

BURSON-MARSTELLER DESIGN GROUP

In September, 1985, Chicago's Ryder Gallery closed out its twentieth year of distinguished graphic design exhibitions with a show called "10 on 16." The numerical designation was not the only departure from the gallery norm. Of some surprise to those who might not have been paying strict attention to the forces of change at work within the design community was the professional orientation of the exhibitor. For this collection unabashedly celebrated the work of a design group toiling under the broad umbrella of a large organization better known for its public relations primacy than for its hitherto unheralded design prowess. The numerical title—chosen more to identify than to mystify—indicated, first, that there were ten designers in the group and, second, that their collective creative output was consummated on the 16th floor—one, among several in the building, housing Burson-Marsteller's Chicago offices.

According to Robert Petrick, director of—and contributor to—the group's effort, the gallery-class output of the Burson-Marsteller Design Group is not exactly a recent breakthrough. It developed, predictably enough in the confidence of its principals, from the establishment some ten years ago of a "creative services initiative with very strong backing from top management." Joseph Michael Essex was brought in to handle the design responsibilities, which included—along with a whole new order of "Design by Objectives" criteria—selective expansion of personnel from just one designer to the currently holding complement of eleven. Among early recruits to this emerging force was Robert Petrick, who became director of the group two years ago. Meanwhile, the responsibilities of Essex have expanded appreciably—currently, to Vice President, Director of Visual Communications for the Americas, and Design Director of Burson-Marsteller, worldwide.

"Worldwide" at Burson-Marsteller is no idle term. With 49 offices around the globe—including Canada, South America, Europe, Australia and Hong Kong—jet-lag for some of the principals is not an unknown quantity.

"Being part of a global network is fascinating from a designer's point of view," is the way Petrick puts it. "Just this past summer, we worked on a special meeting that Beatrice (one of our clients) has for its International Management Group every two years. This meeting was to be in Hong Kong, and our design assignments included various collateral pieces (invitations, direct mail, press kit covers, banners, room decorations) on which our participation wouldn't have been feasible without the close cooperation of our Hong Kong office. Many midnight telephone conversations were required to confirm and review the drawings being sent over, and to ensure their proper execution and follow through."

Not surprisingly, Petrick didn't consider it too much of a sacrifice to go on to the Hong Kong meeting site in person,

just to assure the security of his mission. "I had never seen such a mixture of ancient culture and contemporary architecture: as viewed from aerial approach, all white and clean, suggesting rows of sculpted sugarcane."

On how the design approach at a large PR firm differs from that of a more conventional design office, Petrick cited two areas: "Much of what we do is CRISIS oriented . . . and while design is certainly not a concern in such high visibility crises as the Bhopal tragedy in India last year, a large variety of more general corporate information does demand quick design response. But whatever the urgency, the product must communicate that prescribed visual impact."

Petrick suggested that a second difference in the "PR look" might be due to the absence of emphasis on a particular design style. "You will notice that with a sizeable mix of our work out on the table, it's difficult to attach a definite design style to all of the pieces. That's not only because we have a large group of designers but—more importantly—we design every piece with a particular objective in mind, an objective driven by the business imperatives of the assignment. And this aspect suggests one other significant difference in our approach to design: while an independent design office works directly with a client, we have an important interface—our own account team."

In Petrick's view, this built-in overview element is not an impediment to the creative process. "Actually, I believe that it is an advantage. What it really means is that we have two client levels: one the ultimate client (Beatrice, Sears, etc.); and—between our group and them—the account executive level that shares the responsibility. We have to sell this client level, first. And when this is accomplished, we go on, together, to sell our solution to that ultimate client.

"What has turned out to be a real asset to this collective thrust," Petrick continued, "is the very high level of professionalism in our account staff. They continuously challenge our thinking: to the extent that we know we have to show real business reasons for the approaches we take, rather than strictly aesthetically viable solutions. And among other good

Right: Pages from a brochure on Sears House, corner of 7th Street and Pennsylvania Avenue in Washington, D.C. In 1983, Sears, Roebuck & Co. purchased two landmark buildings to join and restore. One was built in 1843 and was called the "Brady Building" after its most illustrious tenant who practiced photography there until 1881. The other was built in the 1850s as the St. Marc Hotel. Later this was purchased by the Central National Bank who refurbished the building and added the picturesque twin towers. The pages shown have detail photographs of the interior restoration. Other spreads from this brochure are shown on page 7 of the 1985 *Design Annual*. Carol Highsmith, photographer.

Spread from the 1984 Sears annual report. Joe Baraban, photographer.



*When the white oak
restoring our national
meeting places were
replaced with exact replica
we to that we original
ambience could be con-
served throughout the lobby*



*The spirit of days gone
by is reflected in a series
of original prints
forming a window of
our latest office*

Multi-faceted distribution
The Allstate Life Insurance Company's goal is to attain the stature within the life insurance industry that Allstate's property-liability business has established in its industry. Key strategies include: centralization of processing to reduce costs; diversification of distribution systems; and product introductions. Growth in its group life and health operations is a priority.

Considerable growth in revenues from relatively new distribution systems is planned in 1985. The life company will benefit from the accelerated growth of Allstate's employee agency force. Use of group brokers, general agents, Dean Witter account executives, Surety Life and Lincoln Benefit agents (life companies acquired from Dean Witter Reynolds), and direct response marketing will grow in importance.

Fulfilling consumer demand for innovative products, the Allstate Life Insurance Company will continue to develop an array of interest-sensitive products for the personal-lines market. A new single-premium deferred annuity, sold through Dean Witter agents, was introduced in January.

Allstate is expanding its group operations to become a major force in that market. Group pensions, introduced in January, will help attain that goal.

Allstate's commercial insurance unit distinguished itself from the competition by offering superior customer service. It is capitalizing on market trends in business insurance to restore adequate rates after several years of intense competition had depressed rates to inadequate levels.

Outpacing the industry
In total, Allstate Insurance Company has grown faster than the industry and experienced lower cost trends. Building on this strength, the company is poised to lengthen its lead on competitors by providing consumers with the quality products and services they demand.



*A new agent
agreement and subsequent
expansion of the number of
neighborhood sales
locations provide
Allstate with an excellent
means of further geographic
market penetration.*

*Computerized claim
handling is one way
Allstate is meeting its
pledge of providing
American consumers
with quality products
and services.*

*The Personal Life
Service Center
improves operating
efficiency by
centralizing in-
formation retrieval
and processing.*



things, this forces our designers to articulate their design solutions in terms of business objectives, as well as design ideals. With these bases covered, we can approach the ultimate Burson-Marsteller client with a solid front.”

Also cited as an advantage was the fact that since most Burson-Marsteller account executives also have journalism degrees, they often function as copywriters on their accounts, thereby increasing their investment in the mutual creative product.

Now, with eleven designers and two production coordinators on staff, much of Petrick’s focus is necessarily on administration. Even so, he still applies some 30% of his time to design. From this overview, he gives the production people their due. “They have expanded our productivity enormously. Before they joined the group, each designer would handle his or her own production coordination and follow through—with suppliers, printers, etc. Now, our production people handle all of that, permitting designers to concentrate on what they do best—design.”

On the importance of structure to Design Group function, Petrick says that the weekly staff meeting is the primary

basepoint. “It’s always on Monday, and it’s always a lunch-eon meeting. After a brief discussion of the movies we’ve seen over the weekend, we get on with the schedule: a real simple system by which people rate themselves—one to five—on how busy they are. If they are a FIVE, they need help—now! Whereas, if they are a ONE, they need work—fast. If they are a THREE, all is cool, strictly nine to five. The point is, I can see at a glance who’s busy and who’s not. That way, we keep on top of the work load.

“Although our staff structure is vertical, the structure is on paper, not set in concrete. And on a day-to-day basis, we function horizontally. All of us are designers—each responsible for our own projects: for scheduling, for budgets, for quality of design. Said another way, I don’t have to approve a design that someone else is doing. The way this approach works—and it works successfully—we try to maintain a high level of honesty. We do a lot of critiquing, walking into each others’ offices and offering suggestions. That’s basically how we keep our standards high.”

Said another way, it sounds like a good group to work with.

—Rhodes Patterson



Back row: Lisa Hoffman, Tom Pechous, Kim Urbain, Kathleen Sullivan Kaska, Paul Scherling, Marilyn Lurie, Jan White. Front row: Katherine Warner, Brent Waltermire, Abby Herget, Robert Petrick, Nancy Denney, Mark Tendam.

Right: Poster for 3M, sponsor of a Museum of American Folk Art quilt festival.

Photograph by Rhodes Patterson

In honor of the Statue of Liberty Centennial

The Great American Quilt Festival

New York City Exhibition Pier
April 24-27, 1986

A Museum of American Folk Art event
presented by
Scotchgard® Products/3M
"Protecting the Fabric of America's Heritage"



Baltimore Album Quilt. Top: Anne Underwood, Baltimore, Maryland, ca. 1830. Appliqued cotton and silk on silk (100% cotton). Collection of MUSEUM OF AMERICAN FOLK ART, New York, Gift of Mr. and Mrs. James O. Kerne.
Festival hours: April 24-26, 11:00 a.m. to 10:00 p.m., April 27, 11:00 a.m. to 6:00 p.m. © 1986

The roots of Congoleum Corporation are severalfold. In one, the shipbuilders of Congoleum—the craftsmen of Bath Iron Works—trace their ancient craft back to 1607, when colonists near present-day Bath, Maine, built the first oceangoing merchant ship in North America. The 50-ton *Virginia of Sagadahoc* signaled the beginning of the shipbuilding craft that long has been the most important commercial activity on the Kennebec River. For more than 300 years, residents of Bath and the surrounding area have been a part of a shipbuilding tradition recognized around the world—now as a part of Congoleum.

Across Oceans and Centuries—Today, the name Congoleum is most commonly associated with quality sheet vinyl flooring. This aspect of Congoleum's business originated in Scotland in 1847, when young Michael Nairn developed a new floor covering that consisted of blended paints on canvas. At first



FW Wright continued the shipbuilding legacy here in Bath in 1907 by founding Bath Iron Works, which has made history with a long line of "Shrimps" including the construction of U.S. Marine's famous yacht, the *USS Intrepid*.



Until the early 1960s, the methods of making floor coverings had changed little since early in the century. Except for a few minor variations, a floor of the 1950s looked much like a floor of the 1920s—bland and without texture.

Then Congoleum revolutionized the flooring business with new manufacturing technologies. The company's patented chemical embossing processes enabled it to add sparkling color, superior texture and designer style to its products, and to bring sheet vinyl flooring out of the utility category and into that of a fashionable product that enhances any room in the home.

Congoleum now offers more than 300 designs and colors in an assortment of widths in its product line. The company's innovative processes have been so successful that more than 90 percent of the world's sheet vinyl flooring manufacturers now use Congoleum-licensed technology.



Attention to detail and an unyielding commitment to quality have made Congoleum products the industry's standard.



Left: Spreads from a book, *Contrast and Consistency* for Congoleum, a company that had just been taken private in a management buyout making it one of America's twenty largest privately held companies. The "Contrast" refers to the diverse operations: shipbuilding, home furnishings, automotive and industrial distribution. Tom Vack, photographer.

Covers and pages of quarterly magazine for Hyatt employees.



Hyatt
A Quarterly Magazine for Hyatt Employees
Summer 1984

HYATT HOTELS

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6 Service Awarded Plus Gifts for Prisoners People Appreciation and great gifts go hand in hand. Recognizing the fine human touch, Hyatt Hotels International and Hyatt Hotels International are the source of gifts for the new Service Award Program.

8 Health Care Breakthrough: The Green Health Care for a new generation is a new breed of care, especially when considering comprehensive health care benefits. With exciting medical and dental care, employees should carefully consider their health habits and health care.

10 Outdoor City of Fine Hyatt Hotels for All: Like the beauty of the outdoors, Hyatt Hotels International is the source of gifts for the new Service Award Program.

12 Employees Count: The Hyatt Hotels for All: Like the beauty of the outdoors, Hyatt Hotels International is the source of gifts for the new Service Award Program.

Fort Worth, Texas:
We've Got A Lot Under Our Hat

Part of the Dallas-Fort Worth metropolitan area, Fort Worth is a city whose growth has been rapid and long. While it may be the least known of the major cities in the "Twin Cities" area, its growth has been remarkable. It's a city that has grown to become one of America's twenty largest privately held companies. The "Contrast" refers to the diverse operations: shipbuilding, home furnishings, automotive and industrial distribution. Tom Vack, photographer.

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Trademark and brochure for the "Fort Worth Welcome Home" campaign. The Fort Worth Corporation is an organization of businessmen, independent of government or the Chamber of Commerce, dedicated to attracting new industry, particularly hi-tech, to Fort Worth with the theme of livability, competitive land prices and accessibility of air and ground transportation. Gary Blockley, photographer.

Right: "The Beatrice Mission" is an ongoing internal program with posters, caps, buttons, plaques and other material promoting the goal of "Over the next five years Beatrice will emerge as the world's premier marketer of food and consumer products . . ."

Mark for a conference held in New Orleans for Beatrice management in the U.S. food operations.

Logotype for Spiegel, part of consulting and other projects to turn the mail-order company to a more upscale, fashion-oriented direction.

Mark for "Crafted with Pride" campaign of the American Fiber, Textile, Apparel Coalition.



"Fort Worth is a great city not only because of its climate or Sunbelt location. It's a great city because of its people and their can-do attitude."

Rob Dehn
Mayor, Fort Worth

The people of Fort Worth have always shared a can-do attitude. This attitude, fostered by a rich history of business, industry and government confidence, is what fueled a frontier vision into a modern metropolis.

It began in 1849 when General William Jenkins, Fort Worth and Fort Sumner, Texas wilderness. North Texas had been plagued with Indian attacks, and General Jenkins ordered a band of 400 men west of San Antonio, Austin, Waco, and Dallas. Major James Arnold and his cavalry were some among those who reached the frontier. Arnold camped the night before the battle of the Battle of Fort Worth when the 4th Cavalry arrived, bringing news from the Army on November 14 of that year.

Fort Worth was incorporated in 1872, and already was one of the fastest growing cities in the state. Hundreds of new homes with thousands of immigrants built up Fort Worth's growing economy as they across the cedar north westward.

At the turn of the century, local businessmen raised the then astounding sum of \$700,000 to purchase Swift & Co. and American B. Co. to open meat-packing plants in the city. The growth of the meat-packing industry, followed by the West, took off in 1917, and Fort Worth's destiny as a burgeoning metropolis. And by the 1940's, the oil fields had to make room for industrial Fort Worth became the hub of aviation manufacturing.

Throughout Fort Worth's storied past, one thing has remained the same—the land and pride with which Fort Worthers have stepped and captured their rights. Over time, the first settlers found the opportunity, and the success that awaited their endeavors in Fort Worth.

Today, businessmen will find an exceptionally favorable environment with advantages such as competitively priced land, building and utility costs, economical, state corporate or personal income breaks, and a motivated work force.

Fort Worth will find a quality of life that is second to none, with some of the nation's finest facilities, excellent educational opportunities, affordable housing, and a surprisingly low cost of living.

Everyone will find Fort Worth's weather comfortable all year round. The recreational choices are first and foremost. And the cultural attractions are interesting and rewarding.

With the advantages of a rich past and a thriving present, Fort Worth can look to the future with boundless promise.

Fort Worth's rich, varied
heritage is the city's
Western heritage with beautiful
country architecture.





SUPERMARKETING



Siegel

The Beatrice Mission

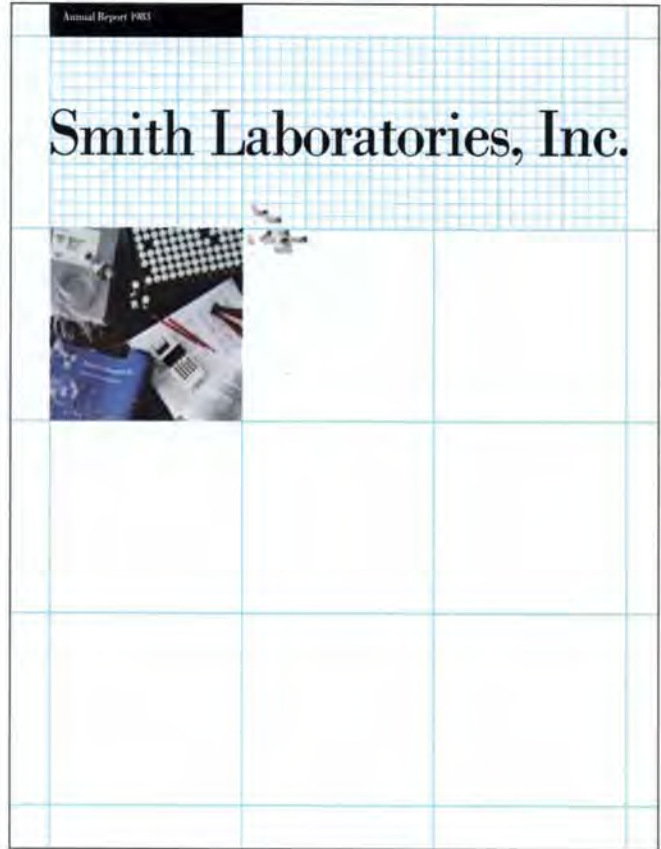
"Over the next five years, Beatrice will emerge as the world's premier marketer of food and consumer products... *the power* in the consumer marketplace, wherever we choose to compete. Each of our brands will be a leader in its category."

Beatrice



BURSON-MARSTELLER DESIGN GROUP

Smith Laboratories annual report. Tom Vack, photographer.
 Spread from a facilities brochure for Micro Data Base Systems.
 Right: Management compensation brochure for Rollins Burdick Hunter. Cover photograph by Howard Bjornson. Spread illustration by Diane Cole.
 Spread from annual report for Chicago and Northwestern Transportation Company. Tom Vack, photographer.



VERSATILITY

KNOWLEDGEMAN

STATE-OF-THE-ART KNOWLEDGE MANAGEMENT SOFTWARE

With KnowledgeMan, MDBS has redefined the meaning of software integration and inaugurated an era of exciting new possibilities for modern knowledge managers. KnowledgeMan and its growing family of optional components provide a single system for accomplishing virtually all aspects of knowledge management.

THE SECRET IS SYNERGY

The essence of KnowledgeMan is its unique, synergistic approach to integration. The KnowledgeMan software family fuses together data management, English-like inquiry, spreadsheet, statistical analysis, forms management, text processing, business graphics, procedural modeling, and other components into a unified whole which is far greater than the sum of its parts.

Ordinary approaches to "integration" are based on such ideas as switching back and forth among components, cutting and pasting data between components, or doing all work from within a single dominant component (usually a spreadsheet). KnowledgeMan's synergistic integration obviates all these inconveniences and restrictions that get in the way of real productivity.

Any of KnowledgeMan's integral components can be used independently of the others. For instance, a user doesn't have to know about spreadsheet processing or text processing in order to make use of data management or graphics facilities.

The ultimate productivity payoff is your ability to use multiple KnowledgeMan components almost seamlessly within a single operation.

The possibilities for blending KnowledgeMan components are virtually unlimited. This synergy allows the knowledge manager to conveniently carry out tasks that are either troublesome or impossible with ordinary "integrated" software and collections of specialized stand-alone products.

BEYOND ORDINARY INTEGRATION

Ordinary integrated software typically has one or two fairly restrictive components - plus a smattering of weaker ones. With KnowledgeMan's synergistic style of integration, functionality is not sacrificed to achieve integration. KnowledgeMan's data management component alone easily surpasses the capacities and capabilities of the most popular stand-alone data managers. Its query component adheres to the relational SQL standard. The com-

putational power and modeling flexibility of the spreadsheet component are comparable to many of the finest stand-alone spreadsheet products. And the graphics component is extensive, even when compared to products that are entirely devoted to business graphics.

ALL-IN-ONE VERSATILITY

Because all of the basic and optional KnowledgeMan components function just as if they were a single program, there is no longer any need to struggle with separate systems in order to benefit from knowledge management software that is both versatile and powerful. Nor is there any need to resort to external operating environments, learning multiple programs, switching among programs, and laborious data transfers in order to get the job done.

EASY TO USE

All interaction with KnowledgeMan is accomplished with a unified conversational language. Extensive on-line help information is available, covering all aspects of conversing with KnowledgeMan. A user can even teach KnowledgeMan to understand his or her own special terms and jargon. In addition, an easy-to-understand book called *Discovering KnowledgeMan* is available to help you get acquainted fast.

Annual Report 1983

Smith Laboratories, Inc.



IMPORT AND EXPORT WITH EASE
 KnowledgeMan's ability to import data makes it easy to escape from the limitations of other microcomputer software and to utilize information downloaded from mainframes as well as output from other microcomputers. KnowledgeMan can also export data in a variety of formats for transmission or other specialized processing. Rounding out KnowledgeMan's open architecture is the freedom to directly execute external software in the midst of KnowledgeMan processing.

APPLICATION DEVELOPMENT FOR MICROCOMPUTERS

KnowledgeMan provides end users with the means for easily solving many of their own knowledge management problems. However, some applications are best handled by data processing professionals. These may be applications that require the expertise of a professional developer, that are to be installed at multiple end user sites, or that must be tightly controlled by the data processing department.

Professional application developers need software tools. And some individuals are ideally suited to take advantage of the most advanced KnowledgeMan features.

A TOTAL SECURITY SYSTEM

KnowledgeMan's data management and query components provide a complete relational data base management system that obscures the old "join/proxy" operations with its high level SQL facilities. Extensive built-in data security mechanisms include encryption and read/write access controls down to the field level, thereby automatically ensuring that access is permitted only for authorized users.

A full structured programming language is built into KnowledgeMan and its optional components. As a result, graphics, data management, multi-color forms processing, text processing, spreadsheet analysis, computational and any other KnowledgeMan commands can be intermingled at will within the control structures of application programs. This processing power and versatility simply do not exist in ordinary programming languages or "hard-boiled" "integrated" software.

POWER TO SHARE

KnowledgeMan allows application programs to dynamically build entire spreadsheet templates or allows each spreadsheet cell to be defined as an entire program. Advanced KnowledgeMan features such as these enable professional developers to conveniently build extraordinary application systems for end users. But the MDBS processing pro don't end with KnowledgeMan. They extend beyond to include MDBS III, the ideal complement to KnowledgeMan and the premier data base management system for small computers.

TOTAL CONTROL AT YOUR FINGERTIPS

KnowledgeMan puts today's knowledge manager at the center of a vast productivity universe. From that point, the worker can turn in any desired direction. And in each direction, a different aspect of knowledge management is immediately accessible. All of these are fused together into a universal system that allows a user to start out on simple problems and to keep growing toward the outermost reaches of KnowledgeMan.

A PARTNER THAT FITS PERFECTLY INTO YOUR SYSTEM

KnowledgeMan runs on dozens of the most common microcomputer systems, including those running under PC DOS, MS-DOS, CP/M-86,

Management
Compensation:
The Carrot
is Mightier
than
the
Stick



Rollins Burdick Hunter Management Compensation Group



long-standing Rollins Burdick Hunter tradition of providing quality services and counsel, now aimed at protection of the human, as well as the physical assets of an individual company.

This brochure describes the variety of services that the Management Compensation Group, through your Rollins Burdick Hunter representative, can offer in this highly specialized field. We also review some critical issues every company should consider before taking action in this important area. We look forward to bringing our combined resources to bear on one of your most critical concerns—effectively keeping the best possible management team in place and motivated for success in the years ahead.



Compensation of top and middle management is a significant and necessary business cost for every organization. The wide variation in executive needs and the broad range

of cost-per-dollar-of benefit make this a complex and important area of corporate concern.

There is no direct relation between benefits and costs. Rather, there are advantages both in tailoring benefits, as well as savings through cash flow and other means without changing benefits. Here are the details.

Deferred Needs. For example, executive "A" has changed employers in mid-career and is starting again at the bottom of the length-of-service formula in his new company's qualified pension plan. This executive may want immediately vested supplementary income to compensate for shortened tenure. Executive "B" is an "up and comer" with a young family. What motivates this executive may be an interest-free loan or wealth accumulation plan to aid in financing problems. Executive "C" has no family or dependents, and seeks flexible investment opportunities for early retirement.

The above executives are different, and demand different benefits options. An appropriately structured



"The race will be won by carriers committed to superior service, a realistic cost structure, and capitalizing on the creative and entrepreneurial energy of their people."



Another source of value added is the North Western employee suggestion system. In return for productive suggestions, an employee receives a percentage of the first-year savings generated.

Productivity improvement is a source of per capita gains at the North Western, because it represents a company-wide employee commitment to becoming the premier regional railroad in the United States.

Financial Resources and Capital Expenditures

Net income dropped in 1984 in part due to net expenses incurred with the beginning of revenue service on the North Western's Powder River coal line and costs associated with the company's bid to acquire the Milwaukee Road. Included in these latter costs is approximately \$2.3 million expended in the development of plans for the acquisition of the Milwaukee Road.

The other significant factor depressing earnings was the relatively low level of grain shipments due in part to lower grain prices and weak Gulf export markets, circumstances over which the North Western had no control and which were exacerbated by oil cuts and southern rail stoppages.

Operating income rose slightly, by 2.8 percent from \$555.9 million in 1983 to \$582.1 million in 1984. Operating expenses also increased by 7.3 percent from \$801.7 million in 1983 to \$847.0 million in 1984.

Net operating revenue was up 6.5 percent to \$58.2 million in 1983, compared to \$58.2 million in 1982. Other income rose almost 41 percent from 1982's \$23.0 million to \$32.5 million, largely due to interest from relatively large amounts of cash on hand in

anticipation of the Milwaukee Road acquisition. This was offset in part by a write-off of related acquisition costs.

Payroll expense for 1984 increased 1.6 percent, due to an increase in the average number of employees from 15,309 in 1983 to 11,122 in 1984 and a 26 cent per hour cost-of-living adjustment for union employees. Union contract provisions providing for general wage increases expired on June 30, 1984. The outcome of national labor negotiations is pending and no actual for back wages was made.

Interest expense increased substantially, \$7.8 percent to \$79.9 million in comparison with \$42.2 million in 1983. In part, this rise is the result of servicing costs associated with debt acquired in 1983 which had its first full-year impact in 1984. It also includes servicing costs for new debt issued in 1984, some of which was in anticipation of the Milwaukee Road purchase, and in addition, in the latter part of the year, interest expense in connection with the start-up of the Powder River Basin coal project.

During 1984, two bond issues were successfully sold. The first for \$75.0 million was sold in February 1984. Net proceeds of the issue provided \$25.0 million of equity investment in the Powder River Basin line and the remainder was used for rehabilitation work on the North-South main line and other capital projects. The second issue, for \$50.0 million, was sold in August 1984 with \$18.2 million of the net proceeds applied to maturing 1984 debt and the balance to be applied to repay certain long-term debt or for such other purposes as may be approved by the Interstate Commerce Commission (ICC).

The bond issues are for 20 years with no principal payments for 10 years. The Powder

River Basin line principal payments begin in about four years and are payable over a 10-year period. That, as with nearly all North Western's debt, these two major items are payable in installments.

At the close of 1984, cash, temporary cash investments and funds on deposit totaled a record \$171.7 million, reflecting the unmet portion of the \$50.0 million bond sale proceeds, in comparison to 1983's \$130.4 million. Year-end working capital stood at \$53.3 million, down 30.1 percent from 1983's record \$76.2 million.

Capital expenditures during 1984 totaled \$292.1 million, compared to \$279.0 million in 1983. These very high levels reflect in both years acquisition and construction costs related to the Powder River Basin line and the North-South main line.

Capital Expenditures	1984	1983
ACQUISITION OF TRACKAGE	—	\$53.0
North-South Main Line	—	75.2
Wyoing Coal Project	3.4	—
Other	—	—
TRACK AND OTHER ROADWAY IMPROVEMENTS	58.4	72.7
North-South Main Line	141.3	215.5
Wyoing Coal Project	4.0	8.2
Freight yards, shops and shays	62.5	43.0
Other	10.2	11.1
LOCOMOTIVES AND FREIGHT EQUIPMENT	9.0	2.3
ROADWAY MACHINERY AND WORK EQUIPMENT	2.3	1.0
ALL OTHER	—	—
Total	\$292.1	\$279.0

