

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2005

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 1-6324

BNSF Railway Company

(Formerly known as The Burlington Northern and Santa Fe Railway Company)

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

41-6034000
(I.R.S. Employer
Identification No.)

2650 Lou Menk Drive
Fort Worth, Texas
(Address of principal executive offices)

76131
(Zip Code)

(800) 795-2673

(Registrant's telephone number, including area code)

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 requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding at October 17, 2005
Common stock, \$1.00 par value	1,000 shares

Registrant meets the conditions set forth in General Instruction H (1) (a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format permitted by General Instruction H (2).

Table of Contents

PAGE

PART I

Item 1. Financial Statements3
Item 2. Management’s Narrative Analysis of Results of Operations24
Item 4. Controls and Procedures28

PART II

Item 1. Legal Proceedings29
Item 6. Exhibits29
Signatures S-1
Exhibits E-1

**PART I
FINANCIAL INFORMATION**

Item 1. Financial Statements

**BNSF RAILWAY COMPANY and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in millions)
(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Revenues	\$ 3,280	\$ 2,769	\$ 9,339	\$ 7,909
Operating expenses:				
Compensation and benefits	897	850	2,592	2,452
Fuel	499	332	1,352	938
Purchased services	402	339	1,197	1,003
Depreciation and amortization	271	254	802	754
Equipment rents	223	210	654	594
Materials and other	211	669	615	1,127
Total operating expenses	<u>2,503</u>	<u>2,654</u>	<u>7,212</u>	<u>6,868</u>
Operating income	777	115	2,127	1,041
Interest expense	28	33	96	99
Interest income, related parties	(22)	(8)	(54)	(20)
Other expense (income), net	<u>14</u>	<u>(6)</u>	<u>28</u>	<u>(5)</u>
Income before income taxes	757	96	2,057	967
Income tax expense	<u>281</u>	<u>36</u>	<u>775</u>	<u>367</u>
Net income	<u>\$ 476</u>	<u>\$ 60</u>	<u>\$ 1,282</u>	<u>\$ 600</u>

See accompanying Notes to Consolidated Financial Statements.

BNSF RAILWAY COMPANY and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)
(Unaudited)

	September 30, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 225	\$ 321
Accounts receivable, net	266	165
Materials and supplies	395	339
Current portion of deferred income taxes	141	293
Current portion of fuel-hedging asset	493	264
Other current assets	395	290
Total current assets	1,915	1,672
Property and equipment, net	26,250	25,762
Other assets	1,942	1,637
Intercompany notes receivable, net	2,420	1,859
Total assets	\$ 32,527	\$ 30,930
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable and other current liabilities	\$ 2,549	\$ 2,346
Long-term debt due within one year	172	160
Total current liabilities	2,721	2,506
Long-term debt	1,570	1,669
Deferred income taxes	7,984	7,813
Casualty and environmental liabilities	909	941
Minimum pension liability	353	353
Employee separation costs	108	124
Other liabilities	1,644	1,698
Total liabilities	15,289	15,104
Commitments and contingencies (see Notes 2, 4 and 5)		
Stockholder's equity:		
Common stock (\$1 par value, 1,000 shares authorized, issued and outstanding) and paid-in capital	6,286	6,286
Retained earnings	10,815	9,533
Accumulated other comprehensive income	137	7
Total stockholder's equity	17,238	15,826
Total liabilities and stockholder's equity	\$ 32,527	\$ 30,930

See accompanying Notes to Consolidated Financial Statements.

BNSF RAILWAY COMPANY and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)
(Unaudited)

Nine Months Ended September 30,	2005	2004
OPERATING ACTIVITIES		
Net income	\$ 1,282	\$ 600
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	802	754
Deferred income taxes	243	203
Employee separation costs paid	(27)	(29)
Long-term casualty and environmental liabilities, net	(40)	484
Other, net	(196)	(130)
Changes in current assets and liabilities:		
Accounts receivable, net	(101)	(115)
Materials and supplies	(56)	(54)
Other current assets	(68)	(113)
Accounts payable and other current liabilities	191	127
Net cash provided by operating activities	<u>2,030</u>	<u>1,727</u>
INVESTING ACTIVITIES		
Capital expenditures	(1,245)	(1,163)
Other, net	(181)	(231)
Net cash used for investing activities	<u>(1,426)</u>	<u>(1,394)</u>
FINANCING ACTIVITIES		
Payments on long-term debt	(139)	(126)
Net increase in intercompany notes receivable	(561)	(168)
Other, net	-	1
Net cash used for financing activities	<u>(700)</u>	<u>(293)</u>
(Decrease) increase in cash and cash equivalents	(96)	40
Cash and cash equivalents:		
Beginning of period	321	18
End of period	<u>\$ 225</u>	<u>\$ 58</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid, net of amounts capitalized	\$ 90	\$ 101
Income taxes paid, net of refunds	\$ 509	\$ 204
Non-cash asset financing	\$ 49	\$ 74

See accompanying Notes to Consolidated Financial Statements.

BNSF RAILWAY COMPANY and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
(Dollars in millions)
(Unaudited)

	Common Stock and Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
Balance at December 31, 2004	\$ 6,286	\$ 9,533	\$ 7	\$ 15,826
Comprehensive income:				
Net income	-	1,282	-	1,282
Gain on derivative instruments, net of tax expense of \$80	-	-	130	130
Total comprehensive income				1,412
Balance at September 30, 2005	\$ 6,286	\$ 10,815	\$ 137	\$ 17,238

See accompanying Notes to Consolidated Financial Statements.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Accounting Policies and Interim Results

The Consolidated Financial Statements should be read in conjunction with BNSF Railway Company's Annual Report on Form 10-K for the year ended December 31, 2004, including the financial statements and notes thereto. The Consolidated Financial Statements include the accounts of BNSF Railway Company and its majority-owned subsidiaries, all of which are separate legal entities (collectively, BNSF Railway or Company). BNSF Railway is a wholly-owned subsidiary of Burlington Northern Santa Fe Corporation (BNSF), and is the principal operating subsidiary of BNSF. All significant intercompany accounts and transactions have been eliminated.

The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the entire year. In the opinion of management, the unaudited financial statements reflect all adjustments (consisting of only normal recurring adjustments except as disclosed) necessary for a fair statement of BNSF Railway's consolidated financial position as of September 30, 2005, and the results of operations for the three and nine month periods ended September 30, 2005 and 2004.

Certain comparative prior year amounts in the Consolidated Financial Statements have been reclassified to conform to the current year presentation.

2. 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 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 sheets, commitments or forecasted transactions. The Company assesses at the time a derivative contract is entered into, and at least quarterly, 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 Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended, 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 income (AOCI) as a separate component of stockholder's equity and reclassified into earnings in the period during which the hedge transaction affects earnings.

BNSF Railway monitors its hedging positions and credit ratings of its counterparties and does not anticipate losses due to counterparty nonperformance.

Fuel

Fuel costs represented 19 percent and 14 percent of total operating expenses during the nine month periods ended September 30, 2005 and 2004, respectively. Due to the significance of diesel fuel expenses to the operations of BNSF Railway 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 fuel consumption during the first nine months of 2005 and excluding the impact of the hedges, each one-cent increase in the price of fuel would result in approximately \$14 million of additional fuel expense on an annual basis.

Total Fuel-Hedging Activities

As of September 30, 2005, BNSF Railway's total fuel hedging activities covered 45 percent, 27 percent, and 3 percent of estimated fuel purchases for the remainder of 2005, 2006 and 2007, respectively. Hedge positions are closely monitored to ensure that they will not exceed actual fuel requirements in any period.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

The amounts recorded in the Consolidated Statements of Income for fuel-hedge transactions were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Hedge benefit	\$ 161	\$ 92	\$ 392	\$ 206
Ineffective portion of unexpired hedges	-	3	(2)	6
Tax effect	(61)	(37)	(149)	(81)
Hedge benefit, net of tax	\$ 100	\$ 58	\$ 241	\$ 131

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

	September 30, 2005	December 31, 2004
Short-term fuel-hedging asset	\$ 493	\$ 264
Long-term fuel-hedging asset	84	105
Ineffective portion of unexpired hedges	(2)	(4)
Tax effect	(220)	(140)
Amount included in AOCI, net of tax	\$ 355	\$ 225
Settled fuel-hedging contracts receivable	\$ 161	\$ 131

BNSF Railway measures the fair value of hedges from data provided by various external counterparties. To value a swap, the Company uses the forward commodity price for the period hedged. The fair values of costless collars are calculated and provided by the corresponding counterparties.

NYMEX #2 Heating Oil Hedges

As of September 30, 2005, BNSF Railway had entered into fuel swap and costless collar agreements utilizing New York Mercantile Exchange (NYMEX) #2 heating oil (HO). The hedge prices do not include taxes, transportation costs, certain other fuel handling costs and any differences which may occur between the prices of HO and the purchase price of BNSF Railway's diesel fuel. Over the twelve months ended September 30, 2005, the sum of all such costs averaged approximately 12 cents per gallon.

During the first nine months of 2005, the Company converted approximately 64 million gallons of West Texas Intermediate (WTI) collars into HO swaps at an average price of \$0.88 per gallon. The following tables provide fuel-hedge data based on the quarter being hedged for all HO fuel hedges outstanding as of September 30, 2005:

2005	Quarter Ending December 31,
HO Swaps	
Gallons hedged (in millions)	53.55
Average swap price (per gallon)	\$ 0.92
Fair value (in millions)	\$ 65
HO Collars	
Gallons hedged (in millions)	22.05
Average cap price (per gallon)	\$ 0.98
Average floor price (per gallon)	\$ 0.90
Fair value (in millions)	\$ 26

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

2006	Quarter Ending				Annual
	March 31,	June 30,	September 30,	December 31,	
HO Collars					
Gallons hedged (in millions)	15.75	22.05	28.35	31.50	97.65
Average cap price (per gallon)	\$ 0.97	\$ 0.92	\$ 0.91	\$ 0.94	\$ 0.93
Average floor price (per gallon)	\$ 0.90	\$ 0.84	\$ 0.84	\$ 0.87	\$ 0.86
Fair value (in millions)	\$ 18	\$ 22	\$ 28	\$ 32	\$ 100

2007	Quarter Ending				Annual
	March 31,	June 30,	September 30,	December 31,	
HO Collars					
Gallons hedged (in millions)	31.50	–	–	–	31.50
Average cap price (per gallon)	\$ 0.93	\$ –	\$ –	\$ –	\$ 0.93
Average floor price (per gallon)	\$ 0.86	\$ –	\$ –	\$ –	\$ 0.86
Fair value (in millions)	\$ 31	\$ –	\$ –	\$ –	\$ 31

WTI Crude Oil Hedges

In addition, BNSF Railway enters into fuel swap and costless collar agreements utilizing WTI crude oil (WTI). 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 Railway's diesel fuel, including refining costs. Over the twelve months ended September 30, 2005, the sum of all such costs averaged approximately 38 cents per gallon.

No additional WTI hedges were entered into during the first nine months of 2005. However, during the first nine months of 2005, the Company converted approximately 64 million gallons of WTI collars into HO swaps as stated in the NYMEX #2 Heating Oil Hedges section. The following tables provide fuel-hedge data based on the quarter being hedged for all WTI fuel hedges outstanding as of September 30, 2005:

2005	Quarter
	Ending
	December 31,
WTI Swaps	
Barrels hedged (in thousands)	1,350
Equivalent gallons hedged (in millions)	56.70
Average swap price (per barrel)	\$ 24.54
Fair value (in millions)	\$ 56
WTI Collars	
Barrels hedged (in thousands)	750
Equivalent gallons hedged (in millions)	31.50
Average cap price (per barrel)	\$ 28.49
Average floor price (per barrel)	\$ 24.05
Fair value (in millions)	\$ 28

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

2006	Quarter Ending				Annual
	March 31,	June 30,	September 30,	December 31,	
WTI Swaps					
Barrels hedged (in thousands)	1,350	675	375	–	2,400
Equivalent gallons hedged (in millions)	56.70	28.35	15.75	–	100.80
Average swap price (per barrel)	\$ 24.43	\$ 25.16	\$ 25.69	\$ –	\$ 24.83
Fair value (in millions)	\$ 56	\$ 27	\$ 15	\$ –	\$ 98
WTI Collars					
Barrels hedged (in thousands)	1,500	1,500	825	525	4,350
Equivalent gallons hedged (in millions)	63.00	63.00	34.65	22.05	182.70
Average cap price (per barrel)	\$ 30.05	\$ 30.20	\$ 30.81	\$ 31.93	\$ 30.47
Average floor price (per barrel)	\$ 25.66	\$ 25.79	\$ 26.32	\$ 27.42	\$ 26.04
Fair value (in millions)	\$ 54	\$ 53	\$ 29	\$ 17	\$ 153

2007	Quarter Ending				Annual
	March 31,	June 30,	September 30,	December 31,	
WTI Collars					
Barrels hedged (in thousands)	150	–	–	–	150
Equivalent gallons hedged (in millions)	6.30	–	–	–	6.30
Average cap price (per barrel)	\$ 33.00	\$ –	\$ –	\$ –	\$ 33.00
Average floor price (per barrel)	\$ 29.00	\$ –	\$ –	\$ –	\$ 29.00
Fair value (in millions)	\$ 4	\$ –	\$ –	\$ –	\$ 4

NYMEX #2 Heating Oil Refining Spread Hedges

During the nine months ended September 30, 2005, the Company entered into fuel swap agreements utilizing the HO refining spread (HO-WTI) to hedge the equivalent of approximately 57 million gallons of fuel with an average swap price of \$11.79 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 September 30, 2005:

2005	Quarter Ending December 31,
HO-WTI Swaps	
Barrels hedged (in thousands)	1,350
Equivalent gallons hedged (in millions)	56.70
Average swap price (per barrel)	\$ 11.79
Fair value (in millions)	\$ 16

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, establishing rates in anticipation of future debt issuances and 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 RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

3. Accounts Receivable, Net

BNSF Railway transfers most of its accounts receivable to Santa Fe Receivables Corporation (SFRC), a special purpose subsidiary. 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.

The Company's total capacity to sell undivided interests to investors under the A/R sales program was \$700 million at September 30, 2005, which was comprised of a \$350 million, 364-day accounts receivable facility and a \$350 million, five-year accounts receivable facility. The Company amended these facilities on October 14, 2005, modifying their maturities to October 2006. Outstanding undivided interests held by investors under the A/R sales program were \$650 million at September 30, 2005 and December 31, 2004. These receivables are derecognized by BNSF Railway in connection with the sale of undivided interests under the A/R sales program. The undivided interests were supported by \$994 million and \$864 million of receivables transferred by SFRC to the master trust at September 30, 2005 and December 31, 2004, respectively. When SFRC transfers these receivables to the master trust, it retains an undivided interest in the receivables sold. This retained interest is included in accounts receivable in the Company's financial statements. SFRC's retained interest in these receivables of \$344 million and \$214 million at September 30, 2005 and December 31, 2004, respectively, less an allowance for uncollectible accounts, reflected the total accounts receivable transferred by SFRC to the master trust less \$650 million at September 30, 2005 and December 31, 2004, of outstanding undivided interests held by investors. 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.

The Company retains the collection responsibility with respect to the accounts receivable. Proceeds from collections reinvested in the A/R sales program were approximately \$10 billion and \$8 billion for the nine months ended September 30, 2005 and 2004, respectively. No servicing asset or liability has been recorded because the fees the Company 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 \$11 million and \$8 million for the nine months ended September 30, 2005 and 2004, respectively. These costs fluctuate monthly with changes in prevailing interest rates and were based on weighted average interest rates of 3.1 percent and 1.3 percent in the nine months ended September 30, 2005 and 2004, respectively. These costs 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 accounts receivable transferred by BNSF Railway to SFRC fluctuates based upon the availability of receivables and is directly affected by changing business volumes and credit risks, including dilution and delinquencies. BNSF Railway has historically experienced very low levels of default or dilution. If dilution or delinquency percentages were to increase by one percentage point, there would be no impact to the amount of receivables BNSF Railway could sell.

Receivables funded under the A/R sales program may not include amounts over 90 days past due or concentrations over certain limits with any one customer and certain other receivables. At September 30, 2005 and December 31, 2004, \$46 million and \$47 million, respectively, of accounts receivable were greater than 90 days old. The Company maintains an allowance for bill adjustments and uncollectible accounts based upon the expected collectibility of accounts receivable, including receivables transferred to the master trust. Credit losses are based on specific identification of uncollectible accounts and application of historical collection percentages by aging category. At September 30, 2005 and December 31, 2004, \$47 million and \$59 million, respectively, of such allowances had been recorded of which \$40 million and \$52 million, respectively, had been recorded as a reduction to accounts receivable, net. Additionally, at September 30, 2005 and December 31, 2004, approximately \$7 million had been recorded as an allowance for bill adjustments and uncollectible accounts in accounts payable and other current liabilities because they relate to the \$650 million of outstanding undivided interests held by investors. During the nine months ended September 30, 2005 and 2004, \$6 million of accounts receivable were written off.

The investors in the master trust have no recourse against 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 unless and until all claims of their respective creditors have been paid. The A/R sales program includes provisions that, if triggered, allow the investors participating in this program, at their option, to cancel the program. At September 30, 2005, BNSF Railway is in compliance with these provisions.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

4. Debt

Guarantees

Debt and other obligations of non-consolidated entities guaranteed by the Company as of September 30, 2005, are as follows (dollars in millions):

	Guarantees					
	BNSF Railway Ownership Percentage	Principal Amount Guaranteed	Maximum Future Payments	Maximum Recourse Amount^a	Remaining Term (in years) Termination of Ownership	Capitalized Obligations
Kinder Morgan Energy Partners, L.P.	0.5%	\$ 190	\$ 190	\$ –		\$ –
Kansas City Terminal Intermodal Transportation Corporation	0.0%	\$ 62	\$ 96	\$ 96	13	\$ 35 ^b
Westside Intermodal Transportation Corporation	0.0%	\$ 43	\$ 70	\$ –	18	\$ 35 ^b
The Unified Government of Wyandotte County/Kansas City, Kansas	0.0%	\$ 14	\$ 22	\$ –	18	\$ 11 ^b
Various lessors (Residual value guarantees)	0.0%	N/A	\$ 298	\$ 298	Various	\$ 68 ^c
All other	0.0%	\$ 9	\$ 10	\$ 4	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 FIN 45 asset and corresponding liability for the fair value of the residual value guarantees on the Company's Consolidated Balance Sheet.

Kinder Morgan Energy Partners, L.P.

Santa Fe Pacific Pipelines, Inc. (SFPP), an indirect, wholly owned subsidiary of BNSF Railway, has a guarantee in connection with its remaining special limited partnership interest in SFPP, L.P., 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 Railway or the exercise of the call rights by the general partners of SFPP, L.P.

Kansas City Terminal Intermodal Transportation Corporation

BNSF Railway and another major railroad jointly and severally guarantee \$62 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 will 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 guaranteed \$57 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 will only be called for upon default by the original debtor.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

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 in the actual residual value of the leased equipment over the RVG. These guarantees will expire between 2005 and 2011.

The maximum future payments, as disclosed in the Guarantees table above, represent the undiscounted maximum amount that BNSF Railway 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. BNSF Railway does not anticipate such a large reduction in the fair market value of the leased equipment. As of September 30, 2005, the Company has recorded a \$68 million asset and corresponding liability for the fair value of the RVG.

All other

BNSF Railway guarantees \$9 million of other debt. BNSF Railway holds a performance bond and has the option to sub-lease property to recover up to \$4 million of the \$9 million of guarantees. These guarantees expire between 2005 and 2014.

Other than as discussed above, there is no collateral held by a third party which 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 Railway 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 financial statements. Accordingly, no fair value liability related to indemnities has been recorded in the financial statements.

5. Commitments and Contingencies

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

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

expenses in future years. BNSF Railway 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 Railway 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.

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 Railway 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 it was substantially eliminated by 1985.

Prior to 2000, claim filings against the Company for asbestos were not numerous and were sporadic. Accordingly, while the Company had concluded that a probable loss had occurred, it did not believe it could estimate the range of reasonably possible loss because of the lack of experience with such claims and the lack of detailed employment records for the population of exposed employees. The Company believed, however, that the low end of the range of reasonably possible loss, as that term is used in Financial Accounting Standards Board (FASB) Interpretation No. 14 (FIN 14), *Reasonable Estimation of the Amount of a Loss*, was immaterial. Subsequent to this period, claim filings increased and, when they continued into 2004, the Company concluded that the low end of the range of reasonably possible loss would be material and that an estimate for unasserted asbestos exposure liability needed to be recorded. BNSF Railway then engaged a third party, with extensive experience in performing asbestos studies, to assist in assessing the unasserted liability exposure. The objective of the assessment was to determine the number of estimated unasserted asbestos claims and the estimated average cost per claim. The Company, with the assistance of the third party, first determined its exposed population from which it was able to derive the estimated number of unasserted claims. The estimated average cost per claim was then determined utilizing recent actual average cost per claim data.

Based on the assessment, the Company recorded an undiscounted \$293 million pre-tax charge for unasserted asbestos claims in the third quarter of 2004. The \$293 million pre-tax charge was recorded in materials and other expense and reduced net income by \$182 million for the three and nine months ended September 30, 2004, respectively.

During the third quarter of 2005, the Company obtained an update of this study which concluded that the original September 2004 study continues to represent a reasonable estimate of BNSF Railway's future asbestos exposure. Therefore, management recorded no additional expense as a result of this update. The Company plans to update the study in the third quarter of 2006. On a quarterly basis, BNSF Railway monitors actual experience against the number of forecasted claims and expected claim payments. Adjustments to the Company's estimates will be recorded when necessary.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Beginning balance	\$ 336	\$ 63	\$ 345	\$ 60
Accruals	-	293	-	308
Payments	(4)	(5)	(13)	(17)
Ending balance at September 30,	\$ 332	\$ 351	\$ 332	\$ 351

Of the September 30, 2005 obligation, \$270 million is related to unasserted claims while \$62 million is related to asserted claims. At September 30, 2005, \$20 million is included in current liabilities. The recorded liability is not discounted.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

In addition, defense and processing costs, which are recorded on an as-reported basis, are not included in the recorded liability. The Company is presently self-insured for asbestos-related claims.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Claims unresolved at beginning of period	2,120	1,976	1,926	1,985
Claims filed	234	155	719	587
Claims settled, dismissed or otherwise resolved	(150)	(132)	(441)	(573)
Ending balance at September 30,	<u>2,204</u>	<u>1,999</u>	<u>2,204</u>	<u>1,999</u>

Based on BNSF Railway'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 Railway specific data that was the basis for the study. BNSF Railway projects that approximately 50, 70, and 90 percent of the future unasserted asbestos claims will be incurred 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 \$225 million to \$425 million. However, BNSF Railway believes that the \$332 million recorded is the best estimate of the Company's future obligation for the settlement of asbestos claims.

The amounts recorded by BNSF Railway 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 Railway that none of these items, when finally resolved, will have a material adverse effect on the Company's financial position or liquidity. However, should a number of these items occur in the same period, it could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

Other Personal Injury

BNSF Railway uses a third party actuary to assist the Company in estimating its other personal injury liability claims and expense. These estimates are based on the covered population, activity levels and trends in frequency, and the costs of covered injuries. These actuarial estimates include unasserted claims except for certain repetitive stress and other occupational trauma claims that result from prolonged repeated events or exposure. Such claims are estimated on an as-reported basis because, while the Company has concluded that a probable loss has occurred, it cannot estimate the range of reasonably possible loss due to other contributing causes of such injuries and the fact that continued exposure is required for the potential injury to manifest itself as a claim. The Company believes that the low end of the range of reasonably possible loss, as that term is used in FIN 14, is immaterial.

BNSF Railway obtains quarterly actuarial updates for other personal injury liabilities and monitors 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):

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Beginning balance	\$ 449	\$ 439	\$ 459	\$ 453
Accruals	46	57	136	150
Payments	(59)	(41)	(159)	(148)
Ending balance at September 30,	\$ 436	\$ 455	\$ 436	\$ 455

At September 30, 2005, \$165 million is included in current liabilities. BNSF Railway's liabilities for other personal injury claims are undiscounted. In addition, defense and processing costs, which are recorded on an as-reported basis, are 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 Railway:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Claims unresolved at beginning of period	3,715	4,351	4,116	4,393
Claims filed	922	945	2,859	2,722
Claims settled, dismissed or otherwise resolved	(986)	(1,083)	(3,324)	(2,902)
Ending balance at September 30,	3,651	4,213	3,651	4,213

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 \$400 million to \$550 million. However, BNSF Railway believes that the \$436 million recorded is the best estimate of the Company's future obligation for the settlement of other personal injury claims.

The amounts recorded by BNSF Railway 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 Railway that none of these items, when finally resolved, will have a material adverse effect on the Company's financial position or liquidity. However, should a number of these items occur in the same period, it could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

BNSF Insurance Company

Burlington Northern Santa Fe Insurance Company, Ltd. (BNSF IC), a wholly owned subsidiary of BNSF, provides insurance coverage for FELA claims; certain risks incurred after April 1, 1998; railroad protective and force account insurance claims incurred after January 1, 2002; and certain other claims which are subject to reinsurance. During the nine months ended September 30, 2005 and 2004, BNSF Railway paid \$140 million in premiums to BNSF IC for such coverage and recognized \$105 million in expense related to those premiums. At September 30, 2005, unamortized premiums of \$35 million remain on the Consolidated Balance Sheets. During the first nine months of 2005 and 2004, BNSF IC made claim payments to BNSF Railway totaling \$94 million and \$59 million, respectively, for settlement of covered claims.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

Environmental

The Company's operations, as well as those of its competitors, are subject to extensive federal, state and local environmental regulation. BNSF Railway'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 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 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 Railway 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 Railway may be considered a PRP under certain other laws. Accordingly, under CERCLA and other federal and state statutes, BNSF Railway may be held jointly and severally liable for all environmental costs associated with a particular site. If there are other PRPs, BNSF Railway 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 Railway'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.

During the first half of 2004, the Company experienced a significant increase in expense relating to environmental remediation developments at known sites for which the majority of the contamination occurred decades ago. Because of these and other developments, the Company performed an assessment in 2004 to determine if it was feasible to better estimate developments at its known sites. The Company determined that a third party actuary had proprietary data that included information from the EPA and other governmental agencies as well as information accumulated from public sources and work performed for other clients. Because of its determination that a better estimate of future development could be made with this data, BNSF Railway engaged this third party actuary, which has an extensive background in performing various studies for large companies, including environmental matters, to assist BNSF Railway in determining the Company's potential future environmental exposure at known sites. As a result of this study, the Company revised its estimate of its probable environmental losses and its accrued liabilities.

Consequently, during the third quarter of 2004, BNSF Railway recorded an undiscounted \$172 million pre-tax charge related to its change in estimated environmental liabilities on a site by site basis. The \$172 million pre-tax charge was recorded in materials and other expense and reduced net income by \$106 million for the three and nine months ended September 30, 2004. The charge did not include (i) contaminated sites of which the Company is not aware, or (ii) additional amounts for third party claims, which arise out of contaminants allegedly migrating from BNSF Railway property, due to a limited number of sites. BNSF Railway continues to estimate third party claims on a site by site basis when the liability for such claims is probable and reasonably estimable. BNSF Railway's recorded liability for third party claims as of September 30, 2005 is approximately \$26 million.

The Company's estimate of ultimate cost for clean up efforts at its known environmental sites utilizes BNSF Railway's historical payment patterns, its current estimated percentage to closure ratios, and the actuary's proprietary benchmark patterns developed from data accumulated from public sources and work performed by it for other clients, including the EPA and other governmental agencies. These factors incorporate experience gained from clean up efforts at other similar sites into the estimates for which remediation and restoration efforts are still in progress. BNSF Railway also conducts an ongoing environmental contingency analysis, which considers 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.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

During the third quarter of 2005, the Company obtained an update of this study. Based on the results of the study, management recorded additional expense of approximately \$12 million. The Company plans to update the study in the third quarter of 2006. On a quarterly basis, BNSF Railway monitors actual experience against the forecasted remediation and related payments made on existing sites. Adjustments to the Company's estimates will continue to be recorded when necessary based on developments in subsequent periods. Additionally, environmental accruals include amounts for newly identified sites or contaminants, third-party claims, and legal fees incurred for defense of third-party claims and recovery efforts.

BNSF Railway is involved in a number of administrative and judicial proceedings and other mandatory cleanup efforts for 377 sites, including 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):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Beginning balance	\$ 371	\$ 242	\$ 385	\$ 199
Accruals	24	186	32	250
Payments	(14)	(38)	(36)	(59)
Ending balance at September 30,	\$ 381	\$ 390	\$ 381	\$ 390

At September 30, 2005, \$55 million is included in current liabilities. BNSF Railway's environmental liabilities are not discounted. BNSF Railway anticipates that the majority of the accrued costs at September 30, 2005 will be paid over the next ten years, and no individual site is considered to be material.

The following table summarizes the environmental sites:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
BNSF Railway Sites				
Number of sites at beginning of period	379	380	384	402
Sites added during the period	13	4	19	26
Sites closed during the period	(15)	-	(26)	(44)
Number of sites at September 30,	377	384	377	384
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Superfund Sites				
Number of sites at beginning of period	23	21	24	22
Sites added during the period	-	2	-	4
Sites closed during the period	(3)	-	(4)	(3)
Number of sites at September 30,	20	23	20	23

Liabilities recorded for environmental costs represent BNSF Railway's best estimate of its probable future obligation for the remediation and settlement of these sites and include both asserted and unasserted claims. Unasserted claims are not a material component of the liability. Although recorded liabilities include BNSF Railway's best estimate of all probable costs, without reduction for anticipated recoveries from third parties, BNSF Railway'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

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

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 \$300 million to \$600 million. However, BNSF Railway believes that the \$381 million recorded is the best estimate of the Company's future obligation for environmental costs.

While the final outcome of these environmental matters cannot be predicted with certainty, it is the opinion of BNSF Railway 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.

Other Claims and Litigation

In addition to asbestos, other personal injury, and environmental matters discussed above, BNSF Railway and its subsidiaries are also parties to a number of other legal actions and claims, various 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). Some of the legal proceedings include claims for punitive as well as compensatory damages, and a few proceedings purport to be class actions.

While 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 Railway 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.

6. Employee Separation Costs

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

Nine Months Ended September 30,	2005	2004
Beginning balance at January 1,	\$ 154	\$ 179
Accruals	9	7
Payments	(27)	(29)
Ending balance at September 30,	\$ 136	\$ 157

Employee separation liabilities of \$136 million are included in the Consolidated Balance Sheet at September 30, 2005, and principally represent the following: (i) deferred benefits payable upon separation or retirement to certain active conductors, trainmen and locomotive engineers; (ii) employee-related severance costs for the consolidation of clerical functions, material handlers in mechanical shops and trainmen on reserve boards; and (iii) certain non-union employee severance costs. Employee separation expenses are recorded in materials and other in the Consolidated Statements of Income. At September 30, 2005, \$28 million of the remaining liabilities are included in current liabilities for anticipated costs to be paid over the next twelve months.

Conductors, Trainmen and Locomotive Engineers

Liabilities related to deferred benefits payable upon separation or retirement to certain active conductors, trainmen and locomotive engineers are \$117 million at September 30, 2005. These costs were primarily incurred in connection with labor agreements reached prior to the consummation of the business combination of BNSF's predecessor companies Burlington Northern, Inc. and Santa Fe Pacific Corporation (the Merger) which, among other things, reduced train crew sizes and allowed for more flexible work rules. The remaining costs will be paid through approximately 2024. In 2005 and 2004, the Company updated its estimates and recorded an additional liability of \$2 million each year related to deferred benefits.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

Consolidation of Clerical Functions

Liabilities related to the consolidation of clerical functions are \$13 million at September 30, 2005, and primarily provide for separation programs announced in 2003, 2004 and 2005 and severance costs associated with the clerical consolidation plan adopted in 1995 upon the Merger. The July 2004 separation program affected approximately 40 employees and resulted in accrued severance costs of approximately \$4 million. Reductions related to the July 2004 separation program were substantially completed by December 31, 2004. The July 2003 separation program resulted in accrued severance costs of approximately \$12 million, affected approximately 150 employees and was substantially completed in 2003. The 1995 consolidation plan resulted in the elimination of approximately 1,500 permanent positions and was substantially completed during 1999. The liability also includes costs related to the reduction of approximately 40 and 140 material handlers in 2001 and 2000, respectively. In the first nine months of 2005, BNSF Railway recorded other liabilities of approximately \$6 million primarily related to a voluntary severance program for certain union employees.

Other Employee Separation Costs

Other employee separation cost liabilities are \$6 million at September 30, 2005, and principally relate to certain remaining non-union employee severances resulting from the fourth quarter 2001 workforce reduction and the Merger. These costs will be paid over the next several years based on deferral elections made by the affected employees. Also included in the other employee separation costs accrual is an estimate for the remaining payments to be made to other union employees as a result of a \$1 million relocation program initiated in the first quarter of 2005. This program is expected to be substantially complete by the end of 2005.

7. Retirement Plans and Other Post-Employment Benefit Plans

Components of the net periodic cost for the three and nine months ended September 30 were as follows (in millions):

Net Periodic Cost	Pension Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Service cost	\$ 5	\$ 4	\$ 15	\$ 14
Interest cost	24	24	71	72
Expected return on plan assets	(25)	(28)	(76)	(84)
Amortization of net loss	6	3	19	9
Net cost recognized	\$ 10	\$ 3	\$ 29	\$ 11

Net Periodic Cost	Health and Welfare Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
Service cost	\$ -	\$ 1	\$ 1	\$ 3
Interest cost	2	5	9	15
Amortization of net loss	1	1	3	4
Amortization of prior service costs	(1)	(1)	(4)	(3)
Net cost recognized	\$ 2	\$ 6	\$ 9	\$ 19

8. Related Party Transactions

BNSF Railway is involved with BNSF and certain of its subsidiaries in related party transactions in the ordinary course of business, which include payments made on each other's behalf and performance of services. Under the terms of a tax allocation agreement with BNSF, BNSF Railway made federal and state income tax payments, net of refunds, of \$509 million and \$204 million during the first nine months of 2005 and 2004, respectively, which are reflected in changes in working capital in the Consolidated Statement of Cash Flows.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

BNSF Railway had a net intercompany payable balance of \$20 million and \$40 million at September 30, 2005 and December 31, 2004, respectively. These balances are reflected in accounts payable in the respective Consolidated Balance Sheet. Net intercompany payable balances are settled in the ordinary course of business.

At September 30, 2005 and December 31, 2004, BNSF Railway had \$194 million and \$152 million, respectively, of intercompany notes payable to BNSF at a variable interest rate of 1.0 percent above the monthly average of the daily effective Federal Funds rate. During the first nine months of 2005, BNSF Railway had additional borrowings of \$43 million of variable rate notes and had \$1 million of repayments. Proceeds from borrowings are primarily used to fund capital expenditures and other investing activities. Interest is paid semi-annually on all intercompany notes payable. Interest expense on intercompany notes payable is reflected in interest income, related parties in the Consolidated Income Statements. The intercompany notes are due on demand.

At September 30, 2005 and December 31, 2004, BNSF Railway had \$2,614 million and \$2,011 million, respectively, of intercompany notes receivable from BNSF with a variable interest rate of 1.0 percent above the monthly average of the daily effective Federal Funds rate. The \$603 million increase in intercompany notes receivable is due to \$787 million of repayments from BNSF offset by additional borrowings of \$1,390 million during the first nine months of 2005. Interest is collected semi-annually on all intercompany notes receivable. The intercompany notes receivable are presented net of the intercompany notes payable discussed above in the Consolidated Balance Sheets. Interest income from intercompany notes receivable is presented in interest income, related parties in the Consolidated Income Statements.

BNSF Logistics is a wholly owned subsidiary of BNSF that specializes in providing third-party logistics services. BNSF Railway earned revenues of \$15 million and \$2 million for the nine months ended September 30, 2005 and 2004, respectively, for transportation services provided to BNSF Logistics by BNSF Railway. Additionally, for the nine months ended September 30, 2005 and 2004, BNSF Railway purchased \$19 million and \$15 million, respectively, of trucking services from BNSF Logistics to transport the Company's materials and supplies.

Under various stock incentive plans, BNSF has granted options to employees to purchase its common stock at a price not less than the fair market value at the date of grant. Certain employees of BNSF Railway participate in these plans. In addition, under these plans BNSF has provided other long-term incentives to certain BNSF Railway employees, including, among other things, restricted stock and a discounted stock purchase program. Compensation expense, net of tax, recorded for stock incentive plans in accordance with Accounting Principles Board Opinion 25 was \$17 million and \$11 million for the nine months ended September 30, 2005 and 2004, respectively.

9. Accounting Pronouncements

Stock-Based Compensation

The FASB issued SFAS No. 123R, *Share-Based Payment*, which originally required implementation for interim or annual reporting periods beginning after June 15, 2005. However, in April 2005, the Securities and Exchange Commission adopted a new rule to amend the compliance date to the beginning of the Company's next fiscal year (January 1, 2006, for the Company). SFAS No. 123R requires the Company to recognize the cost of employee services received in exchange for the Company's equity instruments. Currently, in accordance with APB Opinion 25, the Company records the intrinsic value of stock based compensation as expense. Accordingly, no compensation expense is currently recognized for fixed stock option plans as the exercise price equals the stock price on the date of grant. Under SFAS No. 123R, BNSF Railway will be required to measure compensation expense over the options' vesting period based on the stock options' fair value at the date the options are granted. SFAS No. 123R allows for the use of the Black-Scholes or a lattice option-pricing model to value such options. The Company has determined that it will use the Black-Scholes option-pricing model to calculate the fair value of its options. Based on a study performed by the Company's management, the fair values obtained from each of the two pricing models were not substantially different. Additionally, the Company has elected to adopt SFAS No. 123R on a modified prospective basis.

BNSF RAILWAY COMPANY and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) – (Continued)

Conditional Asset Retirement Obligations

In March 2005, the FASB issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143, Accounting for Asset Retirement Obligations*. This Interpretation clarifies that the term conditional asset retirement obligation, as used in FASB Statement No. 143, refers to a legal obligation to perform an asset retirement activity in which the timing or method of settlement, or both, are conditional on a future event that may or may not be within the control of the entity. An entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The Company has assessed the impact of the interpretation and does not anticipate that it will have any impact to its financial statements when the interpretation becomes effective on December 31, 2005.

10. Report of Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP's review report is included in this quarterly report; however, PricewaterhouseCoopers LLP does not express an opinion on the unaudited financial information. Accordingly, such report is not a "report" or "part of a registration statement" within the meaning of Sections 7 and 11 of the Securities Act of 1933 and PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of such Act with respect to the review report.

Report of Independent Registered Public Accounting Firm

To the Shareholder and Board of Directors
of BNSF Railway Company:

We have reviewed the accompanying consolidated balance sheet of BNSF Railway Company and its subsidiaries (the "Company") as of September 30, 2005, and the related consolidated statements of income for each of the three-month and nine-month periods ended September 30, 2005 and 2004, the consolidated statements of cash flows for the nine-months ended September 30, 2005 and 2004 and the consolidated statement of changes in stockholder's equity for the nine-month period ended September 30, 2005. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2004, and the related consolidated statements of income, of changes in stockholder's equity, and of cash flows for the year then ended (not presented herein), and in our report dated February 10, 2005 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2004, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Fort Worth, Texas
October 20, 2005

Item 2. Management's Narrative Analysis of Results of Operations

Management's narrative analysis relates to the financial condition and results of operations of BNSF Railway Company and its majority-owned subsidiaries (collectively BNSF Railway, Registrant or Company).

Results of Operations

Nine Months Ended September 30, 2005 Compared with Nine Months Ended September 30, 2004

Revenues

The following table presents BNSF Railway's revenue information by commodity group for the nine months ended September 30, 2005 and 2004:

	Revenues		Cars / Units		Average Revenue Per Car / Unit	
	2005	2004	2005	2004	2005	2004
	(in millions)		(in thousands)			
Consumer Products	\$ 3,698	\$ 3,059	3,919	3,563	\$ 944	\$ 859
Industrial Products	2,108	1,817	1,182	1,164	1,783	1,561
Coal	1,811	1,662	1,660	1,641	1,091	1,013
Agricultural Products	1,539	1,280	682	667	2,257	1,919
Total Freight Revenues	9,156	7,818	7,443	7,035	\$ 1,230	\$ 1,111
Other Revenues	183	91				
Total Operating Revenues	\$ 9,339	\$ 7,909				

Freight revenues for the first nine months of 2005 were \$9,156 million, up 17 percent compared with the same 2004 period. This increase is due to a 6 percent increase in cars/units and an 11 percent increase in average revenue per car/unit, which includes \$710 million in fuel surcharges compared with \$207 million in the prior year.

Consumer Products

The Consumer Products freight business is principally composed of International and Intermodal business. Intermodal business is comprised of the Truckload, Intermodal Marketing Companies, and Direct Marketing sectors.

Consumer Products revenues of \$3,698 million for the first nine months of 2005 were \$639 million, or 21 percent, greater than the first nine months of 2004. The 10 percent increase in units was driven primarily by the international and truckload sectors. Rate increases and increases in fuel surcharges resulted in a 10 percent increase in revenue per unit.

Industrial Products

The Industrial Products freight business consists of four business areas: building products, construction products, chemicals and plastics and petroleum products.

Industrial Products revenues increased \$291 million, or 16 percent, to \$2,108 million for the first nine months of 2005. The revenue increase was due to strength in all four business areas, with especially strong gains in lumber, panel products, paper, petroleum and steel products. Rate increases, an increase in fuel surcharges and larger volume increases in higher-rated commodities contributed to a 14 percent increase in average revenue per car.

Coal

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

Coal revenues of \$1,811 million, for the first nine months of 2005, increased \$149 million, or 9 percent, versus the same period a year ago. Coal carloads increased 1 percent as a result of new customer business volumes and higher demand from existing customers partially offset by weather-related operational and maintenance disruptions in the Powder River Basin. Average revenue per car increased 8 percent, primarily driven by contractual rate escalations, fuel surcharges and increased length of haul.

Agricultural Products

Agricultural Products freight business is the transportation of agricultural products including corn, wheat, soybeans, bulk foods, fertilizer, and other products.

Agricultural Products revenues of \$1,539 million for the first nine months of 2005 were \$259 million, or 20 percent, higher than revenues for the first nine months of 2004. This increase was primarily due to an 18 percent increase in average revenue per car, which was partially driven by fuel surcharges and a favorable mix change as a result of increased corn and soybean exports to Asia.

Other Revenues

Other Revenues increased \$92 million to \$183 million for the first nine months of 2005 compared with the same period in 2004. The increase is primarily attributable to increases in storage related revenues and volume growth.

Expenses

Total operating expenses for the first nine months of 2005 were \$7,212 million, an increase of \$344 million, or 5 percent, versus the same period in 2004.

Compensation and benefits

Compensation and benefits includes expenses for BNSF Railway employee compensation and benefit programs. 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 for the first nine months of 2005 of \$2,592 million were \$140 million, or 6 percent, higher than the same 2004 period. This increase in expense was primarily related to 6 percent higher volumes. Additionally, compared to the same 2004 period, pension expense was higher, while incentive compensation expense was lower.

Fuel

Fuel expenses are driven by the level of locomotive consumption of diesel fuel, market prices and the effects of hedging activities.

Fuel expenses of \$1,352 million for the first nine months of 2005 were \$414 million, or 44 percent, higher than the first nine months of 2004. The increase in fuel expenses was due to an increase in the average all-in cost per gallon of diesel fuel. The average all-in cost per gallon of diesel fuel increased by 36 cents to \$1.30 resulting in a \$369 million increase in expense. The expense increase was comprised of an increase in the average purchase price of 52 cents, or \$547 million, offset by an increase in the hedge benefit of approximately 16 cents, or \$178 million (first nine months 2005 benefit of \$390 million less first nine months of 2004 benefit of \$212 million). Consumption in the first nine months of 2005 was 1,043 million

gallons, up 5 percent, compared with consumption for the first nine months of 2004 of 996 million gallons, resulting in a \$45 million increase in fuel expenses.

Purchased services

Purchased services expenses include ramping and drayage, maintenance of locomotive and freight car equipment and technology services outsourcing, and other services, such as vegetation control, provided to BNSF Railway. The expenses are driven by the rates established in the service contracts and the volume of services required.

Purchased services expenses of \$1,197 million for the first nine months of 2005 were \$194 million, or 19 percent, higher than the same 2004 period. This increase was primarily due to increases in the following volume-related costs: intermodal ramp costs, locomotive and freight car contract maintenance expense, and haulage payments for contracted transportation over other railroads.

Depreciation and amortization

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

Depreciation and amortization expenses of \$802 million for the first nine months of 2005 were \$48 million, or 6 percent, higher than the same period in 2004. The increase in depreciation expense was due to ongoing capital expenditures.

Equipment rents

Equipment rents expenses include long-term and short-term payments primarily for locomotives, freight cars, containers and trailers. The expenses are driven primarily by volume, rental rates, the results of lease negotiations, utilization of owned equipment versus leased equipment, and changes in business mix resulting in equipment usage variances.

Equipment rents expenses for the first nine months of 2005 of \$654 million were \$60 million, or 10 percent, higher than the first nine months of 2004. The variance represents expense increases for freight car equipment and locomotive leases which are predominantly related to volume and lease rate increases.

Materials and other

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

Materials and other expenses of \$615 million for the first nine months of 2005 were \$512 million, or 45 percent, lower than the first nine months of 2004. The overall decrease was primarily the result of the \$465 million pre-tax charge recorded in the third quarter of 2004 to reflect changes in the Company's estimates of unasserted asbestos liabilities and environmental liabilities (see Note 10 of the Consolidated Financial Statements in the Company's 2004 Form 10-K). Additionally, environmental expenses recorded in the first nine months of 2004 related to developments at two former fueling sites, higher casualty costs driven by two large derailments that occurred in the first quarter of 2004, and overall lower environmental and personal injury expenses in the first nine months of 2005 primarily as a result of the aforementioned third quarter 2004 charge contributed to this decrease. The overall decrease in materials and other was partially offset by higher material costs to maintain locomotives, freight cars and track structure.

Interest expense

Interest expense of \$96 million for the first nine months of 2005 was \$3 million, or 3 percent, lower than the first nine months of 2004. This decrease was primarily the result of lower average debt outstanding.

Other expense, net

Other expense, net was \$28 million for the first nine months of 2005 compared with other income of \$5 million in the same 2004 period. This increase is primarily due to the receipt of interest income from a settlement and an interest recovery, both recorded in 2004 as well as additional losses on BNSF Railway's participation in a synthetic fuel partnership recorded in 2005.

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. Forward-looking statements involve a number of risks and uncertainties, and actual performance or results may differ materially. Important factors that could cause actual performance or results to differ materially include, but are not limited to:

- **Economic and industry conditions:** material adverse changes in economic or industry conditions, both in the United States and globally, changes in customer demand, effects of adverse economic conditions affecting shippers, adverse economic conditions in the industries and geographic areas that produce and consume freight, adverse economic conditions in BNSF Railway's supplier base, competition and consolidation within the transportation industry, the extent to which BNSF Railway is successful in gaining new long-term relationships with customers or retaining existing ones, changes in fuel prices and other key materials, changes in the securities and capital markets, and changes in crew availability, labor costs and labor difficulties, including stoppages affecting either BNSF Railway's operations or our customers' abilities to deliver goods to BNSF Railway for shipment;

- **Legal 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, economic re-regulation of the rail industry, developments in environmental investigations or proceedings with respect to rail operations or current or past ownership or control of real property, and developments in other types of claims and litigation, including those relating to personal injuries, asbestos and other occupational disease, the release of hazardous materials, environmental contamination and damage to property; and

- **Operating factors:** technical difficulties, changes in operating conditions and costs, commodity concentrations, 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, the effectiveness of steps taken to maintain and improve operations and network fluidity, including the management of the amount of traffic on the system to meet demand and the ability to acquire sufficient resources to meet that demand, congestion on other railroads, disruptions to BNSF Railway'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.

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 may appear in the Company's public filings with the Securities and Exchange Commission, which are accessible at www.sec.gov, and on the Company's website at www.bnsf.com, and which investors are advised to consult.

Item 4. Controls and Procedures

Based on their evaluation as of the end of the period covered by this quarterly report on Form 10-Q, BNSF Railway's principal executive officer and principal financial officer have concluded that BNSF Railway'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 Railway 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 Railway's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Additionally, as of the end of the period covered by this report, BNSF Railway's principal executive officer and principal financial officer have concluded that there have been no changes in BNSF Railway's internal control over financial reporting that occurred during BNSF Railway's third fiscal quarter that have materially affected, or are reasonably likely to materially affect, BNSF Railway's internal control over financial reporting.

BNSF RAILWAY COMPANY and SUBSIDIARIES

PART II OTHER INFORMATION

Item 1. Legal Proceedings

BNSF Railway was notified by the Minnesota Pollution Control Agency (MPCA) of a proposed Stipulation Agreement to resolve alleged environmental violations with respect to BNSF Railway's Dilworth, Minnesota fueling facility. The MPCA alleges violations involving BNSF Railway's wastewater permit, tank regulations, and hazardous waste regulations. In October 2005, the MPCA presented BNSF Railway with proposed monetary sanctions proposed to be included in a settlement agreement. Although the parties are negotiating a settlement, it is possible that resolution of this matter could result in monetary sanctions exceeding \$100 thousand.

Item 6. Exhibits

See Index to Exhibits on page E-1 for a description of the exhibits filed as part of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BNSF RAILWAY COMPANY
(Registrant)

By: _____ /s/ Thomas N. Hund

Thomas N. Hund
Executive Vice President and Chief Financial Officer
(On behalf of the Registrant and
as principal financial officer)

Dated: October 25, 2005

BNSF RAILWAY COMPANY and SUBSIDIARIES

Exhibit Index

- 3.1 By-Laws of BNSF Railway Company, amended as of August 30, 2005.
- 12.1 Computation of Ratio of Earnings to Fixed Charges
- 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)
- 32.1 Certification Pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)

BY-LAWS
OF
BNSF RAILWAY COMPANY
(Name changed and amended August 30, 2005)
(Annotated to show dates of amendments and additions)

TABLE OF CONTENTS

		Page
ARTICLE I.	OFFICES.....	1
Section 1. --	Registered Office and Agent.....	1
Section 2. --	Other Offices.....	1
ARTICLE II.	MEETINGS OF STOCKHOLDERS	1
Section 1. --	Annual Meetings	1
Section 2. --	Special Meetings	1
Section 3. --	Place of Meetings.....	1
Section 4. --	Notice of Meetings.....	2
Section 5. --	Quorum	2
Section 6. --	Organization.....	2
Section 7. --	Voting.....	3
Section 8. --	Inspectors	3
Section 9. --	List of stockholders	3
ARTICLE III.	BOARD OF DIRECTORS	4
Section 1. --	Number, Qualification and Term of Office	4
Section 2. --	Vacancies	4
Section 3. --	Resignations	4
Section 4. --	Removals.....	4
Section 5. --	Place of Meetings; Books and Records	4
Section 6. --	Annual Meeting of the Board.....	5
Section 7. --	Regular Meetings	5
Section 8. --	Special Meetings	5
Section 9. --	Quorum and Manner of Acting.....	5
Section 10. --	Organization.....	6
Section 11. --	Consent of Directors in Lieu of Meeting	6
Section 12. --	Telephonic Meetings.....	6
Section 13. --	Compensation.....	6
ARTICLE IV.	COMMITTEES OF THE BOARD OF DIRECTORS	6
Section 1. --	Executive Committee	6
Section 2. --	Alternates	7
Section 3. --	Other Committees	7

TABLE OF CONTENTS
(continued)

	Page
ARTICLE V. OFFICERS	7
Section 1. -- Elected Officers	7
Section 2. -- Appointed Officers	8
Section 3. -- Resignations	8
Section 4. -- Removals	8
Section 5. -- Vacancies	8
Section 6. -- Compensation of Officers	8
Section 7. -- Chairman of the Board	9
Section 8. -- President	9
Section 9. -- Vice President, Law	9
Section 10. -- Secretary	9
Section 11. -- Treasurer	10
Section 12. -- Absence or Disability of Officers	10
ARTICLE VI. STOCK CERTIFICATES AND TRANSFER THEREOF.....	10
Section 1. -- Stock Certificates	10
Section 2. -- Designation of Preferences	10
Section 3. -- Transfer of Stock	11
Section 4. -- Transfer Agent and Registrar	11
Section 5. -- Additional Regulations	11
Section 6. -- Lost, Destroyed or Mutilated Certificates	11
Section 7. -- Record Date	12
ARTICLE VII. DIVIDENDS, SURPLUS, ETC	12
ARTICLE VIII. SEAL	12
ARTICLE IX. FISCAL YEAR	12
ARTICLE X. NOTICES	13
ARTICLE XI. CHECKS, DRAFTS, BANK ACCOUNTS, ETC	13
Section 1. -- Checks, Drafts, Etc.; Loans	13
Section 2. -- Deposits	13
ARTICLE XII. AMENDMENTS	13

**BY-LAWS
OF
BNSF RAILWAY COMPANY
(Name changed and amended August 30, 2005)**

ARTICLE I.

Offices

Section 1. -- Registered Office and Agent.

The registered office of the Corporation is located at 100 West 10th Street in the City of Wilmington, County of New Castle, State of Delaware, and the name of its registered agent at such address is The Corporation Trust Company.

Section 2. -- Other Offices.

The Corporation may have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II.

Meetings of Stockholders.

Section 1. -- Annual Meetings.

A meeting of the stockholders for the purpose of electing Directors and for the transaction of such other business as may properly be brought before the meeting shall be held annually at ten o'clock a.m. on the second Thursday of May, or at such other time on such other day as shall be fixed by resolution of the Board of Directors. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

Section 2. -- Special Meetings.

Special meetings of the stockholders for any purpose or purposes may be called at any time by a majority of the Board of Directors or by the Chairman of the Board, and shall be called by the Secretary at the request of the holders of not less than one-third of all issued and outstanding shares of the Corporation entitled to vote at the meeting.

Section 3. -- Place of Meetings.

The annual meeting of the stockholders of the Corporation shall be held at the general offices of the Corporation in the City of Fort Worth, State of Texas, or at such other place in the United States as may be stated in the notice of the meeting. All other meetings of the

stockholders shall be held at such places within or without the State of Delaware as shall be stated in the notice of the meeting. *Amended 2/15/90, effective 2/15/90.*

Section 4. -- Notice of Meetings.

Except as otherwise provided by statute, written notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, notice will be given when deposited in the United States mail, postage prepaid, directed to such stockholder at his address as it appears in the stock ledger of the Corporation. Each such notice shall state the place, date, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

When a meeting is adjourned to another time and place, notice of the adjourned meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment is given. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. -- Quorum.

At any meeting of the stockholders, the holders of record of a majority of the total number of outstanding shares of stock of the Corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum for all purposes, provided that at any meeting at which the holders of any series or class of stock shall be entitled, voting as a class, to elect Directors, the holders of record of a majority of the total number of outstanding shares of such series or class, present in person or represented by proxy, shall constitute a quorum for the purpose of such election.

If a quorum is present at any meeting of stockholders, the vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the meeting shall be sufficient for the transaction of any business, unless otherwise provided by statute or the Restated Certificate of Incorporation.

In the absence of a quorum at any meeting, the holders of a majority of the shares of stock entitled to vote thereat, present in person or represented by proxy at the meeting, may adjourn the meeting, from time to time, until the holders of the number of shares requisite to constitute a quorum shall be present in person or represented at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting as originally convened.

Section 6. -- Organization.

At each meeting of the stockholders, the Chairman of the Board, or in his absence such person as shall have been designated by the Board of Directors, or in the absence of such

designation a person elected by the holders of a majority in number of shares of stock present in person or represented by proxy and entitled to vote, shall act as Chairman of the meeting.

The Secretary, or in his absence, an Assistant Secretary or, in the absence of the Secretary and all of the Assistant Secretaries, any person appointed by the Chairman of the meeting, shall act as Secretary of the meeting.

Section 7. -- Voting.

At each meeting of the stockholders, each holder of shares of any series or class of stock entitled to vote at such meeting shall be entitled to one vote for each share of stock having voting power in respect of each matter upon which a vote is to be taken, standing in his name on the stock ledger of the corporation on the record date fixed as provided in these By-Laws for determining the stockholders entitled to vote at such meeting or, if no record date be fixed, at the close of business on the day next preceding the day on which notice of the meeting is given. Shares of its own capital stock belonging to the Corporation, or to another Corporation if a majority of the shares entitled to vote in the election of Directors of such other Corporation is held by the Corporation, shall neither be entitled to vote nor counted for quorum purposes.

At each election of Directors the voting shall be by ballot, and the persons having the greatest number of votes shall be deemed and declared elected. Except as otherwise required by statute, the Restated Certificate of Incorporation or these By-Laws, all matters shall be decided by a majority of the votes cast, a quorum being present.

Section 8. -- Inspectors.

Prior to each meeting of stockholders, the Board of Directors shall appoint two Inspectors who are not Directors, candidates for Directors or officers of the Corporation, who shall receive and determine the validity of proxies and the qualifications of voters, and receive, inspect, count and report to the meeting in writing the votes cast on all matters submitted to a vote at such meeting. In case of failure of the Board of Directors to make such appointments or in case of failure of any Inspector so appointed to act, the Chairman of the Board shall make such appointment or fill such vacancies.

Each Inspector, immediately before entering upon his duties, shall subscribe to an oath or affirmation faithfully to execute the duties of Inspector at such meeting with strict impartiality and according to the best of his ability.

Section 9. -- List of stockholders.

The Secretary or other officer or agent having charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares of each class and series registered in the name of each such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a

period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. Such list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this Section, or the books of the Corporation, or to vote in person or by proxy at any such meeting.

ARTICLE III.

Board of Directors.

Section 1. -- Number, Qualification and Term of Office.

The business, property and affairs of the Corporation shall be managed by a Board consisting of not less than three nor more than seven Directors. The Board of Directors shall from time to time by a vote of a majority of the Directors then in office fix within the maximum and minimum limits the number of Directors to constitute the Board. At each annual meeting of stockholders a Board of Directors shall be elected by the stockholders for a term of one year. Each person elected as a Director shall forthwith be notified of his election by the Secretary. Each Director shall serve until his successor is elected and shall qualify. *Amended 1/24/83, effective 2/1/83. Amended 2/15/90, effective 2/15/90.*

Section 2. -- Vacancies.

Vacancies in the Board of Directors and newly created Directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director, at any regular or special meeting of the Board of Directors.

Section 3. -- Resignations.

Any Director may resign at any time upon written notice to the Secretary of the Corporation. Such resignation shall take effect on the date of receipt of such notice or at any later date specified therein; and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make it effective. When one or more Directors shall resign effective at a future date, a majority of the Directors then in office, including those who have resigned, shall have power to fill such vacancy or vacancies to take effect when such resignation or resignations shall become effective.

Section 4. -- Removals.

Any director may be removed, with cause, at any special meeting of the stockholders called for that purpose, by the affirmative vote of the holders of a majority in number of shares of the Corporation entitled to vote for the election of Directors, and the vacancy in the Board caused by any such removal may be filled by the stockholders at such meeting.

Section 5. -- Place of Meetings; Books and Records.

The Board of Directors may hold its meetings, and have an office or offices, at such place or places within or without the State of Delaware as the Board from time to time may determine, unless otherwise provided in the Restated Certificate of Incorporation or in these By-Laws.

The Board of Directors, subject to the provisions of the laws of Delaware, may authorize the books and records of the Corporation, and offices or agencies for the issue, transfer and registration of the capital stock of the Corporation, to be kept at such place or places outside of the State of Delaware as, from time to time, may be designated by the Board of Directors.

Section 6. -- Annual Meeting of the Board.

The first meeting of each newly elected Board of Directors, to be known as the Annual Meeting of the Board, for the purpose of electing officers, designating committees and the transaction of such other business as may come before the Board, shall be held at the same place as and immediately after the adjournment of the annual meeting of stockholders, and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held due to the absence of a quorum, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the newly elected Directors.

Section 7. -- Regular Meetings.

The Board of Directors shall, by resolution, provide for regular meetings of the Board at such times and at such places as it deems desirable. Notice of regular meetings need not be given.

Section 8. -- Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called by the Secretary on the written request of three Directors on such notice as the person or persons calling the meeting shall deem appropriate in the circumstances. Notice of each such special meeting shall be mailed to each Director or sent to him by telephone, telegraph, cable or wireless, in each case addressed to his residence or usual place of business, or delivered to him in person or given to him orally. The notice of meeting shall state the time and place of the meeting but need not state the purpose thereof. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 9. -- Quorum and Manner of Acting.

Except as otherwise provided by the laws of Delaware, the Restated Certificate of Incorporation, or these By-Laws, the presence of a majority of the total number of Directors shall

constitute a quorum for the transaction of business at any regular or special meeting of the Board of Directors, and the act of a majority of the Directors present at any such meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the Directors present may adjourn the meeting, from time to time, until a quorum is present. Notice of any such adjourned meeting need not be given.

Section 10. -- Organization.

At every meeting of the Board of Directors, the Chairman of the Board, or in his absence, the President and/or, if both of the said officers are absent, a Chairman chosen by a majority of the Directors present shall act as Chairman of the meeting. The Secretary, or in his absence, an Assistant Secretary, or in the absence of the Secretary and all the Assistant Secretaries, any person appointed by the Chairman of the meeting, shall act as Secretary of the meeting.

Section 11. -- Consent of Directors in Lieu of Meeting.

Unless otherwise restricted by the Restated Certificate of Incorporation or by these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors, or any committee designated by the Board, may be taken without a meeting if all members of the Board or committee consent thereto in writing or by electronic transmission, and such written consent or electronic transmission is filed with the minutes of the proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. *Amended 8/30/05, effective 8/30/05.*

Section 12. -- Telephonic Meetings.

Members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 13. -- Compensation.

Each Director, who is not a full-time salaried officer of the Corporation or its parent, or a subsidiary or affiliated corporation, when authorized by resolution of the Board of Directors may receive as a Director a stated salary or an annual retainer and in addition may be allowed a fixed fee and his reasonable expenses for attendance at each regular or special meeting of the Board or any Committee thereof. No full-time salaried officer of the Corporation shall receive compensation for serving as a Director of any of the Corporation's wholly-owned subsidiaries. *Amended 2/15/90, effective 2/15/90.*

ARTICLE IV.

Committees of the Board of Directors.

Section 1. -- Executive Committee.

The Board of Directors may, in its discretion, designate annually an Executive Committee consisting of not less than three Directors as it may from time to time determine. The Committee shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it, but the Committee shall have no power or authority to amend the Certificate of Incorporation, adopt an agreement of merger or consolidation, recommend to the stockholders the sale, lease or exchange of all or substantially all the Corporation's property and assets, recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution, amend the By-Laws of the Corporation, elect officers or fill vacancies on the Board of Directors or any Committee of the Board, declare a dividend, authorize the issuance of stock, or such other powers as the Board may from time to time eliminate.

At each meeting of the Committee, the presence of a majority of the members of the Committee, whether regular or alternate, shall be necessary to constitute a quorum for the transaction of business, and if a quorum is present, the concurrence of a majority of those present shall be necessary for the taking of any action.

The Committee shall elect a Chairman to serve for such term as it may determine, shall fix its own rules of procedure and shall meet at such times and places and upon such call or notice as shall be provided by such rules. It shall keep a record of its acts and proceedings, and all actions of the committee shall be reported to the Board of Directors at the next meeting of the Board. *Amended 1/24/83, effective 2/1/83.*

Section 2. -- Alternates.

Alternate members of any committee may be designated by the Board of Directors from among the Directors to serve as occasion may require. Whenever a quorum cannot be secured for any Committee meeting from among the regular members thereof and designated alternates, the member or members of such Committee present at such meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of such absent or disqualified member.

Alternate members of a Committee shall receive reimbursement for expenses and compensation at the same rate as a regular member of such Committee.

Section 3. -- Other Committees.

The Board of Directors may elect such other Committees, each to consist of two or more Directors, at it may from time to time determine, and each such Committee shall serve for such

term and shall have and may exercise, during intervals between meetings of the Board of Directors, such duties, functions and powers as the Board of Directors may from time to time prescribe.

ARTICLE V.

Officers.

Section 1. -- Elected Officers.

The officers of the Corporation shall be a Chairman of the Board, a Vice President and Chief Financial Officer, a Vice President, Law, a Secretary, a Treasurer, and such other officers as may be elected or appointed by the Board of Directors. Any number of offices may be held by the same person. Any officer may hold such additional title descriptions or qualifiers such as “Chief Executive Officer”, “Chief Operating Officer”, “Senior Vice President”, “Executive Vice President” or “Assistant Secretary” or such other title as the Board of Directors shall determine. In addition, at the discretion of the Board of Directors, a President may be, but need not be, elected. *Amended 6/1/83, effective 6/1/83. Amended 2/15/90, effective 2/15/90. Amended 7/17/91, effective 7/17/91.*

Section 2. -- Appointed Officers.

In addition to the elected officers of the Corporation, the Corporation shall have such other Vice Presidents and officers as may be appointed by the Chairman of the Board. Any number of offices may be held by the same person. The exact title held by each appointed officer or Vice President may contain such modifiers, such as “senior”, “executive” or “assistant”, and/or titles, such as “chief executive officer”, “chief operating officer”, “chief financial officer”, “chief accounting officer” or “comptroller”, as the Chairman, in his discretion, may bestow. In addition, at the discretion of the Chairman, a President may, but need not be, appointed by the Chairman. Each appointed officer, unless removed in the manner hereinafter provided, shall hold office until his successor shall have been duly appointed and qualified, or until he shall have died, resigned or been removed in the manner hereinafter provided. *Amended 2/15/90, effective 2/15/90. Amended 7/17/91, effective 7/17/91.*

Section 3. -- Resignations.

Any officer may resign at any time upon written notice to the Secretary of the Corporation. Such resignation shall take effect at the date of its receipt, or at any later date specified therein; and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make it effective.

Section 4. -- Removals.

Any officer elected or appointed by the Board of Directors may be removed, either with or without cause, by the Board of Directors at a regular or special meeting of the Board. Any

officer or agent appointed by any officer or committee may be removed, either with or without cause, by such appointing officer or committee.

Section 5. -- Vacancies.

Any vacancy occurring in any office of the Corporation by reason of death, retirement, resignation, removal, or otherwise shall be filled for the unexpired portion of the term in the same manner as prescribed in these By-Laws for regular election or appointment to such office.

Section 6. -- Compensation of Officers.

The compensation of all officers elected by the Board of Directors and of all other officers whose compensation is prescribed by the Board of Directors shall be fixed from time to time by the Board of Directors, by any committee thereof upon whom such power may be conferred by the Board of Directors, or by the Chairman when so authorized by the Board of Directors. *Amended 1/24/83, effective 2/1/83. Amended 2/15/90, effective 2/15/90.*

Section 7. -- Chairman of the Board.

The Chairman of the Board shall have general authority over the property, business and affairs of the Corporation and over all other officers, agents and employees of the Corporation, subject to the control and direction of the Board of Directors including the power to sign and acknowledge in the name and on behalf of the Corporation, all stock certificates, contracts or other documents and instruments, except when the signing thereof shall have been expressly delegated to some other officer or agent, or required by law to be otherwise signed or executed, and unless otherwise provided by law or by the Board, may authorize any officer, employee or agent of the Corporation to sign, execute and acknowledge in his place and stead all such documents and instruments; and he shall preside at all meetings of the Board and have authority to call special meetings of the Board or committees of the Board. He shall have power to appoint Vice Presidents and other officers not elected by the Board of Directors and shall have such other powers and perform such other duties as may be assigned to him by the Board of Directors. He shall have power to delegate to other officers of the Corporation, through written delegations or otherwise, such authority to transact the business affairs of the Corporation. *Adopted 1/24/83, effective 2/1/83. Amended 2/15/90, effective 2/15/90.*

Section 8. -- President.

When a President is elected or appointed, he or she shall, during the absence or disability of the Chairman of the Board, perform the powers and duties of that office and shall have other duties as may be assigned to him or her by the Board of Directors or by the Chairman of the Board. *Adopted 1/24/83, effective 2/1/83. Amended 2/15/90, effective 2/15/90. Amended 7/17/91, effective 7/17/91.*

Section 9. -- Vice President, Law.

The Vice President, Law shall be the chief legal advisor of the Corporation and shall have charge of the management and direction of the legal affairs and litigation of the Corporation, other than with respect to tax matters. In addition, such officer shall be responsible for all government relations and legislative activities of the Corporation. *Amended 6/1/83, effective 6/1/83. Amended 2/15/90, effective 2/15/90. Amended 7/17/91, effective 7/17/91. Amended 8/30/05, effective 8/30/05.*

Section 10. -- Secretary.

The Secretary shall attend and keep minutes of meetings of the stockholders and Directors, and of all committees of the Board of Directors, in books of the Corporation provided for that purpose; shall have custody of the corporate records of the Corporation; shall see that notices are given and records properly kept and filed by the Corporation, as required by the By-Laws or as required by law; shall be the custodian of the corporate seal of the Corporation and see that it is affixed to all documents to be executed on behalf of the Corporation under its seal; and in general, shall have such other powers and perform such other duties as are incident to the office of Secretary and as may from time to time be assigned to him by the Board of Directors, the Chairman of the Board or the President.

Section 11. -- Treasurer.

The Treasurer shall have responsibility for the custody and safekeeping of all funds of the Corporation and shall have charge of their collection, receipt and disbursement; shall receive and have authority to sign receipts for all monies paid to the Corporation and shall deposit the same in the name and to the credit of the Corporation in such banks or depositories as the Board of Directors shall approve; shall endorse for collection on behalf of the Corporation all checks, drafts, notes and other obligations payable to the Corporation; shall disburse the funds of the Corporation only in such manner as provided in the By-Laws or as the Board of Directors may require; shall sign or countersign all notes, endorsements, guarantees and acceptances made on behalf of the Corporation when and as directed by the Board of Directors; shall keep full and accurate accounts of the transactions in his office in books belonging to the Corporation and render to the Board of Directors whenever it may require an account of his transactions as Treasurer; shall give bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors may require; shall have the responsibility for the custody and safekeeping of all securities of the Corporation; and in general, shall have such other power and perform such other duties as are incident to the office of Treasurer and as from time to time may be prescribed by the Board of Directors, or be delegated to him by the Chairman of the Board or by the President or by their designees. *Amended 2/15/90, effective 2/15/90.*

Section 12. -- Absence or Disability of Officers.

In the absence or disability of the Chairman of the Board or the President, the Board of Directors may designate, by resolution, individuals to perform the duties of those absent or

disabled. The Board of Directors may also delegate this power to a committee or to a senior corporate officer. *Amended 1/24/83, Effective 2/1/83.*

ARTICLE VI.

Stock Certificates and Transfer Thereof.

Section 1. -- Stock Certificates.

Every holder of stock in the Corporation shall be entitled to have a certificate, signed by or in the name of the Corporation by the Chairman of the Board, the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares, and the class and series thereof, owned by him in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 2. -- Designation of Preferences.

If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, except that in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and rights.

Section 3. -- Transfer of Stock.

Transfer of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by the holder thereof, or by his attorney thereunto duly authorized, and on surrender of the certificate or certificates for such shares. A person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof as regards the Corporation, and the Corporation shall not, except as expressly required by statute, be bound to recognize any equitable or other claim to, or interest in, such shares on the part of any other person whether or not it shall have express or other notice thereof.

Section 4. -- Transfer Agent and Registrar.

The Corporation may, if and whenever the Board of Directors shall so determine, maintain in such place or places as the Board shall so determine, one or more transfer offices or agencies, each in charge of a transfer agent designated by the Board where the shares of the Capital stock of the Corporation of any class or classes shall be transferable, and also one or more registry offices, each in charge of a registrar designated by the Board of Directors, where such shares of stock of any class or classes shall be registered. *Amended 1/24/83, effective 2/1/83.*

Section 5. -- Additional Regulations.

The Board of Directors may make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates for shares of the capital stock of the Corporation.

Section 6. -- Lost, Destroyed or Mutilated Certificates.

The holder of any stock of the Corporation shall immediately notify the Corporation of any loss, theft, destruction or mutilation of the certificate therefor, and the Board of Directors may, in its discretion, cause a new certificate to be issued to him in case of mutilation of the certificate upon surrender of the mutilated certificate, or in case of loss, theft or destruction of the certificate upon satisfactory proof of such loss or destruction, and in any case, if the Board of Directors shall so determine, upon the delivery of a bond in such form and sum, and with such surety or sureties, as the Board of Directors may direct, to indemnify the Corporation and its agent against any claim that may be made against it or them on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 7. -- Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE VII.

Dividends, Surplus, Etc.

Except as otherwise provided by statute or the Restated Certificate of Incorporation, the Board of Directors may declare dividends upon the shares of its capital stock either (1) out of its

surplus, or (2) in case there be no such surplus, out of its net profits for the fiscal year in which the dividend is declared or its preceding fiscal year, whenever, and in such amounts as, in its opinion, the condition of the affairs of the Corporation shall render it advisable. Dividends may be paid in cash, in property, or in shares of the capital stock of the Corporation. The Board of Directors may use and apply any of such surplus or net profits in purchasing or acquiring any of the bonds, debentures, notes, scrip, other securities or evidences of indebtedness of the Corporation or of any of its controlled or subsidiary corporations, or may set apart from any of the funds of the Corporation available for dividends such sum or sums as it, in its absolute discretion, may think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for the purpose of maintaining or increasing the property or business of the Corporation, or for any other purpose it may think conducive to the best interests of the Corporation. The Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE VIII.

Seal.

The Board of Directors shall adopt a suitable corporate seal which shall be in the form imprinted hereon. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE IX.

Fiscal Year.

The fiscal year of the Corporation shall begin on the first day of January of each year.

ARTICLE X.

Notices.

Notices to stockholders and Directors shall be given in the manner and form hereinbefore provided, and (a) if given by mail shall be deemed to be given at the time deposited in the United States mail, enclosed in a sealed envelope properly addressed and postage prepaid, and (b) if given by telegraph, cable or wireless shall be deemed to be given at the time delivered to a representative of a telegraph, cable or wireless company, as the case may be, properly addressed, with instructions that it be transmitted.

Whenever any notice is required to be given under the provisions of the statute, the Restated Certificate of Incorporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

ARTICLE XI.

Checks, Drafts, Bank Accounts, Etc.

Section 1. -- Checks, Drafts, Etc.; Loans.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall, from time to time, be determined by resolution of the Board of Directors. No loans shall be contracted on behalf of the Corporation unless authorized by the Board of Directors.

Section 2. -- Deposits.

All funds of the Corporation shall be deposited, from time to time, to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select, or as may be selected by any officer or officers, agent or agents of the Corporation to whom such power may, from time to time, be delegated by the Board of Directors; and for the purpose of such deposit, the Chairman, the President, any Vice President, the Treasurer or any Assistant Treasurer, the Secretary or any Assistant Secretary, or any other officer or agent to whom such power may be delegated by the Board of Directors, may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation. *Amended 7/17/91, effective 7/17/91.*

ARTICLE XII.

Amendments.

These By-Laws may be altered or repealed and new By-Laws may be made by the affirmative vote, at any meeting of the Board, of a majority of the whole Board of Directors, subject to the right of the stockholders of the Corporation to amend or repeal By-Laws made or amended by the Board of Directors by the affirmative vote of the holders of record of a majority in number of shares of the outstanding stock of the Corporation present or represented at any meeting of the stockholders and entitled to vote thereon, provided that notice of the proposed action be included in the notice of such meeting.

BNSF RAILWAY COMPANY and SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In Millions, Except Ratio Amounts)
(Unaudited)

<u>Nine Months Ended September 30,</u>	<u>2005</u>	<u>2004</u>
Earnings:		
Income before income taxes	\$ 2,057	\$ 967
Add:		
Interest and fixed charges excluding capitalized interest	96	99
Portion of rent under long-term operating leases representative of an interest factor	153	144
Distributed income of investees accounted for under the equity method	3	2
Amortization of capitalized interest	7	6
Less: Undistributed equity in earnings of investments accounted for under the equity method	<u>9</u>	<u>9</u>
Total earnings available for fixed charges	<u>\$ 2,307</u>	<u>\$ 1,209</u>
Fixed charges:		
Interest and fixed charges	\$ 105	\$ 109
Portion of rent under long-term operating leases representative of an interest factor	<u>153</u>	<u>144</u>
Total fixed charges	<u>\$ 258</u>	<u>\$ 253</u>
Ratio of earnings to fixed charges	<u>8.94x</u>	<u>4.78x</u>

**Principal Executive Officer's Certification
Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Matthew K. Rose, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BNSF Railway Company;
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)) 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) 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
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's third fiscal quarter 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 function):
 - 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.

Date: October 25, 2005

/s/ Matthew K. Rose
Matthew K. Rose
Chairman, President and
Chief Executive Officer

**Principal Financial Officer's Certification
Pursuant to Rule 13a-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Thomas N. Hund, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BNSF Railway Company;
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)) 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) 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
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's third fiscal quarter 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 function):
 - 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.

Date: October 25, 2005

/s/ Thomas N. Hund
Thomas N. Hund
Executive Vice President and
Chief Financial Officer

Certification Pursuant to Rule 13a-14(b) and 18 U.S.C. § 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

BNSF Railway Company

In connection with the Quarterly Report of BNSF Railway (the "Company") on Form 10-Q for the period ending September 30, 2005 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: October 25, 2005

/s/ Matthew K. Rose

/s/ Thomas N. Hund

Matthew K. Rose
Chairman, President and Chief Executive Officer

Thomas N. Hund
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to BNSF Railway Company and will be retained by BNSF Railway Company and furnished to the Securities and Exchange Commission or its staff upon request.