

1st MONDAY 3rd MONDAY

Prepared for employees by the
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November 2, 1981

To All Milwaukee Road Employees:

Trustee Ogilvie announced last week that he and the Grand Trunk Corporation have agreed to begin discussions concerning the possible integration of the Milwaukee Road into the GTC system of railroads.

Grand Trunk Corporation is the holding company for the wholly-owned American railroad subsidiaries of Canadian National Railway Company (CN); namely, Grand Trunk Western Railroad Company (GTW), Detroit, Toledo and Ironton Railroad Company (DT&I), Duluth, Winnipeg and Pacific Railroad Company (DWP), and Central Vermont Railroad, Inc. (CV), with a total of over 2,000 miles of main line track in operation. Grand Trunk Western interchanges freight with the Milwaukee Road at Chicago, Illinois, and we have an interchange with the DWP at Duluth, Minnesota.

The Grand Trunk Railway originated in 1852, and constructed a railroad extending from Portland, Maine, through Montreal, Toronto, Port Huron/Detroit to Chicago.

In 1923 Grand Trunk became amalgamated with the newly organized Canadian National Railway Company -- or, as it is now commonly known -- CN Rail. As a result of the establishment of Canadian National, Grand Trunk Lines in Michigan, Indiana and Illinois were consolidated as the Grand Trunk Western Railroad.

Duluth, Winnipeg and Pacific was constructed shortly after the turn of the century between Duluth and the international border at Port Frances, Ontario, and forms the southern portion of a direct route between western Canada and the American midwest.

The Central Vermont Railroad extends from the international border a short distance south of Montreal, Quebec, to southern New England.

In 1971 Grand Trunk Corporation was formed to consolidate the financial interests of Canadian National in the three United States railroads.

In 1980, Detroit, Toledo and Ironton, operating principally between Detroit, Michigan, and Cincinnati, Ohio, was acquired by Grand Trunk Western Railroad.

The map that is included in this issue shows the Grand Trunk Corp. lines (GTW, DT&I, DWP) and the Milwaukee Road system. As indicated, GTW's main line extends from the Sarnia, Ontario/Port Huron, Michigan, border to Chicago with an important feeder line between Detroit and the junction with the main line at Durand, Michigan. This cross-Michigan line continues west to Grand Rapids and Muskegon.

In connection with the discussions being held about the integration of our system into the GTC rail network, officials of both companies will begin an inspection trip next week of Milwaukee Road track and facilities. A special train utilizing GTC and Milwaukee Road equipment will operate from Duluth to the Twin Cities, Milwaukee, Chicago, Quad Cities and Ottumwa.

We feel that no determination with respect to any possible transaction can be expected before 90 days.

A spokesman for Grand Trunk Corporation said that Milwaukee management has made impressive progress in eliminating unproductive lines, improving services and reducing cost of operations. Continuation of labor-management programs to improve productivity and operating efficiency are critical to a successful outcome of the discussions.

Any proposed transaction would require the approval of the Interstate Commerce Commission and the Reorganization Court.

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The Reorganization Court this week approved an application for Trustee Ogilvie to enter into an interim lease with the Trustee of the Rock Island covering the properties of the Rock Island that Milwaukee Road is operating under ICC service orders.

The lease primarily covers Rock Island lines and properties in Iowa located along or adjacent to our mainline to Kansas City. The Rock Island segment between West Davenport and Culver, which includes Muscatine, forms part of our mainline over which we have operated since 1901 via trackage rights.

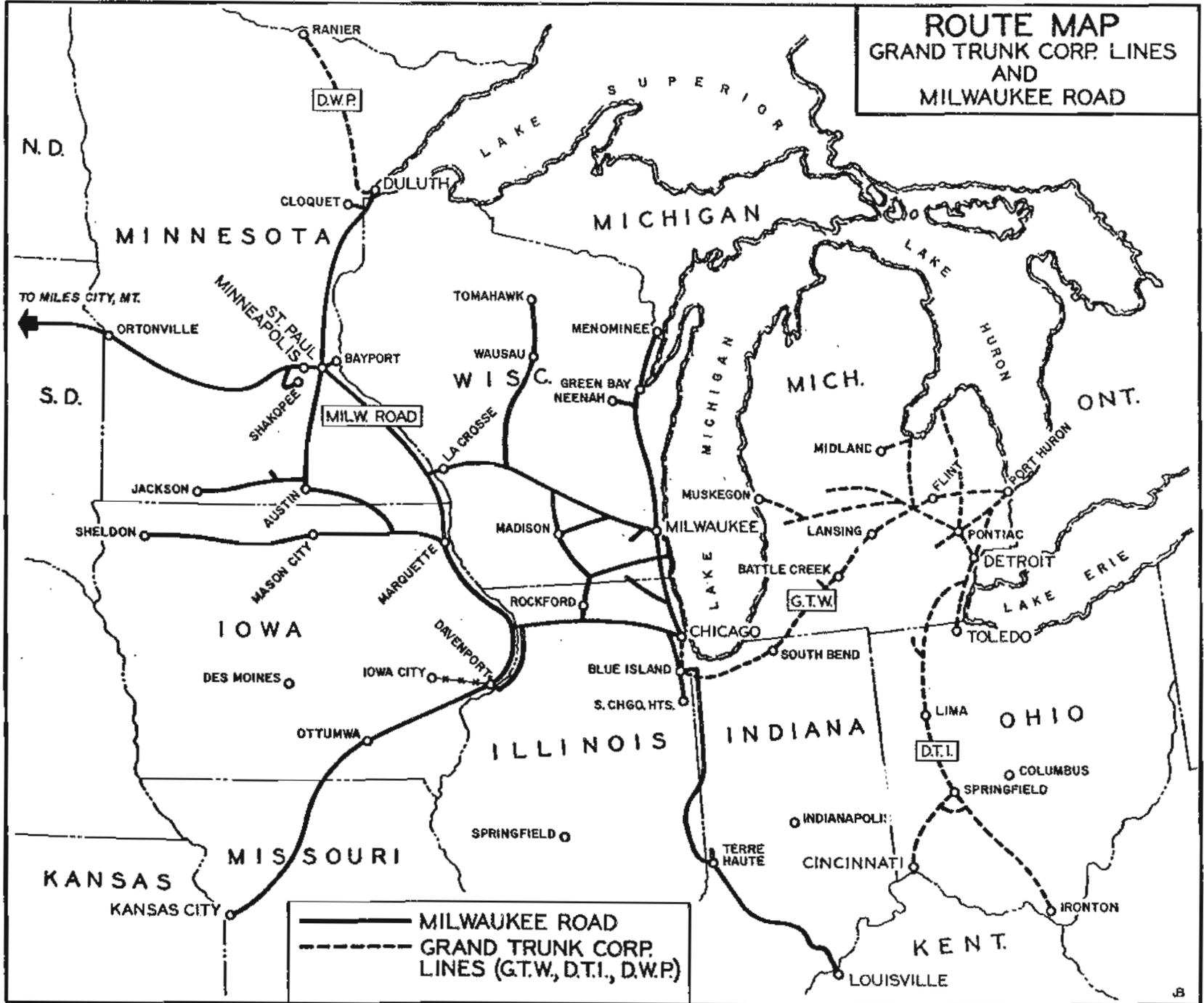
In addition to the West Davenport-Culver trackage, the lease covers the use of track, right-of-way, and related facilities of the Rock Island from Culver (Muscatine) Iowa to Fruitland, Iowa; Washington, Iowa - industry trackage only; Clinton, Iowa - industry and yard trackage only; Davenport to Iowa City, Iowa; and at Newport, Minnesota - industry trackage only.

The lease is intended to cover the interim service period while purchase negotiations proceed.



W. L. Smith
President

**ROUTE MAP
GRAND TRUNK CORP. LINES
AND
MILWAUKEE ROAD**



— MILWAUKEE ROAD
- - - GRAND TRUNK CORP. LINES (G.T.W., D.T.I., D.W.P.)