

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

January 21, 1985

To All Milwaukee Road Employees:

Today is the deadline for parties to our reorganization proceedings to file statements with the court opposing or supporting the Interstate Commerce Commission decision of January 7, 1985. Replies to those statements are due January 31, after which Judge McMillen is expected to set a date for oral argument in early February.

Hopefully, that scenario will not be altered significantly. And, for the reasons expressed by Trustee Ogilvie, we will become part of the Chicago and North Western system soon.

By now you should have received a letter from North Western President Jim Wolfe inviting all employees and their spouses to attend one of the open house meetings scheduled to begin on January 28, and continue over the following four weeks. You won't want to miss this opportunity to learn more about the North Western, get acquainted with some of their people and ask questions on matters of concern.

But until there's a resolution of our reorganization proceedings, we will continue on our own to operate in a cost-effective manner consistent with our goal to provide customers with the best service in the Midwest.

* * *

Despite the bone-chilling weather - Chicago set an all-time low temperature record of -27 degrees over the weekend - we're operating remarkably close to schedule. And a review of our fuel conservation program indicates the high level of success we've achieved in that area.

In 1984 we handled more business than any previous year since the cessation of operations on the western extension. Total gross ton miles were 27.9 billion, representing a 17% increase over 1983. At the same time efficiency improved from 1.64 gallons per thousand gross ton miles to 1.52. Stated in other terms, ton miles per gallon increased from 611 for 1983 to 658 in 1984.

Taking this improvement, at an average price of 85 cents per gallon, produces a cost savings of \$2.8 million. If we apply the ratios from previous years to this year's business, the results are even more dramatic:

<u>Year</u>	<u>Gallons/MGTM</u>	<u>Difference Gals/MGTM</u>	<u>Price</u>	<u>Savings</u>
1981	2.12	.6	.85	\$14,224,464
1982	1.89	.37	.85	\$ 8,771,753
1983	1.64	.12	.85	\$ 2,844,893
1984	1.52	--	--	--

As in the past years, a good deal of emphasis was placed on engineer training and train handling. We subleased a Train Dynamics Analyzer locomotive simulator and conducted classes at all home terminals except Kansas City. Observance of lower train speeds and, more recently, better control over the locomotive fleet also played a major role in the conservation effort.

Even during the on-going reorganization process, fuel conservation projects continue. The Engineering department has begun testing a hi-rail truck-mounted rail lubricating system between Portage and St. Paul. We are measuring the effect on fuel consumption on Sprint trains by taking fuel readings at the two end-points on units 2002, 2010 and 2014.

The AAR at the FAST track testing facility in Pueblo, Colorado, and other railroads in field tests, have reported fuel savings in the area of 25% through rail lubrication. Unlike older, stationary lubricators which were placed at curves, the newer systems uniformly lubricate the rail on both curved and straight track.

Major breakthroughs are expected in 1985 in the field of locomotive tank gauges. Newer systems relying on electronics, hydraulics and ultrasonics will permit measurement of fuel conservation devices and practices with a far greater degree of accuracy than has been possible heretofore. In addition, inexpensive, reliable fuel gauges will have a significant effect on fuel equalization agreements required by run-through train operations.

The cooperation of all employees in fuel conservation is still vital. Locomotive fuel is a cash item, often paid for before it is used. Thus, the need to conserve remains as urgent now as at any time during the reorganization.

* * *

The following Engineering department year-end maintenance of way report indicates a satisfactory level of activity in tie renewals, surface corrections and rail laid and tested during 1984.

MAINTENANCE OF WAY ACTIVITY REPORT FOR MONTH OF DECEMBER 1984 AND YEAR TO DATE

Tie Renewals				Surface Correction (Track Miles)		Rail Laid (Track Miles)		Rail Tested (Miles)	
Section Forces		Extra Gangs		December	Year To Date	December	Year To Date	December	Year To Date
December	Year To Date	December	Year To Date						
8,329	71,810	30	2,917	5.5	1,135.8	.53*SOU	72.52*	59.0	3,310.6

*C.W.R.

NOTE: Additional 18,355 ties renewed - Kansas City Line (Powersville to Braymer)
 Additional 12,815 ties renewed - Dubuque Line
 Additional 157 ties renewed - Terre Haute Line
 Additional 1,681 ties renewed - Northern Division Crossing (Capital Program)
 Additional 105,768 ties renewed - Minneapolis to Appleton - 4R Program
 Additional 3,413 ties renewed - DRI Line (Billable)
 Additional 9,445 ties renewed - Muscatine to Nahant

Additional	3,307	ties renewed - St. Paul Yard (Dunn)
Additional	2,147	ties renewed - Minneapolis to Appleton - Crossings
Additional	15,985	ties renewed - Wisconsin Dells to Tomah
Additional	6,803	ties renewed - Comus to Rosemount
Additional	6,000	ties renewed - Southbound Main - Hastings

In addition to the work shown, 380 turnouts were surfaced, 65 turnouts produced, 56 turnouts installed and 780 miles of brush cut in 1984.

Also, B&B forces completed drainage improvements along the Eldridge line and installed a new pumping system in the Davenport depression with partial funding from the city and IDOT.

Major steel repairs were started on two trusses at Des Moines River Bridge I-418 in Ottumwa, with anticipated completion in January 1985.

Signal forces completed installation of new crossing warning devices at Chestnut Street in Glenview, Illinois, and continued work on the 15 corridor warning system projects in Mauston and Brookfield, Wisconsin.

Communications forces completed work for the MCI fiber optic cable project between Chicago and Milwaukee; and for relocation of personnel from Milwaukee Shops to Milwaukee Depot, including installation of electronic telephone switchboard and retermination of Regional and Material departments data circuits.



W. L. Smith
President

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



001
R. M. CLARK
5139 N. BAY RIDGE
WHITEFISH BAY

WI 53217