

comment/**Bill Brodsky**

Montana Rail Link has been in operation for nearly three months now, and your efforts have made our company one of the brightest success stories in the railroad industry. Most railroads of significance were built or acquired incrementally and thus were expansions of activities already in place. Our railroad began full operations immediately, one of the largest transactions of its kind to ever take place. Over a period of several weeks, MRL went from a handful of employees dealing primarily with legal challenges to 650 employees operating a major railroad. Despite

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sabotage and data processing problems in the early going, we are now a successful operating company of nearly 700 employees united in our goals of customer service, safety and profitability.

I'd like to take this opportunity to "set the record straight," so to speak, relative to some of the adverse press we've received over the past two months. Considerable attention has been focused on the accidents we've experienced to date with emphasis on the hydrogen peroxide spill in Missoula

December 26. While some of the criticism has been justified, I feel the media has misrepresented to the public the experience, expertise and commitment of the employees of Montana Rail Link.

"...your efforts are truly respected by those informed in the nature and ways of our business."

Safety is of critical importance to all of us, and the commitment to safety for our employees, customers and the public will never be compromised. A single train accident or personal injury is one more than should be tolerated by any of us. We will not accept the logic that accidents are a part of the job or a necessary part of doing business. With the personal commitment and involvement of every employee in our safety programs, we can achieve the goal of an accident free environment. Success will come through your involvement not as a spectator, but as an active participant.

Having made those points, let me emphasize that I firmly believe our employees command a level of experience in the railroad industry that's second to none, particularly when we have drawn that experience from seventeen major railroads around the country. We are truly a melting pot of the railroad industry. Our officers are highly experienced in their various areas of expertise and lack only in the traditional bureaucratic mentality that has contributed to so many of the problems that have plagued the industry. Many of the accidents we've experienced were the result of employees trying too

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The Newsletter

This is the initial issue of what we anticipate will be a regular publication designed to keep employees informed about topics that affect Montana Rail Link and its employees. Input from our readers is welcome and encouraged. In fact, we are open to ideas for a name for the newsletter. Please submit your suggestions to the editor.

MRL Rate Action Attracts New Business

Since the Staggers Act of 1980 deregulated the rail industry and provided the carriers with a considerable degree of freedom to set rates, much of the activity has been under the auspices of contracts and exempt box car quotations and are confidential matters between the shipper and railroads involved in the movement. MRL has been active in this area with the first contract issued by Director of Marketing Clark Jones December 15 and, as of January 1, the first Exempt Box Car Rate Quotation. We now have executed several contracts and exempt box car quotations covering local movements on our line for such commodities as coke, lumber, fuel oil and sulphur.

Railroad Retirement Deductions Increased

Railroad retirement deductions have been increased effective January 1. Tier I maximum deduction is now \$3379.50 (7.51%) on a maximum salary of \$45,000. Tier II is now \$1,646.40 (4.9%) based on \$33,600.00. For information on the Railroad Retirement Act and

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hard or being too aggressive in attempting to do what they sincerely believed was in the best interest of our company. While I applaud the enthusiasm, we simply must exercise greater care in avoiding accidents.

The sale of our railroad by Burlington Northern remains a controversial subject in the eyes of the public. It was the #1 news story in Montana in 1987 and has received considerable national recognition. You should anticipate that our high profile will continue to draw attacks from uninformed media. Don't be misled by these attacks, for your efforts are truly respected by those informed in the nature and ways of our business. I'm convinced that our best defense of uninformed criticism is continued professional railroading with a total commitment to safety.

I'm pleased to be able to announce that because of your efforts and the success that Montana Rail Link has enjoyed during the first two months of operation, we will have a profit sharing distribution for 1987. The good news is the profit participation is far better than any of us expected, approximately 15.4 percent of your 1987 earnings. The bad news is that it could have been much better, 0.1 percent more, if we could have avoided personal injuries, and a significant 2.3 percent more had we avoided train accidents. In other words, your checks could have been for 17.8 percent had we not had the accidents and personal injuries. You should have received your profit sharing checks by the time you read this.

I congratulate each and every one of you on an exceptional accomplishment. To be profitable the first two months of operation in spite of start up costs and some most unfortunate accidents and injuries is truly remarkable.

Railroad Retirement

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survivor benefits, contact the main office of the U.S. Railroad Retirement Board at 844 Rush Street, Chicago, IL 60611 or the district office at 316 N. 26th Street, Billings, MT 59101, telephone 406/657-6271.

Missoula Santa Train

The annual Santa Train, a Missoula railroad tradition of the past, was revived by Montana Rail Link Saturday, December 19. Locomotive No. 11, a SW1200, flat car complete with a sleigh and decorations carrying Santa Claus (in the person of locomotive engineer Dan Sloan), a number of MRL employees and their children (Santa's helpers) arrived at Missoula's Northern Pacific Depot at 1 PM. An enthusiastic crowd was on hand to visit with Santa and climb aboard the locomotive. The success of this event is attributed to the efforts of the following people who volunteered their time: trainmaster/road foreman of engines Bob Bateman, son Tom and friend Brian Maples; Shelley and Katie Sloan, children of engineer Dan Sloan; utility operating employee Doug Grissom, wife Heather and children Brett and Audrey; Kathy Cantu, wife of roadmaster Augie Cantu, and children Brooke, Bradley and Brian; Anthony and Michael Keller sons of chief engineer Rich Keller; utility operating employee Dale Bettisworth; yard clerk Kim Thompson and assistant trainmaster/yardmaster Jim Coleman.

Business Cards Available

Whether you realize it or not, as an employee of Montana Rail Link you are an important representative of the company on and off the job. MRL management recognizes this fact and decided to make business or calling cards available to all employees. They are an attractive way of identifying

yourself as a member of the Montana Rail Link team in your daily contact with the public. The card will have your name, position, business address and telephone number (where you report for work), home telephone, if desired, and the MRL logo. If you wish to have these cards, please complete the enclosed form and return it to Nikki Dye, Administrative Assistant at Missoula as quickly as possible. They will be sent directly to you in about four weeks. These cards are for everyone regardless of your position.

Incidentally, should you hear of opportunities for MRL to pick up additional business, please do not hesitate to contact Marketing in Missoula.

Employee Benefit Highlights

The Washington Companies Employee Benefit Plan has been established to provide Montana Rail Link employees and their families a comprehensive package of benefits. This package is intended to protect you and your family against major economic losses resulting from accident or illness.

The Montana Rail Link Health Plan is a contributory plan whereby employees share in a portion of their health care costs. The plan provides coverage for the following:

- * Medical
- * Dental
- * Group Life Insurance
- * Short-term Disability
- * Long-term Disability

Beginning in March, Bev Gunderson, payroll manager, and Sharon Prinzing, personnel manager, will be conducting informational meetings for employees and their spouses to explain the benefits and provide an opportunity to exchange ideas and ask questions. Meeting locations, dates and scheduled times will be announced. Your input on the MRL team is valued!

Alert Citizen Averts Derailment

An example of community support was exhibited by the actions of Dan Smith, a Livingston radio deejay. Mr. Smith noticed a loud pounding noise as a MRL train passed by him recently and immediately alerted MRL officials. The train was stopped and a broken wheel was found, averting a possible derailment.

Logs to be Added to MRL Commodity List

MRL will soon be hauling saw logs. A survey has determined that there was a need for rail transportation where hauls exceeded 125 - 150 miles. Several log flats are now either under construction or planned. Under-frames and trucks from scrapped 70 ton 50'6" box cars are being stripped to the floor by the car department at Laurel. They will then be moved to Missoula where bunks fabricated by the Equipco Division of the Washington Corporations will be fitted. The cars will be capable of handling between 7000 and 8500 board feet.

Two 85' ex-piggy back flats are being acquired from the Santa Fe for conversion to log service capable of handling about 11,500 board feet. The bunks will be removable so that during periods of slack log movement the cars can be utilized for other commodities.

Engineering Developments

An aggressive maintenance and capital improvement program for 1988 that is anticipated will include installation of 50,000 cross ties and more than 20 miles of welded rail. Numerous vehicles and pieces of track equipment will make up the bulk of the capital improvements. Montana Rail Link has a group of experienced maintenance of

way people to maintain the track, bridges, signals and communications.

Rich Keller, chief engineer, stated: "We do not have to take a back seat to any railroad in the country. The main track is presently in good condition and we intend to keep it that way."

Train Dispatching

MRL train dispatching will be centered in Missoula about June with the acquisition of a new GRS state-of-the-art computer-aided dispatching system. This system will be installed in the new MRL general office complex when it is completed.

Locomotive Fleet Additions

Two GP35's from the GT Railroad arrived Missoula January 15, the latest additions to the growing MRL locomotive fleet. Our current roster now includes 20 SD40's; 24 GP9's and 8 SW1200, a total of 116,600 horsepower.

Safety Committees Organized

Laurel

The committee was organized at meetings on January 18, 19 & 20 with Terry Bankston, engineer, elected chairman, Dave Ditzel, engineer, co-chairman and Dan O'Rourke, utility operating employee, safety captain. Monthly meetings are scheduled for first week of each month at the Locomotive Inn restaurant in Laurel. Marathon 24 hour meetings are slated for February, March, May, July, September and November in order to provide opportunity for all employees to attend.

Livingston

Martin Erhardt, section man, was elected chairman and Pat Ras-

mussen, agent, co-chairman with Charles Lunde, engineer representative and Ed Davis, utility operating employee, train service representative. Meeting locations will be selected in near future and next meeting scheduled in February.

Helena

Committee organized January 8 with Kevin Pelletier, chairman and chief clerk Richard Curtis, co-chairman. A safety bulletin board and suggestion box has been established. Breakfast meetings are set for 3rd Monday of each month at Colonial Inn in Helena.

Missoula

Duane Parker, locomotive engineer was elected chairman, Fred Tully, signalman, co-chairman and Mitch Dahl, locomotive engineer, "roving" co-chairman at a breakfast meeting held at the Village Red Lion in Missoula January 11. Meeting dates were set for the 2nd Wednesday of each month to convene at 11:30 AM with a luncheon. News about the Safety Committee will be posted at the roundhouse and carshop. The following items will receive priority in the coming weeks: Flagging rules, securing radios, safety awards (for discovering defects and working safely) and establishing a policy on roll-by inspections.

Freds & Marys Take Over

Montana's caboose law was set aside by a federal judge in Billings November 18, 1987, on the basis that FRA rules and regulations preempted state laws. The railroads in the state can now operate trains without cabooses at their discretion. End of train electronic telemetry devices, nicknamed "Fred's", transmit train line brake pressure and motion information to "Marys" in the locomotive cabs. About 70% of MRL trains are operated without cabooses. Virginia is now the only state with a caboose law.

Job's never completed until the paperwork is done

Kurt Feaster, chief financial officer stated that, "Reporting of information is essential to profitability and employee profit participation." Numerous forms are required to run a railroad profitably. Accurate reporting by all employees improves profitability three ways:

- * Increasing business by responding to customer requests
 - * Identifying all billable revenues
 - * Enhancing operating efficiency
- The forms and their uses will be described in a series of future articles.

Locomotive Painting

Painting MRL locomotives scheduled to begin about mid-February and will be handled by Rainflow Services, Inc. of Missoula. Each locomotive will be completely stripped to the bare metal, primed with an epoxy primer and coated with a high-build aliphatic polyurethane paint produced by the Sherwin-Williams Corporation and applied with an electrostatic spray system identical to that used by Boeing. The job will include complete refurbishing of cab and engine room interiors. Approximately 50 gallons of paint are required for each unit and will be completed at the rate of about 1 1/2 per week. About eight people will be involved in the project initially.

Caps

Attractive caps displaying the MRL logo are in the process of being distributed to every employee at no cost. If you haven't received yours yet, check with your supervisor.

Credit Union Services Made Available

Effective immediately all MRL employees wishing to use the services of several area credit unions may do so through a payroll deduction plan. The following participating credit unions offer loan services, savings accounts and share draft accounts:

Missoula Federal Credit Union,
Missoula
Livingston Employees Federal Credit Union,
Livingston
BN Park Federal Credit Union,
Whitefish
S&G Federal Credit Union,
Laurel
Helena Federal Credit Union,
Helena
Billings BN Employees Federal Credit Union,
Billings

For additional information, please contact the credit union of your choice.

Questions?

What is the status of the ICC hearings that were held November 4-6, 1987 relative to the sale of the line by BN to MRL?

Final briefs have been filed and a decision is expected in 60 to 90 days but could come at anytime.

Why does the BN want to move the trial for the class-action lawsuit filed with the Federal Court in Great Falls to Missoula?

The change of venue allows the proceeding before Judge Lovell of Helena who is much more familiar with all of the issues involved with the MRL sale.

Why isn't MRL more directly involved in the piggy-back business inasmuch as that mode of freight transportation is so important to the railroad industry and a growth area?

BN did not sell its intermodal hubs at Billings and Missoula. MRL acts as a third party agent for BN intermodal traffic and performs all switching for the intermodal terminals. MRL is continuing to explore available options in connection with intermodal traffic.

If you have questions about the railroad that would be of general interest to all employees, send them in and we will try and publish the answers in future issues of the Newsletter.

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