



FIRST CHICAGO
The First National Bank of Chicago

One First National Plaza
Chicago, Illinois 60670
Writer's Direct Dial Number:

Law Department RECORDATION NO. **14730** Filed & Recorded

JUL 12 1985 11-45 AM 5-191A060

INTERSTATE COMMERCE COMMISSION
July 8, 1985

No.
Date JUL 11 1985
Fee \$ 10.00
ICC Washington, D.C.

ICC OFFICE OF
THE SECRETARY
JUL 11 10 28 AM '85
MOTOR OPERATING UNIT

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Re: The Alaska Railroad Corporation

Dear Sir or Madam:

Enclosed please find an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is an equipment lease agreement dated as of May 14, 1985.

The names and addresses of the parties to the documents are as follows:

Lessor: First Chicago Credit Corporation,
a Delaware corporation

Lessee: The Alaska Railroad Corporation, a
public corporation organized under
the laws of the State of Alaska.

A description of the equipment covered by the document follows is more fully described on the Schedule I attached hereto.

A fee of \$10.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the attention of:

Ruth Schapp
Law Department, Suite 0292
The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670-0292



FIRST CHICAGO
The First National Bank of Chicago

Continuing our letter of July 8, 1985

Sheet no. **Two**

If you have any questions, please do not hesitate to call the undersigned collect at (312) 732-3061. Thank you.

Sincerely,

Ruth M. Schapp

Ruth M. Schapp
Paralegal

RMS/pdn
Enclosures

SCHEDULE I

Five (5) 2,800 horsepower EMD Model GP49 Replacement Locomotives in accordance with General Motors Specification 8118 and Amendment 8118-3.

Base Price per Replacement GP49 Locomotive	\$856,000
Modifications as listed on Opening Specification and Revisions A through D, attached	<u>\$198,555</u>
Total List Price per Replacement GP49 Locomotive, F.O.B. EMD Plant, McCook, Illinois	\$1,054,555 •
Less: Allowance for use of EMD Locomotive Replacement Pool Material per General Motors Specification 8113-3	<u>\$(100,415)</u>
Total Net Price per Replacement GP49 Locomotive, F.O. B. EMD Plant, McCook, Illinois	\$954,140

FIRST CHICAGO CREDIT CORPORATION JUL 12 1985 11-45 AM

EQUIPMENT LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

This Equipment Lease Agreement (herein, together with all amendments, modifications, supplements, exhibits, riders and certificates hereto, called the "Lease") dated as of May 14, 1985, is between First Chicago Credit Corporation, a Delaware corporation ("Lessor"), and The Alaska Railroad Corporation, a public corporation organized under the laws of the State of Alaska ("Lessee").

SECTION 1. Lease of Equipment.

(a) Subject to the terms and conditions of this Lease, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor the items of equipment (herein referred to collectively as the "Equipment" and individually as an "Item") which shall be described in the rental agreement in the form attached hereto as Exhibit "A" (hereinafter referred to as the "Rental Agreement") and a certificate of acceptance in the form attached hereto as Exhibit "B" (hereinafter referred to as the "Certificate of Acceptance"). The total cost of each Item to Lessor (hereinafter referred to as "Lessor's Cost"), which shall include, without limitation, the cost of acquisition and such delivery, installation, freight charges and sales and other taxes as shall be agreed to by Lessor and Lessee, shall be set forth in the Certificate of Acceptance delivered to and accepted by Lessor.

(b) Lessor will cause each Item to be tendered to Lessee at a location or locations mutually agreed upon by Lessee and Lessor. Upon such tender, Lessee will cause an authorized representative of Lessee to test and inspect the same, and if such Item is found to be in good order, to accept such Item and to execute and deliver to Lessor the Certificate of Acceptance, with appropriate insertions, describing such Item, whereupon such Item shall be deemed to have been delivered to and accepted by Lessee and shall be subject thereafter to all of the terms and conditions of this Lease.

SECTION 2. Term and Rent.

(a) The term of this Lease shall commence on the date of acceptance of the Equipment by Lessee as specified in the Certificate of Acceptance and, unless earlier terminated in accordance with the provisions of this Lease, shall terminate on the date specified in the Certificate of Acceptance.

FILE COPY

ACKNOWLEDGEMENT COPY

(b) Lessee shall pay to Lessor, without notice or demand, periodic rent ("Periodic Rent" or "rent") for each Item in the amounts and on the dates ("Periodic Rent Payment Dates") specified in the Rental Agreement. Unless otherwise provided herein, all other rents and amounts payable by the Lessee under the terms of this Lease shall be payable on demand.

(c) All payments provided for in this Lease to be made to Lessor shall be made to Lessor at its offices at Two First National Plaza, Chicago, Illinois 60670, or at such other place as Lessor shall specify in writing.

(d) In the event any rent or other amount payable hereunder shall not be paid promptly when due, Lessee shall pay to Lessor, on demand, a reasonable late payment charge in the amount of 5% of such overdue amount to the extent permitted by applicable law plus interest on such overdue payment from the due date of such payment to the date of payment thereof at a rate equal to the lesser of (i) 2% per month or (ii) the maximum rate permitted by applicable law.

(e) This Lease is a net lease and may not be cancelled by the Lessee with respect to any Item during the term of this Lease. Lessee shall not be entitled to any abatement of rent and other amounts payable hereunder by Lessee or any reduction thereof, including, but not limited to, abatements, reductions, setoffs or adjustments due to any present or future claims or defenses of Lessee against Lessor or any assignee, under this Lease or otherwise, or against the manufacturer, vendor or dealer of the Equipment; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of Lessor or Lessee be affected, by reason of any defect in or damage to or loss, theft or destruction of all or any of the Equipment from whatsoever cause, the interference with use by any private person, corporation or governmental authority, the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of Lessor to enter into this Lease, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

(f) During the term of this Lease, title to the Equipment will be retained by Lessor, and upon the exercise by Lessee of the option to purchase the Equipment granted under the terms of Section 18, such title will be conveyed by Lessor to Lessee.

(g) To secure the payment of the Periodic Rent and all of Lessee's other obligations under this Lease, Lessee grants to Lessor a security interest in the Equipment, whether now or hereafter acquired, and in all additions, attachments, accessions and substitutions thereto or therefor and in any proceeds thereof.

(h) Lessee may, upon at least thirty (30) days' prior written notice received by Lessor, prepay the aggregate unpaid principal portion of the Periodic Rent for all, but not less than all, of the Equipment, provided that any such prepayment shall be accompanied by a prepayment premium in accordance with the following schedule:

<u>Period During Which Prepayment is Made</u>	<u>Prepayment Premium (Percentage of the amount being prepaid)</u>
May 14, 1985 through May 15, 1986	5%
May 16, 1986 through May 15, 1987	4%
May 16, 1987 through May 15, 1988	3%
May 16, 1988 through May 15, 1989	2%
May 16, 1989 through May 15, 1990	1%.

Any prepayment of the principal portion of the Periodic Rent shall include accrued interest to the date of prepayment on the principal amount being prepaid.

SECTION 3. Return of Equipment.

If on the expiration or termination of the term of this Lease Lessee shall not have exercised the option to purchase the Equipment granted under the terms of Section 18, then Lessee, at its own expense, will return the Equipment to Lessor at the location at which the Equipment was accepted by Lessee or at such other location having greater proximity to Alaska as Lessor may designate in writing to Lessee, and at the time of such return, each Item shall be free and clear of all liens, security interests, encumbrances and rights of others, other than those which result from any claim against the Lessor unrelated to this Lease, and shall be in as good condition as when delivered to Lessee hereunder, ordinary wear and tear excepted. Prior to the return of the Equipment, Lessee shall, if Lessor shall so request, store one or more Items on Lessee's premises without charge to Lessor for a reasonable period of time not to exceed six months following such expiration or termination, after which period of time Lessee will, upon request of Lessor, return such Item(s) in accordance with the preceding sentence of this Section 3. During the period of time such Item(s) is (are) so stored, Lessee shall maintain insurance on such Item(s) in accordance with Section 11 and shall permit Lessor or its representatives or agents to bring prospective purchasers on Lessee's premises at reasonable times to inspect such Item(s).

SECTION 4. Authorization and Certification.

Prior to Lessee's acceptance and use of any Item, Lessor shall have received the following, in form and substance satisfactory to Lessor:

(a) Detailed description of all Items of Equipment which Lessee proposes to lease hereunder, certified by an authorized representative of Lessee.

(b) Evidence satisfactory to Lessor as to due compliance with the insurance provisions of Section 11 hereof.

(c) Such instruments, certificates, assurances, resolutions, opinions and other documents as Lessor deems necessary for the confirmation of Lessors' rights hereunder.

SECTION 5. Lessor's Representations and Warranties.

(a) Lessor warrants that, so long as no Event of Default shall have occurred, Lessee's use of the Equipment shall not be interrupted during the term of this Lease by Lessor or anyone claiming solely through or under Lessor.

(b) The warranty set forth in the preceding clause (a) is in lieu of all other warranties of Lessor, whether written, oral or implied; and Lessor shall not, by virtue of having leased or delivered any bill or bills of sale pursuant to this Lease, or for any other reason, be deemed to have made, and LESSOR HEREBY DISCLAIMS, ANY OTHER REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, TITLE THERETO, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, but Lessor authorizes Lessee, so long as no Event of Default shall have occurred and be continuing, at Lessee's expense, to assert for Lessor's account, during the term of this Lease, all of Lessor's rights under any manufacturer's, vendor's or dealer's warranty on the Equipment, including, without limitation, any rights Lessor may have against the manufacturer for defects, whether patent or latent, in the Equipment, and Lessor agrees to cooperate with Lessee in asserting such rights; provided, however, that Lessee shall indemnify and hold harmless Lessor from and against any and all claims, and all costs, expenses, damages, losses, liabilities and reasonable attorney's and paralegal's fees (including reasonable time charges of attorneys and paralegals who may be employees of Lessor or one of its affiliates) incurred or suffered by Lessor in connection therewith, as a result of, or incident to any action by Lessee pursuant to the above authorization. Any amount received as payment under any such warranty shall be paid to Lessor and Lessor shall pay such amount over to Lessee upon receipt from Lessee of evidence, satisfactory to Lessor, that Lessee shall have restored the Equipment to as good a condition as it was or should have been (but for defects giving rise to such payment under warranty) when delivered to Lessee hereunder, ordinary wear and tear excepted.

SECTION 6. Lessee's Representations and Warranties.

Lessee represents and warrants that:

(a) Lessee is a public corporation of the State of Alaska, duly organized, validly existing and in good standing

under the laws of the State of Alaska and is duly qualified to do business in the State of Alaska.

(b) Lessee has full power, authority and legal right to execute, deliver and perform the terms of this Lease. This Lease has been duly authorized by all necessary corporate action on the part of Lessee, does not require the approval of, or the giving of notice to, any federal, state, local, or foreign governmental authority and does not contravene any law binding on Lessee or contravene Lessee's by-laws or any indenture, credit agreement or other agreement to which Lessee is a party or by which it is bound.

(c) This Lease constitutes a legal, valid and binding obligation of Lessee, enforceable in accordance with its terms.

(d) There are no pending or threatened actions or proceedings before any court, administrative agency or other tribunal or body which may materially adversely affect Lessee's financial condition or operations.

(e) The Equipment is and shall remain personal property.

(f) The financial statements of Lessee most recently furnished to the Lessor as of the date of this Lease fairly present Lessee's financial condition as of the date or dates thereof and the results of its operations for the fiscal period or periods then ended, in accordance with generally accepted accounting principles consistently applied, and since such date or dates there has been no material adverse change in such conditions or operations. Lessee has no material contingent liabilities not disclosed in said financial statements.

SECTION 7. Mortgages, Liens, Etc.

Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, security interest, pledge, lien, charge, encumbrance or claim on or with respect to any Item, title thereto or any interest therein (and Lessee will promptly, at its own expense, take such action as may be necessary to duly discharge any such mortgage, security interest, pledge, lien, charge, encumbrance or claim) except (a) the respective rights of Lessor and Lessee as herein provided, (b) liens or encumbrances which result from claims against Lessor which are unrelated to this Lease, (c) liens for taxes either not yet due or being contested in good faith and by appropriate proceedings and for which adequate reserves have been set aside, and (d) inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business and not delinquent. Lessee will not permit any Item to become or remain a fixture to any real estate or an accession to any personalty not leased hereunder.

SECTION 8. Taxes.

Lessee agrees to pay and to indemnify and hold Lessor harmless from and against all sales, use, personal property, leasing, leasing use, stamp or other taxes, levies, imposts, duties, charges, or withholdings of any nature (together with any penalties, fines or interest thereon) now or hereafter imposed against Lessor, Lessee or the Equipment or upon the purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this Lease (excluding, however, Federal and State taxes on, or measured by, the net income of Lessor and such taxes as are included in Lessor's Cost). Lessee agrees to file, on behalf of Lessor, all required tax returns concerning the Equipment with all appropriate governmental agencies and to furnish to Lessor a copy of each such return, including evidence of payment, promptly after the due date of each such filing; provided, that, in the event Lessee is not permitted to file any such return on behalf of Lessor, then Lessee agrees to prepare and forward each such return to Lessor in a timely manner with instructions to Lessor with respect to the filing thereof. The provisions of this Section 8 shall survive the termination of this Lease.

SECTION 9. Use, Maintenance and Operation, Identification Marking and Inspection.

(a) Lessee will cause the Equipment to be operated in accordance with the manufacturer's or supplier's instruction manuals, by competent and duly qualified personnel only, in compliance with all laws, ordinances, rules and regulations and the insurance policies which Lessee is required to maintain hereunder, and will at all times be and remain in the possession and control of Lessee at the location of its acceptance set forth in the Certificate of Acceptance, in the State of Alaska and in such other locations as shall be necessary to transport the Equipment from the location of its acceptance to the State of Alaska and from the State of Alaska to the location to which the Equipment is required to be returned.

(b) Lessee, at its own cost and expense, will repair and maintain the Equipment so as to keep it in as good condition as when delivered to Lessee hereunder, ordinary wear and tear excepted. All parts, replacements, repairs, substitutions, and additions to or for any Equipment shall immediately, without further act, become Equipment and property of the Lessor for all purposes of this Lease without cost to the Lessor. Lessee will not alter or add to the Equipment without the Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessee will not make any improvement or addition to the Equipment which causes the Equipment to be more hazardous or increases the risk of injury to the Equipment or any person or property.

(c) Lessee agrees at its own cost and expense to place such markings, plates, or other identification on the Equipment showing Lessor's title thereto as Lessor may from time to time request, provided such identification markings are placed so as not to interfere with the usefulness of the the Equipment.

(d) Upon the request of Lessor, Lessee shall at any reasonable time, make the Equipment and Lessee's records pertaining to the ownership, operation and maintenance of the Equipment available to Lessor for inspection.

SECTION 10. Loss or Destruction.

(a) In the event of any loss, theft, condemnation, requisition, taking by eminent domain, destruction, or, in Lessor's opinion, damage beyond repair or the permanent rendering unfit for use (hereinafter referred to as an "Event of Loss"), Lessee shall promptly notify Lessor and shall pay to Lessor immediately upon notification of such Event of Loss, an amount equal to the Loss Value, as defined in Section 10 (d), provided, however, that Lessor may at its option and upon the request of Lessee, permit Lessee to promptly replace such Item at Lessee's own cost and expense in lieu of making such payments.

(b) Unless such Item is replaced pursuant to Section 10 (c), Lessee shall pay to Lessor, on the next Periodic Rent Payment Date for such Item following such Event of Loss, an amount equal to the Loss Value of such Item on such Periodic Rent Payment Date. The obligation of Lessee to pay rent with respect to such Item shall continue undiminished until the payment of such Loss Value is made. After receipt by Lessor of such payments, Lessee's obligation to pay Periodic Rent for such Item shall cease, but Lessee's obligation to pay rent for all other Items shall remain unchanged. After the payment of such Loss Value, Lessor will transfer to Lessee, without recourse or warranty of any kind, all of Lessor's right, title, and interest, if any, in and to such lost or destroyed Item.

(c) Should Lessee elect, with the written consent of Lessor, to replace such Item, any replacement item shall be free and clear of all liens, encumbrances and rights of others and shall be in as good condition as, and shall have a value and utility at least equal to, such replaced Item, as if such replaced Item were in the condition and repair required to be maintained by the terms hereof. All such replacement items shall become the property of Lessor and shall immediately become subject to this Lease, and shall be deemed part of the Equipment for all purposes hereof, to the same extent as the property originally comprising part of the Equipment; whereupon such replaced Item shall no longer be deemed part of the Equipment, and Lessor will transfer to Lessee, without recourse or warranty, all of Lessor's right, title and interest, if any, therein.

(d) "Loss Value" of an Item shall mean an amount equal to (i) the aggregate undiscounted unpaid Periodic Rent and other amounts relating to such Item through the original term of this Lease with respect to such Item plus (ii) the fair market value of such Item, which shall be equal to 20% of the original Lessor's Cost of such Item unless otherwise agreed in writing, minus (iii) a refund of the deferred income ("deferred income" meaning the aggregate original undiscounted amount of Periodic Rent for such Item minus the Lessor's Cost for such Item), such refund to be computed in accordance with the rule of 78's after deduction of an origination fee consisting of 5% of the original deferred income relating to such Item.

SECTION 11. Insurance.

At its own expense, Lessee shall maintain insurance on each Item in an amount from time to time not less than the higher of (a) the fair market replacement value of such Item and (b) the Loss Value for such Item, which insurance shall name the Lessor (and any assignee pursuant to Section 13(b)) as loss payee. In addition, at its own expense, Lessee shall maintain comprehensive general public liability insurance with respect to each Item in amounts approved by Lessor, which insurance shall name Lessor (and any assignee pursuant to Section 13(b)) and Lessee as insureds. All such insurance shall be in such form and with such companies as shall be approved by Lessor, and shall provide that it may be altered or cancelled by the insurer only after 15 days' prior written notice to, and that losses shall be adjusted only with and paid to, Lessor and its assignee, if any, and Lessee, as their interests may appear. Certificates or other evidence satisfactory to Lessor showing the existence of such insurance, the terms and conditions of the policy, and payment of the premium therefor shall be delivered to Lessor forthwith and periodically prior to each expiration of such insurance. The proceeds of any such insurance payable as a result of loss or damage to any Item shall be the exclusive property of Lessor and shall be applied to payment of the amount due under Section 10. Any unapplied balance remaining shall be the exclusive property of Lessee. Lessee hereby appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of and execute and endorse all documents, checks or drafts received in payment for any loss or damage under any such insurance.

SECTION 12. Indemnification and Expenses.

(a) Lessee represents and warrants to Lessor that it is a State of the United States or a political subdivision thereof, or that Lessee's obligations under this Lease constitute obligations issued on behalf of a State of the United States or a political subdivision thereof, and that the interest portion of each installment of Periodic Rent specified on Schedule I to the Rental Agreement will be treated as interest exempt from taxation under the provisions of Section 103 of the Internal Revenue Code of 1954, as amended (the "Code"). Should, under any circumstances whatsoever, the Code, now existing or as hereafter amended, or any other existing or future law, rule, regulation or directive, whether or not having the force of law, or compliance of Lessor therewith,

(i) subject Lessor to any tax, duty, charge or withholding on or from the interest portion of any installment of Periodic Rent due from Lessee, or change the basis of taxation of payments to Lessor in respect of any installment of Periodic Rent, or

(ii) impose any other condition, the result of which is to increase the cost to Lessor of entering into, funding, carrying or maintaining this Lease or to reduce any amount receivable by Lessor in connection with this Lease, or require Lessor to make any payment calculated by reference to the amount of any installment of Periodic Rent or the interest portion thereof received by Lessor, by an amount deemed material by Lessor, in its sole discretion,

then, within ten days after demand by Lessor, Lessee shall pay to Lessor that portion of such increased expense incurred or the amount of reduction in an amount received which Lessor determines, in its sole discretion, is attributable to entering into, funding, carrying or maintaining this Lease. A certificate of Lessor as to the amount due under this Section 12(a) shall be final, conclusive and binding on Lessee in the absence of manifest error.

(b) Lessee does hereby assume liability for, and does hereby agree to indemnify, protect, save and keep harmless Lessor and its agents and servants, from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal and paralegal expenses, of whatsoever kind and nature, imposed on, incurred by or asserted by or asserted against Lessor in any way relating to or arising out of this Lease or the Rental Agreement or the manufacture, purchase, acceptance or rejection, ownership, delivery, lease, possession, use, condition, sale, return or other disposition hereunder of the Equipment (including, without limitation, latent and other defects, whether or not discoverable by Lessee, any claim in tort for strict liability, and any claim for patent, trademark or copyright infringement). Lessee agrees to give Lessor prompt notice of any claim or liability hereby indemnified against. Lessee shall pay Lessor, upon demand, all amounts due under this Section 12(b).

(c) This Section 12 shall become and be effective and in full force and effect from the date of the execution of this Lease even though the Equipment has not yet been accepted by Lessee and even though the rental term of this Lease has not yet commenced and shall remain in effect notwithstanding the expiration or other termination of this Lease insofar as it relates to an event which occurred prior to such expiration or termination.

SECTION 13. Sublease and Assignment.

(a) Lessee will not, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, sublet or otherwise relinquish possession of any Item or assign any of its rights hereunder. No sublease, other relinquishment of the possession of the Equipment or assignment by Lessee of any of its rights hereunder shall in any way discharge or diminish any of Lessee's obligations to Lessor hereunder unless (i) Lessor shall have consented to such sublease, relinquishment or assignment, (ii) Lessor shall have received from Lessee and/or the sublessee or assignee, in form and substance satisfactory to Lessor, such documents, certificates and instruments as Lessor shall have reasonably requested, and (iii) if such sublessee or assignee shall not be a State of the United States or a political subdivision thereof, or an entity whose obligations under this Lease would constitute obligations issued on behalf of a State of the United States or a political subdivision thereof, such sublessee or assignee shall have agreed to pay to Lessor, as supplemental rent, an amount equal to such increased expense incurred or reduction in an amount received which Lessor determines, in its sole discretion, is attributable to carrying or maintaining this Lease with such sublessee or assignee.

(b) Lessor may at any time, with or without notice to Lessee, transfer, assign or grant a security interest in this Lease or any Equipment or any rent or other sums due or to become due hereunder, and in such event Lessor's transferee or assignee shall have all of Lessor's rights, powers, privileges and remedies hereunder. Upon the request of such assignee, Lessee will pay rent and other amounts due hereunder directly to such assignee. Upon the request of such assignee, Lessee, at its expense, shall execute and deliver such documents as such assignee shall deem necessary or appropriate to acknowledge the assignment of this Lease to such assignee. No such assignee or transferee shall be obligated to perform any duty, covenant or condition required to be observed or performed by Lessor, and no such transferee or assignee shall be bound by, or obligated to perform or see to the performance of, any warranty, express or implied, made by Lessor, but each and all of such covenants and agreements of Lessor provided for herein and all representations and warranties shall survive any such transfer or assignment of this Lease and shall be and remain the sole liability of Lessor.

SECTION 14. Events of Default; Remedies.

(a) Any of the following events shall constitute an event of default (an "Event of Default") hereunder:

(i) Lessee shall fail to pay any rent or other amount payable hereunder within ten (10) days after the date when due; or

(ii) Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Lease or any supplement hereto; or

(iii) Any representation or warranty made by Lessee under this Lease or any supplement hereto, or in any document or certificate furnished to Lessor in connection herewith or pursuant hereto, shall prove to be untrue in any material respect as of the date on which made; or

(iv) Lessee shall (a) have an order for relief entered with respect to it under the Federal Bankruptcy Code, (b) not pay, or admit in writing its inability to pay, its debts generally as they become due, (c) make an assignment for the benefit of creditors, (d) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (e) institute any proceeding seeking an order for relief with respect to it under the Federal Bankruptcy Code or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (f) take any corporate action to authorize or effect any of the foregoing actions set forth in this Section 14 (a)(iv) or (g) fail to contest in good faith any appointment or proceeding described in Section 14 (a)(v); or

(v) Without the application, approval or consent of Lessee, a receiver, trustee, examiner, liquidator or similar official shall be appointed for Lessee or any substantial part of its property, or a proceeding described in Section 14(a)(iv)(e) shall be instituted against Lessee and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days; or

(vi) Lessee shall be in default under any obligation for the payment of borrowed money, for the deferred purchase price of property or for the payment of any rent under any lease agreement covering real or personal property, and the applicable grace period with respect thereto, if any, shall have expired and the obligation shall not be contested in good faith by appropriate legal process; or

(vii) There shall occur any material adverse change in the financial condition or operations of the Lessee.

(b) If any Event of Default has occurred and is continuing, Lessor may, at its option:

(i) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(ii) By notice in writing to Lessee, terminate this Lease, whereupon all right of Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, and Lessee shall immediately deliver possession of the Equipment to Lessor in accordance with Section 3 and Lessee shall remain liable as hereinafter provided; and thereupon, Lessor may by its agents and without notice to Lessee enter upon the premises of Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which have accrued to the date of such termination and also to recover forthwith from Lessee upon demand, reasonable expenses including costs of retaking, refurbishing, storing and selling the Equipment, and reasonable attorney's fees and paralegal's fees (including reasonable time charges of attorneys and paralegals who may be employees of Lessor or one of its affiliates), which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rent; or

(iii) By notice in writing to Lessee, declare immediately due and payable the aggregate unpaid Periodic Rent and other amounts payable by the Lessee hereunder and thereupon such unpaid Periodic Rent and other amounts shall become immediately due and payable.

(c) In the event that Lessor declares all Periodic Rent and other amounts payable hereunder to be due and payable pursuant to clause (b) of this Section 14, such amounts shall bear interest from and after the date of said declaration until paid at the rate set forth in Section 2 (d).

(d) The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. Lessee hereby waives any and all existing or future claims of any right to assert any off-set which may be asserted by Lessee on its behalf in connection with the lease of the Equipment. No delay or omission of Lessor to exercise any right or remedy granted under this Lease shall impair such right or remedy or be construed to be a waiver of any Event of Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude other or further exercise thereof or the exercise of any other right or remedy, and no waiver, amendment or other variation of the terms, conditions or provisions of this Lease whatsoever shall be valid unless in writing signed by Lessor, and then only to the extent in such writing specifically set forth.

SECTION 15. Lessor's Right To Perform For Lessee.

If Lessee fails to perform or comply with any of its agreements contained herein, Lessor may at its sole discretion itself perform or comply with such agreement, and the amount of the reasonable expenses of Lessor incurred in connection with such performance of or compliance with such agreement shall be payable by Lessee to Lessor upon demand, together with interest on such amounts from the date of payment by the Lessor until received by the Lessor from the Lessee at the rate equal to the lesser of (i) 2% per month or (ii) the maximum rate permitted by applicable law.

SECTION 16. Further Assurances; Financial Information.

Lessee agrees, at its expense, promptly upon Lessor's request therefor, to duly execute and deliver to Lessor such further documents and assurances and take such further action as Lessor may from time to time reasonably request in order to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder, including, without limitation, if requested by Lessor, the execution and delivery of financing statements with respect hereto, in accordance with the laws of such jurisdictions as Lessor may from time to time deem advisable. Lessee also agrees to furnish Lessor, upon Lessor's request:

(a) An audit report prepared by independent certified public accountants, or other accountants acceptable to Lessor within 120 days after the close of each fiscal year of Lessee occurring after the date of this Lease;

(b) Balance sheets as of the end of each quarterly period of Lessee's fiscal years and profit and loss and surplus statements certified as accurate by an officer of Lessee within 45 days after the close of each such quarterly period; and

(c) From time to time such other information as Lessor may reasonably request.

SECTION 17. Notices.

All notices required under the terms and provisions hereof shall be in writing, and any such notice shall become effective when deposited in the United States mail, postage prepaid, and addressed to Lessor or Lessee, as the case may be, at the address set forth underneath the signature of such party below or at such other address as such party shall from time to time designate for itself in writing to the other party.

SECTION 18. Purchase Option.

Provided no Event of Default shall have occurred and be continuing, Lessee may irrevocably elect, by giving not less than 30 days prior written notice to Lessor, to purchase at the end of the initial term or any renewal term of this Lease, and having made such irrevocable election Lessee shall so purchase, all but not less than all, of the Equipment from Lessor by paying to Lessor on the last day of such initial term or renewal term, as the case may be, an amount equal to \$1.00. Upon the sale of the Equipment pursuant to this Section 18, Lessor shall, if so requested by Lessee, deliver to Lessee the following items: (a) a bill or bills of sale for the Equipment transferring to Lessee Lessor's interest in the Equipment, free and clear of all liens and encumbrances which result from claims against Lessor which are unrelated to this Lease, and (b) such UCC-3 financing statements or other instruments as may be necessary or appropriate to effect or make clear upon the public records the release of Lessor's security interest in the Equipment. All obligations of Lessee under Section 3 with respect to the return of the Equipment shall terminate upon its sale to Lessee pursuant to this Section 18.

SECTION 19. Miscellaneous.

Any provision of this Lease which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect. No term or provision of this Lease may be amended, changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the amendment, change, waiver, discharge or termination is sought. Lessor shall have the right, at any time during the term of this Lease, to appoint a bank or trust company or an individual trustee or trustees selected by it to act as agent or trustee for it hereunder. The captions in this Lease are for convenience or reference only and shall not define or limit any of the terms or provisions hereof. This Lease shall in all respects be governed by, and construed in accordance with, the internal laws of the State of Illinois applicable to contracts made and performed wholly in Illinois, including all matters of construction, validity and performance. Lessor's rights and Lessee's obligations shall in no way be affected by Lessor's inspection of, or failure to inspect, any Item or any of the documents referred to in this Lease or by Lessor's failure to inform Lessee of any failure to comply with any of Lessee's obligations under this Lease. This Lease and the Rental Agreement and Certificate of Acceptance executed and delivered by Lessor and Lessee contain the entire understanding of Lessor and Lessee with respect to the subject

matter hereof and thereof, and the Rental Agreement and Certificate of Acceptance shall constitute a part hereof. Lessee hereby acknowledges that it has received a copy of, and has read the provisions contained in, this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed on behalf of each of them as of the date first above written.

THE ALASKA RAILROAD CORPORATION ("Lessee")

By: *G. Durkin*

Title: President and Chief Executive Officer

Address: P. O. Box 7-2111
Anchorage, AK 99510-7069

FIRST CHICAGO CREDIT CORPORATION ("Lessor")

By: *Max. Gumbel*

Title: *V. Pres.*

Address: Two First National Plaza
Chicago, Illinois 60670

EXHIBIT "A"

RENTAL AGREEMENT UNDER

EQUIPMENT LEASE AGREEMENT DATED AS OF MAY __, 1985

BETWEEN FIRST CHICAGO CREDIT CORPORATION, LESSOR,

AND

THE ALASKA RAILROAD CORPORATION, LESSEE

Lessor and Lessee have entered into the Equipment Lease Agreement identified above (herein called the "Lease") pursuant to which Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, the Equipment described in this Rental Agreement and the Certificate of Acceptance. Capitalized terms used and not otherwise defined herein shall have the meanings attributed to them in the Lease.

NOW, THEREFORE, Lessee by executing this Rental Agreement and Lessor (by accepting this Rental Agreement in its sole and absolute discretion) hereby agree as follows:

1. Equipment. The Lessee hereby agrees to lease the following Items having an approximate Lessor's Cost as follows:

<u>Description of Item</u>	<u>Location</u>	<u>Lessor's Cost</u>
----------------------------	-----------------	----------------------

See Attached Schedule II

2. Lease Term. The term of the Lease with respect to the Item or Items described herein commences on the date of acceptance of the Item(s) as set forth in the Certificate of Acceptance and, unless earlier terminated in accordance with the provisions of the Lease, terminates __ months thereafter.

3. Rent Payments. Lessee agrees to pay to Lessor aggregate specified rental of \$ _____ (or such other amount as shall be determined by Lessor and Lessee from time to time upon the occurrence of an Event of Loss) for the Item or Items described above, payable in ___ equal consecutive installments (the "Periodic Rent") each equal to \$ _____ plus all other amounts payable pursuant to the Lease. A portion of each installment of Periodic Rent is paid as, and represents payment of, interest, and the interest component of each installment of Periodic Rent during the term of the Lease is so specified on Schedule I hereto. Unless otherwise provided in the Certificate of Acceptance, the first such payment of Periodic Rent shall be payable on the date of acceptance and the remainder of which shall be payable in advance on the 15th day of each month thereafter at the following address: First Chicago Credit Corporation, Two First National Plaza, Chicago, Illinois 60670.

4. Loss Value. The Loss Value of each Item shall be determined in accordance with Section 10(d) of the Lease.
5. Execution. This Rental Agreement is executed and delivered in accordance with the Lease and this Rental Agreement hereby becomes a part of the Lease.

THE ALASKA RAILROAD CORPORATION

By: _____

Title: _____

Date: _____

Accepted by Lessor this _____
day of _____, 198_

FIRST CHICAGO CREDIT CORPORATION

By: _____

Title: _____

SCHEDULE I

SCHEDULE II

.....

EXHIBIT "B"

CERTIFICATE OF ACCEPTANCE UNDER

EQUIPMENT LEASE AGREEMENT DATED AS OF _____, 198_

BETWEEN FIRST CHICAGO CREDIT CORPORATION, LESSOR,

AND

THE ALASKA RAILROAD CORPORATION, LESSEE

Lessor and Lessee have entered into the Equipment Lease Agreement identified above (herein called the "Lease") pursuant to which Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, the Equipment described in this Certificate of Acceptance. Capitalized terms used and not otherwise defined herein shall have the meanings attributed to them in the Lease.

NOW, THEREFORE, Lessee by executing this Certificate of Acceptance hereby agrees as follows:

1. Equipment. The Lessee hereby certifies that the following Items of Equipment (the "Equipment") have been delivered to and accepted by Lessee on _____, 198_, pursuant to the terms of the Lease, at the location and having a Lessor's Cost as follows:

<u>Description of Item</u>	<u>Location</u>	<u>Lessor's Cost</u>
----------------------------	-----------------	----------------------

See Attached Schedule I

2. Lease Term. The term of the Lease with respect to the Equipment described herein commences on the date of acceptance set forth in paragraph 1 above and, unless earlier terminated in accordance with the provisions of the "Lease," terminates ___ months thereafter, with Periodic Rental payable on the dates and in the amounts set forth in the Rental Agreement.
3. Inspection. The Equipment has been tested and inspected by an authorized representative of the Lessee and found to be in good order.
4. Disclaimer of Warranties. It is understood that Lessor is not responsible for Equipment suitability, performance or service and, as more fully set forth in the Lease, Lessor HEREBY DISCLAIMS ANY OTHER REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, TITLE THERETO, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO.

5. Lessee's Representations and Warranties. Lessee represents and warrants that:

(a) the representations and warranties set forth in Section 6 of the Lease were true and correct as of the date as of which made and are true and correct as of the date hereof as if made at the date hereof; and

(b) no Event of Default under the Lease has occurred and is continuing.

Lessee further represents, warrants and acknowledges that (i) the Equipment is of a size, design, capacity and manufacture selected by Lessee, (ii) Lessee is satisfied that the Equipment is suitable for its purpose, (iii) no mortgage, security interest, pledge, lien, charge, encumbrance or claim, other than the security interest in favor of Lessor created under the Lease, exists with respect to any of the Equipment, title thereto or any interest therein, and (iv) Lessor is not a manufacturer of, or dealer in, property of the kind of the Equipment.

6. Execution. This Certificate of Acceptance is executed and delivered in accordance with the Lease and this Certificate of Acceptance hereby becomes a part of the Lease.

THE ALASKA RAILROAD CORPORATION

By: _____

Title: _____

Date: _____

WITNESS:

1750Q

SCHEDULE I

11-11-11

STATE OF ALASKA)
COUNTY OF _____)

SS.:

On this 17th day of June, 1985, before me personally appeared F. B. Jurgen, to me personally known, who, being by me duly sworn, says that he is the President and Chief Executive Officer of ALASKA RAILROAD CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Marilyn Gonley
Notary Public

[Notarial Seal]

My Commission expires 2/2/89

STATE OF ILLINOIS)
COUNTY OF COOK)

SS.:

On this 26th day of June, before me personally appeared Marc Greenberg, to me personally known, who, being by me duly sworn, says that he is a Vice President of FIRST CHICAGO CREDIT CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Laura Teresi
Notary Public

[Notarial Seal]

My Commission expires

7-16-88

CERTIFICATE OF ACCEPTANCE UNDER
EQUIPMENT LEASE AGREEMENT DATED AS OF MAY 14, 1985
BETWEEN FIRST CHICAGO CREDIT CORPORATION, LESSOR,
AND
THE ALASKA RAILROAD CORPORATION, LESSEE

Lessor and Lessee have entered into the Equipment Lease Agreement identified above (herein called the "Lease") pursuant to which Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, the Equipment described in this Certificate of Acceptance. Capitalized terms used and not otherwise defined herein shall have the meanings attributed to them in the Lease.

NOW, THEREFORE, Lessee by executing this Certificate of Acceptance hereby agrees as follows:

1. Equipment. The Lessee hereby certifies that the following Items of Equipment (the "Equipment") have been delivered to and accepted by Lessee on May 14, 1985, pursuant to the terms of the Lease, at the location and having a Lessor's Cost as follows:

<u>Description of Item</u>	<u>Location</u>	<u>Lessor's Cost</u>
See Attached Schedule I	Anchorage, Alaska	\$4,770,700.00

2. Lease Term. The term of the Lease with respect to the Equipment described herein commences on the date of acceptance set forth in paragraph 1 above and, unless earlier terminated in accordance with the provisions of the Lease, terminates 84 months thereafter, with Periodic Rental payable on the dates and in the amounts set forth in the Rental Agreement.
3. Inspection. The Equipment has been tested and inspected by an authorized representative of the Lessee and found to be in good order.
4. Disclaimer of Warranties. It is understood that Lessor is not responsible for Equipment suitability, performance or service and, as more fully set forth in the Lease, Lessor HEREBY DISCLAIMS ANY OTHER REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, TITLE THERETO, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO.

5. Lessee's Representations and Warranties. Lessee represents and warrants that:

(a) the representations and warranties set forth in Section 6 of the Lease were true and correct as of the date as of which made and are true and correct as of the date hereof as if made at the date hereof; and

(b) no Event of Default under the Lease has occurred and is continuing.

Lessee further represents, warrants and acknowledges that (i) the Equipment is of a size, design, capacity and manufacture selected by Lessee, (ii) Lessee is satisfied that the Equipment is suitable for its purpose, (iii) no mortgage, security interest, pledge, lien, charge, encumbrance or claim, other than the security interest in favor of Lessor created under the Lease, exists with respect to any of the Equipment, title thereto or any interest therein, and (iv) Lessor is not a manufacturer of, or dealer in, property of the kind of the Equipment.

6. Execution. This Certificate of Acceptance is executed and delivered in accordance with the Lease and this Certificate of Acceptance hereby becomes a part of the Lease.

THE ALASKA RAILROAD CORPORATION

BY: Michael J. [Signature]

Title: J.C.M.O.

Date: 5/14/85

WITNESS:

[Signature]

1750Q

ORIGINAL - LESSOR'S COPY

SCHEDULE I

Five (5) 2,800 horsepower EMD Model GP49 Replacement Locomotives in accordance with General Motors Specification 8118 and Amendment 8118-3.

Base Price per Replacement GP49 Locomotive \$856,000

Modifications as listed on Opening Specification and Revisions A through D, attached \$198,555

Total List Price per Replacement GP49 Locomotive, F.O.B. EMD Plant, McCook, Illinois \$1,054,555

Less: Allowance for use of EMD Locomotive Replacement Pool Material per General Motors Specification 8113-3 \$(100,415)

Total Net Price per Replacement GP49 Locomotive, F.O. B. EMD Plant, McCook, Illinois \$954,140

1 1 1 1
2 2 2 2
3 3 3 3

RENTAL AGREEMENT UNDER
EQUIPMENT LEASE AGREEMENT DATED AS OF MAY 14, 1985
BETWEEN FIRST CHICAGO CREDIT CORPORATION, LESSOR,
AND
THE ALASKA RAILROAD CORPORATION, LESSEE

Lessor and Lessee have entered into the Equipment Lease Agreement identified above (herein called the "Lease") pursuant to which Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, the Equipment described in this Rental Agreement and the Certificate of Acceptance. Capitalized terms used and not otherwise defined herein shall have the meanings attributed to them in the Lease.

NOW, THEREFORE, Lessee by executing this Rental Agreement and Lessor (by accepting this Rental Agreement in its sole and absolute discretion) hereby agree as follows:

1. Equipment. The Lessee hereby agrees to lease the following Items having an approximate Lessor's Cost as follows:

<u>Description of Item</u>	<u>Location</u>	<u>Lessor's Cost</u>
See Attached Schedule II	Anchorage, Alaska	\$4,770,700.00

2. Lease Term. The term of the Lease with respect to the Item or Items described herein commences on the date of acceptance of the Item(s) as set forth in the Certificate of Acceptance and, unless earlier terminated in accordance with the provisions of the Lease, terminates 84 months thereafter.
3. Rent Payments. Lessee agrees to pay to Lessor aggregate specified rental of \$5,887,814.52 (or such other amount as shall be determined by Lessor and Lessee from time to time upon the occurrence of an Event of Loss) for the Item or Items described above, payable in 84 equal consecutive installments (the "Periodic Rent") each equal to \$70,093.03 plus all other amounts payable pursuant to the Lease. A portion of each installment of Periodic Rent is paid as, and represents payment of, interest, and the interest component of each installment of Periodic Rent during the term of the Lease is so specified on Schedule I hereto. Unless otherwise provided in the Certificate of Acceptance, the first such payment of Periodic Rent shall be payable on the date of acceptance and the remainder of which shall be payable in advance on the 15th day of each month thereafter at the following address: First Chicago Credit Corporation, Two First National Plaza, Chicago, Illinois 60670.

4. Loss Value. The Loss Value of each Item shall be determined in accordance with Section 10(d) of the Lease.
5. Execution. This Rental Agreement is executed and delivered in accordance with the Lease and this Rental Agreement hereby becomes a part of the Lease.

THE ALASKA RAILROAD CORPORATION

By: *J. Durbin*
President &
Title: Chief Executive Officer

Date: May 14, 1985

Accepted by Lessor this 29
day of May, 1985

FIRST CHICAGO CREDIT CORPORATION

By: *Mar. Gentry*
Title: VP

ORIGINAL LESSOR'S COPY

SCHEDULE I

LOAN NUMBER : 333333
 FROM LOAN START DATE 05/15/85 THRU LOAN END DATE 04/15/93
 ANNUAL INTEREST RATE 9.30000%
 DESCRIPTION : ALASKA RAILROAD

PYMT#	DATE	RATE	PAYMENT	PRINCIPAL	INTEREST	BALANCE
	05/15/85					4,770,700.00
# 1	5/15/85	9.30000	70,093.03	70,093.03	0	4,700,606.97
# 2	6/15/85	9.30000	70,093.03	32,449.11	37,643.92	4,668,157.86
# 3	7/15/85	9.30000	70,093.03	33,914.83	36,178.20	4,634,243.03
# 4	8/15/85	9.30000	70,093.03	32,980.45	37,112.58	4,601,262.58
# 5	9/15/85	9.30000	70,093.03	33,244.57	36,848.46	4,568,018.01
# 6	10/15/85	9.30000	70,093.03	34,690.93	35,402.10	4,533,327.08
# 7	11/15/85	9.30000	70,093.03	33,788.62	36,304.41	4,499,538.46
# 8	12/15/85	9.30000	70,093.03	35,221.63	34,871.40	4,464,316.83
YEAR TOTAL			560,744.24	306,393.17	254,361.07	
# 9	1/15/86	9.30000	70,093.03	34,341.35	35,751.68	4,429,975.48
#10	2/15/86	9.30000	70,093.03	34,616.32	35,476.71	4,395,359.16
#11	3/15/86	9.30000	70,093.03	38,299.87	31,793.16	4,357,059.29
#12	4/15/86	9.30000	70,093.03	35,200.36	34,892.67	4,321,858.93
#13	5/15/86	9.30000	70,093.03	36,598.63	33,494.40	4,285,260.30
#14	6/15/86	9.30000	70,093.03	35,775.10	34,317.93	4,249,485.20
#15	7/15/86	9.30000	70,093.03	37,159.63	32,933.40	4,212,325.57
#16	8/15/86	9.30000	70,093.03	36,359.45	33,733.58	4,175,966.12
#17	9/15/86	9.30000	70,093.03	36,650.54	33,442.49	4,139,315.58
#18	10/15/86	9.30000	70,093.03	38,013.43	32,079.60	4,101,302.15
#19	11/15/86	9.30000	70,093.03	37,248.53	32,844.50	4,064,053.62
#20	12/15/86	9.30000	70,093.03	38,596.63	31,496.40	4,025,456.99
YEAR TOTAL			841,116.36	438,859.84	402,256.52	
#21	1/15/87	9.30000	70,093.03	37,855.82	32,237.21	3,987,601.17
#22	2/15/87	9.30000	70,093.03	38,159.00	31,934.03	3,949,442.17
#23	3/15/87	9.30000	70,093.03	41,525.47	28,567.56	3,907,916.70
#24	4/15/87	9.30000	70,093.03	38,296.98	31,296.05	3,869,119.72
#25	5/15/87	9.30000	70,093.03	40,107.43	29,985.60	3,829,012.29
#26	6/15/87	9.30000	70,093.03	39,429.07	30,663.96	3,789,583.22
#27	7/15/87	9.30000	70,093.03	40,723.63	29,369.40	3,748,859.59
#28	8/15/87	9.30000	70,093.03	40,070.77	30,022.26	3,708,788.82
#29	9/15/87	9.30000	70,093.03	40,391.93	29,701.10	3,668,396.89
#30	10/15/87	9.30000	70,093.03	41,662.93	28,430.10	3,626,733.96
#31	11/15/87	9.30000	70,093.03	41,048.82	29,044.21	3,585,685.14
#32	12/15/87	9.30000	70,093.03	42,304.03	27,789.00	3,543,381.11
YEAR TOTAL			841,116.36	482,075.88	359,040.48	

LOAN NUMBER : 333333
 FROM LOAN START DATE 05/15/85 THRU LOAN END DATE 04/15/93
 ANNUAL INTEREST RATE 9.30000%
 DESCRIPTION : ALASKA RAILROAD

PYMT#	DATE	RATE	PAYMENT	PRINCIPAL	INTEREST	BALANCE
#33	1/15/88	9.30000	70,093.03	41,716.56	28,376.47	3,501,664.55
#34	2/15/88	9.30000	70,093.03	42,050.43	28,042.60	3,459,614.12
#35	3/15/88	9.30000	70,093.03	44,174.86	25,918.17	3,415,439.26
#36	4/15/88	9.30000	70,093.03	42,741.11	27,351.92	3,372,698.15
#37	5/15/88	9.30000	70,093.03	43,954.63	26,138.40	3,328,743.52
#38	6/15/88	9.30000	70,093.03	43,435.20	26,657.83	3,285,308.32
#39	7/15/88	9.30000	70,093.03	44,632.03	25,461.00	3,240,676.29
#40	8/15/88	9.30000	70,093.03	44,140.76	25,952.27	3,196,535.53
#41	9/15/88	9.30000	70,093.03	44,494.16	25,598.87	3,152,041.37
#42	10/15/88	9.30000	70,093.03	45,664.63	24,428.40	3,106,376.74
#43	11/15/88	9.30000	70,093.03	45,216.15	24,876.88	3,061,160.59
#44	12/15/88	9.30000	70,093.03	46,369.03	23,724.00	3,014,791.56

YEAR TOTAL 841,116.36 528,589.55 312,526.81
 =====

#45	1/15/89	9.30000	70,093.03	45,949.61	24,143.42	2,968,841.95
#46	2/15/89	9.30000	70,093.03	46,317.58	23,775.45	2,922,524.37
#47	3/15/89	9.30000	70,093.03	48,953.31	21,139.72	2,873,571.06
#48	4/15/89	9.30000	70,093.03	47,080.49	23,012.54	2,826,490.57
#49	5/15/89	9.30000	70,093.03	48,187.63	21,905.40	2,778,302.94
#50	6/15/89	9.30000	70,093.03	47,843.40	22,249.63	2,730,459.54
#51	7/15/89	9.30000	70,093.03	48,931.93	21,161.10	2,681,527.61
#52	8/15/89	9.30000	70,093.03	48,618.40	21,474.63	2,632,909.21
#53	9/15/89	9.30000	70,093.03	49,007.76	21,085.27	2,583,901.45
#54	10/15/89	9.30000	70,093.03	50,067.73	20,025.30	2,533,833.72
#55	11/15/89	9.30000	70,093.03	49,801.36	20,291.67	2,484,032.36
#56	12/15/89	9.30000	70,093.03	50,841.73	19,251.30	2,433,190.63

YEAR TOTAL 841,116.36 581,600.93 259,515.43
 =====

#57	1/15/90	9.30000	70,093.03	50,607.36	19,485.67	2,382,583.27
#58	2/15/90	9.30000	70,093.03	51,012.53	19,080.50	2,331,570.74
#59	3/15/90	9.30000	70,093.03	53,228.07	16,864.96	2,278,342.67
#60	4/15/90	9.30000	70,093.03	51,847.36	18,245.67	2,226,495.31
#61	5/15/90	9.30000	70,093.03	52,837.63	17,255.40	2,173,657.68
#62	6/15/90	9.30000	70,093.03	52,685.60	17,407.43	2,120,972.08
#63	7/15/90	9.30000	70,093.03	53,655.43	16,437.60	2,067,316.65
#64	8/15/90	9.30000	70,093.03	53,537.17	16,555.86	2,013,779.48
#65	9/15/90	9.30000	70,093.03	53,965.90	16,127.13	1,959,813.58
#66	10/15/90	9.30000	70,093.03	54,904.33	15,188.70	1,904,909.25
#67	11/15/90	9.30000	70,093.03	54,837.93	15,255.10	1,850,071.32
#68	12/15/90	9.30000	70,093.03	55,754.83	14,338.20	1,794,316.49

YEAR TOTAL 841,116.36 638,874.14 202,242.22
 =====

LOAN NUMBER : 333333
 FROM LOAN START DATE 05/15/85 THRU LOAN END DATE 04/15/93
 ANNUAL INTEREST RATE 9.30000%
 DESCRIPTION : ALASKA RAILROAD

PYMT#	DATE	RATE	PAYMENT	PRINCIPAL	INTEREST	BALANCE
#69	1/15/91	9.30000	70,093.03	55,723.60	14,369.43	1,738,592.89
#70	2/15/91	9.30000	70,093.03	56,169.69	13,923.34	1,682,423.20
#71	3/15/91	9.30000	70,093.03	57,923.39	12,169.64	1,624,499.81
#72	4/15/91	9.30000	70,093.03	57,083.57	13,009.46	1,567,416.24
#73	5/15/91	9.30000	70,093.03	57,945.43	12,147.60	1,509,470.81
#74	6/15/91	9.30000	70,093.03	58,004.58	12,088.45	1,451,466.23
#75	7/15/91	9.30000	70,093.03	58,844.23	11,248.80	1,392,622.00
#76	8/15/91	9.30000	70,093.03	58,940.47	11,152.56	1,333,681.53
#77	9/15/91	9.30000	70,093.03	59,412.60	10,680.43	1,274,268.93
#78	10/15/91	9.30000	70,093.03	60,217.33	9,875.70	1,214,051.60
#79	11/15/91	9.30000	70,093.03	60,370.50	9,722.53	1,153,681.10
#80	12/15/91	9.30000	70,093.03	61,152.13	8,940.90	1,092,528.97
YEAR TOTAL			841,116.36	701,787.52	139,328.84	
#81	1/15/92	9.30000	70,093.03	61,343.57	8,749.44	1,031,185.38
#82	2/15/92	9.30000	70,093.03	61,834.94	8,258.09	969,350.44
#83	3/15/92	9.30000	70,093.03	62,830.85	7,262.18	906,519.59
#84	4/15/92	9.30000	70,093.03	62,833.45	7,259.58	843,686.14
#85	5/15/92	9.30000	70,093.03	63,554.53	6,538.50	780,131.61
#86	6/15/92	9.30000	70,093.03	63,845.60	6,247.43	716,286.01
#87	7/15/92	9.30000	70,093.03	64,541.83	5,551.20	651,744.18
#88	8/15/92	9.30000	70,093.03	64,873.56	5,219.47	586,870.62
#89	9/15/92	9.30000	70,093.03	65,393.12	4,699.91	521,477.50
#90	10/15/92	9.30000	70,093.03	66,051.43	4,041.60	455,426.07
#91	11/15/92	9.30000	70,093.03	66,445.88	3,647.15	388,980.19
#92	12/15/92	9.30000	70,093.03	67,078.33	3,014.70	321,901.86
YEAR TOTAL			841,116.36	770,627.11	70,489.25	
#93	1/15/93	9.30000	70,093.03	67,515.07	2,577.96	254,386.79
#94	2/15/93	9.30000	70,093.03	68,055.71	2,037.32	186,331.08
#95	3/15/93	9.30000	70,093.03	68,745.11	1,347.92	117,585.97
#96	4/15/93	9.30000	70,093.03	69,151.25	941.78	48,434.72
YEAR TOTAL			280,372.12	273,467.14	6,904.98	
GRAND TOTALS			6,728,930.88	4,722,265.28	2,006,665.60	

SCHEDULE II

Five (5) 2,800 horsepower EMD Model GP49 Replacement Locomotives in accordance with General Motors Specification 8118 and Amendment 8118-3.

Base Price per Replacement GP49 Locomotive	\$856,000
Modifications as listed on Opening Specification and Revisions A through D, attached	<u>\$198,555</u>
Total List Price per Replacement GP49 Locomotive, F.O.B. EMD Plant, McCook, Illinois	\$1,054,555
Less: Allowance for use of EMD Locomotive Replacement Pool Material per General Motors Specification 8113-3	<u>\$(100,415)</u>
Total Net Price per Replacement GP49 Locomotive, F.O. B. EMD Plant, McCook, Illinois	\$954,140