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THOMAS R. McMILLEN, JUDGE
UNITED STATES DISTRICT COURT

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

IN THE MATTER OF)

CHICAGO, MILWAUKEE, ST. PAUL)
AND PACIFIC RAILROAD COMPANY,)

Debtor.)

) In Proceedings for the
) Reorganization of a
) Railroad

) NO. 77 B 8999
)

REPLY MEMORANDUM IN SUPPORT OF SORE'S MOTION
FOR SPECIAL NOTICE ON CERTAIN MATTERS

In addition to moving for permission to intervene, SORE has also moved the Court for an order directing the Trustee to afford SORE special notice on certain matters. Although the nine enumerated actions encompass a variety of activities, they are alike in that any of them could result in such a deterioration of the Milwaukee's position on its western lines that the reorganization proposal favored by SORE, reorganization of the western lines, although viable now, may cease to be so during the period prior to formulation and approval of a plan.

The importance of preserving a full range of reorganization options is underscored by the mounting public concern that has been expressed in just the past few weeks as to the conduct of the Milwaukee's operations on its western lines.¹ Public, legislative, labor and significant shipper interest in the problems of the Milwaukee's western lines is at such a pitch, and the number of different interests presently investigating various options that could assure continued service on those lines is so great, that it is particularly imperative that action be taken promptly in these proceedings to ensure that all reorganization options are preserved until a plan is finally approved.

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See e.g., the Statement of Rep. Marlenee of Montana to the House of Representatives on February 8, 1979, in which he states that his office is preparing legislation addressing aspects of the problem. (A reprint is attached to this memo as Exhibit A.) Hearings held by Sen. Baucus of Montana on February 24, 1979, are discussed in Part II of the Supplemental Affidavit of J. Fred Simpson, filed herewith, Part II).

ARGUMENT

I.

THE NEED FOR THE NOTICE ORDER REQUESTED BY SORE HAS NOT BEEN EFFECTIVELY DISPUTED: THE MILWAUKEE'S WESTERN LINES ARE THREATENED BY SERIOUS AND ONGOING DETERIORATION.

The facts upon which SORE based its motion for the requested Notice Order have for the most part not been disputed by the objectors. It is uncontroverted that the level of service on the Milwaukee's western lines has been deteriorating steadily since last August and continues to deteriorate. It is uncontroverted that diversions of traffic to other carriers have occurred and continue to occur. It is uncontroverted that these developments continue to result in important losses of business for the Milwaukee on its western lines, with accompanying erosion of the Milwaukee's competitive position. Perhaps most importantly, it is uncontroverted -- and, indeed, conceded by the Cruikshank Affidavit -- that a substantial backlog of demand for service by shippers on the Milwaukee's western lines is presently going unfilled due to present level of service maintained on those lines.

The Trustee's sole response to SORE's summary of these developments, the Cruikshank Affidavit, is so artfully and opaquely drafted as to be either meaningless or positively misleading. For example, that affidavit contains what can only be described as an extremely misleading response to SORE's

report that work forces and available physical assets have been declining since last August and continue to decline.²

Neither the Cruikshank Affidavit nor any other aspect of the papers filed in opposition to SORE's motion effectively disputes the basic fact that the level of service on the Milwaukee's western lines is threatened by serious, immediate, and perhaps irreversible deterioration.³ (See the Supplemental

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Similarly, Cruikshank's suggestion that the I.C.C. has carefully investigated the level of service on Lines West and concluded that management is equitably allocating resources between the western lines and the rest of the system tells only a very misleading part of that story. (Supplemental Simpson Affidavit, ¶ 10, and Exhibit B to that Affidavit, at pp. 23-24).

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In this regard, brief reference should be made to the arguments raised by the Trustee and the banks in opposition to SORE's request for permission to intervene as a party in these proceedings. The Trustee and the banks assert that denial of SORE's motion for permission to intervene would cause SORE's members no real prejudice because the group can be heard in the future when the Interstate Commerce Commission holds its hearings to formulate a reorganization plan. Objectors also say that SORE need not be a party here in order to privately communicate any reorganization suggestions or finalized purchase proposals to the Trustee. The Trustee reasons that, in view of the availability of these alternatives to intervention, SORE's participation in this Court's proceedings should be limited to an opportunity to comment once the ICC's plan has been submitted to the Court for review.

These suggestions are both superficial and disingenuous. Conditions on the Milwaukee's western lines are changing so rapidly that the future opportunities to be heard suggested by the Trustee and the banks as alternatives to SORE's intervention will be empty formalities unless effective action is taken now to avert what clearly appears to be an on-going de facto abandonment of the Milwaukee's western operations. If such developments are permitted to continue much longer, the ICC, and this Court, soon will be left without any viable options as to the future of the Milwaukee's western lines save the one apparently favored by the Trustee -- piecemeal sales and abandonments. Future opportunities that SORE might have to comment on, or propose, a reorganization plan will be rendered largely meaningless unless steps are taken now, in these proceedings, to ensure that the coming ICC proceedings can realistically consider a range of viable reorganization alternatives, including the one SORE seeks to propose, rather than a fait accompli. This is why the requested Notice Order is so crucially important.

Simpson Affidavit, ¶¶ 29-35, for a detailed response to Mr. Cruikshank's Affidavit.)

II.

OBJECTORS APPARENTLY DO NOT OPPOSE SORE'S REQUEST FOR NOTICE AS TO SALES OF REAL PROPERTY, ABANDONMENTS, AND THE OPENING OF GATEWAYS, SINCE NOTICE OF SUCH ACTIONS MUST ALREADY BE GIVEN TO VARIOUS OTHER PARTIES

Inspection of the papers filed in opposition to SORE's motion for the requested Notice Order reveals that SORE's request for special notice on the matters covered by Items 1, 2, and 4 -- sales of real property, abandonments, and the opening of new gateways to competitors -- are apparently unopposed since notice of such actions must already be given to various other parties by the Trustee.

Neither the Trustee nor the banks suggest that simply adding SORE to the list of such persons who must already be given advance notice would unduly burden the Trustee or prejudice any of the other participants to these proceedings. In view of these concessions, it is difficult to understand any basis for opposition to SORE's request for notice on these three items. The banks apparently stipulate that such notice is unopposed by them. (Trustee's Memorandum in opposition to SORE's motion for the Notice Order, at 3; Indenture Trustees' Memorandum, at 10.)

III.

OBJECTORS DO NOT EFFECTIVELY DEMONSTRATE THAT GIVING
SORE NOTICE BEFORE (1) LOCOMOTIVES ARE SOLD, OR
(2) BRANCH LINES OR SIDINGS ARE PULLED UP, WOULD
INTERFERE WITH THE TRUSTEE'S DAY-TO-DAY
MANAGEMENT OF THE RAILROAD

1. Sales of Locomotives and Rolling Stock. Item 3 of the enumerated actions for which SORE has requested notice refers to sales, transfers, relinquishments of purchase or lease rights respecting any of the railroad's locomotives or rolling stock, or any like transaction, including scrapping. The Trustee's Memorandum opposes this request by asserting, without explanation, that the actions covered by this item "involve the day-to-day assignment of . . . equipment and materials on the Debtor's system" (Trustee's Memorandum, at 3) and references the Cruikshank Affidavit. The burden of Mr. Cruikshank's comments (¶¶ 2-3) are to the effect that a present shortage of locomotives makes it necessary for management to remain free to "move our units around the system with the maximum possible flexibility" Although Mr. Cruikshank claims that delays in such "movements" could adversely affect service, no attempt whatsoever is made in the Cruikshank Affidavit, or anywhere else in objectors' opposition papers, to demonstrate that advance notice of sales, or like transfers, or scrapping, of locomotives or rolling stock would interfere in any way with management's need to reposition units within the system.

Since there has been no showing that a notice requirement would work any undue interference with the management of the railroad, and in view of the substantial evidence that the power on Lines West continues to disappear,⁴ SORE's request for notice as to Item 3 should be granted.

2. Branch Lines and Sidings. Item 5 of the matters as to which SORE has requested advance notice relates to decisions to cause track on the western lines, including branch lines or sidings, to be pulled up or otherwise taken out of service. The Trustee asserts that notice as to this matter would impair his ability to perform his duties (Trustee's Memo, at 3-4) and again references the Cruikshank Affidavit.

Paragraph 5 of that affidavit appears to contain the only reference to the matters covered by Item 5. Mr. Cruikshank notes there that before branch lines may be taken up notice and hearing must be had before the Interstate Commerce Commission. In view of this requirement, no significant additional burden would be imposed upon management if the Court were to order that SORE also be given notice of any decision to pull up branch lines.

As to sidings, Mr. Cruikshank states that it is necessary from time to time to remove sidings from some locations in order to

⁴ Contrary to Mr. Cruikshank's claim that "we are not depriving our system's West End of an appropriate share of equipment or motive power," persistent and continuing evidence continues to mount indicating that Lines West are being systematically stripped of power and other rolling stock. (Supplemental Simpson Affidavit, ¶¶ 28, 30-31.)

install needed sidings in other areas. The affidavit also notes that certain sidings, "which are no longer needed, are removed," and the materials are then cannibalized for use elsewhere in the system.⁵

The Cruikshank affidavit makes no attempt whatever to demonstrate that the removal of sidings for installation elsewhere, or the taking up of sidings to add to materials inventories, are decisions that must be made upon such short notice that the Order requested by SORE would in any way impair management's need for operational flexibility. In the absence of any persuasive showing that the requested Notice Order as to Item 5 would impair the Trustee's ability to effectively manage the railroad, and in view of the irreversible and very destructive consequences of the liquidation of sidings that the Trustee concedes is occurring right now on Lines West -- without scrutiny, thus far, from either this Court or the ICC -- SORE's motion requesting notice before additional breach lines and sidings are demolished should be granted.

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In short, the Trustee concedes that sidings are now being ripped up on Lines West. To the best of SORE's knowledge, however, new "needed sidings" of the sort referred to by Cruikshank are not being installed on Lines West. Much of the cannibalized material is reportedly being diverted to the Omaha line. Moreover, contrary to Cruikshank's claim that only "sidings which are no longer needed" are being taken up, the systematic removal of sidings that is taking place on Lines West is incredibly destructive to the Milwaukee's competitive position and potential for reorganization. (Supplemental Simpson Affidavit, ¶¶ 32).

IV.

AFFORDING SORE ADVANCE NOTICE OF NON-ROUTINE DECISIONS TO REALLOCATE LOCOMOTIVES, FREIGHT CARS, EMPLOYEES AND TOOLS OR MAINTENANCE MATERIALS AWAY FROM LINES WEST WILL NOT IMPAIR THE TRUSTEE'S MANAGEMENT OF THE RAILROAD AND IS NECESSARY TO PRESERVE THE OPTION OF REORGANIZING THE MILWAUKEE'S WESTERN LINES

In Items 6-9 of its proposed Order SORE has requested notice of any management decisions intended to reduce the number of locomotives, freight cars, employees, and tools and maintenance materials inventories on Lines West below present levels. Objectors oppose SORE's request for notice as to these matters, arguing that decisions as to the allocations of these resources must be made "on a daily basis" (Cruikshank Affidavit, ¶ 7) and that the requested notice requirement would so delay these decisions as to undercut the flexibility needed for efficient management of the railroad.

SORE, like everyone else who sincerely cares about the future of the Milwaukee, does not want to take any action that would impair the railroad's ability to function as successfully as possible, and certainly never intended its request for notice on Items 6-9 to require management to hesitate before making routine, day-to-day resource assignments in response to particular shipper demands, emergency situations, or the like. Rather, the purpose of SORE's request for notice on Items 6-9 is to ensure that, during the reorganization period, management complies with its "legal obligation to distribute freight equipment on a 'fair

and equitable' basis throughout the entire system" referred to by Mr. Cruikshank. (§ 4).

Since the Trustee's only apparent objection to SORE's request for notice as to Items 6-9 appears to be the claimed constraint upon the need for day-to-day management flexibility, SORE suggests an alternative phrasing of the requested Notice Order respecting Items 6-9 that will respond fully to the Trustee's concerns for management latitude and should suffice to ensure that decisions are not implemented during the reorganization period that would irreversibly foreclose the reorganization option SORE proposes.

Specifically, SORE proposes that the requested Order be amended to provide that notice need be given as to Items 6-9 only in the case of (1) decisions to reallocate the specified resources that are intended by management as something more lasting than the specific and temporary responses to particular customer demands or emergency situations of the sort described by Mr. Cruikshank, and (2) if, in the Trustee's good faith judgment, the railroad's cash position and obligations to the public make it possible for notice to be given without adverse consequences to the company. A suggested form of the revised Order, containing the specific language we propose, is attached to this Reply Memorandum.

Since this revised formulation of the type of management decisions covered by Items 6-9 is necessarily somewhat imprecise,

and is dependent upon management's willingness to cooperate in drawing a good faith distinction between routine day-to-day decisions that do not have long-term reallocative effects upon Lines West, on the one hand, and business choices designed to draw resources from Lines West on a lasting basis in order to concentrate efforts elsewhere on the system, on the other hand, SORE suggests that the revised form of Order also provide that the Trustee make periodic reports to the Court, copies of which would be made available for inspection to SORE, which would profile the allocation of the resources covered by Items 6-9 assigned to and in service on Lines West, and compare the amounts allocated to the rest of the system, as of each reporting date. This procedure leaves the Trustee, and management, free to operate the railroad with maximum flexibility during the reorganization period, but yet provides a check designed to ensure that irreversible decisions that will foreclose important reorganization options are not implemented under the guise of "routine" day-to-day allocation decisions.

In order to ensure that the railroad's resources are not diverted by requiring reports that are time-consuming or laborious to prepare, SORE suggests that the data to be filed be the following:

First, as to Item 6, the Railroad's Power Desk prepares twice-daily spread sheets showing where the Milwaukee's power is at any given time. (Supplemental Simpson Affidavit, ¶ 30.)

These are submitted daily to the General Manager and to the Assistant Vice President -- Transportation. It is a simple matter to ascertain the total number of serviceable locomotive units on line, and the number of such units assigned to transcontinental service west of St. Paul, by looking at these sheets. (Supplemental Simpson Affidavit, ¶ 30 .) SORE suggests that the Trustee therefore be ordered to report [(1) total serviceable locomotive units on line throughout the system, and (2) total serviceable locomotive units assigned to transcontinental service west of St. Paul, to the Court for twice-monthly reporting dates.

These figures will show the allocation of serviceable power between Lines West and the rest of the system, but will not show locomotive units shopped or stored. The Assistant Vice President -- Mechanical, however, routinely prepares a monthly report, called the Locomotive Shop Report, which shows the numbers of locomotives undergoing repairs, and stored, at all locations on the system. (Supplemental Simpson Affidavit, ¶ 30.) SORE suggests that this report be filed monthly with the Court. Since the report is prepared in the ordinary course of business, this reporting requirement will impose no new information-gathering burden on management.

Second, as to Item 7, the Superintendent of Transportation for the Milwaukee can request at any time a computer print-out showing (1) the total number of cars on line throughout the Milwaukee system, and (2) the total numbers of cars on the

lines west of St. Paul. (Supplemental Simpson Affidavit, ¶ 31 .) SORE suggests that these print-outs be filed with the Court for the same twice-monthly reporting dates specified for the reports on serviceable locomotive units discussed above. Again, since this information is routinely collected by management for business reasons, this reporting requirement imposes no new information-gathering burden.

Third, as to Item 8, the Milwaukee's Department of Labor Relations & Personnel maintains up-to-date computerized listings showing all authorized employment positions throughout the system, and also showing authorized positions west of St. Paul. (Supplemental Simpson Affidavit, ¶ 34 .) SORE suggests that either these lists themselves, or summaries showing (1) total authorized positions for the system, and (2) total authorized positions on the lines west of St. Paul, be filed on the same twice-monthly dates discussed above, coupled with the number of such positions that are filled as of the reporting date. This latter information is readily ascertainable from the Personnel Department's payroll records. (Supplemental Simpson Affidavit, ¶ 34 .)

Fourth, as to Item 9, SORE suggests that inventory summaries for all maintenance of way equipment and track materials on hand west of St. Paul, including, ties, rail, anchors, spikes, plates, and switch components, in any form that such information is normally gathered by management (periodic reports, print-outs,

etc.) be filed on the same twice-monthly dates discussed above.

The procedure suggested here represents a practical and workable method of ensuring that basic decisions which may foreclose forever the option of reorganizing Lines West can be subjected to meaningful scrutiny and review in these proceedings without impairing management's power to run the railroad on a flexible day-to-day basis, and without imposing burdensome information-gathering requirements on the Trustee.

V.

OBJECTORS' ARGUMENT THAT THE REQUESTED NOTICE ORDER IMPROPERLY INTRUDES UPON THE TRUSTEE'S STATUTORY POWER TO RUN THE RAILROAD IS BASELESS

The discussion contained in the memoranda filed by the Trustee and the banks outlining the Trustee's broad statutory powers to manage the railroad during the reorganization period misconstrues both the purpose of that statutory grant of power and the effect of SORE's requested Notice Order upon the exercise of those powers.

The Trustee has been granted his broad charter in order to ensure that the protection of the Court can, and will, be used to preserve the debtor railroad as a living, functioning carrier serving the public interest during the period prior to approval of a reorganization plan.⁶

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In particular, the statutory scheme envisions that the Trustee will be free from unreasonable interference from creditors during his tenure as manager of the railroad so that the railroad's services will not be unduly impeded.

It must be remembered, however, that the Trustee's broad management powers differ from those of private management precisely because he is a Trustee. For the Trustee to use his broad powers to implement a de facto plan of liquidation

(footnote continued)

SORE certainly recognizes that the Trustee must have ample latitude to manage the affairs of the railroad on an efficient day-to-day basis -- in the manner envisioned by Section 77. For this reason, SORE has carefully attempted to limit the scope of its requested Notice Order so that the notice obligation will come into play only in the event actions are proposed that may irreversibly foreclose the reorganization option SORE seeks to present, and thereby raise the issue as to whether the Trustee's actions are consistent with his statutory duties under Section 77.⁷

SORE does not seek to "run the railroad." SORE seeks only to be given notice of those fundamental and irreversible choices that, once made, may never be undone. Such a procedure will not impair the Trustee's ability to run the railroad. Management must already give advance notice to various other parties of three of the nine actions of which SORE seeks notice, and the Trustee has not even attempted to show that giving notice as to

Footnote continued

of Lines West through an intentional program of piecemeal sales, abandonments, and reductions in service designed to put the railroad in a cash and competitive crisis such that the only reorganization option left to the ICC, and the Court, is the one favored by the Trustee would pervert the very purpose for which the Trustee has been given his substantial powers.

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Moreover, the proposed Notice Order would not bar the Trustee from taking any of the enumerated actions. SORE simply seeks to ensure that, before any such actions are carried out, the one party in these proceedings with a vigorous and active interest in preserving continued operations on the western lines will have an opportunity to express pertinent concerns to the Court.

two of the other items would cause any interference whatever with his management of the railroad. As to the remaining items, SORE has offered to rephrase the requested Order in a way that manifestly preserves the operational flexibility needed to successfully run the railroad, and would impose no real burden on management, but yet guards against actions that could strip Lines West of its potential to be reorganized.

CONCLUSION

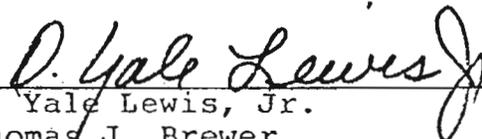
For the reasons stated above, SORE respectfully requests that the Court grant its motion for the requested revised notice Order.

DATED this 5th day of March, 1979.

Respectfully submitted:

WICKWIRE, LEWIS, GOLDMARK
& SCHORR

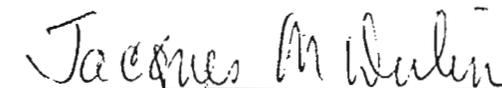
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February 8, 1979

THE GREAT TRAIN ROBBERY—1

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Montana (Mr. MARLENEZ) is recognized for 5 minutes.

● Mr. MARLENEZ. Mr. Speaker, the James boys would be put to shame by the latest train robbery—they are not only holding up the mail car—they are stealing the entire train.

And they are stealing jobs, commodity transport, and the competition that would insure lower utility rates in the Eastern United States with it.

This saga of the "old West" starts out with two competing railroads. The Milwaukee and the Burlington Northern. The Milwaukee was not as big as the Burlington but it did provide competition.

Mr. Speaker, there is one thought on the minds of almost every Montanan who works for or with the Milwaukee—that the fix is on, and has been for some time. In Montana if it looks like a skunk and smells like a skunk we generally give it credit for being one. If one railroad had a plan to dry up would it not cease maintenance, cut down on power, stop advertising, and refuse business.

From all indicated reports, the Chicago, Milwaukee, St. Paul & Pacific Railroad Co. is on very thin financial ground. Some reports disclose that they will not even be able to meet their next payroll. Since December 1977 when the railroad announced bankruptcy many questions

have been asked, very few adequately answered by the railroad, by the Interstate Commerce Commission, by the Federal Railroad Administration, or by the trustee.

Point:

Is it not surprising that the same management is intact today that was there when the bankruptcy was caused?

Is it not odd that there are funds available through the ERSA to keep the transcontinental railroad going, sitting at the FRA, but the management will not apply for them?

Does it make sense that a railroad that needs money would not seek out new sources of revenue, do no advertising, actually turn down business?

Why is it that a railroad that admits it wants to end service west of Minneapolis not respond to parties that want to buy it?

Is it not peculiar that companies and employees are denied access to the financial records of this carrier, being told point-blank that they cannot have them?

There are very many well-meaning, dedicated employees and shippers who want to maintain freight competition in the West via a viable Milwaukee road. I will soon be introducing legislation putting more information into the RECORD about the latest, greatest, train robbery. ●

EXHIBIT "A"

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

IN THE MATTER OF)
)
CHICAGO, MILWAUKEE, ST. PAUL) In Proceedings for the
AND PACIFIC RAILROAD COMPANY,) Reorganization of a
) Railroad
Debtor.)
) NO. 77 B 8999

ORDER

[Proposed Revision]

Upon due consideration of "SORE's Motion for an Order for Special Notice on Certain Matters," dated February 7, 1979, and the Court having considered the pleadings, responses and arguments of all parties relating thereto, it is therefore,

ORDERED,

That the Trustee be and is hereby directed to give full, timely, and complete notice sufficient to afford SORE, the association to Save Our Railroad Employment, said association having been granted leave to intervene in these proceedings by this Court's separate Order entered , 1979 an opportunity to be heard before ordering, causing or permitting any events or activities to occur that would adversely affect the revenue base, physical assets, or competitive position of the debtor railroad on its lines lying west of St. Paul, Minnesota ("the Western Lines"), including but not limited to:

- (1) Concluding any sales of real property that comprises any part of debtor's Western Lines or yards;
- (2) Submitting any applications for permission to abandon, or actually abandoning, any property or any line of railroad or portion thereof on any of debtor's Western Lines;
- (3) Concluding any sales, transfers, or relinquishments of purchase or lease rights respecting any of debtor's locomotives or rolling stock, or concluding any other transaction that would reduce the number of units of such equipment available for assignment for service on debtor's Western Lines, including scrapping;
- (4) Opening any new gateways allowing any other railroad traffic routings via any of debtor's Western Lines;
- (5) Causing any track on any of debtor's Western Lines, including branch lines or sidings, to be pulled up or otherwise taken out of service.
- (6) Reducing the number of locomotives assigned to and in service on debtor's Western Lines below present levels in any manner intended to accomplish a lasting or continuing reduction in the number of such units assigned to and in service on the Western Lines;
- (7) Reducing the number of freight cars assigned to and in service of debtor's Western Lines below present levels in any manner intended to accomplish a lasting or continuing reduction in the number of such freight cars assigned to and in service on the Western Lines;

- (8) Reducing the number of employees assigned to operations and maintenance duties on debtor's Western Lines below present levels in any manner intended to accomplish a lasting or continuing reduction in the number of such employees assigned to the Western Lines; and
- (9) Reducing the tools and maintenance material inventories for debtor's Washington and Montana Divisions below present levels in any manner intended to accomplish a lasting or continuing reduction in the inventories of such tools and materials maintained in these Divisions.

Provided, however, that nothing in this Order shall require Notice to be given to SORE of routine, day-to-day decisions as to the movement of the resources and personnel described in Items 6-9 above within the debtor's system in response to particular demands, emergency situations, etc; and provided further that if, in the Trustee's good faith judgment, debtor's cash position or obligations to the public render it contrary to the best interests of the railroad to delay taking actions of the type covered in Items 6-9, the required notice may be given as soon as practicable but need not be given prior to taking the action.

Said notices are to be served upon said intervenor's attorneys at the following addresses:
Wickwire, Lewis, Goldmark & Schorr, 500 Maynard Building, Seattle, Washington 98104, Tel. (206) 622-9603, and Dulin, Thienpont, Potthast & Snyder, Ltd., Suite 2060, 208 South LaSalle Street, Chicago, Illinois 60604, Tel. (312) 263-3288.

IT IS FURTHER ORDERED:

That the Trustee be and hereby is directed to file with the court by no later than the 5th and 20th day of each month, and to serve upon SORE's attorneys as identified above, commencing the ____ day of _____, 1979, the following:

(1) A statement of (i) the total number of serviceable locomotive units on line throughout the debtor's system, (ii) the total number of serviceable locomotive units assigned to transcontinental service west of St. Paul, Minnesota, as of the 1st and 15th day of each month;

(2) A computer print-out, or summary thereof, showing (i) the total number of freight cars on line throughout the debtor's system, and (ii) the total number of freight cars on the lines west of St. Paul, as of the 1st and 15th day of each month;

(3) A computer print-out, or summary thereof, showing (i) all authorized employment positions throughout the debtor's system, and (ii) all authorized employment positions on the lines west of St. Paul, as of the 1st and 15th day of each month, together with a statement of the number of such positions that are filled as of each date;

(4) Inventory summaries of the maintenance of way equipment and track materials on hand west of St. Paul, including ties, rail, anchors, spikes, plates, and switch components, in

any form that such information is normally gathered by management, as of the 1st and 15th days of each month;

(All of the above-described information relating to the 1st day of the month should be filed by the 5th day of the month, and the information relating to the 15th day of the month should be filed no later than the 20th day of the month.)

(5) A monthly summary of the number of locomotive units undergoing repairs, and stored, (i) throughout the debtor's system, and (ii) on the lines west of St. Paul.

DATED this ____ day of March, 1979.

Hon. Thomas R. McMillen

UNITED STATES DISTRICT JUDGE