



Alaska Railroad Corporation

News Release

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FOR IMMEDIATE RELEASE

Alaska Railroad releases 2014 Annual Report

ANCHORAGE, Alaska —The Alaska Railroad Corporation (ARRC) released its 2014 annual report today. Audited financial statements show \$14.1 million net income on total revenues of \$167.3 million (including operating and real estate revenue of \$125.1 million; and grant revenue of \$42.2 million). The 2014 net income is about \$200,000 less than 2013, a remarkable outcome given the year's dramatic declines in revenue from two major freight business lines.

Continuing decreases in export coal- and petroleum-hauling business lines became clear in the spring, but due to cost containment efforts implemented in 2012, 2013 and 2014, as well as growth in other business lines, ARRC has been able to weather the economic downturns.

As one example, Alaska Railroad employees and unions worked together to find savings through modernized health care benefits for the ARRC workforce. Savings are expected from cost containment features such as generic prescription preferences, higher deductibles, medical tourism and over-the-phone advice. These cost reductions may also help avoid or postpone the impact of the Cadillac tax provisions of the Affordable Care Act.

Reinvigorated North Slope oilfield exploration has spurred a significant up-tick in Alaska Railroad rail-barge business (Seattle and Prince Rupert to Whittier) since 2010. Most (85-90%) of the freight hauled via Alaska Rail Marine System is oil-and-gas related. The Railroad hauled 24,350 tons of pipe in 2012, 33,150 tons in 2013, and 39,905 tons in 2014 — a 64% increase in tonnage from 2012 to 2014.

The Alaska Railroad continued to work on large and small infrastructure projects as well. 2014 saw the on-time and under-budget completion of the Tanana River Crossing, the first phase of the Northern Rail Extension. Construction continued on the Port MacKenzie Rail Extension and implementation continued on Positive Train Control thanks to \$15 million in funding from the State of Alaska.

During 2014 the Alaska Railroad adopted an updated strategic plan to guide the future of the railroad, "It is important that in good times and in bad we continue to examine how we operate both internally and externally", said Alaska Railroad President and CEO Bill O'Leary. "Our new strategic plan focuses on five areas: Grow and diversify revenue, control costs, optimize capital investments and projects, promote safety and engage employees, and enhance stakeholder relations and economic development."

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“The efforts of employees and management to support the mission in our strategic plan: improving safety and enhancing customer service while growing revenue and finding cost savings can’t be overstated,” said Alaska Railroad Board of Directors Chair Linda Leary. “Ending the year \$5.5 million ahead of projections after losses in our biggest revenue lines simply shows how much hard work everyone was willing to put forward.”

In line with the Alaska Railroad’s efforts to continually reduce costs and impact on the environmental, the annual report will be published electronically. The report is available on the Alaska Railroad website at [wwwAlaskaRailroad.com](http://www.AlaskaRailroad.com) (click CORPORATION > ABOUT ARRC > Reports & Policies).

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