

1st MONDAY 3rd MONDAY

Prepared for employees by the
Milwaukee Road's Corporate Relations Department
516 West Jackson Boulevard Chicago, Illinois 60606
Telephone 312 648-3324

November 21, 1983

To All Milwaukee Road Employees:

Our investment in the railroad plant continues to pay dividends in terms of service reliability, marketplace acceptance and reduced operating costs.

During the years we've been in reorganization, over \$680 million has been reinvested in track and equipment. So far in 1983 track programs have accounted for the installation of about 106 track miles of continuous welded rail; surface corrections made to 827 miles of track; crosstie renewals totalling 311,833 and 3,490 track miles rail tested. In addition, our B&B forces have completed work on various bridge projects, including the construction of new piers and abutments for construction of Bridge K-128 at Dubuque, Iowa.

Signal forces have installed warning devices at selected sites, and completed installation of motion sensitive control equipment for warning systems at key locations, most recently in St. Paul, Minnesota.

Certain locomotives have been modified and improved. And the first repainted unit, featuring our new look with the Hiawatha emblem prominently displayed, is now in regular service.

What this boils down to is we're in much better position to serve our customers and make a buck in the process, as the modest profit reported from rail operations for the first nine months of the year will attest. For the period ending September 30, the core operating railroad had pre-tax income of \$581,000, on an ICC accounting basis, compared to a loss of \$25.2 million for a similar period in 1982.

It's interesting to note the significant reduction in derailment-related expense that's occurred in the past few years. A report of derailment costs for the years 1979-1982 shows that two major derailment items involving clearing wrecks and damaged equipment were in 1982 only 48 percent of what these costs were in 1979. The contribution of employees to this entire success scenario cannot be minimized. It took a lot of hard work by all Milwaukee people to get us to where we are today.

The improved condition of our plant is also reflected in the performance record we posted last month in the operation of Amtrak passenger trains. Of the 186 trains operated on our system in October, 185 were on time - a 99.5% achievement - resulting in an incentive payment of \$59,741.00.

Remarkable progress is being made in another area as the October Non-Operating Properties situation report indicates. The following chart gives a breakdown by states of the disposition of main track route miles - outside the core system - since reorganization began.

DISPOSITION OF MAIN TRACK ROUTE MILES AS OF OCTOBER 31, 1983
(SINCE 12/19/77)

| <u>State</u> | <u>Continued Operation</u> | <u>Taken Up</u> | <u>In Negotiations</u> | <u>Waiting Disposition</u> | <u>Total</u> | <u>Trackage Rights Abandoned</u> | <u>Grand Total</u> |
|--------------|--------------------------------|-----------------|----------------------------|--------------------------------|-----------------|------------------------------------------|------------------------|
| Washington | 487.17 | 353.75 | 3.30 | 0.00 | 844.22 | 343.16 | 1,187.30 |
| Idaho | 135.70 | 31.43 | -- | -- | 168.13 | 9.11 | 177.24 |
| Montana | 227.65 | 834.86 | -- | 83.23 | 1,145.74 | 397.92 | 1,543.66 |
| North Dakota | 145.67 | 221.29 | -- | -- | 366.96 | --- | 366.96 |
| South Dakota | 1,152.99 | 397.89 | -- | -- | 1,550.88 | --- | 1,550.88 |
| Minnesota | 0.34 | 441.22 | -- | 0.00 | 441.56 | 62.80 | 504.36 |
| Michigan | 142.50 | --- | -- | -- | 142.50 | 66.00 | 208.50 |
| Iowa | 247.84 | 550.86 | 65.12 | 39.55 | 903.37 | 10.80 | 914.17 |
| Indiana | 6.08 | 55.32 | -- | -- | 61.40 | --- | 61.40 |
| Illinois | 60.77 | 191.20 | -- | 14.25 | 266.22 | 38.84 | 305.06 |
| Wisconsin | 594.64 | 30.14 | 74.30 | 13.25 | 712.33 | 117.13 | 829.46 |
| | <u>3,202.35</u> | <u>3,107.06</u> | <u>142.72</u> | <u>150.28</u> | <u>6,603.31</u> | <u>1,045.76</u> | <u>7,649.07</u> |
| | 48.50% | 47.06% | 2.16% | 2.20% | 100.00% | | |

NOTE: Above figures include Washington to Culver, Fox Lake to Walworth, Burlington to Beloit, Janesville to Madison and Rockton to Kittredge, South Jct. to Mason City to Core.

Since October 31, the railroad has also disposed of 72.21 route miles between Forsyth and Terry, Montana.

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Two of our intermodal practitioners are currently in the news. The cover of the November issue of Progressive Railroading headlines, "Milwaukee Road's Cowling - Intermodalism Tomorrow." Inside, the magazine carries a three-page article by P. L. Cowling focusing on intermodal equipment requirements and the outlook for this fast-growing segment of railroading. The magazine has some good photos of our Franklin Park piggyback operations.

R. F. Munsell, Vice President Trucking-MMT, last month participated in a Madison, Wisconsin television program called "Profile--Trains and Trucks on the Same Track?" He taped the show with Don Schmitt, News Director for Channel 15, an NBC affiliate and Rod Kreunen, a local businessman and strong Milwaukee Road advocate. It originally aired October 22 and was scheduled to be shown two or three times more as part of the station's public service effort.

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In October 1972, the Milwaukee Road inaugurated a social counseling service for employees. Since its inception, 1,431 employees have contacted one of the social counseling offices for help. This service continues and today, the Milwaukee, in cooperation with the labor unions representing its employees, maintains an Employee Assistance Program for all employees and their families. There is no charge for the use of the program, and all matters are handled in a confidential and professional manner.

The staff of the Employee Assistance Program does not make the initial contact with anyone but encourages employees with a problem to contact an EAP Counselor. Contacts are kept completely confidential, and matters discussed are known to no one except the Counselor and the client.

Anyone wishing to talk to a Counselor may do so by writing or calling Bob Hickle or Gary Bloker at the locations shown.

Bob Hickle
1307 2nd Avenue, S.W.
Waverly, Iowa 50677
Phone: 319/352-5272

Gary Bloker maintains two offices; one at
8626A West Greenfield Avenue
Milwaukee, Wisconsin 53214
Phone: 414/475-6757; the other at

600 East Higgins Road
Elk Grove Village, Illinois 60007
Phone: 312/228-0606
312/648-3860

If the Counselor is not in, you may leave a message 24 hours a day on his answering device, and your call will be returned as quickly as possible. Anyone who answers a phone at a social counseling office is a Counselor--there are no secretaries in these offices.

Any family member, employee, union representative or member of management who has a concern involving an employee who may have a problem may contact a Counselor for assistance. The Counselor will discuss options on how to proceed but will not make the initial contact with the individual in question.

If it becomes necessary to release information concerning any employee, it will be done only upon request of the client and receipt of a signed "release of information" from the client. Such "release of information" expires upon written advice of the employee/client or upon termination of employment.

Members of the staff of the Employee Assistance Program do not involve themselves in disciplinary matters, do not attend investigations, and do not request that employees be returned to service. These matters are handled by the usual policies and procedures governing the railroad, its employees and its labor unions.

All offices of the Employee Assistance Program are located away from the railroad's property. Private meetings with a client may be held on the property if time and distance make it necessary and the client agrees. All records are kept by the Counselor. In the event a Counselor leaves the employ of the railroad, all such records are destroyed by another EAP Counselor.

We urge employees and their families to contact one of the Counselors if help is needed.



W. L. Smith
President