

1st MONDAY 3rd MONDAY

September 8, 1981

Prepared for employees by the
Milwaukee Road's Corporate Relations Department
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To All Milwaukee Road Employees:

Trustee Ogilvie intends to file the amended Plan of Reorganization with the U. S. District Court on September 15. A special edition of FM/TM will be distributed to all employees at that time.

Open house meetings will be held on the various divisions in the weeks following the Trustee's filing with the Court. Employee attendance at the meetings is encouraged as the question and answer period will be particularly informative. Time, place and date will be given to all when available.

Our recent tender offer proved more successful than previously announced. A final accounting indicates that approximately \$37 million principal amount, or 76% of the first mortgage bonds were tendered under an offer that expired August 10.

The offer, which was made June 26, invited bondholders to turn in their holdings for \$777 net for each \$1,000 principal amount.

Despite the objections of railroads serving Iowa, a special session of the Iowa legislature last month approved a bill designed to allow the state to bid on abandoned rail lines with funds secured in part by taxing the rail carriers operating in Iowa.

The legislation allows the Iowa Railroad Finance Authority to sell up to \$200 million in bonds - financed primarily by a new railroad diesel fuel excise tax - to acquire and rehabilitate abandoned segments of track or to loan funds to railroads willing to make necessary repairs of the track.

Railroads operating in Iowa will be assessed a locomotive diesel fuel tax of three cents a gallon effective October 1, 1981. The tax increases to eight cents a gallon on July 1, 1982. Additional revenue is expected from an existing 1-1/4-cent tax on loaded rail cars which is not currently being collected.

We are not certain of the effect this legislation will have on our negotiations with the Rock Island trustee to acquire certain line segments we're presently operating in Iowa. We find some elements of the bill to be troublesome and they are presently under study. We're concerned that freight rates will have to be raised to offset increased taxation. Developments concerning this legislation will be provided as they occur.

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Work has been completed through a joint effort by the Labor-Management Action group staff and the Education and the Training section of the Personnel Department in introducing Quality Circles to the Milwaukee Road. This program has been developed through the cooperative effort of labor and management with FRA assistance.

A Quality Circle is a group of employees within a department who voluntarily meet together on a regular basis to identify, analyze and solve problems in their area.

The object of Quality Circles on the Milwaukee Road is to use its most valuable asset, its work force, to build a stronger more competitive organization.

With strong support from Trustee Ogilvie, officers and from the Milwaukee labor leaders, a pilot project of four Quality Circles has been implemented in the Finance-Department in Chicago-Union Station. Leaders of the four Quality Circles are: P. J. Feeney, T. H. Stroncak, C. L. Vogt and J. R. Knaack. Current plans call for expanding the project to other areas throughout the system in the near future.

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James R. Hansen, a Milwaukee Motor Transportation Company driver, out of the Bensenville, Illinois, terminal has been honored again. On Saturday, August 15, he was crowned National Champion in the Five Axle Van Class at the American Trucking Association's 1981 Safety Driver Truck Roadeo held in Indianapolis, Indiana.

Hansen is the first MMTC driver to win national honors in this competition. He had won the State of Illinois championship twice in the same vehicle class.

There were 241 drivers from all sections of the United States, including Hawaii, participating in seven competitive classes at Indianapolis. In order to advance, each of the drivers had to first overcome the challenge of all drivers in the respective competitive classes in his own state. At Indianapolis Hansen faced thirty-eight drivers in the 5-Axle Class Competition which wasn't decided until the final day. Of the 800 total points available, Hansen amassed 722 points to take the first place trophy. He also collected \$1,000 first-place prize money and a gold belt buckle emblematic of a national truck driving champion.

Hansen's high score also contributed greatly toward winning the team trophy for the State of Illinois. This was the first time in 38 years that the seven drivers from Illinois had won this coveted prize.



W. L. Smith
President