UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM __________ TO __________

COMMISSION FILE NUMBER: 1-11535

Exact name of registrant as specified in its charter

BNSF®

Burlington Northern Santa Fe Corporation

State of Incorporation	I.R.S. Employer Identification No.
Delaware	**41-1804964**

Address of principal executive offices, including zip code
2650 Lou Menk Drive, Fort Worth, Texas 76131-2830
Registrant's telephone number, including area code
(800) 795-2673

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes [x] No [ ]**

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes [ ] No [x]**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. **Yes [x] No [ ]**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes [x] No [ ]**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. **[ ]**

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer, or smaller reporting company (as defined in Rule 12b-2 of the Act).

Large accelerated filer [x]   Accelerated filer [ ]   Non-accelerated filer [ ]   Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). **Yes [ ] No [x]**

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $24.794 billion on June 30, 2009. For purposes of this calculation only, the registrant has excluded stock beneficially owned by directors and officers. By doing so, the registrant does not admit that such persons are affiliates within the meaning of Rule 405 under the Securities Act of 1933 or for any other purpose.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: Common Stock, $0.01 par value, 341,243,913 shares outstanding as of February 1, 2010.

DOCUMENTS INCORPORATED BY REFERENCE

Burlington Northern Santa Fe Corporation's definitive Proxy Statement, to be filed not later than 120 days after the end of the fiscal year covered by this report	Part III

Table of Contents

Part I

Item 1. Business

Burlington Northern Santa Fe Corporation (BNSF, Registrant or Company) was incorporated in the State of Delaware on December 16, 1994. On September 22, 1995, the shareholders of Burlington Northern Inc. (BNI) and Santa Fe Pacific Corporation (SFP) became the shareholders of BNSF pursuant to a business combination of the two companies.

On December 30, 1996, BNI merged with and into SFP. On December 31, 1996, The Atchison, Topeka and Santa Fe Railway Company merged with and into Burlington Northern Railroad Company (BNRR), and BNRR changed its name to The Burlington Northern and Santa Fe Railway Company. On January 2, 1998, SFP merged with and into The Burlington Northern and Santa Fe Railway Company. On January 20, 2005, The Burlington Northern and Santa Fe Railway Company changed its name to BNSF Railway Company (BNSF Railway).

BNSF is a holding company that conducts no operating activities and owns no significant assets other than through its interests in its subsidiaries. Through its subsidiaries, BNSF is engaged primarily in the freight rail transportation business. At December 31, 2009, BNSF and its subsidiaries had approximately 35,000 employees. The rail operations of BNSF Railway Company (BNSF Railway), the principal operating subsidiary, comprise one of the largest railroad systems in North America.

Berkshire Hathaway Inc., a Delaware corporation (Berkshire), R Acquisition Company, LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of Berkshire (Merger Sub), and the Company have entered into a definitive Agreement and Plan of Merger (the Merger Agreement) dated as of November 2, 2009. Pursuant to the Merger Agreement and subject to the conditions set forth therein, the Company will merge with and into Merger Sub (the Merger) with Merger Sub surviving as an indirect wholly owned subsidiary of Berkshire. The Merger is subject to the approval of (i) the holders of at least 66-2/3% of the issued and outstanding shares of Company common stock not owned by Berkshire or any of its affiliates or associates and (ii) the holders of a majority of the issued and outstanding shares of Company common stock, as well as to the satisfaction or waiver of other conditions as provided in the Merger Agreement. The Merger is expected to be completed on February 12, 2010. Further information on the proposed Merger is incorporated by reference from Note 1 to the Consolidated Financial Statements.

BNSF's internet address is www.bnsf.com. Through this internet Web site (under the "Investors" link), BNSF makes available, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as all amendments to those reports, as soon as reasonably practicable after these reports are electronically filed with or furnished to the Securities and Exchange Commission (the SEC). Filings on Forms 3, 4 and 5 are also available on this Web site as is BNSF's annual proxy statement. BNSF makes available on its Web site other previously filed SEC reports, registration statements and exhibits via a link to the SEC's Web site at www.sec.gov. The following documents are also made available on the Company's Web site:

- Code of Conduct for Directors, Officers and Salaried Employees;
- Code of Business Conduct and Ethics for Scheduled Employees;
- Corporate Governance Guidelines; and
- Charters of the Audit, Compensation and Development and Directors and Corporate Governance Committees.

Further discussion of the Company's business, including equipment and business sectors, is incorporated by reference from Item 2, "Properties."

Item 1A. Risk Factors

Changes in government policy could negatively impact demand for the Company's services, impair its ability to price its services or increase its costs or liability exposure.

Changes in United States and foreign government policies could change the economic environment and affect demand for the Company's services. For example, changes in clean air laws or regulation of carbon dioxide emissions could reduce the demand for coal and revenues from the coal transportation services provided by BNSF Railway. Also, United States and foreign government agriculture tariffs or subsidies could affect the demand for grain. Developments and changes in laws and regulations as well as increased economic regulation of the rail industry through legislative action and revised rules and standards applied by the U.S. Surface Transportation Board in various areas, including rates, services and access to facilities could adversely impact the Company's ability to determine prices for rail services and significantly affect the revenues, costs and profitability of the Company's business. Additionally, because of the significant costs to maintain its rail network, a reduction in profitability could hinder the Company's ability to maintain, improve or expand its rail network, facilities and equipment. Federal or state spending on infrastructure improvements or incentives that favor other modes of transportation could also adversely affect the Company's revenues.

The Company's success depends on its ability to continue to comply with the significant federal, state and local governmental regulations to which it is subject.

The Company is subject to a significant amount of governmental laws and regulation with respect to its rates and practices, railroad operations and a variety of health, safety, labor, environmental and other matters. Failure to comply with applicable laws and regulations could have a material adverse effect on the Company. Governments may change the legislative and/or regulatory framework within which the Company operates without providing the Company with any recourse for any adverse effects that the change may have on its business. Federal legislation enacted in 2008 mandates the implementation of positive train control technology by December 31, 2015, on certain mainline track where intercity and commuter passenger railroads operate and where toxic-by-inhalation hazardous materials are transported. This type of technology is new and deploying it across BNSF Railway's system and other railroads may pose significant operating and implementation risks and will require significant capital expenditures.

As part of its railroad operations, the Company frequently transports chemicals and other hazardous materials, which could expose it to the risk of significant claims, losses and penalties.

BNSF Railway is required to transport these commodities to the extent of its common carrier obligation. An accidental release of these commodities could result in a significant loss of life and extensive property damage as well as environmental remediation obligations. The associated costs could have an adverse effect on the Company's operating results, financial condition or liquidity as the Company is not insured above a certain threshold. Further, the rates BNSF Railway receives for transporting these commodities do not adequately compensate it should there be some type of accident. In addition, insurance premiums charged for some or all of the coverage currently maintained by the Company could increase dramatically or certain coverage may not be available to the Company in the future if there is a catastrophic event related to rail transportation of these commodities.

The Company faces intense competition from rail carriers and other transportation providers, and its failure to compete effectively could adversely affect its results of operations, financial condition or liquidity.

The Company operates in a highly competitive business environment. Depending on the specific market, the Company faces intermodal, intramodal, product and geographic competition. This competition from other railroads and motor carriers, as well as barges, ships and pipelines in certain markets, may be reflected in pricing, market share, level of services, reliability and other factors. For example, the Company believes that high service truck lines, due to their ability to deliver non-bulk products on an expedited basis, have had and will continue to have an adverse effect on the Company's ability to compete for deliveries of non-bulk, time-sensitive freight. While the Company must build or acquire and maintain its rail system, trucks and barges are able to use public rights-of-way maintained by public entities. Any material increase in the capacity and quality of these alternative methods or the passage of legislation granting greater latitude to motor carriers with respect to size and weight restrictions could have an adverse effect on the Company's results of operations, financial condition or liquidity. In addition, a failure to provide the level of service required by the Company's customers could result in loss of business to competitors. Changes in the ports used by ocean carriers or the use of all-water routes from the Pacific Rim to the East Coast or other changes in the supply chain could also have an adverse effect on the Company's volumes and revenues.

Downturns in the economy could adversely affect demand for the Company's services.

Significant, extended negative changes in domestic and global economic conditions that impact the producers and consumers of the commodities transported by the Company may have an adverse effect on the Company's operating results, financial condition or liquidity. Declines in or muted manufacturing activity, economic growth and international trade all could result in reduced revenues in one or more business units.

Negative changes in general economic conditions could lead to disruptions in the credit markets, increase credit risks and could adversely affect the Company's financial condition or liquidity.

Challenging economic conditions may not only affect revenues due to reduced demand for many goods and commodities, but could result in payment delays, increased credit risk and possible bankruptcies of customers. Railroads are capital-intensive and must finance a portion of the building and maintenance of infrastructure as well as locomotives and other rail equipment. Economic slowdowns and related credit market disruptions may adversely affect the Company's cost structure, its timely access to capital to meet financing needs and costs of its financings. The Company could also face increased counterparty risk for its cash investments and its hedge arrangements. Adverse economic conditions could also affect the Company's costs for insurance or its ability to acquire and maintain adequate insurance coverage for risks associated with the railroad business if insurance companies experience credit downgrades or bankruptcies. Declines in the securities and credit markets could also affect the Company's pension fund and railroad retirement tax rates, which in turn could increase funding requirements.

The Company is subject to stringent environmental laws and regulations, which may impose significant costs on its business operations.

The Company's operations are subject to extensive federal, state and local environmental laws and regulations concerning, among other things, emissions to the air; discharges to waters; the generation, handling, storage, transportation and disposal of waste and hazardous materials; and the cleanup of hazardous material or petroleum releases. Changes to or limits on carbon dioxide emissions could result in significant capital expenditures to comply with these regulations with respect to BNSF Railway's diesel locomotives, equipment, vehicles and machinery and its yards and intermodal facilities and the cranes and trucks serving those facilities. Emission regulations could also adversely affect fuel efficiency and increase operating costs. Further, local concerns on emissions and other forms of pollution could inhibit the Company's ability to build facilities in strategic locations to facilitate growth and efficient operations. In addition, many land holdings are and have been used for industrial or transportation-related purposes or leased to commercial or industrial companies whose activities may have resulted in discharges onto the property. Environmental liability can extend to previously owned or operated properties, leased properties and properties owned by third parties, as well as to properties currently owned and used by the Company's subsidiaries. Environmental liabilities have arisen and may continue to arise from claims asserted by adjacent landowners or other third parties in toxic tort litigation. The Company's subsidiaries have been and may continue to be subject to allegations or findings to the effect that they have violated, or are strictly liable under, these laws or regulations. The Company's operating results, financial condition or liquidity could be adversely affected as a result of any of the foregoing, and it may be required to incur significant expenses to investigate and remediate environmental contamination. The Company records liabilities for environmental cleanup when the amount of its liability is both probable and reasonably estimable.

Fuel supply availability and fuel prices may adversely affect the Company's results of operations, financial condition or liquidity.

Fuel supply availability could be impacted as a result of limitations in refining capacity, disruptions to the supply chain, rising global demand and international political and economic factors. A significant reduction in fuel availability could impact the Company's ability to provide transportation services at current levels, increase fuel costs and impact the economy. Each of these factors could have an adverse effect on the Company's operating results, financial condition or liquidity. If the price of fuel increases substantially, the Company expects to be able to offset a significant portion of these higher fuel costs through its fuel surcharge program. However, to the extent that the Company is unable to maintain and expand its existing fuel surcharge program, increases in fuel prices could have an adverse effect on the Company's operating results, financial condition or liquidity.

Severe weather and natural disasters could disrupt normal business operations, which would result in increased costs and liabilities and decreases in revenues.

The Company's success is dependent on its ability to operate its railroad system efficiently. Severe weather and natural disasters, such as tornados, flooding and earthquakes, could cause significant business interruptions and result in increased costs and liabilities and decreased revenues. In addition, damages to or loss of use of significant aspects of the Company's infrastructure due to natural or man-made disruptions could have an adverse effect on the Company's operating results, financial condition or liquidity for an extended period of time until repairs or replacements could be made. Additionally, during natural disasters, the Company's workforce may be unavailable, which could result in further delays. Extreme swings in weather could also negatively affect the performance of locomotives and rolling stock.

The Company's operational dependencies may adversely affect results of operations, financial condition or liquidity.

Due to the integrated nature of the United States' freight transportation infrastructure, the Company's operations may be negatively affected by service disruptions of other entities such as ports and other railroads which interchange with the Company. A significant prolonged service disruption of one or more of these entities could have an adverse effect on the Company's results of operations, financial condition or liquidity.

Acts of terrorism or war, as well as the threat of war, may cause significant disruptions in the Company's business operations.

Terrorist attacks and any government response to those types of attacks and war or risk of war may adversely affect the Company's results of operations, financial condition or liquidity. The Company's rail lines and facilities could be direct targets or indirect casualties of an act or acts of terror, which could cause significant business interruption and result in increased costs and liabilities and decreased revenues, which could have an adverse effect on operating results and financial condition. Such effects could be magnified if releases of hazardous materials are involved. Any act of terror, retaliatory strike, sustained military campaign or war or risk of war may have an adverse impact on the Company's operating results and financial condition by causing unpredictable operating or financial conditions, including disruptions of BNSF Railway or connecting rail lines, loss of critical customers or partners, volatility or sustained increase of fuel prices, fuel shortages, general economic decline and instability or weakness of financial markets. In addition, insurance premiums charged for some or all of the coverage currently maintained by the Company could increase dramatically, the coverage available may not adequately compensate it for certain types of incidents and certain coverages may not be available to the Company in the future.

The Company depends on the stability and availability of its information technology systems.

The Company relies on information technology in all aspects of its business. A significant disruption or failure of its information technology systems could result in service interruptions, safety failures, security violations, regulatory compliance failures and the inability to protect corporate information assets against intruders or other operational difficulties. Although the Company has taken steps to mitigate these risks, including Business Continuity Planning, Disaster Recovery Planning and Business Impact Analysis, a significant disruption could adversely affect the Company's results of operations, financial condition or liquidity. Additionally, if the Company is unable to acquire or implement new technology, it may suffer a competitive disadvantage, which could also have an adverse effect on the Company's results of operations, financial condition or liquidity.

Personal injury claims constitute a significant expense, and increases in the amount or severity of these claims could adversely affect the Company's operating results, financial condition and liquidity.

The Company is subject to various personal injury claims by third parties and employees, including claims by employees who worked around asbestos until 1985, when its use at BNSF was substantially eliminated. Personal injury claims by BNSF Railway employees are subject to the Federal Employees' Liability Act (FELA), rather than state workers' compensation laws. The Company believes that the FELA system, which includes unscheduled awards and a reliance on the jury system, can contribute to increased expenses. Future events, such as increases in the number of claims that are filed, developments in legislative and judicial standards and the costs of settling claims, could result in an adverse effect on the Company's operating results, financial condition and liquidity.

Most of the Company's employees are represented by unions, and failure to successfully negotiate collective bargaining agreements may result in strikes, work stoppages or substantially higher ongoing labor costs.

A significant majority of BNSF Railway's employees are union-represented. BNSF Railway's union employees work under collective bargaining agreements with various labor organizations. Wages, health and welfare benefits, work rules and other issues have traditionally been addressed through industry-wide negotiations. These negotiations have generally taken place over an extended period of time and have previously not resulted in any extended work stoppages. The existing agreements have remained in effect and will continue to remain in effect until new agreements are reached or the Railway Labor Act's procedures (which include mediation, cooling-off periods and the possibility of Presidential intervention) are exhausted. While the negotiations have not yet resulted in any extended work stoppages, if BNSF Railway is unable to negotiate acceptable new agreements, it could result in strikes by the affected workers, loss of business and increased operating costs as a result of higher wages or benefits paid to union members, any of which could have an adverse effect on the Company's operating results, financial condition or liquidity.

The unavailability of qualified personnel could adversely affect the Company's operations.

Changes in demographics, training requirements and the unavailability of qualified personnel, particularly engineers and trainmen, could negatively impact the Company's ability to meet demand for rail service. Recruiting and retaining qualified personnel, particularly those with expertise in the railroad industry, are vital to operations. Although the Company has adequate personnel for the current business environment, unpredictable increases in demand for rail services may exacerbate the risk of not having sufficient numbers of trained personnel, which could have a negative impact on operational efficiency and otherwise have a material adverse effect on the Company's operating results, financial condition or liquidity.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Track Configuration

BNSF Railway operates one of the largest railroad networks in North America with approximately 32,000 route miles of track, excluding multiple main tracks, yard tracks and sidings, approximately 23,000 miles of which are owned route miles, including easements, in 28 states and two Canadian provinces as of December 31, 2009. Approximately 9,000 route miles of BNSF Railway's system consist of trackage rights that permit BNSF Railway to operate its trains with its crews over other railroads' tracks.

As of December 31, 2009, the total BNSF Railway system, including single and multiple main tracks, yard tracks and sidings, consisted of approximately 50,000 operated miles of track, all of which are owned by or held under easement by BNSF Railway except for approximately 10,000 route miles operated under trackage rights. At December 31, 2009, approximately 26,000 miles of BNSF Railway's track consisted of 112-pound per yard or heavier rail, including approximately 20,000 track miles of 131-pound per yard or heavier rail.

Equipment Configuration

BNSF Railway owned or had under non-cancelable leases exceeding one year the following units of railroad rolling stock and other equipment as of the dates shown below. During 2009, BNSF continued phasing out intermodal equipment (domestic chassis, domestic containers and trailers) due to an increase in customers providing their own equipment for services versus BNSF maintaining a rail-controlled fleet. Certain prior period amounts have been adjusted to conform to current year presentation.

At December 31,	2009	2008	2007
Locomotives	**6,759**	6,510	6,400
Freight cars:			
Covered hopper	**33,878**	35,381	36,439
Gondola	**13,559**	14,485	13,690
Open hopper	**11,028**	11,046	11,428
Flat	**10,179**	10,073	10,470
Box	**5,493**	6,145	7,948
Refrigerator	**3,653**	3,944	4,196
Auto rack	**709**	618	416
Tank	**433**	447	427
Other	**397**	416	324
Total freight cars	**79,329**	82,555	85,338
Domestic chassis	**6,034**	11,336	11,714
Domestic containers	**775**	3,246	3,253
Trailers	**–**	1,195	1,200
Maintenance of way and other	**4,637**	4,499	4,232
Commuter passenger cars	**164**	163	163
Average age from date of manufacture–locomotive fleet (years)[a]	**16**	15	15
Average age from date of manufacture–freight car fleet (years)[a]	**19**	18	18

a These averages are not weighted to reflect the greater capacities of the newer equipment.

Capital Expenditures and Maintenance

Capital Expenditures

The extent of BNSF Railway's replacement and capacity program is outlined in the following table:

Year ended December 31,	2010 Estimate	2009	2008	2007
Track miles of rail laid[a]	**881**	**956**	972	994
Cross ties inserted (thousands)[a]	**3,124**	**3,310**	3,167	3,126
Track resurfaced (miles)	**14,385**	**15,456**	13,005	11,687

a Includes both replacement capital and expansion projects, which are primarily capitalized.

A breakdown of the Company's cash capital expenditures for the three years ended December 31, 2009, is incorporated by reference from a table in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Liquidity and Capital Resources; Investing Activities."

BNSF's planned 2010 capital commitments are incorporated by reference from Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Executive Summary; Capital Commitment Outlook for 2010."

Locomotive Maintenance

As of December 31, 2009, General Electric Company and Electro-Motive Diesel, Inc. performed locomotive maintenance and overhauls for BNSF Railway at its facilities under various maintenance agreements that covered approximately 4,000 locomotives.

Property and Facilities

BNSF Railway operates various facilities and equipment to support its transportation system, including its infrastructure and locomotives and freight cars. It also owns or leases other equipment to support rail operations, including containers, chassis and vehicles. Support facilities for rail operations include yards and terminals throughout its rail network, system locomotive shops to perform locomotive servicing and maintenance, a centralized network operations center for train dispatching and network operations monitoring and management in Fort Worth, Texas, regional dispatching centers, computers, telecommunications equipment, signal systems and other support systems. Transfer facilities are maintained for rail-to-rail as well as intermodal transfer of containers, trailers and other freight traffic. These facilities include 31 major intermodal hubs located across the system. BNSF Railway's largest intermodal facilities in terms of 2009 volume were as follows:

Intermodal Facilities	Lifts
Hobart Yard (Los Angeles, California)	921,000
Logistics Park (Chicago, Illinois)	707,000
Corwith Yard (Chicago, Illinois)	655,000
Alliance (Fort Worth, Texas)	468,000
Willow Springs (Illinois)	463,000
San Bernardino (California)	418,000
Cicero (Illinois)	392,000
Argentine (Kansas City, Kansas)	278,000
Stockton (California)	247,000
Memphis (Tennessee)	231,000

BNSF Railway owns 22 automotive distribution facilities and serves eight port facilities where automobiles are loaded on or unloaded from multi-level rail cars in the United States and Canada.

BNSF Railway's largest freight car classification yards based on the average daily number of cars processed (excluding cars that do not change trains at the terminal, intermodal and coal cars) are shown below:

Classification Yards	Daily Average Cars Processed
Argentine (Kansas City, Kansas)	1,717
Galesburg (Illinois)	1,458
Northtown (Minnesota)	1,167
Barstow (California)	1,120
Tulsa (Oklahoma)	1,083

As of December 31, 2009, certain BNSF Railway properties and other assets were subject to liens securing $94 million of mortgage debt. Certain locomotives, rolling stock and facilities of BNSF Railway were subject to equipment leases and financing obligations, as referred to in Notes 9 and 10 to the Consolidated Financial Statements.

Productivity

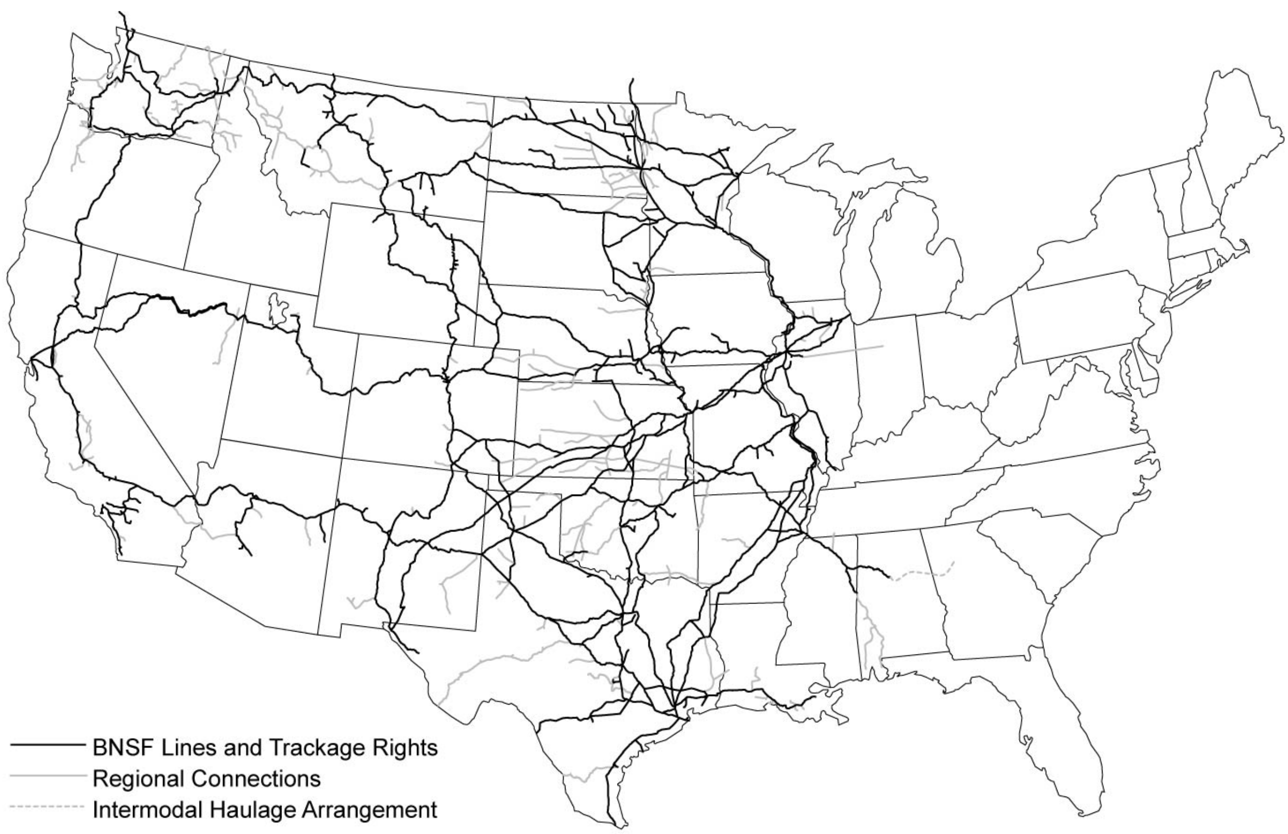
Productivity, as measured by thousand gross ton miles per employee, is shown in the table below. Gross ton miles is defined as the product of the number of loaded and empty miles traveled and the combined weight of the car and contents.

Year ended December 31,	2009	2008	2007
Thousand gross ton miles divided by average number of employees	**26,339**	27,360	27,058

A discussion of Employees and Labor Relations is incorporated by reference from Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, under the heading "Other Matters; Employee and Labor Relations."

Business Mix

In serving the Midwest, Pacific Northwest and the Western, Southwestern and Southeastern regions and ports of the country, BNSF transports, through one operating transportation services segment, a range of products and commodities derived from manufacturing, agricultural and natural resource industries. Over half of the freight revenues of the Company are covered by contractual agreements of varying durations, while the balance is subject to common carrier, published prices or quotations offered by the Company. BNSF's financial performance is influenced by, among other things, general and industry economic conditions at the international, national and regional levels. The following map illustrates the Company's primary routes, including trackage rights, which allow BNSF to access major cities and ports in the western and southern United States as well as Canadian and Mexican traffic. In addition to major cities and ports, BNSF efficiently serves many smaller markets by working closely with approximately 200 shortline partners. BNSF has also entered into marketing agreements with CSX Transportation, Canadian National Railway Company and Kansas City Southern Railway Company, expanding the marketing reach for each railroad and their customers.



Consumer Products:

The Consumer Products' freight business provided approximately 32 percent of freight revenues in 2009 and consisted of the following business sectors:

- **International Intermodal** — International business consists primarily of container traffic from steamship companies such as Mediterranean Shipping Company S.A., Orient Overseas Container Line (OOCL) and Hyundai Merchant Marine Co., Ltd. International Intermodal accounted for approximately 43 percent of total Consumer Products revenues.
- **Domestic Intermodal** — Domestic Intermodal generated approximately 49 percent of total Consumer Products revenues. The Domestic Intermodal sector is comprised of the following business areas:
    - **Truckload/Intermodal Marketing Companies** — The Truckload business area is comprised of full truckload carriers such as J.B. Hunt Transportation, Schneider National and Swift Transportation. The Intermodal Marketing Companies business area is comprised of various shippers' agents and consolidators.
    - **Expedited Truckload/Less-than-Truckload** — This business area is comprised of less-than-truckload carriers and parcel carriers such as United Parcel Service and YRC Worldwide. It also includes expedited truckload carriers such as U.S. Xpress Enterprises, Transport Corporation of America and Marten Transport Ltd.
- **Automotive** — The transportation of both assembled motor vehicles and shipments of vehicle parts to numerous destinations throughout the Midwest, Southwest, West and Pacific Northwest provided about 8 percent of total Consumer Products revenues. Asian and European automobile companies account for approximately 83 percent of Automotive revenue.

Coal:

In 2009, the transportation of coal contributed about 26 percent of freight revenues. BNSF is one of the largest transporters of low-sulfur coal in the United States. More than 90 percent of all BNSF's coal tons originated from the Powder River Basin of Wyoming and Montana. These coal shipments were destined for coal-fired electric generating stations located primarily in the North Central, South Central, Southeast, Mountain and Pacific Northwest regions of the United States. BNSF also transports coal from the Powder River Basin to markets in Canada, the eastern United States and Asian markets. Demand for Powder River Basin coal has increased substantially over time due to its relatively low sulfur content, abundant reserves, relatively inexpensive mine production and competitive-delivered cost to power plants.

Other BNSF coal shipments originate principally in Colorado, New Mexico and North Dakota. These shipments move to electrical generating stations and industrial plants in the Mountain and North Central regions of the United States and to Mexico.

Industrial Products:

The Industrial Products' freight business provided approximately 21 percent of BNSF's freight revenues in 2009 and consisted of the following five business areas:

- **Construction Products** — The Construction Products sector represented approximately 31 percent of total Industrial Products revenues in 2009. This sector serves virtually all of the commodities included in, or resulting from, the production of steel along with mineral commodities such as clays, sands, cements, aggregates, sodium compounds and other industrial minerals. Industrial taconite, an iron ore derivative produced in northern Minnesota, scrap steel and coal coke are BNSF's primary input products transported. Finished steel products range from structural beams and steel coils to wire and nails. BNSF links the integrated steel mills in the East with fabricators in the West and Southwest. Service is also provided to various mini-mills in the Southwest that produce rebar, beams and coiled rod for the construction industry. Industrial minerals include mined and processed commodities such as cement and aggregates (construction sand, gravel and crushed stone) that generally move to domestic markets for use in general construction and public work projects, including highways. Borates and clays move to domestic points as well as to export markets primarily through West Coast ports. Sodium compounds, primarily soda ash, are moved to domestic markets for use in the manufacturing of glass and other industrial products. Sand is utilized in oil and natural gas drilling, the manufacturing of glass and in foundry applications.
- **Building Products** — This sector generated approximately 25 percent of total 2009 Industrial Products revenues and includes primary forest product commodities such as lumber, plywood, oriented strand board, particleboard, paper products, pulpmill feedstocks, wood pulp and sawlogs. Also included in this sector are government, machinery and waste traffic. Commodities from this diverse group primarily originate from the Pacific Northwest, Western Canada, upper Midwest and the Southeast for shipment mainly into domestic markets. Industries served include construction, furniture, photography, publishing, newspaper and industrial packaging. Shipments of waste, ranging from municipal waste to contaminated soil, are transported to landfills and reclamation centers across the country. The government and machinery business includes aircraft parts, agricultural and construction machinery, military equipment and large industrial machinery.

- **Petroleum Products** — Commodities included in the Petroleum Products sector are liquefied petroleum gas (LPG), diesel fuels, asphalt, alcohol, solvents, petroleum coke, lubes, oils, waxes and carbon black. This group made up 20 percent of total Industrial Products revenues for 2009. Product use varies based on commodity and includes the use of LPG for heating purposes, diesel fuel and lubes to run heavy machinery and asphalt for road projects and roofing. Products within this group originate and terminate throughout the BNSF network, with the largest areas of activities being the Texas Gulf, Pacific Northwest, California, Montana and Illinois.
- **Chemicals and Plastic Products** — The Chemicals and Plastic Products sector represented approximately 16 percent of total 2009 Industrial Products revenues. This group is composed of industrial chemicals and plastics commodities. These commodities include caustic soda, chlorine, industrial gases, acids, polyethylene, polypropylene and polyvinyl chloride. Industrial chemicals and plastics resins are used by the automotive, housing and packaging industries, as well as for feedstocks, to produce other chemicals and plastic products. These commodities originate primarily in the Gulf Coast region for shipment mainly into domestic markets.
- **Food and Beverages** — Food and Beverages represented approximately 8 percent of total 2009 Industrial Products revenues. This group consists of beverages, canned goods and perishable food items. Other consumer goods such as cotton, salt, rubber and tires and miscellaneous boxcar shipments are also included in this business area.

Agricultural Products:
The transportation of Agricultural Products provided approximately 21 percent of 2009 freight revenues. These products include wheat, corn, bulk foods, soybeans, oil seeds and meals, feeds, barley, oats and rye, flour and mill products, milo, oils, specialty grains, malt, ethanol and fertilizer. The BNSF system is strategically located to serve the grain-producing regions of the Midwest and Great Plains. The Company continues to develop and operate a shuttle network for grain and grain products, which allows more efficient use of equipment and improved cycle times. In addition to serving most grain-producing areas, BNSF serves a variety of terminal, storage, feeding and food-processing locations. Furthermore, BNSF has direct access to major export markets via the Pacific Northwest, western Great Lakes, Texas Gulf and Mexican gateways.

Freight Statistics

The following table sets forth certain freight statistics relating to rail operations for the periods indicated.

Year ended December 31,	**2009**	**2008**	**2007**
Revenue ton miles (millions)[a]	**593,573**	664,384	657,572
Freight revenue per thousand revenue ton miles	**$ 22.89**	$ 26.34	$ 23.34
Average length of haul (miles)	**1,108**	1,090	1,079

a Revenue ton miles is defined as the product of the number of loaded miles traveled and the weight of the contents.

Revenues, cars/units and average revenue per car/unit information for the three years ended December 31, 2009, is incorporated by reference from a table in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, under the heading "Results of Operations; Revenue Table."

Government Regulation and Legislation

The Company is subject to federal, state and local laws and regulations generally applicable to all businesses. Rail operations are subject to the regulatory jurisdiction of the Surface Transportation Board (STB) of the United States Department of Transportation (DOT), the Federal Railroad Administration of the DOT, the Occupational Safety and Health Administration (OSHA), as well as other federal and state regulatory agencies and Canadian regulatory agencies for operations in Canada. The STB has jurisdiction over disputes and complaints involving certain rates, routes and services, the sale or abandonment of rail lines, applications for line extensions and construction and consolidation or merger with, or acquisition of control of, rail common carriers. The outcome of STB proceedings can affect the profitability of BNSF's business.

DOT and OSHA have jurisdiction under several federal statutes over a number of safety and health aspects of rail operations, including the transportation of hazardous materials. State agencies regulate some aspects of rail operations with respect to health and safety in areas not otherwise preempted by federal law.

BNSF Railway's rail operations, as well as those of its competitors, are also subject to extensive federal, state and local environmental regulation. These laws cover discharges to water, air emissions, toxic substances and the generation, handling, storage, transportation and disposal of waste and hazardous materials. This regulation has the effect of increasing the cost and liabilities associated with rail operations. Environmental risks are also inherent in rail operations, which frequently involve transporting chemicals and other hazardous materials.

Many of BNSF Railway's land holdings are and have been used for industrial or transportation-related purposes or leased to commercial or industrial companies whose activities may have resulted in discharges onto the property. As a result, BNSF Railway is now subject to, and will from time to time continue to be subject to, environmental cleanup and enforcement actions. In particular, the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), also known as the Superfund law, generally imposes joint and several liability for cleanup and enforcement costs on current and former owners and operators of a site, without regard to fault or the legality of the original conduct. Accordingly, BNSF Railway may be responsible under CERCLA and other federal and state statutes for all or part of the costs to clean up sites at which certain substances may have been released by BNSF Railway, its current lessees, former owners or lessees of properties, or other third parties. BNSF Railway may also be subject to claims by third parties for investigation, cleanup, restoration or other environmental costs under environmental statutes or common law with respect to properties they own that have been impacted by BNSF Railway operations. Further discussion is incorporated by reference from Note 10 to the Consolidated Financial Statements.

Railroad Retirement

Railroad industry personnel are covered by the Railroad Retirement System instead of Social Security. BNSF Railway's contributions under the Railroad Retirement System have been higher than those in industries covered by Social Security. The Railroad Retirement System, funded primarily by payroll taxes on covered employers and employees, includes a benefit roughly equivalent to Social Security (Tier I), an additional benefit similar to that allowed in some private defined-benefit plans (Tier II) and other benefits. For 2009, the Railroad Retirement System required a 19.75 percent contribution by railroad employers on eligible wages, while the Social Security and Medicare Acts only required a 7.65 percent contribution on similar wage bases.

Competition

The business environment in which BNSF Railway operates is highly competitive. Depending on the specific market, deregulated motor carriers and other railroads, as well as river barges, ships and pipelines in certain markets, may exert pressure on price and service levels. The presence of advanced, high service truck lines with expedited delivery, subsidized infrastructure and minimal empty mileage continues to affect the market for non-bulk, time-sensitive freight. The potential expansion of longer combination vehicles could further encroach upon markets traditionally served by railroads. In order to remain competitive, BNSF Railway and other railroads continue to develop and implement operating efficiencies to improve productivity.

As railroads streamline, rationalize and otherwise enhance their franchises, competition among rail carriers intensifies. BNSF Railway's primary rail competitor in the Western region of the United States is the Union Pacific Railroad Company. Other Class I railroads and numerous regional railroads and motor carriers also operate in parts of the same territories served by BNSF Railway.

Based on weekly reporting by the Association of American Railroads, BNSF's share of the western United States rail traffic in 2009 was approximately 49 percent.

Employee and Labor Relations

A significant majority of BNSF Railway's employees are union-represented. Final agreements have been reached in the most recent bargaining round covering 100 percent of BNSF's unionized workforce. These agreements resolved all wage, work rule, and health and welfare issues through December 31, 2009, and will remain in effect until new agreements are reached or the Railway Labor Act's procedures (which include mediation, cooling-off periods and the possibility of U.S. presidential intervention) are exhausted. Negotiations for the new bargaining round began November 1, 2009.

In the new bargaining round, an agreement covering wage and work rules issues was reached with the Brotherhood of Locomotive Engineers and Trainmen (BLET), representing nearly 7,000 BNSF engineers, which covers the period from January 1, 2010 through December 31, 2014. Also in the new bargaining round, BNSF has joined industry-wide (or "national") bargaining with all unions on health and welfare issues and with all unions except BLET on wage and work rule issues.

Item 3. Legal Proceedings

Beginning May 14, 2007, some 30 similar class action complaints were filed in six federal district courts around the country by rail shippers against BNSF Railway and other Class I railroads alleging that they have conspired to fix fuel surcharges with respect to unregulated freight transportation services in violation of the antitrust laws and seeking injunctive relief and unspecified treble damages. These cases have been consolidated and are currently pending in the federal district court of the District of Columbia for coordinated or consolidated pretrial proceedings. (*In re: Rail Freight Fuel Surcharge Antitrust Litigation*, MDL No. 1869). Consolidated amended class action complaints were filed against BNSF Railway and three other Class I railroads in April 2008. The Company believes that these claims are without merit and continues to defend against the allegations vigorously. The Company does not believe that the outcome of these proceedings will have a material effect on its financial condition, results of operations or liquidity.

Burlington Northern Santa Fe Corporation and its Board of Directors, and in some cases Berkshire and R Acquisition Company, LLC, are named as defendants in putative class action lawsuits brought by alleged Burlington Northern Santa Fe Corporation stockholders challenging the merger described in Part 1, Item 1 of this Form 10-K. Four stockholder actions were filed in Tarrant County, Texas (the first of which was filed November 3, 2009), three actions were filed in Dallas County, Texas (the first of which was filed November 4, 2009), and five actions were filed in Delaware Chancery Court (the first of which was filed November 5, 2009). The Tarrant County, Texas actions have been consolidated as *In re: Burlington Northern Santa Fe Corporation Shareholder Class Action Litigation*, Cause No. 348-241465-09. The Dallas County, Texas actions were consolidated under the action styled *Employees Retirement System of the City of New Orleans v. Burlington Northern Santa Fe Corporation, et al.*, Cause No. 09-14950 and have been abated. Plaintiffs in the Dallas County actions have taken steps seeking to refile or transfer the actions to Tarrant County. The Delaware actions have been consolidated as *In re: Burlington Northern Santa Fe Shareholders Litigation*, C.A. No. 5043-VCL.

The stockholder actions variously allege that Burlington Northern Santa Fe Corporation's directors have breached their fiduciary duties based on allegations that (i) the consideration being offered is unfair and inadequate, (ii) Burlington Northern Santa Fe Corporation's directors did not adequately seek to maximize stockholder value through open bidding or market check mechanisms, (iii) the "no shop" clause and termination fee are onerous devices designed to discourage a superior offer, (iv) Burlington Northern Santa Fe Corporation's earnings forecasts were manipulated to drive its stock price down and thus make the proposed transaction appear more favorable to stockholders than it truly is, and/or (v) Burlington Northern Santa Fe Corporation's disclosures relating to the proposed transaction have been, or will be, inadequate and materially misleading. Certain of the stockholder actions also allege that Berkshire aided and abetted the alleged breaches by Burlington Northern Santa Fe Corporation's directors. The stockholder actions seek various remedies, including enjoining the transaction from being consummated in accordance with the agreed-upon terms.

On January 18, 2010, the parties to the litigation entered into a memorandum of understanding (the memorandum of understanding) providing for a settlement of the litigation, subject to the approval of the Delaware Chancery Court. Pursuant to the memorandum of understanding, the plaintiffs have withdrawn their application for preliminary injunctive relief, which was previously scheduled to be heard in the Delaware Chancery Court on February 3, 2010, and the defendants, while denying all allegations of wrongdoing and denying that the disclosures in the proxy statement/prospectus were inadequate, provided the supplemental disclosures set forth in the Current Report on Form 8-K that was filed on January 20, 2010.

The Company believes these claims are without merit and, if the proposed settlement is not approved, will vigorously defend any further proceedings seeking to prosecute these claims. The Company does not believe that the outcome of these proceedings will have a material effect on its financial condition, results of operations or liquidity.

Information concerning certain pending tax-related administrative or adjudicative state proceedings or appeals is incorporated by reference from Note 5 to the Consolidated Financial Statements, and information concerning other claims and litigation is incorporated by reference from Note 10 to the Consolidated Financial Statements.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted by BNSF to a vote of its securities holders during the fourth quarter of 2009.

Executive Officers of the Registrant

Listed below are the names, ages and positions of all executive officers of BNSF and their business experience during the past five years. Executive officers hold office until their successors are elected or appointed, or until their earlier death, retirement, resignation or removal.

Matthew K. Rose, 50
Chairman, President and Chief Executive Officer of BNSF since March 2002.

Thomas N. Hund, 56
Executive Vice President and Chief Financial Officer since January 2001.

Carl R. Ice, 53
Executive Vice President and Chief Operations Officer since January 2001.

John P. Lanigan, Jr., 54
Executive Vice President and Chief Marketing Officer since January 2003.

Linda Longo-Kazanova, 57
Vice President–Human Resources and Medical since May 2007. Prior to that, Senior Vice President, Human Resources and Business Optimization for Bell & Howell Company, later named ProQuest Company, from 2000.

Roger Nober, 45
Executive Vice President Law and Secretary since January 2007. Prior to that, partner of Steptoe & Johnson LLP, Washington, DC (law firm) from March 2006 and Chairman of the United States Surface Transportation Board from November 2002 – January 2006.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

BNSF's common stock is listed on the New York Stock Exchange under the symbol "BNI." Information as to the high and low sales prices of such stock for the two years ended December 31, 2009, and the frequency and amount of dividends declared on such stock during such periods, is set forth in Note 18 to the Consolidated Financial Statements. The approximate number of holders of record of the common stock at February 1, 2010, was 29,000.

Common Stock Repurchases

The following table presents repurchases by the Company of its common stock for each of the three months for the quarter ended December 31, 2009, (shares in thousands):

Issuer Purchases of Equity Securities				
Period	**Total Number of Shares Purchased[a]**	**Average Price Paid Per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[b]**	**Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs[b]**
October 1 – 31	3	$ 77.70	–	17,816
November 1 – 30	15	98.04	–	17,816
December 1 – 31	7	98.64	–	17,816
Total	25	$ 95.61	–	

a Total number of shares purchased represents approximately 25 thousand shares where employees delivered already owned shares or used an attestation procedure to satisfy the exercise price of stock options or the withholding of tax payments. Total number of shares purchased does not include approximately 13 thousand shares acquired from employees to satisfy tax withholding obligations that arose on the vesting of restricted stock or the exercise of stock options.

b On July 17, 1997, the Board initially authorized and the Company announced the repurchase of up to 30 million shares of the Company's common stock from time to time in the open market. On December 9, 1999, April 20, 2000, September 21, 2000, January 16, 2003, December 8, 2005 and February 14, 2007, the Board authorized and the Company announced extensions of the BNSF share repurchase program, adding 30 million shares at each date for a total of 210 million shares authorized. No share repurchases were made under the program in 2009.

Item 6. Selected Financial Data

The following financial data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data." The table below presents, as of and for the dates indicated, selected historical financial information for the Company (in millions, except per share data).

December 31,	2009	2008	2007	2006	2005
For the year ended:					
Revenues	**$ 14,016**[a]	$ 18,018	$ 15,802	$ 14,985	$ 12,987
Operating income	**$ 3,262**[a]	$ 3,912	$ 3,486	$ 3,521	$ 2,927[c]
Net income	**$ 1,721**[a]	$ 2,115	$ 1,829	$ 1,889	$ 1,534[c]
Basic earnings per share[b]	**$ 5.04**[a]	$ 6.13	$ 5.15	$ 5.19	$ 4.09[c]
Average basic shares	**340.0**	343.8	352.5	361.0	371.8
Diluted earnings per share[b]	**$ 5.01**[a]	$ 6.06	$ 5.06	$ 5.07	$ 3.98[c]
Average diluted shares	**342.5**	347.8	358.9	369.8	381.8
Dividends declared per common share	**$ 1.60**	$ 1.44	$ 1.14	$ 0.90	$ 0.74
At year end:					
Total assets	**$ 38,675**	$ 36,403	$ 33,583	$ 31,797	$ 30,436
Long-term debt, including current portion	**$ 10,335**	$ 9,555	$ 8,146	$ 7,385	$ 7,154
Stockholders' equity	**$ 12,798**	$ 11,131	$ 11,144	$ 10,528	$ 9,638
Net debt to total capitalization[d]	**41.5%**	44.5%	41.2%	40.0%	42.3%
For the year ended:					
Total capital expenditures excluding equipment[e]	**$ 1,991**	$ 2,167	$ 2,248	$ 2,014	$ 1,750
Depreciation and amortization	**$ 1,537**	$ 1,397	$ 1,293	$ 1,176	$ 1,111

a 2009 revenues and operating income include an unfavorable coal rate case decision of $66 million, which impacted net income by $46 million, or $0.13 per basic and diluted share. See Note 10 to the Consolidated Financial Statements under the heading "Coal Rate Case Decision."

b The retrospective application of new authoritative accounting guidance in 2009 reduced both basic and diluted earnings per share by $0.02 for the year ended December 31, 2008 and $0.04 for each of the years ended December 31, 2007, December 31, 2006 and December 31, 2005. See Note 12 to the Consolidated Financial Statements for further information.

c 2005 operating income, net income and earnings per share include an impairment charge related to an agreement to sell certain line segments to the State of New Mexico in the future of $71 million pre-tax, $44 million net of tax, or $0.12 per basic and diluted share. See discussion under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, under the heading "New Mexico Department of Transportation."

d Net debt is calculated as total debt (long-term debt plus long-term debt due within one year) less cash and cash equivalents, and total capitalization is calculated as the sum of net debt and total stockholders' equity.

e Certain comparative prior period amounts have been adjusted to conform to the current period presentation.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis relates to the financial condition and results of operations of Burlington Northern Santa Fe Corporation and its majority-owned subsidiaries (collectively BNSF, Registrant or Company). The principal operating subsidiary of BNSF is the BNSF Railway Company (BNSF Railway) through which BNSF derives substantially all of its revenues. All earnings per share information is stated on a diluted basis. Certain prior period amounts have been adjusted to conform to current year presentation.

Company Overview

Through its subsidiaries, BNSF is engaged primarily in the freight rail transportation business. BNSF's primary operating subsidiary, BNSF Railway, operates one of the largest North American rail networks with about 32,000 route miles in 28 states and two Canadian provinces. Through its one operating transportation segment, BNSF Railway transports a wide range of products and commodities including Consumer Products, Coal, Industrial Products and Agricultural Products.

Additional operational information, including weekly intermodal and carload unit reports as submitted to the Association of American Railroads (AAR) and annual reports submitted to the Surface Transportation Board (STB), are available on the Company's Web site at www.bnsf.com/investors.

Executive Summary

Fiscal Year 2009 — Financial Overview

- The Company achieved earnings of $5.01 per share compared with 2008 earnings of $6.06 per share.
- Freight revenues decreased 22 percent to $13.6 billion.
  - The 22-percent decrease in freight revenue was attributable to decreases in unit volumes and fuel surcharges, partially offset by improved yields.
- Operating expenses of $10.8 billion for 2009 decreased 24 percent compared with 2008, primarily driven by a $2.3 billion, or 49-percent decrease in fuel expense resulting from lower fuel prices and lower consumption.
- Operating income of $3.3 billion for 2009 decreased 17 percent or $650 million from 2008.
- Each year capital expenditures excluding equipment are a significant use of cash for BNSF. In 2009, BNSF decreased its cash capital expenditures excluding equipment to $1.99 billion from $2.17 billion in the prior year primarily due to decreased terminal and line expansion. BNSF's capital commitments, which include both cash spent for capital and locomotive leases, decreased approximately $200 million to $2.64 billion in 2009 due to a decrease in expansion projects and reduced spending on capital improvements.

Capital Commitment Outlook for 2010

- The Company's planned capital commitment program for 2010 is approximately $2.4 billion, or about $240 million lower than 2009 primarily due to fewer expected locomotive acquisitions in 2010.
  - BNSF expects to spend about $2.1 billion for track, signal systems, structures and freight cars, and to upgrade technologies, including the unfunded federal mandate for positive train control.
  - The Company anticipates acquiring approximately 170 locomotives at a cost of about $320 million.

Proposed Merger with Berkshire Hathaway Inc.

- See Note 1 to the Consolidated Financial Statements.

Results of Operations

Revenues Summary

The following table presents BNSF's revenue information by business group for the years ended December 31, 2009, 2008 and 2007.

Year ended December 31,	Revenues (in millions)			Cars / Units (in thousands)			Average Revenue Per Car / Unit		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Consumer products	**$ 4,316**	$ 6,064	$ 5,664	**3,911**	4,818	5,149	**$ 1,104**	$ 1,259	$ 1,100
Coal	**3,564**	3,970	3,279	**2,390**	2,516	2,472	**1,491**	1,578	1,326
Industrial products	**2,874**	4,028	3,684	**1,172**	1,598	1,664	**2,452**	2,521	2,214
Agricultural products	**2,834**	3,441	2,722	**945**	1,062	1,033	**2,999**	3,240	2,635
Total freight revenues	**13,588**	17,503	15,349	**8,418**	9,994	10,318	**$ 1,614**	$ 1,751	$ 1,488
Other revenues	**428**	515	453						
Total operating revenues	**$ 14,016**	$ 18,018	$ 15,802						

Fuel Surcharges

Freight revenues include both revenue for transportation services and fuel surcharges. BNSF's fuel surcharge program is intended to recover its incremental fuel costs when fuel prices exceed a threshold fuel price. Fuel surcharges are calculated differently depending on the type of commodity transported. In certain commodities, fuel surcharge is calculated using a fuel price from a time period that can be up to 60 days earlier. In a period of volatile fuel prices or changing customer business mix, changes in fuel expense and fuel surcharge may significantly differ.

The following table presents fuel surcharge and fuel expense information for the years ended December 31, 2009, 2008 and 2007 (in millions).

	2009	2008	2007
Total fuel expense [a]	**$ 2,372**	$ 4,640	$ 3,327
BNSF fuel surcharges	**$ 1,226**	$ 3,255	$ 1,786

a Total fuel expense includes locomotive and non-locomotive fuel as well as gains and losses from fuel hedges, which do not impact the fuel surcharge program.

Expense Table

The following table presents BNSF's expense information for the years ended December 31, 2009, 2008 and 2007 (in millions):

Year ended December 31,	2009	2008	2007
Compensation and benefits	**$ 3,481**	$ 3,884	$ 3,773
Fuel	**2,372**	4,640	3,327
Purchased services	**1,873**	2,133	2,023
Depreciation and amortization	**1,537**	1,397	1,293
Equipment rents	**777**	901	942
Materials and other	**714**	1,151	958
Total operating expenses	**$ 10,754**	$ 14,106	$ 12,316
Interest expense	**$ 613**	$ 533	$ 511
Other expense, net	**$ 8**	$ 11	$ 18
Income tax expense	**$ 920**	$ 1,253	$ 1,128

Year Ended December 31, 2009, Compared with Year Ended December 31, 2008

BNSF recorded net income for 2009 of $1,721 million, or $5.01 per share. In comparison, net income for 2008 was $2,115 million, or $6.06 per share.

Revenues

Freight

Freight revenues of $13,588 million for 2009 were $3,915 million, or 22 percent lower than 2008. Freight revenues reflected a 16-percent decrease in unit volumes resulting from the economic downturn. Freight revenues included a decrease of $2,029 million in fuel surcharges compared with the same 2008 period. Decreased fuel surcharges were the primary driver of the 8-percent decrease in revenue per car/unit in 2009.

Consumer Products

The Consumer Products' freight business includes a significant intermodal component and consists of the following three business areas: international intermodal, domestic intermodal and automotive.

Consumer Products revenues of $4,316 million for 2009 were $1,748 million, or 29 percent lower than 2008. The decrease in revenue was driven by lower international intermodal, domestic intermodal and automotive volumes primarily due to the economy and lower revenue per unit driven by decreased fuel surcharges.

Coal

BNSF is one of the largest transporters of low-sulfur coal in the United States. More than 90 percent of all BNSF's coal tons originate from the Powder River Basin of Wyoming and Montana.

Coal revenues of $3,564 million for 2009 declined $406 million, or 10 percent, versus a year ago, due to decreased fuel surcharges, lower unit volumes and a $66 million loss in excess of amounts previously accrued related to the unfavorable coal rate case decision during the first quarter of 2009 (see Note 10 to the Consolidated Financial Statements under the heading "Coal Rate Case Decision.") These declines were partially offset by improved yields and approximately $30 million for contract settlements and adjustments with specific customers.

Industrial Products

The Industrial Products' freight business consists of the following five business areas: construction products, building products, petroleum products, chemicals & plastic products and food & beverages.

Industrial Products revenues of $2,874 million for 2009 decreased $1,154 million, or 29 percent, due to lower unit volumes, driven primarily by decreased demand for construction and building products, and lower fuel surcharges, partially offset by improved yields.

Agricultural Products

The Agricultural Products' freight business transports agricultural products including corn, wheat, soybeans, bulk foods, ethanol, fertilizer and other products.

Agricultural Products revenues of $2,834 million for 2009 were $607 million, or 18 percent lower than revenues for 2008. This decrease was due mainly to lower fuel surcharges, as well as lower unit volumes predominately due to reduced domestic loadings and international grain shipments, partially offset by improved yields.

Other Revenues

Other revenues decreased $87 million, or 17 percent, to $428 million for 2009 compared to 2008. This decrease was primarily due to a decrease in BNSF Logistics volume-related revenues, which is a wholly-owned, third-party logistics company, and a decrease in charges for storage costs and demurrage.

Expenses

Total operating expenses for 2009 were $10,754 million, a decrease of $3,352 million, or 24 percent versus 2008.

Compensation and Benefits

Compensation and benefits includes expenses for BNSF employee wages, health and welfare, payroll taxes and other related items. The primary factors influencing the expenses recorded are volume, headcount, utilization, wage rates, incentives earned during the period, benefit plan participation and pension expenses.

Compensation and benefits expenses of $3,481 million were $403 million, or 10 percent lower than 2008. This reduction was primarily the result of decreased unit volumes, effective cost controls, as well as lower incentive compensation costs, which cover nearly all non-union and about one quarter of union employees. The average number of employees decreased 9 percent compared with 2008.

Fuel

Fuel expense is driven by market price, the level of locomotive consumption of diesel fuel and the effects of hedging activities. Substantially all fuel expense consists of fuel used in locomotives for transportation services. Fuel expense also includes non-locomotive fuel-related costs such as fuel used in vehicles (maintenance of way and other vehicles/equipment), fuel used in refrigerated cars, intermodal facilities' fuel and fuel-based products used in servicing locomotives.

Fuel expenses of $2,372 million for 2009 were $2,268 million, or 49 percent lower than 2008. The decrease in fuel expense was primarily due to a decrease in the average all-in cost per gallon of locomotive diesel fuel. The average all-in cost per gallon of locomotive diesel fuel decreased by $1.27 to $1.89, or $1,520 million. The decrease in the average all-in cost reflected a decrease in the average purchase price per gallon of $1.43, or a $1,710 million decrease in locomotive fuel expense, offset by an increase in the hedge loss of 16 cents per gallon, or $190 million (2009 loss of $195 million less 2008 loss of $5 million). Locomotive fuel consumption in 2009 decreased 217 million gallons to 1,198 million gallons when compared with consumption in 2008, resulting in a $684 million decrease in fuel expense. The remainder of the decrease was primarily due to lower non-locomotive fuel prices.

Purchased Services

Purchased services expense includes the following: ramping (lifting of containers onto and off of rail cars); drayage (highway movements to and from railway facilities); maintenance of locomotives, freight cars and equipment; transportation costs over other railroads; technology services outsourcing; professional services; and other contract services provided to BNSF. Purchased services expense also includes purchased transportation costs for BNSF Logistics. The expenses are driven by the rates established in the related contracts and the volume of services required.

Purchased services expenses of $1,873 million for 2009 were $260 million, or 12 percent lower than 2008. Variable expenses on lower volumes led to decreased costs in ramping, drayage, car repairs and other volume-related costs, including those of BNSF Logistics.

Depreciation and Amortization

Depreciation and amortization expenses for the period are determined by using the group method of depreciation, which applies a single rate to the gross investment in a particular class of property. Due to the capital-intensive nature of BNSF's operations, depreciation expense is a significant component of the Company's operating expenses. The full effect of inflation is not reflected in operating expenses because depreciation is based on historical cost.

Depreciation and amortization expenses of $1,537 million for 2009 were $140 million, or 10 percent higher than 2008. This increase in depreciation expense was primarily due to capital expenditures.

Equipment Rents

Equipment rents expense includes long-term and short-term payments primarily for locomotives, freight cars, containers and trailers. The expense is driven primarily by volume, lease and rental rates, utilization of equipment and changes in business mix resulting in equipment usage variances.

Equipment rents expenses for 2009 of $777 million were $124 million, or 14 percent lower than 2008. Improved car velocity, lower volumes and the return of leased equipment all contributed to the decrease.

Materials and Other

Material expenses consist mainly of the costs involved to purchase mechanical and engineering materials, in addition to other items for maintenance of property and equipment. Other expenses principally include personal injury claims, environmental remediation and derailments as well as utilities, locomotive overhauls, property and miscellaneous taxes and employee separation costs. The total is offset by gains on land sales and insurance recoveries.

Materials and other expenses of $714 million for 2009 were $437 million, or 38 percent lower than 2008, due largely to expenses in connection with environmental matters in Montana during the second quarter of 2008, lower derailment and personal injury costs, reduced volumes and effective cost controls.

Interest Expense

Interest expense of $613 million for 2009 was $80 million, or 15 percent higher than 2008. This increase was primarily attributable to a net $32 million loss for terminated treasury locks (see Note 3 to the Consolidated Financial Statements). The unfavorable coal rate case decision further increased interest expense by $8 million (see Note 10 to the Consolidated Financial Statements under the heading "Coal Rate Case Decision"). The remainder of the increase was primarily due to a higher average debt balance. Favorable tax settlements impacted interest expense for both 2009 and 2008.

Income Taxes

The effective rate in 2009 was 34.8 percent compared with 37.2 percent for the prior year. The decrease was primarily related to a tax benefit related to the fourth-quarter donation of a portion of a line segment located in Washington State. There were also favorable tax settlements for both 2009 and 2008.

Year Ended December 31, 2008, Compared with Year Ended December 31, 2007

BNSF recorded net income for 2008 of $2,115 million, or $6.06 per share. In comparison, net income for 2007 was $1,829 million, or $5.06 per share.

Revenues

Freight

Freight revenues of $17,503 million for 2008 were $2,154 million, or 14 percent higher than 2007. Freight revenues reflected a 3-percent decrease in unit volumes. Freight revenues included an increase of $1,469 million in fuel surcharges compared with the same 2007 period. Growth in prices and fuel surcharges drove average revenue per car/unit up 18 percent in 2008 to $1,751 from $1,488 in 2007.

Consumer Products

Consumer Products revenues of $6,064 million for 2008 were $400 million, or 7 percent greater than 2007. Revenue gains were driven by higher revenue per unit due to increased fuel surcharges and improved yields along with slightly higher domestic traffic, partially offset by lower international and automotive volumes caused by economic softness.

Coal

Coal revenues of $3,970 million for 2008 rose $691 million, or 21 percent, versus a year ago, due to improved yields, contractual inflation escalators, increased fuel surcharges and higher unit volumes. Despite the flooding impact in the Powder River Basin and Midwest during May and June, 2008 was a record year for coal as volumes grew 2 percent. This was driven by continued strong demand for Powder River Basin coal, leading to organic growth of existing customers and new eastern U.S. conversions of power plants to burn Powder River Basin coal.

Industrial Products

Industrial Products revenues increased $344 million, or 9 percent, to $4,028 million for 2008. The 14-percent increase in average revenue per car was mainly the result of higher fuel surcharges and improved yields. Units decreased 4 percent primarily due to a decline in building products resulting from weakness in the housing market, partially offset by increased construction product volumes.

Agricultural Products

Agricultural Products revenues of $3,441 million for 2008 were $719 million, or 26 percent higher than revenues for 2007. This increase was primarily due to improved yields, higher fuel surcharges and strong unit volume growth in ethanol, corn and soybeans.

Other Revenues

Other revenues increased $62 million, or 14 percent, to $515 million for 2008 compared to 2007. This increase was primarily due to an increase in BNSF Logistics revenues and an increase in demurrage charges. The increase in BNSF Logistics revenues was primarily driven by acquisition activities.

Expenses

Total operating expenses for 2008 were $14,106 million, an increase of $1,790 million, or 15 percent over 2007.

Compensation and Benefits

Compensation and benefits expenses of $3,884 million, were $111 million, or 3 percent higher than 2007. Wage inflation and increased incentive compensation costs, which cover all non-union and about one quarter of union employees, were partially offset by improved productivity and lower pension costs. The average number of employees decreased 1 percent compared with 2007.

Fuel

Fuel expenses of $4,640 million for 2008 were $1,313 million, or 39 percent higher than 2007. The increase in fuel expense was primarily due to an increase in the average all-in cost per gallon of locomotive diesel fuel, partially offset by a decline in consumption related to improved fuel efficiency and lower volumes. The average all-in cost per gallon of locomotive diesel fuel increased by 94 cents to $3.16, or $1,330 million, which is comprised of an increase in the average purchase price of 91 cents, or $1,294 million, and a decrease in the hedge benefit of 3 cents, or $36 million (2008 loss of $5 million less 2007 benefit of $31 million). Locomotive fuel consumption in 2008 decreased 27 million gallons to 1,415 million gallons when compared with consumption in 2007, resulting in a $60 million decrease in fuel expense. The remainder of the increase was primarily due to higher non-locomotive fuel prices.

Purchased Services

Purchased services expenses of $2,133 million for 2008 were $110 million, or 5 percent higher than 2007. Approximately 30 percent of the increase was due to purchased transportation costs for BNSF Logistics. An increase of approximately $30 million in freight car and locomotive contract maintenance expense as well as an increase of approximately $15 million in haulage payments for transportation over other railroads also contributed to the increase.

Depreciation and Amortization

Depreciation and amortization expenses of $1,397 million for 2008 were $104 million, or 8 percent higher than 2007. This increase was due to capital expenditures and updated depreciation studies (see discussion under the heading “Critical Accounting Estimates; Depreciation”).

Equipment Rents

Equipment rents expenses for 2008 of $901 million were $41 million, or 4 percent lower than 2007, due to lower volumes and improved car velocity.

Materials and Other

Materials and other expenses of $1,151 million for 2008, which consisted of approximately $330 million of materials expense with the remainder consisting of numerous other items, were $193 million, or 20 percent higher than 2007. The increase was primarily due to (i) $125 million in higher environmental costs; (ii) a reduction in gains on land sales of about $20 million; (iii) higher derailment costs of about $20 million; and (iv) about $20 million higher property and other miscellaneous taxes.

Interest Expense

Interest expense of $533 million for 2008 was $22 million, or 4 percent higher than 2007. This increase was primarily the result of a higher average debt balance, partially offset by the interest associated with a favorable tax settlement.

Income Taxes

The effective rate in 2008 was 37.2 percent compared with 38.2 percent for the prior year. The decrease in the effective tax rate primarily reflects a favorable tax settlement.

Liquidity and Capital Resources

Liquidity is a company's ability to generate cash flows to satisfy current and future obligations. Cash generated from operations is BNSF's principal source of liquidity. BNSF generally funds any additional liquidity requirements through debt issuance, including commercial paper, through leasing of assets and through the sale of a portion of its accounts receivable.

Operating Activities

2009

Net cash provided by operating activities was $3,413 million during 2009 compared with $3,977 million during 2008. The decrease was primarily the result of an increase in contributions to the pension plans of $257 million (see Note 13 to the Consolidated Financial Statements for further information) and payment of reparations in the amount of $120 million related to the unfavorable coal rate case decision during 2009 (see Note 10 to the Consolidated Financial Statements under the heading "Coal Rate Case Decision.")

2008

Net cash provided by operating activities was $3,977 million during 2008 compared with $3,492 million during 2007. The increase was primarily the result of an increase in earnings before depreciation and amortization expense.

Investing Activities

2009

Net cash used for investing activities was $2,637 million during 2009 compared with $3,073 million during 2008. The decrease in cash used for investing activities was principally due to decreased acquisition of equipment of $216 million and a $176 million decrease in capital expenditures excluding equipment.

2008

Net cash used for investing activities was $3,073 million during 2008 compared with $2,415 million during 2007. The increase in cash used for investing activities primarily reflects an increase in equipment acquired in 2008 that was not sold and leased back in the same year. This was partially offset by a decrease in capital expenditures excluding equipment.

A breakdown of capital expenditures during 2009, 2008 and 2007 is set forth in the following table (in millions):

Year ended December 31,	2009	2008	2007
Engineering:			
Rail	**$ 416**	$ 429	$ 376
Ties	**391**	358	316
Surfacing	**252**	230	235
Other[a]	**546**	544	432
Total engineering	**1,605**	1,561	1,359
Mechanical	**107**	168	141
Other	**110**	133	105
Total replacement capital	**1,822**	1,862	1,605
Information services	**83**	83	75
Terminal and line expansion	**86**	222	568
Total capital expenditures excluding equipment	**$ 1,991**	$ 2,167	$ 2,248
Acquisition of equipment	**$ 733**	$ 949	$ 745

a Other primarily includes signals, bridges, structures and other right of way improvements.

Acquisition of equipment includes the acquisition of locomotives, freight cars and other equipment, some or all of which may be sold and leased back by the Company through either an operating or capital lease. The cash received from any such sale-leaseback transaction is included in proceeds from sale of equipment financed in the Consolidated Statements of Cash Flows.

Financing Activities

2009

Net cash used for financing activities during 2009 was $140 million, primarily related to dividend payments of $546 million and common stock repurchases to satisfy tax withholding obligations for stock option exercises of $16 million, partially offset by net debt borrowings of $296 million, proceeds from stock options exercised of $59 million, proceeds from a facility financing obligation of $51 million and excess tax benefits from equity compensation plans of $29 million.

Aggregate debt to mature in 2010 is $644 million. BNSF’s ratio of net debt to total capitalization was 41.5 percent at December 31, 2009, compared with 44.5 percent at December 31, 2008. The Company’s adjusted net debt to total capitalization was 50.5 percent at December 31, 2009, compared with 54.7 percent at December 31, 2008. BNSF’s adjusted net debt to total capitalization is a non-GAAP measure and should be considered in addition to, but not as a substitute or preferable to, the information prepared in accordance with GAAP. However, management believes that adjusted net debt to total capitalization provides meaningful additional information about the ability of BNSF to service long-term debt and other fixed obligations and to fund future growth.

The following table presents a reconciliation of the calculation of adjusted net debt to total capitalization percentage:

December 31,	2009	2008
Net debt to total capitalization[a]	**41.5%**	44.5%
Adjustment for long-term operating leases and other debt equivalents[b]	**8.9**	9.7
Adjustment for unfunded pension and retiree health and welfare liability	**1.1**	1.5
Adjustment for junior subordinated notes[c]	**(1.0)**	(1.0)
Adjusted net debt to total capitalization	**50.5%**	54.7%

a Net debt to total capitalization is calculated as total debt (long-term debt plus long-term debt due within one year) less cash and cash equivalents divided by the sum of net debt and total stockholders’ equity.

b Primarily represents an adjustment for the net present value of future operating lease commitments.

c Junior subordinated notes are included in total debt on the respective Consolidated Balance Sheets; however, as they include certain equity characteristics, they have been assigned 50 percent equity credit for purposes of this calculation.

In September 2009, BNSF issued $750 million of 4.70 percent notes due October 1, 2019. The net proceeds from the sale of the notes were used for general corporate purposes including, but not limited to, working capital, capital expenditures and repayment of outstanding indebtedness.

At December 31, 2009, $750 million remained authorized to be issued by the Board of Directors (the Board) through the Securities and Exchange Commission (SEC) debt shelf registration process.

In July 2009, BNSF Railway entered into an 18-year equipment obligation totaling $75 million to finance locomotives and railcars.

In 2009, BNSF Railway entered into a 12-year capital lease to finance $368 million of locomotives and freight cars. Additionally, BNSF Railway entered into capital leases totaling $146 million to finance maintenance of way and other vehicles and equipment with lease terms of three to seven years.

In 2005, the Company commenced the construction of an intermodal facility that it intended to sell to a third party and subsequently lease back. In 2009, construction of the facility was completed for a cost of approximately $160 million. All improvements have been sold to the third party and BNSF leased the facility from the third party for 20 years. This sale leaseback transaction was accounted for as a financing obligation due to continuing involvement. The outflows from the construction of the facility were classified as investing activities, and the inflows from the associated financing proceeds were classified as financing activities in the Company’s Consolidated Statements of Cash Flows.

2008

Net cash used for financing activities during 2008 was $601 million, primarily related to common stock repurchases of $1,147 million, including $60 million to satisfy tax withholding obligations for stock option exercises, and dividend payments of $471 million, which were partially offset by net debt borrowings of $772 million, excess tax benefits from equity compensation plans of $96 million, proceeds from stock options exercised of $91 million and proceeds from a facility financing obligation of $68 million.

In November 2008, BNSF issued $500 million of 7.00 percent notes due February 1, 2014. The net proceeds from the sale of the notes were used for general corporate purposes including, but are not limited to, working capital, capital expenditures, repurchase of common stock pursuant to the share repurchase program and repayment of short-term borrowings.

In March 2008, BNSF issued $650 million of 5.75 percent notes due March 15, 2018. The net proceeds from the sale of the notes were used for general corporate purposes including, but not limited to, working capital, capital expenditures, funding debt which matured in 2008, repurchase of common stock pursuant to the share repurchase program and repayment of short-term borrowings.

In 2008, BNSF Railway entered into a capital lease for approximately $158 million to finance locomotives and freight cars. The term of the lease is 20 years. Additionally, BNSF Railway entered into capital leases totaling $100 million to finance maintenance of way and other vehicles and equipment with lease terms of three to seven years.

<u>2007</u>

Net cash used for financing activities during 2007 was $1,122 million, primarily related to common stock repurchases of $1,265 million, including $43 million to satisfy tax withholding obligations for stock option exercises, and dividend payments of $380 million, which were partially offset by net debt borrowings of $234 million, proceeds from stock options exercised of $142 million, excess tax benefits from equity compensation plans of $121 million and proceeds from a facility financing obligation of $41 million.

In April 2007, BNSF issued $650 million of 5.65 percent debentures and $650 million of 6.15 percent debentures due May 1, 2017 and May 1, 2037, respectively. The net proceeds from the sale of the debentures were used for general corporate purposes including, but not limited to, working capital, capital expenditures, funding the maturity of debt which matured in 2007, the repayment of commercial paper and the repurchase of common stock.

In 2007, BNSF Railway entered into several capital leases totaling approximately $325 million to finance locomotives and freight cars. The terms of the leases are between 15 and 20 years. Additionally, BNSF Railway entered into capital leases totaling $119 million to finance maintenance of way and other vehicles and equipment with lease terms of three to seven years.

Dividends

Common stock dividends declared were $1.60, $1.44 and $1.14 per share annually for 2009, 2008 and 2007, respectively. Dividends paid on common stock were $546 million, $471 million and $380 million during 2009, 2008 and 2007, respectively. On October 22, 2009, the Board declared a quarterly dividend of $0.40 per share on outstanding shares of common stock, payable January 4, 2010 to shareholders of record on December 14, 2009. On January 25, 2010, the Board declared a conditional cash dividend on outstanding shares of common stock to shareholders of record on February 4, 2010. The dividend is expected to be paid on the closing date of the Merger and is contingent upon and subject to the satisfaction or waiver of all closing conditions set for in the Merger Agreement executed in connection with the Merger. If all of the closing conditions to the Merger are satisfied or waived, the dividend will be paid in an amount per share equal to (1) the number of calendar days between (and including) December 15, 2009 and the closing date of the Merger multiplied by (2) $0.0044, rounded to the nearest $0.01 per share. See Note 1 to the Consolidated Financial Statements for additional information related to the Merger.

Share Repurchase Program

BNSF did not repurchase shares related to its share repurchase program during 2009. During 2008 and 2007, the Company repurchased approximately 12 million and 15 million, respectively, of its common stock at average prices of $92.96 per share and $83.96 per share, respectively. Further information on this repurchase program is incorporated by reference from Note 15 to the Consolidated Financial Statements.

In February 2007, the Board authorized the extension of the current BNSF share repurchase program, adding 30 million shares to the total of 180 million shares previously authorized in equal amounts in July 1997, December 1999, April 2000, September 2000, January 2003 and December 2005.

Long-Term Debt and Other Obligations

The Company's business is capital intensive. BNSF has historically generated a significant amount of cash from operating activities, which it uses to fund capital additions, service debt, repurchase shares and pay dividends. Additionally, the Company relies on access to the debt and leasing markets to finance a portion of capital additions on a long-term basis.

In 2009 BNSF took delivery of 331 locomotives under a long-term commitment. At December 31, 2009, BNSF's remaining commitment was to acquire 537 locomotives by 2013.

In connection with a transaction entered into in 2006, as amended, BNSF has remaining railcar purchase obligations for 837 covered hopper cars through 2010.

The locomotives and freight cars under these agreements have been or are expected to be financed from one or a combination of sources including, but not limited to, cash from operations, capital or operating leases and debt issuances. The decision on the method used for a particular acquisition financing will depend on market conditions and other factors at that time.

The Company's ratio of earnings to fixed charges was 3.91 and 5.04 times for the years ended December 31, 2009 and 2008, respectively. Additionally, the Company's ratio of net cash provided by operating activities divided by total average debt was 34 percent and 46 percent for the years ended December 31, 2009 and 2008, respectively. The decrease in the ratio of net cash provided by operating activities divided by total average debt was primarily due to decreased earnings and a higher average debt balance.

The following table summarizes the Company's obligations under long-term debt and other contractual commitments at December 31, 2009 (in millions):

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1–3 years**	**3–5 years**	**More than 5 years**
Long-term debt[a]	$ 8,783	$ 366	$ 798	$ 866	$ 6,753
Capital lease obligations	1,589	278	384	218	709
Interest payments[b]	8,650	626	1,141	1,005	5,878
Operating lease obligations[c]	6,325	613	1,143	1,016	3,553
Purchase obligations[d]	16,945	3,847	4,786	2,506	5,806
Other long-term liabilities reflected on the balance sheet under GAAP[e]	843	86	334	318	105
Total contractual obligations	$ 43,135	$ 5,816	$ 8,586	$ 5,929	$ 22,804

a Excludes capital lease obligations. Includes a net fair value interest rate hedge benefit of $26 million. See Note 9 to the Consolidated Financial Statements.

b Interest payments relate to fixed-rate long-term debt and capital lease obligations and exclude the impact of any interest-rate hedging activities. See Note 3 to the Consolidated Financial Statements for additional information.

c Gross payments due, which includes an interest component.

d Includes short-line minimum usage commitments, asset maintenance and other purchase commitments.

e Consists of employee separation payments as discussed in Note 11 to the Consolidated Financial Statements, actuarially estimated required payments from BNSF expected to be made over the next five years for the pension plans and the retiree health and welfare plan and estimated future cash flows for income tax liabilities and interest accrued related to unrecognized tax benefits as discussed in Note 5 to the Consolidated Financial Statements.

In the normal course of business, the Company enters into long-term contracts for future goods and services needed for the operations of the business. Such commitments are not in excess of expected requirements and are not reasonably likely to result in performance penalties or payments that would have a material adverse effect on the Company's liquidity.

Credit Agreement

Commercial paper and the revolving credit agreement are discussed in Note 9 to the Consolidated Financial Statements. The $1.2 billion revolving credit agreement includes covenants and events of default typical for this type of facility, including a maximum debt-to-capital test and a $75 million cross-default provision. At December 31, 2009, there were no bank borrowings against the revolving credit agreements, and the Company was in compliance with its debt covenants. BNSF's maximum debt-to-capital test provides approximately $8 billion of debt capacity above BNSF's outstanding debt as of December 31, 2009, before an event of default would occur under these covenants. With the exception of a voluntary bankruptcy or insolvency, any event of default has either or both a cure period or notice requirement before termination of the agreement. A voluntary bankruptcy or insolvency would be considered an immediate termination event.

Off-Balance Sheet Arrangements

Sale of Accounts Receivable

The accounts receivable sales program of Santa Fe Receivables Corporation, as described in Note 6 to the Consolidated Financial Statements, includes thresholds for dilution, delinquency and write-off ratios that, if exceeded, allow the investors participating in this program, at their option, to cancel the program. These provisions include a maximum debt-to-capital test, which is the same as in the BNSF revolving credit agreements described above. BNSF's maximum debt-to-capital test provides approximately $8 billion of debt capacity above BNSF's outstanding debt as of December 31, 2009. At December 31, 2009, the Company's capacity to sell undivided interests to investors under the accounts receivable sales program was $700 million, which was comprised of two $175 million, 364-day accounts receivable facilities and two $175 million, 3-year accounts receivable facilities. In November 2009, BNSF Railway extended the commitment termination date of the two, 364-day facilities to November 2010. The two 3-year facilities were entered into in November 2007 and have a commitment termination date of November 2010. There was no outstanding undivided interest held by investors as of December 31, 2009. Outstanding undivided interests held by investors under the accounts receivable sales program were $50 million at December 31, 2008.

The amount of undivided interests in the accounts receivable sold by BNSF Railway to investors fluctuates based on borrowing needs and upon the availability of receivables and is directly affected by changing business volumes and credit risks, which may, from time to time, reduce the effective capacity of the program to less than the $700 million. At December 31, 2009, the effective capacity under the accounts receivable sales program was $611 million.

The accounts receivable sales program provides efficient financing at a competitive interest rate as compared with traditional borrowing arrangements and provides diversification of funding sources. See Note 6 to the Consolidated Financial Statements for additional information and Note 16 to the Consolidated Financial Statements for information about recent accounting pronouncements that will have an impact on the accounts receivable sales program upon adoption.

Guarantees

The Company acts as guarantor for certain debt and lease obligations. During the past several years, the Company has primarily utilized guarantees to allow third-party entities to obtain favorable terms to finance the construction of assets that will benefit the Company. Additionally, in the ordinary course of business, BNSF enters into agreements with third parties that include indemnification clauses. The Company does not expect performance under these guarantees or indemnities to have a material adverse effect on the Company's liquidity in the foreseeable future (see Note 9 to the Consolidated Financial Statements for additional information).

Inflation

Due to the capital-intensive nature of BNSF's business, the full effect of inflation is not reflected in operating expenses because depreciation is based on historical cost. An assumption that all operating assets were depreciated at current price levels would result in substantially greater expense than historically reported amounts.

Other Matters

Hedging Activities

The Company uses derivatives to hedge against increases in diesel fuel prices and interest rates as well as to convert a portion of its fixed-rate long-term debt to floating-rate debt. The Company does not use derivative financial instruments for trading or speculative purposes. The Company formally documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for the use of the hedging instrument. This documentation includes linking the derivatives that are designated as fair value or cash flow hedges to specific assets or liabilities on the balance sheet, commitments or forecasted transactions. The Company assesses at the time a derivative contract is entered into, and at least quarterly thereafter, whether the derivative item is effective in offsetting the changes in fair value or cash flows. Any change in fair value resulting from ineffectiveness, as defined by authoritative accounting guidance related to derivatives and hedging, is recognized in current period earnings. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is recorded in accumulated other comprehensive loss (AOCL) as a separate component of stockholders' equity and reclassified into earnings in the period during which the hedge transaction affects earnings. Cash flows related to fuel and interest rate hedges are classified as operating activities in the Consolidated Statements of Cash Flows.

BNSF monitors its hedging positions and credit ratings of its counterparties and does not anticipate losses due to counterparty nonperformance. As of December 31, 2009, BNSF's counterparties have credit ratings of A2/A or higher.

Fuel

BNSF measures the fair value of fuel hedges from data provided by various external counterparties. The Company uses the forward commodity price for the periods hedged to value its fuel-hedge swaps and costless collars. This methodology is a market approach, which under authoritative accounting guidance related to fair value measurements utilizes Level 2 inputs as it uses market data for similar instruments in active markets. Certain of the Company's fuel-hedge instruments are covered by an agreement which includes a provision such that the Company either receives or posts collateral if the position of the instruments exceeds a certain net asset or net liability threshold, respectively. Further information on BNSF's fuel hedging program is incorporated by reference from Note 3 to the Consolidated Financial Statements.

From January 1, 2010, through February 11, 2010, the Company entered into additional swaps utilizing New York Mercantile Exchange (NYMEX) #2 Heating Oil (HO). The supporting tables below provide fuel hedge data for hedges entered into subsequent to December 31, 2009.

	Quarter Ending				
2010	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
HO Swaps					
Gallons hedged (in millions)	–	1.68	2.52	2.52	6.72
Average swap price (per gallon)	$ –	$ 2.00	$ 2.04	$ 2.12	$ 2.06

From January 1, 2010, through February 11, 2010, the Company entered into additional costless collar agreements utilizing West Texas Intermediate (WTI) crude oil. The supporting table below provides fuel hedge data for hedges entered into subsequent to December 31, 2009.

	Quarter Ending				
2011	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
WTI Costless Collars					
Barrels hedged (in thousands)	75	75	75	75	300
Equivalent gallons hedged (in millions)	3.15	3.15	3.15	3.15	12.60
Average cap price (per barrel)	$ 89.63	$ 90.51	$ 91.27	$ 92.03	$ 90.86
Average floor price (per barrel)	$ 70.35	$ 71.25	$ 72.08	$ 73.02	$ 71.68

From January 1, 2010, through February 11, 2010, the Company entered into additional swaps utilizing the HO refining spread (HO-WTI). The supporting tables below provide fuel hedge data for hedges entered into subsequent to December 31, 2009.

	Quarter Ending				
2010	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
HO-WTI Swaps					
Barrels hedged (in thousands)	−	85	85	85	255
Equivalent gallons hedged (in millions)	−	3.57	3.57	3.57	10.71
Average swap price (per barrel)	$ −	$ 7.32	$ 8.14	$ 9.85	$ 8.44

	Quarter Ending				
2011	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
HO-WTI Swaps					
Barrels hedged (in thousands)	175	85	−	−	260
Equivalent gallons hedged (in millions)	7.35	3.57	−	−	10.92
Average swap price (per barrel)	$ 10.50	$ 9.52	$ −	$ −	$ 10.18

Interest Rate

From time to time, the Company enters into various interest rate hedging transactions for the purpose of managing exposure to fluctuations in interest rates by establishing rates in anticipation of both future debt issuances and the refinancing of leveraged leases, as well as converting a portion of its fixed-rate long-term debt to floating-rate debt. The Company uses interest rate swaps and treasury locks as part of its interest rate risk management strategy.

BNSF's measurement of the fair value of interest rate derivatives is based on estimates of the mid-market values for the transactions which are provided by the counterparties to these agreements. BNSF reviews these estimates for reasonableness. This methodology is a market approach, which under authoritative accounting guidance related to fair value measurements utilizes Level 2 inputs as it uses market data for similar instruments in active markets. Further information on BNSF's interest hedging program is incorporated by reference from Note 3 to the Consolidated Financial Statements.

Seattle Sound Transit

In December 2003, BNSF Railway entered into several agreements with Central Puget Sound Regional Transit Authority (Sound Transit), a government authority established by King, Pierce and Snohomish counties within the State of Washington. BNSF has agreed to sell to Sound Transit, under the threat of condemnation, four easements enabling Sound Transit to offer commuter rail service over existing BNSF track from Seattle to Everett. Sound Transit agreed to pay BNSF approximately $260 million for four commuter easements to operate trains on the segment between Seattle and Everett and entered into agreements both for service on the commuter easements and joint use of track for commuter and freight purposes. The sale proceeds were received between 2003 and 2007 and will be recognized in income over the average life of the associated track structure (approximately 37 years).

New Mexico Department of Transportation

In the fourth quarter of 2005, BNSF Railway Company entered into agreements with the New Mexico Department of Transportation to sell the Company's rail line and certain adjacent property between Belen, New Mexico and Trinidad, Colorado for $75 million, through a series of sales agreements, while retaining freight easement rights on the line. The Company recognized an impairment charge in 2005 related to this agreement of $71 million. To date, the Company has received all funds and closed on two line segments, recognizing gains of $22 million. The impairment charge and the gains were recorded as a component of materials and other expense.

Donation

In the fourth quarter of 2009, BNSF Railway donated a portion of a line segment located in the State of Washington, resulting in a tax benefit of $0.25 per diluted share.

Gain on Land Sale

On January 11, 2010, BNSF transferred operations which completed the sale of a line segment in the State of Washington, which will result in a gain of $74 million in the first quarter of 2010. The gain will be reported in the Consolidated Statement of Income in materials and other.

Critical Accounting Estimates

In the ordinary course of business, the Company makes a number of estimates and assumptions related to the reporting of results of operations and financial position in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. The following discussion addresses the Company's most critical accounting estimates.

Management has discussed the development and selection of the critical accounting estimates described below with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the Company's disclosure relating to them in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Legal

The most significant estimates using management's judgment for legal claims are made with respect to personal injury claims and environmental matters. These matters are discussed in more detail below.

Personal Injury

Personal injury claims, including asbestos claims and employee work-related injuries and third-party injuries (collectively, other personal injury), are a significant expense for the railroad industry. Personal injury claims by BNSF Railway employees are subject to the provisions of the Federal Employers' Liability Act (FELA) rather than state workers' compensation laws. FELA's system of requiring the finding of fault, coupled with unscheduled awards and reliance on the jury system, contributed to increased expenses in past years. Other proceedings include claims by non-employees for punitive as well as compensatory damages. A few proceedings purport to be class actions. The variability present in settling these claims, including non-employee personal injury and matters in which punitive damages are alleged, could result in increased expenses in future years. BNSF has implemented a number of safety programs designed to reduce the number of personal injuries as well as the associated claims and personal injury expense.

BNSF records a liability for personal injury claims when the expected loss is both probable and reasonably estimable. The liability and ultimate expense projections are estimated using standard actuarial methodologies. Liabilities recorded for unasserted personal injury claims are based on information currently available. Due to the inherent uncertainty involved in projecting future events such as the number of claims filed each year, developments in judicial and legislative standards and the average costs to settle projected claims, actual costs may differ from amounts recorded. Expense accruals and any required adjustments are classified as materials and other in the Consolidated Statements of Income.

Asbestos

The Company is party to a number of personal injury claims by employees and non-employees who may have been exposed to asbestos. The heaviest exposure for BNSF employees was due to work conducted in and around the use of steam locomotive engines that were phased out between the years of 1950 and 1967. However, other types of exposures, including exposure from locomotive component parts and building materials, continued after 1967 until they were substantially eliminated at BNSF by 1985.

BNSF assesses its unasserted liability exposure on an annual basis during the third quarter. BNSF determines its asbestos liability by estimating its exposed population, the number of claims likely to be filed, the number of claims that will likely require payment and the estimated cost per claim. Estimated filing and dismissal rates and average cost per claim are determined utilizing recent claim data and trends.

Key elements of the assessment include:

- Because BNSF did not have detailed employment records in order to compute the population of potentially exposed employees, it computed an estimate using Company employee data from 1970 forward and estimated the BNSF employee base from 1938-1969 using railroad industry historical census data and estimating BNSF's representation in the total railroad population.
- The projected incidence of disease was estimated based on epidemiological studies using employees' age, duration and intensity of exposure while employed.
- An estimate of the future anticipated claims filing rate by type of disease (non-malignant, cancer and mesothelioma) was computed using the Company's average historical claim filing rates for the period 2004-2006.

- An estimate of the future anticipated dismissal rate by type of claim was computed using the Company's historical average dismissal rates observed in 2005-2007.
- An estimate of the future anticipated settlement by type of disease was computed using the Company's historical average of dollars paid per claim for pending and future claims using the average settlement by type of incidence observed during 2005-2007.

From these assumptions, BNSF projected the incidence of each type of disease to the estimated population to arrive at an estimate of the total number of employees that could potentially assert a claim. Historical claim filing rates were applied for each type of disease to the total number of employees that could potentially assert a claim to determine the total number of anticipated claim filings by disease type. Historical dismissal rates, which represent claims that are closed without payment, were then applied to calculate the number of future claims by disease type that would likely require payment by the Company. Finally, the number of such claims was multiplied by the average settlement value to estimate BNSF's future liability for unasserted asbestos claims.

The most sensitive assumptions for this accrual are the estimated future filing rates and estimated average claim values. Asbestos claim filings are typically sporadic and may include large batches of claims solicited by law firms. To reflect these factors, BNSF used a multi-year calibration period (i.e., the average historical filing rate for the period 2004-2006) because it believed it would be most representative of its future claim experience. In addition, for non-malignant claims, the number of future claims to be filed against BNSF declines at a rate consistent with both mortality and age as there is a decreasing propensity to file a claim as the population ages. BNSF believes the average claim values by type of disease from the historical period 2005-2007 are most representative of future claim values. Non-malignant claims, which represent approximately 90 percent of the total number and 75 percent of the cost of estimated future asbestos claims, were priced by age of the projected claimants. Historically, the ultimate settlement value of these types of claims is most sensitive to the age of the claimant. A 10-percent increase or decrease in either the forecasted number of unasserted claims or the average claim values would result in an approximate $20 million increase or decrease in the liability recorded for unasserted asbestos claims.

Further discussion on asbestos is incorporated by reference from Note 10 to the Consolidated Financial Statements.

Other Personal Injury

BNSF estimates its other personal injury liability claims and expense quarterly based on the covered population, activity levels and trends in frequency and the costs of covered injuries. Estimates include unasserted claims except for certain repetitive stress and other occupational trauma claims that allegedly result from prolonged repeated events or exposure. Such claims are estimated on an as-reported basis because the Company cannot estimate the range of reasonably possible loss due to other non-work related contributing causes of such injuries and the fact that continued exposure is required for the potential injury to manifest itself as a claim. BNSF has not experienced any significant adverse trends related to these types of claims in recent years.

Key elements of the actuarial assessment include:

- Size and demographics (employee age and craft) of the workforce.
- Activity levels (manhours by employee craft and carloadings).
- Expected claim frequency rates by type of claim (employee FELA or third-party liability) based on historical claim frequency trends.
- Expected dismissal rates by type of claim based on historical dismissal rates.
- Expected average paid amounts by type of claim for open and incurred but not reported claims that eventually close with payment.

From these assumptions, BNSF estimates the number of open claims by accident year that will likely require payment by the Company. The projected number of open claims by accident year that will require payment is multiplied by the expected average cost per claim by accident year and type to determine BNSF's estimated liability for all asserted claims. Additionally, BNSF estimates the number of its incurred but not reported claims that will likely result in payment based upon historical emergence patterns by type of claim. The estimated number of projected claims by accident year requiring payment is multiplied by the expected average cost per claim by accident year and type to determine BNSF's estimated liability for incurred but not reported claims.

The most sensitive assumptions for this accrual are the expected average cost per claim and the projected frequency rates for the number of claims that will ultimately result in payment. A 10-percent increase or decrease in either the expected average cost per claim or the frequency rate for claims with payment would result in an approximate $37 million increase or decrease in BNSF's recorded other personal injury reserves.

Further discussion on other personal injury is incorporated by reference from Note 10 to the Consolidated Financial Statements.

Environmental

The Company's operations, as well as those of its competitors, are subject to extensive federal, state and local environmental regulation. BNSF's operating procedures include practices to protect the environment from the risks inherent in railroad operations, which frequently involve transporting chemicals and other hazardous materials. Additionally, many of BNSF's land holdings are and have been used for industrial or transportation-related purposes or leased to commercial or industrial companies whose activities may have resulted in discharges onto the property. As a result, BNSF is subject to environmental cleanup and enforcement actions. In particular, the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), also known as the Superfund law, as well as similar state laws, generally impose joint and several liability for cleanup and enforcement costs on current and former owners and operators of a site without regard to fault or the legality of the original conduct. BNSF has been notified that it is a potentially responsible party (PRP) for study and cleanup costs at Superfund sites for which investigation and remediation payments are or will be made or are yet to be determined (the Superfund sites) and, in many instances, is one of several PRPs. In addition, BNSF may be considered a PRP under certain other laws. Accordingly, under CERCLA and other federal and state statutes, BNSF may be held jointly and severally liable for all environmental costs associated with a particular site. If there are other PRPs, BNSF generally participates in the cleanup of these sites through cost-sharing agreements with terms that vary from site to site. Costs are typically allocated based on such factors as relative volumetric contribution of material, the amount of time the site was owned or operated and/or the portion of the total site owned or operated by each PRP.

Liabilities for environmental cleanup costs are recorded when BNSF's liability for environmental cleanup is probable and reasonably estimable. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information developed in subsequent periods. Environmental costs include initial site surveys and environmental studies as well as costs for remediation of sites determined to be contaminated.

BNSF estimates the ultimate cost of cleanup efforts at its known environmental sites on an annual basis during the third quarter. Ultimate cost estimates for environmental sites are based on historical payment patterns, current estimated percentage to closure ratios and benchmark patterns developed from data accumulated from industry and public sources, including the Environmental Protection Agency and other governmental agencies. These factors incorporate experience gained from cleanup efforts at other similar sites into the estimates for which remediation and restoration efforts are still in progress. The most significant assumptions are as follows: (i) historical payment patterns of site development and (ii) variance from benchmark costs. A 10 percent change in any of these individual assumptions could result in an approximate increase or decrease of approximately $25 million in BNSF's estimated environmental liability.

Further discussion on environmental is incorporated by reference from Note 10 to the Consolidated Financial Statements.

Other Claims and Litigation

In addition to asbestos, other personal injury and environmental matters discussed above, BNSF and its subsidiaries are also parties to a number of other legal actions and claims, governmental proceedings and private civil lawsuits arising in the ordinary course of business, including those related to disputes and complaints involving certain transportation rates and charges (including complaints seeking refunds of prior charges paid for coal transportation and the prescription of future rates for such movements and claims relating to service under contract provisions or otherwise). Some of the legal proceedings include claims for punitive as well as compensatory damages, and a few proceedings purport to be class actions. Although the final outcome of these matters cannot be predicted with certainty, considering among other things the meritorious legal defenses available and liabilities that have been recorded along with applicable insurance, it is the opinion of BNSF that none of these items, when finally resolved, will have a material adverse effect on the Company's financial position or liquidity. However, an unexpected adverse resolution of one or more of these items could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

Further discussion on other claims and litigation is incorporated by reference from Note 10 to the Consolidated Financial Statements.

Income Taxes

BNSF is subject to various federal, state and local income taxes in the taxing jurisdictions where the Company operates. BNSF accounts for income taxes by providing for taxes payable or refundable in the current year and for deferred tax assets and liabilities for future tax consequences of events that have been recognized in financial statements or tax returns.

BNSF recorded total income tax expense, including federal, state and other income taxes, of $920 million, $1,253 million and $1,128 million for the years ended December 31, 2009, 2008 and 2007, respectively. BNSF's Consolidated Balance Sheets reflect $290 million and $442 million of net current deferred tax assets at December 31, 2009 and 2008, respectively. Also included in BNSF's Consolidated Balance Sheets are $9,322 million and $8,590 million of net non-current deferred tax liabilities at December 31, 2009 and 2008, respectively. Classification of deferred tax assets and liabilities as current or non-current is determined by the financial statement classification of the asset or liability to which the temporary difference is related. If a temporary difference is not related to an asset or liability for financial reporting, it is classified according to the expected reversal date of the temporary difference.

Valuation allowances are established to reduce deferred tax assets if it is more likely than not that some or all of the deferred tax asset will not be realized. BNSF has not recorded a valuation allowance, as it believes that the deferred tax assets will be fully realized in the future.

All federal income tax returns of BNSF are closed through 1999. Internal Revenue Service (IRS) examination of the years 2000 through 2007 for BNSF is completed, and the un-agreed issues for 2000 through 2007 are pending before IRS Appeals. It is anticipated that a settlement with the IRS for the years 2000 through 2005 may be reached within the next twelve months. BNSF is currently under examination for year 2008.

BNSF and its subsidiaries have various state income tax returns in the process of examination, administrative appeal or litigation. State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states.

A significant portion of the audit issues relate to state income tax issues with various taxing authorities and with the IRS related to whether certain valuations of donated property are appropriate. A provision for taxes resulting from ongoing and future federal and state audits is based on an estimation of aggregate adjustments that may be required as a result of the audits. The Company believes that adequate provision has been made for any adjustment that might be assessed for open years through 2009.

BNSF makes estimates of the potential liability based on its assessment of all potential tax exposures. In addition, the Company uses factors such as applicable tax laws and regulations, current information and past experience with similar issues to make these judgments.

Deferred tax assets and liabilities are measured using the tax rates that apply to taxable income in the period in which the deferred tax asset or liability is expected to be realized or paid. Changes in the Company's estimates regarding the statutory tax rate to be applied to the reversal of deferred tax assets and liabilities could materially affect the effective tax rate.

The Company has not significantly changed its methodology for calculating income tax expense for the years presented, and there are currently no known trends, demands, commitments, events or uncertainties that are reasonably likely to occur and materially affect the methodology or assumptions described above. Further information on federal and state income taxes and uncertain tax positions is incorporated by reference from Notes 2 and 5 to the Consolidated Financial Statements.

Employment Benefit Plans

BNSF sponsors a funded, noncontributory qualified pension plan, the BNSF Retirement Plan, which covers most non-union employees, and an unfunded non-tax-qualified pension plan, the BNSF Supplemental Retirement Plan, which covers certain officers and other employees. The benefits under these pension plans are based on years of credited service and the highest consecutive sixty months of compensation for the last ten years of salaried employment with BNSF. BNSF's funding policy is to contribute annually not less than the regulatory minimum and not more than the maximum amount deductible for income tax purposes with respect to the funded plan.

Certain salaried employees of BNSF that have met age and years of service requirements are eligible for life insurance coverage and medical benefits, including prescription drug coverage, during retirement. This postretirement benefit plan, referred to as the retiree health and welfare plan, is contributory and provides benefits to retirees, their covered dependents and beneficiaries. Retiree contributions are adjusted annually. The plan also contains fixed deductibles, coinsurance and out-of-pocket limitations. The basic life insurance plan is noncontributory and covers retirees only. Optional life insurance coverage is available for some retirees; however, the retiree is responsible for the full cost. BNSF's policy is to fund benefits payable under the medical and life insurance plans as they come due. Generally, employees beginning salaried employment with BNSF subsequent to September 22, 1995, are not eligible for medical benefits during retirement.

The amounts recorded in the Consolidated Statements of Income for the pension and the retiree health and welfare plans were as follows (in millions):

Year ended December 31,	**2010 Estimate**	**2009**	**2008**	**2007**
Net pension cost	**$ 45**	**$ 47**	$ 31	$ 52
Net retiree health and welfare cost	**$ 13**	**$ 13**	$ 17	$ 17

At December 31, 2009, BNSF had net losses, excluding prior service credits, of $792 million and $25 million related to the pension and retiree health and welfare benefits plans, respectively, which had been recognized as a component of AOCL under authoritative accounting guidance, as described in Note 13 to the Consolidated Financial Statements. These losses were comprised of gains and losses from changes in discount rates, actuarial assumptions and census data as well as market gains and losses and will be recognized as a component of net pension and retiree health and welfare costs over the next 17 and 14 years, respectively. The expected amortization of deferred losses is as follows:

Fiscal year	Deferred Losses to be Recognized (in millions) Pension	Retiree Health and Welfare Benefits
2010	$ 32	$ 1
2011	37	1
2012	41	1
2013	44	1
2014	39	1
Thereafter	446	8

The Company estimates liabilities and expenses for the pension and retiree health and welfare plans. Estimated amounts are based on historical information, current information and estimates about future events and circumstances. Significant assumptions used in the valuation of the pension or retiree health and welfare obligations include expected return on plan assets, discount rate, rate of increase in compensation levels and the health care cost trend rate.

From time to time, the Company will change pension and retiree health and welfare assumptions in response to current conditions and expected future experience. Significant assumptions for the past three years are as follows:

Assumptions Used to Determine Net Cost for Fiscal Years Ended December 31,	Pension Benefits 2009	2008	2007	Retiree Health and Welfare Benefits 2009	2008	2007
Discount rate	**5.75%**	6.00 %	5.50%	**5.75%**	6.00%	5.50%
Expected long-term rate of return on plan assets	**8.00%**	8.00 %	8.00%	**–%**	–%	–%
Assumed health care cost trend rate	**–%**	– %	–%	**9.75%**	10.50%	10.00%
Rate to which health care cost trend rate is expected to decline and remain	**–%**	– %	–%	**5.00%**	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	**–**	–	–	**2016**	2016	2012
Rate of compensation increase	**3.80%**	3.80 %	3.90%	**3.80%**	3.80%	3.90%

Assumptions Used to Determine Benefit Obligations at December 31,	Pension Benefits 2009	2008	Retiree Health and Welfare Benefits 2009	2008
Discount rate	**5.75%**	5.75%	**5.75%**	5.75%
Assumed health care cost trend rate	**–%**	–%	**9.00%**	9.75%
Rate to which health care cost trend rate is expected to decline and remain	**–%**	–%	**5.00%**	5.00%
Year that the rate reaches the ultimate trend rate	**–**	–	**2016**	2016
Rate of compensation increase	**3.80%**	3.80%	**3.80%**	3.80%

At December 31, 2009, BNSF determined the discount rate by utilizing the Mercer Yield Curve applied to the future estimated cash flows of the Company's pension and retiree health and welfare plans. At December 31, 2008, BNSF determined the discount rate by averaging the Mercer Yield Curve and the Moody's Aa Corporate bond yield, with the latter measure adjusted to reflect the future estimated cash flows of the Company's pension and retiree health and welfare plans. BNSF believes the Mercer Yield Curve is, in general, a better model to determine discount rates as it utilizes a much larger and more diverse population of highly rated bonds than the Moody's Aa Corporate bond yield. However, given the volatility experienced in late 2008, the Company was concerned that some of the bonds included in the Mercer Yield Curve, such as financial institutions, may have higher yields because their market risk had not yet fully been reflected in their credit rating. Therefore, BNSF decided it most appropriate to average the Mercer Yield Curve with the Moody's Aa Corporate bond yield, which had no financial institutions in its population. The discount rate used for the 2010 calculation of net benefit cost remained at 5.75 percent which reflects market conditions at the December 31, 2009, measurement date.

The expected long-term rate of return is the return the Company anticipates earning, net of plan expenses, over the period that benefits are paid. It reflects the rate of return on present investments and on expected contributions. In determining the expected long-term rate of return, BNSF considered the following: (i) forward looking capital market forecasts; (ii) historical returns for individual asset classes; and (iii) the impact of active portfolio management. The expected rate of return on plan assets remained consistent from 2009 to 2010, and the Company does not expect any near-term significant changes to the current investment allocation of assets. However, unforeseen changes in the investment markets or other external factors could prompt changes in these estimates in future years.

The rate of compensation increase is determined based on historical experience. The health care cost trend rates reflect the expected future increases in health care costs.

The following table is an estimate of the impact on future net benefit cost that could result from hypothetical changes to the most sensitive assumptions, the discount rate and rate of return on plan assets:

Sensitivity Analysis

	Change in Net Benefit Cost	
Hypothetical Discount Rate Change	**Pension**	**Retiree Health and Welfare**
50 basis point decrease	$6 million increase	$200 thousand decrease
50 basis point increase	$6 million decrease	$100 thousand increase

Hypothetical Rate of Return on Plan Assets Change	**Pension**
50 basis point decrease	$7 million increase
50 basis point increase	$7 million decrease

The Company is not required to make contributions to the BNSF Retirement Plan in 2010. The Company currently determines required funding by amortizing asset gains and losses over a period of two years. If the Company was required to fully fund the unfunded portion of its accumulated benefit obligation, which was $492 million at December 31, 2009, for these pension plans and $266 million for the retiree health and welfare plan, the Company's management believes that it would have sufficient liquidity, and it could fund the balance without a significant impact to the Company's financial position. Additionally, the Company expects to make benefit payments in 2010 of approximately $8 million and $23 million from its non-qualified defined benefit and retiree health and welfare plans, respectively.

In August of 2006, the President signed the Pension Protection Act of 2006 (PPA) into law. While the Act had some effect on specific plan provisions in the Company's retirement program, its primary effect was to change the minimum funding requirements. The Act will accelerate the required funding of future contributions for the Company's pension plans beginning with the 2010 fiscal year. Additionally, in December of 2008, the President signed the Worker, Retiree, and Employer Act of 2008 (WRE) into law. This Act, among other things, will delay some of the funding that would have otherwise been required over the next few years. Anticipated payments, including the impact of PPA and WRE, over the next five years are included in the Contractual Obligations table under the heading "Long-Term Debt and Other Obligations" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations. The Company does not anticipate that this legislation will significantly impact its results of operations, financial condition or liquidity.

Further information on employee benefits is incorporated by reference from Note 13 to the Consolidated Financial Statements.

Depreciation

Due to the capital-intensive nature of the railroad industry, depreciation expense is a significant component of the Company's operating expense. The Company recorded depreciation and amortization expenses of $1,537 million, $1,397 million and $1,293 million for the years ended December 31, 2009, 2008 and 2007, respectively. At December 31, 2009 and 2008, the Company had property and equipment, net balances of $32,294 million and $30,847 million, which included $10,736 million and $9,912 million, respectively, of accumulated depreciation.

The Company uses the group method of depreciation under which a single depreciation rate is applied to the gross investment in a particular class of property, despite differences in the service life or salvage value of individual property units within the same class. The Company conducts studies of depreciation rates and the required accumulated depreciation balance as required by the Surface Transportation Board (STB), which is generally every three years for equipment property and every six years for track structure and other roadway property. Changes in the estimated service lives of the assets and their related depreciation rates are implemented prospectively, and the difference between the calculated accumulated depreciation and the amount recorded is amortized over the average remaining service lives of the assets.

A study completed and implemented in April 2008 resulted in the Company adopting new depreciation rates for other roadway property, which includes items such as bridges, office buildings and facilities, telecommunication and information technology systems and machinery, that resulted in a net increase in 2008 depreciation expense of approximately $13 million and approximately $18 million on an ongoing annual basis. A study conducted in 2007 resulted in the Company adopting new depreciation rates for locomotives that resulted in a net increase in 2007 depreciation expense of $17 million and approximately $22 million on an ongoing annual basis, as calculated using the asset base at the time of the rate change. All rate studies are current under the STB's requirements.

Accounting Pronouncements

See Note 16 to the Consolidated Financial Statements for information about recent accounting pronouncements.

Forward-Looking Information

To the extent that statements made by the Company relate to the Company's future economic performance or business outlook, projections or expectations of financial or operational results, or refer to matters that are not historical facts, such statements are "forward-looking" statements within the meaning of the federal securities laws. These forward-looking statements include, but are not limited to, statements regarding:

- Expectations as to operating results, such as revenues and earnings;
- Expectations as to the effect on the Company's financial condition of claims, litigation, environmental and personal injury costs, commitments, contingent liabilities, U.S. Surface Transportation Board and other governmental and regulatory investigations and proceedings, and changes in the economic laws and regulations applicable to the rail industry;
- Plans and goals for future operational improvements and capital commitments; and
- Current or future volatility in the credit market and future market conditions or economic performance.

Forward-looking statements involve a number of risks and uncertainties, and actual performance or results may differ materially. For a discussion of material risks and uncertainties that the Company faces, see the discussion in Item 1A, "Risk Factors," of this Annual Report on Form 10-K. Important factors that could cause actual results to differ materially include, but are not limited to, the following:

- **Economic and industry conditions:** material adverse changes in economic or industry conditions, both in the United States and globally, volatility in the capital or credit markets including changes affecting the timely availability and cost of capital, changes in customer demand, effects of adverse economic conditions affecting shippers or BNSF's supplier base and in the industries and geographic areas that produce and consume freight, changes in demand due to more stringent regulatory policies such as the regulation of carbon dioxide emissions that could reduce the demand for coal or governmental tariffs or subsidies that could affect the demand for grain, competition and consolidation within the transportation industry, the extent to which BNSF is successful in gaining new long-term relationships with customers or retaining existing ones, level of service failures that could lead customers to use competitors' services, changes in fuel prices and other key materials and disruptions in supply chains for these materials, increased customer bankruptcies, closures or slowdowns and changes in crew availability, labor costs and labor difficulties, including stoppages affecting either BNSF's operations or customers' abilities to deliver goods to BNSF for shipment;
- **Legal, legislative and regulatory factors:** developments and changes in laws and regulations, including those affecting train operations or the marketing of services, the ultimate outcome of shipper and rate claims subject to adjudication or claims, investigations or litigation alleging violations of the antitrust laws, increased economic regulation of the rail industry through legislative action and revised rules and standards applied by the U.S. Surface Transportation Board in various areas including rates and services, other more general legislative actions, developments in environmental investigations or proceedings with respect to rail operations or current or past ownership or control of real property or properties owned by others impacted by BNSF Railway operations and developments in and losses resulting from other types of claims and litigation, including those relating to personal injuries, asbestos and other occupational diseases, the release of hazardous materials, environmental contamination and damage to property; the availability of adequate insurance to cover the risks associated with operations; and
- **Operating factors:** technical difficulties, changes in operating conditions and costs, changes in business mix, the availability of equipment and human resources to meet changes in demand, the extent of the Company's ability to achieve its operational and financial initiatives and to contain costs in response to changes in demand and other factors, the effectiveness of steps taken to maintain and improve operations and velocity and network fluidity, operational and other difficulties in implementing positive train control technology, restrictions on development and expansion plans due to environmental concerns, constraints due to the nation's aging infrastructure, disruptions to BNSF's technology network including computer systems and software, as well as natural events such as severe weather, fires, floods and earthquakes or man-made or other disruptions of BNSF Railway's operating systems, structures, or equipment including the effects of acts of terrorism on the Company's system or other railroads' systems or other links in the transportation chain.

The Company cautions against placing undue reliance on forward-looking statements, which reflect its current beliefs and are based on information currently available to it as of the date a forward-looking statement is made. The Company undertakes no obligation to revise forward-looking statements to reflect future events, changes in circumstances or changes in beliefs. In the event the Company does update any forward-looking statement, no inference should be made that the Company will make additional updates with respect to that statement, related matters, or any other forward-looking statements. Any corrections or revisions and other important assumptions and factors that could cause actual results to differ materially from forward-looking statements made by the Company may appear in the Company's public filings with the SEC, which are accessible at www.sec.gov, and on the Company's Web site at www.bnsf.com, and which investors are advised to consult.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of business, BNSF utilizes various financial instruments that inherently have some degree of market risk. The following table summarizes the impact of these hedging activities on the Company's results of operations (in millions):

Year ended December 31,	2009	2008
Fuel-hedge loss (including ineffective portion of unexpired hedges)	**$ (195)**	$ (5)
Interest rate hedge benefit	**22**	12
Interest rate derivative loss	**(32)**	–
Total hedge (loss) benefit	**(205)**	7
Tax effect	**79**	(3)
Hedge (loss) benefit, net of tax	**$ (126)**	$ 4

The Company's fuel-hedge loss is due to decreases in average fuel prices subsequent to the initiation of various hedges and through their termination. The interest rate hedge benefit is the result of lower interest rates. The interest rate derivative loss is related to terminated treasury locks (see Note 3 to the Consolidated Financial Statements). The information presented in Notes 3 and 9 to the Consolidated Financial Statements describe significant aspects of BNSF's financial instrument activities that have a material market risk. Additionally, the Company uses fuel surcharges, which it believes substantially mitigates the risk of fuel price volatility.

Commodity Price Sensitivity

BNSF engages in hedging activities to partially mitigate the risk of fluctuations in the price of its diesel fuel purchases. Existing hedge transactions as of December 31, 2009, are based on the front month settlement prices of New York Mercantile Exchange (NYMEX) #2 heating oil (HO), West Texas Intermediate (WTI) crude oil, or the HO refining spread (HO-WTI), which is the difference between HO and WTI. A WTI hedge combined with a HO-WTI hedge will result in the equivalent of a HO hedge. For swaps, BNSF either pays or receives the difference between the hedge price and the actual average price of the hedge commodity during a specified determination period for a specified number of gallons. For costless collars, if the average hedge commodity price for a specified determination period is greater than the cap price, BNSF receives the difference for a specified number of gallons. If the average commodity price is less than the floor price, BNSF pays the difference for a specified number of gallons. If the commodity price is between the floor price and the cap price, BNSF neither makes nor receives a payment. Hedge transactions are generally settled with the counterparty in cash. Based on historical information, BNSF believes there is a significant correlation between the market prices for diesel fuel, HO and WTI.

At December 31, 2009, BNSF had recorded a net fuel-hedging asset of $23 million for fuel hedges covering 2010 through 2012.

The following table is an estimate of the impact to earnings that could result from hypothetical price changes during the twelve-month period ending December 31, 2010, and the balance sheet impact from the hypothetical price changes on all open hedges, both based on the Company's hedge position at December 31, 2009:

	Sensitivity Analysis	
Hedged Commodity Price Change	**Fuel-Hedge Annual Pre-Tax Earnings Impact**	**Balance Sheet Impact of Change in Fuel-Hedge Fair Value**
10-percent increase	$54 million increase	$112 million increase
10-percent decrease	$51 million decrease	$108 million decrease

Based on locomotive fuel consumption during the twelve-month period ended December 31, 2009, of 1,198 million gallons and fuel prices during that same period, excluding the impact of the Company's hedging activities, a 10-percent increase or decrease in the commodity price per gallon would result in an approximate $199 million increase or decrease, respectively, in fuel expense (pre-tax) on an annual basis. Additionally, the Company uses fuel surcharges, which it believes substantially mitigates the risk of fuel price volatility.

At December 31, 2009, BNSF maintained fuel inventories for use in normal operations, which were not material to BNSF's overall financial position and, therefore, represent no significant market exposure. The frequency of BNSF's fuel inventory turnover also reduces market exposure, should fuel inventories become material to BNSF's overall financial position. Further information on fuel hedges is incorporated by reference from Note 3 to the Consolidated Financial Statements.

Interest Rate Sensitivity

From time to time, BNSF enters into various interest rate hedging transactions for purposes of managing exposure to fluctuations in interest rates by establishing rates in anticipation of both future debt issuances and the refinancing of leveraged leases, as well as to convert a portion of its fixed-rate long-term debt to floating-rate debt. These interest rate hedges are accounted for as cash flow or fair value hedges. BNSF's measurement of the fair value of these hedges is based on estimates of the mid-market values for the transactions provided by the counterparties to these agreements.

At December 31, 2009, the fair value of BNSF's debt, excluding capital leases and a net fair value interest rate hedge benefit of $26 million, was $9,416 million.

The following table is an estimate of the impact to earnings and the fair value of total debt, excluding capital leases, and interest rate hedges that could result from hypothetical interest rate changes during the twelve-month period ending December 31, 2010, based on debt levels and outstanding hedges as of December 31, 2009:

Sensitivity Analysis

Hypothetical Change in Interest Rates	Floating Rate Debt – Annual Pre-Tax Earnings Impact	Change in Fair Value	
		Total Debt[a]	Interest Rate Hedges
1-percent decrease	$7 million increase	$825 million increase	$32 million increase
1-percent increase	$7 million decrease	$715 million decrease	$30 million decrease

a Excludes impact of interest rate hedges.

Further information on interest rate hedges is incorporated by reference from Note 3 to the Consolidated Financial Statements. Information on the Company's debt, which may be sensitive to interest rate fluctuations, is incorporated by reference from Note 9 to the Consolidated Financial Statements.

Item 8. Financial Statements and Supplementary Data

The Consolidated Financial Statements and Management's Report on Internal Control Over Financial Reporting of BNSF and subsidiary companies, together with the report of the Company's independent registered public accounting firm, are included as part of this filing.

The following documents are filed as a part of this report:

Consolidated Financial Statements

Management's Report on Internal Control Over Financial Reporting

To the Shareholders of Burlington Northern Santa Fe Corporation and Subsidiaries

The management of Burlington Northern Santa Fe Corporation (BNSF) is responsible for establishing and maintaining adequate internal control over financial reporting. BNSF's internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of BNSF's financial statements for external reporting purposes in accordance with generally accepted accounting principles in the United States of America.

Management of BNSF assessed the effectiveness of BNSF's internal control over financial reporting as of December 31, 2009. In making this assessment, management of BNSF used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework. Based on this assessment, management of BNSF concluded that as of December 31, 2009, BNSF's internal control over financial reporting was effective based on those criteria.

The effectiveness of BNSF's internal control over financial reporting as of December 31, 2009, has been audited by PricewaterhouseCoopers LLP, BNSF's independent registered public accounting firm, as stated in their report, which appears on the following page.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Burlington Northern Santa Fe Corporation

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Burlington Northern Santa Fe Corporation and its subsidiaries (the Company) at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Fort Worth, Texas
February 11, 2010

Consolidated Statements of Income

In millions, except per share data

Year ended December 31,	2009	2008	2007
Revenues	**$ 14,016**	$ 18,018	$ 15,802
Operating expenses:			
Compensation and benefits	**3,481**	3,884	3,773
Fuel	**2,372**	4,640	3,327
Purchased services	**1,873**	2,133	2,023
Depreciation and amortization	**1,537**	1,397	1,293
Equipment rents	**777**	901	942
Materials and other	**714**	1,151	958
Total operating expenses	**10,754**	14,106	12,316
Operating income	**3,262**	3,912	3,486
Interest expense	**613**	533	511
Other expense, net	**8**	11	18
Income before income taxes	**2,641**	3,368	2,957
Income tax expense	**920**	1,253	1,128
Net income	**$ 1,721**	$ 2,115	$ 1,829
Earnings per share:			
Basic earnings per share	**$ 5.04**	$ 6.13	$ 5.15
Diluted earnings per share	**$ 5.01**	$ 6.06	$ 5.06

See accompanying Notes to Consolidated Financial Statements.

Burlington Northern Santa Fe Corporation and Subsidiaries

Consolidated Balance Sheets

Dollars in millions, shares in thousands

December 31,	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,269**	$ 633
Accounts receivable, net	**787**	847
Materials and supplies	**633**	525
Current portion of deferred income taxes	**290**	442
Other current assets	**277**	218
Total current assets	**3,256**	2,665
Property and equipment, net of accumulated depreciation of $10,736 and $9,912, respectively	**32,294**	30,847
Other assets	**3,125**	2,891
Total assets	**$ 38,675**	$ 36,403
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other current liabilities	**$ 2,695**	$ 3,190
Long-term debt due within one year	**644**	456
Total current liabilities	**3,339**	3,646
Long-term debt	**9,691**	9,099
Deferred income taxes	**9,322**	8,590
Casualty and environmental liabilities	**899**	959
Pension and retiree health and welfare liability	**783**	1,047
Other liabilities	**1,843**	1,931
Total liabilities	**25,877**	25,272
Commitments and contingencies (see Notes 3, 9 and 10)		
Stockholders' equity:		
Common stock, $0.01 par value, 600,000 shares authorized; 543,416 shares and 541,346 shares issued, respectively	**5**	5
Additional paid-in-capital	**7,776**	7,631
Retained earnings	**13,941**	12,764
Treasury stock, at cost, 202,677 shares and 202,165 shares, respectively	**(8,428)**	(8,395)
Accumulated other comprehensive loss	**(496)**	(874)
Total stockholders' equity	**12,798**	11,131
Total liabilities and stockholders' equity	**$ 38,675**	$ 36,403

See accompanying Notes to Consolidated Financial Statements.

Burlington Northern Santa Fe Corporation and Subsidiaries

Consolidated Statements of Cash Flows

In millions

Year ended December 31,	2009	2008	2007
Operating Activities			
Net income	**$ 1,721**	$ 2,115	$ 1,829
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**1,537**	1,397	1,293
Deferred income taxes	**612**	417	280
Long-term casualty and environmental liabilities, net	**(90)**	150	26
Other, net	**(210)**	66	162
Changes in current assets and liabilities:			
Accounts receivable, net	**116**	191	20
Change in accounts receivable sales program	**(50)**	(250)	–
Materials and supplies	**(108)**	54	(91)
Other current assets	**(38)**	(31)	12
Accounts payable and other current liabilities	**(77)**	(132)	(39)
Net cash provided by operating activities	**3,413**	3,977	3,492
Investing Activities			
Capital expenditures excluding equipment	**(1,991)**	(2,167)	(2,248)
Acquisition of equipment	**(733)**	(949)	(745)
Proceeds from sale of equipment financed	**368**	348	778
Construction costs for facility financing obligation	**(37)**	(64)	(37)
Other, net	**(244)**	(241)	(163)
Net cash used for investing activities	**(2,637)**	(3,073)	(2,415)
Financing Activities			
Net decrease in commercial paper and bank borrowings	**(100)**	(161)	(584)
Proceeds from issuance of long-term debt	**825**	1,150	1,300
Payments on long-term debt	**(429)**	(217)	(482)
Dividends paid	**(546)**	(471)	(380)
Proceeds from stock options exercised	**59**	91	142
Purchase of BNSF common stock	**(16)**	(1,147)	(1,265)
Excess tax benefits from equity compensation plans	**29**	96	121
Proceeds from facility financing obligation	**51**	68	41
Other, net	**(13)**	(10)	(15)
Net cash used for financing activities	**(140)**	(601)	(1,122)
Increase (decrease) in cash and cash equivalents	**636**	303	(45)
Cash and cash equivalents:			
Beginning of year	**633**	330	375
End of year	**$ 1,269**	$ 633	$ 330
Supplemental Cash Flow Information			
Interest paid, net of amounts capitalized	**$ 587**	$ 538	$ 494
Income taxes paid, net of refunds	**$ 264**	$ 820	$ 680
Non-cash asset financing	**$ 514**	$ 258	$ 461

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Stockholders' Equity

Dollars in millions, shares in thousands, except per share data

	Common Shares	Treasury Shares	Common Stock and Paid–in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2006	532,080	(174,205)	$ 6,995	$ 9,739	$ (5,929)	$ (277)	$ 10,528
Comprehensive income:							
Net income			–	1,829	–	–	1,829
Change in unrecognized prior service credit and actuarial losses, net of tax expense of $76			–	–	–	122	122
Change in fuel/interest hedge mark-to-market, net of tax expense of $10			–	–	–	16	16
Total comprehensive income			–	1,829	–	138	1,967
Adjustment for the adoption of authoritative accounting guidance related to accounting for uncertainty in income taxes			–	(13)	–	–	(13)
Common stock dividends, $1.14 per share			–	(403)	–	–	(403)
Restricted stock and stock options expense			66	–	–	–	66
Restricted stock activity and related tax benefit of $23	1	(48)	24	–	–	–	24
Exercise of stock options and related tax benefit of $98	5,249	(319)	268	–	(28)	–	240
Purchase of BNSF common stock	–	(15,054)	–	–	(1,265)	–	(1,265)
Balance at December 31, 2007	537,330	(189,626)	7,353	11,152	(7,222)	(139)	11,144
Comprehensive income:							
Net income			–	2,115	–	–	2,115
Change in unrecognized prior service credit and actuarial losses, net of tax benefit of $219			–	–	–	(353)	(353)
Change in fuel/interest hedge mark-to-market, net of tax benefit of $233			–	–	–	(377)	(377)
Change in other comprehensive income of equity method investees			–	–	–	(5)	(5)
Total comprehensive income			–	2,115	–	(735)	1,380
Adjustment to change the measurement date pursuant to adoption of authoritative accounting guidance related to defined benefit pension and other postretirement plans, net of tax benefit of $3			–	(7)	–	2	(5)
Adjustment to initially apply authoritative accounting guidance related to defined benefit pension and other postretirement plans to equity method investees			–	–	–	(2)	(2)
Common stock dividends, $1.44 per share			–	(496)	–	–	(496)
Restricted stock and stock options expense			69	–	–	–	69
Restricted stock activity and related tax benefit of $25	697	1	26	–	–	–	26
Exercise of stock options and related tax benefit of $71	3,319	(255)	188	–	(26)	–	162
Purchase of BNSF common stock	–	(12,285)	–	–	(1,147)	–	(1,147)
Balance at December 31, 2008	541,346	(202,165)	7,636	12,764	(8,395)	(874)	11,131
Comprehensive income:							
Net income			–	1,721	–	–	1,721
Change in unrecognized prior service credit and actuarial losses, net of tax expense of $13			–	–	–	24	24
Change in fuel/interest hedge mark-to-market, net of tax expense of $203			–	–	–	327	327
Recognized loss on derivative instruments-discontinued hedges, net of tax benefit of $16			–	–	–	27	27
Total comprehensive income			–	1,721	–	378	2,099
Common stock dividends, $1.60 per share			–	(544)	–	–	(544)
Restricted stock and stock options expense			38	–	–	–	38
Restricted stock activity	43	1	2	–	–	–	2
Exercise of stock options and related tax benefit of $29	2,027	(267)	105	–	(17)	–	88
Purchase of BNSF common stock	–	(246)	–	–	(16)	–	(16)
Balance at December 31, 2009	543,416	(202,677)	$ 7,781	$ 13,941	$ (8,428)	$ (496)	$ 12,798

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. The Company

Burlington Northern Santa Fe Corporation (BNSF or the Company) is a holding company that conducts no operating activities and owns no significant assets other than through its interests in its subsidiaries. BNSF's principal, wholly-owned subsidiary is BNSF Railway Company (BNSF Railway), which operates one of the largest railroad networks in North America with approximately 32,000 route miles in 28 states and two Canadian provinces. Through one operating transportation services segment, BNSF Railway transports a wide range of products and commodities including the transportation of Consumer Products, Coal, Industrial Products and Agricultural Products, derived from manufacturing, agricultural and natural resource industries, which constituted 32 percent, 26 percent, 21 percent and 21 percent, respectively, of total freight revenues for the year ended December 31, 2009. These Consolidated Financial Statements include BNSF, BNSF Railway and other majority-owned subsidiaries, all of which are separate legal entities.

Proposed Merger

Berkshire Hathaway Inc., a Delaware corporation (Berkshire), R Acquisition Company, LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of Berkshire (Merger Sub), and the Company have entered into a definitive Agreement and Plan of Merger (the Merger Agreement) dated as of November 2, 2009. Pursuant to the Merger Agreement and subject to the conditions set forth therein, the Company will merge with and into Merger Sub (the Merger) with Merger Sub surviving as an indirect wholly owned subsidiary of Berkshire. Merger Sub will change its name to Burlington Northern Santa Fe, LLC upon completion of the Merger.

Under the Merger Agreement, approximately 60% of the total merger consideration payable by Berkshire to BNSF stockholders will be in the form of cash and approximately 40% will be in the form of Berkshire common stock. Fractional shares of Berkshire Class A common stock will not be issued in the Merger. Instead, shares of Berkshire Class B common stock will be issued in lieu of any fractional shares of Berkshire Class A common stock, and cash will be paid in lieu of any fractional shares of Berkshire Class B common stock.

On February 11, 2010, the Merger Agreement was adopted by the necessary votes of BNSF stockholders. The Merger is expected to close on February 12, 2010.

2. Significant Accounting Policies

Adoption of Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board (FASB) issued authoritative accounting guidance which established the FASB Accounting Standards Codification (Codification or ASC) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities and stated that all guidance contained in the Codification carries an equal level of authority. The authoritative accounting guidance recognized that rules and interpretive releases of the Securities and Exchange Commission (SEC) under federal securities laws are also sources of authoritative Generally Accepted Accounting Principles (GAAP) for SEC registrants. The Company adopted the provisions of the authoritative accounting guidance on July 1, 2009, the adoption of which did not have a material effect on the Company's consolidated financial statements.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of BNSF, including its principal subsidiary BNSF Railway. All significant intercompany accounts and transactions have been eliminated. The Company evaluates its less than majority-owned investments for consolidation pursuant to authoritative accounting guidance related to the consolidation of variable interest entities.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. These estimates and assumptions are periodically reviewed by management. Actual results could differ from those estimates.

Revenue Recognition

Transportation revenues are recognized based upon the proportion of service provided as of the balance sheet date. Revenues from ancillary services are recognized when performed. Customer incentives, which are primarily provided for shipping a specified cumulative volume or shipping to/from specific locations, are recorded as a reduction to revenue on a pro-rata basis based on actual or projected future customer shipments. When using projected shipments, the Company relies on historic trends as well as economic and other indicators to estimate the liability for customer incentives.

Accounts Receivable, Net

Accounts receivable, net includes accounts receivable reduced by an allowance for bill adjustments and uncollectible accounts. The allowance for bill adjustments and uncollectible accounts is based on historical experience as well as any known trends or uncertainties related to customer billing and account collectibility. Additionally, accounts receivable, net is reduced by receivables sold under the Accounts Receivable sales program (see Note 6 to the Consolidated Financial Statements).

Cash and Cash Equivalents

All short-term investments with original maturities of 90 days or less are considered cash equivalents. Cash equivalents are stated at cost, which approximates market value because of the short maturity of these instruments.

Materials and Supplies

Materials and supplies, which consist mainly of rail, ties and other items for construction and maintenance of property and equipment, as well as diesel fuel, are valued at the lower of average cost or market.

Property and Equipment, Net

Property and equipment are stated at cost and are depreciated and amortized on a straight-line basis over their estimated useful lives. The Company uses the group method of depreciation in which a single depreciation rate is applied to the gross investment in a particular class of property, despite differences in the service life or salvage value of individual property units within the same class. The Company conducts studies of depreciation rates and the required accumulated depreciation balance as required by the Surface Transportation Board (STB), which is generally every three years for equipment property and every six years for track structure and other roadway property. Changes in the estimated service lives of the assets and their related depreciation rates are implemented prospectively, and the difference between the calculated accumulated depreciation and the amount recorded is amortized over the average remaining service lives of the assets. Upon normal sale or retirement of certain depreciable railroad property, cost less net salvage value is charged to accumulated depreciation, and no gain or loss is recognized. The disposals of land and non-rail property as well as significant premature retirements are recorded as gains or losses at the time of their occurrence.

The Company self-constructs portions of its track structure and rebuilds certain classes of rolling stock. Expenditures that significantly increase asset values or extend useful lives are capitalized. In addition to direct labor and material, certain indirect costs, which relate to supportive functions, are capitalized. Repair and maintenance expenditures are charged to operating expense when the work is performed.

The Company incurs certain direct labor, contract service and other costs associated with the development and installation of internal-use computer software. Costs for newly developed software or significant enhancements to existing software are typically capitalized. Research, preliminary project, operations, maintenance and training costs are charged to operating expense when the work is performed.

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the long-lived assets, the carrying value is reduced to the estimated fair value as measured by the discounted cash flows.

Leasehold improvements that meet capitalization criteria are capitalized and amortized on a straight-line basis over the lesser of their estimated useful lives or the remaining lease term. Cash flows for capitalized leasehold improvements are reported in the investing activities other, net line of the Consolidated Statements of Cash Flows.

Planned Major Maintenance Activities

The Company utilizes the deferral method of accounting for leased locomotive overhauls, which includes the refurbishment of the engine and related components. Accordingly, BNSF has established an asset for overhauls that have been performed. This asset, which is included in property and equipment, net in the Consolidated Balance Sheets, is amortized to expense using the straight-line method until the next overhaul is performed or the end of the lease, whichever comes first, typically between six and eight years.

Environmental Liabilities

Liabilities for environmental cleanup costs are initially recorded when BNSF's liability for environmental cleanup is both probable and reasonably estimable. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information developed in subsequent periods. Estimates for these liabilities are undiscounted.

Personal Injury Claims

Liabilities for personal injury claims are initially recorded when the expected loss is both probable and reasonably estimable. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information developed in subsequent periods. Liabilities recorded for unasserted personal injury claims, including those related to asbestos, are based on information currently available. Estimates of liabilities for personal injury claims are undiscounted.

Income Taxes

Deferred tax assets and liabilities are measured using the tax rates that apply to taxable income in the period in which the deferred tax asset or liability is expected to be realized or paid. Changes in the Company's estimates regarding the statutory tax rate to be applied to the reversal of deferred tax assets and liabilities could materially affect the effective tax rate. Valuation allowances are established to reduce deferred tax assets if it is more likely than not that some or all of the deferred tax asset will not be realized. BNSF has not recorded a valuation allowance, as it believes that the deferred tax assets will be fully realized in the future. Investment tax credits are accounted for using the flow-through method.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

Stock-Based Compensation

The Company recognizes the compensation expense related to the cost of employee services received in exchange for company equity interests over the award's vesting period based on the award's fair value at the date of grant.

Employment Benefit Plans

The Company estimates liabilities and expenses for the pension and retiree health and welfare plans. Estimated amounts are based on historical information, current information and estimates regarding future events and circumstances. Significant assumptions used in the valuation of pension and/or retiree health and welfare liabilities include the expected return on plan assets, discount rate, rate of increase in compensation levels and the health care cost trend rate.

Fair Value Measurements

In September 2006, the FASB issued authoritative accounting guidance which defines fair value, establishes a framework for measuring fair value and expands disclosure requirements around fair value measurements.

The authoritative accounting guidance specifies a three-level hierarchy of valuation inputs which was established to increase consistency, clarity and comparability in fair value measurements and related disclosures.

- Level 1–Quoted prices for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date.
- Level 2–Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations in which all significant inputs are observable market data.
- Level 3–Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The authoritative accounting guidance requires companies to maximize the use of observable inputs (Level 1 and Level 2), when available, and to minimize the use of unobservable inputs (Level 3) when determining fair value.

The Company adopted the authoritative accounting guidance for financial assets and liabilities on January 1, 2008, and recorded no financial statement adjustments as a result of adoption. The Company has applied the provisions of the standard to its fuel and interest rate hedges (see Note 3 to the Consolidated Financial Statements).

Beginning January 1, 2009, the Company applied the provisions of the standard to its property and equipment, goodwill and certain other assets, which are measured at fair value for impairment assessment, and to any business combinations or asset retirement obligations as required by authoritative accounting guidance. This adoption did not have a material impact on the Company's results of operations, financial condition or liquidity.

Subsequent Events

BNSF has evaluated subsequent events through February 11, 2010, which represents the date the Consolidated Financial Statements were issued.

Proposed Merger

See Note 1 to the Consolidated Financial Statements for information related to the proposed Merger with Berkshire.

Gain on Land Sale

On January 11, 2010, BNSF transferred operations which completed the sale of a line segment in the State of Washington, which will result in a gain of $74 million in the first quarter of 2010. The gain will be reported in the Consolidated Statement of Income in materials and other.

Reclassifications

Certain comparative prior year amounts in the Consolidated Financial Statements and accompanying notes have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported operating income or net income.

3. Hedging Activities

The Company uses derivative financial instruments to hedge against increases in diesel fuel prices and interest rates as well as to convert a portion of its fixed-rate, long-term debt to floating-rate debt. The Company does not use derivative financial instruments for trading or speculative purposes. The Company formally documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for the use of the hedging instrument. This documentation includes linking the derivatives that are designated as fair value or cash flow hedges to specific assets or liabilities on the balance sheet, commitments or forecasted transactions. The Company assesses at the time a derivative contract is entered into, and at least quarterly thereafter, whether the derivative item is effective in offsetting the changes in fair value or cash flows. Any change in fair value resulting from ineffectiveness, as defined by authoritative accounting guidance related to derivatives and hedging, is recognized in current period earnings. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is recorded in accumulated other comprehensive loss (AOCL) as a separate component of stockholders' equity and reclassified into earnings in the period during which the hedge transaction affects earnings. Cash flows related to fuel and interest rate derivatives are classified as operating activities in the Consolidated Statements of Cash Flows.

BNSF monitors its hedging positions and credit ratings of its counterparties and does not anticipate any losses due to counterparty nonperformance. All counterparties were financial institutions with credit ratings of A2/A or higher as of December 31, 2009. The maximum amount of loss the Company could incur from credit risk based on the gross fair value of derivative instruments in asset positions as of December 31, 2009 and 2008, was $104 million and $77 million, respectively. Other than as disclosed under the heading "Fuel; Total Fuel-Hedging Activities," the Company's hedge agreements do not include provisions requiring collateral. Certain of the Company's hedge instruments are covered by master netting arrangements whereby, in the event of a default, the non-defaulting party has the right to setoff any amounts payable against any obligation of the defaulting party under the same counterparty agreement. As such, the Company's net asset exposure to counterparty credit risk was $90 million and $53 million as of December 31, 2009 and 2008, respectively.

Additional disclosures related to derivative instruments are included in Note 8 and Note 9 to the Consolidated Financial Statements.

The amounts recorded in the Consolidated Balance Sheets for derivative transactions were as follows (in millions). These amounts exclude $106 million of collateral posted for certain fuel hedge contracts as of December 31, 2008.

Year ended December 31,	**2009**	**2008**
Short-term hedge asset	**$ 34**	$ 5
Long-term hedge asset	**57**	72
Short-term hedge liability	**(25)**	(387)
Long-term hedge liability	**(12)**	(193)
Total derivatives	**$ 54**	$ (503)

The tables below contain summaries of all derivative positions reported in the Consolidated Financial Statements, presented gross of any master netting arrangements (in millions).

Fair Value of Derivative Instruments

Asset Derivatives

December 31,	**2009**	**2008**	**Balance Sheet Location**
Derivatives designated as hedging instruments under ASC 815-20			
Fuel Contracts	**$ 20**	$ –	Other current assets
Interest Rate Contracts	**14**	5	Other current assets
Fuel Contracts	**40**	–	Other assets
Interest Rate Contracts	**17**	72	Other assets
Fuel Contracts	**10**	–	Accounts payable and other current liabilities
Fuel Contracts	**3**	–	Other liabilities
Total Asset Derivatives designated as hedging instruments under ASC 815-20	**$ 104**	$ 77	

Liability Derivatives

December 31,	**2009**	**2008**	**Balance Sheet Location**
Derivatives designated as hedging instruments under ASC 815-20			
Fuel Contracts	**$ 35**	$ 279	Accounts payable and other current liabilities
Interest Rate Contracts	**–**	108	Accounts payable and other current liabilities
Fuel Contracts	**15**	193	Other liabilities
Total Liability Derivatives designated as hedging instruments under ASC 815-20	**$ 50**	$ 580	

The Effect of Derivative Instruments Gains and Losses
for the Twelve Month Periods Ended December 31, 2009, 2008 and 2007

Derivatives in ASC 815-20 Fair Value Hedging Relationships	Location of Gain Recognized in Income on Derivatives	Amount of Gain Recognized in Income on Derivatives		
		2009	2008	2007
Interest Rate Contracts	Interest expense	**$ 23**	$ 12	$ (3)
Total derivatives		**$ 23**	$ 12	$ (3)

Derivatives in ASC 815-20 Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)			Location of Gain or (Loss) Recognized from AOCL into Income	Amount of Gain or (Loss) Recognized from AOCL into Income (Effective Portion)			Location of Gain or (Loss) Recognized in Income on Derivatives	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)[a]		
	2009	2008	2007		2009	2008	2007		2009	2008	2007
Fuel Contracts	**$ 268**	$ (499)	$ 58	Fuel expense	**$ (227)**	$ 12	$ 30	Fuel expense	**$ 32**	$ (17)	$ 1
Interest Rate Contracts	**66**	(116)	1	Interest expense	**(1)**	–	2	Interest expense	**–**	–	–
Total derivatives	**$ 334**	$ (615)	$ 59		**$ (228)**	$ 12	$ 32		**$ 32**	$ (17)	$ 1

Derivatives Not Designated as Hedging Instruments under ASC 815-20	Location of (Loss) Recognized in Income on Derivatives	Amount of (Loss) Recognized in Income on Derivatives		
		2009	2008	2007
Interest Rate Contracts	Interest expense	**$ (32)**	$ –	$ –
Total derivatives		**$ (32)**	$ –	$ –

a No portion of the gain or (loss) was excluded from the assessment of hedge effectiveness for the periods then ended.

Fuel

Fuel costs represented 22 percent, 33 percent and 27 percent of total operating expenses during 2009, 2008 and 2007, respectively. Due to the significance of diesel fuel expenses to the operations of BNSF and the historical volatility of fuel prices, the Company has entered into hedges to partially mitigate the risk of fluctuations in the price of its diesel fuel purchases. The fuel hedges include the use of derivatives that are accounted for as cash flow hedges. The hedging is intended to protect the Company's operating margins and overall profitability from adverse fuel price changes by entering into fuel-hedge instruments based on management's evaluation of current and expected diesel fuel price trends. However, to the extent the Company hedges portions of its fuel purchases, it may not realize the impact of decreases in fuel prices. Conversely, to the extent the Company does not hedge portions of its fuel purchases, it may be adversely affected by increases in fuel prices. Based on locomotive fuel consumption (which represents substantially all fuel consumption) during 2009 and excluding the impact of the hedges, each one-cent increase in the price of fuel per gallon would result in approximately $12 million of additional fuel expense on an annual basis. However, BNSF believes any fuel price increase would be substantially offset by the Company's fuel surcharge program.

Total Fuel-Hedging Activities

As of December 31, 2009, BNSF's total fuel-hedging positions for 2010, 2011 and 2012 represent 21 percent, 17 percent and 3 percent, respectively, of the average annual locomotive fuel consumption over the past three years. Hedge positions are closely monitored to ensure that they will not exceed actual fuel requirements in any period.

The amounts recorded in the Consolidated Balance Sheets for settled fuel-hedge transactions were as follows (in millions):

December 31,	2009	2008
Settled fuel-hedging contracts payable	**$ (23)**	$ (38)

Certain of the Company's fuel-hedge instruments are covered by an agreement which includes a provision such that the Company either receives or posts cash collateral if the fair value of the instruments exceeds a certain net asset or net liability threshold, respectively. The threshold is based on a sliding scale, utilizing either the counterparty's credit rating, if the instruments are in a net asset position, or BNSF's credit rating, if the instruments are in a net liability position. If the applicable credit rating should fall below Ba3 (Moody's) or BB- (S&P), the threshold would be eliminated and collateral would be required for the entire fair value amount. All cash collateral paid is held on deposit by the payee and earns interest to the benefit of the payor based on the London Interbank Offered Rate (LIBOR). The aggregate fair value of all open fuel-hedge instruments under these provisions was in a net liability position on December 31, 2009, of $18 million, which was below the collateral threshold. As such, there was no posted collateral outstanding at December 31, 2009. As of December 31, 2008, the aggregate fair value of all open fuel-hedge instruments under these provisions was in a net liability position of $131 million for which the Company posted collateral of $106 million. Additional collateral of $20 million was posted related to settled fuel-hedging contracts payable at December 31, 2008. The collateral was reflected as a reduction to either accounts payable and other current liabilities or other liabilities in the Consolidated Balance Sheet, depending on the expiration date of the related fuel hedges. The settled fuel-hedge liabilities presented in the table above do not reflect a reduction for the posted collateral.

The Company uses the forward commodity price for the periods hedged to value its fuel-hedge swaps and costless collars. This methodology is a market approach, which under authoritative accounting guidance related to fair value measurements utilizes Level 2 inputs as it uses market data for similar instruments in active markets.

New York Mercantile Exchange (NYMEX) #2 Heating Oil (HO) Hedges

As of December 31, 2009, BNSF had entered into fuel swap agreements utilizing NYMEX #2 HO. The hedge prices do not include taxes, transportation costs, certain other fuel handling costs and any differences that may occur between the prices of HO and the purchase price of BNSF's diesel fuel. Over the twelve months ended December 31, 2009, the sum of all such costs averaged approximately 9 cents per gallon.

During 2009, the Company entered into fuel swap agreements utilizing HO to hedge the equivalent of approximately 77.35 million gallons of fuel with an average swap price of $1.95 per gallon. The following tables provide fuel-hedge data based on the quarter being hedged for all HO fuel hedges outstanding as of December 31, 2009.

	Quarter Ending				
2010	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
HO Swaps					
Gallons hedged (in millions)	5.60	8.35	6.10	6.50	26.55
Average swap price (per gallon)	$ 1.79	$ 1.81	$ 1.87	$ 1.93	$ 1.85
Fair value (in millions)	$ 2	$ 3	$ 2	$ 2	$ 9

	Quarter Ending				
2011	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
HO Swaps					
Gallons hedged (in millions)	8.30	8.30	7.50	7.50	31.60
Average swap price (per gallon)	$ 1.91	$ 1.89	$ 1.95	$ 2.01	$ 1.94
Fair value (in millions)	$ 3	$ 3	$ 3	$ 3	$ 12

	Quarter Ending				
2012	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
HO Swaps					
Gallons hedged (in millions)	17.20	2.00	–	–	19.20
Average swap price (per gallon)	$ 2.08	$ 2.18	$ –	$ –	$ 2.09
Fair value (in millions)	$ 5	$ –	$ –	$ –	$ 5

West Texas Intermediate (WTI) Crude Oil Hedges

In addition, BNSF enters into fuel swap and costless collar agreements utilizing WTI crude oil. The hedge prices do not include taxes, transportation costs, certain other fuel handling costs and any differences which may occur between the prices of WTI and the purchase price of BNSF's diesel fuel, including refining costs. Over the twelve months ended December 31, 2009, the sum of all such costs averaged approximately 29 cents per gallon.

During 2009, the Company entered into fuel swap agreements utilizing WTI to hedge the equivalent of approximately 890 thousand barrels of fuel with an average swap price of $76.44 per barrel and costless collar agreements utilizing WTI to hedge the equivalent of approximately 80 thousand barrels of fuel with an average cap price of $79.86 per barrel and an average floor price of $70.06 per barrel. The following tables provide fuel-hedge data based on the quarter being hedged for all WTI fuel hedges outstanding as of December 31, 2009.

	Quarter Ending				
2010	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
WTI Swaps					
Barrels hedged (in thousands)	1,210	1,110	1,125	1,235	4,680
Equivalent gallons hedged (in millions)	50.82	46.62	47.25	51.87	196.56
Average swap price (per barrel)	$ 85.05	$ 87.89	$ 87.82	$ 86.27	$ 86.71
Fair value (in millions)	$ (6)	$ (7)	$ (5)	$ (2)	$ (20)
WTI Costless Collars					
Barrels hedged (in thousands)	420	420	420	320	1,580
Equivalent gallons hedged (in millions)	17.64	17.64	17.64	13.44	66.36
Average cap price (per barrel)	$ 78.23	$ 79.79	$ 81.33	$ 82.84	$ 80.40
Average floor price (per barrel)	$ 72.35	$ 73.84	$ 75.15	$ 76.54	$ 74.34
Fair value (in millions)	$ 1	$ 2	$ 2	$ 1	$ 6

	Quarter Ending				
2011	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
WTI Swaps					
Barrels hedged (in thousands)	995	1,000	1,005	1,055	4,055
Equivalent gallons hedged (in millions)	41.79	42.00	42.21	44.31	170.31
Average swap price (per barrel)	$ 85.59	$ 85.20	$ 85.52	$ 85.88	$ 85.55
Fair value (in millions)	$ −	$ 1	$ 1	$ 1	$ 3
WTI Costless Collars					
Barrels hedged (in thousands)	200	200	200	200	800
Equivalent gallons hedged (in millions)	8.40	8.40	8.40	8.40	33.60
Average cap price (per barrel)	$ 84.00	$ 84.70	$ 85.39	$ 86.10	$ 85.05
Average floor price (per barrel)	$ 77.75	$ 78.40	$ 79.05	$ 79.70	$ 78.73
Fair value (in millions)	$ 1	$ 1	$ 1	$ 1	$ 4

	Quarter Ending				
2012	**March 31,**	**June 30,**	**September 30,**	**December 31,**	**Annual**
WTI Swaps					
Barrels hedged (in thousands)	205	200	−	−	405
Equivalent gallons hedged (in millions)	8.61	8.40	−	−	17.01
Average swap price (per barrel)	$ 76.95	$ 77.52	$ −	$ −	$ 77.23
Fair value (in millions)	$ 2	$ 2	$ −	$ −	$ 4

NYMEX #2 Heating Oil Refining Spread Hedges

During 2009, the Company entered into fuel swap agreements utilizing the HO refining spread (HO-WTI) to hedge the equivalent of approximately 800 thousand barrels of fuel with an average swap price of $8.92 per barrel. HO-WTI is the difference in price between HO and WTI; therefore, a HO-WTI swap in combination with a WTI swap is equivalent to a HO swap. The following table provides fuel-hedge data based upon the quarter being hedged for all HO-WTI fuel hedges outstanding as of December 31, 2009.

2010	Quarter Ending March 31,	June 30,	September 30,	December 31,	Annual
HO-WTI Swaps					
Barrels hedged (in thousands)	215	180	135	100	630
Equivalent gallons hedged (in millions)	9.03	7.56	5.67	4.20	26.46
Average swap price (per barrel)	$ 7.82	$ 7.64	$ 8.61	$ 10.03	$ 8.29
Fair value (in millions)	$ –	$ –	$ –	$ –	$ –

2011	Quarter Ending March 31,	June 30,	September 30,	December 31,	Annual
HO-WTI Swaps					
Barrels hedged (in thousands)	–	–	85	85	170
Equivalent gallons hedged (in millions)	–	–	3.57	3.57	7.14
Average swap price (per barrel)	$ –	$ –	$ 10.49	$ 12.03	$ 11.26
Fair value (in millions)	$ –	$ –	$ –	$ –	$ –

Summarized Comparative Prior Year Information

The following table provides summarized comparative information for fuel-hedge transactions outstanding as of December 31, 2008.

Year ending December 31,	2009	2010	2011
WTI Swaps			
Barrels hedged (in thousands)	5,005	4,680	3,570
Equivalent gallons hedged (in millions)	210.21	196.56	149.94
Average swap price (per barrel)	$ 74.71	$ 86.71	$ 86.88
Fair value (in millions)	$ (98)	$ (104)	$ (62)
WTI Costless Collars			
Barrels hedged (in thousands)	2,725	1,500	800
Equivalent gallons hedged (in millions)	114.45	63.00	33.60
Average cap price (per barrel)	$ 129.95	$ 80.43	$ 85.05
Average floor price (per barrel)	$ 119.82	$ 74.57	$ 78.73
Fair value (in millions)	$ (181)	$ (19)	$ (8)

Interest Rate

From time to time, the Company enters into various interest rate hedging transactions for the purpose of managing exposure to fluctuations in interest rates by establishing rates in anticipation of both future debt issuances and the refinancing of leveraged leases, as well as converting a portion of its fixed-rate, long-term debt to floating-rate debt. The Company uses interest rate swaps and treasury locks as part of its interest rate risk management strategy.

Total Interest Rate Hedging Program

All interest rate hedge transactions outstanding are reflected in the following table:

	December 31, 2009							
	Maturity Date							
	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value
Fair Value Hedges								
Fixed to variable swaps (in millions)	$ 250	$ –	$ –	$ –	$ –	$ 400	$ 650	$ 31[a]
Average fixed rate	7.13%	–%	–%	–%	–%	5.75%	6.28%	
Average floating rate	3.13%	–%	–%	–%	–%	1.66%	2.22%	

a Fair value includes $5 million of accrued interest.

BNSF's measurement of the fair value of interest rate derivatives is based on estimates of the mid-market values for the transactions which are provided by the counterparties to these agreements. BNSF reviews these estimates for reasonableness. This methodology is a market approach, which under authoritative accounting guidance related to fair value measurements utilizes Level 2 inputs as it uses market data for similar instruments in active markets.

Summarized Comparative Prior Year Information

The following table provides summarized comparative information for interest rate-hedge transactions outstanding as of December 31, 2008.

	December 31, 2008							
	Maturity Date							
	2009	2010	2011	2012	2013	Thereafter	Total	Fair Value
Fair Value Hedges								
Fixed to variable swaps (in millions)	$ 200	$ 250	$ –	$ –	$ –	$ 400	$ 850	$ 77[a]
Average fixed rate	6.13%	7.13%	–%	–%	–%	5.75%	6.24%	
Average floating rate	2.47%	4.87%	–%	–%	–%	3.40%	3.61%	
Cash Flow Hedges								
Treasury locks (in millions)	$ 400	$ –	$ –	$ –	$ –	$ –	$ 400	$ (108)
Average rate	4.04%	–%	–%	–%	–%	–%	4.04%	

a Fair value includes $4 million of accrued interest.

Fair Value Interest Rate Hedges

The Company enters into interest rate swaps to convert fixed-rate, long-term debt to floating-rate debt. These swaps are accounted for as fair value hedges under authoritative accounting guidance related to derivatives and hedging. These fair value hedges qualify for the short-cut method of recognition; therefore, no portion of these swaps is treated as ineffective.

The gain or loss on the fair value hedges as well as the offsetting loss or gain on the hedged items (fixed-rate debt) attributable to the hedged risk are recorded in current earnings. The Company included the gain or loss on the fixed-rate debt in the same line item − interest expense − as the offsetting loss or gain on the related interest rate swaps, which is presented in the following table for the years ended December 31 (in millions):

	Gain (Loss) on Interest Rate Swaps			Gain (Loss) on Fixed-rate Debt		
Income Statement Classification	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Interest expense	**$ (47)**	$ 67	$ 12	**$ 47**	$ (67)	$ (12)

As of each of the years ended December 31, 2009 and 2008, BNSF had nine and eleven outstanding swaps, respectively, with an aggregate notional amount of $650 million and $850 million, respectively, in which it pays an average floating rate, which fluctuates quarterly, based on London Interbank Offered Rate (LIBOR). The average floating rate to be paid by BNSF as of December 31, 2009, was 2.22 percent, and the average fixed rate BNSF is to receive is 6.28 percent.

In March of 2008, the Company entered into four interest rate swaps having an aggregate notional amount of $400 million to convert fixed-rate, long-term debt to floating-rate debt. These swaps were entered into at the inception of new 10-year notes (see Note 9 to the Consolidated Financial Statements).

Cash Flow Interest Rate Hedges

In September 2009, the Company entered into a treasury lock having a notional amount of $500 million and a locked-in rate of 3.46 percent, to fix a portion of the rate for a 10-year unsecured debt issuance. The treasury lock was terminated in connection with the issuance of $750 million 10-year notes (see Note 9 to the Consolidated Financial Statements). Upon termination, BNSF received approximately $600 thousand from the counterparty, which will be amortized as a reduction to interest expense over the life of the issued debt. This transaction was accounted for as a cash flow hedge. As of December 31, 2009, no cash flow hedges were outstanding.

In anticipation of a future debt issuance, the Company entered into five treasury locks during 2008 having an aggregate notional amount of $250 million, and an average locked-in rate of 4.18 percent, to fix a portion of the rate for a future 30-year unsecured debt issuance. The Company also entered into six treasury locks during 2008 having an aggregate notional amount of $150 million, and an average locked-in rate of 3.80 percent, to fix a portion of the rate for a future 10-year unsecured debt issuance. These transactions were previously accounted for as cash flow hedges. During the first quarter of 2009, the Company determined that it was no longer probable that it would issue debt according to the terms of the hedges. As such, hedge accounting could no longer be applied to the treasury locks. The treasury locks were terminated in early April and $32 million was paid to the counterparties, which was the fair value of the treasury locks at the date of termination. Therefore, a net $32 million loss was recognized as an increase to interest expense.

In anticipation of a future debt issuance, the Company entered into nine treasury locks during 2008 and 2007, having an aggregate notional amount of $250 million, and an average locked-in rate of 4.24 percent, to fix a portion of the rate for a future 10-year unsecured debt issuance. The treasury locks were terminated in March 2008 in connection with the issuance of $650 million 10-year notes (see Note 9 to the Consolidated Financial Statements). Upon termination, BNSF paid $13 million to the counterparties, which will be amortized to interest expense over the life of the issued debt. These transactions are accounted for as cash flow hedges.

AOCL included $8 million and $6 million of unrecognized gains on closed hedges as of December 31, 2009 and 2008, respectively. These amounts will be amortized to interest expense over the life of the corresponding issued debt.

4. Other Expense, Net

Other expense, net includes the following (in millions):

Year ended December 31,	2009	2008	2007
Accounts receivable sales fees	**$ 3**	$ 12	$ 19
Loss from participation in synthetic fuel partnership	**–**	–	5
Miscellaneous, net	**5**	(1)	(6)
Total	**$ 8**	$ 11	$ 18

The decrease in other expense, net was predominantly due to lower accounts receivable sales fees (see Note 6 to the Consolidated Financial Statements for additional information), partially offset by lower interest and investment income.

During the fourth quarter of 2004, BNSF Railway indirectly purchased a 4.17 percent ownership of a synthetic fuel partnership through a 50 percent interest in a limited liability company with an unrelated entity. The synthetic fuel partnership generated Section 29 synthetic fuel tax credits, which reduced the Company's effective tax rate (see Note 5 to the Consolidated Financial Statements for additional information). In 2007, BNSF Railway received a tax benefit from its participation in the partnership of approximately $7 million related to the fuel tax credits and the deduction of partnership operating losses. In 2007, the Company recorded approximately $5 million of other expense, net related to the Company's share of the partnership's losses under the equity method of accounting. The partnership did not qualify for consolidation under authoritative accounting guidance related to the consolidation of variable interest entities, as BNSF Railway was not the primary beneficiary of the partnership. Under the tax law, the Section 29 synthetic fuel tax credits terminated on December 31, 2007; under the BNSF Railway's purchase agreement, it did not have any additional exposure to loss from the synthetic fuel partnership after that date.

5. Income Taxes

Income tax expense was as follows (in millions):

Year ended December 31,	2009	2008	2007
Current:			
Federal	**$ 282**	$ 735	$ 741
State	**26**	101	107
Total current	**308**	836	848
Deferred:			
Federal	**535**	383	245
State	**77**	34	35
Total deferred	**612**	417	280
Total	**$ 920**	$ 1,253	$ 1,128

Reconciliation of the federal statutory income tax rate to the effective tax rate was as follows:

Year ended December 31,	2009	2008	2007
Federal statutory income tax rate	**35.0%**	35.0%	35.0%
State income taxes, net of federal tax benefit	**2.5**	2.6	3.1
Property donations	**(3.0)**	–	–
Synthetic fuel credits	**–**	–	(0.2)
Other, net	**0.3**	(0.4)	0.3
Effective tax rate	**34.8%**	37.2%	38.2%

The components of deferred tax assets and liabilities were as follows (in millions):

December 31,	2009	2008
Deferred tax liabilities:		
Depreciation and amortization	**$ (9,939)**	$ (9,522)
Hedging	**(12)**	–
Other	**(173)**	(167)
Total deferred tax liabilities	**(10,124)**	(9,689)
Deferred tax assets:		
Casualty and environmental	**398**	428
Pension and retiree health and welfare benefits	**328**	431
Compensation and benefits	**141**	178
Hedging	**–**	207
Other	**225**	297
Total deferred tax assets	**1,092**	1,541
Net deferred tax liability	**$ (9,032)**	$ (8,148)
Non-current deferred income tax liability	**$ (9,322)**	$ (8,590)
Current portion of deferred income taxes	**290**	442
Net deferred tax liability	**$ (9,032)**	$ (8,148)

All federal income tax returns of BNSF are closed through 1999. Internal Revenue Service (IRS) examination of the years 2000 through 2007 for BNSF is completed, and the un-agreed issues for 2000 through 2007 are pending before IRS Appeals. It is anticipated that a settlement with the IRS for the years 2000 through 2005 may be reached within the next twelve months. BNSF is currently under examination for year 2008.

BNSF and its subsidiaries have various state income tax returns in the process of examination, administrative appeal or litigation. State income tax returns are generally subject to examination for a period of three to five years after filing of the respective return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states.

A significant portion of the audit issues relate to state income tax issues with various taxing authorities and with the IRS related to whether certain valuations of donated property are appropriate. A provision for taxes resulting from ongoing and future federal and state audits is based on an estimation of aggregate adjustments that may be required as a result of the audits. The Company believes that adequate provision has been made for any adjustment that might be assessed for open years through 2009.

Uncertain Tax Positions

The amount of unrecognized tax benefits at December 31, 2009, 2008 and 2007, was $166 million, $150 million and $125 million, respectively. The amount of unrecognized tax benefits at December 31, 2009, that would affect the Company's effective tax rate if recognized was $97 million. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	2009	2008	2007
Beginning balance	**$ 150**	$ 125	$ 87
Additions for tax positions related to current year	**49**	19	29
(Reductions) additions for tax positions taken in prior years	**(8)**	9	12
(Reductions) additions for tax positions as a result of:			
Settlements	**(13)**	2	–
Lapse of statute of limitations	**(12)**	(5)	(3)
Ending balance	**$ 166**	$ 150	$ 125

It is expected that the amount of unrecognized tax benefits will change in the next twelve months; however, BNSF does not expect the change to have a significant impact on the results of operations or the financial position of the Company.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in income tax expense in the Consolidated Statements of Income, which is consistent with the recognition of these items in prior reporting periods. The Company had recorded a liability of approximately $23 million and $33 million for the payment of interest and penalties for the years ended December 31, 2009 and 2008, respectively. For the years ended December 31, 2009, 2008 and 2007, the Company recognized a reduction of approximately $8 million, $18 million and $7 million in interest and penalty expense, respectively.

6. Accounts Receivable, Net

BNSF Railway sells a portion of its accounts receivable to Santa Fe Receivables Corporation (SFRC), a special purpose subsidiary. The sole purpose and activity of SFRC is to purchase receivables from BNSF Railway. SFRC transfers an undivided interest in such receivables, with limited exceptions, to a master trust and causes the trust to issue an undivided interest in the receivables to investors (the A/R sales program). The undivided interests in the master trust may be in the form of certificates or purchased interests and are isolated from BNSF Railway which eliminates all of BNSF Railway's control over the undivided interest.

BNSF Railway's total capacity to sell undivided interests to investors under the A/R sales program was $700 million at December 31, 2009, which was comprised of two $175 million, 364-day accounts receivable facilities and two $175 million, 3-year accounts receivable facilities. In November 2009, BNSF Railway extended the commitment termination date of the two 364-day facilities to November 2010. The two 3-year facilities were entered into in November 2007 and have a commitment termination date in November 2010. Each of the financial institutions providing credit for the facilities is rated Aa3/A+ or higher. There was no outstanding undivided interest held by investors at December 31, 2009. Outstanding undivided interests held by investors under the A/R sales program were $50 million at December 31, 2008, with $12.5 million allocated to each facility. The undivided interests in receivables held by investors are excluded from accounts receivable by BNSF Railway in connection with the sale of undivided interests under the A/R sales program. As of December 31, 2009 and 2008, an interest in $801 million and $878 million, respectively, of receivables had been transferred by SFRC to the master trust. When SFRC transfers the interest in these receivables to the master trust, it retains an undivided interest in the receivables, which is included in accounts receivable in the Company's Consolidated Balance Sheets. The interest that continued to be held by SFRC of $801 million and $828 million at December 31, 2009 and 2008, respectively, less an allowance for uncollectible accounts, reflected the total accounts receivable transferred by SFRC to the master trust less $50 million of outstanding undivided interests held by investors at December 31, 2008. Due to a relatively short collection cycle, the fair value of the undivided interest transferred to investors in the A/R sales program approximated book value, and there was no gain or loss from the transaction.

BNSF Railway retains the collection responsibility with respect to the accounts receivable. Proceeds from collections reinvested in the A/R sales program were approximately $15.2 billion, $19.5 billion and $16.8 billion in 2009, 2008 and 2007, respectively. No servicing asset or liability has been recorded because the fees BNSF Railway receives for servicing the receivables approximate the related costs. SFRC's costs of the sale of receivables are included in other expense, net and were $3 million, $12 million and $19 million for the years ended December 31, 2009, 2008 and 2007, respectively. These costs fluctuate monthly with changes in prevailing interest rates as well as unused available commitments and include interest, discounts associated with transferring the receivables under the A/R sales program to SFRC, program fees paid to banks, incidental commercial paper issuing costs and fees for unused commitment availability.

The amount of undivided interests in the accounts receivable sold by BNSF Railway to investors fluctuates based on borrowing needs and upon the availability of receivables and is directly affected by changing business volumes and credit risks, which may, from time to time, reduce the effective capacity of the program to less than the $700 million. At December 31, 2009, the effective capacity under the A/R sales program was $611 million. Additionally, if the combined dilution and delinquency percentages exceed an established threshold, there would be an impact on the amount of undivided interest that BNSF Railway could sell. BNSF Railway has historically experienced very low levels of dilution or delinquency and was below the established reserve threshold at December 31, 2009. Based on the current levels, if dilution or delinquency percentages were to increase by one percentage point, there would be no impact to the amount of undivided interests BNSF Railway could sell.

Receivables eligible under the A/R sales program do not include receivables over 90 days past due or concentrations over certain limits with any one customer and certain other receivables. At December 31, 2009 and 2008, $11 million and $9 million, respectively, of such accounts receivable were greater than 90 days old.

BNSF Railway maintains an allowance for bill adjustments and uncollectible accounts based upon the expected collectibility of accounts receivable, including receivables transferred to the master trust. At December 31, 2009 and 2008, $31 million and $43 million, respectively of such allowances had been recorded, of which $31 million and $42 million, respectively, had been recorded as a reduction to accounts receivable, net. The remaining $1 million at December 31, 2008, had been recorded in accounts payable and other current liabilities because it relates to the outstanding undivided interests held by investors. During the years ended December 31, 2009 and 2008, $16 million and $15 million, respectively, of accounts receivable were written off, net of recoveries. Credit losses are based on specific identification of uncollectible accounts and application of historical collection percentages by aging category.

The investors in the master trust have no recourse to BNSF Railway's other assets except for customary warranty and indemnity claims. Creditors of BNSF Railway have no recourse to the assets of the master trust or SFRC until after the creditors have been paid and SFRC and the master trust have been terminated. The A/R sales program includes thresholds for dilution, delinquency and write-off ratios that, if exceeded, allow the investors participating in this program, at their option, to cancel the program. At December 31, 2009, BNSF Railway was in compliance with these provisions.

See Note 16 to the Consolidated Financial Statements for information about recent accounting pronouncements that will have an impact on the A/R sales program upon adoption.

7. Property and Equipment, Net

Property and equipment, net (in millions), and the weighted average annual depreciation rates (%) were as follows:

December 31,	2009	2008	2009 Depreciation Rates
Land	**$ 1,803**	$ 1,751	–%
Track structure	**20,281**	19,108	3.5%
Other roadway	**13,245**	12,924	2.6%
Locomotives	**4,759**	4,210	7.2%
Freight cars and other equipment	**2,246**	2,140	5.1%
Computer hardware, software and other	**696**	626	12.3%
Total cost	**43,030**	40,759	
Less accumulated depreciation and amortization	**(10,736)**	(9,912)	
Property and equipment, net	**$ 32,294**	$ 30,847	

The Consolidated Balance Sheets at December 31, 2009 and 2008, included $1,876 million, net of $772 million of amortization and $1,648 million, net of $572 million of amortization, respectively, for property and equipment under capital leases, primarily for rolling stock.

The Company capitalized $18 million, $17 million and $17 million of interest for the years ended December 31, 2009, 2008 and 2007, respectively.

8. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consisted of the following (in millions):

December 31,	2009	2008
Compensation and benefits payable	**$ 512**	$ 610
Rents and leases	**283**	276
Casualty and environmental liabilities	**250**	280
Accounts payable	**244**	290
Property tax liabilities	**177**	157
Accrued interest	**177**	135
Dividends payable	**137**	136
Customer incentives	**125**	141
Hedge liabilities[a]	**48**	333
Other	**742**	832
Total	**$ 2,695**	$ 3,190

a 2008 hedge liabilities include a reduction of $92 million for collateral paid (see Note 3 to the Consolidated Financial Statements for additional information).

9. Debt

Debt outstanding was as follows (in millions):

December 31,	2009[a]		2008[a]	
Notes and debentures, due 2010 to 2097	**$ 8,095**	**6.0%**	$ 7,593	6.3%
Equipment obligations, due 2010 to 2027	**271**	**6.2**	244	6.7
Capitalized lease obligations, due 2010 to 2028	**1,589**	**5.5**	1,281	5.3
Mortgage bonds, due 2010 to 2047	**94**	**5.9**	97	6.0
Financing obligations, due 2010 to 2028	**323**	**6.2**	278	6.2
Commercial paper	**–**	**–**	100	4.7
Unamortized discount and other, net	**(37)**		(38)	
Total	**10,335**		9,555	
Less current portion of long-term debt	**(644)**	**5.1%**	(456)	4.8%
Long-term debt	**$ 9,691**		$ 9,099	

a Amounts represent debt outstanding and weighted average effective interest rates for 2009 and 2008, respectively. Maturities are as of December 31, 2009.

Notes and debentures include a fair value adjustment increase for hedges of $26 million and $73 million at December 31, 2009 and 2008, respectively.

As of December 31, 2009, certain BNSF Railway properties and other assets were subject to liens securing $94 million of mortgage debt. Certain locomotives and rolling stock of BNSF Railway were subject to equipment obligations and capital leases.

The following table provides fair value information for the Company's debt obligations including principal cash flows and related weighted average interest rates by contractual maturity dates. The Company had no outstanding commercial paper at December 31, 2009. The remaining weighted average variable rates are based on implied forward rates in the yield curve at December 31, 2009.

	December 31, 2009								
	Maturity Date						Total Including Capital Leases	Total Excluding Capital Leases	Fair Value Excluding Capital Leases
	2010	2011	2012	2013	2014	Thereafter			
Fixed-rate debt (in millions)	$ 385	$ 673	$ 509	$ 446	$ 638	$ 7,008	$ 9,659	$ 8,070	$ 8,740
Average interest rate	6.4%	6.5%	5.9%	5.1%	6.8%	6.4%	6.4%		
Variable-rate debt (in millions)	$ 259	$ −	$ −	$ −	$ −	$ 417	$ 676	$ 676	$ 676
Average interest rate	3.4%	−%	−%	−%	−%	5.4%	4.6%		

As of December 31, 2008, the fair value excluding capital leases of fixed-rate debt and variable-rate debt was $7,300 million and $1,023 million, respectively.

The fair value of BNSF's long-term debt is primarily based on quoted market prices for the same or similar issues, or on the current rates that would be offered to BNSF for debt of the same remaining maturities. Capital leases have been excluded from the calculation of fair value for both 2009 and 2008.

Notes and Debentures

2009

In September 2009, BNSF issued $750 million of 4.70 percent notes due October 1, 2019. The net proceeds from the sale of the notes were used for general corporate purposes including, but not limited to, working capital, capital expenditures and repayment of outstanding indebtedness.

At December 31, 2009, $750 million remained authorized to be issued by the Board of Directors (the Board) through the Securities and Exchange Commission (SEC) debt shelf registration process.

2008

In November 2008, BNSF issued $500 million of 7.00 percent notes due February 1, 2014. The net proceeds from the sale of the notes were used for general corporate purposes including, but not limited to, working capital, capital expenditures, repurchase of common stock pursuant to the share repurchase program and repayment of short-term borrowings.

In March 2008, BNSF issued $650 million of 5.75 percent notes due March 15, 2018. The net proceeds from the sale of the notes were used for general corporate purposes including, but not limited to, working capital, capital expenditures, funding debt which matured in 2008, repurchase of common stock pursuant to the share repurchase program and repayment of short-term borrowings.

2007

In April 2007, BNSF issued $650 million of 5.65 percent debentures and $650 million of 6.15 percent debentures due May 1, 2017 and May 1, 2037, respectively. The net proceeds from the sale of the debentures were used for general corporate purposes including, but not limited to, working capital, capital expenditures, funding debt which matured in 2007, the repayment of commercial paper and the repurchase of common stock.

Equipment Obligation

2009

In July 2009, BNSF Railway entered into an 18-year equipment obligation totaling $75 million to finance locomotives and railcars.

Capital Leases

2009

In 2009, BNSF Railway entered into a 12-year capital lease to finance $368 million of locomotives and freight cars. Additionally, BNSF Railway entered into capital leases totaling $146 million to finance maintenance of way and other vehicles and equipment with lease terms of three to seven years.

2008

In 2008, BNSF Railway entered into a capital lease for approximately $158 million to finance locomotives and freight cars. The term of the lease is 20 years. Additionally, BNSF Railway entered into capital leases totaling $100 million to finance maintenance of way and other vehicles and equipment with lease terms of three to seven years.

2007

In 2007, BNSF Railway entered into several capital leases totaling approximately $325 million to finance locomotives and freight cars. The terms of the leases are between 15 and 20 years. Additionally, BNSF Railway entered into capital leases totaling $119 million to finance maintenance of way and other vehicles and equipment with lease terms of three to seven years.

Financing Obligation

In 2005, the Company commenced the construction of an intermodal facility that it intended to sell to a third party and subsequently lease back. In 2009, construction of the facility was completed for a cost of approximately $160 million. All improvements have been sold to the third party and BNSF leased the facility from the third party for 20 years. This sale leaseback transaction was accounted for as a financing obligation due to continuing involvement. The outflows from the construction of the facility were classified as investing activities, and the inflows from the associated financing proceeds were classified as financing activities in the Company's Consolidated Statements of Cash Flows.

Revolving Credit Facility and Commercial Paper

As of December 31, 2009, the Company had borrowing capacity of up to $1.2 billion under its long-term revolving bank credit facility, which expires September 2012. Annual facility fees are currently 0.08 percent for the facility. The rate is subject to change based upon changes in BNSF's senior unsecured debt ratings. Borrowing rates are based upon (i) LIBOR plus a spread determined by BNSF's senior unsecured debt ratings, (ii) money market rates offered at the option of the lenders, or (iii) an alternate base rate. BNSF must maintain compliance with certain financial covenants under its revolving bank credit facility. At December 31, 2009, the Company was in compliance with these covenants.

At December 31, 2009, there were no bank borrowings against the revolving credit facility.

BNSF issues commercial paper from time to time that is supported by the revolving bank credit facility. Outstanding commercial paper reduces the amount of borrowing capacity available under the facility. The classification of commercial paper is determined by the Company's ability and intent to use long-term or short-term funding sources to settle the obligations at maturity. At December 31, 2008, the Company classified outstanding commercial paper as long-term debt.

There was no commercial paper outstanding at December 31, 2009; therefore, the total borrowing capacity available under the revolving bank credit facility was $1.2 billion.

Due to the proposed Merger, the Company sought a waiver of the change of control provision included in the revolving credit facility. In December 2009, the banks participating in the facility provided unanimous consent for the waiver and amended the revolving credit facility agreement to allow the use of an LLC legal structure. See Note 1 to the Consolidated Financial Statements for additional information related to the proposed Merger.

Guarantees

As of December 31, 2009, BNSF Railway has not been called upon to perform under the guarantees specifically disclosed in this footnote and does not anticipate a significant performance risk in the foreseeable future.

Debt and other obligations of non-consolidated entities guaranteed by the Company as of December 31, 2009, were as follows (dollars in millions):

	Guarantees					
	BNSF Ownership Percentage	Principal Amount Guaranteed	Maximum Future Payments	Maximum Recourse Amount[a]	Remaining Term (in years)	Capitalized Obligations
Kinder Morgan Energy Partners, L.P.	0.5%	$ 190	$ 190	$ –	Termination of Ownership	$ –
Kansas City Terminal Intermodal Transportation Corporation	0.0%	$ 48	$ 67	$ 67	9	$ 27[b]
Westside Intermodal Transportation Corporation	0.0%	$ 37	$ 54	$ –	14	$ 29[b]
The Unified Government of Wyandotte County/Kansas City, Kansas	0.0%	$ 12	$ 17	$ –	14	$ 9[b]
Chevron Phillips Chemical Company, LP	0.0%	N/A[d]	N/A[d]	N/A[d]	8	$ 11[c]
Various lessors (Residual value guarantees)	0.0%	N/A	$ 270	$ 270	Various	$ 68[c]
All other	0.0%	$ 3	$ 4	$ 1	Various	$ –

a Reflects the maximum amount the Company could recover from a third party other than the counterparty.

b Reflects capitalized obligations that are recorded on the Company's Consolidated Balance Sheet.

c Reflects the asset and corresponding liability for the fair value of these guarantees required by authoritative accounting guidance related to guarantees.

d There is no cap to the liability that can be sought from BNSF for BNSF's negligence or the negligence of the indemnified party. However, BNSF could receive reimbursement from certain insurance policies if the liability exceeds a certain amount.

Kinder Morgan Energy Partners, L.P.

Santa Fe Pacific Pipelines, Inc., an indirect, wholly-owned subsidiary of BNSF Railway, has a guarantee in connection with its remaining special limited partnership interest in Santa Fe Pacific Pipelines Partners, L.P. (SFPP), a subsidiary of Kinder Morgan Energy Partners, L.P., to be paid only upon default by the partnership. All obligations with respect to the guarantee will cease upon termination of ownership rights, which would occur upon a put notice issued by BNSF or the exercise of the call rights by the general partners of SFPP.

Kansas City Terminal Intermodal Transportation Corporation

BNSF Railway and another major railroad jointly and severally guarantee $48 million of debt of Kansas City Terminal Intermodal Transportation Corporation, the proceeds of which were used to finance construction of a double track grade separation bridge in Kansas City, Missouri, which is operated and used by Kansas City Terminal Railway Company (KCTRC). BNSF Railway has a 25 percent ownership in KCTRC, accounts for its interest using the equity method of accounting and would be required to fund a portion of the remaining obligation upon default by the original debtor.

Westside Intermodal Transportation Corporation and The Unified Government of Wyandotte County/Kansas City, Kansas

BNSF Railway has outstanding guarantees of $49 million of debt, the proceeds of which were used to finance construction of a bridge that connects BNSF Railway's Argentine Yard in Kansas City, Kansas, with the KCTRC mainline tracks in Kansas City, Missouri. The bridge is operated by KCTRC, and payments related to BNSF Railway's guarantee of this obligation would only be called for upon default by the original debtor.

Chevron Phillips Chemical Company, LP

In the third quarter of 2007, BNSF Railway entered into an indemnity agreement with Chevron Phillips Chemical Company, LP (Chevron Phillips), granting certain rights of indemnity from BNSF Railway, in order to facilitate access to a new storage facility. Under certain circumstances, payment under this obligation may be required in the event Chevron Phillips were to incur certain liabilities or other incremental costs resulting from trackage access.

Residual Value Guarantees (RVG)

In the normal course of business, the Company enters into leases in which it guarantees the residual value of certain leased equipment. Some of these leases have renewal or purchase options, or both, that the Company may exercise at the end of the lease term. If the Company elects not to exercise these options, it may be required to pay the lessor an amount not exceeding the RVG. The amount of any payment is contingent upon the actual residual value of the leased equipment. Some of these leases also require the lessor to pay the Company any surplus if the actual residual value of the leased equipment is over the RVG. These guarantees will expire between 2010 and 2011.

The maximum future payments, as disclosed in the Guarantees table above, represent the undiscounted maximum amount that the Company could be required to pay in the event the Company did not exercise its renewal option and the fair market value of the equipment had significantly declined. As of December 31, 2009, BNSF does not anticipate such a large reduction in the fair market value of the leased equipment. As of December 31, 2009, the Company had recorded a $68 million asset and corresponding liability for the fair value of RVG.

All Other

As of December 31, 2009, BNSF guaranteed $3 million of other debt and leases. BNSF holds a performance bond and has the option to sub-lease property to recover up to $1 million of the $3 million of guarantees. These guarantees expire between 2011 and 2013.

Other than as discussed above, there is no collateral held by a third party that the Company could obtain and liquidate to recover any amounts paid under the above guarantees.

Other than as discussed above, none of the guarantees are recorded in the Consolidated Financial Statements of the Company. The Company does not expect performance under these guarantees to have a material effect on the Company in the foreseeable future.

Indemnities

In the ordinary course of business, BNSF enters into agreements with third parties that include indemnification clauses. In general, these clauses are customary for the types of agreements in which they are included. At times, these clauses may involve indemnification for the acts of the Company, its employees and agents, indemnification for another party's acts, indemnification for future events, indemnification based upon a certain standard of performance, indemnification for liabilities arising out of the Company's use of leased equipment or other property, or other types of indemnification. Due to the uncertainty of whether events which would trigger the indemnification obligations would ever occur, the Company does not believe that these indemnity agreements will have a material adverse effect on the Company's results of operations, financial position or liquidity. Additionally, the Company believes that, due to lack of historical payment experience, the fair value of indemnities cannot be estimated with any amount of certainty and that the fair value of any such amount would be immaterial to the Consolidated Financial Statements. Agreements that contain unique circumstances, particularly agreements that contain guarantees that indemnify for another party's acts are disclosed separately if appropriate. Unless separately disclosed above, no fair value liability related to indemnities has been recorded in the Consolidated Financial Statements.

10. Commitments and Contingencies

Lease Commitments

BNSF has substantial lease commitments for locomotives, freight cars, trailers and containers, office buildings, operating facilities and other property, and many of these leases provide the option to purchase the leased item at fair market value at the end of the lease. However, some provide fixed price purchase options. Future minimum lease payments as of December 31, 2009, are summarized as follows (in millions):

December 31,	Capital Leases	Operating Leases[a]
2010	$ 349	$ 613
2011	285	602
2012	215	541
2013	169	517
2014	138	499
Thereafter	922	3,553
Total	2,078	$ 6,325
Less amount representing interest	(489)	
Present value of minimum lease payments	$ 1,589	

a Excludes leases having non-cancelable lease terms of less than one year and per diem leases.

Lease rental expense for all operating leases, excluding per diem leases, was $644 million, $689 million and $706 million for the years ended December 31, 2009, 2008 and 2007, respectively. When rental payments are not made on a straight-line basis, the Company recognizes rental expense on a straight-line basis over the lease term. Contingent rentals and sublease rentals were not significant.

Other Commitments

In the normal course of business, the Company enters into long-term contractual requirements for future goods and services needed for the operations of the business. Such commitments are not in excess of expected requirements and are not reasonably likely to result in performance penalties or payments that would have a material adverse effect on the Company's liquidity.

Personal Injury and Environmental Costs

Personal Injury

Personal injury claims, including asbestos claims and employee work-related injuries and third-party injuries (collectively, other personal injury), are a significant expense for the railroad industry. Personal injury claims by BNSF Railway employees are subject to the provisions of the Federal Employers' Liability Act (FELA) rather than state workers' compensation laws. FELA's system of requiring the finding of fault, coupled with unscheduled awards and reliance on the jury system, contributed to increased expenses in past years. Other proceedings include claims by non-employees for punitive as well as compensatory damages. A few proceedings purport to be class actions. The variability present in settling these claims, including non-employee personal injury and matters in which punitive damages are alleged, could result in increased expenses in future years. BNSF has implemented a number of safety programs designed to reduce the number of personal injuries as well as the associated claims and personal injury expense.

BNSF records a liability for personal injury claims when the expected loss is both probable and reasonably estimable. The liability and ultimate expense projections are estimated using standard actuarial methodologies. Liabilities recorded for unasserted personal injury claims are based on information currently available. Due to the inherent uncertainty involved in projecting future events such as the number of claims filed each year, developments in judicial and legislative standards and the average costs to settle projected claims, actual costs may differ from amounts recorded. Expense accruals and any required adjustments are classified as materials and other in the Consolidated Statements of Income.

Asbestos

The Company is party to a number of personal injury claims by employees and non-employees who may have been exposed to asbestos. The heaviest exposure for BNSF employees was due to work conducted in and around the use of steam locomotive engines that were phased out between the years of 1950 and 1967. However, other types of exposures, including exposure from locomotive component parts and building materials, continued after 1967 until they were substantially eliminated at BNSF by 1985.

BNSF assesses its unasserted liability exposure on an annual basis during the third quarter. BNSF determines its asbestos liability by estimating its exposed population, the number of claims likely to be filed, the number of claims that will likely require payment and the estimated cost per claim. Estimated filing and dismissal rates and average cost per claim are determined utilizing recent claim data and trends.

During the third quarters of 2009, 2008 and 2007, the Company analyzed recent filing and payment trends to ensure the assumptions used by BNSF to estimate its future asbestos liability were reasonable. In 2007, management recorded a decrease in expense of $17 million due to a statistically significant reduction in filing rate experience for non-malignant claims. In 2009 and 2008, management determined that the liability remained appropriate and no change was recorded. The Company plans to update its study again in the third quarter of 2010.

Throughout the year, BNSF monitors actual experience against the number of forecasted claims and expected claim payments and will record adjustments to the Company's estimates as necessary.

The following table summarizes the activity in the Company's accrued obligations for both asserted and unasserted asbestos matters (in millions):

	2009	2008	2007
Beginning balance	**$ 251**	$ 270	$ 306
Accruals	–	–	(17)
Payments	**(15)**	(19)	(19)
Ending balance at December 31,	**$ 236**	$ 251	$ 270

Of the obligation at December 31, 2009, $198 million was related to unasserted claims while $38 million was related to asserted claims. At December 31, 2009 and 2008, $16 million and $17 million was included in current liabilities, respectively. The recorded liability was not discounted. In addition, defense and processing costs, which are recorded on an as-reported basis, were not included in the recorded liability. The Company is primarily self-insured for asbestos-related claims.

The following table summarizes information regarding the number of asserted asbestos claims filed against BNSF:

	2009	2008
Claims unresolved at January 1,	**1,833**	1,781
Claims filed	**290**	494
Claims settled, dismissed or otherwise resolved	**(512)**	(442)
Claims unresolved at December 31,	**1,611**	1,833

Based on BNSF's estimate of the potentially exposed employees and related mortality assumptions, it is anticipated that unasserted claims will continue to be filed through the year 2050. The Company recorded an amount for the full estimated filing period through 2050 because it had a relatively finite exposed population (former and current employees hired prior to 1985), which it was able to identify and reasonably estimate and about which it had obtained reliable demographic data (including age, hire date and occupation) derived from industry or BNSF specific data that was the basis for the study. BNSF projects that approximately 55, 75 and 90 percent of the future unasserted asbestos claims will be filed within the next 10, 15 and 25 years, respectively.

Because of the uncertainty surrounding the factors used in the study, it is reasonably possible that future costs to settle asbestos claims may range from approximately $212 million to $257 million. However, BNSF believes that the $236 million recorded at December 31, 2009, is the best estimate of the Company's future obligation for the settlement of asbestos claims.

The amounts recorded by BNSF for the asbestos-related liability were based upon currently known facts. Future events, such as the number of new claims to be filed each year, the average cost of disposing of claims, as well as the numerous uncertainties surrounding asbestos litigation in the United States, could cause the actual costs to be higher or lower than projected.

While the final outcome of asbestos-related matters cannot be predicted with certainty, considering among other things the meritorious legal defenses available and liabilities that have been recorded, it is the opinion of BNSF that none of these items, when finally resolved, will have a material adverse effect on the Company's financial position or liquidity. However, the occurrence of a number of these items in the same period could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

Other Personal Injury

BNSF estimates its other personal injury liability claims and expense quarterly based on the covered population, activity levels and trends in frequency and the costs of covered injuries. Estimates include unasserted claims except for certain repetitive stress and other occupational trauma claims that allegedly result from prolonged repeated events or exposure. Such claims are estimated on an as-reported basis because the Company cannot estimate the range of reasonably possible loss due to other non-work related contributing causes of such injuries and the fact that continued exposure is required for the potential injury to manifest itself as a claim. BNSF has not experienced any significant adverse trends related to these types of claims in recent years.

BNSF monitors quarterly actual experience against the number of forecasted claims to be received, the forecasted number of claims closing with payment and expected claims payments. Adjustments to the Company's estimates are recorded quarterly as necessary or more frequently as new events or revised estimates develop.

The following table summarizes the activity in the Company's accrued obligations for other personal injury matters (in millions):

	2009	2008	2007
Beginning balance	**$ 442**	$ 439	$ 439
Accruals	**73**	159	190
Payments	**(119)**	(156)	(190)
Ending balance at December 31,	**$ 396**	$ 442	$ 439

At December 31, 2009 and 2008, $144 million and $183 million were included in current liabilities, respectively. BNSF's liabilities for other personal injury claims are undiscounted. In addition, defense and processing costs, which are recorded on an as-reported basis, were not included in the recorded liability. The Company is substantially self-insured for other personal injury claims.

The following table summarizes information regarding the number of personal injury claims, other than asbestos, filed against BNSF:

	2009	2008
Claims unresolved at January 1,	**3,349**	3,322
Claims filed	**3,460**	4,313
Claims settled, dismissed or otherwise resolved	**(3,437)**	(4,286)
Claims unresolved at December 31,	**3,372**	3,349

Because of the uncertainty surrounding the ultimate outcome of other personal injury claims, it is reasonably possible that future costs to settle other personal injury claims may range from approximately $345 million to $495 million. However, BNSF believes that the $396 million recorded at December 31, 2009, is the best estimate of the Company's future obligation for the settlement of other personal injury claims.

The amounts recorded by BNSF for other personal injury claims were based upon currently known facts. Future events, such as the number of new claims to be filed each year, the average cost of disposing of claims, as well as the numerous uncertainties surrounding personal injury litigation in the United States, could cause the actual costs to be higher or lower than projected.

While the final outcome of these other personal injury matters cannot be predicted with certainty, considering among other things the meritorious legal defenses available and liabilities that have been recorded, it is the opinion of BNSF that none of these items, when finally resolved, will have a material adverse effect on the Company's financial position or liquidity. However, the occurrence of a number of these items in the same period could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

BNSF Insurance Company

The Company has a consolidated, wholly-owned subsidiary, Burlington Northern Santa Fe Insurance Company, Ltd. (BNSF IC) that provides insurance coverage for certain risks incurred after April 1, 1998, FELA claims, railroad protective and force account insurance claims and certain excess general liability coverage incurred after January 1, 2002, and certain other claims which are subject to reinsurance. Beginning in 2004, BNSF IC entered into annual reinsurance treaty agreements with several other companies. The treaty agreements insure workers compensation, general liability, auto liability and FELA risk. In accordance with the agreements, BNSF IC cedes a portion of its FELA exposure through the treaty and assumes a proportionate share of the entire risk. Each year BNSF IC reviews the objectives and performance of the treaty to determine its continued participation in the treaty. The treaty agreements provide for certain protections against the risk of treaty participants' non-performance. On an on-going basis, BNSF and/or the treaty manager reviews the credit-worthiness of each of the participants. BNSF does not believe its exposure to treaty participants' non-performance is material at this time. BNSF IC typically invests in third-party commercial paper, time deposits and money market accounts as well as in commercial paper issued by BNSF. At December 31, 2009, there was approximately $485 million related to these third-party investments, which were classified as cash and cash equivalents on the Company's Consolidated Balance Sheet, as compared with approximately $425 million at December 31, 2008.

Environmental

The Company's operations, as well as those of its competitors, are subject to extensive federal, state and local environmental regulation. BNSF's operating procedures include practices to protect the environment from the risks inherent in railroad operations, which frequently involve transporting chemicals and other hazardous materials. Additionally, many of BNSF's land holdings are and have been used for industrial or transportation-related purposes or leased to commercial or industrial companies whose activities may have resulted in discharges onto the property. As a result, BNSF is subject to environmental cleanup and enforcement actions. In particular, the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), also known as the Superfund law, as well as similar state laws, generally impose joint and several liability for cleanup and enforcement costs on current and former owners and operators of a site without regard to fault or the legality of the original conduct. BNSF has been notified that it is a potentially responsible party (PRP) for study and cleanup costs at Superfund sites for which investigation and remediation payments are or will be made or are yet to be determined (the Superfund sites) and, in many instances, is one of several PRPs. In addition, BNSF may be considered a PRP under certain other laws. Accordingly, under CERCLA and other federal and state statutes, BNSF may be held jointly and severally liable for all environmental costs associated with a particular site. If there are other PRPs, BNSF generally participates in the cleanup of these sites through cost-sharing agreements with terms that vary from site to site. Costs are typically allocated based on such factors as relative volumetric contribution of material, the amount of time the site was owned or operated and/or the portion of the total site owned or operated by each PRP.

Liabilities for environmental cleanup costs are recorded when BNSF's liability for environmental cleanup is probable and reasonably estimable. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information developed in subsequent periods. Environmental costs include initial site surveys and environmental studies as well as costs for remediation of sites determined to be contaminated.

BNSF estimates the ultimate cost of cleanup efforts at its known environmental sites on an annual basis during the third quarter. Ultimate cost estimates for environmental sites are based on historical payment patterns, current estimated percentage to closure ratios and benchmark patterns developed from data accumulated from industry and public sources, including the Environmental Protection Agency and other governmental agencies. These factors incorporate into the estimates experience gained from cleanup efforts at other similar sites.

On a quarterly basis, BNSF monitors actual experience against the forecasted remediation and related payments made on existing sites and conducts ongoing environmental contingency analyses, which consider a combination of factors including independent consulting reports, site visits, legal reviews and analysis of the likelihood of participation in, and the ability to pay for, cleanup of other PRPs. Adjustments to the Company's estimates will continue to be recorded as necessary based on developments in subsequent periods. Additionally, environmental accruals, which are classified as materials and other in the Consolidated Statements of Income, include amounts for newly identified sites or contaminants, third-party claims and legal fees incurred for defense of third-party claims and recovery efforts.

During the third quarter of 2009, 2008 and 2007, the Company analyzed recent data and trends to ensure the assumptions used by BNSF to estimate its future environmental liability were reasonable. As a result of this study, in the third quarter of 2009, 2008 and 2007, management recorded additional expense of approximately $25 million, $13 million and $20 million as of the June 30 measurement date, respectively. The Company plans to update its study again in the third quarter of 2010.

Annual studies do not include (i) contaminated sites of which the Company is not aware; (ii) additional amounts for third-party tort claims, which arise out of contaminants allegedly migrating from BNSF property, due to a limited number of sites; or (iii) natural resource damage claims. BNSF continues to estimate third-party tort claims on a site by site basis when the liability for such claims is probable and reasonably estimable. BNSF's recorded liability for third-party tort claims as of December 31, 2009, is approximately $13 million.

BNSF is involved in a number of administrative and judicial proceedings and other mandatory cleanup efforts for 320 sites, including 19 Superfund sites, at which it is participating in the study or cleanup, or both, of alleged environmental contamination.

The following table summarizes the activity in the Company's accrued obligations for environmental matters (in millions):

	2009	2008	2007
Beginning balance	**$ 546**	$ 380	$ 318
Accruals	**64**	251	126
Payments	**(93)**	(85)	(64)
Ending balance at December 31,	**$ 517**	$ 546	$ 380

At December 31, 2009 and 2008, $90 million and $80 million were included in current liabilities, respectively.

In the second quarter of 2008, the Company completed an analysis of its Montana sites to determine its legal exposure related to the potential effect of a Montana Supreme Court decision. The decision, which did not involve BNSF, held that restoration damages (damages equating to clean-up costs which are intended to return property to its original condition) may be awarded under certain circumstances even where such damages may exceed the property's actual value. The legal situation in Montana, the increase in the number of claims against BNSF and others resulting from this decision, and the completion of the analysis caused BNSF to record additional pre-tax environmental expenses of $175 million, or $0.31 per diluted share in the second quarter of 2008 for environmental liabilities primarily related to the effect of the aforementioned Montana Supreme Court decision on certain of BNSF's Montana sites.

In the first quarter of 2007, the Company recorded additional pre-tax environmental expenses of $65 million, or $0.11 per share, due to an increase in environmental costs primarily related to a final resolution with the State of Washington and its Department of Ecology on clean-up of an existing environmental site at Skykomish and an adverse reversal of a trial court decision on appeal regarding a site at Arvin, California.

BNSF's environmental liabilities are not discounted. BNSF anticipates that the majority of the accrued costs at December 31, 2009, will be paid over the next ten years, and no individual site is considered to be material.

The following table summarizes the environmental sites:

	BNSF Sites	
	2009	2008
Number of sites at January 1,	**336**	346
Sites added during the period	**13**	19
Sites closed during the period	**(29)**	(29)
Number of sites at December 31,	**320**	336

Liabilities recorded for environmental costs represent BNSF's best estimate of its probable future obligation for the remediation and settlement of these sites and include both asserted and unasserted claims. Although recorded liabilities include BNSF's best estimate of all probable costs, without reduction for anticipated recoveries from third parties, BNSF's total cleanup costs at these sites cannot be predicted with certainty due to various factors such as the extent of corrective actions that may be required, evolving environmental laws and regulations, advances in environmental technology, the extent of other parties' participation in cleanup efforts, developments in ongoing environmental analyses related to sites determined to be contaminated and developments in environmental surveys and studies of contaminated sites.

Because of the uncertainty surrounding these factors, it is reasonably possible that future costs for environmental liabilities may range from approximately $370 million to $830 million. However, BNSF believes that the $517 million recorded at December 31, 2009, is the best estimate of the Company's future obligation for environmental costs.

Although the final outcome of these environmental matters cannot be predicted with certainty, it is the opinion of BNSF that none of these items, when finally resolved, will have a material adverse effect on the Company's financial position or liquidity. However, the occurrence of a number of these items in the same period could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

Other Claims and Litigation

In addition to asbestos, other personal injury and environmental matters discussed above, BNSF and its subsidiaries are also parties to a number of other legal actions and claims, governmental proceedings and private civil suits arising in the ordinary course of business, including those related to disputes and complaints involving certain transportation rates and charges (including complaints seeking refunds of prior charges paid for coal transportation and the prescription of future rates for such movements and claims relating to service under contract provisions or otherwise). Some of the legal proceedings include claims for punitive as well as compensatory damages, and a few proceedings purport to be class actions. Although the final outcome of these matters cannot be predicted with certainty, considering among other things the meritorious legal defenses available and liabilities that have been recorded along with applicable insurance, it is the opinion of BNSF that none of these items, when finally resolved, will have a material adverse effect on the Company's financial position or liquidity. However, an unexpected adverse resolution of one or more of these items could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

Coal Rate Case Decision

On February 17, 2009, the United States Surface Transportation Board (STB) issued a new decision in a rate dispute between Western Fuels Association, Inc. and Basin Electric Power Cooperative, Inc. (collectively, WFA) and BNSF Railway Company (BNSF Railway). (*Western Fuels Association, Inc. and Basin Electric Power Cooperative v. BNSF Railway Company,* STB Docket No. 42088). The dispute relates to the reasonableness of rates BNSF Railway charges to WFA for the transportation of approximately 8 million tons of coal a year from Powder River Basin mines in Wyoming to the Laramie River Station Plant at Moba Junction, Wyoming. The STB previously ruled in this matter in 2007 that the challenged rates were not shown unreasonable. During the pendency of the case, the STB issued new guidelines for reviewing the reasonableness of rates in cases such as this and then permitted WFA to submit new evidence. In its new 2009 decision, the STB found that these same challenged rates were not commercially reasonable. The STB ordered BNSF Railway to reimburse WFA for amounts previously collected above the new levels prescribed for prior periods. The STB also prescribed maximum rates through 2024 at levels substantially below the rates previously set by BNSF Railway. In compliance with the STB's decision, BNSF Railway published new rates to the Laramie River Station effective March 20, 2009. WFA challenged BNSF Railway's methodology for implementing those rates before the STB and on July 27, 2009, the STB issued a decision that largely adopted the methodology advocated for by BNSF Railway. The final amount of approximately $120 million in reparations, which includes interest, was submitted by WFA to the STB with BNSF Railway's concurrence. The STB approved the final amount of reparations. BNSF Railway paid the reparations during the fourth quarter of 2009.

The net impact in 2009 resulting from the STB's decision was a loss of $74 million, or $0.13 per diluted share, in excess of amounts previously accrued. Of the total loss, $66 million and $8 million were recorded as a reduction to freight revenues and an increase to interest expense, respectively.

Litigation Arising From Proposed Merger

Burlington Northern Santa Fe Corporation and its Board of Directors, and in some cases Berkshire and R Acquisition Company, LLC, are named as defendants in putative class action lawsuits brought by alleged Burlington Northern Santa Fe Corporation stockholders challenging the merger described in Part 1, Item 1 of this Form 10-K. Four stockholder actions were filed in Tarrant County, Texas (the first of which was filed November 3, 2009), three actions were filed in Dallas County, Texas (the first of which was filed November 4, 2009), and five actions were filed in Delaware Chancery Court (the first of which was filed November 5, 2009). The Tarrant County, Texas actions have been consolidated as *In re: Burlington Northern Santa Fe Corporation Shareholder Class Action Litigation,* Cause No. 348-241465-09. The Dallas County, Texas actions were consolidated under the action styled *Employees Retirement System of the City of New Orleans v. Burlington Northern Santa Fe Corporation, et al.*, Cause No. 09-14950 and have been abated. Plaintiffs in the Dallas County actions have taken steps seeking to refile or transfer the actions to Tarrant County. The Delaware actions have been consolidated as *In re: Burlington Northern Santa Fe Shareholders Litigation*, C.A. No. 5043-VCL.

The stockholder actions variously allege that Burlington Northern Santa Fe Corporation's directors have breached their fiduciary duties based on allegations that (i) the consideration being offered is unfair and inadequate, (ii) Burlington Northern Santa Fe Corporation's directors did not adequately seek to maximize stockholder value through open bidding or market check mechanisms, (iii) the "no shop" clause and termination fee are onerous devices designed to discourage a superior offer, (iv) Burlington Northern Santa Fe Corporation's earnings forecasts were manipulated to drive its stock price down and thus make the proposed transaction appear more favorable to stockholders than it truly is, and/or (v) Burlington Northern Santa Fe Corporation's disclosures relating to the proposed transaction have been, or will be, inadequate and materially misleading. Certain of the stockholder actions also allege that Berkshire aided and abetted the alleged breaches by Burlington Northern Santa Fe Corporation's directors. The stockholder actions seek various remedies, including enjoining the transaction from being consummated in accordance with the agreed-upon terms.

On January 18, 2010, the parties to the litigation entered into a memorandum of understanding (the memorandum of understanding) providing for a settlement of the litigation, subject to the approval of the Delaware Chancery Court. Pursuant to the memorandum of understanding, the plaintiffs have withdrawn their application for preliminary injunctive relief, which was previously scheduled to be heard in the Delaware Chancery Court on February 3, 2010, and the defendants, while denying all allegations of wrongdoing and denying that the disclosures in the proxy statement/prospectus were inadequate, provided the supplemental disclosures set forth in the Current Report on Form 8-K that was filed on January 20, 2010.

The Company believes these claims are without merit and, if the proposed settlement is not approved, will vigorously defend any further proceedings seeking to prosecute these claims. The Company does not believe that the outcome of these proceedings will have a material effect on its financial condition, results of operations or liquidity.

11. Employee Separation Costs

Employee separation costs activity was as follows (in millions):

	2009	2008	2007
Beginning balance at January 1,	**$ 79**	$ 91	$ 107
Accruals	**15**	3	5
Payments	**(17)**	(15)	(21)
Ending balance at December 31,	**$ 77**	$ 79	$ 91

Employee separation liabilities of $77 million were included in the Consolidated Balance Sheet at December 31, 2009, and principally represent the following: (i) $75 million for deferred benefits payable upon separation or retirement to certain active conductors, trainmen and locomotive engineers; and (ii) $2 million for certain non-union employee severance costs. Employee separation expenses are recorded in materials and other in the Consolidated Statements of Income. At December 31, 2009, $27 million of the remaining liabilities were included in current liabilities.

The deferred benefits payable upon separation or retirement to certain active conductors, trainmen and locomotive engineers were primarily incurred in connection with labor agreements reached prior to the business combination of BNSF's predecessor companies, Burlington Northern Inc. and Santa Fe Pacific Corporation. These agreements, among other things, reduced train crew sizes and allowed for more flexible work rules. The majority of the remaining costs will be paid between 2010 and 2020. As of December 31, 2009, the Company had updated its estimate and recorded an additional liability of $15 million related to deferred benefits (see (i) above). The remaining costs for the non-union employee severance costs (ii) are expected to be paid out between 2010 and approximately 2021 based on deferral elections made by the affected employees.

12. Earnings Per Share

Basic earnings per share is based on the weighted average number of the Company's common shares outstanding for the periods shown below. Diluted earnings per share is based on basic earnings per share adjusted for the effect of potential common shares outstanding that were dilutive during the period, arising from employee stock awards and incremental shares calculated using the treasury stock method.

Weighted average stock options totaling 4.3 million, 2.4 million and 2.2 million for 2009, 2008 and 2007, respectively, were not included in the computation of diluted earnings per share, because the options' exercise price exceeded the average market price of the Company's stock for those periods.

The Company adopted authoritative accounting guidance which requires non-vested shares that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) to be considered participating securities, and therefore be included in computing earnings per share using the two-class method. The Company has retrospectively applied the provisions to the financial information included herein, which resulted in a reduction in both basic earnings per share and diluted earnings per share of $0.02 and $0.04 for the years ended December 31, 2008 and 2007, respectively.

The following table is a reconciliation of net income available to common stockholders used in the basic and diluted EPS computations (in millions, except per share amounts):

Year ended December 31,	2009	2008	2007
Income Statement:			
Net income	**$ 1,721**	$ 2,115	$ 1,829
Net income allocated to participating securities	**(6)**	(9)	(13)
Net income available to common stockholders	**$ 1,715**	$ 2,106	$ 1,816
Average Shares:			
Basic	**340.0**	343.8	352.5
Diluted	**342.5**	347.8	358.9
Earnings Per Share:			
Basic	**$ 5.04**	$ 6.13	$ 5.15
Diluted	**$ 5.01**	$ 6.06	$ 5.06

13. Employment Benefit Plans

BNSF sponsors a funded, noncontributory qualified pension plan, the BNSF Retirement Plan, which covers most non-union employees, and an unfunded non-tax-qualified pension plan, the BNSF Supplemental Retirement Plan, which covers certain officers and other employees. The benefits under these pension plans are based on years of credited service and the highest consecutive sixty months of compensation for the last ten years of salaried employment with BNSF. BNSF's funding policy is to contribute annually not less than the regulatory minimum and not more than the maximum amount deductible for income tax purposes with respect to the funded plan.

Certain salaried employees of BNSF that have met age and years of service requirements are eligible for life insurance coverage and medical benefits, including prescription drug coverage, during retirement. This postretirement benefit plan, referred to as the retiree health and welfare plan, is contributory and provides benefits to retirees, their covered dependents and beneficiaries. Retiree contributions are adjusted annually. The plan also contains fixed deductibles, coinsurance and out-of-pocket limitations. The basic life insurance plan is noncontributory and covers retirees only. Optional life insurance coverage is available for some retirees; however, the retiree is responsible for the full cost. BNSF's policy is to fund benefits payable under the medical and life insurance plans as they come due. Generally, employees beginning salaried employment with BNSF subsequent to September 22, 1995, are not eligible for medical benefits during retirement.

In September 2006, the FASB issued authoritative accounting guidance related to employers' accounting for defined benefit pension and other postretirement plans, which requires the recognition of the overfunded or underfunded status of a defined benefit postretirement plan in the Company's Consolidated Balance Sheets. This portion of the new guidance was adopted by the Company on December 31, 2006. Additionally, the pronouncement eliminates the option for the Company to use a measurement date prior to the Company's fiscal year-end effective December 31, 2008. This authoritative accounting guidance provides two approaches to transition to a fiscal year-end measurement date, both of which are to be applied prospectively. BNSF elected to apply the transition option under which a 15-month measurement was determined as of September 30, 2007 that covered the period until the fiscal year-end measurement was required on December 31, 2008. As a result, the Company recorded a $7 million decrease to retained earnings in January 2008.

Components of the net cost for these plans were as follows (in millions):

Year ended December 31,	Pension Benefits 2009	Pension Benefits 2008	Pension Benefits 2007	Retiree Health and Welfare Benefits 2009	Retiree Health and Welfare Benefits 2008	Retiree Health and Welfare Benefits 2007
Service cost	**$ 28**	$ 25	$ 25	**$ 3**	$ 2	$ 2
Interest cost	**102**	102	97	**15**	18	17
Expected return on plan assets	**(107)**	(112)	(105)	**–**	–	–
Amortization of net loss	**24**	16	35	**1**	5	6
Amortization of prior service credit	**–**	–	–	**(6)**	(8)	(8)
Net cost recognized	**$ 47**	$ 31	$ 52	**$ 13**	$ 17	$ 17

The projected benefit obligation is the present value of benefit earned to date by plan participants, including the effect of assumed future salary increases and expected healthcare cost trend rate increases. The following table shows the change in projected benefit obligation based on the respective measurement dates (in millions):

Change in Benefit Obligation	Pension Benefits 2009	Pension Benefits 2008[a]	Retiree Health and Welfare Benefits 2009	Retiree Health and Welfare Benefits 2008[a]
Benefit obligation at beginning of period	**$ 1,840**	$ 1,763	**$ 269**	$ 304
Service cost	**28**	32	**3**	3
Interest cost	**102**	127	**15**	22
Plan participants' contributions	**–**	–	**9**	11
Actuarial loss (gain)	**35**	86	**–**	(36)
Medicare subsidy	**–**	–	**2**	2
Benefits paid	**(141)**	(168)	**(32)**	(37)
Projected benefit obligation at end of period	**1,864**	1,840	**266**	269
Component representing future salary increases	**(53)**	(82)	**–**	–
Accumulated benefit obligation at end of period	**$ 1,811**	$ 1,758	**$ 266**	$ 269

a In accordance with the transition to new authoritative accounting guidance, the beginning balance in 2009 and 2008 was December 31, 2008, and September 30, 2007, respectively; therefore, 2008 includes 15 months of activity.

Both the BNSF Retirement Plan and the BNSF Supplemental Retirement Plan had accumulated and projected benefit obligations in excess of plan assets at December 31, 2009 and 2008.

The following table shows the change in plan assets of the plans based on the respective measurement dates (in millions):

Change in Plan Assets	Pension Benefits 2009	Pension Benefits 2008[a]	Retiree Health and Welfare Benefits 2009	Retiree Health and Welfare Benefits 2008[a]
Fair value of plan assets at beginning of period	**$ 1,034**	$ 1,588	**$ –**	$ –
Actual return on plan assets	**160**	(395)	**–**	–
Employer contributions[b]	**266**	9	**21**	24
Plan participants' contributions	**–**	–	**9**	11
Medicare subsidy	**–**	–	**2**	2
Benefits paid	**(141)**	(168)	**(32)**	(37)
Fair value of plan assets at measurement date	**$ 1,319**	$ 1,034	**$ –**	$ –

a In accordance with the transition to new authoritative accounting guidance, the beginning balance in 2009 and 2008 was December 31, 2008, and September 30, 2007, respectively; therefore, 2008 includes 15 months of activity.

b Employer contributions were classified as Other, Net under Operating Activities in the Company's Consolidated Statements of Cash Flows.

The following table shows the funded status, defined as plan assets less the projected benefit obligation, as of December 31 (in millions):

	Pension Benefits 2009	Pension Benefits 2008	Retiree Health and Welfare Benefits 2009	Retiree Health and Welfare Benefits 2008
Funded status (plan assets less projected benefit obligations)	**$ (545)**	$ (806)	**$ (266)**	$ (269)

Of the combined pension and retiree health and welfare benefits liability of $811 million and $1,075 million recognized as of December 31, 2009 and 2008, respectively, $28 million was included in other current liabilities as of both dates.

Actuarial gains and losses and prior service credits are recognized in the Consolidated Balance Sheets through an adjustment to AOCL. Beginning in 2007, the Company recognized actuarial gains and losses and prior service credits in AOCL as they arose. The following table shows the pre-tax change in AOCL attributable to the components of the net cost and the change in benefit obligation (in millions):

Change in AOCL	Pension Benefits 2009	Pension Benefits 2008	Pension Benefits 2007	Retiree Health and Welfare Benefits 2009	Retiree Health and Welfare Benefits 2008	Retiree Health and Welfare Benefits 2007
Balance at January 1,	**$ 834**	$ 233	$ 429	**$ 14**	$ 46	$ 48
Measurement date adjustment pursuant to adoption of authoritative accounting guidance issued September 2006	**–**	(4)	–	**–**	1	–
Amortization of actuarial loss	**(24)**	(16)	(35)	**(1)**	(5)	(6)
Amortization of prior service credit	**–**	–	–	**6**	8	8
Actuarial (gain) loss	**(18)**	621	(161)	**–**	(36)	(4)
Balance at December 31,	**$ 792**	$ 834	$ 233	**$ 19**	$ 14	$ 46

The estimated net actuarial loss for these defined benefit pension plans that will be amortized from AOCL into net periodic benefit cost over the next fiscal year is expected to be $32 million. The estimated net actuarial loss and prior service credit for the retiree health and welfare benefit plans that will be amortized from AOCL into net periodic benefit cost over the next fiscal year is expected to be $1 million and $4 million, respectively. Pre-tax amounts currently recognized in AOCL consist of the following (in millions):

	Pension Benefits 2009	Pension Benefits 2008	Retiree Health and Welfare Benefits 2009	Retiree Health and Welfare Benefits 2008
Net actuarial loss	**$ 792**	$ 834	**$ 25**	$ 26
Prior service credit	**–**	–	**(6)**	(12)
Pre-tax amount recognized in AOCL at December 31,	**792**	834	**19**	14
After-tax amount recognized in AOCL at December 31,	**$ 489**	$ 515	**$ 11**	$ 9

The assumptions used in accounting for the BNSF plans were as follows:

Assumptions Used to Determine Net Cost for Fiscal Years Ended December 31,	Pension Benefits 2009	Pension Benefits 2008	Pension Benefits 2007	Retiree Health and Welfare Benefits 2009	Retiree Health and Welfare Benefits 2008	Retiree Health and Welfare Benefits 2007
Discount rate	**5.75%**	6.00%	5.50%	**5.75%**	6.00%	5.50%
Expected long-term rate of return on plan assets	**8.00%**	8.00%	8.00%	**–%**	–%	–%
Rate of compensation increase	**3.80%**	3.80%	3.90%	**3.80%**	3.80%	3.90%

Assumptions Used to Determine Benefit Obligations at December 31,	Pension Benefits 2009	Pension Benefits 2008	Retiree Health and Welfare Benefits 2009	Retiree Health and Welfare Benefits 2008
Discount rate	**5.75%**	5.75%	**5.75%**	5.75%
Rate of compensation increase	**3.80%**	3.80%	**3.80%**	3.80%

At December 31, 2009, BNSF determined the discount rate by utilizing the Mercer Yield Curve applied to the future estimated cash flows of the Company's pension and retiree health and welfare plans. At December 31, 2008, BNSF determined the discount rate by averaging the Mercer Yield Curve and the Moody's Aa Corporate bond yield, with the latter measure adjusted to reflect the future estimated cash flows of the Company's pension and retiree health and welfare plans. BNSF believes the Mercer Yield Curve is, in general, a better model to determine discount rates as it utilizes a much larger and more diverse population of highly rated bonds than the Moody's Aa Corporate bond yield. However, given the volatility experienced in late 2008, the Company was concerned that some of the bonds included in the Mercer Yield Curve, such as financial institutions, may have higher yields because their market risk had not yet fully been reflected in their credit rating. Therefore, BNSF decided it most appropriate to average the Mercer Yield Curve with the Moody's Aa Corporate bond yield, which had no financial institutions in its population. The discount rate used for the 2010 calculation of net benefit cost remained at 5.75 percent which reflects market conditions at the December 31, 2009, measurement date.

The expected long-term rate of return is the return the Company anticipates earning, net of plan expenses, over the period that benefits are paid. It reflects the rate of return on present investments and on expected contributions. In determining the expected long-term rate of return, BNSF considered the following: (i) forward looking capital market forecasts; (ii) historical returns for individual asset classes; and (iii) the impact of active portfolio management. The expected rate of return on plan assets remained consistent from 2009 to 2010, and the Company does not expect any near-term significant changes to the current investment allocation of assets. However, unforeseen changes in the investment markets or other external factors could prompt changes in these estimates in future years.

The following table presents assumed health care cost trend rates:

December 31,	2009	2008	2007
Assumed health care cost trend rate for next year	**9.00%**	9.75%	10.50%
Rate to which health care cost trend rate is expected to decline and remain	**5.00%**	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	**2016**	2016	2016

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects (in millions):

	One Percentage-Point Increase	One Percentage-Point Decrease
Effect on total service and interest cost	$ 1	$ (1)
Effect on postretirement benefit obligation	$ 20	$ (17)

The BNSF Retirement Plan asset allocation at December 31, 2009 and 2008, and the target allocation for 2009 by asset category are as follows:

	Target Allocation	Percentage of Pension Plan Assets	
Plan Asset Allocation	2009	2009	2008
Equity Securities	**45 – 75%**	**62%**	55%
Fixed Income Securities	**20 – 40%**	**30**	30
Real Estate	**5 – 15%**	**8**	15
Total		**100%**	100%

The general investment objective of the BNSF Retirement Plan is to grow the plan assets in relation to the plan liabilities while prudently managing the risk of a decrease in the plan's assets relative to those liabilities. To meet this objective, the Company's management has adopted the above asset allocation ranges. This allows flexibility to accommodate market changes in the asset classes within defined parameters.

Assets are primarily managed by external Investment Managers each with a specific asset class mandate as directed by management. There are currently at least two Investment Managers in each of the above asset classes.

Concentration in a single security or credit issuer is generally limited to 5% of each Investment Manager's portfolio (excluding U.S. government and agencies, authorized commingled funds, and other manager specific exceptions as authorized by management). Real estate investment trust investments may not exceed 10% of any equity manager's portfolio.

The Fixed Income allocation may include Core, Core "Plus", and/or Long Duration portfolios. "Plus" strategies (higher risk investments such as high yield, emerging markets, and non-dollar denominated securities) are limited to 30% of the Core Plus portfolio value.

Real Estate is generally accessed through direct investment in one or more commingled funds with reasonable diversification by property type and geographic location.

Derivative investments are permitted under certain circumstances.

Investments are stated at fair value. The various types of investments are valued as follows: (i) Equity securities are valued at the last trade price at primary exchange close time on the last business day of the year (Level 1 input). If the last trade price is not available, values are based on bid, ask/offer quotes from contracted pricing vendors, brokers, or investment managers (Level 3 input). (ii) Corporate debt securities, government debt securities, and collateralized obligations and mortgage backed securities are valued based on institutional bid evaluations from contracted vendors. Where available, vendors use observable market-based data to evaluate prices (Level 2 input). This also applies to U.S. Treasury securities included in cash and cash equivalents. If observable market-based data is not available, unobservable inputs such as extrapolated data, proprietary models, and indicative quotes are used to arrive at estimated prices representing the price a dealer would pay for the security (Level 3 input). (iii) Shares of real estate commingled funds are valued at the quarterly net asset value of units held at year end. Net asset value is based on independent appraisals obtained at least annually for each property and is considered a Level 3 input as the funds impose ongoing limitations on the availability of share redemptions. (iv) Registered investment companies are valued at the daily net asset value of shares held at year end. Net asset value is considered a Level 1 input if redemptions at this value are available to all shareholders without restriction. Net asset value is considered a Level 2 input if the fund may restrict share redemptions under limited circumstances. Net asset value is considered a Level 3 input if shares could not be redeemed on the reporting date and net asset value can not be corroborated by trading activity.

The following table summarizes the Plan's investments as of December 31, 2009, based on the inputs used to value them (in millions):

Asset Category	Total as of December 31, 2009	Level 1 Inputs [a]	Level 2 Inputs [a]	Level 3 Inputs [a]
Equity securities:				
U. S.	$ 443	$ 443	$ –	$ –
International	336	336	–	–
Corporate debt securities	157	–	157	–
Government debt securities	114	–	114	–
Real estate	103	–	–	103
Collateralized obligations and mortgage backed securities (MBS)	78	–	77	1
Cash and cash equivalents	48	38	10	–
Registered investment companies	34	23	11	–
Total [b]	$ 1,313	$ 840	$ 369	$ 104

a See Note 2 to the Consolidated Financial Statements under the heading "Fair Value Measurements" for a definition of each of these levels of inputs.

b Excludes $6 million accrued for dividend and interest receivable.

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2009 (in millions):

Level 3 Inputs	Total	U.S. Equity Securities	Corporate Debt Securities	Real Estate	Collateralized Obligations & MBS	Cash and Cash Equivalents[a]	Registered Investment Companies
Balance as of December 31, 2008	$ 162	$ 1	$ 6	$ 151	$ 4	$ (2)	$ 2
Actual return on plan assets:							
Relating to assets still held at reporting date	(39)	–	2	(42)	(1)	2	–
Relating to assets sold during the period	(5)	(1)	–	(2)	–	(2)	–
Purchases, sales and settlements	(8)	–	(3)	(4)	(1)	2	(2)
Transfers out of Level 3	(6)	–	(5)	–	(1)	–	–
Balance as of December 31, 2009	$ 104	$ –	$ –	$ 103	$ 1	$ –	$ –

a Balance at December 31, 2008, represents a temporary deficit in a securities lending program. As of December 31, 2009, the Company no longer participates in the program.

The Company is not required to make contributions to the BNSF Retirement Plan in 2010. The Company expects to make benefit payments in 2010 of $8 million from its non-qualified defined benefit plan.

The following table shows expected benefit payments from its defined benefit pension plans and expected claim payments and Medicare Part D subsidy receipts for the retiree health and welfare plan for the next five fiscal years and the aggregate five years thereafter (in millions):

Fiscal year	Expected Pension Plan Benefit Payments[a]	Expected Retiree Health and Welfare Payments	Expected Medicare Subsidy
2010	$ 137	$ 23	$ (2)
2011	138	24	(3)
2012	139	24	(3)
2013	139	24	(3)
2014	141	24	(3)
2015–2019	702	118	(17)

a Primarily consists of the BNSF Retirement Plan payments, which are made from the plan trust and do not represent an immediate cash outflow to the Company.

Defined Contribution Plans

BNSF sponsors qualified 401(k) plans that cover substantially all employees and a non-qualified defined contribution plan that covers certain officers and other employees. BNSF matches 50 percent of the first six percent of non-union employees' contributions and matches 25 percent on the first four percent of a limited number of union employees' contributions, which are subject to certain percentage limits of the employees' earnings, at each pay period. Non-union employees are eligible to receive an annual discretionary matching contribution of up to 30 percent of the first six percent of their contributions. Employer contributions for all non-union employees are subject to a five-year length of service vesting schedule. BNSF's 401(k) matching expense was $22 million, $29 million and $21 million in 2009, 2008 and 2007, respectively.

Other

Under collective bargaining agreements, BNSF participates in multi-employer benefit plans that provide certain postretirement health care and life insurance benefits for eligible union employees. Insurance premiums paid attributable to retirees, which are generally expensed as incurred, were $54 million, $54 million and $46 million, in 2009, 2008 and 2007, respectively (see Note 11 to the Consolidated Financial Statements for other deferred benefits payable to certain conductors, trainmen and locomotive engineers).

14. Stock-Based Compensation

On April 15, 1999, BNSF shareholders approved the Burlington Northern Santa Fe 1999 Stock Incentive Plan and authorized 20 million shares of BNSF common stock to be issued in connection with stock options, restricted stock, restricted stock units and performance stock. On April 18, 2001, April 17, 2002, April 21, 2004 and April 19, 2006, BNSF shareholders approved the amendments to the Burlington Northern Santa Fe 1999 Stock Incentive Plan, which authorized additional awards of 9 million, 6 million, 7 million and 11 million shares, respectively, of BNSF common stock to be issued in connection with stock options, restricted stock, restricted stock units and performance stock. Approximately 5 million common shares were available for future grant at December 31, 2009.

Additionally, on April 18, 1996, BNSF shareholders approved the non-employee directors' stock plan and authorized 900,000 shares of BNSF common stock to be issued in connection with this plan. Approximately 403,000 common shares were available for future grant at December 31, 2009.

Upon completion of the proposed Merger, no further grants of BNSF stock will be made under the BNSF stock-based compensation plans. See Note 1 to the Consolidated Financial Statements for information related to the proposed Merger.

Stock Options

Under BNSF's stock plans, options were granted to directors, officers and salaried employees at the fair market value of BNSF's common stock on the date of grant. Stock option grants generally vest ratably over three years and expire within ten years after the date of grant. Shares issued upon exercise of options may be issued from treasury shares or from authorized but unissued shares.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. The following assumptions apply to the options granted for the periods presented:

Year ended December 31,	2009	2008	2007
Weighted average expected life (years)	**4.8**	4.7	4.6
Weighted average expected volatility	**29.6%**	24.0%	24.0%
Weighted average expected dividend yield	**1.96%**	1.50%	1.15%
Weighted average risk free interest rate	**2.15%**	3.09%	4.31%
Weighted average fair value per share at date of grant	**$ 15.09**	$ 22.92	$ 21.91

Expected volatilities are based on historical volatility of BNSF's stock, implied volatilities from traded options on BNSF's stock and other factors. The Company uses historical experience with exercise and post-vesting employment termination behavior to determine the options' expected life. The expected life represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on the U.S. Treasury rate with a maturity date corresponding to the options' expected life.

A summary of the status of stock options as of, and for the year ended December 31, 2009, is presented below (options in thousands, aggregate intrinsic value in millions):

Year ended December 31, 2009	Options	Weighted Average Exercise Prices	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Balance at beginning of year	9,668	$ 62.95		
Granted	2,556	64.63		
Exercised	(2,027)	37.27		
Cancelled	(177)	81.54		
Balance at end of year	10,020	$ 68.24	6.16	$ 316
Options exercisable at year end	6,334	$ 62.35	4.65	$ 235

The total intrinsic value of options exercised was $87 million, $207 million and $281 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Other Incentive Programs

BNSF had other long-term incentive programs that utilize restricted shares/units. A summary of the status of restricted shares/units and the weighted average grant date fair values as of, and for the year ended December 31, 2009, is presented below (shares in thousands):

Year ended December 31, 2009	Time Based		Performance Based Units		Performance Stock		BNSF Incentive Bonus Stock Program		BNSF Discounted Stock Purchase Program		Total	
Balance at beginning of year	457	$ 76.49	1,056	$ 92.48	612	$ 89.24	64	$ 81.31	20	$ 81.34	2,209	$ 87.84
Granted	58	66.67	558	64.97	279	59.75	–	–	23	66.25	918	63.52
Vested	(233)	75.74	(209)	80.17	(54)	80.17	(64)	81.31	(12)	81.32	(572)	78.52
Forfeited	(6)	84.77	(40)	88.18	(171)	81.26	–	–	–	–	(217)	82.62
Balance at end of year	276	$ 74.89	1,365	$ 83.24	666	$ 79.67	–	$ –	31	$ 70.41	2,338	$ 81.06

A summary of the weighted average grant date fair market values of the restricted share/units as of, and for the years ended December 31, 2008 and 2007, is presented below:

Grant Date Fair Market Value of Awards Granted	Time Based	Performance Based Units	Performance Stock	BNSF Incentive Bonus Stock Program	BNSF Discounted Stock Purchase Program
Year ended December 31, 2008	$ 102.06	$ 105.23	$ 100.13	$ –	$ 86.56
Year ended December 31, 2007	$ 86.38	$ 88.80	$ 88.77	$ –	$ 79.28

A summary of the fair value of the restricted share/units vested during the years ended December 31, 2009, 2008 and 2007 is presented below:

Total Fair Value of Shares Vested (in millions)	**Time Based**	**Performance Based Units**	**Performance Stock**	**BNSF Incentive Bonus Stock Program**	**BNSF Discounted Stock Purchase Program**	**Total**
Year ended December 31, 2009	$ 15	$ 14	$ 4	$ 4	$ 1	$ 38
Year ended December 31, 2008	$ 31	$ 30	$ 15	$ 51	$ 1	$ 128
Year ended December 31, 2007	$ 49	$ 21	$ –	$ 18	$ 1	$ 89

Time-based awards were granted to senior managers within BNSF primarily as a retention tool and to encourage ownership in BNSF. They generally vest over three years, although in some cases up to five years, and are contingent on continued salaried employment.

Performance-based units were granted to senior managers within BNSF to encourage ownership in BNSF and to align management's interest with those of its shareholders. Performance-based units generally vest over three years and are contingent on the achievement of certain predetermined corporate performance goals (e.g., return on invested capital (ROIC)) and continued salaried employment.

Additionally, eligible employees could earn performance stock contingent upon achievement of higher ROIC goals and continued salaried employment.

Certain employees were eligible to exchange through the Burlington Northern Santa Fe Incentive Bonus Stock Program the cash payment of their bonus for grants of restricted stock. In September 2005, the program was amended so that exchanges of cash bonus payments for awards of restricted stock were no longer permitted after February 2006.

Certain other salaried employees were eligible to participate in the BNSF Discounted Stock Purchase Program and use their bonus to purchase shares of BNSF common stock at a discount from the market price. These shares immediately vest but are restricted for a three-year period. This program was terminated in December 2009.

Shares awarded under each of the plans may not be sold or used as collateral and are generally not transferable by the holder until the shares awarded become free of restrictions. Compensation cost, net of tax, recorded under the BNSF Stock Incentive Plans is shown in the following table (in millions):

	2009	**2008**	**2007**
Compensation cost	**$ 41**	$ **69**	$ 66
Income tax benefit	**(15)**	**(25)**	(23)
Total	**$ 26**	$ **44**	$ 43
Compensation cost capitalized	**$ 6**	$ **6**	$ 7

At December 31, 2009, there was $89 million of total unrecognized compensation cost related to unvested share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 1.58 years.

Upon completion of the proposed Merger, each outstanding stock option or share award of BNSF common stock will be converted into an option or restricted stock unit of Berkshire Class B Common Stock, in accordance with a formula to convert such awards.

15. Common Stock and Preferred Capital Stock

Common Stock

BNSF is authorized to issue 600 million shares of common stock, $0.01 par value. At December 31, 2009, there were 341 million shares of common stock outstanding. Each holder of common stock is entitled to one vote per share in the election of directors and on all matters submitted to a vote of shareholders. Subject to the rights and preferences of any future issuances of preferred stock, each share of common stock is entitled to receive dividends as may be declared by the Board out of funds legally available and to share ratably in all assets available for distribution to shareholders upon dissolution or liquidation. No holder of common stock has any preemptive right to subscribe for any securities of BNSF. Upon completion of the proposed Merger, shares of Burlington Northern Santa Fe Corporation common stock will no longer be available for issuance. See Note 1 to the Consolidated Financial Statements for information related to the proposed Merger.

Preferred Capital Stock

At December 31, 2009, BNSF had 50 million shares of Class A Preferred Stock, $0.01 par value and 25 million shares of preferred stock, $0.01 par value available for issuance. The Board has the authority to issue such stock in one or more series, to fix the number of shares and to fix the designations and the powers, rights and qualifications and restrictions of each series. As of December 31, 2009, no shares of Class A Preferred Stock had been issued. Upon completion of the proposed Merger, shares of Class A Preferred Stock will no longer be available for issuance. See Note 1 to the Consolidated Financial Statements for information related to the proposed Merger.

Share Repurchase Program

In February 2007, the Board authorized the extension of the current BNSF share repurchase program, adding 30 million shares to the total of 180 million shares previously authorized in equal amounts in July 1997, December 1999, April 2000, September 2000, January 2003 and December 2005. The Company did not repurchase shares related to its share repurchase program during 2009. During 2008 and 2007, the Company repurchased approximately 12 million and 15 million shares, respectively, of its common stock at average prices of $92.96 per share and $83.96 per share, respectively. Total repurchases through December 31, 2009, were 192 million shares at a total average cost of $41.53 per share, leaving 18 million shares available for repurchase out of the 210 million shares presently authorized. During 2009 and apart from the share repurchase program, the Company repurchased shares from employees at a cost of $16 million to satisfy tax withholding obligations on the vesting of restricted stock or the exercise of stock options. Upon completion of the proposed Merger, the share repurchase program will be terminated. See Note 1 to the Consolidated Financial Statements for information related to the proposed Merger.

16. Accounting Pronouncements

In June 2009, the FASB amended authoritative accounting guidance related to transfers of financial assets which updates existing guidance. The amended authoritative accounting guidance limits the circumstances in which financial assets can be derecognized and requires enhanced disclosures regarding transfers of financial assets and a transferor's continuing involvement with transferred financial assets. The amended authoritative accounting guidance also eliminates the concept of a qualifying special-purpose entity (QSPE), which will require companies to evaluate former QSPEs for consolidation.

In June 2009, the FASB amended authoritative accounting guidance related to the consolidation of variable interest entities (VIEs). The amended authoritative accounting guidance updates existing guidance used to determine whether or not a company is required to consolidate a VIE and requires enhanced disclosures. The amended authoritative accounting guidance also eliminates quantitative-based assessments and will require companies to perform ongoing qualitative assessments to determine whether or not the VIE should be consolidated.

The Company adopted the amended authoritative accounting guidance on January 1, 2010.

As discussed in Note 6, the Company's A/R sales program involves a master trust that issues an undivided interest in receivables to investors. The A/R sales master trust is not currently consolidated in the Company's financial statements and the undivided interest in receivables that have been sold to investors is derecognized. The amended authoritative accounting guidance will require the Company to consolidate the A/R sales master trust and to no longer derecognize the undivided interest sold to investors effective January 1, 2010. The Company intends to apply this guidance prospectively. As a result, the Company's Consolidated Balance Sheets will reflect an increase in accounts receivable, net and an increase in current liabilities for the amount of undivided interests sold to investors and any related cash flow impacts will be included in Financing Activities rather than Operating Activities in the Consolidated Statements of Cash Flows. There were no outstanding undivided interests held by investors under the A/R sales program at December 31, 2009. Outstanding undivided interests held by investors under the A/R sales program were $50 million at December 31, 2008.

The Company did not record any additional financial statement adjustments as a result of the adoption of the amended authoritative accounting guidance.

17. Accumulated Other Comprehensive Loss

The following table provides the components of accumulated other comprehensive loss (in millions):

As of December 31,	2009	2008
Unrecognized prior service credit and actuarial losses, net of tax (see Note 13)	**$ (500)**	$ (524)
Fuel/interest hedge mark-to-market, net of tax (see Note 3)	**10**	(344)
Accumulated other comprehensive income of equity method investees, net of tax	**(6)**	(6)
Total Accumulated other comprehensive loss	**$ (496)**	$ (874)

18. Quarterly Financial Data—Unaudited

Dollars in millions, except per share data	Fourth	Third	Second	First
2009				
Revenues	$ 3,681	$ 3,595	$ 3,316	$ 3,424
Operating income	$ 895	$ 901	$ 797	$ 669
Net income	$ 536	$ 488	$ 404	$ 293
Basic earnings per share	$ 1.57	$ 1.43	$ 1.18	$ 0.86
Diluted earnings per share	$ 1.55	$ 1.42	$ 1.18	$ 0.86
Dividends declared per share	$ 0.40	$ 0.40	$ 0.40	$ 0.40
Common stock price[a]:				
High	$ 98.84	$ 84.98	$ 77.33	$ 80.21
Low	$ 76.17	$ 67.79	$ 60.50	$ 52.35
2008				
Revenues	$ 4,373	$ 4,906	$ 4,478	$ 4,261
Operating income	$ 1,116	$ 1,207	$ 714	$ 875
Net income	$ 615	$ 695	$ 350	$ 455
Basic earnings per share[b]	$ 1.80	$ 2.01	$ 1.01	$ 1.31
Diluted earnings per share[b]	$ 1.78	$ 1.99	$ 1.00	$ 1.29
Dividends declared per share	$ 0.40	$ 0.40	$ 0.32	$ 0.32
Common stock price[a]:				
High	$ 90.71	$ 107.36	$ 112.96	$ 94.53
Low	$ 70.91	$ 92.32	$ 92.79	$ 76.02

a Average of high and low reported daily stock price.

b The retrospective application of new authoritative accounting guidance in 2009 reduced basic earnings per share by $0.01 for both of the three month periods ended September 30, 2008 and December 31, 2008, and diluted earnings per share by $0.01 for each of the three month periods ended March 31, 2008, September 30, 2008, and December 31, 2008. See Note 12 to the Consolidated Financial Statements for further information.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Based on their evaluation as of the end of the period covered by this annual report on Form 10-K, the Company's principal executive officer and principal financial officer have concluded that BNSF's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) are effective to ensure that information required to be disclosed by BNSF in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and that such information is accumulated and communicated to BNSF's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

The report of management on the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934) is included in "Management's Report on Internal Control Over Financial Reporting" in Item 8.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2009, has been audited by PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, as stated in their report, which is included in Item 8.

Changes in Internal Control Over Financial Reporting

As of the period covered by this report, the Company has concluded that there have been no changes in BNSF's internal control over financial reporting that occurred during BNSF's fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, BNSF's internal control over financial reporting.

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning the directors of BNSF will be provided under the heading “Item 1: Election of Directors; Nominees for Director” in BNSF’s proxy statement for its 2010 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year, and the information under that heading is hereby incorporated by reference.

Information concerning the executive officers of BNSF is included in Part I of this Report on Form 10-K.

Information concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 will be provided under the heading “Communications and Other Matters; Section 16(a) Beneficial Ownership Reporting Compliance” in BNSF’s proxy statement for its 2010 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year, and the information under that heading is hereby incorporated by reference.

Information concerning the Directors and Governance Committee’s policy with regard to consideration of any director candidates recommended by shareholders will be provided under the heading “Communications and Other Matters; Procedures for Recommending Director Candidates” in BNSF’s proxy statement for its 2010 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year, and the information under that heading is hereby incorporated by reference.

Information concerning the Audit Committee and the Audit Committee Financial Expert will be provided under the heading “Governance of the Company; Board Committees; Audit Committee” in BNSF’s proxy statement for its 2010 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year, and the information under that heading is hereby incorporated by reference.

The Company has a Code of Conduct that applies to members of the Board of Directors, officers, and all salaried employees of BNSF and its wholly-owned subsidiaries. Only the Board of Directors may waive the application of the Code of Conduct to a director, executive officer, or the principal accounting officer or controller, and any such waiver will be promptly disclosed on the Company’s Web site. A copy of the Code of Conduct is available on the Company’s Web site at www.bnsf.com under the “Investors” link and then “Corporate Governance.”

Item 11. Executive Compensation

Information concerning the compensation of directors and executive officers of BNSF will be provided under the headings “Directors’ Compensation,” “Compensation Discussion and Analysis” and “Executive Compensation” in BNSF’s proxy statement for its 2010 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year, and the information under those headings is hereby incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Certain information about BNSF’s equity compensation plans is set forth in the table below (number of shares in thousands) as of December 31, 2009:

Plan Category	Number of Shares to Be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Shares Available for Future Issuance
Equity compensation plans approved by shareholders	10,020	$ 68.24	5,030
Equity compensation plans not approved by shareholders	–	–	–
Total	10,020	$ 68.24	5,030

Information concerning the ownership of BNSF equity securities by certain beneficial owners and by management will be provided under the headings “Stock Ownership in the Company; Certain Beneficial Owners” and “Stock Ownership in the Company; Ownership of Management” in BNSF’s proxy statement for its 2010 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year, and the information under those headings is hereby incorporated by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information concerning certain relationships and related transactions and director independence will be provided under the headings "Governance of the Company; Director Independence" and "Governance of the Company; Certain Relationships and Related Person Transactions" in BNSF's proxy statement for its 2010 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year, and the information under those headings is hereby incorporated by reference.

Item 14. Principal Accountant Fees and Services

Information concerning principal accountant fees and services will be provided under the heading "Item 2: Appointment of Independent Auditor; Independent Auditor Fees" in BNSF's proxy statement for its 2010 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year, and the information under that heading is hereby incorporated by reference.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements—see Item 8.

   Schedules are omitted because they are not required or applicable, or the required information is included in the Consolidated Financial Statements or related notes.

2. Exhibits:

   See Index to Exhibits beginning on page E-1 for a description of the exhibits filed as a part of this Report on Form 10-K.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Burlington Northern Santa Fe Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Burlington Northern Santa Fe Corporation

By: /s/ Matthew K. Rose

Dated: February 11, 2010

Matthew K. Rose
Chairman, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Burlington Northern Santa Fe Corporation and in the capacities and on the date indicated.

Signature	Title
/s/ Matthew K. Rose Matthew K. Rose	Chairman, President and Chief Executive Officer (Principal Executive Officer), and Director
/s/ Thomas N. Hund Thomas N. Hund	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Julie A. Piggott Julie A. Piggott	Vice President-Planning & Studies and Controller (Principal Accounting Officer)
/s/ Alan L. Boeckmann* Alan L. Boeckmann	Director
/s/ Donald G. Cook* Donald G. Cook	Director
/s/ Marc F. Racicot* Marc F. Racicot	Director
/s/ Roy S. Roberts* Roy S. Roberts	Director
/s/ Marc J. Shapiro* Marc J. Shapiro	Director
/s/ Cynthia A. Telles * Cynthia A. Telles	Director
/s/ J.C. Watts, Jr.* J.C. Watts, Jr.	Director

Signature	**Title**
/s/ Robert H. West* Robert H. West	Director
/s/ J. Steven Whisler* J. Steven Whisler	Director
/s/ Edward E. Whitacre, Jr.* Edward E. Whitacre, Jr.	Director

*By: /s/ Roger Nober

Dated: February 11, 2010

Roger Nober
Executive Vice President Law
and Secretary

Exhibit Index

Exhibit Number and Description			Incorporated by Reference (if applicable) Form	File Date	File No.	Exhibit
(2)	Plan of acquisition, reorganization, arrangement, liquidation or succession					
	2.1	Agreement and Plan of Merger by and among Berkshire Hathaway Inc., R Acquisition Company, LLC, and Burlington Northern Santa Fe Corporation, dated November 2, 2009.	8-K	11/3/2009	1-11535	2.1
(3)	Articles of Incorporation and Bylaws					
	3.1	Amended and Restated Certificate of Incorporation of Burlington Northern Santa Fe Corporation, dated December 21, 1994, as amended.	10-Q	8/13/1998	1-11535	3.1
	3.2	By-Laws of Burlington Northern Santa Fe Corporation, as amended and restated, dated December 11, 2008.	8-K	12/12/2008	1-11535	3.1
(4)	Instruments defining the rights of security holders, including indentures					
	4.1	Indenture, dated as of December 1, 1995, between BNSF and The First National Bank of Chicago, as Trustee.	S-3	2/8/1999	333-72013	4
	4.2	Form of BNSF's 6 1/8% Notes Due March 15, 2009.	10-K	3/31/1999	1-11535	4.2
	4.3	Form of BNSF's 6 3/4% Debentures Due March 15, 2029.	10-K	3/31/1999	1-11535	4.3
	4.4	Form of BNSF's 6.70% Debentures Due August 1, 2028.	10-K	3/31/1999	1-11535	4.4
	4.5	Form of BNSF's 8.125% Debentures Due April 15, 2020.	10-K	2/12/2001	1-11535	4.5
	4.6	Form of BNSF's 7.95% Debentures Due August 15, 2030.	10-K	2/12/2001	1-11535	4.6
	4.7	Form of BNSF's 6.75% Notes Due July 15, 2011.	10-Q	8/3/2001	1-11535	4.1
	4.8	Form of BNSF's 5.90% Notes Due July 1, 2012.	10-Q	8/9/2002	1-11535	4.1
	4.9	Officers' Certificate of Determination as to the terms of BNSF's 4.875% Notes Due January 15, 2015, including Exhibit A thereto, the form of the Notes.	8-K	12/9/2004	1-11535	4.1
	4.10	Indenture, dated as of December 8, 2005, between BNSF and U.S. Bank Trust National Association, as Trustee.	S-3 ASR	12/8/2005	333-130214	4.1
	4.11	Certificate of Trust of BNSF Funding Trust I, executed and filed by U.S. Bank Trust National Association, Linda Hurt and James Gallegos, as Trustees.	S-3 ASR	12/8/2005	333-130214	4.3
	4.12	Amended and Restated Declaration of Trust of BNSF Funding Trust I, dated as of December 15, 2005.	8-K	12/15/2005	1-11535	4.4
	4.13	Guarantee Agreement between BNSF and U.S. Bank Trust National Association, as Guarantee Trustee, dated as of December 15, 2005.	8-K	12/15/2005	1-11535	4.5
	4.14	First Supplemental Indenture, dated as of December 15, 2005, between BNSF and U.S. Bank Trust National Association, as Trustee.	8-K	12/15/2005	1-11535	4.6
	4.15	Agreement as to Expenses and Liabilities dated as of December 15, 2005, between BNSF and BNSF Funding Trust I.	8-K	12/15/2005	1-11535	4.4 (Exhibit C)

Exhibit Number and Description		Incorporated by Reference (if applicable)			
		Form	File Date	File No.	Exhibit
4.16	Form of BNSF Funding Trust I's 6.613% Trust Preferred Securities.	8-K	12/15/2005	1-11535	4.4 (Exhibit D)
4.17	Officer's Certificate of Determination as to the terms of BNSF's 6.20% Debentures Due August 15, 2036, including the form of the Debentures.	10-Q	10/24/2006	1-11535	4.1
4.18	First Supplemental Indenture, dated as of April 13, 2007, to Indenture dated as of December 1, 1995, between Burlington Northern Santa Fe Corporation and Bank of New York Trust Company, N.A., as Trustee.	8-K	4/13/2007	1-11535	4.1
4.19	Officer's Certificate of Determination as to the terms of BNSF's 5.65% Debentures due May 1, 2017, and 6.15% Debentures Due May 1, 2037, including the forms of the Debentures.	8-K	4/13/2007	1-11535	4.2
4.20	Second Supplemental Indenture, dated as of March 14, 2008, to Indenture dated as of December 1, 1995, between Burlington Northern Santa Fe Corporation and Bank of New York Mellon Trust Company, N.A., as Trustee.	8-K	3/14/2008	1-11535	4.1
4.21	Officer's Certificate of Determination as to the terms of BNSF's 5.75% Notes due March 18, 2018, including the form of the Notes.	8-K	3/14/2008	1-11535	4.2
4.22	Third Supplemental Indenture, dated as of December 3, 2008, to Indenture dated as of December 1, 1995, between Burlington Northern Santa Fe Corporation and Bank of New York Mellon Trust Company, N.A., as Trustee.	8-K	12/3/2008	1-11535	4.1
4.23	Officer's Certificate of Determination as to the terms of BNSF's 7.00% Debentures due February 1, 2014.	8-K	12/3/2008	1-11535	4.2
4.24	Fourth Supplemental Indenture, dated as of September 24, 2009, to Indenture dated as of December 1, 1995, between Burlington Northern Santa Fe Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee including the form of BNSF's 4.700% Notes due October 1, 2021.	8-K	9/24/2009	1-11535	4.1
4.25	Certificate of Determination as to the terms of BNSF's 4.700% Notes due October 1, 2019.	8-K	9/24/2009	1-11535	4.2

Certain instruments evidencing long-term indebtedness of BNSF are not being filed as exhibits to this Report because the total amount of securities authorized under any single such instrument does not exceed 10% of BNSF's total assets. BNSF will furnish copies of any material instruments upon request of the Securities and Exchange Commission.

(10) Material Contracts

		Form	File Date	File No.	Exhibit
10.1	Burlington Northern Santa Fe Non-Employee Directors' Stock Plan, as amended and restated February 13, 2009.*	10-Q	4/23/2009	1-11535	10.1
10.2	BNSF Railway Company Incentive Compensation Plan, as amended and restated February 12, 2009.*	10-K	2/13/2009	1-11535	10.3
10.3	Burlington Northern Santa Fe Corporation Deferred Compensation Plan, as amended and restated effective December 9, 2004.*	10-K	2/16/2007	1-11535	10.5
10.4	Burlington Northern Santa Fe Corporation Senior Management Stock Deferral Plan, as amended and restated effective January 1, 2008.*	10-K	2/15/2008	1-11535	10.5

Exhibit Number and Description		Incorporated by Reference (if applicable)			
		Form	File Date	File No.	Exhibit
10.5	Burlington Northern Santa Fe Incentive Bonus Stock Program, as amended and restated effective September 14, 2005.*	8-K	9/19/2005	1-11535	10.1
10.6	Burlington Northern Santa Fe 1996 Stock Incentive Plan, as amended and restated December 11, 2008.*	10-K	2/13/2009	1-11535	10.7
10.7	The Burlington Northern Santa Fe Supplemental Retirement Plan, as amended and restated effective January 1, 2005 and further amended through October 20, 2008.*	10-K	2/13/2009	1-11535	10.8
10.8	Retirement Benefit Agreement between BNSF and Matthew K. Rose, as amended and restated September 21, 2006.*	10-Q	10/24/2006	1-11535	10.5
10.9	Retirement Benefit Agreement, dated January 16, 2003, between BNSF and John P. Lanigan.*	10-K	2/13/2004	1-11535	10.29
10.9.1	Amended and Restated Letter from Mr. Rose to Burlington Northern Santa Fe Corporation, dated November 17, 2009.*	8-K	11/20/2009	1-11535	10.1
10.11	Special Cash Award Retention Agreement, dated October 9, 2008, between BNSF Railway Company and Peter J. Rickershauser.*	10-Q	10/24/2008	1-11535	10.1
10.12	Form of BNSF Change-in-Control Agreement, as amended and restated December 6, 2007, and effective December 31, 2007, (applicable to Messrs. Rose, Hund, Ice, Lanigan, and Nober and two other executive officers).*	10-K	2/15/2008	1-11535	10.12
10.13	Burlington Northern Santa Fe Corporation Supplemental Investment and Retirement Plan, as amended and restated effective January 1, 2005, as further amended November 4, 2008.*	10-K	2/13/2009	1-11535	10.13
10.14	Burlington Northern Inc. Director's Charitable Award Program as amended and restated December 11, 2008, effective January 1, 2009.*	10-K	2/13/2009	1-11535	10.14
10.15	Burlington Northern Santa Fe Salary Exchange Option Program, as amended and restated October 1, 2004.*	10-K	2/15/2005	1-11535	10.18
10.16	Burlington Northern Santa Fe 1999 Stock Incentive Plan, as amended and restated December 11, 2008.*	10-K	2/13/2009	1-11535	10.16
10.17	Amended and Restated Benefits Protection Trust Agreement by and between Burlington Northern Santa Fe Corporation and Wachovia Bank, dated January 8, 2008.*	10-K	2/15/2008	1-11535	10.23
10.17.1	Amendment to Benefits Protection Trust Agreement effective December 11, 2009.* ‡				
10.18	Burlington Northern Santa Fe Directors' Retirement Plan.*	10-K	4/1/1996	1-11535	10.27
10.18.1	Termination of Burlington Northern Santa Fe Directors' Retirement Plan, dated July 17, 2003.*	10-K	2/16/2007	1-11535	10.31.1
10.19	Form of Indemnification Agreement dated as of September 17, 1998, entered into between BNSF and directors.*	10-K	3/31/1999	1-11535	10.37
10.20	Form of Indemnification Agreement dated as of September 17, 1998, entered into between BNSF and certain officers, including Messrs. Rose, Hund, Ice, Lanigan, Nober and two other executive officers.*	10-K	3/31/1999	1-11535	10.38
10.21	Burlington Northern Santa Fe 2005 Deferred Compensation Plan for Non-Employee Directors, as amended and restated December 11, 2008.*	10-K	2/13/2009	1-11535	10.27
10.22	Burlington Northern Santa Fe Deferred Compensation Plan for Directors, as amended and restated December 9, 2004.*	10-K	2/16/2007	1-11535	10.35

Exhibit Number and Description		Incorporated by Reference (if applicable)			
		Form	File Date	File No.	Exhibit
10.23	Replacement Capital Covenant, dated as of December 15, 2005, by BNSF in favor of and for the benefit of each Covered Debtholder (as defined therein).	10-K	2/17/2006	1-11535	10.41
(12)	Statements re: Computation of Ratios				
12.1	Computation of Ratio of Earnings to Fixed Charges. ‡				
(23)	Consents of experts and counsel				
23.1	Consent of PricewaterhouseCoopers LLP. ‡				
(24)	Power of Attorney				
24.1	Power of Attorney. ‡				
(31)	Rule 13a-14(a)/15d-14(a) Certifications				
31.1	Principal Executive Officer's Certifications Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). ‡				
31.2	Principal Financial Officer's Certifications Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002). ‡				
(32)	Section 1350 Certifications				
32.1	Certification Pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350 (Section 906 of the Sarbanes-Oxley Act of 2002). ‡				
(101)	The following financial information from Burlington Northern Santa Fe Corporation's Annual Report on Form 10-K for the year ended December 31, 2009, formatted in XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Statements of Income for the twelve-month periods ended December 31, 2009, 2008 and 2007, (ii) the Consolidated Balance Sheets as of December 31, 2009 and 2008, (iii) the Consolidated Statements of Cash Flows for the twelve-month periods ended December 31, 2009, 2008 and 2007, (iv) the Consolidated Statement of Changes in Stockholders' Equity for the twelve-month periods ended December 31, 2009, 2008 and 2007, and (v) the Notes to Consolidated Financial Statements, tagged as blocks of text. ‡				

* Management contract or compensatory plan

‡ Filed herewith

Exhibit 12.1

Burlington Northern Santa Fe Corporation and Subsidiaries Computation of Ratio of Earnings to Fixed Charges

In millions, except ratio amounts
(Unaudited)

	Year ended December 31,				
	2009	**2008**	**2007**	**2006**	**2005**
Earnings:					
Income before income taxes	**$ 2,641**	$ 3,368	$ 2,957	$ 2,996	$ 2,453
Add:					
Interest and other fixed charges, excluding capitalized interest	**613**	533	511	485	437
Reasonable approximation of portion of rent under long-term operating leases representative of an interest factor	**268**	278	282	261	221
Distributed income of investees accounted for under the equity method	**5**	5	4	3	4
Amortization of capitalized interest	**4**	5	4	4	8
Less:					
Equity in earnings of investments accounted for under the equity method	**12**	13	19	27	15
Total earnings available for fixed charges	**$ 3,519**	$ 4,176	$ 3,739	$ 3,722	$ 3,108
Fixed charges:					
Interest and fixed charges	**$ 631**	$ 550	$ 528	$ 499	$ 450
Reasonable approximation of portion of rent under long-term operating leases representative of an interest factor	**268**	278	282	261	221
Total fixed charges	**$ 899**	$ 828	$ 810	$ 760	$ 671
Ratio of earnings to fixed charges	**3.91x**	5.04x	4.62x	4.90x	4.63x

Exhibit 31.1

Principal Executive Officer's Certifications

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Matthew K. Rose, certify that:

1. I have reviewed this annual report on Form 10-K of Burlington Northern Santa Fe Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Matthew K. Rose

Date: February 11, 2010

Matthew K. Rose
Chairman, President and
Chief Executive Officer

Exhibit 31.2

Principal Financial Officer's Certifications

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Thomas N. Hund, certify that:

1. I have reviewed this annual report on Form 10-K of Burlington Northern Santa Fe Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Thomas N. Hund

Date: February 11, 2010

Thomas N. Hund
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

Certification Pursuant to 18 U.S.C. § 1350

(Section 906 of Sarbanes-Oxley Act of 2002)

Burlington Northern Santa Fe Corporation

In connection with the Annual Report of Burlington Northern Santa Fe Corporation (the “Company”) on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Matthew K. Rose, Chairman, President and Chief Executive Officer of the Company, and Thomas N. Hund, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies that, to his knowledge on the date hereof:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 11, 2010

/s/ Matthew K. Rose	/s/ Thomas N. Hund
Matthew K. Rose	Thomas N. Hund
Chairman, President and	Executive Vice President and
Chief Executive Officer	Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Burlington Northern Santa Fe Corporation and will be retained by Burlington Northern Santa Fe Corporation and furnished to the Securities and Exchange Commission or its staff upon request.