

ALASKA RAILROAD CORPORATION



EXEMPT RATE MEMORANDUM NO. 2-O

(Cancels Exempt Rate Memorandum No. 2-N)

LOCAL CHARGES AND PROVISIONS

FOR

TRANSPORTATION OF

FREIGHT, ALL KINDS

(Except as Noted)

IN TOFC/COFC SERVICE

BETWEEN

RAMP FACILITIES AT STATIONS

SERVED BY

ALASKA RAILROAD CORPORATION

IN ALASKA

SUBJECT TO CHANGE WITHOUT NOTICE

ISSUED: June 8, 2007

EFFECTIVE: July 1, 2007

Issued by: Steve Silverstein
Vice President, Markets, Sales & Services
P.O. Box 107500
Anchorage, AK 99510-7500

METHOD OF CANCELLING ITEMSITEM 5

As this memorandum is supplemented, numbered items with letter suffixes cancel correspondingly numbered items in the original tariff or in a prior supplement. Letter suffixes will be used in alphabetical sequences starting with A. Example: Item 100-A cancels Item 100 and Item 200-B cancels Item 200-A in a prior supplement which in turn cancelled Item 200.

EXPLANATION FOR USEITEM 100

This memorandum sets forth the terms and conditions under which ARR will provide transportation of trailers and containers between specifically named intermodal ramp locations. Except as otherwise stated in specific items, service includes loading to rail car and unloading from rail car at respectively designated ramps.

The provisions of this memorandum shall be incorporated by reference in a contract of carriage (Bill of Lading) executed by shipper and ARR for any transportation provided under this memorandum, and shall also be incorporated in all certificates, receipts, and other documents described within this memorandum.

The ARR shall provide service under this memorandum as hirer only. The provisions of this memorandum and the transportation documents executed by shipper and ARR shall constitute the entire contract for transportation between the parties and any law relating to common carriers shall not apply. In the event the terms and conditions of such transportation documents conflict with those in this memorandum, the terms and conditions of this memorandum shall control.

If any part, term, item or provision of this memorandum is held by a court or by any agency having or purporting to have jurisdiction over this memorandum or the shipper or ARR, to be unenforceable, such part, item, term or provision shall be considered severable from the rest of the memorandum.

GENERAL APPLICATIONITEM 110

The rules and charges in this memorandum apply to rail trailer-on-flatcar/container-on-flatcar (TOFC/COFC) transportation by rail of:

- A. Any freight-laden highway truck, freight-laden trailer, or freight-laden semi trailer.
- B. The freight-laden container portion of any highway truck, trailer, or semi trailer having a demountable chassis.
- C. Any freight-laden multi-modal vehicle designed to operate both as a highway truck, trailer, or semi trailer and as a railcar.
- D. Any freight-laden intermodal container comparable in dimensions to a highway truck, trailer, or semi trailer and designed to be transported by more than one mode of transportation.
- E. Any of the foregoing types of equipment when empty and being transported incidental to its previous or subsequent use in TOFC/COFC service.

EQUIPMENTITEM 120

Units must be furnished by shipper which are suitable for mechanical lifting and conform to AAR design specifications. ARR will not be responsible for damage caused by mechanical loading to units that are not suitable for mechanical loading. Such units will be accepted at owner's risk.

LOADING, BLOCKING & BRACINGITEM 130

Shipper shall ensure that lading of vehicles is properly distributed, secured and blocked to withstand the normal shock and vibration of rail transportation, and to permit safe movement by rail. When not so loaded, ARR may reject the shipment or arrange for reloading of the unit by an agent of and at the expense of the shipper.

Shipper shall ensure that shipments loaded to open top trailers are loaded, blocked, braced and secured in compliance with provisions of ARR's "TOFC Loading and Securement Manual."

All shipments moved pursuant to the terms of this memorandum shall be packaged by shipper in accordance with the provisions of the Uniform Freight Classification UFC 6000-Series in effect on the date of shipment.

LOSS OR DAMAGE TO LADINGITEM 140

ARR shall only be liable for actual loss or damage as set forth in "49 USC 11706" for shipments made under this memorandum except for the following:

ARR's liability shall not exceed \$50,000 per unit at charges named in, or otherwise governed by this memorandum. If shipment value exceeds \$50,000, consignor shall declare lading value and secure a special quote from ARR representative before tendering shipment. If consignor fails to comply, ARR's liability shall not exceed \$50,000. ARR's liability applies only to loss or damage while in ARR's control.

If desired, consignor may request the ARR to provide a special quote for insurance on the declared value of TOFC/COFC consignment over \$50,000 per unit. This request must be made at least five business days prior to shipment in writing.

By accepting this offer, consignor recognizes its options under "49 USC 10502(e)" to choose terms for liability and claims outlined in 49 USC 11706, and acknowledges that by accepting this contract, it has chosen to accept the rates and terms for liability outlined in this memorandum, as opposed to the full liability rates available in ARR's published tariffs. ARR is not liable for loss, damage or delay to lading caused by act or default of consignor, act of God, public enemy, authority of law, riots, strikes, vandalism, inherent nature of commodity, or occurring when shipment is not in ARR's possession. ARR shall not be liable for improper loading, blocking or bracing, securement, or lack of protective covering. Consignor is responsible for all damages, except that caused by ARR negligence. ARR shall not be responsible for damages of any type resulting from delay in transportation of the shipment, unless otherwise specified. ARR shall not be liable until it takes actual possession, and ARR's liability shall cease when it tenders possession to another railroad, drayman, consignee or others for further handling.

CONTINUED ON FOLLOWING PAGE

LOSS OR DAMAGE TO LADING

ITEM 140

(continued)

ARR will not be responsible for any damages considered special or consequential damages including but not limited to lost profits and alternate transportation costs, nor will ARR be responsible for any damages caused by any act or omission of the shipper or consignee.

Consignor shall indemnify ARR and assume all legal defense against any third-party claims for loss, damage, or injury including attorneys fees, for failure to comply with its obligations under this memorandum.

Claims shall be filed in writing within nine (9) months of delivery date or reasonable time for delivery, and shall include copy of shipping order (Bill of Lading), invoice, inspection report, or other proof, and paid freight bill. ARR will not accept claims for less than \$250.

LOAD SPECIFICATION

ITEM 150

Without prior approval, shipments may not exceed the following size and weight limitations:

Type of Unit	Minimums		Maximums		
	Length	Length	Width	Height	Gross Weight (lbs)
Semi Trailer	20'	30'	8' 6"	13' 6"	55,000
	30' 1"	[C] 53'	8' 6"	13' 6"	65,000
Intermodal Container	20'	30'	8' 6"	8' 6"	45,000
	30' 1"	[C] 53'	8' 6"	8' 6"	55,000

Subject to prior approval, shipments exceeding the above specifications, or which for any reason are unsuited for normal mechanical handling may be accepted and handled on a non-priority basis, subject to the following charges, which will be assessed separately and individually in addition to all other charges:

- A. All weight exceeding allowable gross weight (\$ per 100 pounds):
 2.35
 NOTE: Units exceeding 72,000 pounds will not be accepted.
- B. Shipments not suitable for normal mechanical handling, but suitable for rail ramp loading may be accepted at an additional per unit charge of:
 \$362.88
- C. Units of unusual size or dimension, or otherwise not suitable for vanlifter handling, but suitable for forklift handling may be accepted for shipment between Anchorage and Fairbanks, by prior arrangement only, at an additional per unit charge of:
 \$181.44
- D. When shipments exceed the maximum dimensions named in this item, the otherwise applicable Base Rate will be increased by the following percentages:

Type of Over Dimension	Increment of Over Dimension	Arbitrary Rate
Length	1 foot or fraction thereof	10%
Height	1 foot or fraction thereof	10%
Width	1 foot or fraction thereof	10%

NOTE: Oversize arbitrary charges will be assessed separately and individually for each increment and each type of Over Dimension, and in addition to all other charges.

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LOAD SPECIFICATIONItem 150

(continued)

ARR reserves the right, in its sole discretion, to refuse any unit for transportation under this memorandum. Approval and acceptance of overweight or oversized units is at the sole discretion of ARR's appropriate personnel, and entirely dependent upon the unit and time-specific circumstances, including price agreement. Such acceptance and approval shall in no way be construed as universal nor imply any waiver of other charges, rules, or limitations.

For further information or to inquire regarding extraordinary service requirements, contact ARR's Marketing Department.

ADDITIONAL CHARGESITEM 160

Except where more specifically provided in individual rate agreements, when shipments in the possession of ARR are discovered to be overweight or oversize, or to contain commodities named in Item 170, the following provisions will govern:

- A. When non-compliance is discovered after the shipment has been accepted by ARR at origin or point of interchange, shipper will be given the opportunity to correct or reload the shipment. Consignor and/or consignee may not transfer lading from one vehicle to another on ARR premises without approval of ARR terminal manager.
- B. When non-compliance is discovered en route, notification will be given the shipper, requesting disposition of the shipment. If within 48 hours after notice is given, the shipper fails or refuses to furnish instructions, ARR may take whatever steps it deems appropriate to safely move the shipment to destination or return it to origin at consignor's expense.
- C. When non-compliance is discovered at destination, notice of the non-compliance will be given the shipper or consignee that additional charges are due.
- D. ARR will charge the following accessorial and service charges in addition to all other applicable charges. These charges must be paid in full as advance charges prior to release of unit to consignee:
 1. Loading, re-loading, storage, detention, weighing, permitting and added transportation charges.
 2. Per unit service charge when non-compliance is discovered at:

Origin	[U]	\$122.47
En Route	[U]	\$362.88
Destination	[U]	\$362.88

ARTICLES NOT ACCEPTEDITEM 170

Except where specifically provided, or in individual rate agreements or quotations, rates or charges will not apply when any of the following articles are included in the lading:

- A. Articles of extraordinary value as described under Rule 3 of UFC
- B. Hazardous waste or substance as listed in Title 40 CFR 261
- C. Hazardous materials, in bulk

CONTINUED ON FOLLOWING PAGE

ARTICLES NOT ACCEPTEDItem 170

(continued)

D. Materials designated Class A or Class B explosives by U.S. Department of Transportation (DOT) Hazardous Materials Regulations, Title 49 CFR.

E. Iron or steel pipe or piling when loaded on open top containers or trailers.

NOTE: ARR reserves the right at its sole discretion to refuse to accept any articles other than those listed above.

PAYMENT OF CHARGESITEM 180

ARR requires prior payment of charges for all services provided under the terms and conditions of this memorandum unless shipper receives credit approval from ARR's Accounting Department.

CLAIMSITEM 190

Claims for overpayment of freight charges must be filed in writing within one year from the date of original freight bill.

STORAGEITEM 200

If consignee is unable to accept units after notification of their availability for delivery, storage charges will be assessed as follows:

[I] \$40.82 (per unit per day, after free time has expired, for the first two days)

[I] \$70.31 (per unit per day thereafter)

Forty-eight hours free time will be allowed and computed from 7:00 AM of the next following regular week day after notification.

The above named rates will also apply for detention of ARR owned chassis or units for pickup or delivery, except that time will be computed from the first 7:00 AM after placement.

Additional handling, pickup, delivery or redelivery services, or attempts will be charged at equipment and manpower rates named in this memorandum in addition to storage and detention charges.

When empty units which have been tendered to ARR for return movement are picked up or otherwise diverted by consignor before return movement is effected, storage rates named in this item will apply with no allowance for free time.

PROTECTIVE SERVICE

Item 210

ARR will not provide service for protection of lading from heat or cold or to overcome tendency of such freight to deteriorate or decay. Shipper must provide own mechanical protective service and assume responsibility for its operation. ARR will assume no risk for loss or damage to lading caused by freezing, thawing, or deterioration.

Upon prior request and dependent upon availability of equipment, ARR may furnish power for operation of 220-volt electrical units at additional charges as follows:

Date	Volume	Rate (per unit)
April 1 to September 15 each year	1 or more units	[I] \$64.64
September 16 to March 30 each year	1 or more units	[I] \$64.64

In addition, if power service is furnished at destination yard, the following per unit charges will be assessed will be assessed in addition to all other charges:

first 24 hours (or part thereof)	[I]	\$58.97
each day thereafter (or part thereof)	[I]	\$58.97

FUEL SURCHARGE

ITEM 300

Issuance of a Special Fuel Charge Increase Supplement to Memo 2 will apply on rates published herein and on contracts and other agreements which are subject to Memo 2.

DEFINITION OF TERMS AND ABBREVIATIONS

ITEM 400

AAR	Association of American Railroads																		
ARR	Alaska Railroad Corporation																		
Holidays	<table> <tbody> <tr> <td>New Year's Day</td> <td>January 1</td> </tr> <tr> <td>President's Day</td> <td>Third Monday in February</td> </tr> <tr> <td>Memorial Day</td> <td>Last Monday in May</td> </tr> <tr> <td>Independence Day</td> <td>July 4</td> </tr> <tr> <td>Labor Day</td> <td>First Monday in September</td> </tr> <tr> <td>Columbus Day</td> <td>Second Monday in October</td> </tr> <tr> <td>Veteran's Day</td> <td>November 11</td> </tr> <tr> <td>Thanksgiving Day</td> <td>Fourth Thursday in November</td> </tr> <tr> <td>Christmas Day</td> <td>December 25</td> </tr> </tbody> </table> <p>Holidays which fall on a Saturday or Sunday will be observed on the preceding Friday or the following Monday, respectively.</p>	New Year's Day	January 1	President's Day	Third Monday in February	Memorial Day	Last Monday in May	Independence Day	July 4	Labor Day	First Monday in September	Columbus Day	Second Monday in October	Veteran's Day	November 11	Thanksgiving Day	Fourth Thursday in November	Christmas Day	December 25
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Veteran's Day	November 11																		
Thanksgiving Day	Fourth Thursday in November																		
Christmas Day	December 25																		
Ramp	Area designated by ARR for handling intermodal trailers and containers																		
Shipper	Consignor, Consignee, Connecting carrier, or their agent																		
UFC	Uniform Freight Classification, UFC 6000-Series																		
Unit	Trailer or Container approved by ARR and described in ITEM 110																		
[A]	- Addition																		
[I]	- Increase																		
[C]	- Change																		
[D]	- Deletion																		
[R]	- Reduction																		

ACCESSORIAL EQUIPMENT AND LABOR

ITEM 500

The following charges for accessorial services will apply at equipment and labor rates where reference is made to this item or when additional services are performed which are not specifically covered in this memorandum. The furnishing of equipment and labor is dependent on availability. Time will be computed from the time of dispatch and will continue until return to point of dispatch.

When equipment is furnished, charges will be assessed separately for equipment and operator at applicable hourly rates. Equipment will not be furnished without operator.

Services provided for equipment and labor furnished will be assessed in increments of one-quarter hour.

EQUIPMENT CHARGES - OPERATOR (LABOR) NOT INCLUDED**FORKLIFT**

Capacity	3 Tons	15 Tons	Over 15 Tons
Rates per Hour (\$)	[1] 59.67	[1] 89.64	[1] 119.34

VANLIFTER

Capacity	N/A
Rates per Hour (\$)	[1] 179.01

CRANE

Capacity	20 Ton	Over 20 Tons
Rates per Hour (\$)	[1] 89.64	[1] 125.55

Minimum charge will be at applicable rate for one quarter Hour

LABOR CHARGES (\$ per hour)

Location	Straight Time	Overtime	Double Time
Anchorage	[1] 51.30	[1] 76.41	96.12
Fairbanks	[1] 55.08	[1] 82.62	[1] 109.89

The Minimum Charge will be the applicable rate for one hour

SPECIFIC LINE HAUL CHARGES

ITEM 1000

Bookings are subject to space availability for common carrier convenience. Rates named herein will apply on shipments booked and tendered to ARR under this Memorandum.

From	To	Volume per Year (NB)	Rate per Unit (\$)	Loaded Returns (\$)	Subject to Notes
Anchorage	Whittier	Any Quantity	[I] 527.31	[I] 527.31	2,3,4,5
Whittier	Anchorage	Any Quantity	[I] 527.31	[I] 527.31	2,3,4,5
Anchorage	Fairbanks	Any Quantity	[I] 614.63	[I] 303.91	1,2,3,4,5
Fairbanks	Anchorage	Any Quantity	[I] 614.63	[A] 614.63	1,2,3,4,5

Note 1: Commodity Exceptions

The following rates are listed as "Commodity Exceptions" and supersede the above listed Fairbanks rates:

Specific Commodities, VIZ: Iron or Steel Pipe, Piling or Casing; Freight All Kinds, in loads exceeding maximum dimensions named in Item 150					
Between	And	Volume	Rate	Loaded Returns	Subject to Notes
Anchorage	Fairbanks	Any Quantity	[I] 801.74	Not Available	2,3,4

Note 2: Rates do not apply on:

- (a) Commodities more specifically described elsewhere in this memorandum
- (b) Shipments exceeding maximum dimensions named in Item 150

Note 3: Empty Returning Units:

Rates include return of empty units to ramp of origin, or positioning of empty units for subsequent loaded movement. Units authorized free return under provisions of this note must be tendered within 30 days of loaded movement or empty positioning. Substitution of like units will be allowed. No combination of inbound (return) loads and empty units shipped during any 30-day period may exceed the number of outbound loaded units shipped in the immediately preceding 30-day period.

Note 4: Dunnage Returned:

Rates includes return of unit containing dunnage of no more than 10,000 lbs. per unit to ramp of origin (subject to conditions in Note 3).

Note 5: Oversize Shipments:

Subject to Oversize Arbitrary charge (See Item 150)