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A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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March 7, 1985

REGISTRATION NO. 14590
FILING 14590
5-070A035 C-1175

VIA FEDERAL EXPRESS

Ms. Mildred Lee
c/o Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Room 2303-
Washington, D.C. 20423

MAR 11 1985 1 45 PM
Date: MAR 11 1985
Fee \$ 10.00
ICC Washington, D.C.

Alaska Railroad Corporation ICC Filing

Dear Ms. Lee:

As we discussed over the telephone Wednesday, enclosed for filing and recordation pursuant to the provisions of 49 USC §11303 are one original and three copies of a Conditional Sales Agreement. This document relates to thirty triple platform articulated flatcars marked as follows: ARR 19,100-19,129. Each platform is designated by either A, B, or C lettering.

The names and addresses of the parties to the transaction evidenced by the Conditional Sales Agreement are as follows:

- Seller: Chase Manhattan Service Corporation
800 Wilshire Blvd.
Los Angeles, CA 90018
- Buyer: Alaska Railroad Corporation
419 West First Avenue
Anchorage, Alaska 99501
- Builder: PACCAR, INC.
1400 North Fourth Street
Renton, Washington 98055

MAR 11 1985
1 45 PM
ICC WASH DC

I understand that you have received under cover of separate letters original executed notarized signature pages from PACCAR and from Chase Manhattan Leasing Company, and that you will receive on Monday, March 11, 1985, executed notarized signature pages from the Alaska Railroad Corporation via Federal Express. I would appreciate it if you would assemble these signature pages with the enclosed Agreement and then staple all of the documents together.

Donna Lilly
[Signature]

AND DIVISION OF REVENUE

THE FIRM WHITE & MEAD LTD
ATTORNEYS

THE FIRM WHITE & MEAD LTD
ATTORNEYS
100 BROADWAY
NEW YORK

NOV 11 1931
RECEIVED

CHRYSLER & CO BOND DIVISION

RECEIVED
NOV 11 1931
RECEIVED

RECEIVED
NOV 11 1931
RECEIVED

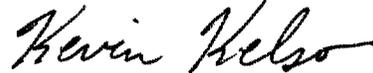
It is requested that the Conditional Sales Agreement be filed and recorded under the names of the parties as set forth above.

I have also enclosed a check in the amount of \$10.00 for the required recordation fee.

Please return: (1) Your letter acknowledging the filing, (2) a receipt for the \$10.00 filing fee, (3) the enclosed copy of this letter, and (4) the original and two copies of the document (retaining one copy for your files), all stamped with your official recordation information.

If you have any further questions, please feel free to call me at (415) 772-6577.

Very truly yours,



C. Kevin Kelso

Enclosures

3/11/85

Interstate Commerce Commission
Washington, D.C. 20423

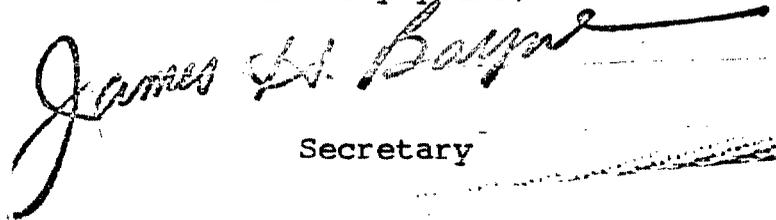
OFFICE OF THE SECRETARY

C. Kevin Kelso
Heller, Ehrman, White & McAuliffe
44 Montgomery Street
San Francisco, Calif. 94104

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/11/85 at 1:19~~pm~~^{pm} and assigned re-
recording number(s). 14590

Sincerely yours,


Secretary

Enclosure(s)

CONDITIONAL SALES AGREEMENT

REGISTRATION NO. 14590
MAR 11 1985 1 52 PM
INTERSTATE COMMERCE COMMISSION

THIS CONDITIONAL SALES AGREEMENT ("Agreement") is made and entered into as of March 5, 1985, by and among PACCAR, Inc., a Delaware corporation ("Builder"), Chase Manhattan Service Corporation, a New York corporation ("Seller"), and Alaska Railroad Corporation, an Alaska public corporation ("Buyer").

R E C I T A L S

A. Buyer has delivered a purchase order (the purchase order and all exhibits and attachments thereto referred to as the "Purchase Order") to Builder in the form attached hereto as Exhibit A, ordering 30 articulated intermodal railway flat cars.

B. The Purchase Order contemplates that the equipment will be financed by Seller pursuant to a conditional sales agreement.

C. Builder is willing to sell the equipment ordered by Buyer on the terms and conditions set forth in this Agreement.

D. Seller is willing to finance the purchase price for the equipment, subject to retention of a security interest in the equipment and in consideration of Buyer's agreement to pay Seller the Installment Payments, all as described in this Agreement.

A G R E E M E N T

THE PARTIES AGREE AS FOLLOWS:

1. Purchase

Buyer, having been quoted both a time price by Seller and a cash price by Builder, hereby purchases, and Builder hereby sells, on a cash price basis, the equipment ("Equipment") described in the Purchase Order, which is incorporated herein by reference in accordance with the terms and conditions of this Agreement. Builder hereby assigns to Seller Builder's right to receive the cash basis purchase price in consideration of Seller's payment to Builder of the purchase price for the Equipment as provided in this Agreement. Buyer, Seller, and Builder may by mutual written agreement modify Exhibit A to reflect subsequent purchases of Equipment.

2. Term. This Agreement shall commence on the date hereof and shall continue until all the obligations are fulfilled hereunder, unless sooner terminated as to all or any part of the Equipment, as provided herein.

3. Delivery, Inspection. Within a reasonable time before the Closing Date and each Additional Closing Date, if any, Builder shall make the Equipment available for inspection and acceptance by Buyer at Builder's plant in Renton, Washington. Builder shall provide and maintain an inspection system pursuant to Section E of the Purchase Order.

4. Acceptance; Payment; Risk of Loss; Transportation.

(a) Buyer shall inspect the Equipment promptly after Builder makes the Equipment available for inspection. If the Equipment conforms to the Specifications attached to the Purchase Order (the "Specifications"), Buyer shall, on or before the Closing Date (as defined below) and each Additional Closing Date, if any, execute and deliver to Builder and Seller a certificate of acceptance (the "Certificate of Acceptance"), substantially in the form of Exhibit C attached hereto, with respect to such Equipment, (i) acknowledging receipt of the Equipment in good condition and repair and (ii) accepting it as satisfactory in all respects for the purposes of the Agreement. If Buyer does not accept one or more units, Buyer shall immediately notify Builder and Seller in writing of Buyer's rejection and shall state each respect in which Buyer believes the Equipment does not conform to the Specifications.

(b) The Closing Date for the initial purchase of Equipment shall be 10 a.m., San Francisco time, on March 11, 1985 or such earlier date as the parties may mutually agree. Provided that all conditions set forth in Paragraph 12 have been satisfied before the Closing Date, as soon as practicable after the Closing Date Seller shall finance the purchase price for all Equipment accepted by Buyer under Paragraph (a) above by delivering to Builder an amount equal to the purchase price which, if all the Equipment is so accepted, is \$83,142.00 per flat car, for a total purchase price of \$2,494,260.00. Seller shall deliver such amounts by means of wire transfer to such account or accounts as Builder may designate. Seller shall not be obligated to finance the purchase price on the Closing Date for any Equipment that Buyer has not accepted on or before the Closing Date; and Builder shall be obligated to deliver the Equipment to Buyer only when each condition set forth in Paragraph 12 has been either (a) satisfied or (b) waived by Seller.

(c) The parties acknowledge that certain units of the Equipment may not be made available for inspection and acceptance by Buyer, or may not be accepted by Buyer, in time to be purchased at the Closing Date. If Buyer accepts any such additional Equipment before the Cut-Off Date (as defined below), then the parties shall establish a mutually agreeable closing date ("Additional Closing Date") for the purchase of such Equipment. Provided that all conditions set forth in Paragraph 12 are satisfied before the Additional Closing Date with respect to such additional Equipment, as soon as practicable after the Additional

Closing Date Seller shall finance the purchase price for such Equipment to Buyer in the manner specified in Paragraph (b) above.

(d) Builder shall make all deliveries of Equipment to its Renton, Washington plant for acceptance by Buyer under this Agreement and shall complete such deliveries no later than April 25, 1985 (the "Cut-Off Date"). Buyer shall not be obligated to accept, and Seller shall not be obligated to finance, any Equipment that is not so delivered before the Cut-Off Date. The final Additional Closing Date, if any, relating to any Equipment shall occur no later than May 10, 1985.

(e) Buyer shall pay to Seller the amounts ("Installment Payments") specified on Exhibit B attached hereto at the times specified thereon with respect to Equipment purchased at the Closing Date. The first Installment Payment for the Equipment purchased on the Closing Date shall be paid to Seller on the Closing Date.

(f) The Closing Date or Additional Closing Date, if any, relating to units of Equipment, or any later date that Seller chooses, shall be the "Payment Commencement Date." Buyer's obligation to make the Installment Payments for accepted Equipment shall commence on the Payment Commencement Date. If an Additional Closing Date occurs on a date other than the tenth day of the month, then the Payment Commencement Date relating to Equipment purchased on such Additional Closing Date shall commence on the tenth day of the earlier of that month or the next month, and on such Payment Commencement Date Buyer shall pay Seller a sum, in addition to the initial Installment Payment due on such date, equal to interest on the total purchase price for such equipment at an annual rate of 10.50% simple interest from the Additional Closing Date to the Payment Commencement Date. Installment Payments for Equipment purchased at an Additional Closing Date will be covered by a separate Exhibit B and shall be made without regard to other Exhibit Bs relating to other Installment Payments.

(g) All payments required to be made to Seller hereunder shall be made at Seller's principal office or as may be otherwise directed by Seller or its assignee. If any payment to Seller required herein is not paid on or before its due date, Buyer shall pay to Seller an additional payment equal to 5% of any such late payment or the maximum rate permitted by law, whichever is less.

(h) Buyer shall arrange to have the Equipment delivered to Buyer's location in Alaska, and Buyer shall pay for all freight and transportation charges. Buyer assumes all risk of loss upon acceptance by Buyer and delivery of the Equipment by Builder to the carrier. In the event of loss or damage thereto, Buyer shall nevertheless continue to make the Installment Payments due hereunder and shall repair or replace the Equipment as appropriate; provided, however, that in the event of a Casualty Occurrence,

Buyer's obligation to make Installment Payments shall be governed by the provisions of Paragraph 15 below.

(i) Unconditional Obligation to Pay Installment Payments. Buyer's obligation to pay all Installment Payments due Seller under this Agreement and all other amounts due Seller under this Agreement shall be absolute and unconditional. Buyer's obligation to pay Installment Payments to Seller shall not be affected by any amendment, modification, termination of, or any adjustment of the price or specifications for any Equipment under any other agreement relating to the Equipment, including without limitation the Purchase Order.

Buyer shall not be entitled to assert against Seller or Seller's assignee, if any, any claims or defenses by way of abatement, defense, set off, counterclaim, recoupment, or the like that Buyer may have against Seller (or any assignee) or any other third party, including Builder or any other manufacturer of the Equipment, including but not limited to claims or defenses relating to this Agreement or the Equipment, in any action by Seller (or any assignee) against Buyer for failure to make any Installment Payment or any other payment due under this Agreement. It is the intention of Buyer and Seller that the Installment Payments and other amounts due Seller hereunder shall continue to be payable in all events in the manner and at the times herein provided. If the Equipment is not properly installed, does not operate as represented or warranted by Builder or by any other manufacturer or supplier thereof, or is unsatisfactory for any reason, Buyer shall make any claim on account thereof solely against Builder or such other manufacturer or supplier and shall, nevertheless, pay Seller all Installment Payments and other amounts due under this Agreement without any abatement or offset whatsoever.

5. Taxes, Charges, and Liens. Buyer agrees to pay, when due, all license fees, assessments, charges, and sales, use, property, excise, and other taxes now or hereinafter imposed by any governmental body or agency upon the Equipment, or the use thereof or earnings arising therefrom, other than taxes on or measured by the net income of Seller, and Buyer will keep at all times all and every part of the Equipment free and clear of all taxes that might in any way affect the security interest of Seller or result in a lien upon any part of the Equipment; provided, however, that Buyer shall be under no obligation to pay any taxes of any kind so long as it is contesting such taxes in good faith and by appropriate legal or administrative proceedings and the nonpayment thereof does not, in the reasonable opinion of Seller, adversely affect the security interest or property or rights of Seller in or to the Equipment or otherwise under this Agreement. Any fees, taxes, or other lawful charges paid by Seller for the account of Buyer, or upon failure of Buyer to make such payments, shall become immediately due from Buyer to Seller.

6. Title and Security Interest.

(a) Except as otherwise specifically provided in Paragraph 15 below, when and only when Seller shall have been paid the full indebtedness in respect of all Installment Payments and all other payments due hereunder, absolute right to possession of, title to, and interest in the Equipment shall pass to and vest in Buyer without further transfer or action on the part of Seller.

(b) To secure all of its obligations hereunder, Seller shall and hereby does retain a security interest in any and all right, title, and interest of Buyer in this Agreement and the Equipment until Buyer has made all payments under this Agreement and has performed all of its obligations under this Agreement. Buyer agrees to execute and deliver all financing statements and other instruments necessary or appropriate to perfect and evidence such security interest.

(c) Buyer, at its expense, will cause this Agreement and all supplements hereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded, and filed in such manner and in such places (whether within or without the United States of America) as may be required by law in order fully to preserve and protect the rights of the Seller. Buyer will at its expense obtain the opinions of counsel required by this Agreement.

7. Marking of Equipment. Buyer at its expense will cause each unit of the Equipment to be kept numbered with the identifying number of Buyer and will keep and maintain, plainly, distinctly, permanently, and conspicuously marked on each side of each Unit, in letters not less than one and one-half inches in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT," or other appropriate words designated by Seller, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Seller's interest in the Equipment and its rights under this Agreement. The flat cars constituting the Equipment shall be consecutively numbered beginning with "ARR19100" and ending with "ARR19129." Buyer will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such numbers and markings have been made thereon and will replace or will cause to be replaced promptly any such numbers and markings which may be removed, defaced, or destroyed. Buyer will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement has previously been delivered to Seller and filed, recorded, and deposited by or on behalf of Buyer in all public offices where this Agreement is or is required to be filed, recorded, or deposited. Except as provided in this Paragraph 7, Buyer will not allow the name of any person, association, or corporation to be placed on any unit as a designation that might be interpreted as a claim of ownership.

8. Alterations; Interchange Rules.

(a) Without the prior written consent of Seller, Buyer shall not make any alterations, modifications, or attachments to the Equipment which cannot be removed without materially damaging the functional capabilities or economic value of the Equipment.

(b) Rules, Laws, and Regulations. Buyer shall comply with all laws, regulations, requirements, and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission, and the Interchange Rules or Supplements thereto of the Mechanical Division, Association of American Railroads, as the same may be in effect from time to time) (the "Interchange Rules") with respect to the title, use, and maintenance of each item of Equipment. In case any equipment or appliance is required to be altered, added, replaced, or modified on any item of Equipment in order to comply with such laws, regulations, requirements, or rules, Buyer agrees to make, or cause to be made, such alterations, additions, replacements, or modifications at Buyer's sole expense.

9. Hold Harmless.

(a) Buyer shall indemnify Seller against, and hold Seller harmless from, any and all injuries, claims, actions, proceedings, damages, or liabilities, regardless of the cause thereof, and all expenses in connection therewith, including, without limitation, reasonable attorneys' fees, arising in connection with the Equipment, including, without limitation, the selection, purchase, delivery, possession, use, operation, storage or return of the Equipment, the recovery of claims under insurance policies thereon, or any breach of this Agreement.

(b) Each of Buyer and Builder agree to indemnify, protect and hold harmless Seller to the full extent provided in the "Patent Indemnities" section of Exhibit I to the Purchase Order, and the language of such section is hereby incorporated by reference, with Seller being substituted for Buyer in the case of Builder's indemnity obligations, and Seller being substituted for Builder in the case of Buyer's indemnity obligations, as stated in the Purchase Order.

10. Insurance. Buyer shall at its expense procure and maintain public liability insurance policies with a limit per occurrence of at least \$1,000,000 and an aggregate limit of at least \$3,000,000. Buyer shall also maintain cash reserves throughout the term of this Agreement in an amount of not less than \$1,000,000; such reserves shall be in lieu of casualty insurance and shall be used to pay the Casualty Value of units of the Equipment in the event of a Casualty Occurrence and to repair other loss or damage to the Equipment. All such policies of insurance shall be in form and substance acceptable to Seller, with loss payable to Seller, its assignee, and/or Buyer as their interests

may appear. Buyer shall deliver to Seller policies or certificates of insurance evidencing such coverage before the Closing Date and any subsequent Additional Closing Date. Each policy shall provide for thirty (30) days written notice to Seller or its assignee of the cancellation or material modification thereof.

11. Warranties.

(a) Buyer warrants and represents to Seller that:

(i) Buyer's obligation under this Agreement constitutes an obligation issued on behalf of a state or political subdivision within the meaning of Treasury Regulation 1.103-1(b); any interest derived under this Agreement will be exempt from federal income taxation under Section 103 of the Internal Revenue Code, and Buyer will at all times throughout the term of this Agreement take all actions (or refrain from taking any actions) that are necessary or appropriate to ensure such exemption and will use its best efforts to secure similar action (or non-action) from third parties, including without limitation the State of Alaska; and this Agreement represents a valid deferred payment obligation for the amount herein set forth of a bona fide Buyer, as described in Section 103 of the Internal Revenue Code, having legal capacity to enter into the same and is not in contravention of any Town, City, District, County, or State statute, rule, regulation, or other governmental provision. In the event that a question arises as to Buyer's qualification as a political subdivision, Buyer agrees to execute a power of attorney authorizing Seller to apply to the Internal Revenue Service for a letter ruling with respect to the issue. Until all of its obligations under this Agreement are discharged, Buyer will keep a complete and accurate record of all assignments of this Agreement in form sufficient to comply with Section 103(j) of the Internal Revenue Code and the regulations, proposed or existing, from time to time promulgated thereunder.

(ii) Buyer is a nonprofit corporation duly organized, validly existing, and in good standing under the laws of the State of Alaska; has the corporate power and authority to own and operate its properties and to carry on its business as now conducted; and as of the date of this Agreement has no subsidiaries. The Agreement has been duly authorized, executed, and delivered by Buyer, and the Agreement and the transactions contemplated hereby have been duly authorized by all necessary actions by Buyer.

(iii) When executed by Buyer, the Agreement will constitute a legal, valid, and binding obligation of Buyer enforceable in accordance with its terms.

(iv) The execution, delivery, and performance of this Agreement by Buyer will not result in any violation of, be in conflict with, or constitute a default under: any provision of Buyer's Articles of Incorporation, Bylaws, or other charter

documents; any provision of any judgment, decree, or order to which Buyer is a party; any material contract, obligation, or commitment to which Buyer is a party; or any statute, rule, or government regulation applicable to Buyer.

(v) The Agreement creates a valid security interest in favor of Seller in the Agreement and each unit of Equipment being financed by Seller under this Agreement.

(vi) The insurance referred to in Paragraph 10 will, as of the Closing Date and each Additional Closing Date, if any, be in full force and effect for each unit of Equipment being settled for on such date.

(vii) Buyer has furnished Seller with an audited balance sheet and statement of income as of November 1984 (together, the "Financial Statements"). The Financial Statements have been prepared by employees of Buyer in accordance with the accounting policies and practices followed by the United States government. The Financial Statements fairly present the information contained therein. Buyer will, promptly after they are prepared and, with respect to quarterly information, upon Seller's request, furnish to Seller each of its unaudited quarterly and audited annual balance sheets and statements of income for each quarter and year during the term of this Agreement. In addition, promptly after they are prepared, Buyer will furnish Seller with the initial audited financial statements reflecting the transfer of assets and liabilities from the United States Department of Transportation to the State of Alaska. Such financial statements will be prepared in accordance with generally accepted accounting principles applied on a consistent basis. Buyer also shall furnish any subsequent financial statements relating to such transfer when they become available. If Seller so requests, Buyer will at its expense also furnish Seller with copies of any reports or other documents filed by Buyer with any federal or state regulatory agencies, including the Interstate Commerce Commission, relating to the status, use, or condition of the Equipment.

(viii) As of the date of this Agreement, there exists no event of default as defined in Paragraph 20 below.

(b) Builder represents and warrants to Seller that:

(i) Each unit of the Equipment has been constructed in accordance with the Specifications.

(ii) The design, quality, and component parts of each unit of the Equipment conform, on the date of completion of manufacture thereof, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads ("AAR") reasonably interpreted as then being applicable to each such unit of Equipment, and each such

unit will be new railroad equipment at the time it is delivered to Buyer under this Agreement.

(iii) At the time of delivery and acceptance of each unit of Equipment under this Agreement, Builder has and will have good title to such unit, free and clear of all claims, liens, security interests, and other encumbrances of any nature (except those created under this Agreement); and upon financing of the Equipment at the Closing Date and the Additional Closing Dates, if any, title shall pass to Seller, and the right to possession of the Equipment shall pass to Buyer subject to Seller's interest in the Equipment under this Agreement.

(iv) Builder's warranties and indemnities regarding material and workmanship as contained on Exhibit I to the Purchase Order are hereby incorporated by reference and made by Builder to Seller.

(v) Builder shall not take any action pursuant to the Purchase Order, including the exhibit thereto entitled "Contract Provisions," or pursuant to any other documents executed by Buyer and Builder relating to the Equipment, that might impair Seller's rights regarding or security interest in any item of the Equipment as set forth in this Agreement. To the extent any provision of this Agreement conflicts with any term of the Purchase Order, Builder agrees that the provisions of this Agreement shall control.

(vi) Builder is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

12. Conditions to Seller's Obligations. Seller's obligation to deliver to Builder the purchase price for any units of the Equipment and otherwise to become obligated to Builder or Buyer in any way, are subject to the satisfaction, at or before the Closing Date and each Additional Closing Date, if any, of each of the following conditions:

(a) Seller has received an opinion of counsel for Buyer in substantially the form attached as Exhibit D;

(b) Buyer has delivered an executed Certificate of Acceptance to Seller and Builder and has accepted the Equipment to be sold as of the date of this Agreement;

(c) Buyer has procured all policies of insurance described in Paragraph 10;

(d) Buyer has delivered to Seller a Certificate of Secretary in substantially the form attached as Exhibit E hereto;

(e) Seller has received from Builder a Bill of Sale in substantially the form attached as Exhibit F hereto (or such other form as is reasonably satisfactory to Seller);

(f) The representations and warranties contained in Paragraph 11 shall be true in all material respects on as as of the Closing Date and each Additional Closing Date, if any;

(g) All corporate and legal proceedings taken by Buyer and Builder in connection with the transactions contemplated by this Agreement and all documents and papers relating to such transactions shall be satisfactory to Seller and Seller's counsel, in the reasonable exercise of Seller's judgment and the judgment of Seller's counsel; and

(h) Buyer has paid or will pay on the Closing Date and the Additional Closing Date, if any, the initial Installment Payment relating to the Equipment purchased on such date.

13. Disclaimer of Warranties. BUYER HAS SELECTED BOTH (A) THE EQUIPMENT AND (B) THE BUILDER OR OTHER SUPPLIER FROM WHOM BUYER IS TO PURCHASE IT. SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING THE CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT OR ANY COMPONENT THEREOF, ITS MERCHANTABILITY, OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, AND, AS TO SELLER, BUYER PURCHASES THE EQUIPMENT AS IS, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN BUYER AND SELLER, ARE TO BE BORNE BY BUYER.

14. Use and Maintenance. Buyer shall use the Equipment in a careful and proper manner, in compliance with all applicable laws and regulations, and at its sole expense and cost, maintain the Equipment in good repair, condition, and working order, suitable for use in interchange in accordance with the Interchange Rules. Buyer shall not damage and shall not permit any damage of any part of the Equipment or take or permit any action that might prejudice Seller's security interest in the Equipment.

15. Casualty Occurrences.

(a) For purposes of this Paragraph 15, the following terms shall have the following meanings:

(i) A "Casualty Occurrence" shall have occurred in the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by Buyer for a period of 90 consecutive days during the

term of this Agreement, or before such unit shall have been returned in the manner provided in Paragraph 21 below.

(ii) The "Casualty Notice" shall mean a notice delivered by Buyer to Seller promptly after the occurrence of any Casualty Occurrence fully notifying Seller of the occurrence of the Casualty Occurrence.

(iii) "Casualty Payment Date" shall mean the next date of which any portion of an Installment Payment is due.

(iv) The "Casualty Value" of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be the figure specified on the Casualty Schedule attached hereto as Exhibit G as the Casualty Value for the Casualty Payment Date on which the Casualty Payment is due in respect of such Casualty Occurrence.

(b) In the event that any unit of the Equipment suffers a Casualty Occurrence, Buyer shall, promptly after it learns of such Casualty Occurrence, notify Seller and describe the Casualty Occurrence to Seller. On the Casualty Payment Date relating to such Casualty Occurrence, Buyer shall pay to Seller a sum equal to the Casualty Value as of such Casualty Payment Date of such unit suffering a Casualty Occurrence. Buyer shall file, or cause to be filed, with Seller a certificate setting forth the Casualty Value of such unit. Seller will prepare and deliver to Buyer a revised schedule of Installment Payments thereafter to be made, adjusted to reflect payment of such Casualty Value.

(c) Upon payment by Buyer to Seller of the Casualty Value of any units of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to, and property in such units shall pass to and vest in Buyer, without further transfer or action on the part of Seller, except that Seller, if requested by Buyer, will execute and deliver to Buyer, at the expense of Buyer, an appropriate instrument confirming such passage to Buyer of all the Seller's right, title, and interest, and the release of the Seller's security interest, in such units, in recordable form.

(d) If Seller receives any insurance proceeds or condemnation payments in respect of units suffering a Casualty Occurrence, Seller shall, subject to Seller having received payment of the Casualty Value, pay such insurance proceeds or condemnation payments to Buyer. Insurance proceeds or condemnation payments received by Seller in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to Buyer upon proof satisfactory to Seller that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

16. Seller's Right of Inspection. Subject to Buyer's normal security provisions, Seller shall have the right to enter into and

upon the premises where the Equipment is located to inspect the Equipment and observe its use during normal business hours. Waiver of liability or other restrictions shall not be imposed as a site access requirement.

17. Reports. On or before March 11 of each year, commencing with the calendar year 1986, Buyer will furnish to Seller an accurate statement (a) setting forth as at the preceding January 1 the amount, description, and number of all units then purchased hereunder, the amount, description, and numbers of all units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs), and such other information regarding the condition and state of repair of the units as Seller may reasonably request, (b) stating that, in the case of all units repainted or repaired during the period covered by such statement, the numbers and the markings required by this Agreement have been preserved or replaced, (c) stating that Buyer is in compliance with the requirements under this Agreement as to maintenance and insurance and describing in reasonable detail any insurance then being maintained in respect of the units and in respect of any similar equipment owned or leased by Buyer, and (d) stating that, based on advice of counsel, all filings, registrations, recordings, and deposits and all refilings, reregistrations, rerecordings and redeposits necessary for the proper protection of Seller's rights in the Equipment have been duly made.

18. Assignment; Liens; No Right of Set-Off.

(a) Buyer shall not to sell, assign, lease, license, pledge or otherwise encumber or suffer a lien or encumbrance upon or against any interest in the Agreement, the Equipment, or the Installment Payments without Seller's prior written consent, which consent shall not be unreasonably withheld. Buyer's interest herein may not be assigned or transferred by operation of law. Seller may, at any time and from time to time, assign all or any part of its interest in the Equipment, this Agreement, or the Installment Payments including, without limitation, Seller's rights to receive the Installment Payments and additional payments due and becoming due. After the giving of notice of such assignment to Buyer, Buyer shall thereafter make all payments in accordance with the notice to the assignee named therein and shall, if so requested, acknowledge such assignment in writing within fifteen (15) days after request therefor, but such acknowledgment shall in no way be deemed necessary to make the assignment effective. Seller's assignee shall be entitled to enforce the rights so assigned but shall be under no liability to Buyer to perform any of the obligations of Seller hereunder, the sole remedy of Buyer being against Seller, and Buyer's rights hereunder as against Seller shall be unaffected except as herein specifically provided. After notice of such an assignment, Buyer shall name the assignee as additional insured and loss payee in any insurance policies obtained or in force. Any assignee of Seller may reassign this

Agreement and its interest in the Equipment and the Installment Payments to any other person who, thereupon, shall be deemed to be Seller's assignee hereunder.

(b) Buyer will pay or discharge any and all sums claimed by any party from, through, or under Buyer or its successors or assigns which, if unpaid, might become a lien, charge, or security interest on or with respect to the Equipment, or any unit thereof. Buyer will promptly discharge any such lien, charge, or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof is being contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of Seller, adversely affect the security interest of Seller in or to the Equipment, this Agreement, or the Installment Payments.

This covenant will not be deemed breached by reason of liens for taxes, assessments, or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's, or other like liens arising in the ordinary course of business and, in each case, not delinquent.

19. No Movement from Buyer's Property or Alaska. Once the Equipment has been delivered by a carrier to Buyer in Alaska and placed on Buyer's railroad tracks that run from Whittier and Seward to Fairbanks, Alaska, Buyer shall not remove or permit the removal of any unit of the Equipment (i) from such tracks or other property owned by Buyer or (ii) from the State of Alaska, without Seller's prior written consent, which consent shall not be unreasonably withheld.

20. Default.

(a) The following shall constitute events of default: (i) Buyer fails to make any Installment Payment or pay any other sum when due or fails to perform or observe any other term, condition, or covenant of this Agreement, and such failure continues for a period of more than 15 days; (ii) Buyer fails to satisfy Buyer's material credit obligations when required under the instruments evidencing such obligations; (iii) proceedings under any bankruptcy, insolvency, or similar legislation are instituted against Buyer, or a receiver or similar officer is appointed for Buyer or any of its property, and such proceedings or appointment are not vacated or fully stayed, within thirty (30) days after the institution or occurrence thereon; (iv) Buyer makes an assignment for the benefit of creditors, a bulk transfer, or institutes proceedings under any bankruptcy, insolvency, or similar legislation or admits in writing its inability to pay its debts generally as they become due; (v) any warranty, representation, or statement made in writing by Buyer is found to be incorrect or misleading in any material respect on the date made; (vi) an

attachment, levy, or execution is threatened or levied upon or against the Equipment; (vii) any insurance carrier cancels or threatens to cancel any insurance on the Equipment; (viii) the Equipment or any part of it is abused, illegally used, or misused; (ix) Buyer ceases to be a political subdivision of the state of Alaska; or (x) Buyer removes any unit of the Equipment from Buyer's tracks or property or from the State of Alaska in violation of Paragraph 19 above.

(b) Buyer shall promptly notify Seller of any event of which it has knowledge which constitutes, or with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement. Knowledge of Buyer shall mean knowledge of an officer or employee of Buyer.

21. Remedies. Upon the occurrence of any event of default, Seller may exercise any one or more of the following remedies, as Seller in its sole discretion shall lawfully elect, in order to protect the interests and reasonably expected profits and bargains of Seller (provided, however, that if the event of default is that Buyer has ceased to be a political subdivision of the state of Alaska, then Seller shall initially be entitled only to exercise the remedy provided in subparagraph (i) below, and shall be entitled to exercise the other remedies specified below only if Buyer does not then pay all sums due under subparagraph (i)): (i) declare all payments due and payable or to become due hereunder to be immediately due and payable by Buyer, whereupon the same shall become immediately due and payable; (ii) proceed by appropriate court action, either at law or in equity, to enforce performance by Buyer of the applicable covenants of this Agreement or to recover for the breach thereof; (iii) enter the premises where the Equipment is located and take possession of any part or all of the Equipment, without demand or notice, without any court order or other processes of law and without liability for any damage occasioned by taking possession. In the alternative, Seller may cause Buyer, at Buyer's risk and expense (including expenses incurred in transporting such Equipment from the State of Alaska to any point located 2,000 miles or less from Seattle, Washington), promptly to return the Equipment to the possession of Seller at any place in the United States reasonably designated by Seller in the same operating condition and repair as when installed, ordinary wear and tear excepted, ready for use. Buyer further agrees that such Equipment may remain on its premises for a reasonable period after termination at no charge to Seller, up to a maximum period of six months from the date on which Seller first learns of the event of default, for the purposes of repair, refurbishing, and storage pending return shipment, and Seller and its representatives may enter upon Buyer's premises to effect these purposes. Any such return or taking of possession shall not constitute a termination of this Agreement unless Seller expressly so notifies Buyer in writing. If Seller repossesses the Equipment, Seller shall dispose of the Equipment in a commercially reasonable manner, in a public or private sale, and apply the net proceeds thereof (after

deducting all expenses, including attorneys fees incurred in connection therewith) to Buyer's obligations hereunder; (iv) terminate this Agreement as to all or any part of the Equipment; or (v) use, operate, lease or hold the Equipment as Seller in its sole discretion may decide. In addition, Buyer will remain liable for all covenants and indemnities under this Agreement and for all legal fees and other costs and expenses, including court costs, incurred by Seller with respect to the enforcement of any of the remedies listed above or any other remedy available to Seller.

22. Seller's Termination Upon Material Adverse Change in Buyer's Business. Seller may, at its option, terminate its obligations under this Agreement with respect to any Equipment not accepted by Buyer upon the advent of a material adverse change in Buyer's financial condition by giving Buyer written notice of Seller's intention to so terminate this Agreement with respect to such Equipment, and any obligations with reference to the Equipment.

23. Notices. All notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be deemed duly served if and when mailed, certified or registered mail (if to Seller, with a copy to any assignee at the address set forth in any Notice of Assignment), to the party's address as set forth below or such other address as such party shall hereafter designate in writing:

Buyer:

Alaska Railroad Corporation
419 W. First Avenue
Anchorage, Alaska 99501
Attention: Contracts and
and Procurement
Division, Pouch
7-2111, RAR-17

Seller:

Chase Manhattan Leasing
Company
800 Wilshire Blvd.
Los Angeles, CA 90018
Attention: Operations Manager

Builder:

PACCAR, INC.
1400 North 4th Street
Renton, WA 98055
Attention: _____

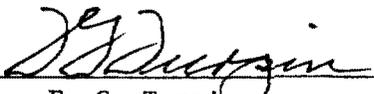
24. Additional Terms. Any failure of Seller to require strict performance by Buyer or any waiver by Seller of any terms, covenants, or agreements herein shall not be construed as a consent or waiver of any other breach of the same or of any other term, covenant, or agreement herein. If any provision hereof is determined to be invalid under any applicable law, the provision shall be enforced to the maximum extent possible, and the remaining provisions hereof shall be given effect in accordance with their terms. The captions in this Agreement are for convenience only and

shall not define or limit any terms hereof. The Agreement shall inure to the benefit of and be binding upon Seller, its successors, and assigns, shall be binding upon Buyer, its successors and assigns, shall inure to the benefit of Buyer and to only such of its assignees as have been consented to by Seller. This Agreement constitutes the entire agreement between the parties. There is no understanding or agreement between the parties except as herein set forth, or on the Exhibits made a part hereof. No modification of this Agreement shall be binding upon Seller unless made in writing and executed on behalf of Seller by a duly authorized officer. This Agreement shall be construed in accordance with and governed by the laws (excluding its choice of law rules) of the state of New York. Buyer, Seller, and Builder hereby submit to the exclusive jurisdiction and venue of any state or federal court in the Borough of Manhattan, City of New York, State of New York, for purposes of any legal action in which Seller is or becomes a party. Seller's obligations and liabilities arising out of events occurring during the term of this Agreement shall not be affected by the expiration or sooner termination of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first written above.

BUYER:

By: _____


F. G. Turpin

Title: _____

President, Chief Executive Officer

SELLER:

By: _____

Title: _____

BUILDER:

By: _____

Title: _____

Exhibits and Schedules

Exhibit A Purchase Order for the Equipment, Including Exhibits
Exhibit B Installment Payment Schedule
Exhibit C Certificate of Acceptance
Exhibit D Form of Opinions of Counsel
Exhibit E Certificate of Secretary
Exhibit F Form of Bill of Sale

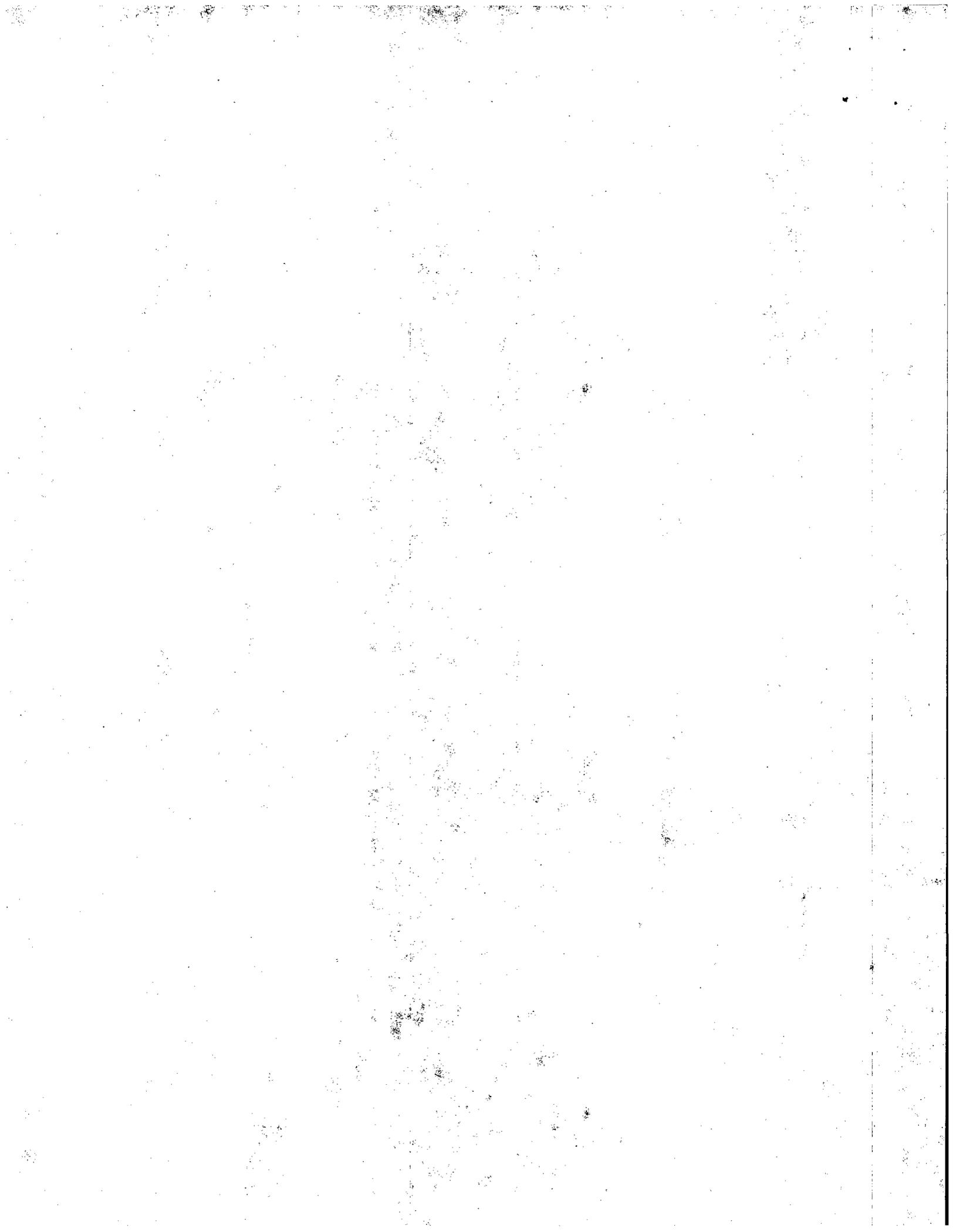
This is to certify that Frank C. Turpin, known to me, appeared before me this 8th day of March, 1985, and executed the attached Conditional Sales Agreement.

Dated: 3-8-85



Notary Public in the State of Alaska

My commission expires 4-21-86



shall not define or limit any terms hereof. The Agreement shall inure to the benefit of and be binding upon Seller, its successors, and assigns, shall be binding upon Buyer, its successors and assigns, shall inure to the benefit of Buyer and to only such of its assignees as have been consented to by Seller. This Agreement constitutes the entire agreement between the parties. There is no understanding or agreement between the parties except as herein set forth, or on the Exhibits made a part hereof. No modification of this Agreement shall be binding upon Seller unless made in writing and executed on behalf of Seller by a duly authorized officer. This Agreement shall be construed in accordance with and governed by the laws (excluding its choice of law rules) of the state of New York. Buyer, Seller, and Builder hereby submit to the exclusive jurisdiction and venue of any state or federal court in the Borough of Manhattan, City of New York, State of New York, for purposes of any legal action in which Seller is or becomes a party. Seller's obligations and liabilities arising out of events occurring during the term of this Agreement shall not be affected by the expiration or sooner termination of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first written above.

BUYER:

SELLER:

By: _____

By: _____

Title: _____

Title: _____

BUILDER: PACCAR Inc

By: Harley R Keels

Title: Vice President

Exhibits and Schedules

- Exhibit A Purchase Order for the Equipment, Including Exhibits
- Exhibit B Installment Payment Schedule
- Exhibit C Certificate of Acceptance
- Exhibit D Form of Opinions of Counsel
- Exhibit E Certificate of Secretary
- Exhibit F Form of Bill of Sale

shall not define or limit any terms hereof. The Agreement shall inure to the benefit of and be binding upon Seller, its successors, and assigns, shall be binding upon Buyer, its successors and assigns, shall inure to the benefit of Buyer and to only such of its assignees as have been consented to by Seller. This Agreement constitutes the entire agreement between the parties. There is no understanding or agreement between the parties except as herein set forth, or on the Exhibits made a part hereof. No modification of this Agreement shall be binding upon Seller unless made in writing and executed on behalf of Seller by a duly authorized officer. This Agreement shall be construed in accordance with and governed by the laws (excluding its choice of law rules) of the state of New York. Buyer, Seller, and Builder hereby submit to the exclusive jurisdiction and venue of any state or federal court in the Borough of Manhattan, City of New York, State of New York, for purposes of any legal action in which Seller is or becomes a party. Seller's obligations and liabilities arising out of events occurring during the term of this Agreement shall not be affected by the expiration or sooner termination of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first written above.

BUYER:

SELLER:

By: _____

By: /s/ K. E. Langille

Title: _____

Title: Vice President

BUILDER:

By: _____

Title: _____

Exhibits and Schedules

- Exhibit A Purchase Order for the Equipment, Including Exhibits
- Exhibit B Installment Payment Schedule
- Exhibit C Certificate of Acceptance
- Exhibit D Form of Opinions of Counsel
- Exhibit E Certificate of Secretary
- Exhibit F Form of Bill of Sale

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On this fifth day of March, in the year one thousand nine hundred and eighty-five before me personally came K. E. Langille to me known, who being by me duly sworn, did depose and say that he resides at Englewood Cliffs, New Jersey; that he is a Vice President of Chase Manhattan Service Corporation, the corporation described in, and which executed the above instrument and that he signed his name thereto by order of the Board of Directors of said corporation.

S/
Notary Public

(SEAL)

KENNETH A. BASKIN
Notary Public, State of New York
No. 30-4763304
Qualified in Nassau County
Certificate filed in Westchester County
Commission Expires March 30, 1976

(3485B)

EXHIBIT C

CERTIFICATE OF INSPECTION AND ACCEPTANCE

The undersigned, a duly authorized representative of Alaska Railroad Cooperation ("Buyer") for purposes of the Conditional Sales Agreement ("Agreement") dated March ____, 1985 among Buyer, PACCAR, Inc. ("Builder"), and Chase Manhattan Service Corporation, hereby certifies that the following railroad equipment built by Builder has been inspected and found to be in good order and running condition and completed in accordance with the Agreement and the applicable drawings and Builder specifications attached to the Agreement. The equipment has been accepted in behalf of Buyer.

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>REPORTING MARKS & NUMBER</u>
-----------------	--------------------	-------------------------------------

I do further certify that each car is marked on both sides in letters no less than one and one-half inches in height:

"Ownership subject to a security agreement filed under the Interstate Commerce Act."

Date Accepted: _____

Place Accepted: _____

Inspector & Authorized Representative

EXHIBIT D

OPINION OF COUNSEL FOR BUYER

With respect to that certain Conditional Sales Agreement ("Agreement") dated March ____, 1985 among Builder, Seller, and Buyer, we are of the opinion that: (i) Buyer's obligation under the Agreement constitutes an obligation issued on behalf of a state or political subdivision within the meaning of Treasury Regulation 1.103-1(b); any interest derived under the Agreement will be exempt from federal income taxation under Section 103 of the Internal Revenue Code; and the Agreement represents a valid deferred payment obligation for the amounts set forth in the Agreement of a bona fide Buyer, as described in Section 103 of the Internal Revenue Code, having legal capacity to enter into the same and is not in contravention of any Town, City, District, County, or State statute, rule regulation, or other governmental provision; (ii) Buyer is a nonprofit corporation duly organized, validly existing, and in good standing under the laws of the State of Alaska; has the corporate power and authority to own and operate its properties and to carry on its business as now conducted; and has no subsidiaries; (iii) the Agreement has been duly authorized, executed, and delivered by Buyer, and the Agreement and the transactions contemplated thereby have been duly authorized by all necessary action on the part of the Buyer and the transactions contemplated by the Agreement have been duly authorized by all necessary actions by Buyer; (iv) the execution, delivery, and performance of the Agreement by Buyer will not result in any violation of, be in conflict with, or constitute a default under, any provision of Buyer's Articles of Incorporation, Bylaws, or other charter documents; any provision of any judgment, decree, or order to which Buyer is a party; any material contract, obligation, or commitment to which Buyer is a party; or to such counsel's knowledge, any statute, rule, or government regulation applicable to Buyer; and the Agreement constitutes a legal, valid, and binding obligation of Buyer enforceable in accordance with its terms; (v) the Agreement creates a valid security interest in favor of Seller in the Agreement and each unit of Equipment being financed under by Seller under the Agreement; and (vi) all filings, registrations, recordings, and deposits necessary for the proper protection of Seller's rights to and security interest in the Equipment have been duly made.

EXHIBIT E

CERTIFICATE OF SECRETARY

The undersigned, as Secretary of Alaska Railroad Corporation, hereby certifies that the attached resolutions were duly adopted by the Board of Directors of said corporation on _____, 1985 and remain in full force and effect as of the date of this certificate and have not been amended or repealed in any way whatsoever.

Dated: March __, 1985

EXHIBIT F

BILL OF SALE

Thirty 3-Unit Articulated Intermodal Flat Cars
Built by PACCAR, Inc. for Alaska Railroad Corporation
and Financed by Chase Manhattan Service Corporation

PACCAR, Inc. (the "Builder"), in consideration of the sum of Two Million Four Hundred Ninty-Four Thousand Two Hundred Sixty Dollars (\$2,494,260.00), the receipt of which is hereby acknowledged, being payment in full of the purchase price of thirty 3-unit articulated intermodal flat cars (the "Equipment") bearing numbers ARR 19100 to ARR 19129 inclusive, does hereby transfer to Chase Manhattan Service Corporation (the "Seller") and its successors and assigns, all its right, title, and interest in and to the Equipment.

Builder hereby warrants to Alaska Railroad Corporation (the "Buyer") and to Seller that at the time of delivery of the Equipment to Buyer pursuant to the Conditional Sales Agreement dated March __, 1985 by and among Builder, Seller, and Buyer (the "Agreement"), Builder had legal title to the Equipment and good and lawful right to sell the Equipment and that the Equipment was, at the time of delivery, free of all claims, liens, security interests, and other encumbrances of any nature, except only the right of Seller in the Equipment pursuant to the Agreement, and Builder covenants to defend the title to the Equipment against the demands of all persons whomsoever, based on claims (other than Seller's claim referred to in the preceding clause) originating prior to the delivery of the Equipment by the Builder under the Agreement.

IN WITNESS WHEREOF, the Builder has caused this Bill of Sale to be duly executed as of the __ day of _____, 1985.

PACCAR, INC

By: _____

ATTEST:

EXHIBIT B

INSTALLMENT PAYMENT SCHEDULE

LOAN 1
ALASKA RAILROAD CORPORATION
PRINCIPAL 2494260.00
RATE 10.50000%
NO. OF PAYMENTS 96
PAYMENT FREQUENCY MONTHLY
DRAW DOWN DATE 3/11/1985
PAYMENTS START 3/11/1985
PAYMENT STRUCTURE:
LEVEL AMOUNT FROM THRU
1 38177.36 1 96
TERM 8.000 YEARS
AVERAGE LIFE 4.470 YEARS
AVERAGE LOAN 1393770.04

MONTH AND YEAR	CASH INTEREST EXPENSE	PRINCIPAL REPAYMENT	DEBT SERVICE	ENDING BALANCE
1/1985	0.00	0.00	0.00	0.00
2/1985	0.00	0.00	0.00	0.00
3/1985	0.00	38177.36	38177.36	2456082.64
4/1985	21490.72	16686.64	38177.36	2439396.00
5/1985	21344.71	16832.65	38177.36	2422563.35
6/1985	21197.43	16979.93	38177.36	2405583.42
7/1985	21048.85	17128.51	38177.36	2388454.91
8/1985	20898.98	17278.38	38177.36	2371176.53
9/1985	20747.79	17429.57	38177.36	2353746.96
10/1985	20595.29	17582.08	38177.36	2336164.88
11/1985	20441.44	17735.92	38177.36	2318428.96
12/1985	20286.25	17891.11	38177.36	2300537.85
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	188051.48	193722.15	381773.63	

1/1986	20129.71	18047.66	38177.36	2282490.19
2/1986	19971.79	18205.57	38177.36	2264284.62
3/1986	19812.49	18364.87	38177.36	2245919.75
4/1986	19651.80	18525.57	38177.36	2227394.18
5/1986	19489.70	18687.66	38177.36	2208706.52
6/1986	19326.18	18851.18	38177.36	2189855.34
7/1986	19161.23	19016.13	38177.36	2170839.21
8/1986	18994.84	19182.52	38177.36	2151656.69
9/1986	18827.00	19350.37	38177.36	2132306.32
10/1986	18657.68	19519.68	38177.36	2112786.64
11/1986	18486.88	19690.48	38177.36	2093096.16
12/1986	18314.59	19862.77	38177.36	2073233.39
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	230823.89	227304.46	458128.35	

1/1987	18140.79	20036.57	38177.36	2053196.82
2/1987	17965.47	20211.89	38177.36	2032984.93
3/1987	17788.62	20388.74	38177.36	2012596.18
4/1987	17610.22	20567.15	38177.36	1992029.04
5/1987	17430.25	20747.11	38177.36	1971281.93
6/1987	17248.72	20928.65	38177.36	1950353.28
7/1987	17065.59	21111.77	38177.36	1929241.51
8/1987	16880.86	21296.50	38177.36	1907945.01
9/1987	16694.52	21482.84	38177.36	1886462.17
10/1987	16506.54	21670.82	38177.36	1864791.35
11/1987	16316.92	21860.44	38177.36	1842930.91
12/1987	16125.65	22051.72	38177.36	1820879.19
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	205774.16	252354.20	458128.35	

1/1988	15932.69	22244.67	38177.36	1798634.52
2/1988	15738.05	22439.31	38177.36	1776195.21
3/1988	15541.71	22635.65	38177.36	1753559.56
4/1988	15343.65	22833.72	38177.36	1730725.84
5/1988	15143.85	23033.51	38177.36	1707692.33
6/1988	14942.31	23235.06	38177.36	1684457.27
7/1988	14739.00	23438.36	38177.36	1661018.91
8/1988	14533.92	23643.45	38177.36	1637375.46
9/1988	14327.04	23850.33	38177.36	1613525.13
10/1988	14118.34	24059.02	38177.36	1589466.12
11/1988	13907.83	24269.53	38177.36	1565196.58
12/1988	13695.47	24481.89	38177.36	1540714.69
	-----	-----	-----	
	177963.85	280164.50	458128.35	

1/1989	13481.25	24696.11	38177.36	1516018.58
2/1989	13265.16	24912.20	38177.36	1491106.38
3/1989	13047.18	25130.18	38177.36	1465976.20
4/1989	12827.29	25350.07	38177.36	1440626.13
5/1989	12605.48	25571.88	38177.36	1415054.24
6/1989	12381.72	25795.64	38177.36	1389258.60
7/1989	12156.01	26021.35	38177.36	1363237.25
8/1989	11928.33	26249.04	38177.36	1336988.22
9/1989	11698.65	26478.72	38177.36	1310509.50
10/1989	11466.96	26710.40	38177.36	1283799.10
11/1989	11233.24	26944.12	38177.36	1256854.98
12/1989	10997.48	27179.88	38177.36	1229675.09
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	147088.76	311039.60	458128.35	

1/1990	10152.22	27383.29	37535.51	1190883.46
2/1990	9924.03	27611.49	37535.51	1163271.98
3/1990	9693.93	27841.58	37535.51	1135430.39
4/1990	9461.92	28073.59	37535.51	1107356.80
5/1990	9227.97	28307.54	37535.51	1079049.26
6/1990	8992.08	28543.44	37535.51	1050505.82
7/1990	8754.22	28781.30	37535.51	1021724.52
8/1990	8514.37	29021.14	37535.51	992703.38
9/1990	8272.53	29262.99	37535.51	963440.39
10/1990	8028.67	29506.84	37535.51	933933.55
11/1990	7782.78	29752.74	37535.51	904180.81
12/1990	7534.84	30000.67	37535.51	874180.14
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	106339.56	344086.62	450426.18	

1/1991	7284.83	30250.68	37535.51	843929.46
2/1991	7032.75	30502.77	37535.51	813426.69
3/1991	6778.56	30756.96	37535.51	782669.73
4/1991	6522.25	31013.27	37535.51	751656.46
5/1991	6263.80	31271.71	37535.51	720384.75
6/1991	6003.21	31532.31	37535.51	688852.44
7/1991	5740.44	31795.08	37535.51	657057.37
8/1991	5475.48	32060.04	37535.51	624997.33
9/1991	5208.31	32327.20	37535.51	592670.13
10/1991	4938.92	32596.60	37535.51	560073.53
11/1991	4667.28	32868.24	37535.51	527205.29
12/1991	4393.38	33142.14	37535.51	494063.16
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	70309.19	380116.98	450426.18	

1/1992	4117.19	33418.32	37535.51	460644.83
2/1992	3838.71	33696.81	37535.51	426948.03
3/1992	3557.90	33977.61	37535.51	392970.41
4/1992	3274.75	34260.76	37535.51	358709.65
5/1992	2989.25	34546.27	37535.51	324163.38
6/1992	2701.36	34834.15	37535.51	289329.23
7/1992	2411.08	35124.44	37535.51	254204.79
8/1992	2118.37	35417.14	37535.51	218787.65
9/1992	1823.23	35712.28	37535.51	183075.37
10/1992	1525.63	36009.89	37535.51	147065.48
11/1992	1225.55	36309.97	37535.51	110755.51
12/1992	922.96	36612.55	37535.51	74142.96
	-----	-----	-----	
	30505.98	419920.20	450426.18	

1/1993	617.86	36917.66	37535.51	37225.30
2/1993	310.21	37225.30	37535.51	0.00
3/1993	0.00	0.00	0.00	0.00
4/1993	0.00	0.00	0.00	0.00
5/1993	0.00	0.00	0.00	0.00
6/1993	0.00	0.00	0.00	0.00
7/1993	0.00	0.00	0.00	0.00
8/1993	0.00	0.00	0.00	0.00
9/1993	0.00	0.00	0.00	0.00
10/1993	0.00	0.00	0.00	0.00
11/1993	0.00	0.00	0.00	0.00
12/1993	0.00	0.00	0.00	0.00
	-----	-----	-----	
	928.07	74142.96	75071.03	

EXHIBIT C

CERTIFICATE OF INSPECTION AND ACCEPTANCE

The undersigned, a duly authorized representative of Alaska Railroad Cooperation ("Buyer") for purposes of the Conditional Sales Agreement ("Agreement") dated February 28, 1985 among Buyer, PACCAR, Inc. ("Builder"), and Chase Manhattan Service Corporation, hereby certifies that the following railroad equipment built by Builder has been inspected and found to be in good order and running condition and completed in accordance with the Agreement and the applicable drawings and Builder specifications attached to the Agreement. The equipment has been accepted in behalf of Buyer.

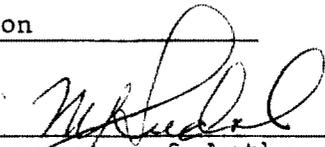
<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>REPORTING MARKS & NUMBER</u>
(30)	3-Unit Articulated Intermodal Flat Cars	ARR 19100 thru 19129

I do further certify that each car is marked on both sides in letters no less than one and one-half inches in height:

"Ownership subject to a security agreement filed under the Interstate Commerce Act."

Date Accepted: February 28, 1985

Place Accepted: Renton, Washington



Inspector & Authorized Representative

EXHIBIT F

BILL OF SALE

Thirty 3-Unit Articulated Intermodal Flat Cars
Built by PACCAR, Inc. for Alaska Railroad Corporation
and Financed by Chase Manhattan Service Corporation

PACCAR, Inc. (the "Builder"), in consideration of the sum of Two Million Four Hundred Ninty-Four Thousand Two Hundred Sixty Dollars (\$2,494,260.00), the receipt of which is hereby acknowledged, being payment in full of the purchase price of thirty 3-unit articulated intermodal flat cars (the "Equipment") bearing numbers ARR 19100 to ARR 19129 inclusive, does hereby transfer to Chase Manhattan Service Corporation (the "Seller") and its successors and assigns, all its right, title, and interest in and to the Equipment.

Builder hereby warrants to Alaska Railroad Corporation (the "Buyer") and to Seller that at the time of delivery of the Equipment to Buyer pursuant to the Conditional Sales Agreement dated March 5, 1985 by and among Builder, Seller, and Buyer (the "Agreement"), Builder had legal title to the Equipment and good and lawful right to sell the Equipment and that the Equipment was, at the time of delivery, free of all claims, liens, security interests, and other encumbrances of any nature, except only the right of Seller in the Equipment pursuant to the Agreement, and Builder covenants to defend the title to the Equipment against the demands of all persons whomsoever, based on claims (other than Seller's claim referred to in the preceding clause) originating prior to the delivery of the Equipment by the Builder under the Agreement.

IN WITNESS WHEREOF, the Builder has caused this Bill of Sale to be duly executed as of the 5th day of March, 1985.

PACCAR, INC

By: Harvey R. Kelle

ATTEST:

Walter R. Brown

EXHIBIT C
CASUALTY SCHEDULE

CASUALTY PAYMENT DATE	INTEREST COMPONENT	CASUALTY VALUE
3/1985		
4/1985	716.36	81869.42
5/1985	711.49	81313.20
6/1985	706.58	80752.11
7/1985	701.63	80186.11
8/1985	696.63	79615.16
9/1985	691.59	79039.22
10/1985	686.51	78458.23
11/1985	681.38	77872.16
12/1985	676.21	77280.97
1/1986	670.99	76684.60
2/1986	665.73	76083.01
3/1986	660.42	75476.15
4/1986	655.06	74863.99
5/1986	649.66	74246.47
6/1986	644.21	73623.58
7/1986	638.71	72995.18
8/1986	633.16	72361.31
9/1986	627.57	71721.89
10/1986	621.92	71076.88
11/1986	616.23	70426.22
12/1986	610.49	69769.87
1/1987	604.69	69107.78
2/1987	598.85	68439.89
3/1987	592.95	67766.16
4/1987	587.01	67086.54
5/1987	581.01	66400.97
6/1987	574.96	65709.40
7/1987	568.85	65011.78
8/1987	562.70	64308.05
9/1987	556.48	63598.17
10/1987	550.22	62882.07
11/1987	543.90	62159.71
12/1987	537.52	61431.03
1/1988	531.09	60695.97
2/1988	524.60	59954.48
3/1988	518.06	59206.51
4/1988	511.45	58451.99
5/1988	504.80	57690.86
6/1988	498.08	56923.08
7/1988	491.30	56148.58
8/1988	484.46	55367.30
9/1988	477.57	54579.18
10/1988	470.61	53784.17
11/1988	463.59	52982.20
12/1988	456.52	52173.22
1/1989	449.38	51357.16
2/1989	442.17	50533.95
3/1989	434.91	49703.55
4/1989	427.58	48865.87
5/1989	420.18	48020.87
6/1989	412.72	47168.47
7/1989	405.20	46308.62
8/1989	397.61	45441.24
9/1989	389.95	44566.27
10/1989	382.23	43683.65
11/1989	374.44	42793.30
12/1989	366.58	41895.17

1/1990	350.66	40989.17
2/1990	350.66	40075.25
3/1990	342.54	39151.33
4/1990	334.43	38227.34
5/1990	326.33	37285.21
6/1990	317.97	36338.88
7/1990	309.61	35384.27
8/1990	301.19	34421.30
9/1990	292.69	33449.91
10/1990	284.11	32470.02
11/1990	275.46	31481.55
12/1990	266.74	30484.44
1/1991	257.94	29478.60
2/1991	249.06	28463.95
3/1991	240.10	27440.44
4/1991	231.07	26407.96
5/1991	221.96	25366.45
6/1991	212.76	24315.83
7/1991	203.49	23256.01
8/1991	194.14	22186.92
9/1991	184.70	21108.48
10/1991	175.18	20020.60
11/1991	165.58	18923.20
12/1991	155.89	17816.20
1/1992	146.12	16699.52
2/1992	136.26	15573.06
3/1992	126.33	14436.74
4/1992	116.29	13290.49
5/1992	106.17	12134.20
6/1992	95.97	10967.79
7/1992	85.67	9791.18
8/1992	75.29	8604.28
9/1992	64.81	7406.99
10/1992	54.24	6199.22
11/1992	43.58	4980.00
12/1992	32.83	3751.89
1/1993	21.98	2512.14
2/1993	11.04	1261.54