

CONNELL FINANCE COMPANY, INC.

A SUBSIDIARY OF THE CONNELL COMPANY

TELEPHONE
(908) 233-0700

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45 CARDINAL DRIVE

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

RECORDATION NO. 10361-F 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 a Second 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 No. 2 dated as of February 1, 1979, between the Lessor and the Lessee (as previously amended by that certain Amendment and Extension to Lease of Railroad Equipment, dated as of January 1, 1996), recorded with the Interstate Commerce Commission (now replaced by the Surface Transportation Board) on May 10, 1979 at 1:40 p.m., and assigned Recordation No. 10361-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
Forth Worth, TX 76131

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

(i) Fifty-nine (59) General Motors Corporation (Electro-Motive Division) Model SD40-2 diesel-electric locomotives bearing identification numbers BN 7922, BN 8030 through BN 8042, inclusive, BN 8044 through BN 8073, inclusive and BN 8075 through BN 8089, inclusive, and, in the case of each such locomotive, all additions thereto, alterations thereof,

Counterpart

F

replacements thereof and substitutions therefor and (ii) six (6) General Electric Company Model C30-7 diesel-electric locomotives bearing identification numbers BN 5000 and BN 5008 through BN 5012, 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.

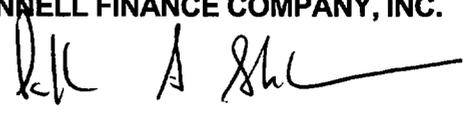
A short summary of the Amendment follows:

Second 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 No. 2, dated as of February 1, 1979, as amended and restated by Amendment No. 1 to Trust Agreement, dated as of April 20, 1979), 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 No. 2 dated as of February 1, 1979, between the Lessor and the Lessee (as previously amended by that certain Amendment and Extension to Lease of Railroad Equipment, dated as of January 1, 1996) originally covering sixty-one (61) General Motors Corporation (Electro-Motive Division) Model SD40-2 diesel-electric locomotives and six (6) 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

SURFACE TRANSPORTATION BOARD
WASHINGTON, D. C. 20423-0001

OFFICE OF THE SECRETARY

Carlton A. Blake
Assistant General Counsel
Connell Finance Company, Inc.
45 Cardinal Drive
Westfield, NJ 07090-1099

DATE: 12/29/97

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301 and 49 CFR 1177.3 (c), on 12/29/97 at 2:45PM, and assigned recordation number(s) 10361-F, 12687-E and 13881-F.

Sincerely Yours,

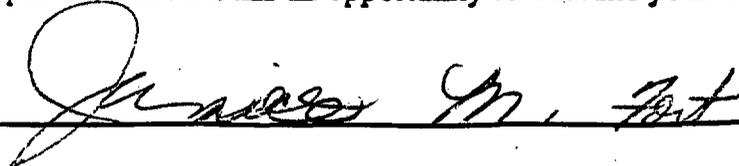


Vernon A. Williams
Secretary

Enclosure(s)

\$ 72.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature



DEC 29 '97 2:45 PM

SECOND 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 No. 2, dated as of February 1, 1979,
as amended and restated by Amendment No. 1 to Trust Agreement,
dated as of April 20, 1979, with General Electric Capital Corporation and
Norwest Bank Minnesota, National Association,

as Owner Trustee and Lessor

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SECOND AMENDMENT AND EXTENSION TO LEASE OF RAILROAD EQUIPMENT

THIS SECOND 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 to The Connecticut Bank and Trust Company) (the "*Owner Trustee*" and "*Lessor*"), not in its individual capacity but solely as Trustee under a Trust Agreement No. 2 dated as of February 1, 1979, as amended and restated by Amendment No. 1 to Trust Agreement dated as of April 20, 1979 with General Electric Capital Corporation (formerly General Electric Credit Corporation) and Norwest Bank Minnesota, National Association (as successor to Northwestern National Bank of Minneapolis).

RECITALS:

A. The capitalized terms used in this Amendment shall have the respective meanings specified in the Lease (as hereinafter defined) unless otherwise herein defined or the context hereof shall otherwise require.

B. The Lessee and the Owner Trustee are parties to certain Lease of Railroad Equipment No. 2 dated as of February 1, 1979, as amended by that certain Amendment and Extension to Lease of Railroad Equipment, dated as of January 1, 1996 (as so amended, the "*Lease*"), now (after two Units have been the subjects of Casualty Occurrences) covering sixty-five Units (consisting of 59 General Motors Corporation (Electro-Motive Division) Model SD40-2 diesel-electric locomotives (the "*GM Units*"); and 6 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 May 10, 1979 at 1:40 p.m. and assigned Recordation No. 10361-B.

D. The parties hereto desire, upon the expiration of the Lease on January 1, 1998 (the "*Expiration Date*") to extend and amend the Lease in the respects, but only in the respects, hereinafter set forth, which extension and amendments shall take effect as of January 2, 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 three (3) years (the "Second Extended Term") commencing on January 2, 1998 and terminating on January 1, 2001.

Section 1.2. Rentals. With respect to each Unit subject to the Lease, as amended hereby, during the Second Extended Term, the Lessee will pay to the Owner-Trustee, as rental for each such Unit, in arrears, 6 consecutive semiannual installments payable on January 1 and July 1 in each year, commencing July 1, 1998. The 6 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, as amended hereby, 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, as amended hereby, on the first day of such semiannual period for which such rental installment is due.

SECTION 2. AMENDMENTS TO LEASE

Effective as of the Effective Date, the Lease is amended as follows:

- (a) Section 16 of the Lease is deleted in its entirety.
- (b) Section 7.5 of the Lease is deleted and replaced in its entirety as follows:

"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:

(i) if the Casualty Payment Date coincides with a "Date" set forth on Schedule A to that certain Second Amendment and Extension to Lease of Railroad Equipment, dated as of December 15, 1997, between Lessee and Owner-Trustee ("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

(ii) 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 actual Casualty Payment Date."

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.

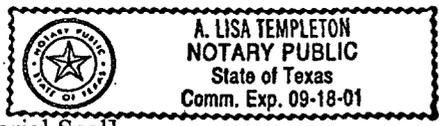
Section 3.2 Counterparts. This Amendment may be executed in several counterparts, such counterparts together constituting but one and the same instrument.

Section 3.3 Reference to Lease. On and after the date hereof and the Effective Date, as appropriate, 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 date hereof or the Effective Date, as appropriate, shall be to the Lease, as amended hereby, as appropriate, unless the context shall otherwise require.

[Rest of page intentionally left blank]

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

On this 16th day of December, 1997, before me personally appeared Harry Baldaccino to me personally known, who being by me duly sworn, says that he/she is Dir loco Piny + leasing 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.



[Notarial Seal]

A. Lisa Templeton
Notary Public

My Commission Expires:

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

On this 19th day of December, 1997, before me personally appeared Patrick E. Thebado, to me personally known, who being by me duly sworn, says that he/she is Asst. Vice 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.

[Notarial Seal]

Daniel Golden
Notary Public

My Commission Expires:

~~Asst. Vice President~~
DANIEL GOLDEN
Notary Public

My Commission Expires June 26, 1998

DANIEL GOLDEN
Notary Public

My Commission Expires June 26, 1998

1974

Schedule A

to Second Amendment and Extension to Lease of Railroad Equipment
dated as of December 15, 1997 for 65 locomotives

<u>Date</u>	<u>Casualty Value</u>
1/1/1996	
2/1/1996	
3/1/1996	
4/1/1996	
5/1/1996	
6/1/1996	
7/1/1996	
8/1/1996	
9/1/1996	
10/1/1996	
11/1/1996	
12/1/1996	
1/1/1997	
2/1/1997	
3/1/1997	
4/1/1997	
5/1/1997	
6/1/1997	
7/1/1997	
8/1/1997	
9/1/1997	
10/1/1997	
11/1/1997	
12/1/1997	
1/1/1998	
2/1/1998	
3/1/1998	
4/1/1998	
5/1/1998	
6/1/1998	
7/1/1998	
8/1/1998	
9/1/1998	
10/1/1998	
11/1/1998	
12/1/1998	
1/1/1999	
2/1/1999	
3/1/1999	
4/1/1999	
5/1/1999	
6/1/1999	

—REDACTED—

1979

Schedule A

to Second Amendment and Extension to Lease of Railroad Equipment
dated as of December 15, 1997 for 65 locomotives

<u>Date</u>	<u>Casualty Value</u>
7/1/1999	
8/1/1999	
9/1/1999	
10/1/1999	
11/1/1999	
12/1/1999	
1/1/2000	
2/1/2000	
3/1/2000	
4/1/2000	
5/1/2000	
6/1/2000	
7/1/2000	
8/1/2000	
9/1/2000	
10/1/2000	
11/1/2000	
12/1/2000	
1/1/2001 until all units have been returned	