
RBMN's 425.
Reaching it he grabbed onto its ladder
and readied to ride,

As it departed with white smoke pouring
from its stack
I swear I heard Andy yell out "Wayne,
keep on track."

And to that message Andy did send
I, with appreciation and humility append,

"Peace on Earth and Good will to all
men."

THE END.



Year in Review

By Wayne Michel, President

Recently we held our annual Management Retreat for the two dozen managers at the railroad. Prior to the meeting I asked everyone to send me their list of top 10 achievements in 2013. There was near unanimity in that list and I summarize it below.

35,000 TIES PURCHASED AND INSTALLED AT OUR OWN COST. To me this alone is an amazing accomplishment. Pushed strongly by our owner/CEO Andy Muller, our MOW forces purchased and installed these ties (with the help of some contractors) between November 24, 2012 and November 23, 2013. When you think about how much it costs to purchase a tie and its related paraphernalia (spikes, plates, etc) you realize that this project alone cost well over three million dollars. And this was just one of the many maintenance of way projects completed in 2013. See MOW article on p. 26.

Our purchasing activity did not stop with ties. As my little poem suggested we also purchased four 4-axle locomotives, 105 three-pocket steel coal hopper cars, two cabooses, a number of hi-rail trucks, an electric car... The list goes on and on as the railroad took advantage of good purchasing opportunities to prepare for our future growth. One of the benefits of working for an entrepreneur like Andy Muller is we buy when we can get more benefit for our dollars. We do not wait till we have a pressing need. This year we made good money and Andy saw the opportunity to buy items that will serve us well for years to come.

We also prepared for growth by taking two underutilized rail yards and turning them into transload facilities. In 2013 alone we diverted over 1200 trucks into railcars. And we made both on and off-line customers happy by our actions. We

also acquired at auction a 20-acre site near our headquarters. This property is on our mainline as well as Route 61. We will offer it for industrial development but it also can be used for expansion of our headquarters facility. In fact, in early 2014 our growing Police Department is going to move into a building and garage on that site and turn it into the RBMN Police Headquarters.

We continued our focus on customer service and concluded our first year running a scheduled railroad. At year end we were able to meet our 2-hour service window for customers 99 percent of the time. This would not have been possible without phenomenal work by our Operations, Traffic, and Maintenance of Way Departments as well as our Engine Shop. See article by Dennis Shaffer on p. 16.

All of these efforts helped us to our most successful year ever. Traffic was up over ten percent and revenues were up an equivalent amount.

But there is more to our 2013 story. This year we completed a nationwide search for a new vice president to manage both our Safety and Transportation programs. We found our man in Brian O'Neal, a railroader with over a dozen years at Norfolk Southern and other rail experience. Brian has taken charge of both departments and he talks about our safety program on page 15.

Our Passenger Department had another great season highlighted by the return to service of our steam engine, 425. See article on p. 31.

And last but certainly not least we took care of all of our employees by giving everyone a pay raise or promotion. Of course, not all raises were the same; we do

not believe in just giving a so-called Cost of Living increase. We look at each job and we look at the pay levels in our region and at other railroads. For our hourly employees we aim to have everyone's pay match that of a comparable position at Norfolk Southern. For other jobs, we match up with local large employers. At the end of the day we work hard to make sure that our employees are very well compensated, have an excellent health care plan, and profit sharing. And, of course, this year every eligible employee received an all-expenses paid vacation from the Mullers, complete with a week off from work at full pay. See article on p. 22.

Finally, I want to thank all of you for supporting our railroad. We are proud of what we do and we will continue to work hard in 2014 to earn your trust.

Year in Review

By Dan Gilchrist, Executive VP Marketing and Sales



Reading & Northern Railroad serves Universal Forest Products in Gordon, PA.

This time of year I like to take a look back at the past year's achievements and consider what I think these might mean for us going forward. We have a lot of successes to be proud of this year and you will be able to read about many of them elsewhere in this issue, but I would like to touch on a few that I think are especially important.

Most of us know that the export coal market has been very slow for us the past couple of years, and that has increased the pressure on our coal producers to find and develop new customers, especially in the domestic market. Thankfully they have been successful, and with our help have made the domestic market an area of growth this year. An important destination for our anthracite coal has long been the Mol-Dok terminal in

Leetsdale, Pennsylvania, where the coal is transloaded into barges for transport down river to several different locations. The volume to this destination is up substantially this year, and we were happy to work with the folks at Mol-Dok to assist them in the modification of their car unloading facility to work better with our rapid discharge cars. See Mike's article on p. 10 for more details.

The Mol-Dok project continues a Reading and Northern Railroad practice of looking beyond our own property boundaries to help develop and improve rail infrastructure necessary to allow our customers to grow their business. Many railroads work on new facility development projects on their own railroad, but very few railroads (and even fewer shortlines) work on development

projects hundreds of miles away from their railroad. The willingness and ability to do this has made a difference for us.

Last year we hired Dennis Shaffer to help with business development. Because of his experience we wanted Dennis to focus on the transloading business from rail cars to trucks for local delivery. He quickly focused on a long time customer by setting up two transloading centers. These efforts have been very successful. See Dennis' article on p. 12. This success is a direct result of our conscious effort to add staff and to reorganize to facilitate long term growth at the railroad. These reorganizations have affected all parts of the management team. Reminds me of the old saying, "If you are not moving forward then you are falling behind." I am sure we will see more examples of this kind of

success from our efforts to always look for new ways to grow business on the railroad.

I have often said that the most important thing we do is keep our customers happy. Sometimes a railroad has to make difficult decisions to hold on to a customer's business, and this year we had to fight very hard to keep two important customers. In the first case, the customer was facing difficult times and fierce international competition. They asked their suppliers and railroads to help reduce their costs in order to remain competitive in the market. Concessions are never easy, but with a loyal and willing partner of many years we were able to work with them (as well as the other suppliers involved) to restructure agreements and extend timelines for certain commitments. The result was a successful customer and even longer term commitments with good growth potential for the Reading and Northern Railroad. If a loyal customer needs our help and is willing to work with us we will do anything we can to keep them happy, and to keep their business on our railroad.

The second case involved a customer considering relocation out of our area. They were being wooed with a new facility, and a competing railroad was promising attractive rates. While these discussions continued on for some time, I was certainly happy to point out that the Reading and Northern Railroad ran a scheduled railroad. Did the other railroad provide a scheduled service window of two hours and meet it 99% of the time? Did the other railroad offer the option to modify what time of day they were switched? Did the other railroad offer an additional switch on days when volumes peaked? Did the other railroad have the lowest demurrage costs in the railroad industry? The answers were of course no. Yet even with our remarkable service we were still forced to respond to the competitive threats with rate concessions. It took the entire package of excellent service and responsiveness to rates to hold onto this business. But we did what it took to keep the customer happy.

My point in bringing up these specific successes is that they are all due directly

to our willingness to invest in our growth, our willingness to think outside the box, our constant focus on providing excellent service and always trying to keep the customer happy.

While 2013 has been a good year, the ground work we have laid over the last few years makes me very optimistic about the future. The export coal business will probably come back. The Marcellus shale business has already started to come back. We have new business potential and upside growth potential in our current business as well. Our continued investments in equipment, facilities, and people as well as our continued emphasis on keeping our customers happy will help to make sure we keep their growing business on our railroad.

Checking Our List and Checking It Twice!

By Andrea Coller, VP Finance

The Finance Department of the Reading and Northern Railroad was busy hustling around the office this past year, bidding everything from railcars to electric powered cars! Each department had a wish list over a mile long. After receiving those lists and checking them twice, it was decided that no one was naughty.....everyone was nice.

Without the help of elves and reindeer, we were left to do all the work the old fashioned way. So with elbow grease and good 'ol teamwork we were able to tackle each list and check off items big and small.

We acquired twenty-one acres of new land between the Railroad and its sister companies. We also added four trucks,



four locomotives, a unit train of coal cars, a backhoe, and a new server to our inventory. The fun doesn't stop there though, we also replaced thousands of ties and tie plates, made several customer site improvements, rehabbed a locomotive, and completed the refurbishing of our 425 steam engine. As an added bonus for the environment, we issued \$5,000 to any employee who purchased an electric car!

Looking back 2013 turned out to be quite a success, and this would not have been possible without the support and dedication of the entire Finance Department. I would like to say 'Thank You' to everyone and I look forward to having another great year in 2014.

2013 Has Been a Good Year for Merchandise Traffic

By Daren Geschwindt, AVP Merchandise

Most people say that “13” is an unlucky number. I am pleased to say that has not been our experience at the Reading and Northern Railroad, at least not when we talk about the year “2013.” As we reach the end of another year, it is time again to report on the carloads of traffic that we have handled year-to-date. While the final numbers for 2013 are not yet complete, I am very happy to report that year-to-date merchandise traffic is up 10%. This is a result of not only the

level of consistency (see article titled “Consistently Serving Customers On-Time”). You have to know that our management takes on time performance very seriously when they ask on a Monday morning “**why was our on-time arrival percentage only 98% last week?**” When it comes to on time arrivals and customer service, the old adage “Good enough... isn’t good enough” definitely applies here.

One significant growth area has been

our paper business, which is up 4% than in 2012. To put that in perspective, paper is the largest commodity that we handle, and makes up 29% of our total carloads. Coal comes in a close 2nd at 23%. Another key growth area has been the development of our transload facilities at Cressona and Penobscot (See Dennis Shaffer’s article on the transload facilities). Our carloads in the Metals and Construction group is up 73% versus last year, and the transload related business is a large component of this category. Marcellus shale has also made a good comeback in 2013. Our 2012 numbers were down significantly versus the previous year, but have made nearly a full comeback in 2013.

As I said, 2013 has been a good year for the Reading and Northern Railroad, and we have been able to enjoy growth in several commodity groups. As we head into the New Year, I am optimistic that we continue to see good volumes in many of these groups and can expect to have just as good or even better year in 2014.



The MEPI (Mehoopany-Pittston) crew has just finished re-spotting cars at the Cascade Tissue plant in Ransom, PA, and prepares to depart for Pittston Yard.

resumption of Marcellus shale related business, but also because of increases in several other commodity groups as well. We are on track to exceed the number of carloads we handled in 2011, which is our all time record high year for traffic volumes.

While certain pieces of traffic will inevitably decrease or disappear, we have been able to attract new businesses over the past few years, as well as grow business with many of our existing customers. A key factor in the growth we have experienced with our existing customers has been the implementation of our scheduled service windows, and the Operations Department’s ability to arrive on time with an extremely high



The QAMC (Tamaqua-Mount Carmel) crew prepares to couple to cars inside the building at International Paper in Mount Carmel.

2013 Customer Appreciation Train Trip Was A Hit!

By Daren Geschwindt, AVP Merchandise

On Wednesday, November 6th the Reading and Northern Railroad hosted our 2013 Customer Appreciation Train Trip. We were pleased that over forty customer representatives and members of the industrial development network were able to join us on the trip. This year's trip departed from the railroad's corporate headquarters at Port Clinton, Pennsylvania and ran north to the Hometown High Bridge. The "high bridge" was built in 1931 and is a 1,100 foot long, 170 foot high trestle spanning the valley and the "Little Schuylkill River" just north of Hometown, Pennsylvania.



A Lehigh Gorge Scenic Railway train crosses the Hometown high bridge in October 2011. This is the same bridge that was featured in this year's Customer appreciation trip. The bridge was built in 1931 and is 1,100 feet long and stands 168 feet tall.

The weather cooperated, and the morning brought slightly overcast skies with temperatures in the mid-50s - perfect weather for an autumn train ride in Northeast Pennsylvania. The train was comprised of a standard coach, our "Full Dome," and Private Car #1, and was pulled by two of our diesel locomotives. The Dome Car features a 2nd level with rounded glass ceiling to allow an unobstructed view of the passing scenery. Private Car #1 was built in 1889 by Jay Gould, and features a kitchen, dining area, sitting room, and rear platform, which allows passengers to sit at the rear of the train and see the track passing behind them. It was tough to pick which one was the best seat in the house.

Upon arriving at Port Clinton in the



(L to R) Daren Geschwindt-AVP Merchandise Traffic is seen welcoming Nancy Graham and Wendy Doninni of Azek Building Products.



(L to R) Mike Sharadin – AVP-Coal Traffic discusses the coal industry with Sam Confer (Mol-Dok), Greg Driscoll (Blaschak Coal), and Rusty Taylor (Lehigh Anthracite). Brian Hansbury of SEDCO is visible in the background, in the center of the photo.

morning, customers and invited guests were greeted at the welcome tent and each attendee received an information packet and gift. Riders were given the opportunity to socialize over doughnuts and coffee. At 10:00 am our Car Host Russell Sciana gave the "All Aboard!" and we were off for our three hour trip through the beautiful Pennsylvania countryside. The train operated through towns like Drehersville, New Ringgold, and Tamaqua on the nearly sixty mile round trip to the High Bridge. During the ride passengers were free to

move throughout the train and mingle with Reading and Northern Railroad personnel.

The train arrived at the Hometown High Bridge and parked while lunch was served in the dining room of Private Car #1. Many riders chose to have lunch in the Dome Car and take in the spectacular panoramic view of the valley below. Upon returning to Port Clinton, several customers participated in a guided tour of the railroad's locomotive shop and office building. While in the shop, guests were

able to see several locomotives in various stages of repair and rebuilding, as well as our steam locomotive #425 that was built in 1920, and is currently used to pull excursion trains. During the tour of the offices, guests got a chance to see the dispatcher's office and computer system, as well as to meet the customer service representatives that many of them work with on a daily basis.

It is always great to be able to take the time to meet with customers and associates in a relaxed and friendly environment, while taking in the beautiful autumn leaves, enjoying a train ride, and sharing good food. I would like to thank all of our customers who were able to join us for this year's trip, and look forward to seeing even more customers on future train rides.



(L to R) Daren Geschwindt – AVP Merchandise Traffic greets Dave Razzis and Jason Milewski of Universal Forest Products as they arrive at Port Clinton.



Seated in front, (L to R) Angelo Venna (Maurer & Scott-Mount Carmel) and Calvin Shellhammer (Maurer & Scott - Tuscarora) take in the view from the upper level of the dome car with RBMN's Dennis Shaffer, VP-Business Development and Daren Geschwindt , AVP-Merchandise Traffic.

Susan Ludwig – Director of Customer Service

By Daren Geschwindt, AVP Merchandise

Susan Ludwig was recently promoted to Director of Customer Service.

Susan started her career with the Reading and Northern Railroad in October, 2011, when she was hired as a Customer Service Manager. She has been the primary customer service representative for the plastic and chemical customers for the past two years. During that time she has displayed her dedication, attention to detail, and a desire to learn every aspect of her customers' business.

In her new position, Susan will be taking a more active role in the overall operation of the Traffic Department. As Director, she will be representing the company at industry functions and customer meetings. She will also be assisting with special projects, helping to develop new customer service processes, and will manage the day-to-day operations of the Traffic Department on days when I am out of the office.



Susan Ludwig – Director of Customer Service

Please join me in wishing Susan good luck in her new position!

GROWING DOMESTIC MARKET HIGHLIGHTS THE 2013 COAL SEASON

By Mike Sharadin, AVP Coal Traffic

The biggest highlight of 2013 for the coal group had to be the business going to the growing domestic market. With the export market remaining in the doldrums due to reduced demand worldwide, anthracite shippers have had to turn their attention elsewhere to find new business. So why not focus on the industries in their own back yard?

Our domestic coal market is defined as the industries in the United States and Canada that purchase anthracite coal in less than unit train quantities. Much of the anthracite shipped on the Reading and Northern Railroad is a key component in two industries, steel-making and sugar produced from sugar beets. This year, anthracite coal in our railcars has reached forty-six customers spread out between twenty-one states and three Canadian provinces. These destinations extended into southern Texas, as far west as California, and up into the Pacific Northwest and western Canada. Another difference between the domestic and export business, other than the location of the end-user, is how the railcars are shipped. Export coal generally moves across the country as unit trains ranging in size from 60 to 130 cars. Conversely, domestic shipments can move as a single car or in blocks up to twenty-five cars. The size of a shipment is determined by the end user based on need and storage capacity.

In the beginning of the year, our domestic forecast was to remain even or improve slightly on an excellent 2012 season. Through the first half of the year, domestic business was up 6%, so we were quite pleased that we were in the upper end of our forecast. Shipments remained solid through the summer and early fall months. By the end of October the numbers were better than we had



Anthracite coal being loaded into a barge at the Mol-Dok river terminal in Leetsdale, PA.

expected. Domestic shipments were up nearly 9% from 2012 and on pace to hit double digits by the end of the year. Quite remarkable!

Domestic anthracite continues to become a bigger piece of our overall total coal traffic. It has gone from 25% of our overall coal business in 2011, to 35% in 2012, and should eclipse 40% in 2013. And while the increase is partly due to the stagnant export market, the 10% increase in volume over last year supports the fact that the domestic business is growing substantially. Another indicator that supports the growing domestic market is the number of new customers compared to 2012. This year there were over a dozen new destinations that did not receive material via rail in 2012. That is an astonishing number considering there were fewer than six new receivers in 2012. This is proof the shippers and suppliers have been working hard and doing an excellent job locking up new business.

Additionally, the Reading and Northern Railroad and the other connecting railroads are being aggressive with our rates so we can compete with trucks and imports received from Russia and Ukraine via United States ports in the southeast.

Another highlight of the year was the growing barge business going to the Mol-Dok river terminal. Mol-Dok is located in Leetsdale, PA which is approximately fifteen miles northwest of Pittsburgh. The facility sits on the banks of the Ohio River at milepost 14.1. Mol-Dok has always played a role in handling the anthracite coal shipped from the Reading and Northern Railroad, but no year has been bigger than 2013.

Mol-Dok began operation back in 1989, and to my surprise it was started as a destination for receiving inbound bituminous coal from the coal fields in Kentucky. At the terminal, the inbound material was transferred from



A unit train of anthracite coal going through the rock cut on the Main Line just north of Reading, PA.

barge to railcar and shipped to central Pennsylvania to be blended with locally mined coal. Fast forward to the present, and now most of the material handled at Mol-Dok is outbound material going from railcar directly to barge. From there, the material moves down the Mississippi River system to the end user or another transfer terminal. The shipments coming from the railroad are in fifteen to eighteen blocks, but Mol-Dok can handle unit trains.

Sam Confer, the Vice President at Mol-Dok, recently told me that in 1990 they handled their first ever outbound shipment, which happened to be anthracite coal. Nearly twenty-five years later, the anthracite business to Mol-Dok continues to grow. In fact, this year shipments to Mol-Dok have already reached an all-time high. Volume is up over 50% from last year, and nearly a third of all our domestic shipments this year will have gone through their facility.

This year we teamed up with Mol-Dok to help finance a project that was beneficial to both companies. The goal was to expand one of their unloading pits to better handle rapid-discharge (R-D) cars.

Doing this would increase efficiency at Mol-Dok, and improve the flexibility of our hopper car fleet. Mol-Dok always had the ability to unload an R-D car, however, their pits were not long enough so material would spill out on to the floor. The material then had to be shoveled into the pit by hand. This wasn't a huge deal for Mol-Dok but it was time consuming and slowed down the unloading process. The pit expansion project was completed in early October. Along with expanding the pit, a new hopper and feeder were installed to better handle the flow of material. Now Mol-Dok could efficiently unload the R-D cars by simply pushing a button. It does not get much easier than that. For the railroad, we now had another destination that could unload rapid discharge cars other than Fairless Hills.

Another highlight in 2013 was winning the Norfolk Southern Coal Business Group Marketing Achievement Award. Norfolk Southern selected us for the award because of our success in growing the export business to Fairless Hills, Pennsylvania. The award was presented to Dan Gilchrist at Norfolk Southern's annual shortline conference in Roanoke, Virginia.

Finally, for the last few years we had been in the market for 3-pocket, bottom-dump hopper cars. Due to the age our current fleet, replacements were going to be needed at some point in the near future. This fall car shop personnel took a road trip and inspected a fleet of 100+ cars, mostly built in the 1970s. They came back with rave reviews, indicating they would be the pride of the fleet, outside of the rapid-discharge cars. I can happily report a deal was made in late November to acquire these cars. They made one last trip in bituminous service before being delivered to us in early December.

The success of the domestic business, especially to Mol-Dok, highlighted another great year. With 2014 right around the corner, it will be time for another forecast. With the acquisition of 105 new cars and the flexibility of our car fleet at an all-time high, we are ready to handle whatever 2014 has to offer.

New Transload Operations on Reading and Northern Railroad

By Dennis Shaffer, VP Business Development

In late 2012 we opened two new transload terminals, in Cressona and Penobscot to be able to offer added service to our aluminum customers. These terminals not only offer cost savings to our customers, they improve service by allowing material to be stored close to the customer's production facilities for quick delivery to meet production requirements. These operations have been a big success. During the first year we handled over 300 carloads and 120 truckloads of new business as a result of operating these terminals. About 10% of this business does move into the terminals by truck where rail, for various reasons, is not a viable option.

In both cases we turned underutilized and unproductive yard properties into revenue producing assets. Andy Muller authorized the necessary expenditures to upgrade the properties, construct the necessary handling facilities, and acquire equipment to get us in business quickly. He also authorized us to perform this service with our own employees so we can provide a door to door logistics service beyond just traditional rail transportation. Consequently, we now get revenue from



Jim Somers loads a truck at the Penobscot Transload.



Aerial view of the Cressona Transload.

our transload and terminal services in addition to our regular rail haul revenue.

One unique aspect of our Cressona operation, which may be eligible for some sort of award for the shortest length rail haul anywhere, is the rail movement of aluminum in both boxcars and flatcars from the transload terminal to our customer's plant, a distance of less than ½ mile. How are we able to profitably offer such a short haul rail service? Simple – equipment and train crew utilization. Cars are loaded at the Cressona terminal during the day, and then our crew pulls them from the dock in the afternoon and spots them fifteen minutes later at the customer's dock where they are unloaded

that night. The crew returns in the morning to bring the empties back to the transload yard for another load. It is not the length of haul that counts, it is how you use your resources that makes for a profitable operation.

In summary, our transload operations have:

- Produced new business and revenue for our company.
- Given our customers money saving options for handling and storing their material.
- Allowed us to handle business to off-rail customers which is the past moved 100% by truck.
- Increased employment for Reading and Northern Railroad employees.
- Increased rail business for our partner Norfolk Southern.

Everybody wins, except of course the long haul truckers.



Brad Handling (left) works to unload cars at the Cressona Transload facility.

Reading & Northern Railroad: Car Shop Acquisitions and Creating a Stronger Car Fleet

By Steve Balthaser, VP Facilities

The Reading and Northern Railroad finishes 2013 with the purchase of 105 three pocket open top hoppers purchased from PPL. They will be placed in our domestic service fleet, moving anthracite coal across America. This acquisition enables an equal amount of cars to be retired which are at the end of their profitable use.

Anthracite coal, which is very corrosive to metal, shortens the useful life of a car. Therefore, much diligence is placed on the repair or replacement of our coal cars. Because of this purchase, the car shop can now focus more on preventative maintenance than reactive repairs. This will strengthen the overall health of our fleet.

An example of the ability to upgrade the fleet because of new purchases would be what was accomplished this year to the RBMN 7500 series of cars. Several years ago the Reading and Northern Railroad purchased 248 rapid discharge cars for export business. This freed up the car shop to repaint, re-stencil, and perform maintenance on the air brake systems of twenty nine cars. Looking to 2014, we are planning to do the same number of cars. The addition of these 105 open top hoppers to our domestic coal fleet allows us to look forward to doing upgrades to other series of cars.

Several years ago the railroad started to purchase cars which were customer specific. Due to these former investments

in cars for exporting destinations and this purchase for our domestic customers, the Reading and Northern fleet is poised for the future. This fulfills Mr. Muller's statement, "whatever Success I have had was due to my attention to my customers."



Part of the refurbished fleet.

Operations Year in Review

By Tyler Glass, Executive Vice President of Operations

Another year gone by and so many things to reflect upon in the Operations Department.

I was extremely pleased with how well we handled our transition to the new and improved scheduled railroad. The Traffic Department worked very closely with our customers to negotiate service windows. In turn, the Traffic and Operations Departments worked together to develop train crew service schedules that would give our customers the most efficient service possible, while also maintaining timely interchanges with Norfolk Southern. The dispatchers and train crews were instrumental in rolling out the program and provided critical feedback to ensure we could do what we tell our customers we would do.

So how did we measure up with well over 5000 customer shifts per year? Our on-time percentage averaged an amazing 99% over the course of the year. And if we were late due to a derailment, weather conditions, or conflict with other train services, we reviewed our performance and fleshed out any issues to help us prevent repeat failures. Although our scheduled railroad is more structured than ever, that does not mean we cannot change something or add an extra switch if a customer needs it. After all, we are here for the customers and our flexibility has helped us to grow business to its current levels.

In addition to our “regular” customer base we also saw a growth in our transload and frac sand business this year which has forced us to change certain operations. Sometimes adding one more switch to a crew is not possible, and you need to add an additional crew or redistribute your work. It is exciting to work for a company in growth mode - always a challenge just around the corner.

One notable management addition came in September 2013 when we welcomed aboard Brian O’Neal, Vice President Transportation and Safety. Brian comes to us with many years of railroad experience, in the field and in management, and was able to immediately help Jason Trainor and me to get focused on what we want the operations to look like in 2014 and beyond. Brian added fresh perspective and also was able to reinforce that the other railroads he worked for faced similar issues. Sometimes knowing you are facing issues similar to other railroads is not a bad thing, but unless you have the outside experience it may not be obvious. Brian will also oversee the safety program to ensure we work to continuously improve our safety culture.

The demands on the Passenger Department increased this year too. The comeback of steam locomotive 425 put an increased demand on our operating team during the busy fall season. Also, the addition of Santa Claus trains in Minersville and Tamaqua late in the year were handled seamlessly and were a pleasure for all involved.

We have a superb core operating staff with many talented individuals, however there are some consistencies year after year in the supporting areas that make it such a pleasure to do business. You cannot provide excellent customer service without great locomotives and good track structure. Hard work, good leadership, and a dedicated team helped us greatly improve in those areas.

Our locomotive fleet is the best it has ever been, and with the recent addition of four 4-axle locomotives, the operating staff could not be more delighted. Dustin and his team continue to focus on quality improvements to keep our locomotives maintained to the highest possible level. It

is the attention to detail and also adding creature comforts that go a long way with the guys who spend a long portion of their day using the locomotives.

Our track crews continue to upgrade the track structure as well, and we once again are seeing reduced numbers in our track related derailments. As you will see in the Maintenance of Way article (on p. 26 & 27) we continue to invest heavily in our track maintenance. One of the shining accomplishments was raising track speeds on our Pottsville Branch. Four miles of track taken out of excepted track status and upgraded to FRA class 3 track. The track speeds over this portion were raised from 10 MPH to 30 MPH, saving crews eight minutes per mile on this section of track. These crew savings add up quickly.

We are looking forward to 2014 as we begin to prepare for additional expansion and increased demands on the Operations Department.

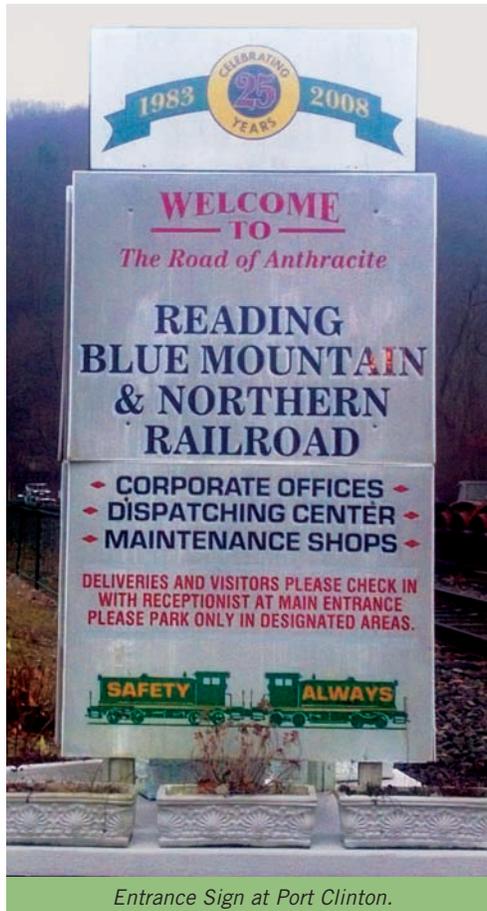
Laying the Groundwork for Continued Success

By Brian O'Neal, VP Transportation and Safety

As we close 2013, it is time to reflect on some of the successes from the past year. In addition to being one of the busiest years on record for the Reading and Northern Railroad, 2013 was also one of the most successful from a safety standpoint.

In 2012 we were able to reduce the number of derailments by over 20% as compared to 2011. In 2013, we were able to build upon that success by reducing derailments by another 30%, cutting the number of yearly derailments in half in just two year. This translates into not only a huge safety improvement, but it also helps to improve the overall efficiency of the system to provide our customers with even better customer service. The reasons for this success can be directly traced to the hard work and dedication of the people in both our Maintenance of Way and Operations departments. The Maintenance of Way Department has continued to raise the bar on safety with their track improvements and maintenance programs, while the Operations Department achieved a 50% reduction in human factor incidents in 2013.

The Maintenance of Way Department also was able to complete several significant undertakings that will not only help to improve the performance of the railroad, but will also improve safety for both our employees and the general public, without incident. The Maintenance of Way crew was able to perform six crossing rehabilitations, paint the railings of twenty railroad bridges with hi-visibility safety paint, placed no trespassing signs at the approaches to each of those bridges, and completed various other large track improvement projects, all without incident or injury.



Entrance Sign at Port Clinton.

Moving forward into 2014 there are even more plans in the works for continued safety improvement, most of which will revolve around training and education. The development of an expanded new hire training program for both the Maintenance of Way and Operations Department is already under way. In conjunction with this, the development of a Reading and Northern Railroad safety rule book is on track to be completed by the end of the 1st quarter of the year. This will be the first time that we will have our own safety book for the operating department that is customized to match the way we do business at the Reading and Northern Railroad.

As the sign at the entrance to our facilities at Port Clinton says, "Safety Always."

This is what our customers, employees and their families have come to expect from the Reading and Northern Railroad and this will continue to be our goal as we move forward into the future.

Reading and Northern Railroad's Safety Reminders!

As we enter the frosty months of winter, it is important for our employees, customers, and communities to keep these safety precautions in mind when working near our railroad tracks!

- Always expect a train movement on any track, at any time, and from any direction!
 - Stop, Look, and Listen!
- Railcar movements are quieter in the snow, be careful wearing hats and hoodies that will obstruct your hearing!
- For employees crossing railroad tracks, never step on ties or rails – especially in the winter!
- When working around railroad tracks, do not get distracted while looking at your cell phone!

Consistently Serving Our Customers ON TIME

By Dennis Shaffer, VP Business Development

I started my railroad career forty-five years ago with the Reading Railroad working as a yard and station clerk during summers between college semesters. At that time the Reading practiced good old fashioned customer service which I have always felt should be the normal state of business for any service oriented business. On the Reading Railroad in those days customer switching and freight trains were operated on predictable schedules, car movements through yards and interchanges were measured in hours (and sometimes minutes) as opposed to days, and this scheduled regimen was enforced from the top down. While working in the yard office I remember getting calls from the trainmaster and superintendent within minutes of a freight train's scheduled departure time to

make sure the train had left, and that all the cars were properly blocked for later set out down the line - and you better have a very good reason if it wasn't. The Reading Railroad always had a good reputation with customers as compared to our arch rival the Pennsylvania Railroad, and later the Penn Central Railroad.

Over the years this strict railroad service regimen was greatly diluted, and for a time on many railroads it was nonexistent. This was especially true for single car business. Happily, the industry has made great strides in improving its service, but it still has a long way to go.

With all of the modern management buzzwords and concepts, at the end of the day the most important thing we can offer

is good old fashioned customer service. At the Reading and Northern Railroad we have taken this concept to heart with the implementation of a scheduled railroad, and it is not just a buzzword. We can be proud of the fact that day-in, day-out we operate our freight trains on consistent, predictable schedules, and we promise every one of our customers a scheduled switch time within a two hour window every service day. MOST IMPORTANTLY, we perform by meeting our promised service window 99 % of the time.

One of the reasons for our enviable record is because our President and Chairman believe in it. When our weekly on-time report comes out, an e-mail from our President can be expected within



The southbound Reading Turn spots cars at Conestoga Foundry Supply in Hamburg.



The Crestwood crew spots a tank car at the Sealy Plant in the Crestwood Industrial Park.

minutes demanding explanations for any failures. That reminds me of the old time trainmasters and superintendents on the Reading Railroad.

Why is this important? Our customers are continuously managing their manpower and inventory to achieve efficient operations and meet their own customer's demands. When the railroad offers reliability and a scheduled switch time customers can better plan their plant or warehouse operations and labor utilization with confidence that we will be there when we say will, and will have the cars they are expecting. One of our largest customers said "After RBMN implemented the new service guidelines, the results have been outstanding, but what really caught everyone by surprise was the consistent day-in, day-out arrival of the crew. Work teams at the plant are now actively making inventory decisions and improving their material utilization based on RBMN' solid performance."

A key factor in being able to ensure

consistency was the addition of two trains to the daily schedule. At Pittston yard, we added an early morning crew to sort the new cars that arrived on the overnight road train, and set up the trains for the crews that depart in the morning to serve our customers. By having the trains ready-to-go, when the local crews arrive, it allows them to depart the yard at the same time every morning, ensuring the train will arrive at the customer within the two hour service window with a high level of consistency.

On the Reading Division we have taken similar steps by adding an additional crew at Port Clinton. The addition of this train has allowed the Operations Department to better distribute the daily workload, and ensure on-time arrivals to the customers.

There is no doubt we have gained business and retained customer loyalty because of our outstanding 99% on-time performance. While it is sometimes difficult to tie growth directly to customer

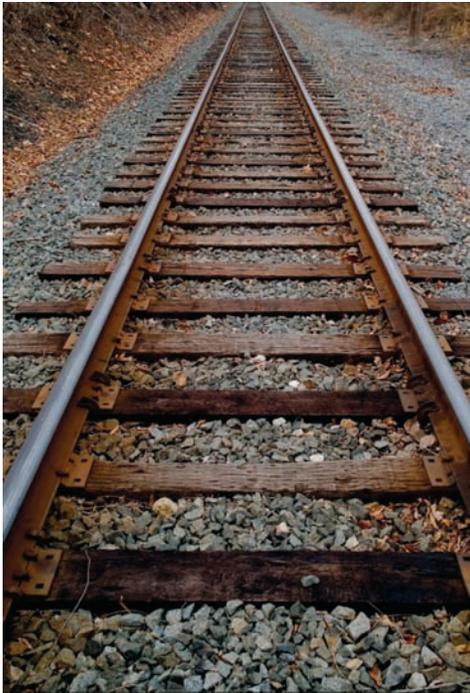
service, the fact is we have been serving our customers with a high level of consistency for the past twelve months and our business is up. Traditionally our merchandise customers are the most sensitive to service and on-time arrivals. Since the beginning of the year, our volume in that category is up over 12% versus the same time period last year. In addition, our coal traffic is also up 2% versus last year. Obviously we are doing something right.

We can all be very proud of this achievement. It all gets back to knowing what is important in our business and having the discipline, starting right at the top of our organization, to make sure it happens. I can tell you from firsthand experience in dealing with our customers that this is recognized, appreciated, and important. Let's all keep on putting the customer first and practicing the art of good old fashioned railroad service.

“Most Productive” Maintenance of Way Year

By Erik Yoder, AVP of Maintenance of Way

This year was again, a great year. It was the most productive maintenance program on record. You may remember we stated this same statement in the last winter issue, as well as in the previous year. This is in no way an exaggeration or overstatement on the “most productive year,” but a fact that our Maintenance of Way Department continues to improve our Right of Way. Our dedicated forces work to improve on the performance of the preceding year. This is a testament to the pride of the Maintenance of Way team that continues to labor on making our track the best it can be.



Finished Railroad after tie replacement at MP 75.8 Reading Mainline.

Our track forces are hard at work each and every day. It shows in how clean our railroad looks and the satisfaction we have in a job well done. Let me illustrate how productive this year was in terms of the various projects we undertook and completed. It was a very busy year.

We were successful in installing over 35,000 ties on our Lehigh and Reading Mainline. Approximately 13,000 ties



Our bridge just north of Hecla MP 89.2.

were installed on the Reading Mainline between MP 63 and MP 90. This covers the track between North Reading yard to just south of Webster. Our Pottsville Branch also received 2,000 ties between MP 90 and MP 93. The Lehigh Mainline received the remainder of the balance of ties (20,000) between MP 131 and MP 167. This area covers between Independence to just south of Seidel.

Another major project was utilizing an 88-stone grinding train to re-profile our rail head. An 88-stone grinding train uses eighty-eight individual grinding stones in the train, forty-four stones on each side to remove rail imperfections that develop over time. This is a great investment into prolonging the life of the rail, ride quality, and overall track maintenance. The train ran both our Lehigh Division and Reading Division over a five day period. A typical grinding day is twelve hours long. Our maintenance teams put in some long days to make the railroad ride, look, and perform great.

To get ready for the grinding train, we positioned crews to eliminate joints on

our Mainline. We were able to eliminate one hundred joints on our Lehigh Division and seventy-five joints on our Reading Division. The elimination of joints improves the ride quality and overall track performance.

In addition to these above projects, we identified twelve road crossings that we're rehabilitating. Out of these twelve crossings, four were complete crossing replacements. Crossing replacements consist of brand new concrete panels installed on newly installed ten foot long railroad ties with new rail replacement. This usually takes an entire week on each crossing to ensure little to no disturbance to our customers. The other eight road crossings consisted of repaving the approaches or installing timbers to transition between the asphalt of the road and the rail, and at times both paving and timbers.

The Bridge Department also began to rehabilitate some of our bridges. They started to give each bridge a face lift. Each bridge had the railing painted a fresh coat

of safety yellow paint, no trespassing signs installed to protect the travel of trains over the bridges, fresh mile posts painted on the approach to the bridges to help identify each bridge, as well as repairing any surface defects on the bridge timbers.

The Smoothie Gang was out again this year. This special gang is our Mark IV and Ballast regulator team. They are responsible for applying the finishing touches to any project we complete on the railroad. They are a vital part of every full crossing rehabilitation, provide the proper elevation, level, and grooming of the railroad. Every time you see a railroad bed that has no stone on the railroad ties, stone in between each tie, stone gently sloping down away from the ties is all due to the work of the Smoothie Gang. This last step is the moment when we can all look at the railroad and have a great deal of satisfaction.

Our thirty-two man department covers over 320 miles of track. That means ten miles of track per man per year. Let's not forget about all the switches within those miles, the passion we have to keep trash and debris off our railroad, and keeping our identifying signs along the railroad in top shape. The testament of their work is seen by all riders traveling on our passenger excursions.

Just to add a few figures to this work. We were able to reduce the number of derailments from last year by nearly 50%. I did not even mention the times we cleared trees fallen across the railroad due to a storm, waking up at 2 am because a drop in the temperature during the winter night resulted in a broken rail that need to be repaired immediately, keeping our switches free of debris or snow, inspecting our tracks to catch problems before trains do, and the list goes on.

I just cannot say enough about the pride I have in Maintenance of Way team. Keeping the trains moving with tireless motivation is what makes this department the best. They are the reason we can again state our "most productive" maintenance year on record.



Newly constructed Dryer Track at Gilberton for Reading Anthracite at MP 112.2 M&S branch.



Completed crossing rehab at Mermon Ave MP 118.0 before paving.



RBMN bridge MP 99.57 north of Tamaqua.

Communication and Signals Department: Year in review

By Jon Barket, AVP Signals

When I was asked to write this article it forced me to reflect on the accomplishments of the Communication and Signals Department in 2013--- and I was stunned at what we had completed over the past year.

Of course, we did our annual mandatory FRA testing consisting of over 1,300 crossing, 300 signal, 30 relay and 20 cable tests. Those numbers alone are staggering but that is just the tip of the iceberg when it comes to our team accomplishments in 2013.

One of our larger projects was a carryover from the tail end of 2012, the radio system upgrades. We were in the process of adding individual radio bases to replace the former repeater type system that had been in place for years. This project was necessary due to changes in the FCC Regulations. We now have sixteen radio bases and a system that is better, cheaper, and safer than the old system. There were some unknowns as we transitioned to the new system, so we had to go through some trial and error, and for that I thank the dispatchers and train crews for their patience.

We had two replacements of crossing warning to tackle, one in Tamaqua and one in Nesquehoning. The Nesquehoning project was pretty straight forward but the project in Tamaqua was a different story. The Tamaqua project involved the installation of two large cantilevers over PA Route 309. This project was my largest crossing project to date and one that took many months of preparation. In the end, excellent cooperation from our Maintenance of Way forces, operations, and long hours on our part paid off and the project came together better than anticipated. I was relieved once this project was behind us.

Each year we also look to increase the coverage of our wayside signal systems, traffic lights for trains. Mr. Muller is a firm believer in the efficiency and safety that a signal system provides so we worked to re-install signals at locations where they had been removed decades ago. This year we added two miles on the Main Line north of Tamaqua. In addition, we added interlocking approach signals at Lehighton and Independence. The Independence approach signal was our first solar signal project which proved to be a very educational process of do's and don'ts for solar power.

Keeping up with pole line maintenance can be overwhelming if you do not stay ahead of it. The twenty-five mile pole line along our Lehigh Main Line is still an effective means of transporting power and signal communications along the right of way. This year, we rented a bucket truck for two months in order to provide better access to the pole line. The efficiency of the bucket truck was greatly appreciated by my team as we looked to tackle an aggressive list. We were able to replace twenty-three poles, install or replace thirty cross arms, clear brush, and replace over 1400 feet of defective line wire.

Throughout the year, there were many track projects that required maintainers to cut in and out the crossings as well as work with our Maintenance of Way crews to assist in rail change outs, joint eliminations, and wire relocations.

We also provided some support personnel around Lehighton for Norfolk Southern's large signal project between Allentown and M&H Junction. Norfolk Southern had performed some track work in conjunction with this signal project, which required multiple men during a few weeks for signal tests and track protection

to ensure that Norfolk Southern's new system could be cut in seamlessly.

In closing, the Communication and Signals Department runs like a fine oiled machine. We were able to take on some massive projects, keep up on federal testing, as well as assist all other departments when needed. I look forward to another aggressive and successful year in 2014.

MERRY CHRISTMAS FROM MOON LAKE RANCH!



By Jolene Busher, Records Archivist

Every year for the Christmas season Andy and Carol Muller help Santa Claus bring his reindeer to visit the town of Ainsworth, Nebraska for everyone to get a chance to meet Dasher, Dancer, Donner, and the rest of Santa's reindeer! This year the Mullers brought Santa's reindeer to Ainsworth on December 1, with the help of Gene and Rhonda Buechle from Moon Lake Ranch for the children of Ainsworth to catch a rare glimpse of Santa's eight tiny reindeer! The Mullers and Santa's reindeer also made stops to Winner, South Dakota, and Valentine, Nebraska this holiday season.



Andy and Carol Muller with Santa's reindeer.



Dasher, Dancer, and Donner



Tinley Buechle, age 3, and granddaughter of Gene and Rhonda Buechle, enjoys a rare opportunity to meet Santa's reindeer this year!



Gene and Rhonda Buechle with Santa Claus.



2013 Vacation Gift

By Frances Karycki, AVP Real Estate

In November of 2012, excitement filled the air as Reading and Northern Railroad employees opened a special edition of the R&N Magazine. This magazine announced that all eligible full time employees were receiving a fully paid vacation in the year 2013 for themselves plus one guest. Employees selected from a variety of trips throughout the year including: Disney World, Las Vegas, Niagara Falls, Cruises to New England and Canada, Bermuda, and the Caribbean. As 2013 came to a close all of the trips have been completed and the air is now abuzz with employees talking about the wonderful memories that they have made together. We all want to thank the Muller family for this great opportunity and generous gift. Here are a few of the pictures that were taken to share the delightful times on these magnificent vacations.



From left to right: Nate Bissey, Stephanie Bissey, Sharon Geshwindt, and Phil Geshwindt on the New England cruise.

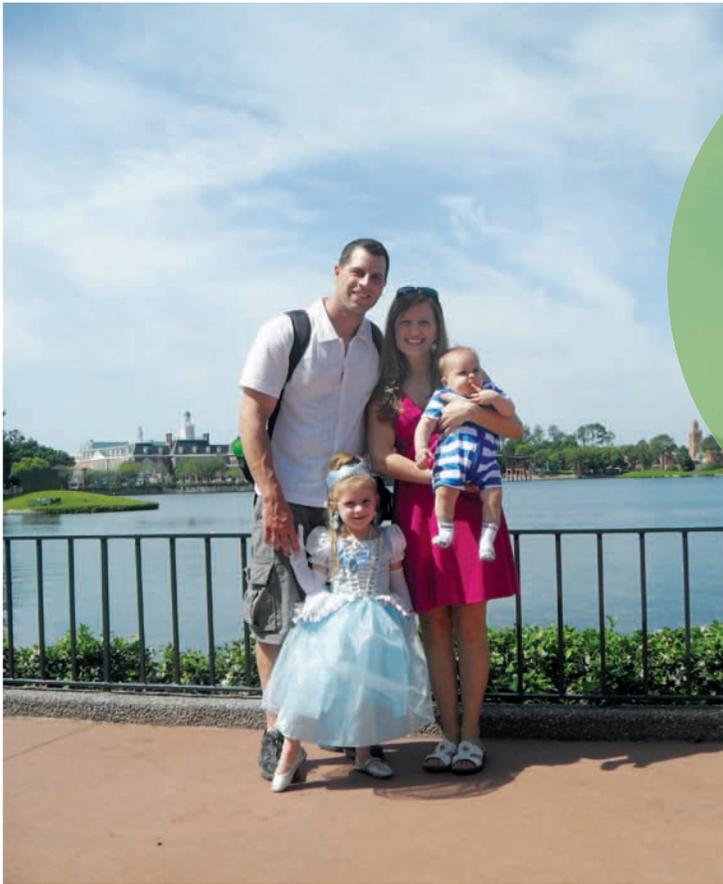
We had a fantastic time on our cruise to Bermuda. Beautiful weather, great food, & fantastic people. Thank you Muller family for the wonderful memories. Sincerely,
The Carannante family



Erik Yoder with his wife, Deborah, and youngest son Gabe in Disney World.

The experience I was able to share with my fellow employees was unforgettable.
-Matt Fredmonski

A big thank you to the Muller Family! Ginny and I had such an enjoyable time in Disney. It was great to have the time to see all the parks and attractions that Disney has to offer and also have plenty of time to relax by the pool. We especially liked being there during Halloween and we even brought Halloween costumes to wear at Mickey's Not So Scary Halloween Party. The Epcot Wine & Food Festival was also taking place while we were there and we enjoyed that very much too. Once again, THANK YOU! It was perfect!
-Tony Verbyla



Ryan Rupprecht with his wife, Adrianna, and their daughters Lily and Adeline in Disney world.

Muller family,
Michelle, Adeline, Lilly and I want to say thank you for sending our family on a once in a life time memorable trip to Disney World. It was a dream come true for our two girls and they enjoyed every minute there. The hotel accommodations and pool were awesome too. My daughters took opportunity to utilize the pool every day. Thank you so much for sending us on this great trip!

Another wonderful trip made possible by the Muller Family. I went on the New England/Canada cruise, which was something new this time. My daughter, Carla, was my guest and we especially enjoyed Bar Harbor, ME and Halifax, Nova Scotia. It was an experience of a lifetime.

On our last night, while having dinner, we espied porpoises swimming towards the ship – this was the icing on the cake for us. We cannot thank the Muller family enough for this amazing gift to us. I am truly thankful to be working for the RBMN and the Muller Family.
-Beverly Hess

Andy, Carol, Tina, Aaron & Family,

It is with great pleasure that Tonie and I convey our deep appreciation and respect for your generous gift that you provided us and to all your employees. I am truly grateful and blessed to have been given the opportunity to be employed at the Reading Jet Center. I proudly salute the entire Muller family for all your efforts to be the #1 company to work for. THANK YOU!!!

Sincerely,
Gordy and Tonie Clark

Thanking the Muller family for the wonderful trip we had to Las Vegas.

-Victor & Roxanne Gavinski

We had such a wonderful time on the cruise, I cannot fully express how thankful I am for the heartwarming generosity of the Muller Family to put together such a memorable experience.
-Frances Karycki



Jeff Bavitz and Jamie McRoberts on the New England cruise.

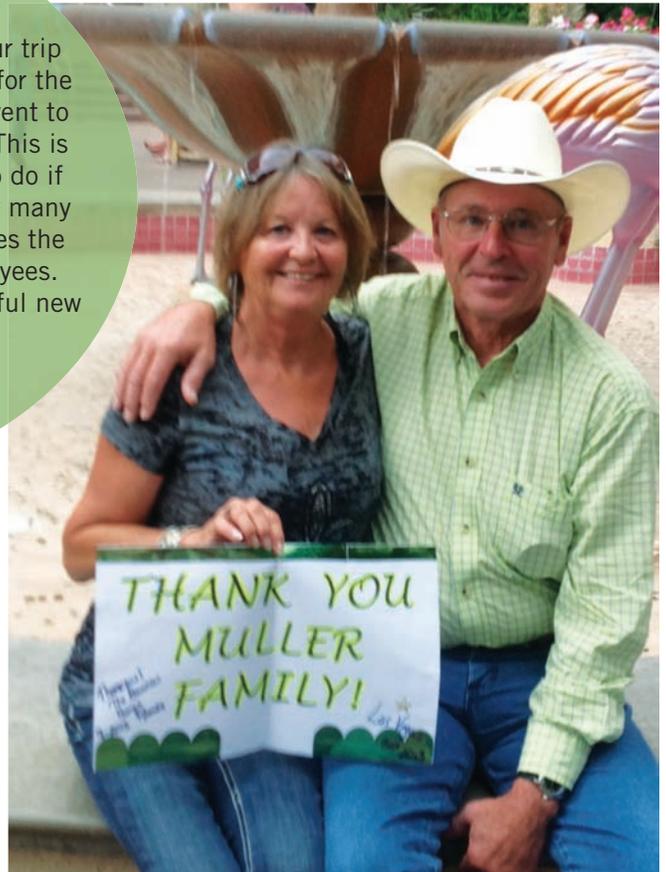


Front Row Left to Right - Billy Riegler, John Smolczynski, Aaron Schlosser and Eric Slekovac
back row left to right - Jen Riegler, Serena Tillou, Karly Waltman and Christi Slekovac, all on the West Caribbean Cruise.

“Our Caribbean cruise was something we will never forget and still talk about almost every day. For the both of us, it was our first time on a cruise, and not to mention, out of the country. I never believed the water in the ocean could be as blue as they show in the commercials because I thought they just did that for advertising, but WOW was I wrong! Saying thank you is the least we can do to show our appreciation for the experience and memories the Muller family has provided, not only to us, but to the rest of the employees as well. I have a feeling we will be spending a lot of money on cruises from now on!”

- Aaron Schlosser & Karly Waltman

Hi, Beverly. Gene and I went on our trip to Vegas. Thank you Muller Family for the wonderful trip you gave to us, we went to Las Vegas and such a grand time. This is something we would not be able to do if it wasn't for you. There are not very many employers out in the world that does the great things you do for your employees. Thank You again and have a wonderful new year. We truly appreciated it.
-Gene and Rhonda Buechle, Moon Lake Ranch.



Gene and Rhonda Buechle on the Las Vegas trip.

Debbie and I had a great time on this cruise. The cities we visited were very nice and we enjoyed the tours that we took. Many thanks to the Muller family for our vacation. This was my first cruise and I was really impressed with all the activities available for the guests onboard.
-Walter and Debbie Greusel

We had a great time and cannot thank the Mullers enough for everything they did to make this vacation possible for all of us!
-Billy Riegler, John Smolczynski, Aaron Schlosser and Eric Slekovac

Dear Muller Family and Reading & Northern Family,
 As we retire, the many wonderful memories we accumulated over our collective 38 years here at the Reading & Northern Railroad will last a life time. We love to brag on the Muller's generosity and concern for their employees. Thank you for allowing us to work here. Best wishes for a prosperous future.
 -Dick & Del Saylor



Katie Bonner with her husband, Tom, and daughters Kailin and Quinn in Disney world.



Vince and Ellen McGuigan on the Las Vegas Trip.

Sarah and I would both like to say "thank you" again to the Muller family. We both had never been to Canada before and really enjoyed our cruise and all the stops along the way.
 -Michael & Sarah Kolbe



Diane and Kenny Leiby on the Las Vegas trip.

After the initial flight complications, we had a great time in "Vegas". In addition to a little casino gambling, we went on an enjoyable day trip to Hoover Dam, a paddle boat cruise on Lake Mead, stopped to see wild mountain goats feeding, & made a stop at a "pinball museum". We saw the "Donnie & Marie" & Cirque Du Soleil shows, floral gardens & the dancing fountains at the Bellagio. Thanks for the memories we made.
 -Diane and Ken Leiby

Holiday Party

By Frances Karycki, AVP Real Estate



The winter weather brought to us by winter storm Alexa on December 14th left the Muller's with the difficult decision to reschedule our holiday party this year. As indicated when it had to be cancelled, it is being rescheduled for April 5, 2014 so mark your calendars for a great time and celebration!

Please RSVP to Beverly Hess via email at bhess@readingnorthern.com or by fax at 610-562-1921 if you will be attending. We look forward to seeing you there!

We have calendars as gifts from the party for each employee. Please see Beverly Hess or Frances Karycki to pick up your calendar in the Port Clinton office. If you do not go to the Port Clinton office, please arrange with your supervisor and we will get them closer to your reporting location.

Get your 2014 Calendars!

Call 610-562-2102 between 8:30am-5:00pm Monday through Friday to place an order!
Calendars cost \$14.95 postage paid.



Reading Blue Mountain & Northern Railroad
◆ 1983 - 2014 ◆

Special Thanks to those that have contributed photos for the 2014 RBMN Calendar!



Chris Starnes developed an interest in trains at an early age and began casually photographing trains as a teenager. But after graduating high school in 2001, Chris' rail photography developed professionally when he became the first photographer to have a digital born image published on the cover of Railfan and RailRoad Magazine's May 2004 issue. Additionally, Chris is the co-founder of the popular RailPictures.net website, the largest railroad photography website online. When not photographing trains, Chris works as a diesel and steam locomotive engineer on the Gulf & Ohio's Knoxville & Holston River Railroad / Three Rivers Rambler in Knoxville, Tennessee.



John Hartman lives in nearby Hamburg and has been working for the Reading & Northern Railroad for the past 15 years. Running freight as both an engineer and a conductor, John has been able to document interesting locations and events during his career. Working mostly on the Reading Division of the Reading & Northern, John has had the opportunity to photograph seasonal scenes along the railroad throughout the year.



Eric Slekovac has been working as a conductor and dispatcher for the Reading & Northern Railroad for four years, come March 2014. Eric has always enjoyed taking pictures, as well as railroading, so photographing railroads is the perfect way to combine these two interests for Eric! With an eye for photography, Eric almost never goes anywhere without a camera, so he's always ready to snap that perfect shot!



Michael Thomas, a lifelong resident of Ashland, Pennsylvania, has been photographing the Reading & Northern since 2005 when he first spotted the Mountain Job passing through his hometown. Since then, he has photographed nearly the entire Reading & Northern system. In May 2013, Michael moved to Phoenix, Arizona to pursue a professional career in accounting while working on his MBA.



Anthony Verbyla has been photographing trains since an early age, often joining his father at Reading & Northern Railfan weekends to take pictures. Anthony has been working for the Reading & Northern for ten years as both a conductor and engineer, and enjoys being able to watch the seasons change throughout the year while running freight. Anthony still enjoys photographing the Reading & Northern, choosing to take pictures of the railroad to show it in ways most people don't have the opportunity to see.



Kenneth Gear spent his childhood within sight of the Lehigh Valley Railroad in central New Jersey. He began photographing trains as a teenager in 1976, a hobby he continues to pursue. He is employed as a maintenance man at the Arnold A. Schwartz Memorial Library in Dunellen, NJ.

Maintenance of Way Makes Way for Great Horned Owl

By Peggy Sue Hentz

The Reading and Northern Railroad is a community leader in stewardship for the environment. That commitment is evident not only through their financial support of Red Creek's programs, but also apparent in the attitudes and actions of their employees.

September 12th, MOW operators Dave Kroznuski and Brad Handling were patrolling the Tremont Branch lines after a recent storm for down trees and railroad obstructions. About two miles from the route 125 crossing, Dave noticed a Great Horned Owl sitting on the ground.



Although well camouflaged, this Great Horned Owl was found by Dave Kroznuski.

Seldom seen during the day and rarely on the ground, Dave and Brad stopped to check if the owl needed help. Since the owl did not attempt to flee when approached, they determined it was in trouble and halted that day's storm patrol to aid this magnificent bird.

Arrangements were made with Red Creek Wildlife Center for the owl's rescue and care. Since the only access to this section of track was by hi-rail truck, Dave remained with the bird, while Brad left to meet with Greg Nason, assistant

rehabilitator for Red Creek, in Tremont. By the time they returned, Dave had given the owl a name: "Owlbert".

Extremely weak, the owl was easily captured and was taken to Red Creek. No injuries were found but the owl showed clinical signs for West Nile Virus (WNV). Spread by mosquitoes, WNV can infect numerous wild and domestic animals and humans. Owls are especially susceptible and often develop encephalitis, inflammation of the brain and surrounding tissues.



Extremely weak, the owl was easily captured.

There is no specific treatment for WNV. At Red Creek the owl received fluids and medication to protect from opportunistic bacterial and fungal infections. He also received anti-inflammatory medication to help reduce any brain and spinal swelling caused by the virus. Recovery can take anywhere from a few weeks up to two years depending on the damage caused to the central nervous system. This owl



Greg Nason once again boards the hi-rail to take the owl home.

was lucky! It was young and healthy and was in the beginning stages of the disease. Treatment was successful and the owl returned to health quickly.

Determining when to release an owl recovering from WNV is tricky. If released too soon, any underlying problems can interfere with its ability to thrive and care for itself. We indefinitely hold on to birds that appear calm and cooperative, knowing this can be a sign of brain damage. We often depend on the owl's behavior to indicate when it's ready for release.

Owlbert's desire to leave became quite apparent during Thanksgiving week when he suddenly became aggressive and flew continuously against the walls and door of his flight cage. A single phone call to RBMN director Beverly Hess set the wheels in motion for the bird's release.

Wednesday morning, November 27th, MOW AVP Eric Yoder quickly made arrangements for the bird's return trip

to freedom. Red Creek rehabilitator Greg Nason and MOW operator Dave Kroznuski met that afternoon at the 125 intersection of the Tremont Branch. Once again the Great Horned Owl boarded the hi-rail truck and rode the two mile track, but this time he was headed home.

Just before sunset, with a light snow falling on the beautiful backdrop of the RBMN railway, the carrier was opened and the owl did not hesitate. He flew fast and strong, following the open tracks until swerving into the trees. He never looked back.



Returning to freedom, the owl never looked back.

Red Creek Wildlife Center's mission is to "offer a second chance to distressed Pennsylvania wildlife through rescue and rehabilitation, public education and by providing training for wildlife rehabilitators."

If you encounter a wild animal like "Owlbert" in need of rescue or rehabilitation, please contact the Red Creek Wildlife Center at 570-739-4393. If you are unsure about an animal's need for help, or how to handle it, please call us first!



Dave Kroznuski and Greg Nason



Photos by Jessica Dasch, Red Creek Wildlife Center

POLICE DEPARTMENT: YEAR IN REVIEW

By Matt Johnson, Lieutenant

The Reading and Northern Railroad's Police Department has been moving forward on several initiatives in our surrounding communities. Our success with our NO TOLERANCE policy for ATV traffic, the progress of the Scrap Metal Theft Prevention Act, and the addition to our police force, have been just a few of the exciting 2013 highlights coming out of the Reading & Northern Railroad's Police Department. This 'year in review' is a glimpse into the progress we have made this year and will continue to make in the New Year.

Since 2012 our police force has grown from two to four full time officers. Our force covers nine counties, roughly 320 miles of track, and over 2000 acres of property. Together, we continuously try to build relationships with over 130 railroad employees, local police departments, local boroughs and townships, district magistrates, and customers to communicate the needs of the railroad. These relationships are our eyes and ears along our lines, and we often rely on them to bring to our attention issues that might otherwise go unnoticed.

The Reading and Northern Railroad has always had a NO TOLERANCE policy for ATVs found on railroad property. ATVs pose numerous problems for all railroads, not limited to damage to railroad property, delays in operation, and the safety concerns they cause for our railroad's employees, customers, and surrounding communities. This NO TOLERANCE policy has shown significant results. Arrests of ATV motorists on railroad property have declined more than 40% in comparison to arrests made in 2012. In 2012 we arrested over 130 ATVs operating illegally on railroad property, and by winter of 2013 we arrested sixty-eight. While arrests of ATV motorists have declined, our apprehension and prosecution of other

criminal acts against the railroad has increased. We filed twenty-two non traffic citations and made sixteen criminal arrests thus far in 2013. This is due in part to increasing our police force, which allows for quicker response time and more area coverage. The opportunity to reach out and work closely with our neighboring communities has tremendously helped in our effort to deter ATV activity and in the prosecution of other criminal activity on railroad property.



Another ongoing issue we continually face is theft of railroad materials. This includes, but is not limited to, rail, anchors, spikes, plates, joint-bars, bond wires, and signal wires. Confounding this issue is the fact that scrap metal facilities accept these materials. In 2011 the Reading and Northern Railroad Police Department approached Senator Argall's office for assistance in amending the current 2008 Scrap Metal Theft Prevention Act to add specific railroad materials to the list of prohibited items facilities can accept. In November 2013, this proposed legislation received a unanimous vote from the Senate Environmental Affairs & Energy Committee. Should this act get final approval, scrap or recycling facilities will only be allowed to accept railroad items from a commercial entity and not from an individual. This act will help eliminate the desire for individuals to steal railroad materials to sell to scrap facilities, and will therefore hopefully reduce theft of railroad property. We also continue to work with local scrap and recycling

facilities on obtaining information and continually educating them on what railroad items look like to deter them from accepting these items.

We would also like to mention that as we enter into 2014 we will be relocating our headquarters to a new home a few miles north of our current location in Port Clinton. The railroad has recently purchased a tract of land which has a pole building and a brick farmhouse situated on it. The Police Department will be making use of these existing buildings and making the transition up to this new location by the year's end.

In conclusion, our goal is to continue to establish good relationships throughout the communities we operate in to work with and educate in a continued effort to deter theft and trespass on our railroad. If anyone ever has any concerns or issues they can contact us directly at 610 562 9403, or contact their local police or county communication center.

2013: The Best Year Yet For The Passenger Department

By Laura Kennedy, Director Passenger

The Lehigh Gorge Scenic Railway had a stellar year in 2013. Our revenue increased by approximately 15% over our 2012 season.

A major accomplishment for the Lehigh Gorge Scenic Railway in 2013 was getting Steam Locomotive No. 425 back into service. There was much excitement when we showcased the engine at Steamtown for Railfest this summer, and people from many communities looked forward to seeing it pass through their area once again.

In addition to our regular schedule of running trains out of Jim Thorpe into the Lehigh Gorge State Park, we had several special excursions throughout the season. As we have for the past several years, the Lehigh Gorge ran two Pennsylvania Dutch Treat Trains in 2013, and both were highly-successful, sold-out trains. These trains run from Jim Thorpe to White Haven and back, and include a "Pennsylvania Dutch Treat" which consists of ring bologna, cheese, pickles, olives, pretzels, and shoofly pie as well as a soft drink.

In late June, we coordinated a train ride from White Haven to Jim Thorpe and back in June. This train was sponsored by the newly-reorganized White Haven Ambulance Association, and was a quick sell out. We are looking forward to working with this organization in the future.

The Lehigh Gorge Scenic Railway also ran our yearly charity-sponsored excursion from Duryea to Jim Thorpe and back in September. This ride benefited Care and Concern Free Health Clinic, Greater Pittston YMCA, and Pittston Memorial Library. The people of these three organizations are well-organized and highly coordinated, and the ride went smoothly as always.

Also in September this year, we ran mini trips for Schuylkill Haven Borough Day. This year was extra special, as the trains were pulled by our steam locomotive No. 425 to mark the 25th Annual Schuylkill Haven Borough Day. Steam locomotive No. 113 made its restored debut at this event providing for some fantastic photo opportunities for festival-goers.



Santa Claus greets some excited rail passengers at Minersville.

Of course, we ran four of our own Autumn Leaf Excursions from Port Clinton to Jim Thorpe and return in October in conjunction with the Jim Thorpe Fall Foliage Festival. Two of these rides were pulled by diesel engines, and two were powered by No. 425. As we have for the past few years, the Lehigh Gorge Scenic Railway also ran trips to the Hometown High Bridge from Jim Thorpe on weekends throughout October.

New to the Lehigh Gorge Scenic Railway for the Holiday Season, we offered seats in the Dome Car to the public. In the past, this car was exclusively a part of Mr. Muller's private collection and only ran for private use.

With the return of No. 425, the Lehigh Gorge Scenic Railway decided to run Santa Claus Special trips from the communities of Minersville and Tamaqua. We ran three hour-long mini-trips

from Minersville on November 30, and Tamaqua on December 7. These rides were a resounding success, and we saw a lot of excited adults and children alike enjoying the spirit of the holidays with a train ride with Santa Claus.



Steam Engine No. 425 pulls a Santa Special train back to Minersville from West Cressona.

The railroad also hosted the sixth-annual Norfolk Southern Harrisburg Division Santa Claus Train on December 14th from Port Clinton to the Hometown High Bridge and back. As always, everyone had a great time on this ride, and we look forward to working with Norfolk Southern again next year.

Our vintage passenger equipment requires a lot of maintenance to keep everything in tip-top shape. Thanks to the hard work and support from the mechanical department, we had a fantastic year and ran equipment that is better than ever. We made some great aesthetic improvements to the interiors of both Car 5 and the Pullman Car.

Of course, the success of the Lehigh Gorge Scenic Railway would not have been possible without the support and assistance of the guys in the car shop and engine facilities, the hard work and dedication of the Passenger employees, and the continued support of the Operations Department and management.

We are already well into planning our schedule for 2014, and we have some exciting additions planned for next season. Keep an eye on our website (www.LGSRY.com) for the 2014 schedule. See you in May!

Holiday Festivities at the Reading & Northern Railroad

By Frances Karycki, AVP Real Estate

On December 20, 2013 the Reading & Northern Railroad staff got together to don their crazy sweaters for our holiday 'Ugly Sweater' party! The Reading & Northern also gave a heartfelt farewell to Del Jean Saylor, who is retiring after working for over twenty years for the railroad.

The same afternoon, the #425 Steam Engine made a special appearance in Port Clinton, and stretched its legs after a busy passenger season in 2013!



RBMN staff gathered for Del Jean's retirement farewell.



Jolene Busher and Crystal Arndt sporting some crazy "Ugly Sweaters".



Crystal Arndt and Del Saylor



Steve Werley is decked out for our "Ugly Sweater" party!



Andy Muller, Jr. and Ryan Bausher 'talk train' at the Port Clinton station.

Tyler Glass 'checking his operation list and checking it twice' with the 425!

Retiree Spotlight

Del Jean Saylor

By Frances Karycki, AVP of Real Estate

“I just really need a job, I’ll work for minimum wage if money is an issue, but I just really need a job,” this is the statement that Del Jean Saylor told Therman Madeira that persuaded Therman and Andy Muller to hire her 20 years ago. This December, Del Jean Saylor is retiring from her long career working for the Reading and Northern Railroad.

Del Jean Saylor has always been a part of railroading history, having always lived around railroads. In fact, she has many relatives that had worked in the railroad industry prior to her ever working for the Reading and Northern Railroad. Del recalled one of her most exciting moments working for the Reading and Northern Railroad when “Jim Raffa brought in a box of pictures of different people and I found a picture of my dad in the box. It just blew my mind.” Not having many pictures of her father this moment was special to her. Among other trails of history left by her family, Del was able to locate her father’s home on a railroad map, which was just as exciting a find for her, since her father’s home and others in that neighborhood have since been demolished.

Del Jean is retiring from Purchasing in the Finance Department, although she started working as a secretary for the Real Estate Department. In 1995, the railroad moved to Port Clinton and Del became the receptionist in the



new building. Although she always had other responsibilities, Del was an integral part of the Real Estate Department. Over the years, she worked with many other individuals involved in the Real Estate Department. Commenting on Del’s character and work ethic, Therman Madeira said that, “Del always stuck to her guns and consequently she was called, lovingly, ‘the bulldog.’ Once she said it was going to be that way, that was what it was.” When a new receptionist was hired for the Reading and Northern Railroad, Del was able to move to the Real Estate Department full time. Del absolutely loved working in the Real Estate Department, she loved all of the history associated with the Department.

As Del retires, she is looking forward to enjoying her grand children, going on day trips with her husband, Dick Saylor, knitting and crocheting for mission trips, and volunteering two days a week at her church office. We wish Del every happiness in her retirement and thank her for her hard work and dedication over the past twenty years. Del Jean Saylor will always be a part of the Reading and Northern Railroad and its history.

Employee Spotlight Lisa Matz

By Crystal Arndt, HR Administrator



Lisa Matz; Receptionist - Passenger

I am pleased to introduce this quarter's "Spotlight Employee" - Lisa Matz. Lisa has been a part time Car Host and Ticket Agent with the Lehigh Gorge Scenic Railway, formerly known as Blue Mountain and Reading Railroad, since June of 1989. She came to work for Reading and Northern Railroad in October of 2010 as a full time Receptionist within our Passenger Department. Prior to working for the Reading and Northern Railroad full time, Lisa worked full time at Dimensions in Reading, Pennsylvania for eight years.

Lisa was born and raised in Chester, Pennsylvania and graduated from Chester High School and Delaware County Community College. She has been married for over twenty-one years to her husband, Darrell Matz.

In her spare time, Lisa and Darrell like to garden, travel around the United States by train every three to four years, and visit as many National Park sites as they can. Lisa also likes to cross stitch and read.

Lisa is proud to have worked the last twenty-four years in our Passenger Department, in which she is still currently employed part time. Congratulations to Lisa Matz!

(As the "Spotlight Employee," Lisa will receive a \$50.00 gift certificate to dine at a local restaurant.)

Happy Birthday!

Jan 1: **Louis Bugno**
 Jan 1: **Briar Stern**
 Jan 2: **Dustin Berndt**
 Jan 2: **Larry Weller**
 Jan 4: **Stanley Burczy**
 Jan 6: **Ryan Lamm**
 Jan 10: **George Rineer**
 Jan 15: **Kevin Fry**
 Jan 16: **Daniel Gilchrist**
 Jan 17: **David J. Lapallo**
 Jan 27: **Marie Knadler**
 Jan 28: **John A. Wassel**
 Jan 29: **Nadine Barnes**
 Jan 29: **Angela Potts**
 Jan 29: **Raymond Schwenk**

Feb 3: **Andrea Coller**
 Feb 5: **Michael Painter**
 Feb 9: **James Cook**
 Feb 9: **Amy Miller**
 Feb 11: **Keri Gallagher**
 Feb 11: **Michael Kohl**
 Feb 12: **Benjamin Cole**
 Feb 12: **Duane Zimmerman**
 Feb 15: **Matia McKeever**
 Feb 17: **David Evely**
 Feb 18: **Bill Frederickson**
 Feb 21: **Kenneth Miller**
 Feb 22: **Tyler Glass**
 Feb 24: **Jonathan Barket**
 Feb 25: **Brendle Stufflet Jr.**
 Feb 26: **Carol Muller**
 Feb 28: **Stephen Gilbert**
 Feb 29: **John Smolczynski**

Mar 1: **Matthew Fredmonski**
 Mar 2: **Steve Balthaser**
 Mar 2: **Richard Bernhardt**
 Mar 3: **Dan Puksar**
 Mar 3: **Darnell Young**
 Mar 3: **Joseph Zimmerman**
 Mar 7: **Laura Kennedy**
 Mar 7: **Heather Miller**
 Mar 8: **James Danner**
 Mar 8: **Kevin McShaw**
 Mar 10: **Harry Moore**
 Mar 19: **Mary Culp**
 Mar 20: **Nathan Bissey**
 Mar 20: **Matthew Mizikoski**
 Mar 23: **Walter Greusel**
 Mar 24: **Ryan Rupprecht**
 Mar 29: **Elizabeth Neifert**
 Mar 30: **Kathryn Wagner**
 Mar 31: **Jolene Busher**

10 & 3 Year Anniversaries Acknowledged

10 Years



David Kamp;
Equipment Operator - MOW
Hire Date:
November 17th, 2003

3 Years



Kyle Sanders;
Conductor 3 - Operations
Hire Date:
November 9th, 2010

Welcome Aboard!



Denise Kacsur was recently hired as our new Accounts Payable Clerk in the Finance Department. Denise previously worked at Marcone – APW (Appliance Parts Distribution) as a Canadian Warranty Manager for 19 ½ years, and attended Lehigh Area High School and East Stroudsburg University.

Reading Blue Mountain &
Northern Railroad Company
PO Box 218
Port Clinton PA 19549



One of our newly acquired hoppers cars that had just been interchanged at N. Reading Yard.