CHICAGO AURORA AND ELGIN RAILWAY COMPANY

400 WEST LIBERTY DRIVE
WHEATON, ILLINOIS

May 7, 1952

To Our Shareholders:

I should like to take this opportunity to explain to you the present situation of your railroad as affected by the proposed construction of the Congress Street Superhighway, an express highway which will extend westward from downtown Chicago to the Cook County line.

The Aurora and Elgin has never owned the right of way and track entering downtown Chicago. For a distance of approximately six miles (from Laramie Avenue east) the trains of your company operate on the elevated structure now owned by the Chicago Transit Authority and used by its Garfield Park Rapid Transit line.

The plans for the construction of the Superhighway provide for the tearing down, by September 1 next, of about 2.3 miles of this elevated structure. Eventually, it is planned to substitute tracks in the median strip between the eastbound and westbound lanes of the Superhighway. But, for at least four to five years, the trains which now use the elevated structure will be required to operate on the surface of Van Buren Street across seventeen street intersections, including a number of Chicago's busiest streets. No crossing protection will be provided at these intersections but it is proposed that the movement of traffic, both train and automobile, will be controlled by conventional traffic signal lights.

This operation would be so hazardous for Aurora and Elgin trains and would cause so much delay and consequent loss of revenue and increase in expenses that your Board has objected to this plan from the beginning.

When it became apparent that the City of Chicago would not change the plan for surface operation, we filed with the Illinois Commerce Commission (last January) a petition proposing (1) permanent discontinuance of passenger rail operation west of Wheaton; (2) discontinuance of passenger rail operation east of Wheaton pending completion of the Superhighway; and (3) substitution of a motor bus operation to take care of the transportation needs of the communities served by the Aurora and Elgin. The motor buses would not operate into the heavily congested downtown area of Chicago but would go into the terminals of the Chicago Transit Authority's Lake Street and Douglas Park Rapid Transit lines. Extensive hearings on this petition have been held and are still going on before the Commission. It is hoped that an early decision will be rendered.

In the meantime, the Chicago Transit Authority has just proposed an alternative plan under which its Garfield Park line would extend to a terminal between Desplaines Avenue, Forest Park, and First Avenue, Maywood. Under this plan, the County of Cook would purchase for cash the Aurora and Elgin right of way from Laramie Avenue to such terminal (which the County needs for its portion of the Superhighway) and would permit the Chicago Transit Authority to use this right of way for its Garfield Park line and to pay for the same over a

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period of years. If this plan goes into effect, the Aurora and Elgin would be willing to operate its rail service from Wheaton to such terminal, where passengers would transfer to Chicago Transit Authority trains. The area west of Wheaton would still be better served by motor bus. When the Superhighway is eventually completed and tracks installed either alongside the Superhighway or in the median strip, there would be a grade separated right of way all the way from this terminal to downtown Chicago. This would permit a high speed rail service from Wheaton east comparable to the best in the country. On express trains, the total running time from Wheaton to the Chicago loop, a distance of 25 miles, would be from 30 to 35 minutes. That portion of the rail service to be furnished by the Aurora and Elgin could be accomplished with a minimum of equipment so that the old wooden cars could be retired and only the all-steel cars, or perhaps newer and better cars, would be used in the Aurora and Elgin trunk line operation.

Freight service west of Wheaton (and possibly east of Wheaton as well) could be furnished either by the Aurora and Elgin or by one of the connecting larger railroads, which would be able to make even better use of the existing freight facilities than the Aurora and Elgin.

The County of Cook, the Chicago Transit Authority and the Aurora and Elgin are now making a study of whether this plan can be put in effect. It is intended to reach a decision on this by June 1.

Because of these matters and since action by the stockholders may be necessary to pass upon developments which should take place shortly, it was deemed advisable to postpone the annual meeting of stockholders ordinarily held in May. You will be notified immediately of any major developments and of the time and place of the meeting as soon as possible.

Very truly yours,

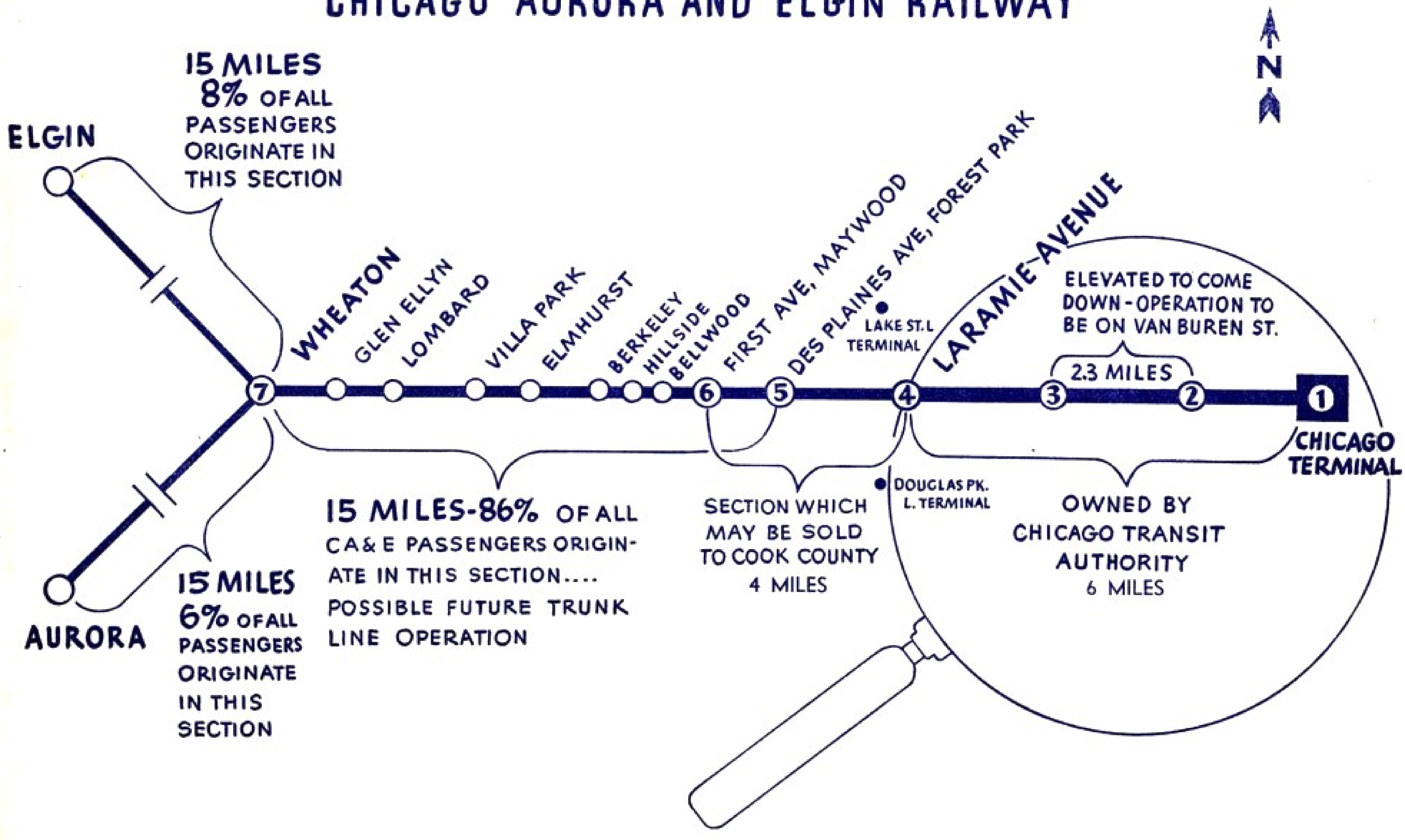
KENNETH VAN SICKLE,
Chairman of the Board

MAY 7, 1952.

P. S. For your information, an outline map showing the location of the line and the places referred to is shown on the opposite page.

The December 31, 1951 balance sheet of Chicago, Aurora and Elgin Real Estate Liquidating Corporation appears on the last page of this folder.

Simplified Map
CHICAGO AURORA AND ELGIN RAILWAY



CHICAGO, AURORA AND ELGIN REAL ESTATE LIQUIDATING CORPORATION

Balance Sheet as of December 31, 1951

ASSETS

Investments:		
Appraisal Value of Remaining unsold parcels of Real Estate conveyed by the C.A.&. E. RR Co.		$ 89,065.00
Current Assets:		
Cash in Bank	$ 20,870.84	
Special Deposit with American National Bank and Trust Company for the payment of Declared Liquidating Dividends	17,534.42	
Accounts Receivable	40.00	
Total Current Assets		38,445.26
Total Assets		$127,510.26

LIABILITIES

Current Liabilities:		
Accounts payable	$ 830.78	
Declared Liquidating Dividends payable	17,534.42	
Total Current Liabilities		$ 18,365.20
Capital Stock:		
Common Capital Stock Outstanding 471,924 shares at 30¢ per share		141,577.20
Surplus:		
Appraisal Surplus arising from appreciation in value of Real Estate Investments	89,065.00	
Earned Surplus (*Deficit*)	*(121,497.14)*	
Total Surplus (*Deficit*)		*(32,432.14)*
Total Liabilities		$127,510.26

As shown on the balance sheet, appearing above, as of December 31, 1951, the corporation had cash in bank totaling $38,405.26, of which $17,534.42 was set aside for payment of previously declared liquidating dividends. So the stockholders may have a clearer understanding of the situation, the remaining six parcels of real estate owned by the corporation at the end of the year are shown on the balance sheet at their aggregate appraised value ascertained by an independent appraiser in 1946. Of course, it should be borne in mind that this does not necessarily represent actual cash value although your officers will make every effort to realize as much as possible from the sale of the properties.

During the year 1951, one parcel of property was sold amounting to $3,500.00, leaving six properties still to be sold. Vigorous efforts are being made to move the remaining parcels so as to make possible a final liquidating dividend.