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M E D I A   M O N I T O R   April 15, 1983

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Journal of Commerce, April 11, 1983

Bondholders Approve B&M Reorganization Plan

Journal of Commerce Staff

Creditors of the Boston and Maine Railroad have overwhelmingly approved a reorganization plan for the New England carrier, setting the stage for a confirmation hearing next month in U.S. Bankruptcy Court.

The release of voting by five classes of bondholders brings the inclusion of the railroad in the Guilford Trnsportation System one step closer to reality.

Guilford has plans to buy the railroad for $24.25 million when the reorganization process is completed. Guilford intends to forge a regional rail system stretching from Buffalo, N.Y. to Washington, D.C. to northern Maine by combining the B&M with the Maine Central and Delware and Hudson Railroads.

Alan Dustin, president of the railroad, said he was "elated" at the results of the vote which is being certified in a petition to Judge Frank Murray for a May 2 court hearing to formalize the matter.

Meanwhile, Mr. Dustin announced that $3.5 million will be drawn from the railroad's restricted account which is comprised primarily of the proceeds of real estate sales.

The funds disbursement which the court has approved will pay for retroactive wage increases for railroad engineers and other employees.

Mr. Dustin said the funds which are expected to be disbursed today also will be used to pay operating expenses as a result of decreased business levels in the railroad's market area.

The Boston and Maine had been in bankruptcy in the 1970's, but it reported a profit in 1980 for the first time since the late 1950's.

B&M forms a crucial link in Guilford's proposed system which could be a threat to Conrail in a number of markets. B&M's lines link the Maine Central with the Delaware and Hudson.

The next step in the railroad's reorganization process would be a confirmation hearing, after which an order for the reorganization would be issued by the judge, Mr. Dustin said, leading to a purchase by Guilford and disbursement of the sale proceeds by the trustees.

Chicago Sun-Times
April 14, 1983

MILWAUKEE ROAD: Trustee Richard B. Ogilvie has completed the $9.5 million sale of a 15.4-acre Milwaukee Road depot site in downtown Minneapolis to Waterfront Companies Inc. The sale had been approved by the railroad's reorganization court in November, 1981, but closing was delayed until Tuesday pending the buyer's efforts to obtain financing. Under terms of the contract, the Milwaukee Road will vacate the depot in 270 days. The purchase price includes $500,000 held in escrow.

Wall Street Journal, April 13, 1983

Chicago Milwaukee Railroad's Court Filings Point to Possible Lowering of Its Assets' Value

By GARY PUTKA

Chicago Milwaukee's shares, which could be bought for as little as 10 in late 1980, hit a high of more than 78 last year and have traded in a range of 65 to 70 in recent months. Yesterday they closed at 68. Some analysts, however, have translated the asset value into a worth of $150 to $200 a share.

The catalyst for the shares' gain has been the slowly built holdings of a group of investors, some of whom were connected with Oppenheimer & Co., the New York brokerage. This group, some of whose members recently formed Odyssey Partners, a private investors' group, controls about 40% of Chicago Milwaukee's shares. Their purchases touched off speculation that the holdings of the railroad, 96%-owned by Chicago Milwaukee Corp., were worth substantially more to the parent than the market value reflected.

Heard on the Street

The latest reorganization plan filed by the railroad's bankruptcy trustee, however, may be reason to question that conclusion. The trustee estimated that after making some settlements with bondholders and disposing of some assets, the book value of the railroad will be about $63 million—or about $26 a share—by Dec. 31, 1984. That's the proposed date for bringing the railroad out of reorganization under the plan, which must be approved by a federal bankruptcy court and the Interstate Commerce Commission.

The railroad filed to reorganize under federal bankruptcy laws in 1977.

The trustee projected the market worth of the railroad as it comes out of reorganization at about $161 million, or $67 a share, about the current Chicago Milwaukee share price. The difference between the book and market values is due to the fact that real estate and other assets are carried on the books at cost, which doesn't reflect their appreciation in value.

Realizing the market worth, however, would take time, according to the trustee's plan. He estimated that by the end of 1987, only about $98 million of the market worth would be realized in cash, with many of the properties still unsold. Tom Powers, the railroad's vice president for reorganization, says the sell-off estimates represent a "prudent" schedule. The idea is that assets could be sold more quickly only at "firesale" prices.

Some speculators have figured that the Odyssey group, which includes several Chicago Milwaukee directors, would find a way to break up the railroad and deliver the spoils to holders, including themselves.

But given the recent appraisal—and the long time that might be needed to realize the railroad's worth—some Wall Streeters are wondering whether it makes sense to put up $68 to buy a share of Chicago Milwaukee today if just about the same amount would be realized in four years. "I just can't see that this presents any attraction anymore," said one Wall Street pro who has followed the railroad's reorganization.

Chicago Milwaukee's shares have been under pressure since the new reorganization plan was filed, but there hasn't been any indication that the Odyssey group is bailing out. Odyssey wouldn't comment on the appraisals in the trustee's plan.

One reason the group may be holding on is that through its effective control of Chicago Milwaukee, it still has some say in the bankruptcy proceedings. Chicago Milwaukee opposes a major aspect of the trustee's plan—the sale of most of the railroad's operating assets to a Canadian National Railway unit—on the ground that the price was too low.

The parent company also will file comments, expected to be critical, on other aspects of the reorganization. Whether they will be heeded by federal regulators or courts is anyone's guess. But any disagreements can be expected to delay the reorganization further, putting off the time shareholders might expect a distribution of asset-sale proceeds.

A source close to the Odyssey investors says the partners generally believe that the trustee's appraisals of the railroad's assets are low and that when the assets' value combined with the worth of other operations of the holding company plus tax credits and tax-loss carry-forwards the railroad has accumulated, the stock still is an attractive investment.

And it may be that they have just come too far to turn back. Disposing of 40% of a company's stock isn't easy to do without driving the price way down. As the group already has a sizable profit on its investment, it may be reasoning that it can afford to wait out any fight with the trustee.

Wall Street Journal, April 12, 1983

Canada Tries To Organize Lobby in U.S.

By JOHN URQUHART
Staff Reporter of THE WALL STREET JOURNAL

OTTAWA—Canada is the U.S.'s biggest trading partner, but it's convinced it doesn't have enough clout in Washington.

To change that, its embassy in Washington is interviewing lobbyists and public-relations firms to work in a major lobbying campaign. Proposed trade restrictions will be the main focus. To finance the effort, the cabinet of Prime Minister Pierre Trudeau recently authorized an additional $650,000 (Canadian) for the embassy. Some businessmen and cabinet officials predict even more will be needed.

Foreign countries "require a whole new level of sophistication to successfully defend their interests in Washington," says Allan E. Gotlieb, the Canadian ambassador in Washington. Depending on the issue, he says, Canada must identify potential allies within the administration, Congress, the private sector, the press and other groups. "The cast changes as the issues change."

Canadian businessmen were consulted on the strategy and have expressed support for it. With early warnings from Washington, a Canadian chamber of commerce official says, Canadian businessmen will be able to take defensive action, such as enlisting support from U.S. suppliers in various congressional districts.

Relying on White House

Recently, the Canadian cement industry, which does a lot of business in the U.S., was caught off guard by U.S. gas-tax legislation that toughened "buy American" laws on cement for highways and bridges. When the cement makers learned of the move, it was too late for them to do anything about it in Congress, says John Fowler, president of Lake Ontario Cement Ltd. in Toronto. He says the industry is considering naming its own Washington lobbyist.

In the past, Canada relied on the White House to defend its interests. But it has decided that approach is inadequate to deal with what it views as a more powerful and protectionist Congress. It began its reassessment after the Reagan administration failed to get Senate ratification of a fisheries treaty that the U.S. and Canadian governments had negotiated to regulate fishing off the East Coast.

Some U.S. officials believe Canada overreacted to the setback. "It is important that Canadians recognize that event for what it was—the failure of a particular negotiation and a particular U.S. negotiating team, not the breakdown of the U.S. constitutional system of separation of powers," Richard Smith, minister at the U.S. embassy here, said in a speech. "It is still quite possible to do business with the U.S. without conducting separate negotiations with the U.S. Senate," he added.

Multinationals' Clout

But Sen. George van Roggen, chairman of Canada's senate committee on foreign affairs, says the lobbying initiative in Washington is long overdue. He says he has met U.S. congressmen who were unaware that the legislation they were considering might hurt Canada.

In addition to mobilizing Canadian companies, Ambassador Gotlieb figures it will be possible to take advantage of the clout that multinational companies have in Washington. He says that many of them "are sophisticated participants in the formulation of U.S. domestic and foreign economic policy." And he points out that many have subsidiaries in Canada. On many issues, he says, U.S. multinationals can be "a restraining force on some of the more narrow congressional initiatives."

Many other countries maintain extensive lobbying efforts in Washington. But Ambassador Gotlieb argues that "no country is more threatened" by the protectionist mood in Congress than Canada. About 70% of Canada's exports go the U.S., and foreign trade accounts for more than a quarter of Canada's gross national product.

Comparatively Good Relations

Canada's External Affairs Department maintains that "no other two countries in the world have so complex and extensive a relationship as Canada and the U.S." The department has a list of about 92 issues that could aggravate U.S.-Canada relations, though some involve other countries as well.

Despite the Canadian government's concern about congressional trade initiatives, senior officials in both countries say relations between the two countries are comparatively good. In fact, External Affairs Minister Allan MacEachen is meeting with Secretary of State George Shultz in Washington this week.

He is expected to warn Mr. Shultz that legislation before Congress will punish Canada unjustly for its foreign-investment review legislation. Canadian officials hope that Mr. MacEachen's discussions with the secretary of state will prompt the Reagan administration to oppose sections of the bill.

But because of their past experiences, officials at the Canadian embassy have also been meeting with congressmen. "We maintain that measures in this legislation have far broader implications than anyone in Congress seems to understand," a Canadian aide says.

Adds Mr. MacEachen: "We Canadians have our work cut out for us in ensuring that the Canadian perspective is understood and respected in the U.S."

The Daily Herald, April 14, 1983

Milwaukee Road depot sale complete

CHICAGO — The $9.5 million sale of a 15.4-acre Milwaukee Road depot site in downtown Minneapolis to Waterfront Companies Inc., has been completed, officials said Wednesday. Richard B. Ogilvie, the railroad's trustee, said the sale had been approved by the carrier's reorganization court in November 1981. Closing was delayed until Tuesday while the buyer sought financing, he said. Under terms of the contract, the Milwaukee Road will vacate the depot in 270 days.

Minneapolis Star/Tribune, April 7, 1983

ICC says court backs C&NW bid for track

By Steve Berg
Staff Correspondent

Washington, D.C.
A federal court has made a preliminary decision to award the old Rock Island railroad main line between Minneapolis-St. Paul and Kansas City to the Chicago & North Western Transportation Co., the Interstate Commerce Commission (ICC) confirmed Wednesday.

If ultimately approved by the ICC and given a final go-ahead by U.S. District Judge Frank McGarr, who presided over the Rock Island bankruptcy case in Chicago, the Chicago & North Western (C&NW) would be awarded 718 miles of track for $93 million.

The court's preliminary decision came March 18. The Soo Line Railroad also had bid for the mainline of the bankrupt Rock Island, but the judge and the trustees favored the C&NW bid. That railroad has been operating trains on the line since the Rock Island went bankrupt three years ago and has been paying the Rock Island's estate $5 million a year in rent.

In early 1980, then Vice President Walter Mondale announced that the federal government would provide $100 million in loans for rebuilding the line into a high-speed corridor for the shipment of grain moving from the Upper Midwest to the Gulf of Mexico.

At that time, a judge had just ordered that the bankrupt Rock Island's assets be liquidated, but it was uncertain which railroad or railroads would take over the property.

That money, however, has not been included in any of President Reagan's budgets, according to a spokesman at the Department of Transportation. Congress has earmarked $15 million for partial rehabilitation of the line over the last two years, but the funds have been withheld pending acquisition of the line by a new owner, the spokesman said.

The ICC's decision is usually a routine matter, an agency spokesman said, and it is expected to come later this spring. After that, the matter will be returned to the federal court in Chicago for a final ruling.

Joe Marren, a C&NW spokesman, said that the railroad planned to upgrade the Twin Cities-to-Kansas City track and develop it as a major shipping corridor, although he noted that currently there was little demand for shipping grain between those two points.

Traffic World, April 11, 1983

C & NW Bid for RI Line Accepted for ICC Review

The ICC has accepted for consideration the Chicago & North Western Transportation Co.'s bid to purchase about 720 miles of track from the bankrupt Chicago, Rock Island & Pacific Railroad Co.

The application was filed March 22 by Midwestern Rail Properties, Inc., a wholly owned C & NW subsidiary.

In accepting the purchase application, the agency said it will consider concurrently two related exemption requests dealing with the financing of the transaction (T.W., Apr. 4, p. 71).

The application will be handled under the Commission's Acquisition Procedures for Lines of Railroad in Reorganization.

An original and 10 copies of sworn statements supporting or opposing the proposal or seeking other relief must be filed within 20 days from April 1. Replies are due 10 days thereafter.

Copies must be served on applicants, the Attorney General of the United States, and the U.S. Secretary of Transportation.

At the ICC, the proceeding is Finance 29518. Sub. 1, *Midwestern Rail Properties, Inc., Subsidiary of Chicago & North Western Transportation Co.—Purchase (Portion)—Chicago, Rock Island & Pacific Railroad Co., Debtor (William M. Gibbons, Trustee)—Lines in Minnesota, Iowa, and Missouri.*

The Des Moines Register, April 7, 1983

Rock asks $83 million for tracks

By RANDY EVANS
Register Staff Writer

The trustee overseeing the dismantlement of the Rock Island Lines has set an $83 million price tag for the railroad's tracks between Council Bluffs and Peoria, Ill. — a price one prospective buyer called "unrealistic."

A group of Iowa business interests has expressed interest in acquiring the tracks, part of the defunct Rock Island's Chicago-to-Denver mainline. But a spokesman for the group said Wednesday that members will meet later this week to decide whether they have been priced out of buying the tracks by the trustee.

"It boils down now to a question of how bad the shippers want a railroad," said Lee Hays of Newton, president of TRAIN, an acronyn standing for "This Rail Across Iowa is Necessary."

The organization is made up of community leaders and businesses along the Rock Island line who believe rail service over the tracks must be preserved if their businesses and cities are to prosper. The group had been hoping another railroad would buy the line, but members began last month to seriously consider trying to purchase it themselves because no other prospective buyers have come forward.

Hays and other officials of TRAIN met in Chicago this week with the Rock Island trustee, William Gibbons.

"We certainly didn't come to any conclusions other than he certainly wants a hell of a lot of money," said Hays, who is traffic manager for the Maytag Company. "He indicated a willingness to negotiate, but how much he's willing to negotiate, I don't know."

Based on Gibbons' initial price tags for other Rock Island tracks, some observers have predicted the east-west line across Iowa and on into Illinois could be purchased for between $25 million and $30 million — a price Hays and other TRAIN members have said would be more within the organization's reach.

Hays said the group faces "a long, rocky road" in buying the tracks. The group did not make an offer to Gibbons this week, but one could be ready soon if TRAIN's directors give the go-ahead Friday, Hays said.

None of the group's members has made specific financial commitments toward the purchase, but Maytag, the Rolscreen Co. of Pella, a number of grain elevators, and business leaders in Des Moines are expected to provide much of the capital if an offer is submitted.

Railway Age, April 1983

Deregulation now—reregulation next?

At one point, Grand Trunk Corp. President John H. Burdakin forecast that it would be 1988 or 1989 before Congress would once again address the issue of railroad regulation, deregulation or reregulation. Now, he thinks it won't take that long. Says Burdakin: "Deregulation today means less competition—not what Congress had in mind." The ICC, he says, was in fact an agency with procedures that had become "too burdensome, too lethargic, non-responsive. But it was a forum conceived to apply balance and justice. The present movement toward eliminating the ICC courts disaster, chaos. There is an old Vermont expression. 'Don't tear the fence down until you know why it was erected.' I believe we would do well to heed that old Yankee philosophy."

The Des Moines Register, April 10, 1983

Train kills 2 ISU students rappelling on Shelley span

By VALERIE MONSON
Register Staff Writer

Two Iowa State University students were killed west of Boone Saturday while rappelling on the Kate Shelley railroad bridge.

The accident happened at dawn when a North Western Railway freight train struck one of the men and severed the rope from which the other was hanging, Boone County Deputy Sheriff Donald Erickson said.

The victims were identified as Mark Randall Main, 23, of Cherokee, and Sean Kaliher, 22, of Tuftin, Calif.

Erickson said Main was dangling over the side of the 180-foot-high bridge when the train ran over his rope, which had been attached to one of the rails. Main plunged to his death, landing on the bank of the Des Moines River.

Kaliher was hit while standing on the tracks, Erickson said. His body was found on the bridge.

The train crew did not see Kaliher or realize anything had happened as the freight crossed the span, Erickson said. The bodies were discovered two hours later when another North Western train passed.

Erickson said Kaliher had been caught three weeks ago by a sheriff's deputy while Kaliher was rappelling down one of the iron legs that supports the huge bridge. He was warned then that it is against the law to trespass on the span.

"No Trespassing" signs are posted at both ends of the 2,685-foot-long bridge, Erickson said.

The deputy could offer no explanation why Kaliher apparently did not try to get out of the way Saturday when the train approached. The bridge is about 40 feet wide, he said.

The span carries the two tracks of the North Western's main line between Chicago, Ill., and Omaha, Neb. The line is one of the busiest in Iowa.

The bridge is named in memory of Kate Shelley of Boone County, who became a national heroine in 1881 when, at the age of 15, she saved the lives of 200 persons aboard a North Western passenger train. Shelley crawled across an earlier Des Moines River bridge in a raging, late-night storm to warn railroad workers that a bridge in the path of the oncoming train had washed out.

Railroad employees were able to get the train stopped before it plunged into the flood-swollen river.

Journal of Commerce, April 8, 1983

Rail Safety Hearings A Possibility

Enforcement Activities Of FRA Under Eye Of Congressional Panel

By DAVID M. CAWTHORNE
Journal of Commerce Staff

WASHINGTON — Railroad industry safety, or more specifically the lack of it, is expected to come to the fore here shortly.

At least one congressional committee is looking into the possibility that the Federal Railroad Administration is not enforcing government safety rules and is considering holding hearings on the matter, Capitol Hill sources told this newspaper.

At issue is whether or not the FRA is enforcing and fining carriers if they uncover violations of safety rules issued by the agency.

Two years ago the carriers were required to pay about $15 million in fines for violating these standards, government officials told this newspaper, while few fines were levied in 1982.

A major reason for the drop, one government official said, was the FRA's growing emphasis on having the carriers work out their safety problems and its view of enforcement primarily as a tool of last resort.

In any event recent wrecks of Amtrak passenger trains indicate that some railroads may not have been complying with the FRA safety standards that are still on the books, one government official told this newspaper, and not the House Commerce and Transportation Committee is thinking about getting involved.

Hill officials said no final decision has been made to hold hearings but the chances that they will be scheduled are "significantly better than 50-50."

If the committee decides to go through with the hearings, a 1982 General Accounting Office study sharply critical of FRA safety policies probably will be used as the basis for building the case against the agency.

GAO's major complaint was that FRA's safety program is far too narrow.

FRA's major job focuses on inspecting individual sections of track and pieces of rollong stock, and fines are levied if major violations of the safety standards are uncovered.

But the GAO criticized the concept on grounds it is too narrowly focused.

"Although these individual, routine inspections have identified many defects and violations, the narrow focus of this approach, the railroad administration's limited inspection force, and a questionable deterrent value of the railroad administration's violation process have not encouraged broad-based railroad compliance, with safety standards," the GAO said.

"In fact," the GAO study continued, "the program's primary effect has been to get individual defects corrected and not to motivate railroads to improve their overall safety programs.

Several factors create major problems for FRA inspectors including numerous vacant positions, travel restrictions and poor records kept by the carriers, the GAO study said.

The GAO also complained that top rail management has little involvement in routine FRA inspection and said that an inspection system based on systemwide safety assessments might prove more effective.

Systemwide inspection programs imposed in the past, the report said, resulted in significant drop in the number of railroad accidents.

Journal of Commerce, April 14, 1983

5 Rails to Change Farm Goods Rates

Journal of Commerce Staff

WASHINGTON — At least five railroads — including the Norfolk-Southern System — have indicated they will take advantage of pricing freedoms of agricultural commodities.

The word came from the Grand Trunk Western; the Detroit, Toledo, & Ironton; the Chicago & Northwestern Transportation Co.; the Norfolk & Western Railway Co. and affiliated lines as well as the Southern Railway System in separate filings at the agency.

The actions were in the wake of last month's ICC ruling exempting most agricultural shipments moving by rail, other than grain and grain products, from rate regulation.

Journal of Commerce
April 6, 1983

ATA Fights Rail Policy In Courts

Journal of Commerce Staff

WASHINGTON — The trucking industry is continuing its fight against a new Interstate Commerce Commission policy making it far easier for railroads to enter this business in the federal courts.

In a brief filed at the U.S. Court of Appeals for the Fifth Circuit the American Trucking Associations and a host of individual groups asserted that the agency's action in this area went far beyond the intent of motor carrier and railroad regulatory reform legislation enacted by the Congress in 1980.

Specifically, the truckers are upset about last January's decision to eliminate the three-part "special circumstances" doctrine railroads must meet before they can receive a certificate permitting operations beyond supplemental service to rail.

In its brief the ATA argued that congress did not intend to eliminate the "special circumstances" test when it enacted the 1980 laws.

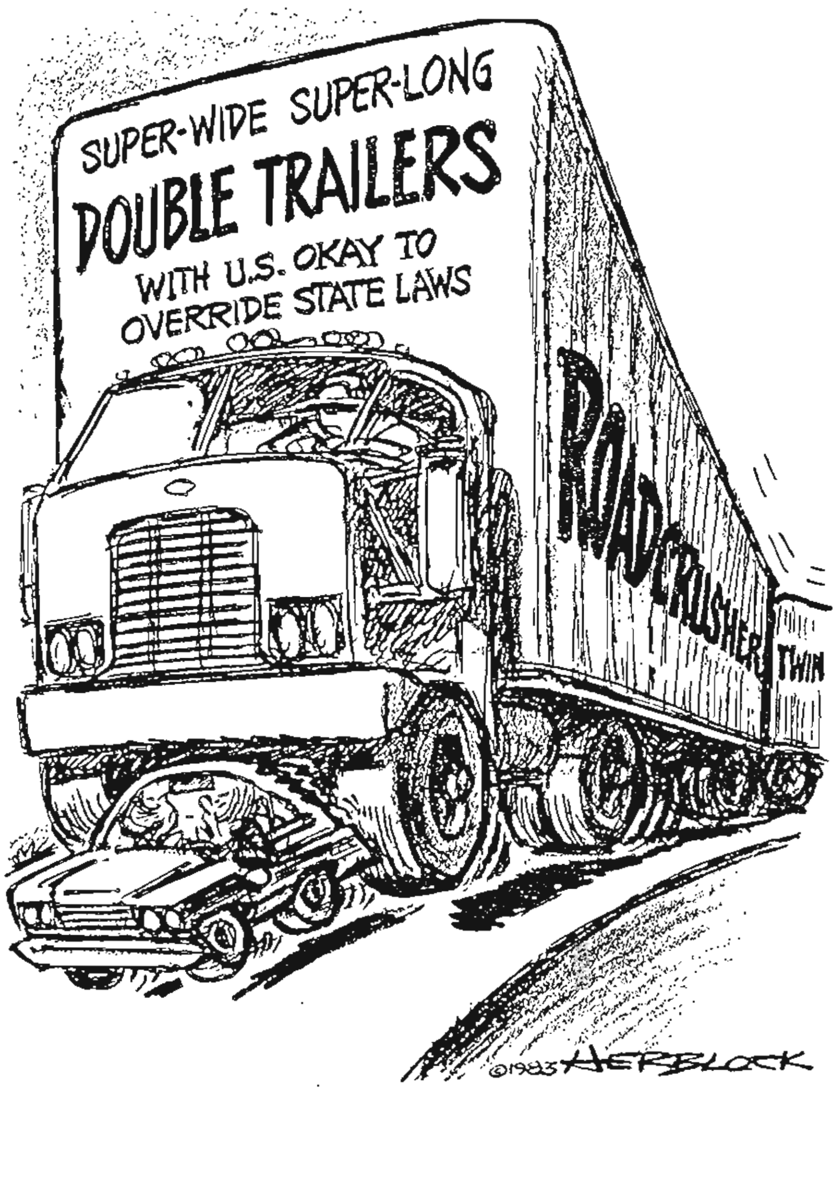
"While concern with intermodal as well as intramodal competition was, undoubtedly, of great concern to Congress in adopting this rate freedom legislation," the ATA said, "concern was clearly with the rail carriers' ability to compete with motor carriers — not become one."

Government arguments justifying the new policy are unrelated to the issue of intermodal legislation acquisition and cross modal entry and ignores or discredits all legislative directives contained in the 1980 law, they contended.

"In light of the commission's rejection of the longstanding construction, congressional admonishments to the agency not to go beyond its statutory authority, and the clear unreasonableness of the commission's action," the ATA truckers concluded, "the agency's construction of the statute is not due the accord sometimes allowed an administrative interpretation."

The Washington Post, April 8, 1983

"REMEMBER THAT TALK ABOUT GETTING THE FEDERAL GOVERNMENT OFF OUR BACKS?"



Excerpts from Chicago & North Western 1982 Annual Report

Railroad Consolidations

Two consolidations of railroad companies are of interest to North Western shareholders: the recently completed Union Pacific-Missouri Pacific-Western Pacific consolidation and the proposed consolidation of the Grand Trunk and the Milwaukee Road.

UP-MP-WP The Union Pacific consolidation was approved by the ICC in September Specifically approved by the ICC and given anti-trust immunity was a pooling agreement permitting the MP to operate C&NW trains between Omaha and Kansas City, as well as rate and traffic conditions designed to protect our Chicago gateway route. This consolidated system will also prove important in the hauling of Powder River Basin coal, and the effect will be favorable to C&NW.

GT-MILW The planned consolidation of the Grand Trunk and the Milwaukee Road deserves careful watching, since it would place the Milwaukee Road under the control of the Canadian National Railways, which are owned and controlled by the government of Canada. We expect, however, that the actions of foreign governments in commercial matters in this country will receive close attention from the U.S. government.

Suburban Service

In late May, we made a formal offer to the Chicago-area Regional Transportation Authority to discuss the purchase of C&NW's suburban track and facilities, excluding track that would be needed for freight movements. RTA already owns and operates the Rock Island's former suburban lines in the Chicago area and is discussing acquisition of the Milwaukee Road's suburban lines now operated by RTA under a lease. There are legal, financial, and labor problems to be solved in carrying out this transaction. We expect to be able to work them out.

Deregulation — Its Impact on Our Marketing

In spite of the uncertain economy, 1982 will probably be considered the year when deregulation began to have a strong beneficial effect on the North Western. Rail transportation has entered a far more volatile and flexible pricing arena in many commodities. On the other hand, railroads now have the ability to enter long-term contracts embodying terms of service. Both of these aspects test how well the railroad knows its business, even though the results have been obscured this year by low traffic levels and intense competition.

Deregulation has opened up opportunities for competition where they did not previously exist. In the Chicago-Omaha corridor, for instance, C&NW's excellent service and the decline of the Milwaukee Road and the Rock Island enabled us to increase our market share. Deregulation also gave other carriers the ability to bid for that market share. The result has been a sometimes hard-fought battle, but North Western has kept its share of the profitable traffic in that corridor, though some of it at lower margins.

Discussions with Unions In January, 1982, the Milwaukee Road received important concessions from its unions. These permit the Milwaukee to pay its contract employees 93 percent of the industry-wide wage scale in 1982, 1983, and 1984. The North Western's reaction was to let the general chairmen of its own labor organizations know that this concession could have an adverse effect on the members of their own organizations, since the Milwaukee Road competes with C&NW in almost all the corridors in which we operate. North Western began meeting with the general chairmen in February, and shortly afterwards the general chairmen met and formed a General Chairmen's Association, which has held talks with C&NW management regularly on the competitive situation. This dialogue is ongoing.

Abandonments The abandonment of unprofitable rail lines continued to contribute to the company's operating efficiency by cutting off the possibility of wasteful services while making reusable assets such as rail, ties, and other track material available for productive use. In 1982, we abandoned 458.6 miles of line.