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A T T O R N E Y S

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September 9, 1999

22392
RECORDATION NO. _____ FILED

SEP- 9 '99

12-30 PM

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Dear Secretary Williams:

I have enclosed three originals of the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Conditional Sale Agreement, a primary document, dated as of September 1, 1999. We request that this document be given the next available Recordation Number.

The names and addresses of the parties to the Memorandum of Conditional Sale Agreement are:

Secured Party:

GE Capital Public Finance, Inc.
8400 Normandale Lake Boulevard, Suite 470
Minneapolis, MN 55437-1079

Debtor:

Alaska Railroad Corporation
P.O. Box 107500
Anchorage, AK 99510-7500

A description of the equipment covered by the Memorandum of Conditional Sale Agreement consists of 14 SDMAC locomotives to be identified in later recordations.

BALL JANIK LLP

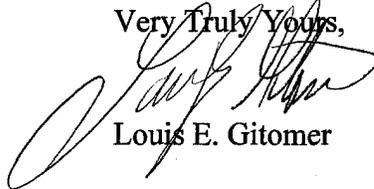
Honorable Vernon A. Williams
September 9, 1999
Page 2

A fee of \$ 26.00 is enclosed. Please return two originals to:

Louis E. Gitomer
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005

A short summary of the document to appear in the index follows: a Memorandum of Conditional Sale Agreement between GE Capital Public Finance, Inc., 8400 Normandale Lake Boulevard, Suite 470, Minneapolis, MN 55437-1079, and Alaska Railroad Corporation, P.O. Box 107500, Anchorage, AK 99510-7500, covering 14 SDMAC locomotives to be identified in later recordings.

Very Truly Yours,



Louis E. Gitomer

Enclosures

SEP 9 '99

12-30 PM

MEMORANDUM OF CONDITIONAL SALE AGREEMENT

This MEMORANDUM OF CONDITIONAL SALE AGREEMENT (the "MEMORANDUM OF CONDITIONAL SALE AGREEMENT"), is made and entered into as of September 1, 1999, by and between GE Capital Public Finance, Inc., a corporation duly organized and existing under the laws of the State of Delaware, as secured party ("GECPF") and the Alaska Railroad Corporation, a public corporation and an instrumentality of the State of Alaska, as borrower ("ARC"), with reference to the following:

1. GECPF has agreed to finance the purchase by ARC of up to 14 SDMAC locomotives, as more fully described in that certain CONDITIONAL SALE AGREEMENT dated as of the date hereof between GECPF and ARC (together with all of the riders, schedules, and other attachments thereto, collectively the "Conditional Sale Agreement").

2. Capitalized terms used herein shall have the meaning given to them by the Conditional Sale Agreement.

3. The Equipment shall be specifically described in Schedules to be executed by GECPF and ARC and recorded with the Surface Transportation Board.

4. ARC grants to GECPF a continuing first security interest in and to the Equipment, all repairs, replacements, substitutions and modifications thereto or thereof and all proceeds of the foregoing.

5. The Conditional Sale Agreement shall be effective as of the date thereof.

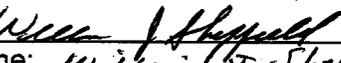
This MEMORANDUM OF CONDITIONAL SALE AGREEMENT may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one MEMORANDUM OF CONDITIONAL SALE AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed or caused this MEMORANDUM OF CONDITIONAL SALE AGREEMENT to be executed as of the date first above written.

GE CAPITAL PUBLIC FINANCE, INC.

By: 
Name: Peter J. Miller
Its: Vice President

ALASKA RAILROAD CORPORATION

By: 
Name: William G. Sheffield
Its: Pres. CEO

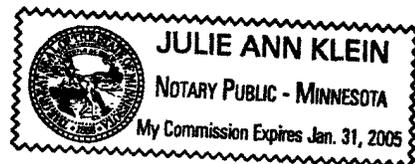
STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

On this 1st day of September 1999, before me personally appeared Peter J. Miller, to me personally known, who being by me duly sworn, did say that he is an Authorized Officer of GE Capital Public Finance, Inc., that the seal 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 that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

Julie Klein
Notary Public

My Commission Expires: Jan. 31, 2005



STATE OF ALASKA)
) ss
THIRD JUDICIAL DISTRICT)

On this 8th day of September 1999, before me personally appeared William J. Sheffield, to me personally known, who being by me duly sworn, did say that (s)he is an Authorized Officer of the Alaska Railroad Corporation that the seal 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 that (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

William R. Huppel
Notary Public

My Commission Expires: 3/27/2000