

R&N MAGAZINE

Winter 2013 • Volume 15, Issue 1

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

Serving our customers, and the environment.



Photo by Duane Engle

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COVER PHOTO:

“The finishing touches to the newly constructed siding at Premium Fine Coal as Duane Engle, Chris Nefos and Brad Handling finish the installation of the split point derail of the siding as Aaron Castle prepares to perform touch ups by grinding the derail.”

NOTE:

FOR THOSE OF YOU WHO ARE COLLECTORS OF OUR RBMN MAGAZINE, WE HAD A VOLUME AND ISSUE MISTAKE IN OUR SPRING 2012 MAGAZINE.

THE SPRING 2012 EDITION SHOULD READ VOLUME 14 – ISSUE 2, NOT VOLUME 15 – ISSUE 2.



Photo Credits: Front Cover Photo by Dick Saylor.

Engine 5017 on a Foliage Trip in October taken at the photo run-by.

Editors: Beverly Hess • Frances Karycki • Wayne Michel



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KEEPING ON TRACK

A Shortline's View of Its Class One Relationship

By Wayne A Michel, President

On December 1st we had our annual holiday party. This year we had over 225 employees, family and friends attend.

As is our tradition, Andy and I each make a few remarks. My presentation, not surprisingly, deals with the state of the railroad.

This year I began my remarks by saying, "If I were to tell all of you a year ago that in 2012 our unit train coal business would be down thirty percent and our Marcellus Shale frac sand business would be down over seventy percent you would assume we had a very bad year."

I thought it was a good opening line for a speech that remarked on yet another great year at the Reading & Northern.

The fact is that our export coal business is down over thirty percent. This is despite the great success of our initiative with Kinder Morgan to develop Fairless Hills into an efficient unit train facility. (See Mike Sharadin's article on p.). Our traffic into Fairless this year will approach two thousand carloads, a huge increase over 2011. And the future looks extremely bright.

Our unit train business is down because of events far beyond our border and our control. Basically, the worldwide economic slowdown has had a great impact on demand for Pennsylvania anthracite. As a result we saw two customers buy, and therefore transport, far less Pennsylvania anthracite than they did in 2011 and much less than what they had projected. As this article is written we are hopeful that 2013 will be a bounce back year but it is too early to tell. We do know our coal shippers have huge stockpiles on line and some have reduced prices greatly in an effort to kick start foreign orders.

An interesting side-effect of this reduction in international demand is that the Pennsylvania anthracite producers have turned their eyes west, towards domestic users. Already in 2011, our domestically sold anthracite is up over twenty percent. Early indications are that the numbers will get even better in 2013.

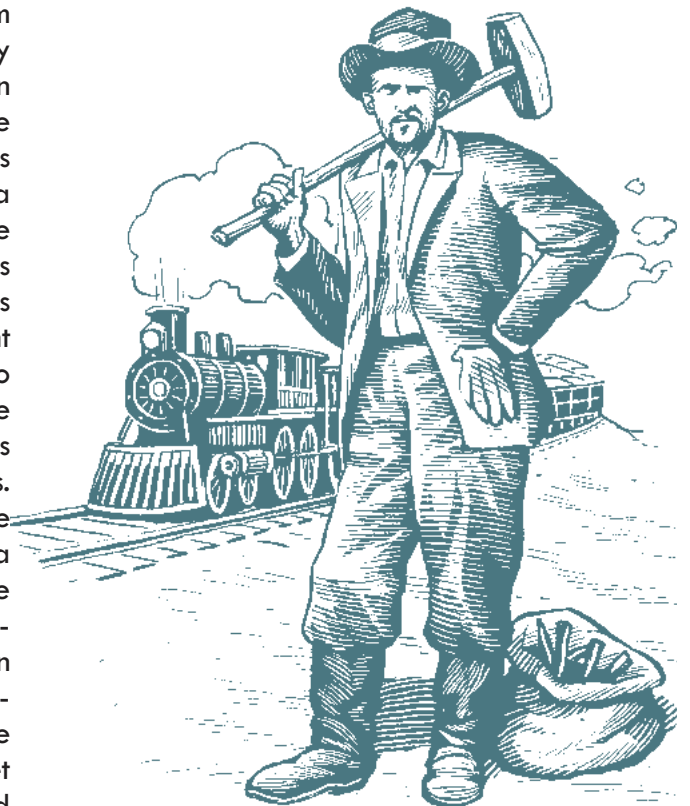
Our challenge going forward will be to match our coal fleet to this shifting demand. As the export market heated up, we made a huge investment in rotary dump and rapid discharge cars. Very few domestic facilities can use these cars. If demand rises domestically we will need to invest in more three or four hopper eastern coal cars. As always, there is no doubt that Andy Muller will do what he needs to do to meet his customers' needs.

The Marcellus Shale decline in business comes from a different sort of supply and demand story. In this case an abnormally warm winter, huge new supply of natural gas, and an absence of a pipeline network to deliver gas to end users led to a steep decline in the price for natural gas. As a result producers shifted their equipment and manpower to drilling in areas where they could get wet gas as well as natural gas. Those areas include western Pennsylvania and eastern Ohio. The result was that the demand for frac sand in northeastern Pennsylvania dropped. Again, we are hopeful that market conditions will turn and

drilling activity will increase in our region in 2013. Whatever happens, we remain committed to this market and working with our partner, D&I Silica, to take advantage of opportunities when they arise.

The amazing part of our 2012 story is that we are having a great year despite this slowdown in unit train and frac sand business. This is largely because of our traffic diversity that I mention so often. While anthracite and Marcellus Shale gather the headlines, the fact is that day in and day out RBMN delivers dozens of general merchandise cars to over fifty customers. The fact is we handle well over fifteen thousand carloads a year of non-coal and non-Marcellus Shale business. And the fact is this core business has paid our bills for years.

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We appreciate that business. In fact, we take great efforts to prove to all these customers just how much we appreciate the fact that they chose to trust us with their deliveries. For example, this year we took the final steps in our Scheduled Railroad program. Every customer now has an agreed-upon two hour service window. And we are doing an excellent job meeting our commitment to deliver cars within that window. Our Operating Department has never operated so smoothly, or so safely.

As noted throughout this issue, our Maintenance-of-Way department has had another phenomenally productive year. Come rain, snow or Hurricane Sandy, they have been working to keep our tracks safe and to expand our infrastructure so as to improve our customer service. Job well done!

Our behind the scenes improvements have been equally impressive.

Our Information Technology effort has never been better and our Finance department is running very smoothly. Our Real Estate department is doing a great job addressing the needs of the freight railroad while entertaining the constant stream of demands for access to our property. Our Passenger Department ended another successful season (see Laura Kennedy's article on p.). And last but certainly not least our engine and car shops have done a magnificent job. In fact, our car fleet is in the best condition it has ever been.

So you can understand why I told our employees and friends that the Reading & Northern is concluding yet another successful year. And the future is remarkably bright. In this magazine we share another amazing story of RBMN moving quickly to secure new business by providing a new facility in record time to support the growing business of our aluminum customer SAPA, and I haven't even

mentioned our acquisition of the rights to serve the Humboldt Industrial Park in Hazleton. Humboldt is quite simply the finest industrial park in the entire region and it is continuing to grow. The customers are anxious for us to begin providing our customer-oriented service to their facilities and we are working with our friends at Norfolk Southern to arrange for a smooth transition to RBMN operations.

The Muller family made sure that every RBMN employee had an extra reason to smile this holiday season when they announced last month that they were paying to send our employees on another fantastic vacation. (See article p.)

Simply put, at the Reading & Northern we have much to cheer about. So from all of us to all of you have a Merry Christmas, Happy Holiday and a healthy and prosperous New Year.

Building the Business by Serving the Customers

By Dennis Shaffer, V.P. Business Development

In early October we became aware of an opportunity to increase our market share of aluminum billets moving into Cressona. Because of the way aluminum is traded it is often advantageous for trading firms to buy large quantities of material when the market conditions are favorable. The problem becomes where to store the material until it is needed. This is where we came in.

Located next to the SAPA aluminum plant, our underutilized Cressona Yard is ideally situated for this purpose, however to take advantage of the opportunity we needed to move quickly to clear and prepare the property, build a dock, and acquire the necessary equipment to load and unload railcars. Fortunately, we didn't need to go through a long review and approval process. Andy Muller, Jr. reviewed the numbers and gave the "go ahead" the next day. We told our customer to bring on the business, we can handle it.

Through a coordinated effort involving all departments, in less than thirty days we transformed an unused part of the Cressona Yard into a first class transfer and storage terminal. The first group of cars for unloading into storage began arriving in early December. The aluminum will be stored until needed when it will be reloaded into railcars for delivery to SAPA and other customers. The ability to now offer trans-load and storage services will result in a significant increase in our market share of aluminum; business that previously moved by truck.

Everyone involved deserves credit for working together as a team to make this happen, but special thanks goes to Steve "Chut" Balthaser and John Walaitis for getting the construction part of the project completed in record time. Of course none of this would have been possible without the quick action and support of our entrepreneur owner; Andy Muller, Jr.

2012 EXPORT COAL IN REVIEW

By Michael Sharadin, A.V.P. Coal Traffic

What a difference a year makes! Last year at this time we were a couple months into our new partnership with Kinder Morgan. All of the Rio Tinto business, formerly Quebec Iron & Titanium (QIT), which had been going to the Consol facility in Baltimore, MD for decades, was now going to the Kinder Morgan port at Fairless Hills, PA. Not only were we switching ports to handle our largest coal receiver, but we were also experiencing a change in our hopper car utilization and needs. Thankfully, help was on the way.

In October of 2011, the first Rio Tinto train was shipped to Fairless Hills. At the time, Kinder Morgan could only use the steel, bottom-dump cars with the RBT conveyor system we helped purchase. With our largest coal receiver now using our steel, bottom-dump cars, car supply became extremely tight. Every day we were literally tracing every car in our fleet to make sure they weren't dwelling too long at any one place. We had cars scattered across the country so it wasn't an easy task. Our fleet was stretched thin but we made

button, all five-pocket doors on the car open at once and conveyors on the Ashross move the material to trucks which took the coal to a stockpile. Unloading a car went from forty-five minutes using chains, come-alongs, and a massive overhead shaker, to pushing a button and having the car empty in less than ten minutes. Just a couple of weeks ago, Kinder Morgan unloaded one hundred and sixty rail cars in less than two days!!!! Last year, this would have taken well over a week to unload the same number of cars.



(L-R) Dan Gilchrist, Michael Sharadin, Tyler Glass, Steve Balthaser, Wayne Michel, John Dubick. RBMN Rapid-Discharge car is positioned over Kinder Morgan's Ashross unloading system. Photo by Joe DeMatteo.

One of the biggest challenges we experienced with the switch to Fairless Hills was managing our hopper car fleet. In 2010, Mr. Muller purchased one hundred and eighty-seven aluminum, rotary-dump cars for use down to Baltimore and out to Sandusky, OH. These cars were solely used for our export business, which in turn freed up most of our steel, bottom-dump cars for our domestic business. With the car fleet set up this way, we had dedicated fleets for export and domestic business. Also, when export business picked up in early 2011, we still had the flexibility to use the steel, bottom-dump cars at Baltimore and Sandusky.

it through the end of the year without missing an order.

Towards the end of 2011, Mr. Muller purchased two hundred and forty-eight rapid discharge cars to use at Fairless Hills for Rio Tinto and any other export business going to the port. Through the winter months, our car shop worked feverishly inspecting the cars and making sure they were ready for service.

By late spring, Kinder Morgan had their new Ashross unloading system built, and we were shipping carloads of anthracite to Fairless using our new rapid discharge cars. It didn't take long to realize this was a match made in heaven. With the push of a

Simply amazing!

By the end of 2012, we'll have shipped well over two thousand carloads of anthracite coal to Kinder Morgan for the year. We expect rail traffic to continue to grow at Kinder Morgan and our expectations for 2013 are even higher. Next year, at this time maybe I'll be sitting here writing an article about the improvements made in 2013 and how much of a difference another year makes. Is that asking too much? Knowing the company I work for & the companies we partner with, I wouldn't bet against it.

Dried Coal Developments

By Dan Gilchrist, V.P. Marketing & Sales



Recently RBMN maintenance of way forces took part in what ended up looking like an archeological dig. Actually it just seemed that way, as we needed to dig down deep to uncover a buried rail line that goes to a dryer facility in Gilberton owned by Reading Anthracite. Reading Anthracite is refurbishing their drier at Gilberton and RBMN just completed the necessary track work to be able to load cars there. This was mostly a project to uncover existing tracks long since forgotten about by almost everybody. The tracks here had not seen the light of day for many years but amazingly, they were ready to use again after a bit of work by our maintenance of way guys.

Dried coal is one of the markets we have participated in since about 2002. This coal moves in covered hopper cars instead of open tops, and we acquired one hundred and fifty covered hopper cars to support this business. This fine, dried coal is used in steel manufacturing. In fact, a fair amount of the coal we ship in regular open top cars to the domestic market is transferred into driers before being delivered to the final

customer. A major competitor for this market is imported anthracite from Russia moving into New Orleans, LA or Mobile, AL and then barged up rivers to steel mills.

We have two active customers currently loading covered hoppers on RBMN, Kimmel Coal in Tremont and Mountain Top Anthracite in Mountain Top.

With the economic downturn hitting the steel market especially hard a few years ago, the market for dried coal declined substantially over the past few years.

With some recent improvement in the market, volumes are on the upswing again and there is renewed interest in drying coal on our railroad.

In addition to the new drier at Gilberton, there are also active discussions under way at other facilities about adding coal driers. This is just one more way the PA anthracite producers are looking to compete in the global marketplace from the Reading & Northern Railroad.

Stay tuned for more developments and let's make sure we keep giving our customers the best service possible to help them compete with the rest of the world.

A Note of Appreciation from the CEO

As many of you know I have a great passion for track. I am constantly out on the railroad walking along our track or taking my Office Car Special out for weekend trips.

Over the last two years I have also been actively involved in directing the work of the maintenance-of-way team. I got involved because I could see for the first time since I took ownership of the railroad that we were very close to getting to a finished main line. I wanted to make sure we put our resources in place to get this project done.

And we have. Through tireless work by our MOW team and select contractors we have gotten to the point that by next spring our main line from Reading to Dupont will be "finished." We will have no slow orders, our bridges will be fixed, and our joints will be eliminated. The tie condition and surfacing will be excellent.

I cannot tell you how exciting it is to see this railroad look better

than it has in probably in over half a century.

This end product is the result of a fantastic group of guys who have worked tirelessly to complete this project. I am very proud of each and every one of them. I am amazed at how they have been able to accomplish all of this while handling numerous other tasks from putting in customer sidings to cleaning up after Hurricane Sandy.

Thank you all for a job well done.

Andy

Andy Muller, Jr.
Chairman/CEO

SUPER STORM SANDY – THE RBMN IMPACT

By Duane Engle, A.V. P. of Track & Erik Yoder, MoW Administrator

The recent devastation by Super Storm Sandy is still very fresh in all of our minds. It has been years since so many people have been out of power for such a long period of time.

We were fortunate at the Reading & Northern. While the storm impacted us, it was not devastating to our region of the country.

Nevertheless, any time a storm of this magnitude is forecast a railroad must take precautions. This is a story of how RBMN prepared for Sandy and dealt with her impact after the fact.

In advance of Sandy's landfall our track workers identified potential problem areas. Our major concern was drainage. Accordingly, our track gangs prepared the areas of most concern to ensure we had good water flow.

Since Sandy hit at night, we shut down the railroad as a precaution. We wanted to assess damage before sending any trains out over the railroad. In order to ensure safety for our operating crews and our track gangs we pushed the start time for reporting to work back a few hours. Not surprisingly when the men did get together everyone wanted to make sure their co-workers and their families were safe. Once we knew we had all survived Sandy it was time to get to work.

We needed to quickly get out on the three hundred and twenty plus mile railroad and provide assessments to headquarters so that Operations would know when we could begin service to our customers. We divided our track workers into teams of two and sent them out to inspect the railroad and clear any obstructions whether big or small so trains can begin to move again. Teams went to work in the field and we kept resources in a location near our headquarters with power and wifi service in order to coordinate all field work with Operations. McDonalds became a critical part of the Reading & Northern as power and telephone and cable lines were out to headquarters. Although we had power through a generator, our internet and cell service was spotty at best. The day quickly morphed into an eleven hour day filled with tree after tree cut and cleared off the track.

After the dust settled we reflected on what we had done. In the two days after the storm, the track department inspected three hundred miles of track, cleared all seventy-five plus down trees inhibiting train movement, and cleared all debris on the railroad in striking distance of passing trains or next to any storage cars.

We were back in service and our customers barely noticed any disruption.

The track department prepared for Sandy and then reacted quickly and correctly to her damage. Once again, the Reading & Northern track team worked and did what they always do; they made sure the railroad was open for business.

EMPLOYEE



MATT FREDMONSKI

By Crystal Arndt, Human Resources



I am pleased to introduce this quarter's "Spotlight Employee"; Matthew Fredmonski. Matt was hired as a police officer for the Reading and Northern Railroad in January of 2012. Before Matt was working for RBMN, he worked at the Duryea Police Department for 6 years and the Avoca Police Department for 4 years.

Matt was born at the CMC Hospital in Scranton, PA and was raised in the town of Duryea; where he currently resides. He graduated from Seton Catholic High School in Pittston, PA and then graduated from the Lackawanna College Police Academy in Scranton, PA.

Matt has a "very big, loving, caring and generous family." He has a son; Sam who is one of the most delightful people in his life. Matt is proud to announce that "Sam is 16 months old and is growing very fast; each day brings something new and exciting. He is in the 99% of his age group and is a very healthy and strong boy who I love with all of my heart." Matt also has a dog; Suzie who is a Maltese.

In Matt's spare time, he enjoys fishing, hunting, golfing, basketball, going to the beach, swimming, hiking and being outside enjoying life. He would like to say that he is very grateful for the job he has as a police officer with the railroad and he is also grateful to have "great co-workers who are always there to lend a helping hand."

Congratulations to Matthew Fredmonski!

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

MoW = Maintenance Construction of Way

Article & Photos By Duane Engle, A.V.P of Track & Erik Yoder, MoW Administrator



1 (L-R) Chris Nefos, Mario DeMarco, John Brown, Brendle Stufflet, Dale Homm (backhoe).



2 (L-R) John Brown, Mario DeMarco, Chris Nefos, Larry Weller (hidden), Dale Homm (backhoe).



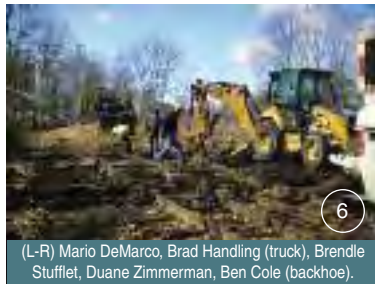
3 (L-R) Dale Homm (backhoe), Dave Kroznuski, Brendle Stufflet, Brad Handling, Mario DeMarco, Ben Cole



4 (L-R) Dale Homm (backhoe), Duane Zimmerman, Larry Weller, Chris Nefos (hidden).



5 (front) Aaron Cassel, John Brown; (back) Dale Homm, Justin Levan.



6 (L-R) Mario DeMarco, Brad Handling (truck), Brendle Stufflet, Duane Zimmerman, Ben Cole (backhoe).

Sometimes people ask us what do you do with all the MOW employees and equipment. They assume that we have so many resources that we must do more than track maintenance.

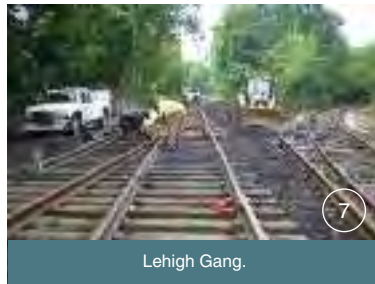
The truth is that a good track maintenance program for a railroad our size requires lots of men and lots of equipment. But there is another truth and that is MOW at the Reading & Northern often means COW, construction of way.

This year much of our time was spent on building more track. Whether the track is related to specific customer projects or to improve our operations, the fact is that we are busy building. Just take a look at our 2012 construction schedule.

1. Construction of additional storage tracks & two switches in North Reading yard. Early Jan – Middle Feb
2. Construction of one hundred feet of additional storage track & switch in Tamaqua Late Jan – Late Feb
3. Construction of a switch & one hundred feet of track in Port Clinton for MOW equipment Early Mar – Early April
4. Construction of a new switch & new eight hundred foot siding for Premium Fines Company in Tamaqua May
5. Rehabilitating three tracks & seven switches in our Riverside yard for D&I Silica (this is listed under new construction due to the nature of damage caused by Hurricane Lee) Middle March – End of April
6. Construct additional one hundred & twenty foot track at Colts, which also including building a large retaining wall & four feet of fill to provide the ground to extend the track. End of April – End of May
7. Construction of an additional twelve hundred foot track to extend the Scranton Run Around Middle May – Early August
8. New dock construction in West Cressona yard for unloading railcars

On top of all of those projects we have also been slowly working on a plan to expand our Dauberville siding into a full passing siding. This project has been ongoing since March.

This impressive list of achievements is proof positive that the RBMN track department is much more than a maintenance of way department. We are a construction department dedicated to doing what it takes to serve our customers and ensure that our Operating department has the infrastructure needed for safe and efficient operations.



7 Lehigh Gang.



8 (L-R) John Brown, Dale Homm (backhoe), Larry Weller, Aaron Cassel.



Multiple departments working together on the installation of the Wildcat Road Crossings.

Safety Action in 2012

By Tyler Glass, V.P. Operations

2012 has been a year of concrete action and concrete results when it comes to our safety program.

Just consider these numbers: derailments down over forty percent; reportable injuries down over fifteen percent; and human factor incidents down over fifty percent.

These are results to be proud of and a record to build on.

A lot of people in a number of departments worked together to get this improvement. One critical area of improvement was in the interaction between Operations and Maintenance of Way. Earlier in this Magazine there were a number of articles about the productivity of the Track department in 2012. What was not mentioned was the decision by MOW to prioritize items of concern raised by the Operating department. Historically most items reported by train crews would just be added to the list of MOW work and would then be addressed as time permitted. Now, there is a collaborative effort between the two departments where we hammer out what items need to be addressed immediately versus those items that should be addressed as time permits when the MOW forces are in the area. In order to make sure that our train crews see the value in reporting concerns, we make sure that the crew which initially wrote up the concern is kept informed on the progress of correcting the issue.

Another area where Operations and MOW worked closely together is signage. It may seem a little thing but the truth is having proper signs out on the railroad is one of the keys to making for a safe work environment. Whether it's our "switched lined and locked" signs or our large

derail markers, MOW continues to keep plugging away at this initiative. We are continuing to develop additional signage to identify potential hazards along the right of way.

We are also sending out safety notices and tips throughout the year. When the railroad industry suffers a tragic incident with an on-duty worker we will forward safety notices to our employees. These safety notices will give a background on the incident as well as some items to look out for in the field to avoid these types of occurrences.

Also we don't wait for an incident to send out safety notices. For example, right after Thanksgiving we sent out some safety tips to our employees asking them to keep focused on their jobs as we entered the holiday season which can be full of distractions. Although the tips may seem like common sense we thought it was necessary to just get people thinking about safety.

These are just some of the actions we have taken in 2012. We are pushing safety concerns out to the field to make sure we have the input from all employees. Working together with people in the field and in management, in Operations, MOW and the Shops, with new hires with other industry experience and old RBMN hands, we will continue to do what it takes to make our railroad safer.

Very simply our goal is to make sure every employee at the Reading & Northern gets home safely to their loved ones every day and night of their career. We made good progress in 2012 towards that goal but we have more to do. Stay tuned to follow our progress.

2012 Recorded as Most Productive Year for RBMN Track Dept.

By Wesley Westenhofer,
V.P. Maintenance of Way

In my last article I mentioned how we had reorganized the Maintenance of Way department to improve our efficiency.

In this article I want to give credit to the men who do the actual track and bridge work. These men working together as a great team gave us the most productive year in terms of track work in the history of the Reading & Northern. And it is due to their tireless hard work that I can report that the Reading & Northern's track condition is the best it has ever been.

In 2012, we replaced more ties, surfaced more miles of track, eliminated more joints, and constructed or rehabilitated more switches than in any other year in our history. This was accomplished using a combination of our experienced internal work force as well as laying out a large sum of capital to purchase contracted services for some of the larger scale projects.

An accomplishment of this magnitude requires a little bit of luck. For us the stars aligned when we entered into 2012 with a very mild winter. Instead of cleaning ice and snow from our switches and battling winter weather during the first three months of the year, we were hard at work on two customer related projects. One being an existing customer the other a new customer. For our existing sand business with D&I Silica, we rebuilt six switches and over 7,000 feet of track in our Riverside Yard in Pittston for storing carloads of sand. Coming on board as a new customer in Tamaqua, Premium Fine Coal was the recipient of a brand new switch off of our mainline as well as an 800' long siding for outbound coal loading. Completion of these projects, solely by RBMN forces, occurred prior to the end of May.



North end of Bridge 144.92 showing the brand new timber decking.

During this time, we were also well into three other large scale projects geared toward improving the efficiency of our train operations as well as assuring we had enough track space to accommodate anticipated traffic growth. We constructed a new switch, relocated another switch and extended our Scranton Runaround over 1,100 feet turning what was a 10 car runaround, into a 25 car runaround. At the same time our northern gang was working on this project, our southern gang was constructing two new switches and hundreds of feet of track in both our North Reading Yard and in our Tamaqua Yard.



(L-R) John Brown, Mario DeMarco, Chris Nefos, Larry Weller & Dale Homm rebuilding #3 switch in the Tamaqua Yard.



(L-R) Jason Witner, Shawn Slusser, Ryan Rupprecht (flexing) & Jose Mendoza constructing the south switch for the Scranton Runaround extension.



Dale Homm's excavation work at Gilberton Coal Company uncovered track that has been buried for over 25 years at the exact location a new siding was needed for new outbound coal business.

Our surfacing gang also had a successful year despite some downtime for equipment repairs. Since we continue to experience warmer than normal temperatures as I write this article, the machines continue to add to the 52 miles of track already surfaced this year. We also spent a great deal of money purchasing approximately 30,000 tons of new ballast this year.

We reached a significant milestone in the second half of the year – we have been slow order free on our mainline for over four months! With over two million gross tons of traffic moving over half of the main and just under 10 million gross tons on the other half, this is quite an achievement. Over the last few years, we've been working towards this goal, but it always seemed like every time a slow order was removed, another needed to be applied. Over time, this trend stopped, however, we had two bridges and a grade crossing requiring a great deal of work and a great deal of money to repair them and remove the slow orders. The decision was made to attack each in a progressive manner. Our Lehigh track gang rebuilt both approaches to a heavily used grade crossing in Pittston to remove one slow order, while our bridge team performed sub-structure steel repairs, and replaced 150 bridge timbers on a 275' section of Bridge 130.9 followed by replacing 100 bridge timbers, 120 ties and adjusted the track alignment on a 2,000 foot section of track that crosses over two separate bridges known as Bridgeport, located just south of White Haven at MP 144.9. All three of these projects were performed successfully in house with our own personnel.

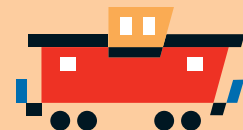
Our commitment to a safe and efficient railroad is also shown in our decision to hire a number of contractors to work on the railroad. We have had W.E. Yoder out almost the entire year replacing ties at various locations on our lines. In addition, G.W. Peoples has just begun the replacement of 18,000 ties on our main. People's has just eliminated the 60th

joint out of the 200+ joints remaining on our mainline. After this project is over, our mainline will be made up of entirely CWR. Two years ago, we had roughly 7,000 joints on our main. I can honestly say, and I speak for the entire department, we now have 7,000 less headaches to deal with.

These are just a few of the highlights our department has accomplished this year and the list continues to grow. Similar to the first quarter of the year, we are hard at work on projects just as we would be if it were summertime. Just three weeks ago, in preparation for new outbound covered hopper business out of Gilberton Coal Company, we literally uncovered an old siding buried under about two feet of coal dirt. After a few days of work, the siding is now in service for loading.

As you can see, we've had quite a busy year. There is one thing that must be pointed out in an article with such a large list of large projects and that is that all of this work and the materials associated with it do come at a cost, a large cost at that. Clearly, our company is doing well since many millions of dollars were put into our track maintenance program this year. It also helps that we have a superb team maintaining our lines. Most importantly, it is very helpful that we have an owner who treats his railroad like a model railroad. Striving for the cleanest, smoothest and nicest looking track one could see, he is not afraid to open the checkbook, which makes all of our jobs a little easier.

Little Caboosees' Corner



1. Look out Reading & Northern –here is our future conductor! Seth Young, grandson of Diane Leiby (Finance), chose to be a conductor for Halloween this year.

2. Ryan (MOW) and Adrianna (and we can't forget big sister, Lily) Rupprecht welcomed a handsome little boy named John Joseph on May 21st this year. He weighed 7lbs 1 oz and was 18 ½ inches long. Best of luck with your new addition!

3. The Pittsburgh Steelers gained a new fan. Jim (Dispatcher) and Shanna Cook added another adorable little boy to their family. Gavin Robert was born on October 22nd weighing in at 7lbs, 12oz; 19in. Here is Gavin, pictured with big brother Keenan.

4. Crystal Arndt (Human Resource) took her family to Jim Thorpe for a Lehigh Gorge Scenic Railway sponsored train ride. From left to right are David (nephew), Autumn (daughter), Ryan (nephew), Jordan(son) and Tyler (nephew). A great time was had by all.

Moms & Dads, proud of your little ones? Want to tell us something?

WE WANT TO KNOW! Submit information about your little ones (big or small) along with pictures, if you wish, to: rnmagazine@readingnorthern.com

Baby Scramble!

Match the adult to their baby picture.



Jason Trainor



Jim Cook



John Walaitis



Ryan Parks

Baby Scramble Answer Key on Page 16

Say What?

By Elizabeth Neifert

Watch out! Here comes 'Hell on Wheels!' Don't bother trying to change his way of thinking, he's got a 'One-Track Mind!'

Ever stop to think about the origin of the many slang phrases used in everyday conversations?

Do you realize the vast number of expressions that originated from the good 'ole railroad days? Well, not only have railroads played (and continue to do so) a key role in both freight and passenger movement, but quite a few of their key pieces of jargon have made their way to popular use in everyday language.

Following is just a brief list of phrases (some common, some not so much) thought to have come from railroading. See which ones you know and recognize and perhaps (and hopefully) some you won't!

Asleep at the Wheel (Switch): This term came from 19th-century railroading, when it was the trainman's duty to switch cars from one track to another, via manually operated levers. If the trainman failed to properly switch tracks, trains could collide. We use this phrase to simply mean inattentiveness, or not alert.

Hell on Wheels: This expression originated with the building of the Union Pacific Railroad in the 1860s, when it denoted the last town on the line. The town is said to have consisted mainly of tents occupied by construction gangs, liquor dealers, gamblers, and other camp followers known for their rough and often vicious ways. Today we use this phrase to mean tough, aggressive, and mean.

Deadbeat: Defined by the American Heritage College dictionary as "one who does not pay debts." This word was coined in the late 1800s when railroad

workers noticed that loaded freight cars made a different beat over the track-joints than empty cars. The cars not carrying a load made a 'dead beat' as they passed over track-joints, and of course, empty cars not carrying any freight meant they weren't paying their way. By the beginning of the 20th century 'deadbeat' came to mean people who failed to carry their share of the load.

Gravy Train: Circa 1920, gravy train was railroad slang for an easy run that paid very well. In today's slang, the meaning hasn't changed much, and according to the Heritage Dictionary of the English Language means, "an occupation or other source of income that requires little effort while yielding considerable profit."

Grease Monkey: In railroad terms a grease monkey was an employee who was responsible for greasing frogs, switches and interlocking track equipment. A car oiler may be described as a grease monkey. In today's lingo, the phrase grease monkey also hasn't changed much over the years, in that when one thinks of the term grease monkey one may easily envision a mechanic, or anyone who doesn't mind getting dirty while conducting work.

Highball: In railroading terms, this was a term designating the signal made by a trainman waving his hand or lamp in a high, wide semicircle, meaning "Come ahead" or "Leave town" or "Pick up full speed." Another similar way this term was used was thru the phrase to "ball the jack," meaning to make a fast run. The idea for the word highball probably originated from the old-time ball signal on post, which was raised by a pulley when the track was clear. Very few of these are still in service. Today we use this to mean to go at great speed.

You can hear a Pin Drop: This phrase comes from the old link-and-pin coupler days, when all was quiet at the rail yard. In today's world the phrase in essence means the same thing, describing a very quiet scene or time.

-How many of these did you recognize? Bet you can think of a few more! I hope you had as much fun reading and learning about this as I had in doing this! Nonetheless, thank you for 'Lending me your Ear!'



Another Successful Year at LGSRR

By Laura Kennedy, Passenger Director

The Lehigh Gorge Scenic Railway had a solid year in 2012, and we stayed on par with the numbers from the 2011 season with approximately fifty thousand riders.

This year, we replaced the caboose on our regularly-scheduled rides with Car 5, our First Class option. For \$24, passengers in the First Class Car receive a snack and beverage, and have the option to ride inside the car in the parlor area, or outside on the back platform. This car has also proved to be popular for small family gatherings and birthday celebrations. We've even had a couple marriage proposals this year in the First Class Car!

The Lehigh Gorge also ran several special excursions throughout the season. In early May, we partnered with the Lackawanna & Wyoming Valley National Railroad Historical Society Chapter to run a photo freight excursion on May 5, 2012. This ride included a few photo run-by stops, as it departed Port Clinton, traveled south to North Reading, then to Mahanoy City and back to Port Clinton. As we have in the past few years, the Lehigh Gorge also ran two Pennsylvania Dutch Treat Trains in 2012, and both were highly-successful, sold-out trains. We 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. Also in September, as always, we ran mini trips for Schuylkill Haven Borough Day. Of course, we ran three of our Autumn Leaf Excursions from Port Clinton to Jim Thorpe and return in October in conjunction with the Jim Thorpe Fall Foliage

Festival; these trips sold out in record time this year. We also ran trips to the Hometown High Bridge from Jim Thorpe on weekends throughout October. The railroad also hosted the fifth-annual Norfolk Southern Harrisburg Division Santa Claus Train on December 8 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 NS again next year.

Our vintage passenger equipment was in need of some serious TLC. Thanks to the guys in the mechanical department, we have made many improvements to the passenger equipment in 2012. Some of the work they did included replacing the working parts on all of the windows of the nine red coaches as well as extensive work on the springs and vestibules of the cars. Their hard work and expertise has paid off, and our equipment is better than it has been in years.

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 mechanical department, the hard work and dedication of the Passenger employees, and the support of management.

We have begun discussing new ideas and ways to enhance the Passenger Department for 2013. Keep an eye on our website (www.LGSRY.com) for the 2013 schedule. See you in May!

Letting Them Fly

by Peggy Hentz

Red Creek Wildlife Center, Inc.

Whether it's the regal image of the peregrine falcon, the majesty of the red-tailed hawk or the "cuteness" of the tiny eastern screech owl, people are often spellbound by Red Creek's education birds. Live wildlife programs allow the public to see nature "up close and personal" and each bird tells a story and has a lesson to teach.

No other bird, however, attracts as many comments, elicits as much emotion and has as strong of a message as a very plain, unadorned and extremely common bird: the American crow.

It seems most people have an opinion about crows. Some people hate them, considering them an overpopulated nuisance, but many others come forward confessing this to be their favorite bird. A few will even relate stories about rescuing a crow or fond childhood memories of having a crow as a family pet.

The crow's large size, boisterous habits and large numbers make it one of the most familiar birds, yet its habits and lifestyle are often shrouded in legend and lore. I am no longer surprised by how many people voice the desire to own a crow as a pet, but I am often surprised by how little people actually know about this complicated and intelligent bird.

Crows will eat just about anything, neither limiting their diet nor how it is acquired. They will take on the roles of gatherer, scavenger, harvester and even predator when the opportunity arises. Flexibility and their willingness to work cooperatively may be the strongest reasons these birds are so successful.

Creativity and intelligence are also strong traits ensuring survival. Crows will often cache food when plentiful, and have been known to be quite resourceful when faced with obstacles. One family of crows, when faced with a hard-shelled nut crop they could not crack, was filmed using motorists at an intersection to open the nuts. They even learned vehicle movements according to the traffic signal changes, and used the traffic light to safely place the nuts in front of the tires. Flying to safety when traffic moved, they would again await the signal change to gather their bounty.

Crow family life is cooperative. At two years of age, a crow will choose a mate. The pair then bond for life, raising babies once each year. The juveniles often remain close to the parents for two years, separating once they themselves reach breeding age. Juveniles from the previous year will help gather food for the next year's nest of young. Larger flocks of crows will consist of extended families spanning many generations and there is evidence that information, such as food supplies and dangerous areas, is passed down through those generations.

Like humans, it seems crows understand having a family nucleus with older and younger siblings, as well as extended family. Perhaps it is their many human-like qualities that make these birds attractive to those seeking one as a pet.

Crows arrive at Red Creek for many reasons. Many come to us sick, often suffering from West Nile Virus, and a few suffer injuries due to



accidents. Many more arrive after being shot or poisoned, victims of the negative image many people have for these birds. The most devastating conditions, however, come not from hate, but from the desire to own them as pets.

Each summer Red Creek takes in several babies that were each found by someone who decided to keep it and raise it themselves. Whether the goal was to eventually release it or to keep it as a pet doesn't matter – the resulting diet and lack of proper social stimulation usually have horrendous effects.

Our educational crow, Boyd, has such a history. Found by a family who immediately loved and cared for him, he suffered from malnutrition early in his growth period. Lacking the correct balance of calcium and other nutrients, his bones became weak and deformed. His feather growth was stunted, as was his learning ability. Many baby crows in this condition are beyond the ability to recover from their humane-induced plight.

Boyd was lucky, though. Through a strict long-term rehabilitation regimen, he recovered physically and regained his health. Although his early connection with humans stole his freedom, he is thriving at Red Creek.

He also has an important role and a lesson to teach. Each program he attends attracts those who would desire ownership. Through his story people learn about the lifestyles of crows and how important their freedom is to their health and psychology. He helps teach those who would rob another of his kind their freedom and, although he cannot fly free, may help others do so.

Boyd is an ambassador with an important message. It is easy to tell someone that possessing wildlife is unlawful, but to have someone meet an animal that bears witness to the reasons behind the law is a lesson well-learned.



Welcome Aboard . . .

By Crystal Arndt, Human Resources



Edward Kopeck was recently hired as a Signal Maintainer within our signals department. He attended Bishop Hoban High School and Luzerne County Community College. Edward previously worked for B&M Seasonal Service as a driver.

Douglas Watts was recently hired as Director of Operations Planning within our operations department. He attended Yeadon Area High School and Wharton School of Business at the University of Pennsylvania. Douglas has previous railroad experience from Conrail and BNSF Railway. Before he came to work at the RBMN, Douglas was a self-employed transportation consultant.

**HAPPY
Birthdays!**

JAN. 1	LOUIS BUGNO	FEB. 21	KENNETH MILLER
JAN. 1	BRIAR STERN	FEB. 22	TYLER GLASS
JAN. 1	DOUGLAS WATTS	FEB. 24	JONATHAN BARKET
JAN. 2	DUSTIN BERNDT	FEB. 25	BRENDLE STUFFLET, JR.
JAN. 2	LARRY WELLER	FEB. 26	CAROL MULLER
JAN. 4	STANLEY BURCZY	FEB. 28	STEPHEN GILBERT
JAN. 6	RYAN LAMM	FEB. 29	JOHN SMOLCZYNSKI
JAN. 10	GEORGE RINEER	MAR. 1	MATTHEW FREDMONSKI
JAN. 15	KEVIN FRY	MAR. 2	STEVE BALTHASER
JAN. 16	DANIEL GILCHRIST	MAR. 3	DAN PUKSAR
JAN. 17	DAVID, LAPALLO	MAR. 3	DARNELL YOUNG
JAN. 27	MARIE KNADLER	MAR. 3	JOSEPH ZIMMERMAN
JAN. 29	NADINE BARNES	MAR. 7	LAURA KENNEDY
JAN. 29	ANGELA POTTS	MAR. 7	HEATHER MILLER
JAN. 29	RAYMOND SCHWENK	MAR. 8	JAMES DANNER
FEB. 3	ANDREA COLLER	MAR. 8	KEVIN MCSHAW
FEB. 5	MICHAEL PAINTER	MAR. 10	HARRY MOORE
FEB. 8	ERIKA MAURY	MAR. 19	MARY CULP
FEB. 9	JAMES COOK	MAR. 20	NATHAN BISSEY
FEB. 9	AMY MILLER	MAR. 20	MATTHEW MIZIKOSKI
FEB. 11	KERI GALLAGHER	MAR. 22	RICHARD BERNHARDT
FEB. 11	MICHAEL KOHL	MAR. 23	WALTER GREUSEL
FEB. 12	BENJAMIN COLE	MAR. 24	RYAN RUPPRECHT
FEB. 12	DUANE ZIMMERMAN	MAR. 29	ELIZABETH NEIFERT
FEB. 15	MATIA MCKEEVER-MULLER	MAR. 30	KATHRYN WAGNER
FEB. 17	DAVID EVELY	MAR. 31	JOLENE BUSER
FEB. 18	BILL FREDERICKSON		

1-5-10-15-20-25 YEAR ANNIVERSARIES ACKNOWLEDGED

25 Years



Richard Bader
Engineer - Operations
Hire Date – Oct. 1, 1987

10 Years



John Walaitis
AVP Bridges & Structures - MOW
Hire Date – Oct. 21, 2002



Ryan Lamm
Engineer - Operations
Hire Date – Nov. 26, 2002

1 Year



Steven Werley
Coal Manager - Traffic
Hire Date – Oct. 3, 2011



Susan Ludwig
Gen. Merch. Manager - Traffic
Hire Date – Oct. 12, 2011



Eugene Boyle
Conductor - Operations
Hire Date – Nov. 8, 2011



Mario Carannante
IT Administrator - IT
Hire Date – Dec. 19, 2011



Adam Stump
Mechanic - Mechanical
Hire Date – Dec. 27, 2011



(L-R) Carrie & Jason Trainor.

2012 Holiday Party

By Beverly Hess,
Director of Employee Relations

On Saturday, December 1, Reading & Northern Railroad, Muller Rare Coins and Reading Jet Center had their annual holiday party at the Holiday Inn Conference Center in Fogelsville, PA. The employees and their guests totaled two hundred and twenty-five people, our best attendance ever. 2013 RBMN 30th Anniversary Calendars along with insulated lunch coolers were handed out to all employees.

Everyone enjoyed a delicious buffet meal. Wayne Michel spoke about how the company did this past year, not as good as we'd expected in some areas and better than expected in other areas (see Keeping on Track article on page 3). Wayne also touched on RBMN signing an agreement with Can Do Economic Development in Hazleton to serve all the customers in the Humboldt Industrial Park starting in 2016.

Mr. Muller then introduced his family to everyone, after which we were treated to a short slide/video DVD of the flora and fauna found at Mr. & Mrs. Muller's ranch in Nebraska. It was amazing to see how diversified the wildlife is there. It was very entertaining for all of us.

The rest of the evening was filled with lots of good music, supplied by our DJ - Sean Shipper, and plenty of dancing.

If you've never attended one of these parties, I'd like to invite you to come to next year's party. It's already set up for Saturday, December 14, 2013. Mark that date on your 2013 calendar and plan to join us for good food, good music and a great time.



(Seated L-R) Stephanie & Nate Bissey. (Standing L-R) Phil Geschwindt, Sara & Mike Kolbe, Susan Luwig.



(L-R) Andrea Coller, Katie Bonner,
Tina Muller-Levan.



(Back Row L-R) Frances Karycki, Jaimyn Westenhoefer, Kate Pforzheimer.
(Front Row) Deanna Johnson.



(L-R) Janice & Dan Gilchrist.



(L-R) Jeff Jones, Shane Frederickson, Lisa Frederickson.



**Reading Blue Mountain &
Northern Railroad Company**

PO Box 218

Port Clinton PA 19549



Employees participating in an Ugly Sweater lunch party on Friday, December 21st, 2012.

(Back Row) Elizabeth Niefert, Susan Ludwig, Dan Gilchrist, Mike Sharadin, Crystal Arndt, Diane Leiby, Katie Bonner.

(Middle Row) Christina Müller-Levan, Raymond Schwenk, Frances Karycki.

(Front Row) Steve Werley, Mario Carannante.