



MESSAGE

from the President



Can you believe that 2015 is only days away? How could it be, and where did the time go? If you are like me, those are the thoughts swirling around in your head as we approach

Christmas this year. 2014 was a wonderful year – we invested heavily in our Company forging the way for future growth and prosperity. As many of you know, we purchased five additional high-horsepower locomotives to bring our highly energy-efficient, low-emission fleet to 25. We also reconfigured rail yards, added and lengthened sidings, as well as made many other significant improvements across the line. Most importantly, we hired nearly 300 new employees during the year, bringing our total employment level to nearly 1,200. That's a record for our Company. We are truly a company on the move.

2014 is a very special year for our Company for another reason, as we celebrate the 50th anniversary of the Washington Companies. In 1964 our founder, Dennis Washington, started his first company, Washington Construction. Mr. Washington wasn't quite thirty years old at the time but had a vision to build a first-class construction company. His grit, determination and hard work; along with a \$30,000 loan from a local businessman to buy a piece of Caterpillar equipment; proved to be the right combination to launch his fledgling construction company. He did just that and, then, went on to acquire or start up many more businesses over the next fifty years. Fortunately for us, Montana Rail Link was one of those companies and was born in 1987.

We are one of many Washington Companies. Others include Montana Resources, a copper mine in Butte; Modern Machinery, a heavy equipment sales and service company based out of Missoula (with operations all over the Pacific Northwest and in Russia); Envirocon, an environmental construction and consulting company based out of Missoula (with operations all over the U.S.); Seaspan, the largest marine company on Canada's West Coast and headquartered in Vancouver, B.C.; and our sister railroad, SRY, also based out of Vancouver, B.C. Additionally, Washington Corporations, based out of Missoula, provides valuable support for all the operating companies. The breadth and scope of the Washington Companies is truly remarkable, but the people within those companies make all the difference. I have had the privilege of working for MRL for the past 27 years and have had the good opportunity to work with the other companies along the way. I can attest to the strong commitment and passion exemplified by the employees of all the Washington Companies. As a group, we are over 5,000 strong, and collectively, we all live and work the "Washington Way".

Thank you for your continued passion for your work. With all the new employees across the system, please take the time to help them as well as welcoming them to our ever-growing family. And most importantly, please continue to foster your passion for safety in everything you do. Make it a constant in your everyday activities at and away from work. Our goal continues to be Double Zeros – Zero personal injuries and Zero accidents. As said before, that goal seemed ridiculous to most in years past, but now, it is obvious that this goal is attainable.

Remember our vision – to be the best in safety, customer satisfaction and ingenuity. If we keep those three simple thoughts in our daily work, we will continue to soar beyond what was once thought unimaginable.

Merry Christmas and best wishes for a wonderful New Year!

Tom Weber

A Look at Railroad Regulation

Casey Calkins, Director Training Rules & Safety

In 1887, Congress formed the Interstate Commerce Commission to ensure railroads were setting shipping rates fairly for all customers. Since then, railroads have been a point of focus for Federal regulators.

Today, railroads are still targeted for new regulation, and regulation of the Railroad Industry is currently being proposed at an unprecedented rate. Commodities such as crude oil and ethanol are moving on America's railways in corridors and volumes previously unseen. With this, there have been some unfortunate high-profile incidents that have led to a wave of regulatory activity.

The Federal Railroad Administration (FRA) has 16 regulations pending or recently issued as a 'final rule'. While some of those will consist of minor changes to existing regulations, many of them are new rules that carry significant cost burdens and implementation challenges. In November, one such final rule was published (49 CFR Part 243) that will require FRA-approved programs for the certification of all safety-related positions, the definition of which will encompass the majority of MRL's workforce.

Most of us are already feeling the effects of the rising tide of regulation in one way or another. From how we secure unattended equipment, to protecting ourselves against movement on adjacent tracks; we have made substantial changes to our rules in order to comply with regulation. However, regulations will often set a 'bare minimum' standard, so MRL will go above and beyond simple compliance when we believe we can make a larger positive impact to our safety culture. It can also be said that it's not uncommon for MRL to be in compliance with new regulation before it is even published. This is due to MRL making proactive changes to our operations without waiting to be told we have to.

As more regulations come to pass, we may see many more changes in our training programs, our rules and our procedures. The only thing certain is that things will change, and we will need to adapt to succeed.

Policies and Procedures

Scott Trent, Chief Human Resources Officer

Over the course of this past year, some new Company policies were created while a few others were revised to reflect "how we actually do things at MRL." Many of these policy changes were slight and did not essentially change their intent. However, others were changed materially. Here are some examples:

MRL's Personnel Records policy was revised to establish a reasonable fee for copies of personnel file contents upon written request.

The Employee Assistance Program (EAP) policy was changed to eliminate more than three pages of unnecessary language, reducing the policy to three small paragraphs which define the EAP benefit for employees and their families.

The Business Code & Ethics policy and the Tobacco-Free GOB & TRS policy are two newly-created policies. The Business Code & Ethics policy defines MRL's ethical standards.

The Tobacco-Free GOB & TRS policy will go into effect on January 1st. Montana Rail Link's tobacco-free resolution has been a year in the making. Beginning last January, MRL began a campaign to communicate our intention to make the General Office Building and Training, Rules and Safety building tobacco-free. This policy prohibits the use of all tobacco products and other nicotine delivery systems in both of these Missoula facilities, as well as in all common areas, parking lots, and personal vehicles parked on Company property at both locations. MRL's offer to assist employees in smoking and tobacco use cessation is still available to anyone who wishes to curtail or eliminate their tobacco dependency.

For more information, please go to your Extranet to learn more about each of these policies (located on the Human Resources page and the Site Map page).

Keeping Track

On the Move

Ray Cornell • Was Track Laborer,
Now B&B Supervisor

Robert Detlaff • Was Track Laborer,
Now Assistant Roadmaster –
Thompson Falls

Bill Edwards • Was Machinist,
Now Mechanical Foreman – Livingston

Brandon England • Was Signal,
Now Switchman

Kevin Rockwell • Was Switchman,
Now Yardmaster – Laurel

Look Who's New

Carman Apprentice – Laurel
Troy Stone

Clerk
Cristin Duncan, Phillip Van Tassel

Electrician Apprentice – Livingston
Kurt Johnson, Jesse Monahan

Hostler – Laurel
Mathew Gorder, Greg Schwenk

Hostler – Livingston
Narado Harris

Locomotive Engineer
Scott Howlett

Machinist Apprentice – Laurel
Andrew Middlemiss, Sean Pallert

Machinist Apprentice – Livingston
Dakota Calendrillo, Dan Larson

Mechanical Foreman – Helena
Dan Sherwood

Signal Apprentice – Livingston
Troy Ashcraft

Signal Apprentice – Missoula
Justin Friede

Switchman
Tyler Baker, Cody Beierle, Lisa
Beruman, Melissa Brierton, Chris
Dahl, Bryan Day, Steve Dillenbeck,
Lane Diercks, Toly Dmitryev, Joe
Garland, Casey Gates, Sam Hood,
Trevor Kirschenmann, Richard Moen,
Cody Munro, Josh Olson, Robert Parge,
Brian Petty, Logan Rohrer, Brad Smith,
Nathan Trent

Yardmaster – Laurel
Charity LaTray

Retirements

Verlin Bonner, *Operating Missoula*
Mike Donahue, *Mechanical Livingston*
Lynda Frost, *Administration Missoula*
Steve Howes, *Mechanical Livingston*
Pete Lawrenson, *Chief Security & Safety*
Robert Perkins, *Operating Laurel*
David Metzger, *Mechanical Laurel*
Gerald Minch, *Mechanical Laurel*
Ron Rolison, *Mechanical Laurel*
Thomas Shunkwiler, *Mechanical Missoula*
Kenneth Southworth, *Operating Laurel*
Eleanor Walton, *Operating Laurel*

Understanding Crude Oil

Tony Bacino, Manager - Safety & Security

"Crude by Rail" Those three words have made more than their fair share of headlines. In all the hype going around, what exactly are they talking about?

Crude oil is the number one hazardous material shipped by rail. It is classified as a Flammable Liquid by the U.S. Department of Transportation. According to their standard, Flammable Liquids have a flash point below 100 degrees Fahrenheit. Other commonly shipped USDOT Flammable Liquids include gasoline and ethanol.

Since crude oil and gasoline are in the same family of natural gas liquids, they have many of the same properties and characteristics. In fact, crude oil is unprocessed gasoline. So from an Emergency Responder's standpoint, crude oil *is* gasoline.

There have been a lot of terms thrown around when it comes to crude oil, specifically the crude oil originating in North Dakota. MRL crude oil unit trains originate near Dickinson, North Dakota for delivery to locations in Washington. What makes this "oil" different? Nothing. Light, sweet crude is also found in other areas.

So, what is "light, sweet" crude? "Light" means the crude has more of the hydrocarbon gases in the mixture; making it more volatile, like gasoline. "Sweet" refers to the amount of hydrogen sulfide contained in the oil. Hydrogen sulfide is a toxic gas that is produced as a by-product of decay, and it has a very distinct "rotten egg" sour smell. All crude has some hydrogen sulfide in it. "Sweet" crude contains very small amounts of hydrogen sulfide.

So, what are we doing to promote the safe transportation of crude oil? At Montana Rail Link, we have been very proactive getting the proper word out concerning crude oil shipments. We have presented numerous "Crude by Rail" information sessions with community responders and contacts across our line. In-depth response training is ongoing with the State Regional Hazardous Materials Response teams.

Handling flammable liquids in unit trains is not new to MRL, and our history speaks for itself. For over seventeen years, we have been safely transporting petroleum products daily in unit trains from Missoula to Thompson Falls.

And, now, you know as Paul Harvey used to say, "The rest of the story."

United Way

Montana Rail Link has a long history of charitable giving and community involvement across our railroad. As a result, many employees chose to partner with local United Way chapters as a practical expression of their generosity. It takes all of us working together to create change; and United Way tackles the sources, not just the symptoms, of our community's core challenges.

Collectively, United Way chapters support 30-40 carefully screened and evaluated programs and non-profits that provide health care, education, food, shelter, and counseling to thousands of Montanans. Our gifts offer help and hope to those in communities across Montana who simply need a hand up in order to have a good life.

Congratulations to those who share their good fortune with others in need, through United Way and the many other deserving charities! If you are interested in learning more about supporting United Way and your local non-profit organizations, please contact Scott Trent at 523-1513 or strent@mtrail.com.



Holiday Hams

Have you redeemed your ham certificate yet? Each year as a holiday gift, Montana Rail Link provides to active employees, a certificate for a complimentary Hormel ham. Certificates were enclosed in Christmas cards sent just prior to the Thanksgiving holiday. Those can be redeemed at participating Albertson's stores in Billings, Helena, Livingston, and Missoula for an 8-10 lb. ham. (Participating stores are listed on the certificate.)

As an addition to the program, MRL also donates hams to area groups such as local food banks.

Don't forget to redeem your ham certificate before the deadline of Monday, December 29th.

2014

BROKEN WHEEL CLUB

Any MRL employee who finds a cracked or broken wheel or missing tread on a wheel can qualify for the Broken Wheel Club and a \$100 reward. Please report to your supervisor. Congratulations and thank you to:

<i>Tom Burden, Mech</i>	<i>Jason O'Rear, Mech</i>
<i>Dan Burns, Mech</i>	<i>Mike Padrotti, Mech</i>
<i>Eric Eileraas, Mech</i>	<i>Faron Stevens, Mech (3)</i>
<i>Mike Firehammer, Oper</i>	<i>Erick Strombo, Mech</i>
<i>Dave Hahn, Mech (4)</i>	<i>Pete Trunkle, Mech*</i>
<i>Aaron Hanify, Mech</i>	<i>Jamey Van Doren, Mech*</i>
<i>Sam Langve, Mech</i>	<i>Russ Young, Eng</i>
<i>Max Moriarty, Mech (2)*</i>	<i>* new since last issue</i>