1st MONDAY 3rd MONDAY

Prepared for employees by the
Milwaukee Road's Corporate Relations Department
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April 19, 1982

To All Milwaukee Road Employees:

Another step on the path to reorganization was taken Friday when Judge McMillen approved the lease and sale of approximately 480 miles of main line trackage between Ortonville, Minnesota, and Terry, Montana, to the South Dakota Railroad Authority. The order became effective at 9 a.m., today.

The Rail Authority will pay $30.4 million in cash, plus other benefits worth about $6.9 million, for the line.

We have not operated over this segment since the beginning of April, but it is expected that service will be resumed this week by the Burlington Northern, which will operate the line for the South Dakota Authority.

We expect approval later this month of the sale of the Milbank-Sisseton branch to an affiliate of Dakota Rail, Incorporated. The Milwaukee Road will retain trackage rights to Milbank in order to interchange with Dakota Rail.

The Ortonville-Terry sale is the culmination of a lot of hard work by many people and Judge McMillen commended Trustee Ogilvie and his staff on this "fine accomplishment."

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On another front, but also commendable, is the impressive record being compiled by our Car Department people in improving car repair efficiency.

Since mid-1981, the Car Department forces at Bensenville, Milwaukee and St. Paul have been steadily improving productivity in the repair of Milwaukee Road freight cars and other railroad's cars moving in interchange.

Back in July 1981, the average ratio of actual labor hours for repair items versus AAR standards was 78%. It increased to a 102% average for the last six months of the year and to 127% in March 1982. As explanation, if AAR standards indicate a given task should be performed in one hour and the job is done in one hour, a 100% rating is achieved. If it takes two hours to do the job, only a 50% efficiency is achieved. The improvement shown by the Car Department translates into an increase of $600,000 in the value of work during March compared to the average for the preceeding six months.



The results have been obtained by hard work and by an innovative approach to problem solving. Milwaukee and St. Paul are using idle derrick time to lift bad order freight cars. This is much faster and more efficient than the conventional jacking method. Repair areas have been shortened for activity concentration, minimizing expensive moving of material and employees. New and more efficient tools and machines are being used.

Several brainstorming sessions have been held to gain new ideas and to exchange local, successful methods that have been implemented.

"Mini-rips" have been established at St. Paul and Milwaukee. Cars with minor defects are repaired in the yard. This significantly reduces the delay and the normal switching and per diem costs associated with the movement of bad order cars to repair tracks. The Mechanical Department is justifiably proud of the success of these projects. It evidences the enthusiastic and creative attitude of the Car Department people involved. Close communication and cooperation with the Material Division and the Operating Department have been vital contributing factors.

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The Minority Business Sub-Council of the Chicago Regional Purchasing Council has selected Larry Bryant of our engineering staff to be honored at the Fourth Annual Buyer Awards dinner to be held April 20 in the Grand Ballroom of the Palmer House.

Each year the Sub-Council selects a person who represents each of the ten major corporations that it feels is deserving of recognition for work done with minority vendors. The persons honored are nominated and selected by vote of the Sub-Council members, independent of the Purchasing Council, or the corporations chosen as recipients of the award.

The selection criteria is that the person representing the corporation has been particularly helpful in assisting MBE's in their business transactions with the corporation. In other words, the award is not restricted to buyers or MBE coordinators.

This is fine recognition of the work Larry has done and is representative of our company's commitment to minority business enterprises. In that light, it is recognition of the efforts of many of our employees and we may collectively share this honor.

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Service on two of our least patronized West Line commuter trains will be temporarily discontinued starting today to facilitate track rehabilitation. The Illinois Commerce Commission has approved the suspension of two non-rush hour trains operating between Chicago and Elgin, Illinois. Westbound train 2215 scheduled to depart Chicago Union Station at 11:35 a.m. and

5139 N. BAY RIDGE
WHITEFISH BAY WI 53217

eastbound train 2226 scheduled to leave Elgin at 1:05 p.m. will not operate during the work project period, which is expected to end about November 1, 1982. This will create a three-hour gap in commuter train service each weekday.

These two trains were selected for temporary discontinuance because neither train operates on weekends, and both trains ordinarily carry relatively few passengers. The usual patrons on the trains are primarily irregular passengers who do not depend on these particular trains for their businesses or jobs.

This project primarily will involve rehabilitation of our main line road bed, including replacement of ballast and ties, and is a continuation of the rehabilitation undertaken last summer.

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The Railroad Retirement Board will begin mailing Forms BA-6, Certificate of Service Months and Compensation, direct to employees, prior to June 15, 1982. This form shows all creditable compensation reported by employers to the Railroad Retirement Board for 1981.

The criteria for preparation of 1981 BA-6 forms states that a certificate shall be prepared for all railroad employees who worked in the preceding calendar year, regardless of months worked or the amount of compensation earned. Certificates issued to employees who first performed railroad service during 1981 may show only the first five letters of the employees last name followed by an asterisk. This is due to the discontinuance of the Employee Registration Form, CER-1, and indicates to the Board that the employee's account was established from the employers annual report of service and compensation. These counts will, subsequent to the issuance of the certificates, be verified through the records of the Social Security Administration. Once the account is verified, the employee's name will be properly shown on future certificates.

Discrepancies on the BA-6 certificates, other than an incorrect address, should be reported to the Railroad Retirement Board promptly, as the law limits the period during which corrections may be made to four years. If the BA-6 form contains an incorrect address of an employee currently in service, a correction should be made on Form PR-214 ML, which is available from your supervisor. Send the completed PR-214 ML to Manager-Payroll Accounting, 516 West Jackson Boulevard, Chicago, Illinois 60606, Room 206.

W. L. Smith
President