

April 4, 2005

Dear Michael,

The UTU agreement was, indeed, an important step toward reorganization. The basic motivation for the organization was that once the decision had been made that we had a core around which a reorganization was possible, and we wanted to go ahead with it, we had to have some help from everyone to get it done. This lead to doing something about crew sizes and cabooses to get operating costs down. A lot of effort was put into this showing all of the organizations what the reality of our finances were.

I think the credibility of the Trustee was important. Both Stan Hillman, who was about the best business man I ever worked with, and Dick Ogilvie, an open straightforward man, were entirely agreeable to sharing full information with employees. This was the key. What it boiled down to was that with some important concessions we have a chance, without we may not make it. CMC Corporation was in court regularly pushing for liquidation, and we were in a precarious competitive situation in that the Milwaukee served very little exclusively. So service and costs were the issues. The alternative might well be no reorganization. Once in one of our frequent General Chairmen's meetings I was asked what would happen if there was a strike on the Milwaukee. My answer was that we would be out of business in six days because our business could be absorbed by competitors that easily.

The UTU agreement was key because the operating ratio, as you know, is where the money is, particularly the transportation part of the ratio. Did this set a precedent? Yes. Short crews and no cabooses have their genesis in our reorganization, but this was important in saving 5000 jobs and achieving a successful reorganization.

The wage reduction agreement covering the 1980-81 wages was a big thing also. You probably know that everyone from the Trustee on down took a 10% pay cut, deferred wages that were paid back. This came about after the legal impediments were cleared out, and we had a "go" on reorganization. We were still being fought on getting more operating funds and needed to do all we could to generate funds internally. I think the net of it was that everyone bought into the plan - had to you might say, but I believe they thought it would work. It did.

Sprint trains actually came along after the UTU agreement not as a part of it. It was after we had the go ahead that we could be more aggressive in the marketing of the core. The Milwaukee line between Chicago and the Twin Cities is the better one, has the most business along the way and lays well in the land. The operating crews really responded to this idea, and it was impressive to see them runs these trains 400+ miles between the two ends without stopping; changing on the fly at La Crosse and Milwaukee. I took the Trustee and the Judge on a business car trip one day to see this operation. I think it helped a few court sessions.

I think a lot of important steps were taken during this period, but none more important than beginning with the willingness of the Trustees to be candid and fully open with employees, shippers and political entities throughout this affair. Not everyone agreed, and at times many didn't like what they heard, but eventually enthusiasm overcame doubt. General Chairmen's regular meetings, open houses held out on the property and the good reception to the twice a month 1st/3rd Monday news paper all helped. But a big key to the success was that the core railroad made sense. It became profitable and drew three interested parties in acquiring it. I think the wrong decision was made in who the Judge decided should win that action, but that's another matter.

I hope this is a little helpful.

Regards,

A handwritten signature in black ink, appearing to read "Mark".