

Company News for MRL Employees

Dispatch Staff: Lynda Frost • Casey Calkins • Pete Lawrenson • Jim Lewis • Pam Schneiter • Leon Scoles • Scott Trent • Erin Best

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MESSAGE



from the President

It is difficult to imagine that Montana Rail Link is 25 years old—unfortunately, that makes us all that much older too. It has been a successful journey thus far, and I believe that we are positioned well for the next 25 years. Your commitment and contribution to MRL have been the reasons for our success and why I am so bullish about our future.

I encourage you to take a minute to look at the names of the people in this newsletter who have been with MRL since 1987. As I recall, we employed about 700 people in the early days and nearly 200 of those employees still call MRL home 25 years later. I also encourage you to look at the list of new employees in this newsletter—by the end of this year we expect to have hired nearly 180 new employees—the future of our Company.

Why so many people hired, might you ask? Well, as I said above, we do seem to be getting older even though we have kept our youthful appearances! Retirements are on the rise as have been our business levels. Earlier this year, BNSF asked us to help out handling a few daily trains while maintenance work was being performed on their Highline route. Initially, this rerouted traffic was to last for six weeks. Those six weeks have lasted for months and are expected to continue through mid-November. With this sudden and long lasting increase, we were left flat-footed with not enough crews and other resources to handle the new business. Thank you for stepping up to the plate and helping with the added traffic. Additionally, we signed an agreement with BNSF in August that I am confident will result in steadier traffic levels for our Company in the years to come. The reroutes will come to an end soon, however the new contract will likely add a few more carloads. The combination of new business and recent retirements gave us the opportunity to hire the additional people—welcome aboard!

Our Montana-based customers have not fully rebounded to pre-recession levels, although we continue to see improvements. New business opportunities like the wood chip facility in Bonner and various opportunities related to the Bakken oil development have taken the sting out of our Smurfit Stone and other forest product customer losses over the last few years. We have solid future opportunities as well, and I am confident that our great service will win more business for us.

As we all know, our Company is built on Service. And to provide good quality service, we need good quality people like you. I am most proud of our achievements in safety and our quest for Zero injuries and Zero accidents—thank you. You are the reason we are successful. Let's make this year a springboard for attaining once unthinkable goals for our future. Working together, we will keep our Company strong!

Congratulations on our 25th Anniversary...
and Happy Thanksgiving!

Tom Walsh

Sales & Marketing Update

Jim Lewis, Director Sales & Marketing

2012 has been a busy year for the Sales & Marketing Department as we continue to work with existing customers and potential new customers. As many of you already know, MRL is fighting to get back to pre-recession volume levels for local and other on-line traffic. The addition of new business, including Tricon's local log program and wood chips from Bonner, has us on an upward trend toward that goal.

Willis Enterprises has been up and running for seven months and has generated 800 carloads; with a plan to ship 1,200 by year's end and over 2,300 in 2013. A permanent chipper and new track is being constructed with completion expected by mid-December. With an estimated investment of \$4 million, Willis Enterprises and Boise Inc. are investing in Montana for long-term fiber supply for Boise's Wallula, WA paper mill.



Construction of Willis Enterprises in Bonner permanent chipper (October 2012)

It is hard to believe that Tricon's local log program has been going strong for 18 months. During this period, they have shipped nearly 1,700 loads from Helena, Livingston and Huntley to their mill in St. Regis. This addition of inbound logs has also increased their outbound center-beam shipments.

We have also seen increased shipments from other new customers; including Circle S Seeds in Logan, storage of loaded frac sand cars in Lockwood, rock shipments from Laurel, inbound coal shipments to Graymont in Townsend, slag shipments from East Helena, and others.

Existing customers have also seen growth in 2012. Cement shipments are up 10% compared to 2011, and forest products from all shippers combined are expected to be

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What's New at TRS

Casey Calkins, Director Training Rules & Safety

You could say there's a lot that's new at TRS. In the last several years, our department underwent complete turnover due to three retirements in short order. Now, we are experiencing yet another major transition with **Kim Kautzman** ready to ride off into the sunset upon his retirement in November. I'm getting ready to fill in behind Kim at the Director's position, and we have recently welcomed **Forrest Norby** to our team as a new Manager. **Gregg Cooney, Pete Lawrenson** and I look forward to working with Forrest, and we know he will be an excellent addition to our team.

We have recognized during these times of change that we are presented with a great opportunity to take a look at how we do business and identify where we can increase our level of efficiency and effectiveness. We have already begun to evaluate and audit our procedures and practices, looking for new or better ways to do things. With continuous improvement in mind, we are not only seeking out ways to be more effective today but, also, ways we will remain highly effective years from now. Engaging employees and remaining connected to daily operations in the field is important to us, and we will continue to be a presence around the railroad, seeking interaction with all groups in the field.

Aside from staffing, some other notable changes affecting TRS are regulatory. In recent years, we have seen a significant increase in proposed rules and regulations, and looking into the near future, we don't see that slowing down. In order to keep on the leading edge within our industry, we recognize the need to take a proactive approach to these regulations. We aim to have a thorough understanding of new requirements as far in advance as possible—before they are in effect—so that we may better educate our employees on the impacts these requirements will have on individuals and daily operations.

Amidst all the changes at TRS and across our Company, we can say with a certainty that one thing hasn't changed: our unconditional commitment to the safety of our employees.

Legends of the West October 2012



It takes a big crew of smiling faces to serve over 2,500 passengers!



Congratulations and Thank You

With MRL since 1987

John Alfson

Jerry Allen

Dave Amsk

Dave Anderson

John Babbitt

Rod Barber

Bret Barnes

Charlie Becken

Dan Belinak

Jeff Benson

Garyl Beskoon

John Binek

Leo Block

Suzanne Bonner

Verlin Bonner

Matt Brennan

Mike Briscoe

Bill Brodsky

Mark Brooks

Terry Burdett

Alex Cantrell

Leonard Carden*

Craig Carlson

John Caswell

Mike Cavanaugh

Robbie Chandler Jr.

Marc Coate

Jim Coleman

Arne Cook

Kevin Cook

Bill Cornish

Bruce Custer

Mitch Dahl Jr.

Roger Demaray

Edie Dibble

Greg Dibble

Jim Dietz

Gene Dobson

Tim Doherty

Jack Dorsey

Jay Edwards Jr.

Mark Elsenpeter

Paul Elsenpeter Jr.

Lyle Evans

Jim Fall

Roger Fettig

Rick Fitterer

Dave Franz

Mark Frickel

Garry Fritel

Legends of the West

Lynda Frost

Jack Gabrian

Lance Graham

Ron Graham

Marty Green

Tom Griffin

Roberto Guerrero

Dave Gupstill

Chuck Hancock

Aaron Hanson

Russ Hays

Kirk Henderson

Chuck Hendrickson*

Rex Hoag

Mike Hodges

Ray Hoff

Dick Hofmeier

John Hood

Rocky Hook

Chuck Howe

Steve Howes

Les Hull

Steve Huschka

Mike Ihde

Dennis James

Jeff Jamison

Steve Jones

Larry Karls

Kim Kautzman

Larry Kays

Kern Kemmerer

Terry Kennedy

Pat Kindsfater

Dave King

Allan Knutson

Jerry Krantz

Ron Kroll

Terry Krum

Andy Kulawinski

Dan Lake

Jim Lakel

Mike Laughnan

Mark Leischner

Mike Lemm

Tom Lemm

Kelly Lloyd

Gary Loeffler

Ralph Mackey

Dan Maedche

Gerald Marshall

Randy Martin

Scott Mattson

Rob Mayes

Mark McGrath

Don McKenzie

Kevin Mercier

Dave Metzger

Rick Mill

Steven Miller

Tom Miller

Gerald Minch

Larry Minch

Chuck Mininger

Alan Moe

Dave Moffett

Dan Morley

Rich Murillo

Darcy Ness

Tom Ness

Allan Oines

Tim Olds

James Olson

Dave O'Rear

Jim Osborn

Jay Owen

Mike Patch

Bruce Patterson

Kevin Pelletier

Rob Perkins

John Peterson

Lorna Pettigrew

Larry Pfau

Ron Piseno

Ron Plaggemeyer

Henry Poeschl

Kim Redman

Roy Reineke

Dean Rider

Butch Ripley Jr.

Paul Roberts

Brian Rogers

Ron Rolison

D.K. Roth

Jim Russell

Eric Sampson*

Dane Sark

Dave Schuyler

Leon Scoles

Patty Seabaugh

Doug Sharbono

Peggy Sheldon

Tom Shunkwiler

Mark Sigler

Don Smith

Dale Smith

Ken Southworth

Tom Sparano

Rick Stabio

Dale Stevenson

Paul Stockton*

Gary Strever

Ron Stutterheim

Ray Thies

Orville Verlanic*

Dan VonBergen

Scott Wagner

Joe Walker

Tom Walsh

Jesse Walton

Jeff Weak

Val Weishaar

Larry Weninger

Cathy Wilson

Leonard Wombolt

John Woods

Joe Zawada

*recent 2012 retirees



1987-2012

Company-Wide Gift Celebrating 25 Years

This September, steak fries were held in Billings, Laurel, Livingston, Helena, Missoula, and Thompson Falls. Employees gathered under sunny skies to munch on steaks with all the trimmings. The Safety Committee was on hand to distribute personalized rail book ends to each employee as pictured at right (employees hired between January 1st and October 31st of this year will receive their gifts in November). Thanks to everyone who assisted in facilitating the event and gift distribution!

Happy Holidays!

Employees will again be receiving a holiday ham which can be picked up at your local Albertson's store between Thanksgiving and Christmas Day. Watch for your ham certificate enclosed in your MRL Christmas card.

A Close Call

Leon Scoles, Supervisor Signal Helena

In August an east bound train with **Chad Jolley** and **Jason Ostler** at the controls was running on a clear signal toward a crossing at MP 11.7 on the 3rd Subdivision. As they came out of the cut and around the corner, they spotted a four wheeler in camouflage paint tipped over on the tracks. Two young kids in dark clothing were trying to get it back on its wheels. In spite of traveling downhill on the mountain grade, poor visibility caused by the curves and the big cut; this alert train crew's awareness of the situation allowed time to get the train stopped within two feet of the four wheeler – very remarkable under these conditions.



Chad Jolley & Jason Ostler

After stopping to see that the kids were alright and talking with them about rail safety, the crew helped upright the four wheeler and got the youngsters sent on their way home. With only a little road rash, a bent up wheel and some tattered nerves, the kids learned a very hard lesson and were very lucky to have these two men behind the controls of this train.

25th Annual Golf Invitational Events

Over 300 attendees participated in the 25th Annual Missoula Golf Invitational. Everyone enjoyed themselves while golfing at Canyon River Golf Club, Missoula Country Club or The Ranch Club followed by an afternoon barbecue at the Grant Creek Ranch. Youth Homes Missoula was the recipient of fund-raising efforts conducted throughout the two day event.

The 25th Annual Laurel Golf Invitational was held in August. This year, nearly 180 attended, golfing at Lake Hills Golf Club or Peter Yegen Golf Club. Attendance doubled at the afternoon barbecue held at Zoo Montana. Thanks to everyone who joined in the fun at both events!



Online Auction an Enormous Success!

Employees of MRL and other Washington Companies raised over \$15,000 in May's online silent auction to raise funds for Youth Homes Missoula and Special K Ranch (Columbus). The silent auction offered more than 150 items and services donated by local businesses as well as our very own employees. The Washington Foundation generously matched funds raised in bids to bring the total raised for these non-profit organizations to over \$30,000! Thank you to everyone who participated!

Christmas Shopping

Get all of your Christmas shopping done in one quick stop! Visit www.montanarail.com and check out the MRL Store page for your gift giving this year.

Bike for Shelter

Nearly 30 volunteers from MRL and other Washington Companies devoted a Saturday in May to help make the 12th Annual Watson Children's Shelter *Bike for Shelter* event a success. Volunteers ran the barbecue and served food and drinks. This large carnival-like event is always fun for everyone and raised over \$70,000 to support WCS, the only emergency shelter in western Montana for young children in crises. Thanks to all the fantastic volunteers - this event would not be possible without their commitment!



Bike for Shelter volunteers take a moment for a group photo.

SAFETY 2013

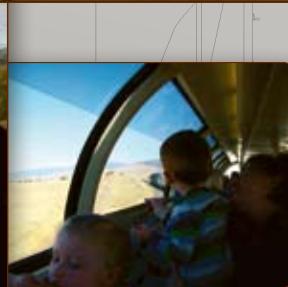
CONTINUE THE CHALLENGE



Did You Know?

In partnership with the Dennis & Phyllis Washington Foundation, MRL offers the Employee Family Scholarship Program offering up to \$8,000 in lifetime financial assistance to each member of your family attending an accredited academic institution.

Funds may be used for post-secondary education at any accredited institution in the amount of \$1,000 per semester to a child (no age limit) or spouse of an employee who has worked with the company for at least one year. *Students must submit their application no later than 30 days after the school term has begun.* For details visit www.montanarail.com and click "Scholarships & Grant-in-Aid" on the Employee Tools page.



25th Anniversary Employee Train

Held in early October, the *Legends of the West* employee train commemorated the history of Montana Rail Link and 25 years of excellence! Seven trips carrying a total of 2,500 people traveled between Dixon and Laurel. Passengers enjoyed the ride and spectacular fall scenery while enjoying a meal packaged in a limited edition tote bag. Thanks to all who participated and helped to ensure this event was an enormous success!

Many thanks to the following for providing the photos seen here: Kyle Brehm, Molly Blakely, Alan Burns, Shelly Goff, Doug Heckman, Rich Keller, Michelle Leiby

Keeping Track

On the Move

Jeff Benson • Was Trainmaster,
Now Assistant Superintendent

Emery Boyer, Cory Brown, Dan Coomes,
Jeremy Rusnell • Were Track Laborers,
Now Switchman Trainees

Mary Ann Buck-Heisserer • Was Revenue Technician,
Now Operations Analyst – Missoula

Casey Calkins • Was Manager Training Rules & Safety,
Now Director Training Rules & Safety

Brandon Duryea • Was Mechanical Foreman,
Now Trainmaster – Laurel

Kyle Erickson • Was Clerk,
Now Temporary Yardmaster – Laurel

Aaron Haddick • Was Carman,
Now Mechanical Foreman – Laurel

Brad Hanson • Was Work Equipment,
Now Supervisor Work Equipment

Andy Martin • Was Track Laborer,
Now Signal Laborer

Forrest Norby • Was Assistant Roadmaster,
Now Manager Training Rules & Safety

Look Who's New

Business Administration Intern

Jessica Smith

Carman Apprentices – Laurel

Destry Berst, Jeremy Halvorson,
Bo Laughery, Pete Loomis,
Dennis Sitzman

Clerks

Shara Blair, Tom Hoyer, Nick McAtee

Electrician – Helena

Kyle Patterson

Electrician Apprentices

Matt Dean, Nate Krause, Chris
Wight

Hostler – Helena

Bryant Grove

Hostler/Laborer – Laurel

Holden Knutson

Machinist Apprentices – Missoula

Josh Larsen, Buck Normandy

Material Laborer – Livingston

Jeff Meyer

Mechanical Foremen – Laurel

Erik Banks (rehire), Tim Cousineau,
Dustin Todd

Signal Laborers

Steve Arant, Brandon England,
Garrett Rasmussen, Jason
Schumacher

Retirements

Kevin Albrecht, Mechanical Livingston

Leonard Carden, Engineering Livingston

Richard Curtis, Operating Helena

Douglas Garcia, Mechanical Helena

Doug Grissom, Operating Missoula

Chuck Hendrickson, Engineering Missoula

Curtis Hughes, Engineering Laurel

Ray Massing, Mechanical Laurel

Thomas Noble, Mechanical Laurel

2012 Hiring Hits Record Pace

Scott Trent, Chief HR Officer & Pam Schneiter, Director Human Resources

During 2012, MRL has been hiring new team members at an unprecedented pace compared to hiring practices over the past decade. Consistent increases in traffic volumes are responsible for our hiring upswing. Looking back over the past three years, MRL hired an average of 50 new employees annually to keep pace with attrition through retirements and resignations.

While hiring has occurred in all departments this year, the Operating Department has added over 100 team members to meet increasing demands for more switchmen and engineers. The Mechanical Department has also added 28 new members to its ranks, while hiring in the MOW Department remains stable as does MRL's Administration group.

In our commitment to hire the *Best of the Best*, MRL has strengthened our due-diligence process in order to reinforce our *Hire Hard – Manage Easy* philosophy. In addition to checking references, we utilize the services of a professional background search organization. In our efforts to fully and responsibly screen candidates before extending a job offer, we examine Department of Motor Vehicle (DMV) records, national and county criminal databases, validate Social Security numbers, and confirm educational requirements.

Keeping Watch

Pete Lawrenson, Chief Security & Safety

Montana Rail Link experiences various types of theft that impact our operation every year. From signal copper wire to track material and major items like power tools and solar batteries; persons illegally access MRL property and commit the criminal act of theft. 2012 has not been an exception with multiple thefts of copper wire and track material. Fortunately, the majority of people committing these crimes are identified, apprehended and successfully prosecuted, and as of today, 11 people are awaiting prosecution for felony theft of MRL property.

In almost every incident of theft, the suspect is identified and apprehended because of someone – an MRL employee or citizen – recognizing a suspicious act and promptly reporting the act to law enforcement or directly to MRL. Theft is a serious crime punishable by up to 10 years in prison, but more importantly, theft impacts MRL's operation and employee's safety.

It is critical for employees to accept responsibility for monitoring their work environment for suspicious individuals and acts in order to reduce MRL's exposure to theft. When something looks out of place or irregular in behavior, it probably is, and employees need to respond timely and as good witnesses. With the volume of tools, equipment, material, and facilities spread across the MRL railroad, securing the railroad is enhanced by team work. Preventing theft secures our operation and jobs.

Sales & Marketing Update

Continued from page 1

over 6,000 annual carloads; an increase of 4,000 carloads from our low point in 2009. This increase is slowly erasing the 10,000 carload deficit caused by Smurfit Stone and other forest product customer closures a few years ago.

There will be many more opportunities in 2013 that include the addition of new customers and growth from existing customers. The three refineries in Laurel and Billings completed maintenance projects in 2012 that should result in volume growth in 2013. We are expecting growth in asphalt, coke and fuel as the refineries run at higher capacity. Pacific Steel in Billings is relocating to Lockwood and will be installing a car shredder which has the potential to triple their rail volume.

This growth would not be possible without the support and dedication of our employees in the field and the main office; including Operating, Customer Support, Mechanical, and MOW. Time after time, you have stepped up to provide superior service to our valued customer, and for this, the entire Sales & Marketing team thanks you. Your dedication to safety and service is what makes MRL great. Keep up the good work!

DATES to Remember

December 7th

Laurel Christmas Party

December 8th

Livingston Christmas Party

December 14th

Helena Christmas Party

December 15th

Missoula Christmas Party