

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

August 6, 1984

To All Milwaukee Road Employees:

The Interstate Commerce Commission met in an open session on July 26 in Washington, D.C., and cast preliminary votes on the Soo Line, Chicago and North Western, Grand Trunk Corporation and Chicago Milwaukee Corporation proposals.

The Commission's final order is currently being drafted and is scheduled to be given to the reorganization court September 10, 1984. Until the language of that opinion is seen, we won't know precisely what decision the Commission has reached.

On the basis of remarks during the open session, it appears that the GTC and CMC proposals will not be reported back to the court as they were not accepted by the ICC.

The status of the Soo and C&NW plans is unclear at this time. All four Commissioners appeared to favor a Soo acquisition of the Milwaukee, but were unable to reach agreement on all the terms under which such acquisition should be permitted. The Commission was deadlocked 2-2 on whether or not to approve a C&NW acquisition under any set of conditions.

Details of the ICC's formal written order will be reported as soon as it's received.

* * *

Wisconsin Governor Anthony S. Earl recently wrote to Trustee Ogilvie commending him and his staff on the disposition of the prison site negotiations. Here's what he had to say:

"I wish to express my appreciation for the cooperation and assistance the State of Wisconsin received from your office and members of your staff in finalizing the sale of the Milwaukee Road land in Milwaukee for development of a state prison.

"Through this cooperative effort we are now able to move our efforts along to build in an urban area where it is most beneficial to prisoners, their families, and for economic development.

"Again, I want to personally thank you and your office staff for resolving this matter."

* * *

The following Legal Notice appeared in national editions of the Wall Street Journal on August 2. It is reproduced here for the benefit of any who may have missed it and because it represents another positive step in the reorganization process.

LEGAL NOTICE

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**Notice Regarding Application to Pay All
Unpaid Principal and Interest Claims**

**To All Holders of
the Following Debt Instruments
of the Chicago, Milwaukee, St. Paul
and Pacific Railroad Company ("Milwaukee Road"):**

- (1) Milwaukee Road First Mortgage Bonds, Series A,
- (2) Milwaukee Road General Mortgage Income Bonds, Series A and B,
- (3) Bedford Railway Company First Mortgage Bonds, assumed by Milwaukee Road,
- (4) Southern Indiana Railway Company First Bonds, assumed by Milwaukee Road,
- (5) Chicago, Terre Haute and Southeastern Railway Company First and Refunding Mortgage Bonds, assumed by Milwaukee Road,
- (6) Chicago, Terre Haute and Southeastern Railway Company Income Mortgage Bonds, assumed by Milwaukee Road, and
- (7) Milwaukee Road 5% Income Debentures, Series A.

On July 27, 1984 Richard B. Ogilvie, Trustee of the property of the Milwaukee Road, filed an Application with the United States District Court for the Northern District of Illinois ("Reorganization Court") asking the court to allow payment of all remaining claims for principal and accrued interest through December 31, 1984 on the above-indicated bonds (except the Chicago, Terre Haute and Southeastern Railway Company Income Mortgage Bonds) and debentures in accordance with proposals of the Trustee set forth therein. In response to the Trustee's proposals, the Court on July 30 entered an order providing that it would conduct an initial hearing on the merits of those proposals beginning at 3:00 p.m. on September 10, 1984, and that parties or persons objecting thereto shall file their objections and any supporting memoranda with the Court and serve all parties on the Official Service List not later than August 20, 1984. Any parties or persons who wish to respond to such objections must also file and serve their responses not later than September 4, 1984. The Court further directed the Trustee to publish this notice briefly summarizing his proposals as well as the aforesaid hearing date and briefing schedule.

The proposal is that the Trustee be authorized to pay to the respective indenture trustees on or prior to December 31, 1984 the full amount of unpaid principal and interest claims accrued through December 31, 1984 on the aforesaid bonds and debentures in full satisfaction of all claims of the holders of such bonds and debentures, and with funds to be obtained from various escrow accounts and other sources. The respective indenture trustees, as paying agents, would make payments to the bond and debenture holders beginning in January, 1985 only upon prior surrender of the bonds or debentures (or appropriate indemnity in lieu thereof as provided for lost or stolen bonds). Such payments would be subject to a retention of part of the funds by the indenture trustees in such amounts as the Court may approve to protect their rights to payment for services rendered and expenses incurred on behalf of bond and debenture holders in connection with the Milwaukee Road's reorganization proceedings. Any and all coupons with respect to unregistered bonds or debentures (other than unremitted coupons which could previously have been presented for authorized payment) would be declared void. An order of the Reorganization Court would provide that such payments are in full satisfaction of any and all remaining claims evidenced by such bonds and debentures and any and all interest coupons with respect thereto, and that all such claims will be extinguished upon payment of the appropriate amounts to the respective indenture trustees in their capacity as paying agents.

The foregoing is only a summary of the Trustee's proposals set forth in the Application.

LaSalle National Bank, as indenture trustee for the Chicago, Terre Haute and Southeastern Railway Company Income Mortgage Bonds, has filed a similar Application with the Reorganization Court seeking the same treatment for those bonds, i.e., payment on or prior to December 31, 1984 of the full amount of unpaid principal and interest claims accrued through December 31, 1984. The same hearing date and briefing schedule also applies to consideration of that Application.

All inquiries regarding this matter should be addressed to Mr. Michael D. Sullivan, General Solicitor-Corporate for the Trustee, at the following address.

**Chicago, Milwaukee, St. Paul and
Pacific Railroad Company
888 Union Station Building
516 West Jackson Boulevard
Chicago, IL 60606
(312) 648-3835**

August 1, 1984

Periodically, we've given you a progress report of main track route-miles on our system. The latest report follows.

Disposition of Main Track Route Miles as of June 30, 1984
(Since December 19, 1977)

<u>State</u>	<u>Continued Operation</u>	<u>Taken Up</u>	<u>In Negotia- tions</u>	<u>Waiting Dispo- sition</u>	<u>Total</u>	<u>Trackage Rights Abandoned</u>	<u>Grand Total</u>
Washington	436.58	353.75	53.89	--	844.22	343.16	1,187.38
Idaho	136.70	31.43	--	--	168.13	9.11	177.24
Montana	227.65	916.14	--	1.95	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	468.38	--	--	468.72	62.80	531.52
Michigan	142.50	--	--	--	142.50	66.00	208.50
Iowa	261.73	595.69	65.12	22.87	945.41	10.80	956.21
Indiana	6.08	55.32	--	--	61.40	--	61.40
Illinois	60.77	198.03	14.25	4.41	277.46	51.64	329.10
Wisconsin	<u>594.64</u>	<u>30.14</u>	<u>87.55</u>	<u>--</u>	<u>712.33</u>	<u>117.13</u>	<u>829.46</u>
	3,165.65	3,268.06	220.81	29.23	6,683.75	1,058.56	7,742.31
	47.36%	48.90%	3.30%	0.44%	100.00%		



W. L. Smith
President