



Alaska Railroad Corporation

News Release

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FOR IMMEDIATE RELEASE

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Alaska Railroad announces organization restructure

Cost-cutting measures include elimination of 54 positions

Anchorage, Alaska – Today the Alaska Railroad Corporation (ARRC) announced the elimination of 54 positions as part of a major corporate restructuring effort.

ARRC has experienced a \$45 million negative swing in finances from 2011 until now. (see attached graphs for details). Contributing factors include:

- a significant drop in revenue from key freight customers (coal and petroleum)
- millions less in federal funding, along with a jump in required matching funds
- at least \$15 million per year to implement a positive train control (PTC) system as required by an unfunded federal mandate.

“Employees from across the company have examined the way we do business, helping to find greater efficiencies wherever possible,” said ARRC President and CEO Chris Aadnesen. “Our team took the utmost care to ensure reductions would not negatively affect the way we interact with customers. We will continue to provide the exemplary service our passengers, freight and real estate customers have come to expect from the Alaska Railroad, as a positive icon of this great state.”

Because ARRC curbed hiring as the revenue picture became clear last year, 25 of the 54 eliminated positions are already vacant, thus lowering the number of actual layoffs to 29. “It is very difficult to ask members of the railroad family to leave jobs that they love and need,” continued Aadnesen. “Our human resources department will work closely with every affected employee, offering all the support possible.”

Eliminated positions represent an 8% reduction in the year-round and seasonal ARRC workforce (see attached graph page) which equates to an annual estimated cost savings of \$4.5 million in wage, salary and benefit costs.

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This latest reduction in personnel comes on top of two layoffs in recent years. In 2008-2009, ARRC eliminated 191 positions after the worldwide economic downturn caused a severe drop in passenger and freight traffic. In early 2012, ARRC eliminated 52, mostly seasonal, positions after the Flint Hills North Pole refinery cut production of refined petroleum products.

In addition to personnel reductions, ARRC is implementing several other cost-cutting measures. These include improving efficiency through modified asset use and service levels, right-sizing fleets and improving maintenance practices for vehicles and heavy equipment, conserving fuel and other expense reductions, improved purchasing procedures and controls. ARRC will also continue to seek opportunities for new and expanded revenue sources.

ARRC is a self-sustaining corporation owned by the State of Alaska that has operated without a state subsidy for operating costs since being purchased from the federal government in 1985.

ARRC is an Equal Opportunity Corporation. If you need special assistance (including language) in order to participate in any ARRC service, program, or activity, please contact: Alaska Railroad Corporation; P.O. Box 107500; Anchorage, AK 99510; Attention: Legal Department, zappasi@akrr.com, (907) 265-2461; via Alaska Relay Service for hearing impaired – dial 7 11 anywhere inside Alaska, OR dial toll-free from anywhere outside the state 1-800-770-8255 (voice); 1-800 770-8973 (TTY). Printed materials can be made available in alternate formats upon request.

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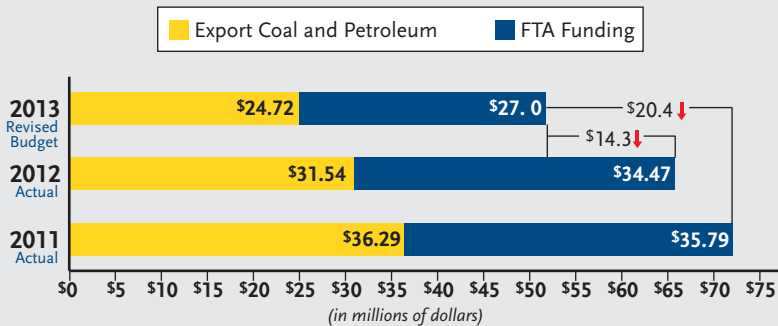


2013 REVISED BUDGET SUMMARY OF POSITION ELIMINATIONS by Employee Group

2013 FINANCIAL CHALLENGE SUMMARY OF IMPACTS

Revised 2013 Budget Compared to 2011 and 2012 Actuals

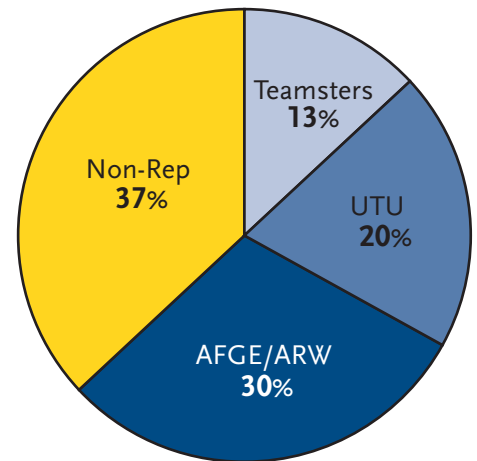
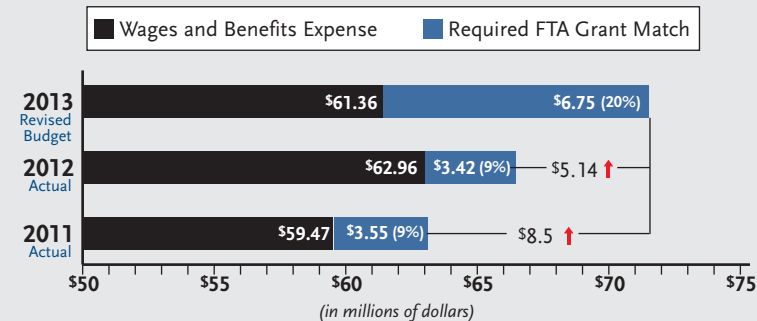
Key Revenue / Funding Reduction Impacts



Employee Group Reductions

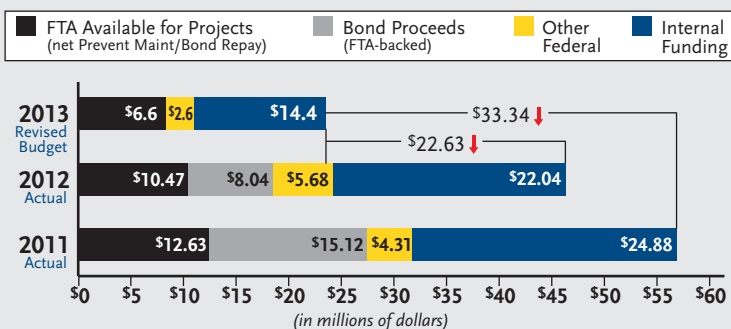
Employee Group/Union *	Positions Eliminated	Percent Reduction
AFGE/ARW	16	6%
Non-Rep	20	12%
UTU	11	7%
Teamsters	7	13%
TCU	0	0%
ATDA	0	0%
Total	54	8%

Key Cost / Cash Outflow Increase Impacts



Eliminated Positions % by Employee Group

Impacts to Capital Program



* AFGE/ARW - American Federation of Government Employees / Alaska Railroad Workers, Local 183

UTU - United Transportation Union, Local 1626

Teamsters - International Brotherhood of Teamsters, Local 959

TCU - Brotherhood Railway Carmen Division, Transportation Communications International Union, Local 6067

ATDA - Alaska Train Dispatchers Association