

January 22, 1979

TO the Employees of the Milwaukee Lines West:

We have reached a critical fork in SORE's road to preservation of employment on Milwaukee Road Lines West.

You are probably aware of railroad management's current practice of re-routing traffic to the Union Pacific. This is the first of several planned steps by the Trustee to terminate service on Lines West. It will be followed by an application to establish permanent gateways with Union Pacific and Burlington Northern at strategic locations which will permanently erode the revenue base, thereby terminating transcontinental service and rendering reorganization impossible.

In our view, it is essential that a number of actions be taken in the very near future aimed at ensuring that the level of service on the Milwaukee's western lines is maintained at a level that will preserve the revenue base and assets of the western lines for possible reorganization as a separate operating company. For this reason, Bill Brodsky and I are now recommending that you, and as many of your fellow employees of the Milwaukee Lines West as possible, authorize our attorneys to institute appropriate proceedings to this end. We anticipate that, at a minimum, this will involve representation and advocacy of our views in the reorganization court's proceedings and a vigorous lobbying effort with the Congress and certain other government officials. In particular, we believe that it is essential for us to intervene in the reorganization court proceedings at the earliest possible date in order to seek orders preserving the level of service and assets of the Milwaukee's western lines until we can present a comprehensive reorganization proposal to the court.

I am enclosing a letter for your signature formally authorizing our attorneys to begin their representation of our interests at once. In view of the urgent need to begin the appropriate legal steps as quickly as possible, I ask that you sign and return the enclosed authorization letter to our attorneys as soon as you are satisfied that this is an effort you wish to support.

Since many of you may have questions concerning the financial implications of authorizing these legal actions, I shall briefly outline here the financial arrangement we have agreed upon with

January 22, 1979  
Page 2

our attorneys. We shall attempt an initial fund-raising now, probably to be followed by periodic additional requests for funds (depending upon what transpires in the legal proceedings), and shall attempt to tailor our legal effort to the amount of money on hand. The advantage of this approach is that it avoids the necessity of asking each employee now to make an open-ended financial commitment to bear the cost of financing the legal effort. This means that if you sign the enclosed authorization letter you do not obligate yourself to pay any specific amount or assume any personal liability for fees or costs incurred in the future. On the other hand, our ability to represent our interests will continue only as long as we continue to be able to raise adequate funds. We are hopeful that the importance of this matter to all of us will make it possible for this "pay as you go" financing arrangement to work to everyone's satisfaction.

Bill Brodsky and I will be attending meetings with many of you during the coming week, and will also be making other attempts to personally discuss this matter with as many of the rest of you as we can reach. If you have any questions or concerns that we are not able to address in person, however, please give one of us a call. Bill's telephone number is (206) 922-7870. Mine is (206) 842-4301.

Sincerely yours,



J. Fred Simpson