

CONNELL FINANCE COMPANY, INC.

A SUBSIDIARY OF THE CONNELL COMPANY

45 CARDINAL DRIVE

WESTFIELD, N. J. 07090-1099 U.S.A.



copy

TELEPHONE
9081 233-0700

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RECORDATION NO. 12687-E FILED

December 23, 1997

DEC 29 '97

2-45 PM

Mr. Vernon A. Williams, Secretary
 Surface Transportation Board
 1925 K Street, N.W.
 Washington, D.C. 20423-0001

Dear Mr. Williams:

I have enclosed one original and one counterpart of the secondary document described below, to be recorded pursuant to Section 11301 of Title 49 of the United States Code.

The enclosed document is an Amendment and Extension to Lease of Railroad Equipment, a secondary document, dated as of December 15, 1997 (the "Amendment"), between State Street Bank and Trust Company, as Trustee, as Lessor (the "Lessor") and The Burlington Northern and Santa Fe Railway Company (as successor to Burlington Northern Railroad Company, the successor to Burlington Northern, Inc.), as Lessee (the "Lessee"). The primary document to which the Amendment is connected is the Lease of Railroad Equipment dated as of October 1, 1980, between the Lessor and the Lessee, recorded with the Interstate Commerce Commission (now replaced by the Surface Transportation Board) on December 30, 1980 at 11:45 a.m., and assigned Recordation No. 12687-B.

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

Lessor: State Street Bank and Trust Company, not in its individual capacity but solely as Trustee
 2 International Place
 Boston, MA 02110

Lessee: The Burlington Northern and Santa Fe Railway Company (as successor to Burlington Northern Railroad Company, the successor to Burlington Northern Inc.)
 2600 Lou Menk Drive
 Fort Worth, TX 76131

A description of the equipment covered by the Amendment is as follows:

- (i) Thirty-nine (39) General Motors Corporation (Electro-Motive Division) Model GP39-2 diesel-electric locomotives bearing identification numbers BN 2700 through BN 2728, inclusive and BN 2730 through BN 2739, inclusive, and, in the case of each such locomotive, all additions thereto, alterations thereof, replacements thereof and substitutions therefor and
- (ii) fourteen (14) General Electric Company Model C30-7 diesel-electric locomotives bearing

Mr. Vernon A. Williams, Secretary
December 23, 1997
Page 2

Identification numbers BN 5127 through BN 5135, inclusive, and BN 5137 through BN 5141, inclusive, and, in the case of each such locomotive, all additions thereto, alterations thereof, replacements thereof and substitutions therefor.

A check in the amount of \$24.00 is enclosed to cover the fee for filing this Amendment. Please return the counterpart of the Amendment and the extra copy of this letter, time- and date-stamped as to filing, and return any extra copies of the Amendment or this letter not needed by the Board for recordation to Carlton A. Blake, Esq., Assistant General Counsel, Connell Finance Company, Inc., 45 Cardinal Drive, Westfield, NJ 07090.

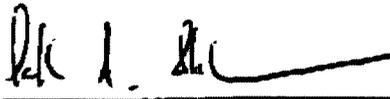
A short summary of the Amendment follows:

Amendment and Extension to Lease of Railroad Equipment, dated as of December 15, 1997 (the "Amendment"), between State Street Bank and Trust Company (not in its individual capacity but solely as Trustee under a Trust Agreement, dated as of October 1, 1980), as Lessor, 2 International Place, Boston, MA 02110 and The Burlington Northern and Santa Fe Railway Company (as successor to Burlington Northern Railroad Company, the successor to Burlington Northern, Inc.), as Lessee, amending and extending the Lease of Railroad Equipment dated as of October 1, 1980, between the Lessor and the Lessee originally covering forty (40) General Motors Corporation (Electro-Motive Division) Model GP39-2 diesel-electric locomotives and fifteen (15) General Electric Company Model C30-7 diesel-electric locomotives.

If you have any questions, please do not hesitate to call the undersigned at (908) 233-0700. Thank you.

Sincerely,

CONNELL FINANCE COMPANY, INC.

By: 
Name: Carlton A. Blake
Title: Assistant General Counsel

Enclosures



TELEFAX

CONNELL FINANCE COMPANY, INC.

45 Cardinal Drive
 Westfield, New Jersey 07090-1099
 Telephone Number: (908) 233-0700
 Telefax Number: (908) 233-1070

TO: Taledia Stokes
 Surface Transportation Board
 Telefax No. 202-565-9004

Craig Smetko
 Burlington Northern
 Telefax No.: 817-352-2397

FROM: Carlton Blake

DATE: May 3, 2000

NUMBER OF PAGES INCLUDING COVER PAGE: 13

This message is intended solely for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any reading, disclosure, copying, or distribution of this information is not permitted. If you have received this transmission in error, please notify us immediately by telephone to arrange for the return of the documents. Thank you.

MESSAGE:

Attached are evidence of filing and redacted document.

Do not hesitate to contact me with additional questions.

Carlton

Copy

REGISTRATION NO. 12687-E
FILED

DEC 29 '97

2-45 PM

AMENDMENT AND EXTENSION TO LEASE OF RAILROAD EQUIPMENT

Dated as of December 15, 1997

Between

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
(as successor to Burlington Northern Railroad Company).

as Lessee

and

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity
but solely as Trustee under a Trust Agreement dated as of October 1, 1980
with General Electric Credit Corporation (now known as General Electric Capital Corporation,
which is successor-in-interest to J.P. Morgan Interfunding Corp.)

as Owner-Trustee and Lessor

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AMENDMENT AND EXTENSION TO LEASE OF RAILROAD EQUIPMENT

THIS AMENDMENT AND EXTENSION TO LEASE OF RAILROAD EQUIPMENT dated as of December 15, 1997 (this "Amendment") is between THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation (as successor to Burlington Northern Railroad Company) (the "Lessee") and STATE STREET BANK AND TRUST COMPANY, a Massachusetts Trust Company (as successor-in-interest to The Connecticut Bank and Trust Company) (the "Owner-Trustee" and "Lessor"), not in its individual capacity but solely as Trustee under that certain Trust Agreement dated as of October 1, 1980, with General Electric Capital Corporation (formerly General Electric Credit Corporation, and successor-in-interest to J.P. Morgan Interfunding Corp.).

RECITALS:

A. The capitalized terms used in this Amendment that are not defined herein shall have the respective meanings specified in the Lease (hereafter defined) unless otherwise herein defined or the context hereof shall otherwise require.

B. The Lessee and the Lessor are parties to that certain Lease of Railroad Equipment, dated as of October 1, 1980 (the "Lease"), now covering fifty-three (53) Units (consisting of thirty-nine (39) (after one Unit has been the subject of a Casualty Occurrence) General Motors Corporation (Electro-Motive Division) Model GP39-2 diesel-electric locomotives (the "GM Units"); and fourteen (14) (after one Unit has been the subject of a Casualty Occurrence) General Electric Company Model C30-7 diesel-electric locomotives (the "GE Units").

C. The Lease was filed and recorded with the Interstate Commerce Commission on December 30, 1980 at 11:45 a.m. and assigned Recordation No. 12687-B.

D. The parties hereto desire, upon the expiration of the Lease on January 2, 1998 (the "Expiration Date"), to extend and amend the Lease in the respects, but only in the respects, hereinafter set forth, which amendments shall take effect as of January 3, 1998 (the "Effective Date").

In consideration of the foregoing and the premises hereof and other consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. LEASE EXTENSION

Section 1.1. Term. The term of the Lease as to all of the Units subject to the Lease as of the Expiration Date shall be extended for a period of two (2) years (the "First Extended Term") commencing on January 3, 1998 and terminating on January 2, 2000.

Section 1.2. Rentals. With respect to each Unit subject to the Lease during the First Extended Term, the Lessee will pay to the Lessor, as rental for each such Unit, in arrears, 4 consecutive semiannual installments payable on January 2 and July 2 in each year, commencing July 2, 1998. The 4 consecutive semiannual rental installments shall each be in an amount equal in the aggregate to

(a) the product of (i) [REDACTED] and (ii) the number of GM Units subject to the Lease on the first day of such semiannual period for which such rental installment is due; and

(b) the product of (i) [REDACTED] and (ii) the number of GE Units subject to the Lease on the first day of such semiannual period for which such rental installment is due.

SECTION 2. AMENDMENTS TO LEASE

Effective January 3, 1998, the Lease is amended as follows:

(a) Section 6.1 of the Lease is hereby amended by adding the words "(including, without limitation, the use or operation of any Unit, while under this Lease, in Canada or Mexico)" after the words "purchase, ownership, delivery, leasing, possession, use, operation" appearing in the ninth line thereof.

(b) The second sentence of the first paragraph of Section 7.1 of the Lease is deleted, and the following three sentences are inserted in lieu thereof:

"The date that a Casualty Occurrence has occurred shall hereinafter be called a "Casualty Date". On a date (a "Casualty Payment Date") no more than ninety days after the Casualty Date, the Lessee shall pay to the Lessor a sum equal to the Casualty Value (as hereinafter defined) of any such Unit as of such Casualty Payment Date, plus any rental (on a daily pro-rata basis if the Casualty Payment Date is not a rental payment date) accrued up to and including the Casualty Payment Date, in respect of such Unit. Notwithstanding the foregoing, if the Casualty Occurrence relates to a GE Unit, the Lessee shall have the option, in lieu of making the foregoing payment, of replacing such affected GE Unit within sixty days of such Casualty Occurrence with another Unit of the same (or improved) make and model, with the same value, utility and useful life as the Unit being replaced (assuming for purposes of this determination that the Unit being replaced was in at least as good condition as that required under the lease) and which is satisfactory to the Lessor, in which case, upon the completion of that replacement, the Lessee shall pay the Lessor all rental due as if no Casualty Occurrence had occurred."

- (c) Section 7.5 of the Lease is deleted and replaced in its entirety as follows:

"7.5 Amount of Casualty Values. The Casualty Value of each Unit (including each GM Unit and each GE Unit) as of the Casualty Payment Date on which payment is made shall be determined as follows:

(a) if the Casualty Payment Date coincides with a "Date" set forth on Schedule A to that certain Amendment and Extension to Lease of Railroad Equipment, dated as of December 15, 1997, between Lessee and Lessor ("Schedule A"), the Casualty Value shall be an amount equal to that amount as is set forth on such Schedule A for such Date, or

(b) if the Casualty Payment Date coincides with a date other than a Date set forth on such Schedule A, the Casualty Value shall be an amount equal to that amount as is set forth on such Schedule A opposite the Date next preceding the Casualty Payment Date."

- (d) Section 7.6 of the Lease is hereby deleted.

- (e) Section 11.2 of the Lease is hereby amended by adding a new subsection (3) as follows:

"(3) The provisions of this Section 11 shall be complied with in all respects as to all Units covered by Lease, including any Units caused to be operated or present in Mexico; provided, however, that to the extent that Lessee is prevented by governmental authorities in Mexico from complying in one or more respects with the provisions hereof, or is required to modify the Units in ways not contemplated by the provisions of this Section, then, at Lessee's expense, (i) Lessee shall comply with Mexican governmental requirements; and (ii) Lessee shall cause the Units to be fully in compliance with the terms of this Lease upon the return of the Units to the continental United States."

(f) Section 12.1 of the Lease is hereby amended by adding the words "(including, without limitation, the use or operation of any Unit, while under this Lease, in Canada or Mexico)" after the words "purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation" appearing in the tenth line thereof.

(g) Section 14.1(a) of the Lease is hereby amended by inserting the words "in the continental United States" after the words "Units) and at the usual speed place such Units" appearing at the beginning of the fourth line thereof.

(h) Section 15.2(2) of the Lease is hereby amended by adding the words "Canada or Mexico," after the words "to the date hereof," appearing at the beginning of the sixteenth line thereof.

- (i) Section 16.3 of the Lease is hereby deleted in its entirety.

(j) Section 17 of the Lease is hereby amended by:

(1) inserting the words "in the continental United States" immediately following the words "to the Lessor" appearing near the beginning of the third line of Section 17; and

(2) inserting the following after the last sentence of Section 17:

"If, within 90 days after the expiration of an extended term of this Lease, with respect to any Unit that had been operated in Mexico, Lessee fails to deliver possession of such Unit in the continental United States per this Section 17, such Unit shall be deemed to be the subject of a Casualty Occurrence and then Lessee shall comply with whichever of the following two options shall be elected by Lessee in written notice to Lessor (provided, however, that this paragraph shall not apply to the first seven Units, if any, that are the subject of a Casualty Occurrence in Mexico):

(i) Lessee shall deliver possession of a replacement Unit of Equipment of the same or similar make and model, in any case to be acceptable to Lessor as being of equal value and utility, and in the condition required by this Lease (a "Replacement Unit"); or

(ii) Lessee shall pay Lessor the greater of the Fair Market Sale Value of the Unit or the Casualty Value for the subject Unit.

In the event that Lessee elects option (i) above, and Lessee fails to make the delivery required under option (i) forthwith, then Lessee shall continue to pay rental at the daily equivalent of the rental applicable to the last rent due under the extended Lease term (and bear any and all other obligations and risks under the Lease as to such Unit) for such affected Unit for a period equal to the time elapsed between the end of the extended Lease term and the date the affected Unit (in the condition required by this Lease) or a Replacement Unit is actually delivered to Lessor, but in no event longer than 365 days from the date of expiration of the extended Lease term. During this period, Lessee shall in good faith attempt to obtain possession of such Unit and deliver such Unit over to Lessor. At the conclusion of such 365-day period, if Lessee has been unable to obtain and deliver such Unit (in the condition required by this Lease) or a Replacement Unit over to Lessor, then Lessee shall pay Lessor the greater of the Fair Market Sale Value of the Unit or the Casualty Value for the subject Unit.

"Fair Market Sale Value" shall be the amount which would obtain in an arm's length transaction between an informed and willing purchaser under no compulsion to buy and an informed and willing seller under no compulsion to sell, and, for purposes of such determination, the Unit shall be assumed to be in the possession of the Lessor and in the condition required by the Lease. If, after 90 days from the expiration of an extended term of this Lease without a permitted renewal having taken place, one or

more Units have not been returned to Lessor from Mexico, and Lessor and Lessee have been unable to agree upon a determination of Fair Market Sale Value of a Unit, such value shall be determined in accordance with the foregoing definition by the following procedure:

If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 35 days after such notice is given appoint a third independent appraiser. If no such appraiser is appointed within 35 days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Sale Value of the Units subject to the proposed extended term within 90 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Sale Value of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Sale Value. The appraiser proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Sale Value and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee."

(k) Section 21 of the Lease is hereby amended so as to substitute the following address for the Lessee:

2600 Lou Menk Drive, Fort Worth, Texas 76131; Attention: Vice President, Mechanical.

SECTION 3. MISCELLANEOUS.

Section 3.1. Governing Law. The terms of this Amendment and all rights and obligations hereunder shall be governed by the laws of the State of New York; *provided, however,* that the parties shall be entitled to all rights conferred by Section 11301 of Title 49 of the United States Code and Section 105 of the Canada Transportation Act.

Section 3.2 Counterparts. This Amendment may be executed in several counterparts, such counterparts together constituting but one and the same instrument.

Section 3.3 Reference to Lease. On and after the Effective Date, any and all references to the Lease, whether in the Lease or in any notices, requests, certificates and other instruments executed and delivered on or subsequent to the Effective Date, shall be to the Lease, as amended hereby, unless the context shall otherwise require.

Section 3.4 Ratification. Except to the extent hereby extended, amended or modified, the Lease is in all respects hereby ratified, confirmed and approved by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Amendment and Extension to Lease of Railroad Equipment to be executed as of the date first above written.

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, as Lessee

(CORPORATE SEAL)

Attest:

By:

Harry Blascini

Name:

Title: *Dir. Loco Planning + Leasing*

STATE STREET BANK AND TRUST COMPANY, as Owner-Trustee and Lessor

(CORPORATE SEAL)

Attest:

Patrick E. Thebado

By:

Patrick E. Thebado

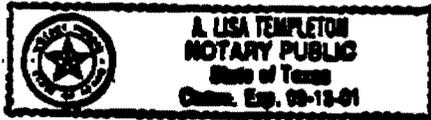
Name: Patrick E. Thebado

Title: Assistant Vice President

97-0365M

STATE OF TEXAS)
) SS.:
COUNTY OF TARRANT)

On this 16th day of December, 1997, before me personally appeared Harry Baidaccini to me personally known, who being by me duly sworn, says that he/she is Director of THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he/she acknowledged that the extension of the foregoing instrument was the free act deed of said corporation.



A. Lisa Templeton
Notary Public

[Notarial Seal]

My Commission Expires:

STATE OF MASSACHUSETTS)
) SS.:
COUNTY OF SUFFOLK)

On this 19th day of December, 1997, before me personally appeared Patrick E. Thebade to me personally known, who being by me duly sworn, says that he/she is President of STATE STREET BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he/she acknowledged that the extension of the foregoing instrument was the free act and deed of said corporation.

David J. New
Notary Public

[Notarial Seal]

My Commission Expires:

ENCLOSURE

My Commission Expires: 09-25-1999

Schedule A
to Amendment and Extension to Lease of Railroad Equipment
dated as of December 15, 1997 for 53 locomotives

Date	Casualty Value
1/2/1998	
2/2/1998	
3/2/1998	
4/2/1998	
5/2/1998	
6/2/1998	
7/2/1998	
8/2/1998	
9/2/1998	
10/2/1998	
11/2/1998	
12/2/1998	
1/2/1999	
2/2/1999	
3/2/1999	
4/2/1999	
5/2/1999	
6/2/1999	
7/2/1999	
8/2/1999	
9/2/1999	
10/2/1999	
11/2/1999	
12/2/1999	

1/2/2000 until all units have been returned

- REDACTED -