

1st MONDAY 3rd MONDAY

Prepared for employees by the
Milwaukee Road's Corporate Relations Department
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August 2, 1982

To All Milwaukee Road Employees:

A locomotive simulator, the Freight Master Train Analyzer, mentioned in earlier issues of FM/TM has arrived on our property. It will be used to re-train our locomotive engineers in an effort to reduce stretch braking - which is the process whereby train brakes and locomotive power are applied simultaneously - and foster other habits which are consistent with safe train handling and are designed to conserve fuel. In addition, the unit will be used in costing studies and derailment analysis.

We will have the ability to simulate any possible type of train, and will program approximately 1,700 miles of our railroad into the system. Work has been completed on about 1,000 miles so far.

The operator actually runs his pre-selected "train" over a portion of track profile which appears on a cathode ray tube located to the right of the control stand. The controls are a set of standard EMD controls with conventional air brake equipment. A separate control panel allows the operator to introduce certain other dimensions into the simulation such as wet and slippery rail, excessive brake pipe leakage, or undesired emergency application. The simulator can be set to run at real time or can be speeded up to twenty times.

Mr. Craig E. Willett has been appointed Manager-Locomotive Operations, and will work very closely with the technical training group of Labor Relations/Personnel, the division traveling engineers, and the Director of Energy Conservation in the coordination and presentation of an engineer workshop. These workshops, of which the simulator is a major component, are slated to begin in mid-August.

Other developments concerning our energy conservation program include the installation of the Power Sentry Dispatch System on four GP-40 locomotives. This system, also mentioned in previous issues, has been installed on engines 2007 and 2014. Work is currently underway on locomotive 2010, with engine 2002 the next and final unit to receive the apparatus. Full-scale testing of these units between Chicago and St. Paul will begin in late August.

The on-board computer installed on engine 184 is returning useful data. Shops and test department personnel are confident that the information received will prove invaluable in the decision-making process supporting locomotive repairs and modifications. Of course, the principal reason for the installation of this system

was to develop badly-needed fuel consumption characteristics of our locomotive fleet. Results in this sector have been quite gratifying.

Although we are currently enjoying a slight price break arising from a temporary leveling of fuel prices, the cost of diesel fuel remains very high and is still a large part of our operating budget. Responsible use of diesel fuel - and all other forms of energy - on our railroad can go a long way toward assuring continued profitability.

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Progress is being made in Trustee Ogilvie's efforts to solve the commuter service problem. A motion was filed today with the Reorganization Court requesting the Court to issue an order setting a procedural schedule for the consideration of certain agreements between the Trustee and the Regional Transportation Authority under which the RTA would provide commuter service over Milwaukee Road trackage.

In support of this application, our attorneys point out that the purchase of service agreement we had with the RTA was not renewed upon expiration because of the inability of the RTA to make timely payments as required under the purchase of service agreement. Consequently, since July 1, 1981, the Trustee has been providing commuter service under his own auspices and independent of the RTA.

Despite a fare increase of approximately 75% last July and other measures, the commuter service has continued to incur substantial losses. Approximately one year ago, Trustee Ogilvie initiated discussions with the RTA concerning possible arrangements for RTA's takeover of commuter service.

Under the agreements which are close to finalization, the RTA will pay the Milwaukee monthly rental charges as well as a proportion of expenses for property taxes, maintenance and operation. With the RTA assuming responsibility to provide commuter service now, and in the future, Milwaukee Road employees in commuter service will be offered employment with the RTA. Trustee Ogilvie is negotiating with the various employee organizations concerning the transfer of employees to the RTA.

Because of the importance of the agreements to the Trustee's reorganization efforts, it is the intention of the Trustee and the RTA that the transfer of commuter services to the RTA should occur no later than October 1, 1982.

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Because of the force of circumstances, we have not had a formal United Way/Crusade of Mercy campaign for several years, although many of our employees have voluntarily contributed to this worthy cause as a matter of social responsibility.

As we approach the kickoff of this year's campaign, it may be time to reflect upon events that have occurred over the past few years which strongly indicate we're in a much better posture now than we were then and are ready to play a bigger role in community affairs.

We've seen the filing of a Plan of Reorganization and for all practical purposes have arrived at the core system we feel can be profitably operated. We've benefited from the successful implementation of innovative marketing programs and from improvements in track and equipment.

An important step was taken toward assuring our future with the signing of the Letter of Intent to integrate our line into the Grand Trunk Corporation system of railroads. And, of course, the good news of the favorable ruling with respect to the payment of backpay to the crafts emphasizes our improved circumstances.

We're all aware of the funding cuts and the shift in responsibility for charitable causes from Washington to the states and local communities - and particularly to the private sector. The voluntary participation of every employee is needed now more than ever in support of the United Way/Crusade of Mercy system and I urge you to be as generous as possible, when the campaign begins this Fall, in helping those less fortunate than we.

A handwritten signature in black ink, appearing to read 'W. L. Smith', written in a cursive style.

W. L. Smith
President