

Company News for MRL Employees

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First Quarter 2004
No. 46

A Message from the President

It is hard to believe 2003 is already a distant past and 2004 is in full swing. Last year was a time of many changes for our company. We finished the year very strong and are poised for even greater things this year. Congratulations on a job well done in 2003!

The entire Mechanical Department was the recipient of the 2003 Presidential Award for Most Improved in Safety. The group of nearly 200 people went 337 days without an injury. And, more importantly, of the two injured employees, it was only two days before they were back to work. Congratulations Mechanical!

Even with our successes, we still have some unfinished business in the safety area. I know we can do better; however, it will take all of us working together to achieve our new goal. As you know, our 2004 goal is to reduce reportable and accountable injuries by more than 25% of the previous five-year average. You are to be commended for achieving the first quarter goal. Your personal safety and the safety of your co-workers are my greatest concerns. I sincerely hope it is your greatest concern as well.

We have a great company - I hope you are as proud of MRL as I am. I look forward to working with you in 2004 to make MRL an even greater place to work.

Thank you and keep up the good work,



Tom Walsh



News Flash

You know by now that our first quarter safety goal has been achieved! We met our goal to reduce reportable/accountable injuries by 25%. Employees who worked at least one day during the first quarter will receive a \$100 WalMart Gift Card. **Congratulations on a job well done.**

Working as a single team one day at a time, the quarterly goal is achievable - take pride in that milestone achievement as it shows we can do what we set out to do! Safety Rules!

The second quarter goal is set at six reportable/accountable injuries, which is as obtainable as the first quarter.

D.K. Roth "Safety Person of the Year"

Laurel Engineer D.K. Roth has been selected as the American Short Line and Regional Railroad Association 2003 Safety Person of the Year Award recipient. He also won this prestigious award in 2000.

Mr. Roth was selected from nominees representing railroads from all over North America. His selection is based on his continuing commitment to go above and beyond the call of duty to make safety the number one concern for all employees.

Mr. Roth has been with MRL since startup, involved with the Laurel Safety Committee since 1998, and Committee Chairman for five years. D.K. believes safety is an attitude and works hard through training and by example to share his philosophy. He exemplifies a positive attitude in all aspects of his work, constantly challenging us to be positive about life and safety.

In late April, Mr. Roth and his wife Susan will be traveling to St. Louis to accept his award and the congratulations of the Short Line and Regional Railroad Industry. This is the third time in the last four years the award recipient has been from Montana Rail Link.

Got Gas?

MRL Anticipates Growth in Propane Market Share

by Tom Coston

Helena, MT - Superior Propane, a newly-formed company, has invested in the construction of a new, state-of-the-art propane terminal on MRL property adjacent to the Montana Tunnel facility. With 150,000 gallon storage capacity (one of the largest in the region), this propane terminal will serve a relatively large market that reaches South into Wyoming and Idaho.

Superior Propane expects to receive up to 250 carloads annually from producers in Canada and Montana.

Montana Rail Link invested \$65,000 in track to serve the facility; providing a turnout and lead from the Helena Yard that will serve not only Superior Propane, but any additional customers that might locate on the same property. Superior Propane invested \$140,000 in track connecting their facility to the lead from Helena yard. The first carload of propane is scheduled to arrive in Helena the last week of March.

LEPT

Locomotive Engineer
Training Program
Graduates

2003

Shane Brashear
George Carella
Chris Carlin
Matt Danic
Richard Dawes
Rowdy Downard
Mike Ferestad
Jason Frank
Joe Garcia
Trevor Hanson
Doug Hedges
Richard Klebenow
Tom Maurer
Jesse Maxwell
John McClenahan
Sean Ragen
Brian Walker
Chris Watt

2004 - In Training

Brandon Arthur
Brian Curry
Clifton Greuter
Jason Howe
Steve Huschka
Ryan Krumenacker
Ryan Lavacheck
Jeremiah Michael
Rob Reimann
Josh Sharp
Nate Temple
Tim Van Orden
Kevin Zard

The *Dispatch* is the new employee 'communiqué' that replaces the MRL newsletter. You can access the *Dispatch* on the intranet at -

www.montanarail.com

Keeping Track

Promotions

Richard Abromeit - now **Assistant Trainmaster** at Laurel from switchman effective December 11, 2003

Jeff Adams - now **Trainmaster** at Helena from Assistant Trainmaster effective December 9, 2003

Brent Erickson - now **Trainmaster** at Laurel from Trainmaster, Helena effective January 1, 2004

Rod Leister - now **Assistant Trainmaster** at Missoula from locomotive engineer effective December 12, 2003

Mike Lemm - now **Executive in Training** from Superintendent effective January 1, 2004

Mike Mattson - now **Assistant Trainmaster** at Missoula from locomotive engineer effective November 21, 2003

Mark Smith - now **Terminal Superintendent** at Laurel from Trainmaster, Missoula effective January 1, 2004

Mark Turner - now **Mechanical Foreman** at Laurel from carman effective February 1, 2004

Gary Waddell - now **Superintendent** from Terminal Superintendent effective January 1, 2004

New at Montana Rail Link

Shaun Airhart - switchman
Josh Blohm - switchman trainee
Mathew Calhoun - switchman trainee
Josh Cappel - carman apprentice
Michael Galland - switchman trainee
Jason Johns - switchman trainee
Kendra Johnson - HR system specialist
Jim Lyons - trainmaster - Missoula
Anthony Maida - carman apprentice
Debbie Marshall - claims specialist
Ryan O'Rourke - switchman trainee
Harlan Penninger - carman
David Reed - switchman trainee
Celica Small - clerk
Tyler Smith - switchman
Justin Streck - carman apprentice
Desi Torres - switchman
Justin Travis - switchman trainee
Matt Weatherman - switchman trainee
Philip Williamson - switchman trainee
Zachary Zagata - switchman trainee

Polson Yard

Construction to Continue

by Randy Gustin

After a winter shutdown, work on the new Polson Yard resumed in early March. The new Polson Yard is being built approximately four miles south of the City of Polson. This project is being funded by the State of Montana as part of the reconstruction of Highway 93 and is expected to be completed by the end of May. Removal of existing track within the city limits of Polson should be completed this Spring. The new Polson Yard will become the terminus for the Montana Rail Link 11th Subdivision and will provide rail facilities for customers in Polson and the surrounding area.

Gangs Begin Capital Projects

Gang 1953 will complete construction of the new Polson track beginning March 22, 2004. Gang 1955 will begin work on the dock track at Helena and will continue with regular maintenance. Additional gangs beginning in this time frame are Gangs 1950 and 1951 - surfacing, and Gang 1956 - undercutting. The Gangs are comprised of 89 MOW employees.

Mechanical Highlight

by Jack Gabrian

High traffic levels have increased workloads at all locations on bad order cars and locomotives.

Laurel repaired 1270 cars in January (531 trains), and in February repaired 1413 cars (592 trains), which is an increase of 63 trains for the first two months of the year. Missoula's repairs also increased in the car shop - in January, 421 cars were repaired and 514 in February, which is an increase of 256 cars from 2003.

MRL currently has 49 locomotives leased to the BNSF and Norfolk Southern. The 25000 series is going through a Rule 88 upgrade at CEECO, with 12 of the 70 cars being completed to date. The 450000 series hoppers are being painted at Rocky Rail, with 30 cars scheduled to be painted this year. Eight flat cars have been purchased to carry containers of garbage from Park County to Helena.

In anticipation of upcoming retirements, Carmen Apprentices at Laurel, Livingston, and Missoula are being hired. A big welcome to Casey Barnhart, Josh Cappel, Tony Madia, Justin Streck, Scott Hennan, and Patrick Wayne at Laurel, David Hahn in Missoula, and Raymond Nelson at Livingston - Machinist Apprentice.

Mark Turner has accepted the position of Mechanical Foreman in Laurel. Mark will fill the vacancy left by Fred Feurbacher.

There have been two retirements in Missoula - Murray Engebretson, Carshop and Ed O'Neil, Round House. Laurel is losing the services of Joe Morin at the end of March from the trainyard. We wish all these gentlemen a great and prosperous retirement!

2003 Employee Survey

by Lynda Frost

Successes

You said it loud and clear . . . Safety was the bright spot in the 2003 Employee Survey. More than 600 MRL employees participated in the survey and told us what we are doing well and identified areas for improvement. A record 74% of our employee population participated in the 47-item questionnaire which helps provide this valuable information.

The new survey, which was comprised of both new questions and a new format, received positive comments from our employees. The questions were based on the MRL value system of F.I.R.S.T. and were categorized as: Safety, Communication, Respect, Accountability/Commitment, Simplicity, and Quality.

The following are the areas where we excel as YOU said it:

Safety is my responsibility.

95% have accepted safety as their responsibility

I know what is expected of me on the job.

85% have a clear understanding of their job expectations

The overall quality of work done by my department is good.

84% see quality work within their department

Employees in our department follow safe work practices.

83% believe their department follows safe work rules

If I don't understand something, I know it is okay to ask questions.

83% are comfortable in asking questions

I treat my supervisor with respect.

83% have a respectful relationship with their supervisor

Can Improve

MRL will be focusing on three areas of improvement, which incorporates six of the questions from the questionnaire. In order of importance, they are:

Customer Satisfaction

We are kept informed of customers' satisfaction with service we provide.

The Marketing Department forwarded the results of this year's customer survey to all departments for distribution to employees. This information has provided employees an overview of customer satisfaction and comments.

Interaction Between Departments

There is close cooperation among departments to achieve quality.

My area uses feedback from other departments to improve the quality of our work.

Inter-departmental committee meetings for first line supervisors have been established at each location. These new committees, called "Enhanced Inter-departmental Communication and Cooperation" (EICC), meet monthly to address and resolve inter-departmental issues.

Communications

I am told when I do a good job.

Effort is made to get the opinions of people who work here.

Issues and disagreements in my department are handled constructively and fairly.

These are three areas that are key to our success as a world-class railroad. We will be placing significant emphasis on this area by refocusing the importance of effective and thoughtful communication, which will be emphasized in a new series of supervisory training beginning in October 2004. Watch for it!

What's Next?

The survey will be conducted again in late 2004 as we begin to track our success in changing those areas that need improvement and leveraging those areas that are stellar.