

1st MONDAY 3rd MONDAY

Prepared for employees by the
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March 19, 1984

To All Milwaukee Road Employees:

As this is being written, we're waiting for word from the Interstate Commerce Commission on the procedural schedule it will establish to consider the competing applications for acquisition of the operating assets of the Milwaukee Road. So this particular issue of FM/TM may be delayed for a day or two to make sure the schedule is received and is relayed to you promptly.

As expected, on March 14 Judge McMillen forwarded to the Commission the applications filed by the Grand Trunk Corporation, the Soo Line and the Chicago and North Western for review in accordance with Section 5(b) of the Milwaukee Railroad Restructuring Act.

In his order transmitting the applications, Judge McMillen directed the ICC to report its conclusions to the Court on or before September 10, 1984. He further requested the Commission to return any application to the Court if it should become apparent for any reason that the ICC will be unable to approve or disapprove it on or before that date.

In addition to the review provided for in MRRRA, the Court requested that the ICC state, insofar as possible, which, if any, of the applications is preferred, with appropriate findings and conclusions.

The Court also asked that if any current application or any other applications referred to the ICC are not amended by a date to be set by the ICC so as to permit the Commission to give meaningful consideration to the application on or before September 10, the ICC is requested to disapprove that application.

As a matter of clarification, the ICC now has seven items to consider: the three applications referred to above covered by provisions of the MRRRA; and the four re-organization plans submitted by the Grand Trunk, C&NW, Soo Line and Chicago Milwaukee Corporation under Section 77 of the Bankruptcy Act.

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We expect to begin rehabilitation work on our Ortonville, Minnesota, line as soon as weather conditions permit.

The Reorganization Court today paved the way for this much needed upgrading when it set the date for a hearing on Trustee Ogilvie's request to arrange financing for the track improvement project by issuing Trustee's Certificates to the Federal Railroad Administration to evidence a loan of up to \$6 million in 4R Act Section 505 funds.

In support of his request, Governor Ogilvie told the Court that in October, 1983, he filed an amended application with the FRA to borrow low interest funds under Section

505 to rehabilitate approximately 155 miles of track between Minneapolis and Appleton, Minnesota.

An earlier application of September, 1982, sought funds for a greater stretch of track. But since the original filing, a source of alternative private financing was developed with the Burlington Northern which allowed some rehabilitation of the line between Ortonville and Appleton, hence the revised application which effectively shifts the project limits eastward.

The requested borrowing is consistent with the Trustee's Amended Plan of Reorganization dated March 31, 1983. Since the Ortonville line is part of the core railroad, it is also consistent with other alternative Section 77 reorganization plans filed by other parties and the MRRRA Section 5(b) purchase applications filed by GTC, C&NW and Soo Line.

The rehabilitation work is needed for the handling of unit coal trains received in interchange at Ortonville, Minnesota. Trustee Ogilvie said this would be the final borrowing through the FRA under Section 505 of the 4R Act.

A hearing on the Trustee's request for authority to issue these certificates is set for 3:00 p.m., April 9, 1984, before Judge McMillen or his designee. Notice of the hearing will be published in the Wall Street Journal and the Chicago Tribune on Thursday, March 22.

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On March 9, the ICC announced it had accepted for consideration an application filed by C&NW under terms of the MRRRA to purchase our line between Jefferson and Herndon, Iowa, for \$592,000.

C&NW began operating over the line in March, 1980, under Directed Service Orders following Commission authorization of our abandonment of the 13.08 miles of track.

Described by the ICC as a "minor transaction," a decision on the application is expected in May. Our Reorganization Court had previously approved the purchase agreement.

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Each year the Mechanical Department conducts a safety slogan contest which is open to all employees of the department. Its goal is to heighten awareness of the need to observe safety rules in the daily performance of duties.

The winner of the 1984 contest is Jeff Reuter, who is employed in the Bensenville Locomotive Department. Safety stickers featuring the Hiawatha symbol and winning slogan - "Work in the Hiawatha tradition; Make Safety Your Everyday Condition" - are being distributed to all Mechanical Department employees for application to their hard hats.

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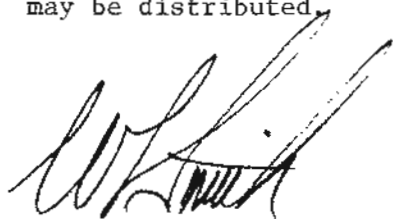
The couple of days wait mentioned in the first paragraph turned into a week.

Today, March 26, the ICC issued the following schedule for consideration of the competing applications:

- April 6, 1984 - Final terms of acquisition proposals are due, including detailed description of the assets proposed to be acquired, the price to be paid for the assets, and the exact manner of financing.
- Soo shall submit the pleadings necessary to seek control of Newco and shall submit the financial and other data we have required. C&NW shall submit its information on the lines it proposes for abandonment.
- Parties shall file and serve comments and a first set of conditions to acquisition proposals. In addition, any evidence in support of the acquisition proposals not previously submitted shall be filed.
- April 20, 1984 - A revised list of conditions shall be filed and served on all parties. Also due are requests for cross-examination of specific witnesses whose verified statements were submitted with acquisition proposals. Requests should indicate why cross-examination is necessary for development of the record and what facts are in dispute.
- May 7, 1984 - Verified Statements in opposition to the acquisition proposals, in support of conditions and in support of responsive applications, along with complete responsive applications, are due. Federal Register notice of responsive applications to acquisition proposals will be published as quickly as possible.
- Cross-Examination, if any, begins on the acquisition proposals.
- May 14, 1984 - Requests are due for cross-examination of specific witnesses who filed statements on May 7, 1984. Requests shall indicate why cross-examination is necessary for development of the record and what facts are in dispute.
- June 19, 1984 - Simultaneous briefs on acquisition proposals.
- July 3, 1984 - Simultaneous reply briefs. Parties may also present arguments comparing all Milwaukee reorganization proposals.
- July 19, 1984 - Oral argument.
- September 10, 1984- Decision.

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Because of the delay in getting this edition of FM/TM to you, we won't plan a newsletter for next Monday, April 2. However, as conditions warrant, a special edition may be distributed.



W. L. Smith
President