



Soo Line Railroad Company
records.

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April 11, 1983

TO: Mr. D. M. Cavanaugh
FROM: W. B. Peterson *WBP*
RE: ROCK ISLAND STUDY
NORTHFIELD TO KANSAS CITY

The attached statement outlines proposed Engineering Department crew requirements for track, structure and roadway maintenance covering 634.5 miles of main and branch lines included in the above-referenced study.

WBP:pn

Attachment

cc: G. H. Barker - Copy of statement attached.

RE: ROCK ISLAND STUDY
NORTHFIELD TO KANSAS CITY

Engineering Maintenance Crew Requirements

	<u>Number Positions</u>
A. Main Line 379.4 miles Comus to Moseby Jct.	
1. Roadway & Track	
a. Track inspectors	4
b. Section crews	
4 yard crews @ 6 men	24
5 line crews @ 3 men	15
2. Signal & Communications	
a. Signal maintainers	13
b. Communication maintainers	6
c. District electricians	<u>6</u>
Total Main Line (A)	68
 B. Branch Lines 255.1 miles Iowa Falls - Ocheyedon Estherville - Rake Dows - Forest City Carlisle - Indianola	
1. Roadway & Track	
a. Section crews	
1 yard crew @ 6 men	6
5 line crews @ 3 men	15
2. Signal & Communications	
a. Signal maintainer	<u>1</u>
Total Branch Line (B)	22

C. System Assignments 634.5 miles

1. Roadway & Track	
a. Roadmasters	3
b. Welding crews	
2 line crews @ 2 men	4
c. Floating maintenance crews*	
3 surfacing crews @ 4 men	12
1 tie crew @ 16 men	16
1 ballast crew @ 25 men	25
1 rail adjusting crew @ 24 men	24
9 roadway machine operators	9
2. Signal & Communications	
a. Supervisors	2
b. Signal construction crew	5
3. Bridges & Structures	
a. Supervisor	1
b. Construction/maintenance crews	
4 crews @ 6 men	<u>24</u>
Total System (C)	125
* Seasonal 86	<hr/>
Total Number Positions including 86 Seasonal Assignments	215

WBP:pn

Engineering Department
Minneapolis, Minnesota
April 11, 1983

Minneapolis - April 15, 1983

To: J. D. Darling
From: B. A. Nelson *BAN*
Re: Mechanical Forces for Rock Island Railroad Acquisition

The following is a list of Mechanical Department employees who would be necessary to adequately man the Rock Island between Minneapolis and Kansas City.

The Transportation Department proposed operation of the Rock Island, would require a Mechanical facility at Iowa Falls. The Car Department would consist of a three shift, seven day operation with two Carmen assigned per shift in the Yard and the Rip Track would require two Carmen, day shift only, seven days a week. Also, one Car Foreman would be required for a total of 23 employees. At Trenton, MO we would require a road truck for the Car Department which would require three Carmen and one Locomotive and Car Foreman. At Avon, Iowa we would require a road truck and two Carmen.

The Locomotive Department at Iowa Falls should operate three shifts, seven days per week made up of nine Machinists, five Laborers, and two Foremen for a total of 16 men.

It is proposed that the required fueling and daily inspections at Albert Lea, Avon, and Trenton could be handled by an outside fueling contractor and the daily inspections handled by Transportation Department crews.

The effect of 71,000 car loadings on the Rock Island would require additional forces on the Soo Line in the Car Department of an additional 33 people at Shoreham or Fond du Lac. The Locomotive Department would require an additional 26 employees at Shoreham and the General Services Department would require an additional 14 people to be located at either Shoreham or Fond du Lac.

With this type of operating plan it must be realized that cars received through Kansas City and returning which originate and terminate south of Iowa Falls would not receive any car inspection other than whatever is contracted for at Kansas City.

BAN/ns

V. PERSONNEL - TRANSPORTATION

Shoreham, Minnesota

✓ 4 - Dispatchers ~~4~~

Albert Lea, ^{MN}~~Iowa~~ (~~Billing?~~)

✓ 1 - Agent/Operator (Car)
✓ 1 - Operator

Manly, Iowa

✓ 1 - Agent/Operator (Car)
~~1 - Operator~~

SVC CTR Iowa Falls, Iowa

✓ 1 - Assistant Superintendent (Car)
✓ 1 - Trainmaster (Car)
✓ 1 - Asst. Trainmaster/Agent (Car)
✓ 1 - Traveling Agent (Car) Forest City - Emmetsberg - Clear Lake Jct.
✓ 4 - Operators
✓ 1 - Car Distributor
✓ 2 - Billers
✓ 2 - Relief Clerks for Iowa Falls and other locations

Des Moines, Iowa

✓ 1 - Traveling Agent - Buckeye - Des Moines and Indianola Branch
✓ 1 - Agent/Operator (Car)
✓ 4 ~~3~~ - Operators (3) (Tower Operator) (Will also do some billing)

Trenton, Missouri

✓ 1 - Trainmaster (Car)
✓ 1 - Agent/Operator
✓ 3 - Operators (Do some billing)
✓ 1 - Traveling Agent - Chariton - polo

Kansas City, Missouri

✓ 1 - Assistant Trainmaster/Agent (Car)
KCS would do billing for Soo if needed

Estherville, Iowa

✓ 1 - Traveling Agent/Operator (Car)
✓ 2 - Relief Clerks

36 Total

Tringa 29

Tringa

Tringa

Tringa

Tringa

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4/17/83

Rock Island Application
Draft of Material on Labor Impact

Additional Text to be Inserted at End of
J.D.D. Writeup on Positions Created

J.D.D. - for
your info
+ comments
JCL

Section 1180.21(a)(3)(vii)(C) (Cont.)

In addition to the positions described above, it is estimated that approximately forty new positions will be created to handle general and administrative functions such as accounting, data processing, marketing and sales, and general administration. Most of these positions will be located in Minneapolis.

4/29/83 Harvey Sims

DOT

Milwaukee Road

Has two copies

D.M. Cavanaugh

April 27, 1983

APR 27 Rec'd

Memorandum to File

From: Thomas M. Beckley

Re: ~~Rock Island~~ - Kansas City Trackage

On April 26, I phoned Mr. Gibbons and Mr. Manos to advise them that the Soo had sent a supplementary offer in the mail on the preceding night. This offer was intended to cover the properties included in the North Western offer but not included in the Soo offer with the exception that it was necessary to add to the properties a line between Manson and Palmer in order to provide access to the Illinois Central for shippers on the Royal to Palmer segment.

I also advised them that the Soo would file an inconsistent application to cover the trackage which was the subject of the Soo's offer submitted to the bankruptcy judge on March 18. The trustee asked if the ICC would accept the application. I stated that we had preliminary discussions with the staff and had been led to believe that the Commission would accept the application, although we could not tell what the Commission action would be. He asked how we could submit an application without an agreement with the trustee. Again I indicated that the Commission viewed that under the circumstances a contract would not be necessary to support the application.

Mr. Gibbons asked whether we intended to make any filing with the court. I stated that we were concerned primarily with the Interstate Commerce Commission application and had not made any decision as to seeking an order from the court, although I regarded it as doubtful that we would do so. Mr. Gibbons indicated that he felt that the bidding reached its final state at the hearing on March 18, and that the court would be unsympathetic to any effort on the part of the Soo to reopen the bidding or to submit another bid. I indicated to Mr. Gibbons that our objective in supplementing the offer was to make clear to the Commission the relative size of the competing offers. In response to the trustee's question, I advised him that it would be our intention to make a payment in cash for the amount of the offer if the transaction were approved.

In the course of our discussion, Mr. Gibbons indicated that he had seen a copy of the Peat Marwick report to the North

Memorandum to File
April 27, 1983
Page Two

~~Western on the financial feasibility of acquiring the Kansas City line, and that they had recommended going somewhat above \$100,000,000 if necessary to acquire the line.~~

~~Mr. Gibbons expressed concern whether the Soo is willing to commit itself to take over the rental obligations contained in the trustee's agreement with the North Western. He thought it possible that the transaction might be held up in court for a couple of years. I indicated that we did not assume that the matter would be tied up in litigation, and that it would be premature to discuss the Soo arrangements for operating the property until we were further down the road.~~

~~Mr. Gibbons said that he would take no further action with respect to the offer in terms of bringing it to the bankruptcy judge, but that he would treat it as a "comfort letter" in the event that the Commission rejected the North Western application, or in the event that the Commission approved both applications and the trustee decided that he should refer the competing offers back to the bankruptcy judge for final action.~~

cc: D. M. Cavanaugh
B. D. Olsen
D. J. Boyer

4/27/88 John R. Stone

SOO LINE RAILROAD COMPANY

EXECUTIVE COMMITTEE

APRIL 22, 1983

RESOLUTION A

RESOLVED, That Thomas M. Beckley, Chairman of the Board, is hereby authorized to take appropriate steps to cause the Company and/or one or more of its subsidiaries, either existing or to be incorporated, to acquire at a purchase price not to exceed \$88.5 million and operate over the following described lines of railroad of William M. Gibbons, Trustee of the property of the Chicago, Rock Island and Pacific Railroad Company, consisting of approximately 672 miles, and to issue securities, assume obligations or liabilities, and sell securities without competitive bidding for the purpose of financing such acquisition:

Twin Cities to Kansas City (412.30 miles)
(including Short Line Yard to West Des Moines
and also including certain collateral parcels as
described in a catalog of excluded lands
supplied by the Trustee and generally lying
adjacent to or near the east-west railroad line
of the Trustee in the cities of Des Moines and
West Des Moines)

Iowa Falls to Estherville (112.50 miles)

Rake to Ocheyedon (91.09 miles)

Dows to Forest City (44.70 miles)

Hartley (0.10 miles)

Carlisle to Indianola (11.30 miles)

RESOLVED FURTHER, That Thomas M. Beckley, Chairman of the Board, or Dennis M. Cavanaugh, President, be and each hereby is authorized to prepare or cause to be prepared applications, petitions, or other documents or representations as may be appropriate in the circumstances, to the Interstate Commerce Commission for authority to acquire and operate over the aforementioned lines of railroad, to issue securities, assume obligations or liabilities, and sell securities without competitive bidding for the purpose of financing the acquisition by the Company and/or one or more of its subsidiaries, either existing or to be incorporated, or in the alternative, for exemption from the need to obtain such authority, and to sign, verify and file such application or other documents as may be appropriate;

RESOLVED FURTHER, That Thomas M. Beckley, Chairman of the Board, or Dennis M. Cavanaugh, President, be and each hereby is authorized to prepare or cause to be prepared, sign, verify and file any other documents, applications or petitions to the Interstate Commerce Commission or other regulatory body as may be necessary or appropriate, and to do any and all other things necessary to accomplish the purposes of these resolutions.

COMPARISON OF VALUE TO TRUSTEE OF
SOO AND CNW OFFERS
(\$'s in millions)

<u>CNW OFFER</u>	\$93.0
Not included in CNW offer:	
Des Moines carve-outs	2.9
Iowa Falls to Belmond	2.9
Clarion to Goldfield	<u>0.9</u>
Subtotal	\$ 6.7
Total Value to Trustee	\$99.7
 <u>SOO OFFER</u>	 \$99.9

4/22/83
2300A/D0094A

4/22/83 DMC, HSN, JDD

3:00 PM

\$88.5 - Must be good offer
- Why is it left for current

Property
Spine Line

Iowa Falls Gateway

{ Des Moines Operating Property
{ Des Moines Ancillary Property

Why not add Royal Manass, St. Paul
La Rosemount, Cedar Rapids

Land Values

JDD

How much, how long, conservative

HSN

Discount

Soo Line Railroad Company



Soo Line Building
Box 530
Minneapolis, Minnesota 55440
(612) 332-1261

DENNIS M. CAVANAUGH
President
and
Chief Operating Officer

April 20, 1983

FILE: ~~Rock Island Acquisition~~

The Honorable Jean Lloyd-Jones
160 Oak Ridge Avenue
Iowa City, Iowa 52240

Dear Ms. Lloyd-Jones:

I thought you might be interested in the enclosed investment analysis report. This is what I referred to as rationalization. It has also been a factor in our inability to outbid the Chicago and North Western Transportation Company.

Sincerely,

JDD/jmz

Encl. (1)

4/9/83 Tom Logel, Iowa RR Co.
Council Bluffs

Loosing reciprocal switching since
June, jointly owned CNW/RT
CGW BN/CGW/RT 1984
Des Moines \$53 River Creek CNW
physical access removed contract Poolford
Soybean meal at A.E. Staley
to Iowa City - two producers
Flour, General Mills to
Milan Ill

\$115 / \$259
June 2 Feb 83
Milan \$170

Not closing vs. BN, NW via
DMU

Shippers are willing CNW
at IRRC request
take to Commission

Dunnell excluded 100%
IRRC open to CNW

En Parte changes historically
June 1, 1982 - about Sept - Oct.

Iowa Transfer
CNW removed from in
switched
Trustee forced CNW to replace
CNW at Staley

4/19/83 Tom Logel - Down RR Co.
Some through notes,

April 19, 1983

TO: T. M. Beckley
D. M. Cavanaugh
B. D. Olsen
D. J. Boyer

FROM: J. D. Darling JDD

RE: Rock Island Study

I believe the attached article is from the Des Moines Register of Wednesday, April 13, 1983.

JDD/jmz

Att. (1)

April 19, 1983

TO: T. M. Beckley
D. M. Cavanaugh
B. D. Olsen
D. J. Boyer

FROM: J. D. Darling ADD/185

RE: Rock Island Study

The attached news articles were furnished by C. J. Stoffer and Commander Farran.

JDD/jmz

Att. (1)

4/15 11:45
Tom: please let me know ASAP.
Barney

Iowa Railroad Company

Attn: Paul Buhrow

P.O. Box 10355
Des Moines, IA 50306

4th & Vine St.
Des Moines 50309

515-243-7552

APR 14 Rec'd

If Soo Line acquires Rock Island east-west track in Des Moines and West Des Moines, it is the intention of Soo to resell this trackage to parties or groups favoring continued operation of entire Rock Island east-west line across Iowa. Pending such sale, Soo would open industries on the east-west line in Des Moines and West Des Moines to reciprocal switching by the Iowa Railroad Company. Access to other industries in the Des Moines switching district would be governed initially by arrangements existing before cessation of operation by Rock Island.

T. M. Beckley
Chairman and Chief Executive Officer
Soo Line Railroad Company

cc: D. M. Cavanaugh
R. H. Smith
~~J. D. Darling~~

4/15/83 CS Stoffer

Jean Lloyd Jones, Iowa City

2:00 PM today

met with ICC on 800/CNW bid
on RT

Money from Hanks
Anti-trust suit

Political support -

Joyce Orland - Kennett

* Bill Harkin - Henderson

plus Davenport and another

Soo Line Railroad Company



Soo Line Building
Box 530
Minneapolis, Minnesota 55440
(612) 332-1261

April 12, 1983

Mr. Harvey Simms
Rail Operations Manager
Railroad Division
IOWA DEPARTMENT OF TRANSPORTATION
800 Lincoln Way
Ames, Iowa 50010

Dear Mr. Simms:

Per your request, enclosed please find a diskette with the programs for the Soo Line's Train Fuel/Performance Simulator. The diskette also contains sample track, train, and locomotive files with which the simulator can be run.

As I mentioned in our telephone conversation, the programs are designed to be run on the IBM Personal Computer. The machine which I have used has 64K of memory and two single-sided diskette drives. The programs should run on almost any IBM PC configuration.

I am also enclosing a description of an earlier version of the simulator for your information. I just completed the conversion of the simulator to the IBM Personal Computer recently. As a result, the documentation of the current version has not been completed. Thus, I would suggest that your staff contact me before running the programs. I should be able to get them started over the telephone. In addition, I will be glad to supply you with a copy of the updated documentation when it is completed.

I would appreciate your not providing copies of the program to any personnel outside the Iowa DOT. If you know of any other parties who are interested in the programs, please have them contact the Soo Line directly.

If you have any questions, please do not hesitate to call me.

Sincerely,

Thomas M. Fletcher
Assistant to General Superintendent

cmc

cc: J. M. Fandrich, General Superintendent, Soo Line, Minneapolis.
J. D. Darling, Director Special Projects, Soo Line,
Minneapolis.

Enclosures

0

April 12, 1983

TO: T. M. Beckley
D. M. Cavanaugh
B. D. Olsen
D. J. Boyer

FROM: J. D. Darling JDD/AS

RE: Rock Island Study

The attached articles from the March 31 and April 1, 1983 issues of The Des Moines Register were furnished by Commander Farran of Rowan, Iowa.

JDD/jmz

Att. (1)

4/2/83 WBP

BTM/M/YR

Data from Lyle

Does not include, empties, locomotives,
caboose

4/8/83 RHS, RLM, HSN, JCM, ~~300~~

1. Overhead MILW - Union agreement
2. Overhead CNW
3. Pooling CNW - close TC Division
- 4.

$$\begin{array}{r} 89 \\ 350 \overline{) 31390} \\ \underline{2800} \\ 3390 \\ \underline{3150} \\ 2400 \end{array}$$

$$\begin{array}{r} 82 \\ 350 \overline{) 29200} \\ \underline{2800} \\ 1200 \\ \underline{1050} \\ 1500 \end{array}$$

Soo Line Railroad Company



Soo Line Building
Box 530
Minneapolis, Minnesota 55440
(612) 332-1261

DENNIS M. CAVANAUGH
President
and
Chief Operating Officer

April 7, 1983

FILE: Rock Island Acquisition

Mr. Paul R. McFeaters
Box 135
Badger, Iowa 50516

Dear Mr. McFeaters

Thank you for your letter of January 23, 1983.

As I am sure you are aware, we have apparently been outbid by the C&NW in our efforts to acquire former Rock Island trackage through Iowa. However, I do wish to thank you for your expression of interest in employment with our Company.

Sincerely,

JDD/jmz

cc: P. H. Pfeiffer, Director of Employment and Employee Relations

JAN 25 Rec'd

January 23, 1983

Mr. D. M. Cavanaugh
Vice President-Operations
Soo Line Railroad Company
Minneapolis, MN 55440

Mr. Cavanaugh:

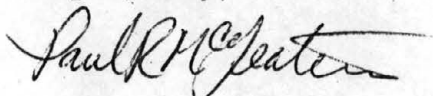
News of the Soo Line's proposed purchase of former Rock Island track in the midwest has captured my interest. When the Rock's trustee decided to cease railroading in the spring of 1980, I was a member of the C&NW's Central Division management team that stepped in and built a successful maintenance of way operation from scratch almost overnight.

As you are now preparing for a similar transition, hopefully with less trouble, I am certain you are seeking all the assistance available to aid you in this major undertaking. And you will need the best people in the field to ensure fruitful results.

I can be of help to you. I have enclosed a very brief description of accomplishments and experience which will be of interest to you.

In the belief the Soo Line may soon need a front line officer with my breadth of experience and training, I would greatly appreciate a meeting with you to discuss that possibility. I will call later in the week to arrange a convenient time.

Respectfully,



Paul R. McFeaters

Enclosure

PAUL R. MCFEATERS

Box 135 Badger, Iowa 50516 515-545-4734

====OBJECTIVE====

MANAGEMENT--RAILROAD OPERATIONS, where an energetic approach to problem solving and productive teamwork are considered important.

====RELATED EXPERIENCE====

Assistant Roadmaster, Chicago & North Western Transportation Co. Completed Management Training Program and was promoted within five months of joining company. Supervised the field work of a 13 mile CWR project from material distribution to rail laying to surfacing to scrap pickup and all without a lost time injury by an inexperienced gang. Supervised high production tie and rail anchor gangs, a weed spraying program, a gang that picked up 20 miles of abandoned track, and the dumping of several hundred ballast cars. Helped organize and field new section gangs during the CNW's takeover of former Rock Island track. Taught safety classes to new employees. 1980

Student Engineer, Duluth, Winnipeg & Pacific Railway. Designed and surveyed a proposed two mile route relocation to eliminate a permanent slow order, stringlined curves, and collected data for construction projects.

====EDUCATION====

Bachelor of Science in Engineering, Michigan Technological University, 1979. Civil Engineering major with emphasis in structural engineering and a minor in Forestry. Favorite courses: Surveying, Contract Law, Report Writing.

====PRESENT POSITION====

Staff Engineer, United States Gypsum Co., Fort Dodge, IA. Was assigned to quarry for 18 months. Designed and constructed an extension to haulage road--saving haul time and wear on trucks. Upgraded quarry drainage system to the envy of three other area quarry operators. Praised by my boss for the "thoroughness of my work and my ability to get along with others".

====PERSONAL====

Born July 12, 1956.....Married (to a registered nurse).....Enjoy hunting, fishing, reading, writing.....A fourth generation railroader in my family. Believe that hard work combined with attention to detail is the only way to run a railroad.

Soo Line Railroad Company



Soo Line Building
Box 530
Minneapolis, Minnesota 55440
(612) 332-1261

April 7, 1983

FILE: Rock Island Acquisition

Commander Don Farran,
U. S. Navy (Retired)
Rowan, Iowa 50470

Dear Commander Farran:

As you are no doubt aware, we have apparently been outbid by the C&NW in our attempt to acquire the Rock Island line between the Twin Cities and Kansas City. I hope that you perceive that we made an earnest effort in our attempt to serve your State.

In any event, I want to express our appreciation for your support and counsel. I also appreciated the biographical sketch. You have certainly had a distinguished career in the arts and in public service.

I have enclosed your letter from Randy Evans of the Des Moines Register and Tribune.

Thanks again for your support and for keeping us abreast of events in Iowa.

Sincerely,

JOE D. DARLING
Director Special Projects

JDD/jmz

Encl. (1)

4/1/83 CS Staffer

Missouri DOT

North Central Shippers Association

filing opposition to ICC

Steve Roberts, lawyer in Des Moines

Chief Legal Counsel IRFA.

ICC is looking into this case.

4/6/83 THB, DMC, BDO, RLM, HBN, BJB, JND

Procedural order, ICC, Friday, April 1, 1983

20 days to file response

April 25, 1983

Verified statements

Appeal to 7th Circuit

Appeal within 30 days of March 18, 1983,

notice of appeal

Denial of stay already occurred.

GTW/MILW July 1, 1984 traffic
conditions

Plan of reorganization

5% of Soo revenue diverted

Wisconsin River Line

T.C. - K.C. - trackage rights

1. BN cover to west coast

\$6.35/train mile plus MILW crews

\$0.80 per car mile in MILW trains

2 CNW Northfield to KC

3 CNW Saint Francis basis

Written comments, 30 days

1111-25(c)(1) page 634

Public support

1111-21(b)(1)(v) page 626

April 6, 1983

TO: ~~D. M. Cavanaugh~~
R. H. Smith
R. L. Murlowski
C. C. Leary
G. H. Barker
H. J. Ness
J. D. Darling

APR - 6 Rec'd

FROM: B. D. Olsen

RE: Rock Island Acquisition

~~Mr. Beckley has asked that we commence work immediately on an application to be filed with the Interstate Commerce Commission in competition with the one recently filed by the G&NW. Although a final decision has not yet been made as to whether Soo will pursue this course, it is very important that work commence right away as we are dealing with an extremely short time period. As matters now stand, our application will have to be completed by Friday, April 22, and be filed by Monday, April 25. C. Harold Peterson and I will work closely with you and your designees in putting this application together.~~

As soon as a final decision has been made to go ahead with an application, I will call a meeting to review preparations.

BDO/sjp

cc: T. M. Beckley
D. J. Boyer
C. H. Peterson

NEWS from the Soo

Public Relations Department
Soo Line Railroad Company
Soo Line Building
Minneapolis, Minnesota 55440
(612) 332-1261

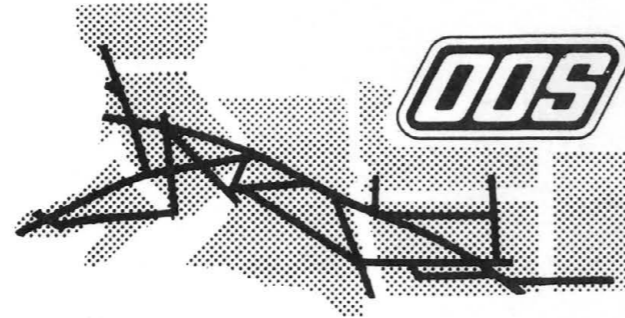
FOR IMMEDIATE RELEASE
April 26, 1983

SOO LINE MAKES SUPPLEMENTAL OFFER FOR ADDITIONAL ROCK ISLAND LINES

The Soo Line Railroad Company today presented a supplemental offer to the Trustee of the Rock Island Railroad Company covering the purchase for \$11,500,000 of 97 additional miles of rail line.

In March, the court overseeing liquidation of Rock Island assets gave preliminary approval to a \$93 million offer from the Chicago and North Western Transportation Company (CNW) for approximately 720 miles of line over a competing offer of \$88.5 million from the Soo for 672 miles of line. Today's supplemental offer raises to 770 miles the total miles of trackage proposed for purchase by the Soo.

"Because of differences between the offers of the Soo and CNW, the two purchase agreements could not accurately be compared by the Trustee and creditors of the Rock Island," Thomas M. Beckley, Chairman and Chief Executive Officer of the Soo said. "To eliminate this confusion, Soo has presented a supplemental offer of \$11.5 million to the Trustee to acquire all the properties originally sought by the CNW as well as line segments above and beyond their offer. Soo's purpose in adding these properties to its offer is to provide a return to the estate that is clearly superior to the competing CNW offer and provide disposition of as much of the Trustee's property as possible, the latter a concern that has been expressed by both the Trustee and creditors."



NEWS
from the Soo
Public Relations Department
Soo Line Railroad Company
Soo Line Building
Minneapolis, Minnesota 55440

C C LEARY

RECEIVED
APR 28 1983
C. C. L.

Coinciding with today's new supplemental offer, the Soo filed with the Interstate Commerce Commission its own applications for approval to acquire the lines as well as objections to the CNW application which was filed earlier. Soo's submissions to the Commission contained extensive public support from more than 50 interested shippers and private and public groups which support Soo's bid to acquire the lines.

Contained in today's supplemental offer are line segments from St. Paul to Rosemount, Minnesota (18.6 miles), Bricelyn, Minnesota to Rake, Iowa (6.2 miles), Ocheyedon to Sibley, Iowa (12.4 miles), Royal to Manson, Iowa (55.9 miles) and certain trackage and land in the Cedar Rapids, Iowa area. Soo's original purchase offer also contains line segments from Iowa Falls to Belmond, Iowa and Clarion to Goldfield, Iowa, which are not part of the CNW offer.

"The Soo Line does not intend to operate any of the line segments contained in today's supplemental offer," Mr. Beckley continued, "but rather to dispose of them by sale to other interested parties who will continue rail operations wherever economically feasible.

"It is expected that there are interested parties who would undertake to purchase several of these line segments which are not necessary to successful Soo operation. In particular, the Royal to Manson line has been the subject of a proposed sale to a shippers consortium for continued operation utilizing the connection with the Illinois Central Gulf Railroad at Manson. The Cedar Rapids trackage should be of interest to other railroads serving that city. If not operated, the Bricelyn and Sibley segments would be sold to adjacent land owners or other interested parties in the area. Similarly, the St. Paul to Rosemount segment is located in the urban fringe of the Twin City metropolitan area and should be susceptible to residential or commercial development if not retained by Soo as an alternate route.

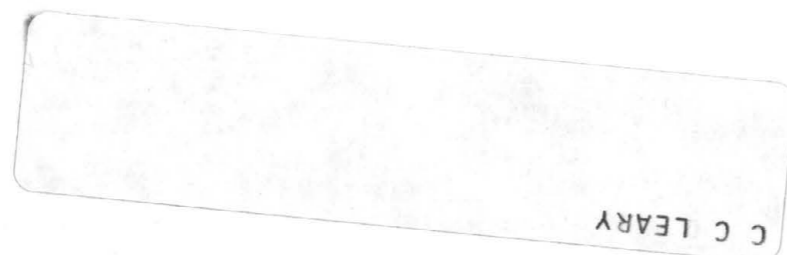
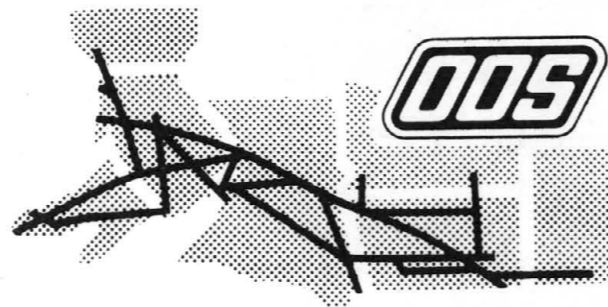
"The original Soo offer was confined to portions of the Rock Island system which we believe could be viable and make a productive contribution to the Soo rail system as a whole. With the exception of the short segment of the Rock Island east-west mainline through Des Moines and West Des Moines, it is the intention of the Soo to upgrade and maintain service over all of the Rock Island trackage sought to be acquired by the original offer."

Soo's original offer proposed acquisition of 672 miles of line including the Rock Island main line from Northfield, Minnesota to Kansas City, Missouri. Iowa branch lines included in the offer extend northwesterly from Iowa Falls to Ocheyedon and Rake, and from Carlisle to Indianola. A portion of the former Rock Island east-west main line through Des Moines was also included.

"The portion of the Rock Island system running east-west through Des Moines, while not considered essential to Soo, serves industry and is an important link in the entire line across Iowa. Soo is committed to keeping that link open to whatever railroad or railroads operate the east-west Rock Island line," Mr. Beckley emphasized. "It is the Company's intention to sell the east-west line segment through Des Moines to any buyer or group of buyers who will keep the line open for east-west through operations and also keep it open to reciprocal switching.

"There has been concern expressed by shippers and other interested citizens that CNW acquisition of this vital link through Des Moines will sever the east-west mainline. Soo acquisition provides additional assurance of continued competitive service over this corridor as well as the north-south route."

The acquisition of properties is subject to review and approval by the ICC and approval of the court overseeing liquidation of Rock Island assets.



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UNITED STATES DEPARTMENT OF JUSTICE TAKES STAND IN FAVOR OF SOO PROPOSAL TO ACQUIRE ROCK ISLAND RAIL LINES

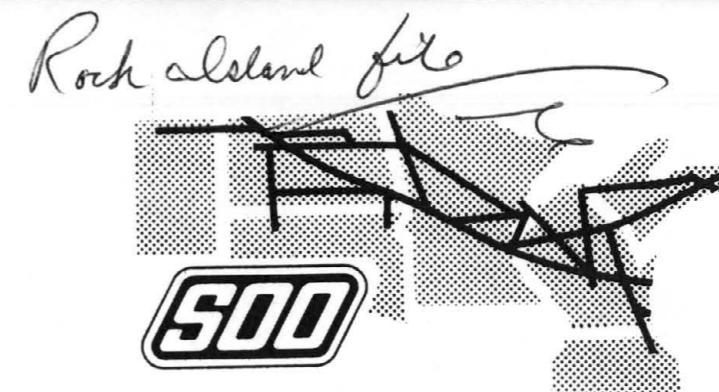
The United States Department of Justice has recommended that an offer by the Soo Line Railroad Company to acquire lines of the Rock Island be approved by the Interstate Commerce Commission and that an offer from the Chicago and North Western Transportation Company (CNW) for the same lines be rejected.

Justice concluded that the Commission should "affirmatively disapprove the CNW application" in comments filed April 26 with the Commission in response to an application to acquire the lines made by CNW.

"CNW's Application, if approved, would substantially lessen competition in a number of major railroad transportation markets. Soo Line's Application, in contrast, would not," Justice said.

Both CNW and Soo Line have filed applications with the ICC seeking approval to acquire Rock Island lines from Minneapolis to Kansas City and throughout a large portion of Iowa.

In reviewing the matter now before the Commission, Justice indicated "substantial weight" in the proceeding should be given to competitive considerations and the public interest over other factors such as the size of purchase offers or the fact that CNW has temporarily operated many of the rail properties on an interim basis.



Justice said it viewed the CNW application as what would be traditionally categorized as a parallel merger. Citing the Commission's comments during recent proceedings leading to the Pacific Rail Merger, Justice said that mergers in this category "must be examined carefully for they will generally eliminate competition between the consolidating railroads."

On the other hand, Justice categorizes Soo Line's Applications as essentially an end-to-end consolidation. "As a general rule, end-to-end consolidations usually do not reduce competition. This general rule appears to hold true in connection with the Soo Line's Applications because the available information strongly indicates that the Soo Line proposal, if approved by the Commission, would have virtually no anticompetitive consequences." Justice went on to say that an end-to-end merger can reduce competition to some shippers, but, "that possibility appears highly unlikely in connection with Soo Line's Applications."

"Because of the great differences in these competitive considerations, CNW's Application cannot be approved unless it can be shown to produce clear and substantial public benefits that could not be obtained in any less anticompetitive way. CNW has not made such a showing and it is highly doubtful that it could."

"In short," Justice said, "if the Commission were to approve CNW's Application, competition in the transportation of a number of important Farm Belt commodities that are not amenable to transportation by other modes would be substantially reduced in a significant number of relevant markets."

Thomas M. Beckley, Chairman and Chief Executive Officer of the Soo indicated the Company is pleased with the position taken by the Department of Justice. "Soo has maintained throughout all the proceedings before the Court, with the Trustee and now the ICC, that our entry into new markets in Southern Minnesota, Iowa and Missouri would strengthen competition among rail carriers," he said. "The Department of Justice has recognized this position and taken a strong stand in favor of improved rail competition."

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