

1st MONDAY 3rd MONDAY

Prepared for employees by the
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To All Milwaukee Road Employees:

With winter knocking on the door, it's heartening to know that the condition of our locomotive fleet augers well for an efficient cold weather operation. Of the 420 units presently in service, 380 have been completely winterized. Our fleet consists of 318 road units and 102 switch engines, whose use is monitored by a daily diesel status report. We've seen a vast improvement in our efforts to keep these locomotives operational. The out-of-service percentage -- which includes testing, maintenance, etc., as well as bad orders -- hovers around 9 percent. Last Friday's report indicated 9.1 percent fell into this category. In December 1977, 51 percent of our road locomotives were out of service.

Speaking of improvements, by the end of the year we will have rehabilitated 220 locomotives and 2,746 cars. Through 4-R programs we will have installed:

- 102 miles of continuous welded rail,
- Over 950,000 new crossties,
- 837,000 cubic yards of ballast.

Additionally State/Shipper rail projects account for the installation of 620,000 new ties and 400,000 cubic yards of ballast.

Obviously these programs have contributed to the success we've achieved in reducing transit times in various corridors. The table below illustrates the improvements we've made:

	<u>June 1979</u> <u>Avg. Day's Transit</u>	<u>October 1980</u> <u>Avg. Day's Transit</u>
Chicago to Kansas City	4.9	2.8
Kansas City to Green Bay	7	4.4
Green Bay to Louisville	4	2.1
Duluth to Louisville	6.9	4.0

The new connection at Paris, Illinois, was completed last week and should produce immediate benefits in improved transit time.

We continue to receive compliments on our progress. One major patron, a heavy machinery manufacturer, recently conducted a study which noted that our line is doing the best job of moving its loaded cars the most miles per day of any Class I railroad in the country. That's high praise indeed.

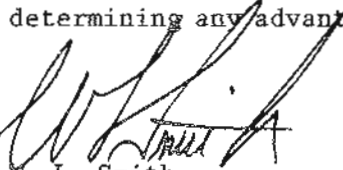
You will be interested in a comparison of projected units and revenue made last May versus actual results for the month of October. We realized 100 percent of units forecast while revenues were 105 percent of the forecast. We had projected 2,100 units on the Mason City line and actually handled 2,915 loads. Our forecast for the Jackson/Austin line was 1,100 loads, and this segment produced 1,131 units. This indicates the pricing action we have taken is showing positive results.

~~A major improvement in our Green Bay piggyback facility is underway at an estimated cost of \$375,000. This will increase our loading and unloading capacity and enable us to provide the best intermodal service in the area. A PC-90 Piggypacker, which will facilitate the handling of containers and trailers, will be put in service there and should be in operation within the next few weeks.~~

With the heating season now at hand, I would like to emphasize that we have the responsibility to conserve energy. There are a number of actions which can aid in achieving this necessary goal. Everyone can keep doors closed, adjust radiators to not overheat and extinguish unnecessary lighting - particularly at night and over weekends. Broken windows and leaking pipes or valves should be brought to the attention of maintenance people so these situations may be corrected. Some of us have job assignments where special care should be taken to not waste supplies. For example, we spent approximately \$80 million during the past year for locomotive fuel. The railroad industry estimates 3 to 4 percent of locomotive fuel oil is wasted because of carelessness and improper handling. On our line these percentages translate into an approximate annual dollar value of \$2 million. Obviously a substantial boost to our reorganization efforts would be accomplished by elimination of this waste. We are all involved. For our mutual benefit, we must continually keep in mind the desirability of an unrelenting effort to conserve all forms of energy. I strongly encourage you to submit your ideas regarding energy conservation on the Milwaukee to the Labor-Management Group (Room 848, Chicago Union Station), which will forward them to Mr. Paul Cruikshank.

Normally this space is not used for Railroad Retirement items but because of the timeliness of its current newsletter, a suggestion was made to share it with all who may be interested in early retirement:

"Because of the way Railroad Retirement annuities are computed, there can be advantages to retiring at certain times of the year. For railroad employees planning to retire in the next few months, the choice of a retirement date could significantly affect the month of his or her Railroad Retirement annuity. For employees age 62 or over in 1980, retirement after December 31, 1980, would result in higher benefits. However, employees age 60 or 61, with 30 or more years of service, who are planning on retiring in the next few months, will generally receive higher benefits by retiring before the end of 1980, rather than in the first few months of 1981. These employees receive the advantage of a substantial 1980 cost-of-living increase in the Tier 1 portion of their annuity only if they retire before the end of the year. These general guidelines do not apply in all cases, and there are, of course, other considerations that a prospective retiree must take into account in choosing a retirement date, such as medical insurance eligibility requirements, other fringe benefits, and personal circumstances. If you are planning to retire in the near future, you should contact your nearest Railroad Retirement Board Office for annuity estimates and for assistance in determining any advantages or disadvantages of a given retirement date."



W. L. Smith
President