

# 1st MONDAY 3rd MONDAY

Prepared for employees by the  
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To All Milwaukee Road Employees:

The coming of boxcar deregulation has caused a great deal of uncertainty among both shippers and carriers. Rate freedom, per diem reclaim and empty return charges for boxcars could significantly alter the economic position of the boxcar in the transportation marketplace.

The Milwaukee Road considers the boxcar to be an important part of our railcar fleet and, therefore, desires to maintain the traffic now moving. To accomplish this objective, we realize that boxcar shipments must remain economically attractive. We are making every effort to insure that the transition from a regulated to an unregulated environment will have a minimum impact upon our shippers.

We have been working with our major connections to facilitate the continuing through movement of boxcar traffic. We have proposed the adoption of present rates, routes, rules, and divisions as an initial step to serve as the base from which future changes can be made. We have also proposed an orderly method for implementing changes to existing rates as well as the establishment of new rates. The Milwaukee Road embraces the concept of through rate quotes and billing while maintaining the right of each carrier in a route to change its portion of the rate as it deems necessary.

In order to reduce the impact of empty mileage and storage charges being assessed by other railroads against Milwaukee Road boxcars, bilateral agreements are being negotiated with our major connections. This area is important in that it will play a large part in determining the economic viability of the boxcar moving in interline service. We anticipate that agreements can be reached which will minimize the potentially adverse economic consequences.

The Milwaukee Road is prepared to compete in the unregulated boxcar marketplace. We will have in place an aggressive marketing plan which will maintain the economic viability of the boxcar while at the same time offer the shipper the alternative of utilizing TOFC where the service in a boxcar is not competitive.

Our marketing department has been contacting customers who normally use boxcars to get their comments and answer questions on this important subject. It is only with their input that we can be certain we're properly addressing their shipping needs.

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Because the safety of employees carries such a high priority on the system, it's a pleasure to share with you the positive report received concerning the reduction of personal injuries during the first ten months of 1983 compared to a similar period last year. A decrease of 311 injuries, 34%, was reported this year.

Our man-hour exposure indicates a decrease of 17% over 1982.

The Division and Shops injury goal and forecast is as follows for ten months of 1983.

	Based on Frequency Ratio	
	Forecast	Actual
Southern Division		
Transportation.....	-12%	-12%
Mechanical.....	-15%	-45%
Maintenance.....	- 5%	-45%
Northern Division		
Transportation.....	- 5%	-22%
Mechanical.....	- 5%	+55%
Maintenance.....	- 5%	-40%
Materials Management.....	-18%	-26%
Milwaukee Shops.....	- 5%	- 9%
Tomah.....	-10%	+31%
System Crews.....	-10%	- 1%
Company Total.....	-10%	-21%

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Here's an update on the Railroad Retirement Tax Increases mentioned in FM/TM dated October 3, 1983.

Beginning January 1, 1984, the tier I railroad retirement tax rate increases from 6.70% to 7%, and the maximum amount of an employee's compensation subject to this tax increases from \$2,975 a month to \$3,150 a month. However, while employers pay the 7% rate on an employee's compensation, only 6.7% will actually be withheld from an employee's earnings under a social security tax credit provision applicable in 1984. Tier I is the social security level portion of a railroad retirement annuity, and the tier I tax rate is the same as the social security tax rate.

Employees and employers also pay an additional tax to finance tier II railroad retirement annuity portions, payable over and above tier I levels. For employers, the tier II tax will increase from 11.75% to 12.75%, and the maximum amount of compensation subject to this tax will increase from \$2,225 a month to \$2,350 a month. For employees, the tier II tax will increase from 2% to 2.75% and will likewise apply on monthly earnings up to \$2,350 in 1984. The tier II rate increase was effected by the Railroad Retirement Solvency Act of 1983, and the tier I rates were determined by social security amendments. The increase in the amounts of an employee's earnings subject to tier I and tier II taxes are based on the rise in average national wage levels.

Because the tier II tax rate and the maximum amounts subject to taxes are increased, all railroaders will pay higher retirement taxes in 1984; but higher salaried workers will have the greater increases. A railroader earning \$2,000 per month will pay \$189.00 a month in railroad retirement taxes in 1984, \$15.00 more a month than in 1983. Employees earning at least \$3,150 a month, the maximum taxable in 1984, will pay \$275.68 a month in railroad retirement taxes, \$31.85 a month more than in 1983. For railroad employers, the maximum monthly regular retirement tax on an employee's earnings increases from \$460.77 to \$520.13.

In addition to regular railroad retirement taxes, railroad employers pay railroad unemployment-sickness taxes and supplemental railroad retirement annuity taxes. Throughout 1984, railroad employers will pay a tax of 8% on the first \$600 an employee earns each month to finance the railroad unemployment-sickness benefit program. In previous years, this tax had been levied on the first \$400 an employee earned each month. The supplemental annuity tax rate for the first quarter of 1984 will be 20¢ per work-hour, a 1½¢ increase from the 18½¢ rate effective in 1983.

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To Chicago and Suburban Employees:

Thank you for your support of this year's United Way/Crusade of Mercy/Heart Association campaign.

We not only reached our goal of \$90,600 but surpassed it by \$10,100. The total raised this year was \$100,700, a 30% increase over what was raised last year!

Because of recent economic problems, the demand for services and the number of people needing help have greatly increased. These people are turning to agencies where budget cuts have made it difficult to maintain an adequate level of services to meet these serious demands.

Through our contributions and volunteer time, we show that we care about the quality of life in our community. Our gifts are visible proof that all individuals are respected and valued. By helping meet their minimum financial needs, we also preserve the caring institutions and agencies against a time when we may need their help ourselves. That knowledge, I believe, is the reward our generosity will bring. Despite its name, the United Way/Crusade of Mercy is a selfish program. We give so others will benefit, to be sure, but first we give to ourselves. By helping others to live with dignity, we draw some of that dignity to ourselves. The knowledge which is shared by giver and receiver alike, that free people have helped one another freely, helps us all to stand a little taller through the cold winter ahead.

Thank you for giving so generously.



W. L. Smith  
President