



Company News for MRL Employees

Dispatch Staff: Nick Bailey • Erin Best • Ray Cornell • Jim Lewis • Susan Twiford • Claude Van Winkle

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from the
President

Where did all the business go? Only one short year ago, we were scrambling to find and hire people for operating trains and for maintaining and repairing track and equipment. You likely remember that we seemed to always be shorthanded, and the demand for rail services seemed to be limitless. Over the last few years, our Human Resources group has done a whale of a job locating the right people for the right jobs, with many of our newly-hired fellow employees coming from places far from Montana. As a result of all the hiring and your fine work, we have been able to handle the new business at service levels exceeding expectations.

Last year, the projections for traffic seemed to grow each week, and we were overflowing with business. This spring, the projections have seemed to shrink each week. The traffic decline has been obvious, beginning around March of this year. The hardest hit is grain. Apparently, farmers in the Midwest don't care for the low corn prices and have decided to store their grain until the price improves. Additionally – with the value of the U.S. dollar on the rise, U.S. coal has lost some of its competitiveness to other countries. Beyond that, it seems that the general merchandise traffic on our system and across the national rail network has also slowed. It wasn't unusual six months ago for 20 trains to pass through Missoula each day – that number has recently been in the 10-15 range.

The questions are: What does all this mean to our Company; and more specifically, what does it mean to each of us, individually? All of us have an important part to play in the health of our Company; and now more than ever, I ask for that help. First and foremost, please continue to safely provide the great service our customers have come to expect. Our on-line business has continued to grow, even as the other commodities mentioned earlier have languished. Please look for innovative and cost-effective ways to operate your part of the business. Please be mindful of all costs – especially the discretionary costs, such as overtime. We need to run the business lean at all times, but it is especially important to do so during this downturn in business. With all of us working together, we can safely provide great service and provide that service at the lowest possible cost. I'm confident that we can do it – let's work together and keep our Company strong.

Thanks for all your help – have a great summer!

Tom Walsh

A Philosophy on Safety

Claude Van Winkle, Chief Mechanical Officer

The Mechanical Department has been the proud recipient of the Presidential Safety Award for two years running. This hasn't been an easy task, and teamwork has been key to this success. The Mechanical group has been working hard to make sure each of us is moving, collectively, in the same direction. Everyone is on the same page; from housekeeping to communication to examining how to reduce the mundane aspect of everyday tasks.

We completed a significant facility enhancement program two and a half years ago, and as a result, our facilities are outstanding. I'm proud of the work our group has done. When we began the program, our goal was to create an environment that was the best in the industry. I made a promise to my department to provide them with a good place in which to work. I believed that, if I did my part, the other members of the department would do their part to go the extra mile to be diligent about safety. They have done an outstanding job. We have our hiccups, but that just means we all have room for improvement. None of us are perfect, but we are all striving for perfection. Even when the workload has been heavy, the groundwork done by the managers and the craftsmen out there doing the job has allowed the team to work together to find the safe means of efficient work.

We will be turning our focus toward increasing and improving training. We've lost a lot of talent through retirement, and we need to provide our new employees a solid foundation of training to help them become the next generation of great talent. The Mechanical team is driven to be the *Best of the Best*, and it's my responsibility to support them in their efforts.

When accidents happen, it's because we've missed something – we've left a stone unturned. Something important happened that we missed. Having personally witnessed accidents that caused loss of life, I've learned that those experiences change you inside. These events moved me to look at things differently. Accidents take a toll, not just on the employee(s) directly involved, but on the family behind that individual. Every one of us has a significant other somewhere waiting for us – relying on us. We have a responsibility to keep ourselves educated, trained, communicating, and examining – every day – how to get everyone safely home to those loved ones. Each of us has a job to do, and if just one person gets complacent or if a miscommunication occurs, it can mean the loss of life. Don't fall victim to complacency or fear of offending a seasoned co-worker. It doesn't matter if someone has done the same job for years. If we see something that looks unsafe, we each need to care enough to speak up. When you intervene in an unsafe situation, you are doing it for the sake of the other person and for their family members. If your child was working here, how safe would you want the situation to be? Would you want someone to intervene on his or her behalf? Care enough to not care that your co-worker may be offended.

We can't eliminate risk, but we can minimize it through our own actions. It's easy to focus on moving traffic and to forget that, at the end of the day, we are a *people business*. I truly care about the people I work with, and I want to know I have done everything I possibly can to get them home at the end of the day. I've seen the tragedies, and I never want to see them again. I don't want any stone unturned. After all, Double Zeros isn't about the numbers – it's about getting every person home to their families.

New Customer Initiatives

Jim Lewis, Chief Sales & Marketing Officer

We are launching a variety of new programs in 2015 to improve how we interact with our customers, including work order, tariff, real estate, customer track, and maintenance initiatives. The work order system is a BNSF car-gathering and distribution tool that allows customers to manage their business and to communicate their service needs to us online. The use of work orders will change how we interact with our customers every day, and the program involves new policies and procedures for our customers, clerks and operating crews. **Julie Cowan**, Manager Terminal Support, is leading the implementation of work orders. We have implemented work orders in Missoula and are currently working on Billings jobs.

After 28 years, we have also rewritten our tariff for freight rates and miscellaneous charges. The tariff addresses charges for the movement or switching of loaded or empty cars on the MRL line and addresses demurrage and storage charges for loaded or empty cars waiting or holding on the MRL line. We are planning to activate the new tariff September 1st. Adjusted items include demurrage

charges, empty car demurrage, free time for demurrage, and switching charges.

We are also in the midst of auditing our customer real estate and track agreements to ensure that we have up-to-date and proper agreements in place. Further, we have changed how we complete and charge for derailment and track maintenance within a customer's facility.

These changes represent a departure in how we have typically interacted with our customers and charged for the services we provide. It is important to recognize that the changes being made are within current industry-standard operating procedures. As example, BNSF charges \$175 -\$350 per day per car for empty and loaded demurrage, while MRL's new demurrage will be a \$50 charge per car. These changes will also result in improved efficiencies and communication for ourselves and our customers. If you have any questions regarding these initiatives, don't hesitate to contact me at 523-1400 or jlewis@mtrail.com

Keeping Track

On the Move

Annette Baker • Was Assistant Director Transportation, Now Acting Director Transportation

Tim Cousineau • Was Mechanical Foreman, Now General Foreman – Missoula

Kody Crittendon • Was Track Laborer, Now Supervisor Work Equipment

Mark Krause • Was Director Revenue Accounting, Now Controller

Tony La • Was Dispatcher, Now Assistant Director Transportation

Heather Mattson • Was Manager Internal Audit, Now Director Revenue Accounting

Scott Morstad • Was Track Laborer, Now Signal Apprentice

Rourk Price • Was General Foreman – Livingston, Now Assistant CMO

Bobby Selby • Was Locomotive Engineer, Now Trainmaster/Road Foreman – Helena

Look Who's New

Carmen Apprentice – Laurel **Manager IT Services**

Kale Crowder, Brian Jason Herynk

Carmen Apprentice – Missoula **Manager Internal Audit**

Rachel McGinnis

Manager Revenue Accounting

Jackie Ryan

Mechanical Foreman – Laurel

Steve Bucy

Mechanical Foreman – Missoula

Ed Applegate

Signal Apprentice – Livingston

David Harper, Ben Knutson

Signal Apprentice – Missoula

Steven Bergeson, Mason Mercer

Telecommunications Technician – Laurel

Terry McNamara

Track Laborers

Zach Anderson, Joe Batta, Mike Brilz, Ryan Buswell, Nicole Carney, Kevin Cooper, Adam Corts, Bob Crosier, Nicc DiGiando, Tanner Exner, Caylin Gardner, Cody Goins, Jay Gullon, Travis Hardy, Merritt Henderson, Taylor Hill, Jeremiah Hollandsworth, Kyle Kair, Cameron Kennedy, Kyler Kindle, Derek Kloberdanz, Marion Koshatka, Jordan LaPierre, Steve Munis, Jeff Ower, Greg Richardson, George Rowan, Chris Shockley, Brad Sticka, Cole Thomas, Cade Thompson, Bryan Trimbo, Ryan Wagnild

Retirements

David Belcher, *Operating Missoula*

Garyl Beskoon, *Operating Missoula*

Paul Elsenpeter, *Mechanical Missoula*

Rick Fitterer, *Operating Laurel*

Charles Hancock, *Mechanical Livingston*

Richard Hofmeier, *Operating Missoula*

Steve Jones, *Operating Laurel*

Gary Keegan, *Engineering Livingston*

Andy Kulawinski, *Engineering Missoula*

Kelly Lloyd, *Operating Missoula*

Laurel Yard Office

Ray Cornell, Supervisor – Bridge & Building East

We would like to announce the final days of construction on the 2nd and 3rd floor of the Laurel Yard Office. The fully-reconstructed second floor provides a fresh new face to the heart of our operations in Laurel. A newly-designed floor plan has opened up the space to provide a comfortable and inviting work environment that we can be proud of. The design includes a new and expanded Yardmasters' office; now located on the second floor. It also features refreshed office spaces, new bathrooms and a centrally-located break room. For each new room, furniture has been custom-ordered with comfort, design and functionality in mind.

With the final stage of the Laurel Yard Office remodel coming to a close, we would like to thank all of those who were involved in the planning and direction of this project for helping to make it a success. The new space should provide a welcome change, as we continue to improve our facilities and work spaces here at MRL.

DATES to Remember

August 14th

Laurel Golf Invitational

October 13th

Billings Health Fair

October 14-15th

Laurel Health Fair

October 16th

Livingston Health Fair

October 26-30th

Missoula Health Fair

October 29th

Helena Health Fair

(West End Health Fair TBD)

2014 Customer Survey

Jim Lewis, Chief Sales & Marketing Officer

Every year, we send our customers a survey requesting feedback regarding our service. 80% of our customers, including all our top 25 on-line customers (representing 94% of our on-line business), completed the December 2014 survey. This year's survey came on the heels of a difficult year for the rail industry and our partner, BNSF, who struggled with network congestion most of the year. Despite this, our customers were generally pleased with the service MRL provided them in 2014.

Most railroads would look at the results and be satisfied. Although we are extremely pleased with our high marks in some areas, we also recognized a downward trend in others. For instance – in years past, customers ranked our service as "excellent", but this year, they ranked our service as "good". Most companies would be pleased with a good ranking; but in our quest to be the *Best of the Best*, our goal is to achieve the highest level of customer satisfaction in the industry. In response to the survey results, Operating Department and sales representatives met with customers who ranked us lower than years past and, together, developed action plans to improve service and satisfaction. This process has proven to be very productive. The main take-away from the 2014 survey is that all of our departments need to work together to provide the quality service our customers have grown to expect. We are a service provider, and our customers have options when choosing their transportation partners. We need to focus on safety, service and customer support in order to satisfy our customers and protect our business.

What to Do When...

Nick Bailey, Field Engineer

Imagine you are headed west on I-90, and you glance over, seeing the eastbound ML. Something's not right. There's a car in the consist that has a shifted load! What should you do? Call the MRL Railroad Emergency number, 800-498-8982, and report the situation to the Chief Dispatcher as soon as safely possible.

The Chief Dispatcher will want to know as much information as you can give: Your name and job title, the nature of the train emergency (such as a shifted load or sliding wheel), the train location (something like "I'm near East Elton" would be most helpful), the direction the train is travelling, the type of railcar effected, the railcar identifier (e.g., GATX 12345) or number of a car nearby in the consist, where the car is located in the consist (e.g., about 12 cars behind the locomotives), etc.

Take a moment right now to program 1-800-498-8982 into your phone. Your call could make all the difference.

2015 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:

Bill Banks, Mech*

Tom Burden, Mech (2)*

Dan Burns, Mech

Alex Cantrell, Mech*

Eric Eileraas, Mech

Mike Firehammer, Oper

Dave Hahn, Mech (4)

Aaron Hanify, Mech

Sam Langve, Mech

Max Moriarty, Mech (2)

Jason O'Rear, Mech

Mike Padrotti, Mech

Chris Smith, Mech (2)*

Faron Stevens, Mech (3)

Erick Strombo, Mech

Pete Trunkle, Mech (2)*

Jamey Van Doren, Mech

Ryan Wedel, Mech*

Russ Young, Eng

* new since last issue