



**Montana Rail Link**

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# PNWARS Conference

September 19, 2013

Seattle, WA



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# MRL

1987 inception

1,100 employees

937 route miles

96 locomotives

1,300 freight cars

185 on-line customers





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# Car Volume

**Annual carloads: 351,000**

- **Bridge: 290,000**
- **OT: 44,000**
- **Local: 17,000**





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# What We Haul





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# Train volume

- **18 trains per day - Loaded and Empty**
  - 9.6 merchandise trains
  - 2.5 loaded and 2.5 empty coal trains
  - 1.7 loaded and 1.7 empty grain trains



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**MONTANA RAIL LINK**

**Regional  
Railroad  
OF THE Year**

**2013**



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Energy: Will it change the  
NW Transportation  
Landscape?





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# MRL Petroleum Business

- 50% of on-line volume is related to petroleum products
- 3 refineries - CHS, ExxonMobil and Phillips 66  
Products: asphalt, coke, fuel and LPG's
- 2 fuel distribution terminals - Logan and Missoula, MT
- 7 propane distribution terminals



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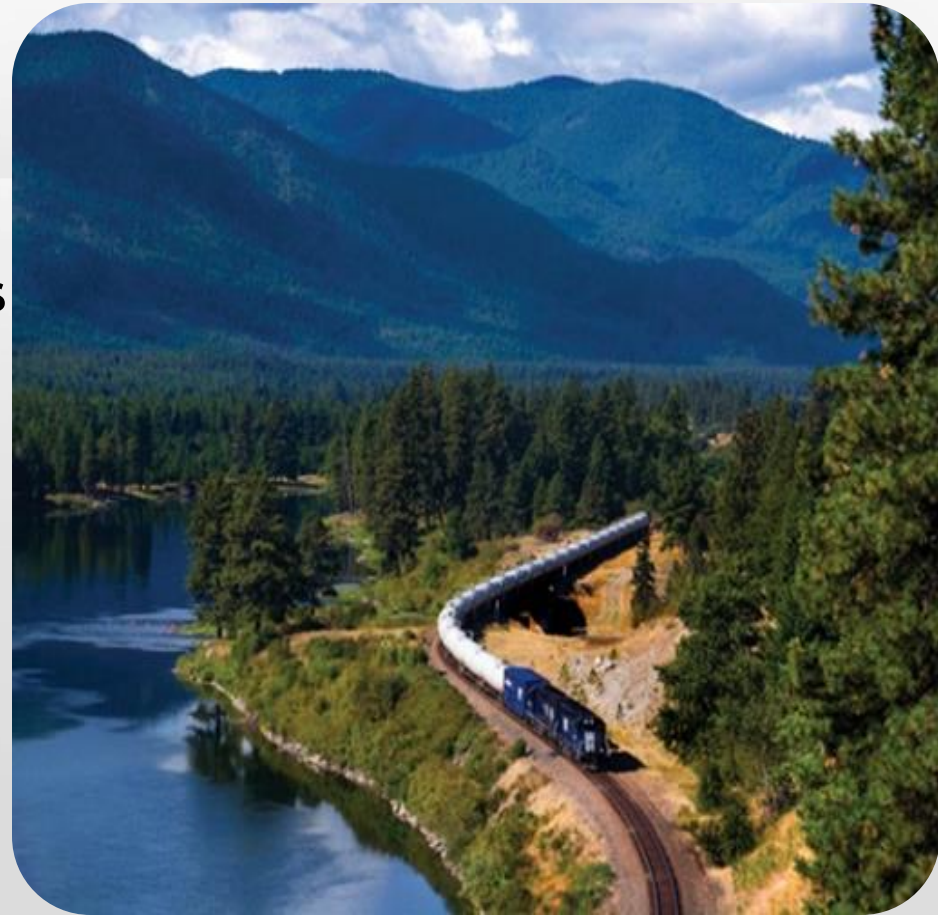
# Yellowstone Pipeline

Product from refineries flows into Missoula via pipeline

Product is loaded into tank cars and transported to Thompson Falls, MT - 98 miles

Product is re-injected into pipeline in Thompson Falls

Two trains per day - 13,000 loads in 2012





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## Railroads have a tremendous safety record for moving hazardous materials, including crude oil.

- An astounding 99.9977% of all rail hazmat shipments reach their destination without a release caused by train accident.
- In 2012, railroads set new overall safety records, continuing a string of safety achievements reaching back decades.
- Rail hazmat train accident rates have declined by 91% since 1980.



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# MRL Coal Business

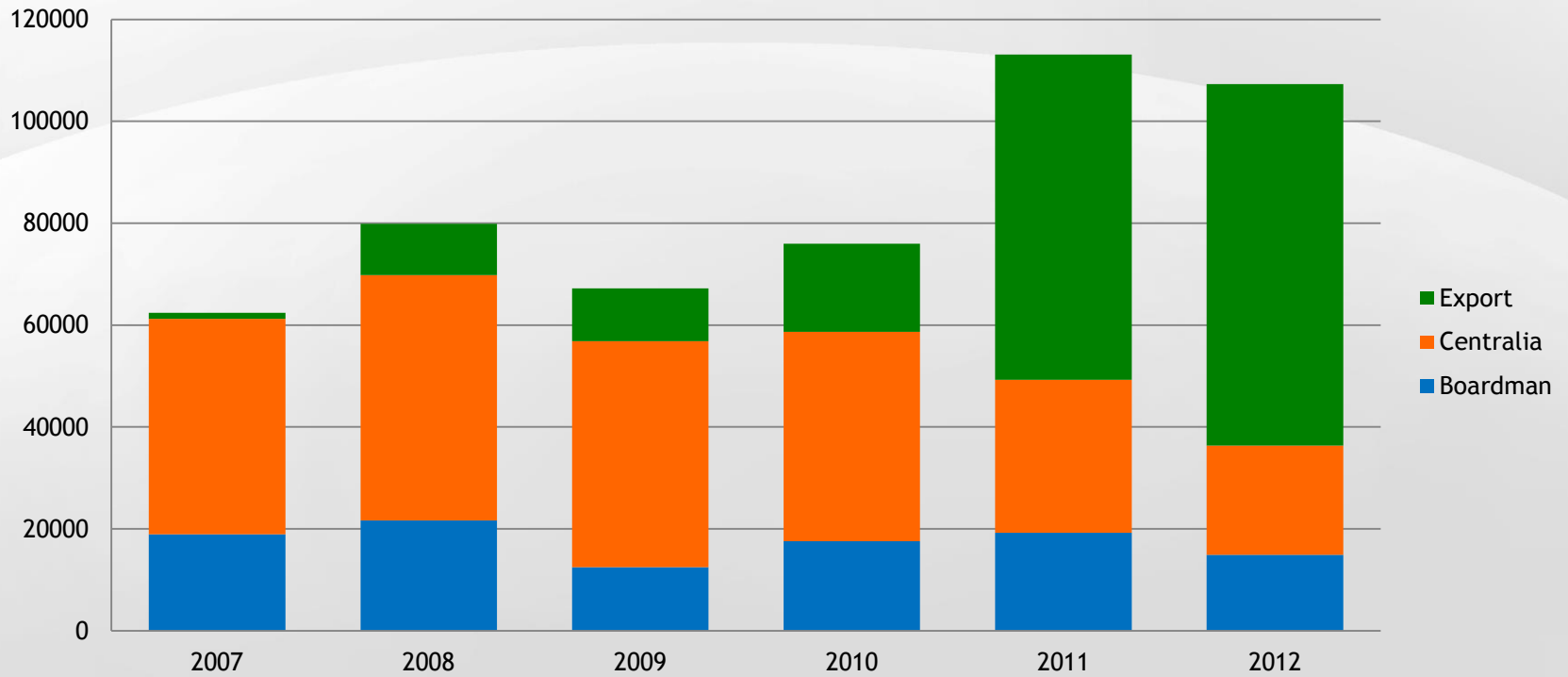
- Coal's share of U.S. electricity generation reached a low point of 32% in 1Q 2012, but has been rebounding and is at 40% currently
- U.S. coal exports posted a record 125.7 million tons in 2012, the previous record was 109 million tons in 1991



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## MRL Coal Volume by Destination







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# Back to our Question:

Energy: Will it change the  
NW Transportation  
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# Future Volume

- Rail Growth Potential
  - Domestic (lumber, general merchandise, etc.)
    - Economy
    - Population growth
    - Consumption
  - Export (coal, grain, forest products)
  - Domestic crude shipments to west coast

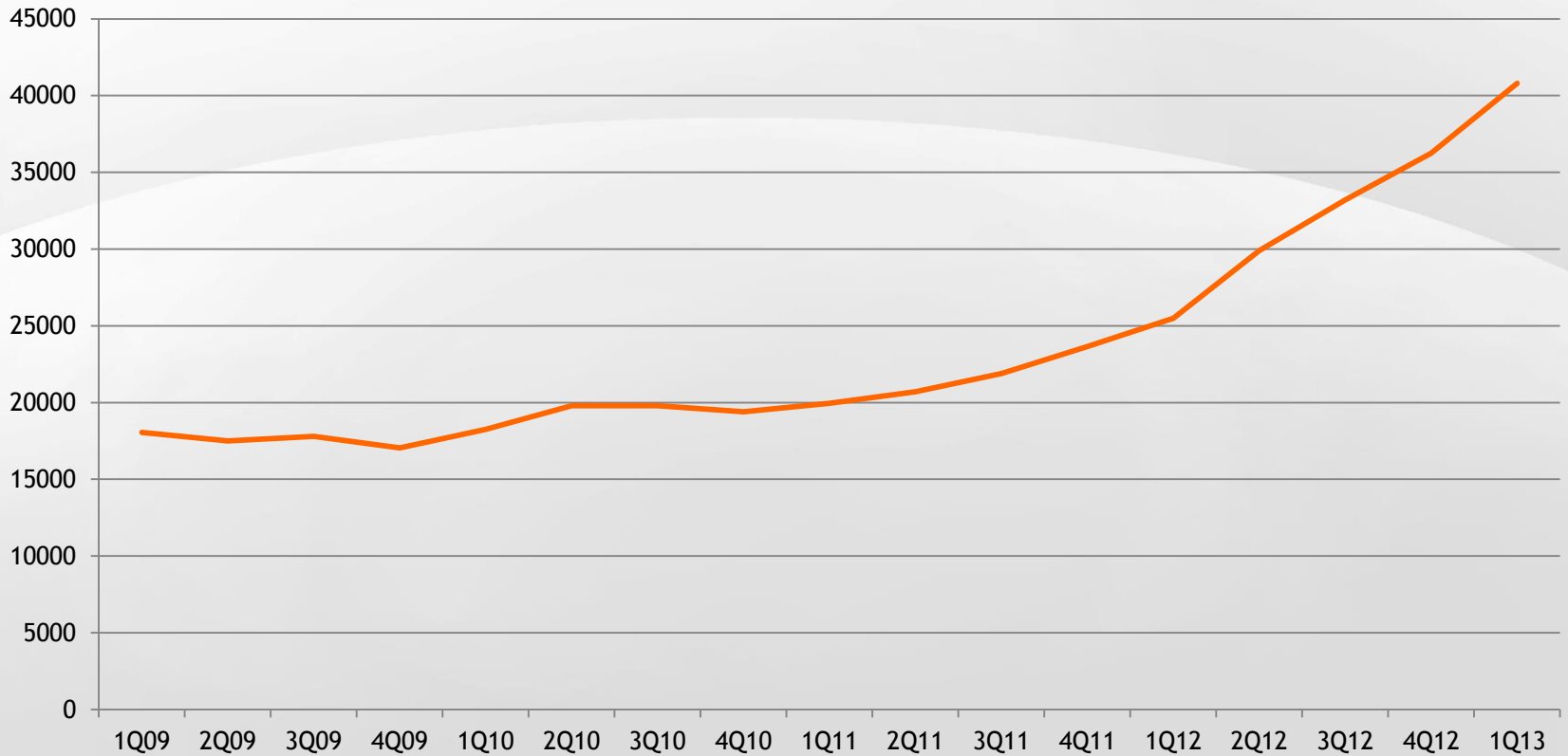
**Energy is just one part of expected rail growth**



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# U.S. Petroleum Carloads





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## Originated Rail Carloads of Crude Petroleum on U.S. Class I Railroads: 2003-2012



Source: AAR Freight Commodity Statistics



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# Tank Car Supply

- 11,952 tank cars delivered in 1Q 2013
- Cars ordered: 71,704
- Backlog of 2.5 years (based on run rate of 24,400 per year)
- Over the past 9 quarters, tank car orders have averaged 9,795 per quarter vs. the non-tank average of 9,030





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# Proposed Export Terminals

There were at one time 6 proposed export facilities:

- Cherry Point, WA
- Longview, WA
- Grays Harbor, WA
- Coos Bay, OR - shelved
- St. Helens, OR - shelved
- Boardman, OR - shelved



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# How We Increase Capacity

- Capital Improvements - \$50 M in 2013
- 120,000 ties
- 11 miles of tangent rail
- 10 miles of curved rail
- 245 miles of ballast
- Mainline fueling, yard air



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- Yard expansion program - Laurel
- More power -2 new locomotives in 2013
- More people - hired 281 in 2012/YTD 2013
- Increase velocity/decrease dwell - BNSF Best Way Program



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- Montana Rail Link is prepared to grow with our shippers and able to invest capital to increase capacity