

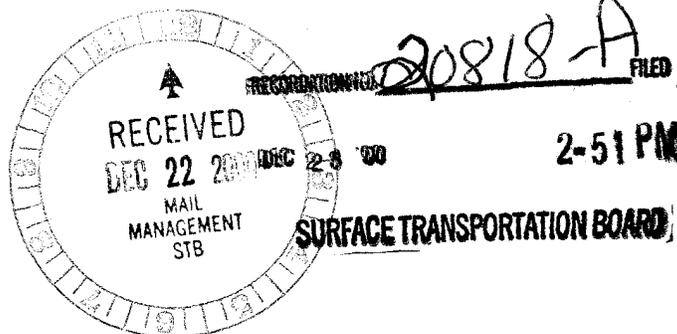


First Union Rail Corporation
 One O'Hare Center
 6250 River Road, Suite 5000
 Rosemont, IL 60018-4214
 Tel 847 318-7575
 Fax 847 318-7588

VIA UPS NEXT DAY AIR

December 21, 2000

Mr. Vernon E. Williams
 Surface Transportation Board
 1925 K Street, N.W., Room 704
 Washington, DC 20423-0001
 Attn: Recordation of Railroad Equipment



Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals and one (1) copy of a Memorandum of Lease Agreement, dated October 4, 2000, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation number 20818.

The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
 One O'Hare Center
 6250 River Road, Suite 5000
 Rosemont, IL 60018

Lessee: Alaska Railroad Corporation
 327 Ship Creek Avenue, 2nd Floor
 Anchorage, AK 99501

A description of the railroad equipment covered by the enclosed document is thirty-one (31) 61'1" inside length, 100 ton bulkhead flatcars, with car numbers NOKL 725000 - 725048, non-inclusive.

A short summary of the document to appear in the index follows:

Memorandum of Lease between First Union Rail Corporation, Lessor and Alaska Railroad Corporation, Lessee, covering 31 61'1" inside length, 100 ton bulkhead flatcars, with car numbers NOKL 725000 - 725048, non-inclusive.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5342. Thank you for your cooperation in this matter.

Very truly yours,

Tiffany Chase-Morrison
 Manager of Documentation

Enclosures

(ARR005)

DEC 28 '00

2-51 PM

ASSGN. NO. ARR005

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 4th day of October, 2000, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Alaska Railroad Corporation ("Lessee"), an Alaska corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of May 14, 1997, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 3 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of July 22, 2000 and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

By: Richard F. Seymour

Name: RICHARD F. SEYMOUR
Vice President Sales & Marketing

Title: _____

Executed on this 4th day of Oct., 2000.

ATTEST:

By: K.A. Dombrowski
Name: K.A. Dombrowski
Title: DIRECTOR OF D

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

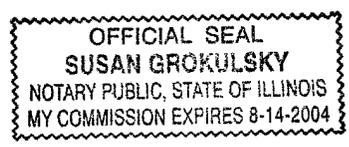
I, SUSAN GROKULSKY, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 4th day of October, 2000.

Susan Grokulsky
Notary Public

My Commission Expires:

8-14-2004
(Notary Public)



LESSEE:

ALASKA RAILROAD CORPORATION

By: Bill Sheffield

Name: Bill Sheffield

Title: President

ATTEST:

By: _____

Name: _____

Title: _____

Executed on this 14 day of September 2000.

[CORPORATE SEAL]

STATE OF Alaska
COUNTY OF Anchorage

I, Cheryl A. Sautel, a Notary Public of the County and State aforesaid, certify that William J. Sheffield personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 14 day of September, 2000.

Cheryl A. Sautel
Notary Public

Commission Expires:
7-18-01
(Notary Public)

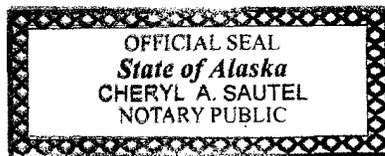


EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Thirty-one (31)

DESCRIPTION OF CARS: 61'1" inside length 100-ton bulkhead flatcars, 263,000 lb. loading capacity.

CAR NUMBERS: See below:

NOKL	725000	NOKL	725025
NOKL	725001	NOKL	725027
NOKL	725002	NOKL	725029
NOKL	725004	NOKL	725030
NOKL	725005	NOKL	725033
NOKL	725006	NOKL	725034
NOKL	725009	NOKL	725035
NOKL	725010	NOKL	725036
NOKL	725014	NOKL	725038
NOKL	725015	NOKL	725039
NOKL	725016	NOKL	725040
NOKL	725017	NOKL	725041
NOKL	725019	NOKL	725042
NOKL	725023	NOKL	725043
NOKL	725024	NOKL	725045
		NOKL	725048

Count: 31 cars