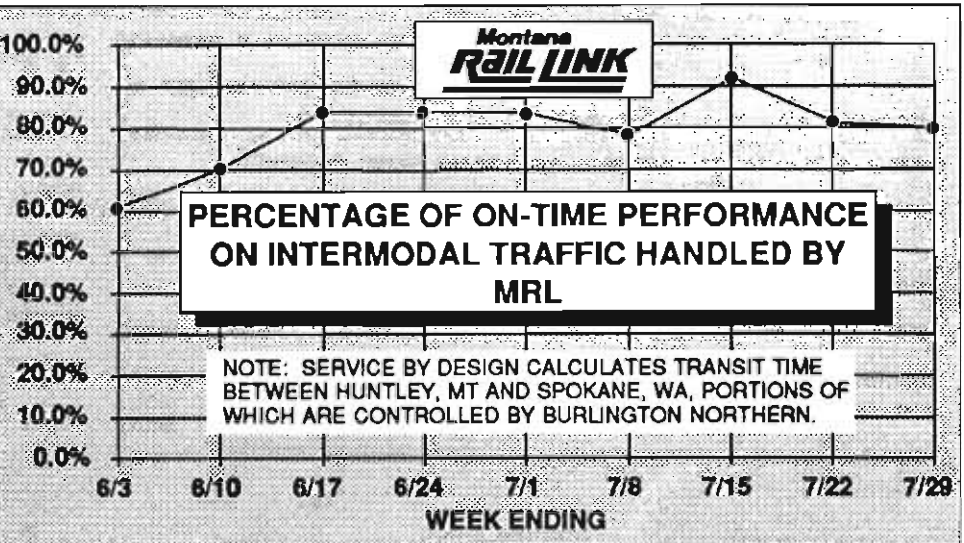


BN's Service By Design: Designed To Improve Service

When will the shipment arrive? How long does it take? These are frequently asked and, at times, difficult to answer questions. For most shippers, dependability and consistency of the transit time rank high in determining which carrier and which mode to use.

The Burlington Northern Railroad has developed a program to improve the predictability of service. Called Service by Design, the program establishes standards and schedules for each car, trailer or container from the time it is released by the shipper until it is delivered to consignee at destination. The program then measures the performance of each shipment. The results are tabulated on a weekly basis and distributed to operating and marketing people for evaluation and suggestions for improvement.

Because Burlington Northern is MRL's largest customer and we play a key role in their overall service



between the central and southern United States and the Pacific northwest and Canada, it is essential that we meet our service objectives.

MRL President **Bill Brodsky**, Superintendent **John Grewell** and other operating representatives recently met with BN Vice President **Wayne Hatton** to establish schedules

and standards for traffic originating and terminating on our line.

MRL has committed to a goal of 95 percent on-time performance for Intermodal trains operating over its lines including trains 20, 21, 22, 24, 91 and 92. Since there are approximately 140 intermodal trains handled by MRL (please turn to Service page 5)

SHOWN ACTUAL SIZE



MONTANA STATE SEAL ON REVERSE SIDE

TO COMMEMORATE
THE 100TH ANNIVERSARY OF MONTANA STATEHOOD
AND IN TRIBUTE TO THE CONTRIBUTION MONTANA RAIL LINK AND ITS
PREDECESSORS HAVE MADE TO THE DEVELOPMENT OF THE STATE

MONTANA RAIL LINK

HAS COMMISSIONED A

CENTENNIAL MEDALLION

A LIMITED EDITION OF 900 IS BEING STRUCK IN SOLID BRONZE
AVAILABLE THIS FALL TO EMPLOYEES ONLY

AT A PRICE OF

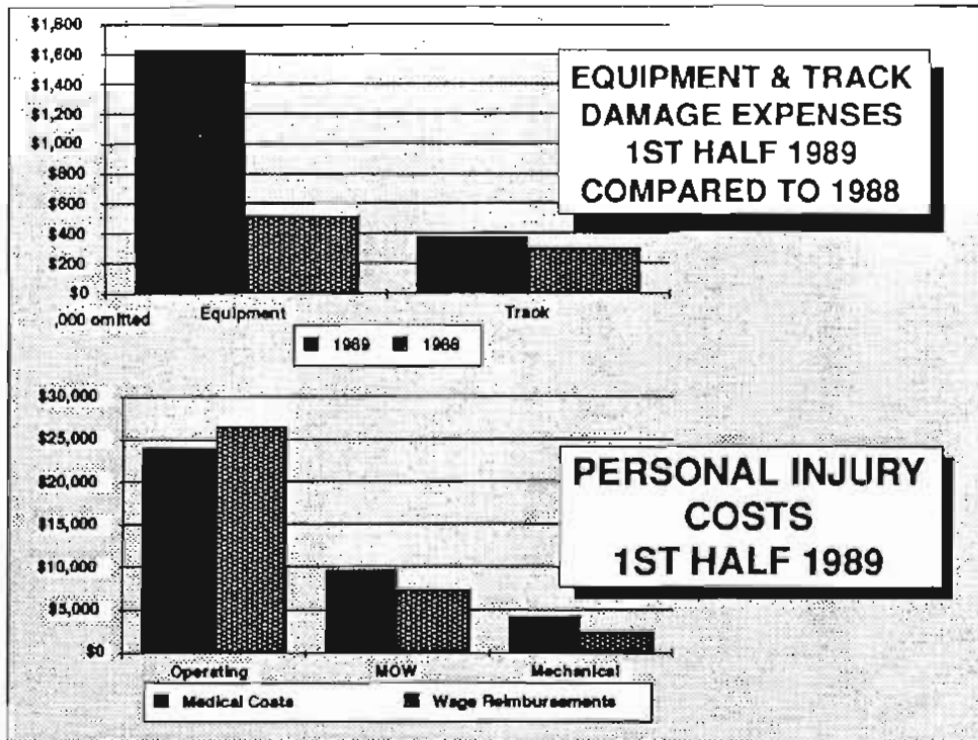
\$25

LIMIT ONE PER EMPLOYEE

(SEE MEDALLION, PAGE 2 FOR MORE INFORMATION)

Personal Injuries & Derailments: An Unnecessary Drain On Resources

"While we have many accomplishments at Montana Rail Link which can be viewed with pride, our continuing experience with train accidents and personal injuries has resulted in an unnecessary drain on resources. If allowed to continue, the professionalism with which we pride ourselves will be compromised resulting in a negative impact on all phases of our operation," commented President Bill Brodsky recently.



Because freight loss and damage claims are still open, it is difficult to estimate what they are at this point. We know that the costs for freight damage alone in the February 2nd derailment at Helena are estimated to be \$696,000. Freight damage resulting from the March 18 Avon derailment could reach \$750,000. Compare this to \$308,301 actually paid out for freight damage during the entire year in 1988.

As a team, all MRL employees bear the burden of cost associated with accidents and personal injuries. In view of the statistics, it appears we all need to personally evaluate our work habits and commitment to safety. Let's get back on track! •

Livingston Cleanup To Get Underway

Under terms of a Partial Consent Decree filed in U.S. District Court in Helena July 31, Washington Corporations subsidiary Envirocon, Inc. will begin cleaning and restoring the contaminated areas in the railroad yard and shops complex at Livingston,

Montana, a process that will take up to four years to complete. The cleanup involves both soils and ground water. Beginning immediately, more field investigation work will be done to determine the amount of contamination and the best methods to use for restoration. Work will also proceed on the development of methods to (please turn to Cleanup, page 5)

Centennial Medallion

I've often been asked to describe what makes Montana Rail Link different from other major rail carriers. The answer is always the same — "people." Therefore, what better way to commemorate the Montana Centennial than with the true symbol of MRL, our people.

With the assistance of Missoula artists Dan Tabish and Drew Van Fossen, we have tried to develop a Centennial Medallion that captures the human element in the heritage of the railroads which have played a vital part in the development of Montana and the Pacific Northwest.

The medallion, struck in bronze and measuring 2 1/2 inches in diameter, will be something we can proudly display as a family keepsake that exudes the tradition and romance of the railroad industry. The medallion is only for Montana Rail Link employees. We will be able to purchase the medallions, which will be individually numbered and packaged in an attractive display case, this Fall. Inquiries should be directed to Lynda Frost at 406/523-1417 in Missoula.

William H. Brodsky
President



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Editor: Milt Clark

Associate: Roxanne Smith

Readers are invited to submit news items and comments.

No. 7 Summer/1989 August 8, 1989

MRL's Montana Centennial Locomotive



No. 290



Montana Rail Link has painted SDP40 No. 290 (formerly BN 6395) in a special paint scheme that includes the official Montana Centennial Logo in honor of the 100th anniversary of statehood. Pictured here, No. 290 is on the business car track at the General Office Building on June 28 for a ceremony placing it in service. Operating instructions have been issued that call 290 to be placed in the lead on locomotive consists. Inset: **Fred Simpson**, Executive Vice President (left) and **Bill Brodsky**, President, with the 290.

MRL News Briefs

A comprehensive policy and procedures manual is now being written to cover all aspects of the operation of Montana Rail Link. Topics covered include personnel matters, hiring practices, employee benefits, purchasing of materials, business expense accounts and much more. It should be available within the next 60 to 90 days. •

The need for employees to receive on-going training to enhance job performance and satisfaction and sharpen skills is recognized by MRL. A committee comprised of **Barb Edwards**, Purchasing Assistant, **Lynda Frost**, Administrative Assistant to the President, **Sharon Prinzing**, Personnel Manager and **Fred Simpson**, Executive Vice President, has been organized to evaluate various programs and make recommendations. •

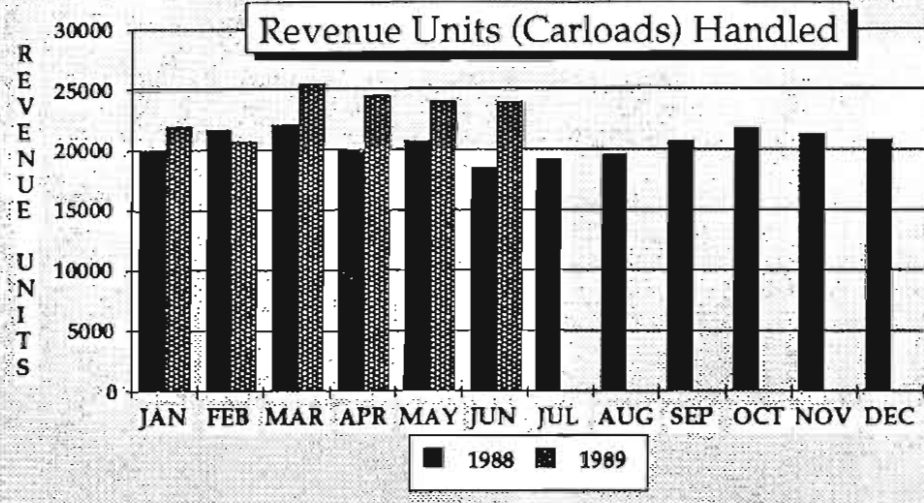
Development of an in-house, all inclusive data management system is in progress. **Fred Simpson**, Executive Vice President; **Kurt Feaster**, Chief Financial Officer; **Orson Murry**, Director Operations Information; **Howard Nash**, Marketing/Administration Director; and **Rick Zimmer**, Manager Car Distribution serve on a steering committee to oversee the project and are working with Washington Corporations Director MIS **Mike Ragbourn**; Data Analyst **Jay**

(please turn to MRL News, page 4)

A Close One !

On June 13, Train LM-13 with engineer **Jim O'Hanley** and Assistant Engineer **Elven Marshall** felt something "rough" when they went over the east switch at Columbus. Thinking that it might be a broken rail and with the knowledge that Train 195 was close behind, they notified Manager Train Movement **Tom Reffitt** of the potential problem. Train 195 was stopped and Section Foreman **Jesse Maxwell** was called out. Because no other help was available, Mr. Maxwell single handedly changed out the rail. Mr. Maxwell advised that had 195 not been stopped, a derailment might have occurred. The alertness and effort of all involved with this incident is appreciated. •

Facts: Here's How We're Doing



Rail Industry News

Rio Grande Industries has agreed to buy 532 miles of the Soo Line's track between Kansas City and Chicago for \$86 million. The purchase will allow the Southern Pacific and the Denver & Rio Grande Western to have direct access to Chicago. The transaction is subject to approval by the ICC. •

Major railroads' cumulative volume for the first 22 weeks of 1989, an estimated 425.7 billion ton miles, was 1.3% higher than the total for the same 1988 period, the AAR reported. Total carloadings for the same period totaled 7,400,875 for a 0.7% gain. Railroads reporting account for about 94% of all rail carloads. •

CSX Transportation and United Transportation Union (UTU) have reached an agreement that immediately eliminates second brakeman positions on the railroad's former Baltimore & Ohio and Baltimore & Ohio Chicago Terminal lines. Train crews now comprise an engineer, conductor and one brakeman. Under the agreement, employees who are no longer needed for the reduced crew-size operation were given options of a separation allowance based on service or transfer to locations where needed and relocation incentives. •

Burlington Northern's "Phone-Trace" service has expanded to include the official tare weight on freight equipment recorded in the AAR's Umler file. "Phone-Trace" can be accessed with a touchtone telephone by dialing 800-342-5123 or BN network number 837-5550. Select menu item 5 for tare weight information. A brochure on this and other "Phone-Trace" features can be obtained from the National Customer Information Center in Denver. •

The Burlington Northern and the Providence & Worcester railroads have won top honors in Modern Railroads magazine's 1989 Golden Freight Car marketing competition. The BN won its award for what the magazine called "its unique and highly innovative Certificate of Transportation (COT) program covering shipments of grain." The P&W was cited for "its successful program to establish and win traffic for an intermodal container terminal." Marketing Achievement awards by the magazine went to Norfolk Southern for its "boldly innovative" Triple Crown Services; and Dakota, Minnesota & Eastern for "an aggressive grain traffic initiative." •

MRL News (continued from page 3)

Wood; and Computer Programmer Laurie Wilson to design a system. When completed, the system will greatly reduce our dependence on the Burlington Northern computer system. •

The MRL locomotive fleet was enhanced considerably with the arrival July 13 of six SD45-2's acquired from CSX Transportation. Two additional units followed later. The locomotives, built in 1974 and rated at 3,600 horse power, are in excellent condition and have up to date electrical components. They are numbered 301 through 308. •

At the 3rd annual YWCA Leadership Luncheon held in Missoula on June 2nd, Barb McGrath, Switchperson; Diana Homan, Assistant Trainmaster; Cathy Rogers, Manager Customer Accounting; Sharon Prinzing, Manager Personnel; and Dixie Hart, Manager Train Movement received Certificates of Achievement based on their contributions to Montana Rail Link that exemplify excellence. •

Mike Sudol was appointed Vice President of Operations and Acting President of LRC May 22 replacing Terry Monaghan who resigned. Mr. Sudol comes from the Alaska Railroad where he was Chief Mechanical Officer. Prior to his Alaska service he was General Manager of the Morrison Knudsen Boise, Idaho Industrial Complex. •

Effective July 31, the outside doors of the General Office Building will be locked from 7:00 PM to 7:00 AM on weekdays and all day Saturday and Sunday. After hour entry must be from the west door (next to the business car track) where an electric lock, two security cameras and an intercom system for communication with the Crew Management office have been installed. Entrance will be allowed once identity has been established. •

Keeping Track

Montana Rail Link Personnel Changes

Effective June 19:

William B. Levengood appointed Assistant Roadmaster at Livingston, a new position. Mr. Levengood served previously as Section Foreman at Helena.

Effective July 17:

John J. Earll appointed Manager General Accounting replacing Dirk Cloninger who accepted a position with the Washington Corporations. Mr. Earll was with the accounting firm KGPM Peat Marwick in Billings and is a graduate of Montana State University at Bozeman.

Retirements

Clayton O. Gallagher, Car Department Writeup Man at Missoula on July 24 completing a career of more than 41 years of service began with the Northern Pacific Railway. Mr. Gallagher was one of the first car department employees hired by MRL and his experience was invaluable in getting the operation started.



Cleanup (continued from page 2)
recover diesel fuel floating on the groundwater surface and on methods to treat and dispose of sludge materials.

The contamination at the site is attributed to previous Burlington Northern operations, many of which were standard procedures at the time. MRL and LRC have not contributed to the pollution problem. Since start up, all waste water from the facility has been treated and is close to drinking water quality when discharged into the City of Livingston sewer system.

The Livingston pollution problem is the subject of a law suit involving the Burlington Northern Railroad and the State of Montana. BN contracted with Envirocon to clean up the area. •

Customer Profile: CENEX

Cenex, Farmers Union Central Exchange, Incorporated, is one of the nation's leading agricultural supply cooperatives with \$1.3 billion in sales in 1988. It is a wholesale supplier to more than 1,800 retail cooperatives in 15 states from Michigan to the Pacific Northwest.

Working through a joint venture with Land O'Lakes, Cenex/Land O'Lakes Ag Services provides essential agricultural supplies including refined fuels, lubricants, fertilizer, chemicals, feed and seed. It also supplies passenger and tractor tires, batteries, auto accessories, fencing products, livestock equipment and a variety of other products and services to rural communities.

Cenex operates a large petroleum refinery in Laurel, Montana, employing 200, which is served by MRL. About 40,000 barrels of crude oil from fields in Montana, North Dakota, Wyoming and Colorado are refined daily into jet fuel, diesel, gasoline, burner oil, asphalt and propane. Asphalt and propane are shipped out by rail; and butane, used in blending, is received by rail. A record 564 cars of asphalt were shipped over our line in June.

Cenex and the petroleum industry is an important sector of the Montana economy and an important customer for Montana Rail Link.

Second in a series of articles designed to acquaint us with our customers.

SERVICE (Continued from Page 1)
each month, achieving a 95 percent on time performance requires that no less than 134 of these trains be operated at or above train brief standards. The effort and support of everyone is needed to accomplish the goal.

"It's tough to control what you can't measure. To provide a quality service to our customers, we have to be able to measure how we are doing. United Parcel Service measures their performance on each parcel they deliver. We need to do the same thing. Only then will we be able to continually make the improvements that assure first class service." says **Bill Brodsky**. "The Service By Design program provides the necessary

measurement tools. It will play an important part in monitoring our daily work."

"Customer Driven" is a phrase that MRL has tried to live by and adoption of Service By Design is one more step in our effort to be the best rail carrier a customer can ask for. •

As reported earlier, Bridge 208, spanning the Clark Fork River near Quinns, Montana, is undergoing extensive renovation this year. A new reinforced concrete cap is being applied to each pier to accommodate new posts. The bridge will also get new arch supports, floor system and the open deck will be converted to a ballast deck. Dave Cook, B&B Supervisor stated that, "Rehabilitation extends the life of the bridge about 60 years and saves about one third of what it would cost to replace the structure." The bridge was built in 1908. B&B Foremen Walt Esterby Sr. and Bill Madson and their crews are doing the work. Pictured here (right), concrete about to be poured on Pier 3 on June 19th.





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MRL Marketing News

In July, Metallurg, Inc. of New York shipped over 400 cars of chrome ore from the stockpile at Columbus, Montana, to Duluth, Minnesota, for export to Belgium. •

Stone Container is experimenting with a movement of sawlogs from Darby to their plant at Schilling, Montana, for chipping and use in the production of pulpboard. •

Montana Resources at Butte, Montana, will begin shipping copper concentrates to North Vancouver, Washington in August under terms of a contract signed recently with the Burlington Northern, Montana Western, Rarus and Montana Rail Link. A Washington Corporations subsidiary, Montana Resources began operating the former ARCO (Anaconda) copper holdings in Butte including a concentrator in 1986. About 1800 cars should move annually. •



Montana Rail Link was host to High Iron Explorers III Centennial Train June 30 through July 3. Consisting of seven private passenger cars, it operated over our line from Spokane, WA to Polson, Missoula, Darby, Livingston and Helena, MT before continuing on to the final destination of Chicago via Burlington Northern, Minnesota Commercial Railway and Wisconsin Central. Trainmaster/Road Foreman **Bob Bateman** photographed the train at Athol, Idaho on June 30 with engineer **Jerry Lambert**, left and Asst. Engineer **Dan Maedche** decorating the front platform of MRL Montana Centennial Unit 290. The train handled 44 long haul passengers (ticketed for the entire trip), 400 day passengers in Montana (those who rode various segments such as Missoula to Darby), and a crew of 28.



Omissions & Errors

Appearing in Issue #6:

On page 2, News Briefs - should have read 132 pound continuous welded rail; page 3, that is **Ruben Sanchez** fueling the locomotive, not **Larry Peters**; and page 6 that is **Butch Prichard** pictured at Fort Missoula, not **Junior Prichard**. •