

1st MONDAY 3rd MONDAY

Prepared for employees by the
Milwaukee Road's Corporate Relations Department
516 West Jackson Boulevard Chicago, Illinois 60606
Telephone 312 648-3328

March 4, 1985

To All Milwaukee Road Employees:

All's well that ends well!

Exactly seven years and two months after the Milwaukee Road entered voluntary reorganization proceedings under protection of federal bankruptcy law, the rigors and travail of this arduous journey ended on February 19, 1985, when we became part of the Soo Line.

Closing of the sale of our rail core assets occurred shortly before midnight on that date following a full day of activity. Earlier, the U.S. 7th Circuit Court of Appeals denied an appeal of Chicago Milwaukee Corporation asking that the appellate court exercise extraordinary jurisdiction to prevent Judge McMillen from entering an order approving a sale to the Soo Line.

During the reorganization court session late Tuesday afternoon Judge McMillen signed an order authorizing the transaction and directed Trustee Ogilvie "to consummate promptly the sale as set forth in the Asset Purchase Agreement and to execute and deliver on, or as soon as practicable after the closing, all documents required to effectuate the transaction."

The court denied all requests to stay the effect of this order. That set the stage for the flurry of activity that lasted well into the evening with representatives of Soo Line and the Trustee poring over documents before Chief Executive Officer Dennis M. Cavanaugh and Trustee Ogilvie signed a host of papers finalizing Soo's purchase of the Milwaukee Road.

The following day Mr. Cavanaugh met with certain officers of the Milwaukee Road here to set up task forces to coordinate activities of various departments and implement changes designed to effect a smooth transition.

An operations merger planning team has been created utilizing the talents of both Soo Line and Milwaukee employees. Representing the Milwaukee on this team are: P. F. Cruikshank, N. E. Smith, R. F. Nadrowski, J. R. Werner, L. I. Larson, J. A. Schwinkendorf, G. A. Jonasson, C. M. Wencka and W. D. Schultz. They have been relieved of currently assigned responsibilities during the planning period so they may devote all their energies to this important project. Appropriate coverage of their regular functions will be provided during the time they're on special assignment.

While the reorganization court has decreed that our two railroads should remain more or less separate for a 90-day period while appeals may be considered, we want to have all the pieces in place to be able to hit the ground running when that time has elapsed.

Several appeals have been filed as a result of Judge McMillen's order, including those of CMC, Rail Labor Executives' Association, Federal Railway Administration and Seaboard System Railroad. It's too early to predict the outcome of these suits but they are not going to deter us from proceeding full bore in our search for the most effective way to unite these two railroads into the best transportation system available.

Our marketing departments are already calling attention to the benefits offered by joint use of our services. We've set up a program to pool our locomotive power, and in days to come we'll see momentum building in all areas to integrate the outstanding features of both systems into a single entity.

Mr. Cavanaugh recently sent a letter to employees' homes which captures the flavor of this merger very well. Unfortunately, some employees have reported that for one reason or another they did not receive this message. So at the risk of being repetitious it's reprinted here:

"It is a distinct pleasure to welcome each of you and your families, to our new family. Soo Line completed acquisition of the Milwaukee Road on February 19. After many delays, we can now join together and begin doing what we all do best. . . running a railroad!

"You undoubtedly have questions about the future of the Company and how changes will affect your job. We intend to communicate with you frequently and whenever possible in advance of changes that may occur.

"From a structural standpoint, the Milwaukee was purchased by Soo Line Corporation, a holding company which also owns the Soo Line Railroad. In the foreseeable future, both railroads will conduct separate operations. That means business as usual, with no immediate changes in jobs or place of employment. However, we will soon begin to take advantage of the joint marketing strength of the new Soo/Milwaukee. Expect improvements soon including new coordinated train schedules.

"Implementing agreements, necessary to define how work and seniority will be handled between Soo and Milwaukee Road, have already been signed with the BLE and Carmen. Agreements will be negotiated with each other organization as need dictates.

"We all have one important task, to let our customers know that we can deliver on the service we promised. Coordinated service between Canada, Kansas City and Louisville, handling a wide variety of commodities, is now possible. This opportunity and others that come with a joint Soo/Milwaukee system can only be realized if we improve on our already enviable reputations. We want to be the best in our territory.

"A toll-free 800 telephone line is being arranged through which you will be able to direct any questions you have, and get answers. As soon as the service can be installed, we'll make you aware of the numbers to use. If you have special concerns now, please discuss them with your supervisor.

"Welcome on board. We now have something to celebrate. . . and much to prove."

The wedding is over and the marriage has begun. But it's off to somewhat of a rocky start due to economic conditions. Carloadings aren't what we'd like them to be, so it's imperative that each of us makes a concerted effort to do everything possible to attract business to our new company. And once it's on our system to move it as expeditiously as we can for the benefit of our customers and the financial well being of our railroad.

The official corporate name of our company now is "The Milwaukee Road Inc." The Board of Directors of SLRCO, Inc., approved the name change last Wednesday and the name was registered with the State of Minnesota on February 28. The Milwaukee Road Inc. is a Minnesota corporation.

A handwritten signature in black ink, appearing to read 'W. L. Smith', written in a cursive style.

W. L. Smith
President

First Monday / Third Monday
The Milwaukee Road
516 W. Jackson Blvd. Rm. 862
Chicago, IL 60606



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R. M. CLARK
5139 N. BAY RIDGE
WHITEFISH BAY

WI 53217