



ENGINEERED SUCCESS



## A MESSAGE FROM GOVERNOR BILL SHEFFIELD, CHAIRMAN OF THE BOARD

Early indications were that 2006 would be a somewhat flat, yet solid year. Those indications missed the mark and I am pleased to report that 2006 far exceeded our expectations and capped off a well-executed five year plan.

The Alaska Railroad engineered positive returns in 2006 in several notable sectors of its business. Our passenger service generated record level revenue, our net income significantly outperformed budget expectations and we achieved aggressive safety objectives and our safest year ever following four record setting years.

2006's robust financial outcome saw our assets grow to \$714 million... nearly double our \$367 million asset base in 2002 and a far cry from the \$22.3 million purchase price in 1984. The railroad earned a healthy \$10.4 million in net income for 2006 surpassing our 2006 budget by \$3.0 million. Gross revenues topped out at \$148.9 million with \$138.5 million in expenses.

Headlining the list of financial highlights was the railroad's entry into the public debt market. For the first time, the railroad issued tax exempt bonds, using this tool to accelerate an aggressive track and bridge rehabilitation program by ten years. This program will increase safety, reduce maintenance and operating expenses, as well as enhance capacity and railroad speed.



A large contributor to the railroad's financial success in 2006 were our passengers who took advantage of enhanced Internet booking capabilities and first-class upgrades on our popular GoldStar Service. Passenger revenue broke the \$21 million mark in 2006, smashing the myth that passenger service can't be profitable in the modern age. Also contributing to our healthy bottom line was increased trailer and container business and high gravel tonnage resulting in our third largest gravel year on record.

Once again, the railroad team made safety its number one priority. And once again, our employees achieved the seemingly impossible by turning in our safest year on record. Reportable injuries came in below our injury frequency goal of 2.50 per 200,000 man hour goal. We had a 45 percent reduction in lifting injuries, a 21 percent reduction in walking injuries, a 45 percent reduction in derailments and a 50 percent reduction in vehicle accidents.

These achievements were made possible under our President and CEO Pat Gamble's leadership and a devoted railroad team that continues to push the boundary of what is doable. We also attribute our success to the environment of opportunity created by our congressional delegation and state policy leaders. Their support enables the railroad to play a bold role in the continued economic development of our great state.

As we say goodbye to longtime railroad advocate Governor Frank Murkowski, and thank him for his

many years of public service, we welcome our new leader, Governor Sarah Palin. We look forward to turning her energy and ideas into projects that advance Alaska and support our many customers and communities.

Linking the state-owned railroad with our government leaders is our Board of Directors. I want to thank our board members for their many contributions, wisdom and the time they spend charting a course for the Alaska Railroad.

A change in the administration brought several changes to our board. We welcome Governor Palin's appointments including Fairbanks resident and business owner John Binkley who is now serving as Chair for 2007, Matanuska-Susitna Borough Mayor Curt Menard, Department of Transportation Commissioner Leon von Scheben and Department of Commerce, Community and Economic Development Commissioner Emil Notti. Joining me in continuing service on our board are Orie Williams, president and CEO of Doyon, Limited, and Jack Burton, Alaska Railroad track inspector. Finally, we thank General Joe Ralston for his exceptional service and strategic expertise and wish him well in his future endeavors.

As you read this report you will see our story of engineered success. We have had a very dynamic and productive five-year run and look forward to the new challenges that lie ahead. It is with this in mind, and with appreciation to our neighbors and customers, that I am pleased to present the 2006 Alaska Railroad Annual Report.

## A MESSAGE FROM PATRICK K. GAMBLE, PRESIDENT & CEO

Governor Bill Sheffield articulated a good portion of the applicable 2006 financial outcomes in his letter on the previous page, speaking on behalf of the Board of Directors. My message this year complements his report with a broader look at how we did over the five years culminating in 2006 and a hint at where we are headed as a result of our accomplishments.

Business year 2006 represents the fulfillment of a corporate five-year plan ... a plan that our entire railroad team commenced in 2002. We intend to do a subsequent five-year plan for 2008-2012. Fundamental to the next effort will be this year's broad examination of five year trends that give evidence of the company's health, with particular emphasis on year-end 2006.

First and foremost, we markedly improved the safety culture of the entire Alaska Railroad. Four out of the last five years we have been able to report "Best overall safety year ever," including 2006. We received several national safety awards along the way.

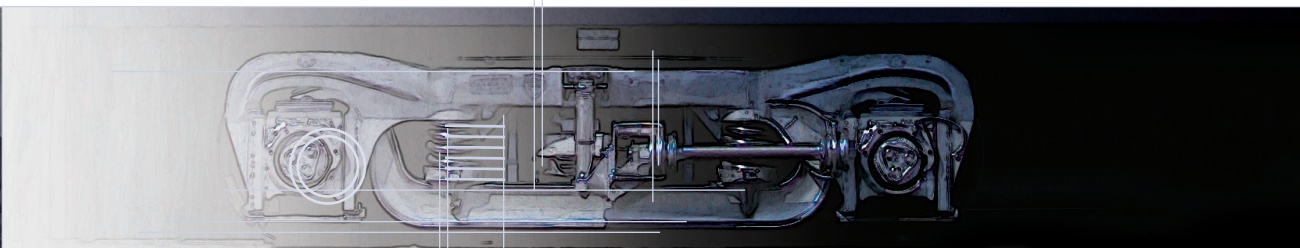
According to a 2004 ISER (University of Alaska) report, the Alaska Railroad is stimulating about 3,000 jobs and \$150 million in payroll throughout central Alaska.

Productivity from our track maintenance employees has taken off. Annually we are replacing five times

the rail and welding 12 times the continuously welded rail that we did in 2001. Yearly railbed surfacing has increased by 24 percent, wooden tie replacement is up 33 percent, bridge rehabilitation or replacement has grown by 67 percent and we are now adding concrete ties to our track at the rate of an additional 21,000 in 2006 ... a number that was zero in 2002. We are now estimating that the stepped-up effort to complete the rail line refurbishment from Anchorage to Fairbanks puts us 10-12 years ahead of the pace we were on in 2001.

During the last five years ARRC put in place from scratch an entirely new security plan to include a separate Security Office, implementation of the "Track Watch" program, installation of facility cypher locks, and broad installation of lighting and "smart" security cameras. Coast Guard and Transportation Security Administration inspection teams now make regular visits to the Alaska Railroad to determine our readiness to respond to threats, and our initial grades have been good.

Our Real Estate Division has evolved into its rightful position as a cradle-to-grave property overseer, totally responsible for land management, development, and real property ownership and maintenance. Included in that charter is a challenge to seek out potential properties for purchase that can add value to the Railroad.



The days of merely collecting rent or permit checks are over. We want to place more state land in a position to earn revenue in the profitable and dynamic real estate development market. In the meantime, more than \$75 million in ARRC facilities were constructed or refurbished over the last five years in towns along the railbelt from Seward to Fairbanks.

“Partnership” is an overworked marketing word often used to describe what is really just a simple and unremarkable business relationship. At the Alaska Railroad “partnership” is a word we take seriously. Partner relationships are based on trust as well as a willingness to give and take. Partnership implies a willingness to commit substantively for the long term. Much of our business strength is derived from partnerships we have developed with some of Alaska’s premier businesses as well as with vibrant and growing railbelt communities. The Alaska Railroad has labored hard to be known as a value-based partner where corporate ethics and high standards are the signature attributes we bring to the table when dealing with highly respected local, national, and international customers. It doesn’t hurt our reputation that we can boast having received several

national marketing, service and public relations awards throughout the last five years.

Finally, our “four minute mile” challenge has been to grow while simultaneously insuring a capacity to handle the peak rail demands we foresee occurring during a gas pipeline construction period, without compromising safety, and without having to limit any on-going service to our loyal rail business customers. Today, I can confidently report that the past five years’ effort, along with a half billion dollars of capital investment, has secured that assurance. We are ready.

No time to do high fives and read our own press clippings, however. With the advice and support of our board and our federal and state political leaders, we need to set about this year authoring our next five-year plan. We need to engineer our next successes. After all, we have a state to build. We are Alaska’s railroad.

ENGINEERED SUCCESS



## ENGINEERED SAFETY

It has been said that even the best-laid plans can sometimes go awry. But when it comes down to the safety and security of railroad employees and customers that possibility is unacceptable. Our corporate mission is not achievable without a highly effective safety culture at work throughout the entire railroad – a culture that is given top priority by management and is truly meaningful to all our employees and their families. Thus it is with great pride that the Alaska Railroad set a new all time overall safety record in 2006. In addition, the railroad was awarded the American Short Line and Regional Railroad Association's (ASLRRA) "Jake Award" for exceeding the industry standard in safety performance.

This year's employee injury frequency rate of 2.46 injuries per 200,000-working hours is our lowest ever and it represents a 65 percent drop from the rate five years ago. Over this same five-year period, lost work-days due to accidents decreased by 60 percent and the

number of car derailments dropped by 72 percent. We reduced motor vehicle accidents by 50 percent over last year, and our train accident rate, federally defined as anything over \$7,700 in damage, is one-fifth of the national railroad average.

These achievements have been reached in large part because of the good judgment of our employees, such as Maintenance-of-Way worker Dwight West who was named Safety Employee of the Year out of over 525 competing national railroads. In November the entire Telecommunications Section celebrated an amazing ten years without an injury. Our achievements derive from risk management efforts such as the Smooth Start/Strong Finish seasonal safety awareness campaigns and our substantial capital investment in rebuilding the main line. Rail, ties, ballast, signals, bridges, equipment maintenance and communications are the basic building blocks requiring a high degree of excellence for a safe and efficient railroad. We will





continue to place emphasis on these core areas while we further improve our safety culture through education and training.

It's easy to look back and linger on past successes...to pat yourself on the back saying, "job well done." But basking in the warm glow of success can be fleeting. On the Alaska Railroad wheels are turning 24/7 somewhere on our 651 miles of track. Fortunes can reverse in a minute. You have to shape your future every hour, every day. The next five years will see a continued focus on safety, with efforts to accelerate the upgrade of the main track with welded rail and concrete ties, to reduce risk in yard and terminal operations, and to employ new technology like Collision Avoidance and Computerized Train Control.

Another five-year objective will be to continue eliminating our questionable at-grade crossings (road and rail crossings on the same level). The railroad has hundreds of crossings along the railbelt from Seward to the Interior. Many of these are at-grade crossings that can present certain safety and liability risks to railroad employees, like the traveling public, and other outdoor workers from local and state agencies. In many cases we have found these risks to be unnecessary and, when we do, the crossing becomes a candidate for closure.

Security measures go hand in hand with safety concerns these days and security has assumed center stage in our priority process. Awareness, training, procedures and technology will all play key roles in raising the status of railroad security far beyond just traditional concerns for trespassing and vandalism. The Department of Homeland Security has issued several federal regulations and mandatory programs for U.S. railroads. We work very closely with Homeland Security and the Transportation Security Administration (TSA), and directly with the Coast Guard when it comes to port security. During the summer, TSA completed an evaluation of the Alaska Railroad Corporation. TSA's judgment was that we have a solid security plan in place, confirming that we have established a good foundation from which to deal with the growing issue of railroad protection.

We furthered progress on a security camera network in Seward, Whittier and Anchorage. The TrackWatch program solicits security help from all our adjacent railroad neighbors – utilizing the many eyes and ears along the railbelt. The railroad itself is training every employee to watch for suspicious activity or report the unusual and out of place, each one acting as a security sensor. We will continue improving yard and site lighting and sensor technology, while seeking federal grants where appropriate to fund even better security initiatives.

| REPORTABLE INJURY FREQUENCY |      |      |      |      |
|-----------------------------|------|------|------|------|
| 2002                        | 2003 | 2004 | 2005 | 2006 |
| 4.17                        | 3.66 | 3.74 | 3.54 | 2.46 |

Safety continues to be an uncompromising priority

## ENGINEERED EMPLOYEE WELL-BEING

We are a values-based organization, and values are about people, not things. In other words, who you are is as important to the company as what you do. We are about taking care of our people because we believe in them. That's why some of our proudest achievements over the past five years have involved expanding and improving employee benefits and workplace conditions. We must create a high standard of satisfaction in the work place and accompany that with a focus on job-related education and training, rounded out by a competitive wage/benefits package.

The railroad works hard to maintain a healthy work environment...one that contributes to comfort and

safety on the job. We have a lot of deterioration to overcome, the product of years of heavy railroading and light federal budgets before state ownership.

A significant share of the current capital budget goes to quality-of-life improvements, like better lighting, clean air in the shops, personal space and facility upgrades. To meaningfully move forward on these improvements, the railroad formed a new office within the Real Estate Division. The Facilities Department is responsible for all railroad facilities maintenance, modernization, facility capital improvement budgets, utility costs, facilities contracts, as well as facility energy management and conservation.







This year our Facilities team authored a long range plan to build six new maintenance section houses, completing the first one at Cantwell. The Cantwell Section Maintenance Facility, and all future section houses represent a continuation of planned growth and rebuilding of the aging railroad support infrastructure. The Cantwell section house now provides a safe, secure and heated place to store trucks, tools



and even certain track equipment. Employees will spend far less time clearing snow and ice off their trucks in the winter, which will improve response time to railbed and

track maintenance needs. The new section house includes amenities like showers and a laundry room for extended stay workers. The railroad is on schedule to rebuild other decades old section houses in Hurricane, Portage, Talkeetna, Wasilla and Nenana.

A long sought after objective of the railroad has been to develop a comprehensive employee education and training program. In 2006, railroad employees, from entry-level workers to executives, were offered 105 education classes in a wide range of subjects including ethics, leadership, management, human relations and

conflict resolution, to name a few. In addition, safety drills and equipment training, like this year's "swift water spill" drill, also now play an important part in employee development. After the railroad bought BoomVanes to enhance our response to swift water hazardous spill situations, we planned a two-day exercise drill near Portage. Alyeska Pipeline, recognized leaders in the fast water response field, taught our workers how to use the BoomVanes by instructing us in hands-on, real life scenarios, creating an optimum learning environment.

Once again the railroad maintained a fully funded defined benefit pension plan for eligible railroaders and also took important financial steps to secure the same status for our retiree medical trust fund. Safeguarding benefits earned for the long-term work commitment that our employees make to Alaska is essential to recruiting and retaining a first class team.



## ENGINEERED FINANCIAL SUCCESS

Even with a \$40 million increase in our annual revenue since 2001, including a steady increase in passenger service and real estate revenues, we are well aware our future financial success will rely on our ability to engineer our own financial success – to grow business and reduce expenses.

Our passenger service moved more than a half-million people during 2006, generating record-level revenues that exceeded the \$21 million mark. Revenue from Internet reservations nearly doubled over last year due in large part to offering customers the ability to book GoldStar first-class upgrades online. Due to the demand, we will add two additional GoldStar cars in the 2007 season.

Freight service accounts for almost 70 percent of our gross revenue. Although 2006 saw a continuation of much lower volume from our largest customer, Flint Hills Resources, remaining freight activity continued at a very solid level. Oil patch pipeline replacement efforts resulted in three unplanned rail-barge sailings, which added a nice boost to our interline service revenue. Gravel volume was the third highest ever at four

Freight Services Revenues (In thousands of dollars)

| 2002   | 2003   | 2004   | 2005   | 2006   |
|--------|--------|--------|--------|--------|
| 76,021 | 85,228 | 86,516 | 94,485 | 89,623 |

Real Estate Revenues (In thousands of dollars)

| 2002   | 2003   | 2004   | 2005   | 2006   |
|--------|--------|--------|--------|--------|
| 11,307 | 10,865 | 10,438 | 11,071 | 11,816 |

Note: Does not include grant revenues

million tons. The recent purchase of 26 new flat cars increased trailer and container capacity and revenues.

Real Estate earnings maintained their usual reliable performance, contributing over \$6.5 million net to the Corporation's bottom line due in part to substantial growth in dock revenue in Seward and Whittier. Real Estate activities in property acquisition, development and management were very robust in 2006. Because of a growing real estate market and the advantages of good railroad land locations, we anticipate significant property development interest on our holdings in the coming years.

For the first time ever, the Alaska Railroad entered the public debt market. The Legislature approved the sale of up to \$165 million in tax-exempt revenue bonds. The railroad immediately issued \$76.4 million to accelerate its track rehabilitation plan, purchase new passenger coaches, and to fund the next phase of our state-of-the-art Collision Avoidance system.

Passenger Services Revenues (In thousands of dollars)

| 2002   | 2003   | 2004   | 2005   | 2006   |
|--------|--------|--------|--------|--------|
| 13,980 | 14,173 | 16,923 | 19,472 | 21,292 |

Grant Revenues (In thousands of dollars)

| 2002  | 2003   | 2004   | 2005   | 2006   |
|-------|--------|--------|--------|--------|
| 3,906 | 17,810 | 15,097 | 17,953 | 24,177 |

Note: Includes Real Estate grant revenues



## FINANCIAL HIGHLIGHTS

Earnings (in thousands):

|                                   | 2006      | 2005      |
|-----------------------------------|-----------|-----------|
| Operating Revenue:                |           |           |
| Freight                           | \$ 89,623 | \$ 94,485 |
| Passenger                         | 21,292    | 19,472    |
| Other                             | 456       | 121       |
| Grant                             | 21,299    | 15,115    |
| Total Operating Revenue           | 132,670   | 129,193   |
| Operating Expenses                | 128,419   | 122,841   |
| Operating Income                  | 4,251     | 6,352     |
| Non-operating Revenue (Expenses): |           |           |
| Net Real Estate Income            | 6,510     | 6,506     |
| Gain on Sale of Capital Assets    | 616       | 452       |
| Investment Income                 | 572       | 430       |
| Interest Expense                  | (1,504)   | (1,085)   |
| Net Income                        | 10,445    | 12,655    |

Balance Sheet (in thousands):

|                                 |           |           |
|---------------------------------|-----------|-----------|
| Assets:                         |           |           |
| Current Assets                  | \$ 53,896 | \$ 48,005 |
| Non-current Assets              | 599,708   | 525,851   |
| Restricted Assets               | 60,395    | –         |
| Regulatory Assets               | 147       | –         |
| Other Assets                    | 100       | 103       |
| Total Assets                    | 714,246   | 573,959   |
| Liabilities:                    |           |           |
| Current Liabilities             | 34,322    | 27,449    |
| Non-current Liabilities         | 496,356   | 375,331   |
| Total Liabilities               | 530,678   | 402,780   |
| Fund Equity                     | 183,568   | 171,179   |
| Total Liabilities & Fund Equity | 714,246   | 573,959   |

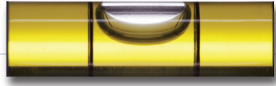
Operating Ratio

0.97

0.95



## ENGINEERED PARTNERSHIPS



From tidewater at Whittier and Seward to the heart of Interior Alaska, the railroad's route covers more than 600 miles and connects over 70 percent of the Alaska population. Basically, the railroad brings Alaskans together. This year for example, the railroad was able to maintain all-important transportation, economic and communication connections throughout the state even when roads were closed due to flooding and fire. We are the common thread tying economic, community and recreational development together. Alaska depends on us to be a stable, reliable community partner, one that can shoulder the expected and the unexpected load.

Whether we become tasked to support the gas pipeline project, commuter rail service, increased coal and gravel production, or expanded refined petroleum movement, an increase in capacity on our single track line will be needed. For several years we have been working toward that end. This year we advanced significant main line improvements to include laying 85 miles of continuous welded rail and 21,000 concrete ties, including all throughout Healy Canyon. Through our first bond sale we financed a much accelerated track refurbishment program to address pressing safety and increased passenger capacity requirements. We are co-developing a new Whistle-stop service with the U.S. Forest Service that will offer a variety of world-class recreation and transportation opportunities for potential visitors to the remote and extensive Chugach National Forest.



We are concluding \$14 million of work on the draft Environmental Impact Statement and preliminary engineering to extend the rail line from Fairbanks 85 miles southeast to Delta Junction to support growing commercial and military training potential.

Looking even further into the future, the railroad is working with the community of Anchorage on an idea to connect the railroad's planned \$60 million Ship Creek Intermodal Transportation Center to a newly reconditioned downtown by connecting pedestrian and transit infrastructure improvements. Planned depot parking and facility enhancements would meet downtown rail transportation growth projections for the next 30 years. And in thinking about the next decade or two, we are supporting state government and congressional efforts to study an Alaskan-Canadian Rail Extension.

Even seemingly small changes in our operations can have an impact on our partner relationships. This year we replaced the standard imported sand we use along the tracks for locomotive wheel traction during slippery



weather conditions. We now use an environmentally friendly, locally-manufactured recycled glass grit. The substitute is not only safe, natural and cost-competitive, but it engages Anchorage's glass recycling plant in a way that helps retain local jobs and reduces community waste.

Railroad employees annually support civic programs through generous charitable giving, School Business Partnership programs, student internships and membership in many community organizations. The ARRC also participates in a number of different special event trains. Our Sea Train project moved more than 4,000 fifth graders and their teachers from across the Anchorage School District to the Alaska SeaLife Center in Seward and back where students attended class about Alaska's wildlife and the natural sciences on the train. This year's charitable train donations included over 250 seats given to Fairbanks family members of the deployed 172nd Stryker Brigade for "Operation Breakaway." A free train shuttle to and from the airport train depot supported the large Alaska Federation of Natives Convention. We ran several special charter and holiday trains. The Artrain USA, a national rail mounted art museum, benefited the railbelt communities thanks to transportation services donated by the railroad. This year, along with the Rasmuson Foundation, we rebuilt and refurbished a 1920s railcar that will be donated to charitable

organizations for fundraising and group activities beginning in 2007.

But the railroad's goodwill doesn't stop at the corporate level. Our employees donated a company record amount to the United Way Campaign in 2006. The railroad matched the employee donations, bringing the total Alaska Railroad contribution to more than \$200,000. Our special Citizens Advisory Board, comprised of six Alaskans from along the railbelt, oversees a portion of our charitable donations program and determines how funds are distributed to railbelt communities, non-profits and cultural programs throughout the state.

In short, the railroad's community partnerships are no accident. Just as we emphasize a proactive public involvement process to allow communities to have a say in local railroad project decisions, our employees also seek ways to participate in local civic, charitable and railbelt community planning activities. We are seriously committed partners to important community, borough and private sector initiatives that can enhance local prosperity along the railbelt and throughout the State. We are at work creating conditions for partnership success that enable a more prosperous Alaska overall.

2006 Citizens Advisory Board (left to right)

Ms. Carol Comeau, Superintendent, Anchorage School District, Anchorage

Ms. Diane Kaplan, President, Rasmuson Foundation, Anchorage

Ms. Jewel Jones, Owner, Jewel Jones & Associates, Anchorage

Ms. Elizabeth Ripley, Director of Marketing and Public Relations, Mat-Su Regional Medical Center, Mat-Su Valley

Ms. Coleen Turner, Executive Director, Resource Center for Parents & Children, Fairbanks

Ms. Dorothy Urbach, Owner, Urbach's Clothier, Seward





## 2006 BOARD OF DIRECTORS

(L to R )

Governor Bill Sheffield, Chairman  
Port Director, Municipality of Anchorage & Former Governor of Alaska

General (USAF, Retired) Joe Ralston, Vice-Chairman  
The Cohen Group

John E. Binkley  
President and CEO, Alaska Riverways, Inc.

Bill Noll  
Commissioner, Department of Commerce, Community and Economic Development, State of Alaska

Orie Williams  
President and CEO, Doyon, Limited

Mike Barton  
Commissioner, Department of Transportation  
and Public Facilities, State of Alaska

Jack Burton  
Track Inspector,  
Alaska Railroad Corporation

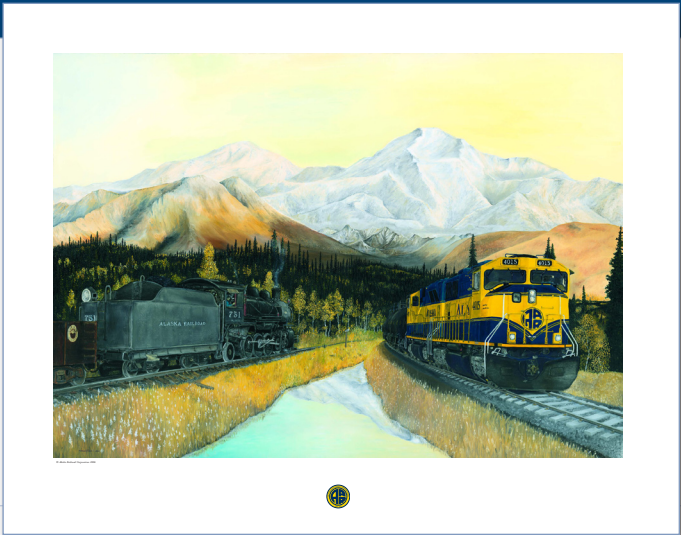


THE ALASKA RAILROAD  
CORPORATION

2006 ANNUAL REPORT  
FINANCIAL SECTION

*For complete Financial  
Statements insert this disc  
in your cd-rom drive or log  
on to [AlaskaRailroad.com](http://AlaskaRailroad.com)  
for an online version of the 2006  
annual report.*

The 2007 Alaska Railroad commemorative print depicts a passing of the old and the new – steam locomotive #751, built in 1909, and the 4015, one of the Alaska Railroad’s new AC powered diesel locomotive. Mount McKinley, Alaska’s most cherished natural icon, provides the backdrop for this painting by North Pole artist and train buff Art Chase.



## ALASKA RAILROAD CORPORATION

Mailing Address: P.O. Box 107500, Anchorage, Alaska 99510-7500

| OFFICES  | PHYSICAL ADDRESS         | TELEPHONE      | FAX            |
|--|--------------------------|----------------|----------------|
| <b>Anchorage, Alaska</b>                             |                          |                |                |
| Headquarters Offices                                 | 327 W. Ship Creek Avenue | (907) 265-2300 | (907) 265-2312 |
| Reservations and Information                         | 411 W. 1st Avenue        | (907) 265-2494 | (907) 265-2509 |
| Anchorage Operations Center                          | 825 Whitney Road         | (907) 265-2434 | (907) 265-2643 |
| <b>Fairbanks, Alaska</b>                             |                          |                |                |
| Passenger Depot                                      | 1745 Johansen Expressway | (907) 458-6025 | (907) 458-6068 |
| Freight Customer Service                             | 1888 Fox Avenue          | (907) 458-6022 | (907) 458-6034 |
| Freight House  | 230 Jack Lindsey Lane    | (907) 458-6048 | (907) 458-6061 |
| <b>Seward, Alaska</b>                                |                          |                |                |
| 913 Port Avenue, P.O. Box 95, Seward, Alaska 99664   |                          | (907) 224-5550 | (907) 265-2660 |
| <b>Seattle, Washington</b>                           |                          |                |                |
| 5615 W. Marginal Way S.W., Seattle, Washington 98106 |                          | (206) 767-1100 | (206) 767-1112 |
| <b>Toll-free Numbers</b>                             |                          |                |                |
| Corporate Information                                |                          | 1-800-321-6518 |                |
| Freight Marketing/Customer Service                   |                          | 1-800-321-6518 |                |
| Passenger Service                                    |                          | 1-800-544-0552 |                |
| Seattle Office                                       |                          | 1-800-843-2772 |                |

The Alaska Railroad Corporation has not received any bona-fide offers of a sale arrangement within the calendar year of 2006, nor is the Corporation aware of any potential sales that require analysis under AS 42.40.260.

