

1st MONDAY 3rd MONDAY

Prepared for employees by the
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April 4, 1983

To All Milwaukee Road Employees:

The subject we've been discussing for months is now a reality.

Last Thursday, March 31, Trustee Ogilvie's Amended Plan of Reorganization, together with Grand Trunk Corporation's Plan to acquire the Milwaukee Road, was filed with the Reorganization Court and the Interstate Commerce Commission. This starts the clock running on proceedings which, we expect, will result in the Milwaukee becoming a vital link in the Grand Trunk system of railroads.

The Amended Plan and the proposed Grand Trunk transaction require Reorganization Court and ICC approval. The proceedings are expected to be completed sometime in 1984.

Commenting upon last week's filing, Trustee Ogilvie said, "This plan represents the culmination of almost five years of hard work restructuring the railroad. It satisfies virtually all of the goals we set for ourselves when we began this project. After exploring all available options, we have concluded that it best satisfies the mandate set by Congress, the Interstate Commerce Commission and the Bankruptcy Court."

Governor Ogilvie continued, "We will be able to pay the creditors and, through consolidation with GTC and affiliation with Canadian National, we will preserve service on the Milwaukee and assure financial stability to benefit shippers and employees."

On an annualized basis, we have approximately 5,000 employees and the GTC has almost the same number. No current employee would be released as a result of the transaction.

The Amended Plan consists of three principal features:

1. Satisfaction of the claims of all creditors;
2. Continued operation of the Core System as part of GTC;
3. Transfer of all Non-Core assets to a new corporation, the capital stock of which will be distributed to the Milwaukee's existing shareholders.

We believe that the Plan provides fair and equitable treatment to creditors and shareholders and that the Reorganized Milwaukee Road, as part of GTC, will be a viable competitive transportation company with strong market growth and financial capabilities.

The reorganized Milwaukee will own assets related only to the operation of the railroad. Remaining railroad assets are to be used to form a separate company and satisfy claims of creditors and shareholders. The separate company's assets would include the stock of the Milwaukee Land Company, currently a subsidiary of the Milwaukee.

Milwaukee Motor Transportation Company, our trucking arm, remains as part of the railroad.

The Plan says the reorganized Milwaukee will emerge from bankruptcy as an efficient organization, relieved of unprofitable lines, deficient equipment and facilities. The GTC acquisition will provide further opportunities to the Milwaukee and to the GTC to reduce costs through further organizational consolidation.

The GTC and Milwaukee enjoy a geographic proximity that will permit consolidation of certain headquarters operations. The natural attrition for both systems will permit these consolidation benefits to be achieved without the loss of jobs by employees. Relocations and job reassignments will be required in minor numbers.

In a prelude to the filing, Trustee Ogilvie announced last week that he had reached agreements with certain classes of bondholders on the payment of principal plus amounts of interest which varied by settlement.

In all, Trustee Ogilvie proposes paying creditors almost \$328 million in cash by December 31, 1984.

If the Plan is not accepted by the claimants in each class entitled to vote on the Plan in accordance with Section 77(e) of the Bankruptcy Act, the Court may nevertheless confirm the Plan if it finds, after hearing, that the Plan makes adequate provision for fair and equitable treatment for the interests of Claims of any class of claimants which is affected by and has rejected the Plan; that such rejection is not reasonably justified in light of the respective rights and interests of those rejecting it and all the relevant facts; and that the Plan conforms to the other requirements of Section 77(e).

The Amended Plan will be discussed at length in the upcoming Employee Open House meetings. Specific questions and concerns will be addressed at those sessions so be sure to make plans to attend. Meetings are scheduled as follows:

April 5 - Kansas City	7:00 p.m.
April 6 - Ottumwa	7:00 p.m.
April 7 - Davenport	7:00 p.m.
April 8 - Savanna	7:00 p.m.
April 12 - Portage	7:00 p.m.
April 13 - Wausau	7:00 p.m.
April 14 - Green Bay	7:00 p.m.
April 18 - Bensenville	1:00 and 7:00 p.m.
April 19 - Milwaukee	1:00 and 7:00 p.m.
April 19 - Chicago Union Station	3:45 p.m.
April 21 - Terre Haute	7:00 p.m.
April 25 - Tomah	7:00 p.m.
April 26 - LaCrosse	7:00 p.m.

April 27 - Twin Cities	1:00 and 7:00 p.m.
April 28 - Montevideo	7:00 p.m.
May 2 - Dubuque	7:00 p.m.
May 3 - Mason City	7:00 p.m.
May 4 - Austin	7:00 p.m.

We've had a great deal of customer support throughout the reorganization process and we're indebted to those shippers who filed positive statements in support of the Plan.

GTC acquisition of the Milwaukee not only assures the financial performance of the reorganized railroad, it will serve the public interest by improving the level of transportation services and by enhancing intramodal and intermodal competition within the region now served by GTC and the Milwaukee. These interests will be served without significant adverse impact on competitive transportation services available in these markets.



W. L. Smith
President