

**NATIONAL
RAILWAY EQUIPMENT CO.**



HOME OFFICE 14400 S ROBEY STREET P O BOX 2270 - DIXMOOR, ILLINOIS 60426
TELEPHONE (708) 388-6002 FAX (708) 388-2487

August 30, 2007

RECORDATION NO 27142 FILE NO

AUG 31 2007

2-37 P:W

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001



Attn: Equipment Recordation

To Whom It May Concern:

I have enclosed for recordation, pursuant to the provisions of 49 U.S.C. 11301, an original and one counterpart of the memorandum of lease agreement and a schedule of equipment for a locomotive lease agreement dated August 22, 2007, a primary document under the Board's recordation regulations.

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

Lessor: National Railway Equipment Co.
14400 S. Robey St.
Dixmoor, IL 60426

Lessee: Alaska Railroad Corporation
327 West Ship Creek Avenue
Anchorage, Alaska 99501

A description of the equipment covered by the Lease Agreement is as follows:

2GS-14B N-ViroMotive Switcher Locomotive, bearing road # NREX 2007

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

"Locomotive Lease Agreement"

Also enclosed is a check in the amount of \$35 payable to the Surface Transportation Board to cover the required recordation fee for the attached agreement.

Please date-stamp and return an original copy after recordation to:

Kristina Buchthal
National Railway Equipment Co.
14400 South Robey Street
P.O. Box 2270
Dixmoor, IL 60426

Sincerely Yours,

NATIONAL RAILWAY EQUIPMENT CO.

By: 
Kristina Buchthal

AUG 31 '07

2-37 PM

LOCOMOTIVE LEASE AGREEMENT

SURFACE TRANSPORTATION BOARD

THIS LOCOMOTIVE LEASE AGREEMENT ("Lease"), entered into as of this 22 day of August 2007, between the National Railway Equipment Co., an Illinois corporation, ("LESSOR"), and the Alaska Railroad Corporation, a public corporation created by Alaska Statute 42.40, ("LESSEE").

LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:**1. LEASE AND LEASED PROPERTY**

Lessee hereby leases from Lessor, the locomotive, ("Locomotive" or "locomotive"), together with the parts, accessories, attachments and devices, if any, now or hereafter affixed thereto, as described in Schedule "A" attached to and made part hereof.

2. TERM

The term of this Lease for each locomotive shall be the fixed term set forth in Schedule "A", commencing on the date such locomotive is accepted by Lessee ("Commencement Date"). In the event of default of the lease, Lessee shall affect prompt delivery of the locomotive to Lessor at its Mt. Vernon, Illinois manufacturing facility or to a mutually agreed upon location.

3. RENTAL

A. The rental payable shall be the sum identified in Schedule "A". Lessee shall operate such locomotive in service on its railroad. If the Commencement Date for any locomotive does not fall on the first day of the month, the first rental payment shall be prorated accordingly.

B. Payments past due for more than five (5) days shall bear interest at the rate of twelve percent (12%) per annum.

C. All rentals shall be paid to Lessor at:

National Railway Equipment Co.
1473 Paysphere Circle
Chicago, IL 60674

or at such other address as Lessor may direct in writing.

4. TAXES

Lessee shall pay all use, excise, ad valorem, stamp, documentary and similar taxes on or relating to this lease of the locomotive, or the use, registration, rental, maintenance, possession or operation thereof, and shall file any returns required therefor, and shall hold Lessor harmless against any liability and expense (including attorney fees and costs) on account of Lessee's failure to do the same.

If to Lessor: National Railway Equipment Co.
14400 S. Robey
Dixmoor, Illinois 60426

If to Lessee: Alaska Railroad Corporation
327 West Ship Creek Avenue
Anchorage, Alaska 99501
Attn: Vice President & Chief Operating Officer

WITNESS WHEREOF, the parties have executed this Lease the day and year first mentioned above.

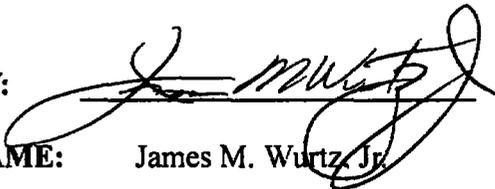
LESSOR:

LESSEE:

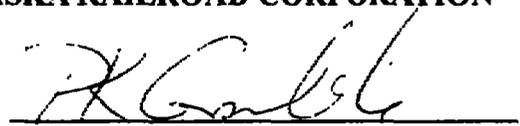
NATIONAL RAILWAY EQUIPMENT CO.

ALASKA RAILROAD CORPORATION

BY:



BY:



NAME: James M. Wurtz, Jr.

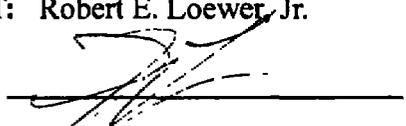
NAME: Patrick K. Gamble

TITLE: Vice President

TITLE: President & CEO

ATTEST: Robert E. Loewer, Jr.

BY:



TITLE: Director of Finance

(Corporate Seal)

SCHEDULE "A"

Attached to and incorporated into the Lease dated the 22 day of August, 2007 by and between the National Railway Equipment Co. (LESSOR) and the Alaska Railroad Corporation (LESSEE).

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
NREX 2007	NREC	2GS-14B N-ViroMotive Switcher Locomotive

**LEASE
TERM**
2 Weeks plus
barge transit
time*

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT is made and entered into as of _____, 2007, by and between NATIONAL RAILWAY EQUIPMENT CO. ("Lessor"), and ALASKA RAILROAD CORPORATION ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, Locomotive model(s) described herein.

Each locomotive is fully-described in a certain Lease Agreement dated as of _____, 2007, (together with all of the riders, schedules and other attachments thereto, collectively, the "Lease"), each between Lessor and Lessee. A Schedule of the equipment is attached hereto.

2. The Lease shall be effective as of the date hereof and shall be subject to the term specified in the Lease, and any extension of such term to the extent provided for in the Lease.

The Memorandum of Lease Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Lease Agreement to be executed as of the date first above written.

LESSEE:

ALASKA RAILROAD CORPORATION

By: PK Gamble
Name: Patrick K. Gamble
Title: President & CEO

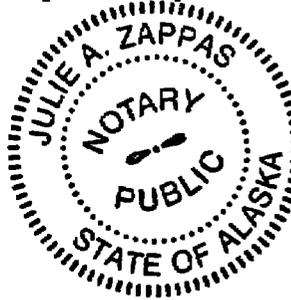
LESSOR:

NATIONAL RAILWAY EQUIPMENT CO.

By: James M. Wurtz, Jr.
Name: James M. Wurtz, Jr.
Title: Vice President

STATE OF ALASKA)
) SS.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this 17th day of August, 2007, by Patrick K. Gamble, the President & Chief Executive Officer of the Alaska Railroad Corporation, a public corporation created by Alaska Statute 42.40, on behalf of the corporation.



Julie A. Zappas
Notary Public in and for Alaska
My Commission Expires 3/22/08

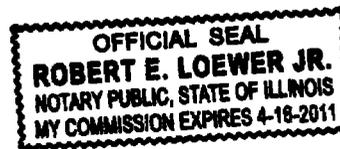
STATE OF ILLINOIS)
) SS.
COUNTY OF WILL)

On this 22 day of August, 2007, before me appeared James M. Wurtz Jr., the person who signed this instrument who acknowledged that (s) he is an officer of **NATIONAL RAILWAY EQUIPMENT CO.** and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.

[Signature]
Notary Public

[Seal]

My Commission Expires:



SCHEDULE OF EQUIPMENT

Lessor: NATIONAL RAILWAY EQUIPMENT CO.

Lessee: ALASKA RAILROAD CORPORATION

Approved by: _____
(Lessee to initial each page)

Attached to Memorandum
of Lease Agreement dated:

Equipment Located at:

Equipment Schedule No.: See Schedule "A"

Manufacturer and/or Vendor
Name & Invoice Number

Equipment
Description

National Railway Equipment Co.

NREC 2GS-14B N-ViroMotive Switcher
Locomotive