



Company News for MRL Employees

Dispatch Staff: Lynda Frost • Brent Mueller • Howard Nash • Pete Lawrenson • Randy Gustin • Erin Best

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MESSAGE
from the
President

The Mullan Tunnel has given us fits, that's for sure. As we all know, on July 20th we experienced a major collapse. At first, it seemed that we would be out of business for a day or two. As the team worked towards cleanup, it became obvious the outage would persist longer. Several days into the cleanup, we determined that the tunnel would not be safe to pass through for more than two weeks from the initial collapse. This catastrophe is negatively affecting many of you as well as BNSF and the many customers in Montana and all over the United States. This closure is unprecedented in the 22 years of our existence. With normal traffic levels at a standstill, many of you are temporarily out of work, causing hardship on you and your families. With the line severed, many of our customers are forced to curtail their operations, affecting their employees and their operations.

This all comes at a time when it seemed we were emerging from slumping traffic levels experienced in the first six months of the year. Many of our customers had recently increased their shipments, and BNSF began shipping bridge cars at more normal levels. Times like these certainly cause stress in our daily lives, however we will endure and someday will look back on this as a 'blip' on a very successful screen.

We are doing everything possible to serve our customers. It's hard to say we are meeting our vision of being the *Best of the Best* in safety, customer service and ingenuity when our line is closed, however when you look closely at the situation, you may surprise yourself. For instance, we are working diligently with the BNSF to re-route and detour trains for our customers in an effort to minimize the impact on them (Customer Service), we have run trains that are 14,000 feet long with distributed power in several locations to serve our customers (Ingenuity), and we are doing this all without any reportable injuries or accidents (Safety).

We have a lot to be thankful for, but there is significant work ahead of us. Our coal contract runs through 2012, which means we expect to handle another 30,000 loads this year. We also expect to move 60,000 more bridge cars throughout the remainder of the year. Many of our customers are increasing their business levels, and we expect that to continue.

Thank you all for doing your part in serving our customers and keeping our Company strong during this crisis. A really smart guy once said, "In the middle of difficulties, lies opportunities." I think we would all agree that Albert Einstein's wisdom is right on target. However difficult it may seem to us now, we will emerge stronger and better because of the adversity that was thrown at us. As I have said before, I know we can, because we have nearly 1,000 great employees to carry out the charge.

Now is not the time to get discouraged – it is time to be thankful for what we have and to aim high to be absolutely the *Best of the Best* in safety, customer service and ingenuity.

Thank you,

Tom Welsh

Montana Rail Link's First Quiet Zone

Lynda Frost, Assistant to the President

Montana Rail Link's first railroad "Quiet Zone" is scheduled to go into effect in downtown Billings at the end of August. The FRA definition of a quiet zone is "a section of rail line that contains one or more consecutive public crossings at which locomotive horns are not routinely sounded. The \$1.47 million dollar project in Billings will pay for new crossing gate arms at North 27th, 28th and 29th streets, plus pedestrian fencing and upgrade of electronic signal equipment at all three intersections. Twenty-four new crossing gate arms will be installed, eight at each intersection. Two gate arms will stop vehicular traffic on either side of the tracks, and four smaller gates will come down over the sidewalks to warn pedestrians of approaching trains. Electronic sensing loops will be installed in the road surface at each grade crossing to inform the gate arm controller of the presence of a vehicle occupying the crossing. This

controller will prevent the gate arms from trapping vehicles on any of the crossings. The business owners and residents in the downtown area have been working towards the goal of eliminating the routine sounding of locomotive horns over these crossings for at least six years.

It was not until the FRA published its final rule regulating the use of locomotive horns at public grade crossings in 2006 that significant progress could be made towards accomplishing this goal. For this project, MRL is coordinating the installation of additional crossing signal equipment and crossing gates and the City of Billings is supervising installation of pedestrian fencing "mazes" on the adjacent sidewalks. The actual installation of the crossing signal equipment and crossing gate arms is being performed by Railroad Controls Limited, a Texas based signal contractor.

Bridge 209

Randy Gustin, Assistant Chief Engineer

Montana Rail Link is well into a project to upgrade Bridge 209 on the 4th Subdivision. Work is proceeding on Bridge 209, with Phase II being the focus of the 2009 work season. Phase I was the pier work and was mostly completed in 2008, with only some micro-pile work remaining to be completed. Phase II is the largest phase and encompasses the actual steel work of super-imposing an arch to support the existing truss of the structure. Phase III will be the actual deck work and will be the final phase of the project. This work is very similar to the work completed previously on Bridge 208, and it is a substantial project with an overall cost of around \$4 million.



Above: Encasing the pier in concrete.

Employee Family Scholarship Program Doubled!

Lynda Frost, Assistant to the President

In partnership with the Dennis & Phyllis Washington Foundation, last month Montana Rail Link announced that the Employee Family Scholarship was doubled to an \$8,000 maximum lifetime benefit. The scholarship program was established to help the families of our employees broaden their access to higher education.

Beginning in the fall 2009, the program will provide \$1,000 per semester (increased from the previous amount of \$500 per semester). Eligibility extends to a child (no age limit) or spouse of an employee who has worked with the company for one year or more.

Funds may be used for post-secondary education at any accredited institution, provided the program is full-time and continues a minimum of one year. The intent is to make higher education more affordable to the families of our employees.



The application can be located on the Foundation website at dpwfoundation.org. If you have any questions concerning the Employee Family Scholarship Program, please contact Ellen Harne at Washington Corporations (406-523-1371) or Kelly Hughes at the Dennis and Phyllis Washington Foundation (406-523-1320).

Keeping Track

On the Move

Colin Barnhill • Was Track Laborer, Now Signal Laborer – Livingston

Josh Starkel • Was Switchman, Now Signal Laborer – Livingston

Zack Zagata • Was Switchman, Now Trainmaster – Laurel

Look Who's New

Director Sales & Marketing

Jim Lewis

Hostler – Helena

Justin Taylor

Signal Laborer – Missoula

Kris Davis

Retirements

Gary Boltz, *Engineering Plains*

Frank Held, *Engineering Superior*

Dave Smith, *Operating Helena*

DATES to Remember

September 12th

Billings AHA Heart Walk

October 3rd

Missoula AHA Heart Walk

October 17th

Missoula UM Tailgate Party

Success With Thomas

Lynda Frost, Assistant to the President

Montana Rail Link partnered with the Billings Depot to host a three-day *Day Out With Thomas* event on July 10-12. More than 9,000 passengers from around the state enjoyed this special event, which consisted of 30 train rides and many childrens' activities. This is the first time *Thomas* has visited Montana, and it was considered an over-whelming success.



Left (L-R): Those assisting with the event were Engineers Jesse Maxwell, Brian Curry, and Travis Fox; Trainmasters Jeff Benson, Zach Zagata and Joe Zawada; Conductor Dean Ziegler; and Kevin Albrecht, Lynda Frost, and Mark Turner.

Personal Fitness Impacts Personal Safety

Pete Lawrenson, Chief of Security

A critical component of personal safety is how well we manage our bodies. The more attention we pay to healthy life styles – including good nutrition, physical fitness and attention to good safety practices – the more we reduce the risk of personal injury. Tammy Mocabee, Administrative Assistant to the Engineering and Mechanical Departments in Missoula, demonstrated her commitment to personal safety when she

ran and completed the Third Annual Missoula Marathon.

On Sunday, July 12, Tammy started the marathon at 0600 in Frenchtown, Montana. Crossing the finish line 4 hours, 20 minutes and 26.2 miles later, Tammy demonstrates her fitness commitment as part of her healthy lifestyle. Getting in physical shape to run a marathon takes a lot of time to

DEPARTMENT HIGHLIGHT

Howard Nash, Executive Director of Sales & Marketing

The Sales and Marketing Department's mission is to help our customers grow and prosper. Under the leadership of Howard Nash, the department consists of four managers who are responsible for customer activity by commodity. Tom Coston handles petroleum products, coal, scrap metals, steel, metal products, and hazardous materials. Cathy Wilson has responsibility for agricultural commodities, consumer products, fertilizers, and chemicals. Mike McKay handles metallic and non-metallic minerals, dimensional shipments, government, special movements, and magnesium chloride. Ryan Wake is responsible for building materials, finished forest products, paper, and primary forest products.

The newest member of the team is Jim Lewis. Jim came on board June 22, 2009 and will replace Howard Nash, who is retiring December 31, 2009, as Director of Sales and Marketing. Jim comes to us from Watkins Shepherd Trucking where he was the Director of U.S. Truckload Operations. Jim has 16 years of transportation experience which includes LTL, truckload, flatbed, intermodal, and boxcar transportation. His responsibilities also included safety and training, human resources, dispatch, operations, billing, and recruiting. Jim is riding locals, meeting customers and visiting locations across the system until the end of August, at which time he will take on full marketing duties.



Above (L-R): Jim Lewis, Tom Coston, Howard Nash, Ryan Wake, Cathy Wilson, and Mike McKay

The Sales and Marketing team has over seventy years of combined railroad experience. They work to become experts in their specific commodities to protect and grow MRL's market share. In addition to domestic shipments of products produced along MRL, many of these resources find their way into international markets. Demand for coal and coke (a petroleum product) in China impacts MRL's customers. The price of oil drives demand for Montana-produced cement in Alberta. What happens with Australia's wheat drives pricing and effects movement of local wheat. Scrap steel rail shipments are driven by demand around the world.

The Department maintains relationships with sales counterparts at BNSF and UP railroads for pricing of transportation services across North America. In addition to maintaining relationships with our existing and potential customers, the Sales and Marketing group is required to foster relationships with government agencies, port authorities and other modes of transportation. The Sales

team collaborates with all MRL departments in an effort to gain and maintain business for our company. By providing personal attention for our customer's requirements every day, we can accomplish our goal of making it easy to conduct business with our company.

Motorcar Tour

Brent Mueller, Manager Cost & Finance

On June 13, a group of motorcar enthusiasts from the Pacific Railcar Operators (PRO) organization gathered on the 5th Sub to take a tour of the railroad from Whitehall to Logan and back, including a Harrison Branch side trip. Motorcars were once used for track inspection and other Maintenance of Way tasks. However, as the cars have been replaced by hi-rail trucks, rail fans began purchasing them for recreation. The day on MRL line was part of a multi-week tour of Montana, and following a safety meeting, the group of about 30 motorcars headed east to Logan. Escorting the group in hi-rail trucks were Assistant Roadmaster Curt Witham and Trident Section Foreman Waylon DuBois. At Logan, the operators turned the cars around and were off again towards Sappington, diverging onto the Harrison Branch. Lunch was waiting at the Harrison grain elevator where the DeFrance family, who operate the facility and participate in the PRO, had prepared lunch. Cars were then back on their way to Whitehall to complete the day's activities. All the participants were highly complimentary of MRL, were grateful for allowing their group's tour, and look forward to visiting MRL again in the future.



Right: Tammy Mocabee approaches the finish line.

properly train. In addition to her full time job, Tammy is a wife and mother to two children at home, yet she finds time to diligently train.

First and foremost, Congratulations Tammy! Secondly, Tammy has inspired me to notch up my own fitness training as part of being healthy and safe. How about you?

