

Rail Exchange, Inc. Expands

Rail Exchange, Inc. has just completed a plant expansion that will increase its forging capacity by approximately 15 percent.

“Currently, we produce 100,000 grab irons a month,” said Dean M. Bartolini, president and CEO. “With this expansion, we

expect to boost our production to 125,000 grab irons on a monthly basis.”

The expansion added three new forging lines, bringing the total number of lines to 12. The

installation, which included renovating the plant with upgraded electricity and relocating and constructing new offices, took six months and cost \$350,000.

As the railroad industry began its recovery from the economic downturn, Bartolini added shifts to keep up with the increased customer demand for parts, eventually adding more personnel to run the plant around the clock to keep up. However, despite running three shifts, five days a week and one shift on weekends, Bartolini knew more had to be done to increase the company’s grab iron production.

He approached Fifth Third Bank with the idea of increasing capacity to shorten order turnaround time. “Fifth Third came on board and helped us put the wheels in motion,” he said, adding that other vendors, such as Heim Press, Armil Furnace, Ingersoll Rand, Cavanaugh Electric and Bridgeview Machining and Award Machines all contributed to completing the expansion.

Instituto Del Progreso Latino, Thomsons Products, Staffing Resources and Flexible Staffing, along with Bethel Baptist Church, supplied additional personnel to operate the new equipment.

Said Bartolini of his immediate expectations, “This expansion will allow us to continue to meet our customers’ increased demands for products just-in-time and is further evidence that we are partnering with our customers for the long term.”



One of the three new forging lines added by Rail Exchange as part of a \$350,000 expansion that is expected to increase production of grab irons by 15 percent.



Riding the Waves of the Railcar Industry

Our last newsletter was in 2004; when I think about it, it seems like a lifetime ago and not just a few short months. Indeed, 2004 was one roller coaster ride for Rail Exchange. A lot has happened and I'd like to think that all the events of the past year have paved the way for a productive future.

Last year, Rail Exchange reached a milestone. We celebrated our 25th anniversary. It seems that once we hit that mile marker—the quarter century mark—we were destined for many more changes.

First, my partner Fred N. LaCorte retired in July of 2004—another very significant milestone in Rail Exchange history.

Next, along with all of you, we weathered a very volatile steel market where the cost of raw material rose dramatically. Fortunately for all of us, 2005 is beginning to show a reversal of this trend.

These things all occurred simultaneously with a very busy railcar market. So busy, in fact, that business dictated that we expand our manufacturing capacity. The cover story in this newsletter summarizes what has transpired and why.

I also want to take this issue to introduce you to our customer service department. We are striving to deliver outstanding customer service because we know that it is what will set us apart from our competition. Now, you get to meet the folks that deliver on that promise.

Lastly, we've included a story on the efforts we put into our safety program.

It has been both frustrating and gratifying watching all of this come together. It has been one heck of a wild ride. Thanks for coming along with us.

All the best,

A handwritten signature in blue ink that reads "Dean M. Bartolini".

Dean M. Bartolini
President & CEO

Service, Service & More Service

Customer service seems to be a thing of the past these days. Just think about your last encounter in a tangled, automated voice mail system. It's unfortunate, but it is more apparent than ever that the days of the Texaco man's "service with a smile" are long gone.

Here, at Rail Exchange, we are dedicated to customer service. For years, the Rail Exchange's motto has been to "make it easy for you to do business with us." However, with the upturn in business in the last year coming on the heels of a severe downturn, Rail Exchange was not entirely prepared to deliver on our motto the way we would have liked.

Increasing our capacity (see story on page one) will help with that, but more importantly, it is the people behind the scenes that give our customers the personal touch they've become accustomed to receiving from us.

That's why we feel that it is long overdue to put faces with the names that you've come to know. Here's how Rail Exchange's customer service team defines customer service:

John Cosenza, with Rail Exchange 21 years—"Customer service means doing what it takes to 'get 'er done.'"

Matt Bartolini, 4 years—"Helping customers in any way possible to get them their parts when they need them. That's customer service."



The Rail Exchange Customer Service Team, clockwise from left: John Cosenza, Matt Bartolini, Mike Bartolini, Tom Wisinski, Cheryl Pohrte, Frieda Hoffmann and Noe Villanueva.

Mike Bartolini, 6 years—"We need to make it easy for our customers to do business with us. That means you must constantly communicate. You have to respond quickly to any customer requests and if your customer has a problem, personally quarterback the situation. You need to stay on top of any problem, however long it takes to get it done."

Tom Wisinski, 20 years—"Responding and communicating are key to good customer service. I strive to give customers good information without any guesswork."

Cheryl Pohrte, 23 years—"It is very important to respond quickly with

inquiries and requests. Get the facts—good or bad—and give the customer the answers they want promptly."

Frieda Hoffmann, 26 years—"The way to retain valuable customers is by exceeding their expectations with quality and service."

Noe Villanueva, 8 years—"Keeping our customers satisfied is rewarding. Customer service is treating our customers like they are #1."

Through the last few months, Rail Exchange has made a strong effort to communicate with its customers, employees and vendors. Good times and bad times—customer service is paramount. Teamwork is how Rail Exchange is handling this important task.

Rail Exchange Hosts Safety Training

Rail Exchange, Inc. recently brought in Compsolve, Inc., an OSHA training organization, to review the company's safety practices and help ensure that they were up to OSHA standards.

Compsolve conducted a thorough review of Rail Exchange's safety practices, rewrote them as needed and hosted a full-day training session in safety for 45 employees. "We have been doing a lot of training on our own, but we wanted an objective company to come in, review what we are currently doing and help us improve wherever we can," said Mike Bartolini, general manager.

"Compsolve instructed our employees in safety issues and what to do in case of problems," said Cheryl Pohrte, vice president-administration. "We've always been aware of safety issues. Now, we've ensured that all the workers in the plant are, too."

Rail Exchange has always been proactive when it comes to safety issues. Having successfully gone through an OSHA audit in the past, the company once invited OSHA into the plant for additional pointers and instruction.



Cheryl Pohrte and Mike Bartolini review the results of Compsolve Inc.'s safety recommendations.

"Safety takes top priority here," explained Bartolini. "No one wants to work in an unsafe environment. Safety comes first and foremost at Rail Exchange and overrides everything else."

"We want to put our people first. We don't want anyone to work in an environment that goes against our standards as a company."

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