

1st MONDAY

3rd MONDAY

Prepared for employees by the
Milwaukee Road's Corporate Relations Department
516 West Jackson Boulevard Chicago, Illinois 60606
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February 7, 1983

To All Milwaukee Road Employees:

In a deployment of employee strength, several important changes have been made recently in our organization structure. Shifting demands and the press of requirements in the reorganization process indicate a need to move to a new plateau of activity and make use of the special skills and experience of employees as never before.

With this in mind, modifications in certain functions of various departments have been implemented.

Effective January 17, Thomas F. Power, Jr. was named to the newly created position of Vice President-Reorganization. While Tom will continue as the railroad's chief financial officer, he will concentrate his efforts on the legal and regulatory process involved in the overall reorganization plan, and will report directly to Trustee Ogilvie.

Reporting to Mr. Power will be the Assistant Vice President-Corporate Planning, the Director-Corporate Audit, and a newly created position of Assistant Vice President-Finance.

The Assistant Vice President-Finance position has been filled by Clayton B. Smith who has served as Assistant Vice President-Mechanical, with headquarters in Milwaukee, Wisconsin since 1980.

Reporting to Clayton will be the Comptroller, the Director-Financial Planning and Treasurer, the Director-Materials Management, the Assistant Vice President-Information Systems and the Manager-Financial Administration.

Robert F. Nadrowski, who has been Assistant Chief Mechanical Officer in the Milwaukee Shops, becomes Assistant Vice President-Chief Mechanical Officer and remains in Milwaukee. He will combine his previous responsibilities with those of his new position.

Another change involves our reshaping of the Transportation Department. Gordon A. Jonasson, who has zeroed in on problems as Director-Operations Planning, has been appointed Superintendent-Transportation and will blend the duties of his previous assignment into those of his new job.

Gordie's jurisdiction will include the Control Center, embargoes, special load clearances, terminal analyses and specific train studies. By combining these functions into a single section, we gain the flexibility to respond quickly and decisively to service opportunities and to implement improvements as needed.

None of these changes has produced an increase in management positions, and in fact reflect our continuing effort to reduce costs in face of lower traffic levels without sacrificing quality.

While on the subject of transportation, we have reached an operating agreement with the DRGW that hopefully will attract additional business to our Kansas City gateway.

Effective February 5, the DRGW began operating its own trains directly between Pueblo, Colorado and the Kansas City joint agency and will have Milwaukee Road tonnage pre-blocked. We have arranged a direct connection with the Rio Grande trains by revising the schedule of train 225 to accommodate the handling of the Chicago block on an expedited basis. This handling will provide a schedule of 34-1/2 hours from Pueblo to Bensenville.

Westbound, the Rio Grande plans to depart Kansas City joint agency at 9:00 p.m. The Milwaukee will move its Rio Grande business out of Chicago on train 220 at 8:00 p.m. and arrive Kansas City at 5:30 p.m., with the Rio Grande block on the head end so the joint agency can make a quick move to ensure a connection with the train departing at 9:00 p.m.

With this combination of schedules, we should be able to promote excellent service between the Milwaukee and the Rio Grande without any additional cost of increased train service.

Our Marketing Department has modified its intermodal section and will place greater emphasis on the field sales staff to generate piggyback business. Field sales personnel are engaged in an on-going training program designed to provide the expertise required to tailor complete marketing packages for specific customer needs and to compete more effectively in this high-growth field. We want our field sales staff to be total transportation sales people; to be able to sell not only the benefits of the railroad but of our motor carrier, as well.

The Association of American Railroads has reported that TOFC/COFC traffic is at an all-time high. In 1982, piggyback traffic on Class I railroads increased over 1981 levels and exceeded the previous record set in 1979. Last year TOFC/COFC loadings accounted for 10.4% of total rail carloadings. On the Milwaukee Road, it represents 16% of our business.

With the fine reputation we've established through the 98% on time performance of our Sprint trains, the quality of service provided by Milwaukee Motor Transportation and our other dependable intermodal operations, we have a firm foundation to build on and want to make sure we get a good slice of the intermodal pie. Incidentally, from the first of the year our Sprint trains have shown an improvement in tonnage handled every week through February 6.

The competitive freedoms authorized by the Staggers Act can be - and have been - used effectively by our marketing staff to attract not only intermodal traffic but a wide variety of commodities that move in carload lots.

Finally, the AAR annual report on revenue freight loaded and loads received from connections indicates we fared very well compared to other carriers in the west zone in which we're listed.

Of the nineteen railroads shown in that district, the Milwaukee was the only one enjoying an increase in received from connections traffic. We had a 2.2% increase while the rest of the group experienced a 21.2% decrease. In the freight loaded on line category, we reported a 15.4% decrease vs. a 13.8% decrease for all other carriers.

This supports our belief that aggressive marketing strategies, dependable transportation services and an improved physical plant translate into real business opportunities.

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The employee open house meetings announced in the last issue of FM/TM have been postponed. They will be rescheduled and dates and locations will be provided when available.

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In case you missed the Wall Street Journal of February 3 which carried our ad heralding the merits of our coordinated Gateway Network with Grand Trunk Rail System, it is reproduced overleaf.

We feel we have an important benefit to sell as a result of our expedited rail service in connection with Grand Trunk and have embarked on an extensive advertising campaign to get the message to the shipping public. The personalized marketing of joint GT/Milwaukee Road transportation services is unique. As the ad says, "When on-time schedules and competitive pricing make the real difference, you'll go GATEWAY NETWORK. One great service from two great rail systems."



W. L. Smith
President



The Winning Combination.
Far better. Far faster.
Far more personal, too!

GATEWAY NETWORK

Two great rail systems... Grand Trunk and The Milwaukee Road... announce expedited rail freight service to and through the key markets of America's industrial heartland. Our coordinated GATEWAY NETWORK reduces shipping time up to 48 hours between Duluth and Louisville (via Minneapolis/St. Paul and Chicago) and east/west from Port Huron/Detroit and Kansas City through Chicago.

Far faster. Far better. Far more personal, too. You'll start saving time the minute you pick up the telephone to call either of our special GATEWAY NETWORK numbers. Responsive sales representatives are readily available to provide quick, accurate information on rates, routes and special equipment. When on-time schedules and competitive pricing make the real

difference, you'll go GATEWAY NETWORK. One great service from two great rail systems.

GT
Grand Trunk Rail System
 1-800-241-7732

THE MILWAUKEE ROAD
 Chicago, Milwaukee, St. Paul and Pacific Railroad Company
 1-800-621-0766

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