

1st MONDAY 3rd MONDAY SPECIAL

Prepared for employees by the
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May 28, 1982

To All Milwaukee Road Employees:

The announcement this week that Trustee Ogilvie and John H. Burdakin, President - Grand Trunk Corporation, signed a Letter of Intent to integrate the Milwaukee Road into the Grand Trunk system of railroads is a tribute to all employees; not only to those who, for many months, have labored behind the scenes to consummate the agreement, but to every employee who has had a hand in improving the only product we have to sell ... service.

Without the improvement in the quality of operations, the physical improvements in track and equipment, the aggressive marketing programs we've effected and the cooperation of every strata of labor and management, we would not be the attractive candidate for acquisition that we have now become.

But bear in mind that the agreement with the GTC is not a guarantee to a successful reorganization. It marks a new beginning in our quest to achieve the goals set in the Trustee's September 15, 1981 Revised Plan of Reorganization and any amendments to that plan. It is absolutely critical that each of us concentrates on taking advantage of the opportunity to meet this continuing challenge and enhance the fine quality of service that we are presently providing.

Under the Letter of Intent, the GTC will acquire the stock of the Milwaukee Road after it has been reorganized. In return, the GTC has agreed that the newly reorganized corporation will assume approximately \$250 million of debts and obligations that are currently obligations of the bankrupt railroad's estate. The estate will retain possession of the Milwaukee Land Company, currently a subsidiary of the railroad, and other railroad properties that are determined to be excess to the reorganized railroad's operations. These assets, along with funds in existing escrow accounts, would be used to satisfy claims of remaining creditors of the estate and claims of the existing shareholders.

In addition, under a special provision of federal law, approximately \$50 million of federal loans to the railroad plus accrued interest, which are liabilities of the estate, will be cancelled upon closing of the transaction. The interest may amount to another \$50 million by that time.

The Letter of Intent provides that a Definitive Agreement detailing the transaction will be completed by July 1, 1982.

Papers incorporating the proposed transaction are expected to be filed with the Interstate Commerce Commission by late summer. Pending ICC and Court approval of the transaction, the Milwaukee and GTC will continue to operate as separately managed companies. However, we have agreed to certain operating coordinations with each other that are designed to improve service to customers in the primary corridors of our two systems.

"The GTC acquisition of the Milwaukee will ensure continuation of the Milwaukee Road for the benefit of its employees, shippers and the public. It will also further my efforts to satisfy the outstanding claims against the estate," Trustee Ogilvie said. President Burdakin of the GTC stated, "The integration of the Milwaukee into the GTC will create a new system that will be a strong, viable competitor in the Midwest, able to provide superior transportation service."

Employees in Chicago Union Station were invited to an open house meeting in a downtown hotel last night during which Trustee Ogilvie and other principals explained the transaction and fielded questions from the floor. Other employee open house meetings are scheduled for 7:30 p.m. at the following locations:

June 1, Tuesday	- Terre Haute
June 8, Tuesday	- Minneapolis
June 9, Wednesday	- Portage
June 10, Thursday	- Milwaukee
June 14, Monday	- Kansas City
June 15, Tuesday	- Ottumwa
June 16, Wednesday	- Muscatine
June 17, Thursday	- Davenport
June 18, Friday	- Bensenville
June 28, Monday	- Green Bay
June 29, Tuesday	- Wausau
June 30, Wednesday	- Mason City
July 1, Thursday	- Dubuque

You'll find these meetings interesting and informative, and I trust you will make every effort to attend.



W. L. Smith
President



Pictured at the Letter of Intent signing ceremony are (L to R) President Worthington L. Smith, Trustee Richard B. Ogilvie, and GTC President John H. Burdakin. Standing are GTC Counsel Basil Cole, and Rober H. Wheeler, Counsel to the Trustee.

