
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): April 19, 2006

Burlington Northern Santa Fe Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-11535

(Commission File Number)

41-1804964

(IRS Employer Identification No.)

2650 Lou Menk Drive, Fort Worth, TX

(Address of Principal Executive Offices)

76131

(Zip Code)

(800) 795-2673

(Registrant's Telephone Number, Including Area Code)

(Not Applicable)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry Into a Material Definitive Agreement.*Burlington Northern Santa Fe 1999 Stock Incentive Plan (as amended and restated)*

At the Burlington Northern Santa Fe Corporation (“BNSF” or the “Company”) annual meeting of stockholders held on April 19, 2006 (the “Annual Meeting”), the Company’s stockholders, upon the recommendation of the Board of Directors, approved the Burlington Northern Santa Fe 1999 Stock Incentive Plan (as amended and restated) (the “1999 Plan”). The amendments to the 1999 Plan include increasing the number of shares that can be granted under the plan to 53 million shares and increasing the number of those shares that can be granted in the form of restricted stock, restricted stock units or performance stock to 23 million shares.

Additional amendments include permitting the award of up to 50,000 shares of achievement award stock under the 1999 Plan and modifying the plan so that stock awards will not vest upon a change of control, but rather upon an individual’s termination of employment in connection with and after a change in control.

Attached hereto as Exhibit 10.1 is the Burlington Northern Santa Fe 1999 Stock Incentive Plan (as amended and restated). A brief summary of the 1999 Plan is included as part of Item 3 in BNSF’s definitive proxy statement filed with the Securities and Exchange Commission on March 16, 2006 (the “Proxy Statement”). The descriptions of the 1999 Plan contained herein and in the Proxy Statement are qualified in their entirety by reference to the full text of the 1999 Plan.

BNSF Railway Company Incentive Compensation Plan (as amended and restated)

At the Annual Meeting, the Company’s stockholders, upon the recommendation of the Board of Directors, also approved the BNSF Railway Company Incentive Compensation Plan (as amended and restated) (the “Incentive Plan”). The amendments to the Incentive Plan include providing for awards granted under the Incentive Plan that will be tax deductible as Performance-Based Compensation under Federal income tax laws.

Attached hereto as Exhibit 10.2 is the BNSF Railway Company Incentive Compensation Plan (as amended and restated). A brief summary of the Incentive Plan is included as part of Item 4 in the Proxy Statement. The descriptions of the Incentive Plan contained herein and in the Proxy Statement are qualified in their entirety by reference to the full text of the Incentive Plan.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

See Exhibits index included herewith.

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 hereunto duly authorized.

BURLINGTON NORTHERN SANTA FE CORPORATION

Date: April 24, 2006

By: /s/ James H. Gallegos
James H. Gallegos
Vice President and Corporate General Counsel

BURLINGTON NORTHERN SANTA FE CORPORATION

INDEX OF EXHIBITS

Exhibit Number	Description
10.1	Burlington Northern Santa Fe 1999 Stock Incentive Plan (as amended and restated).
10.2	BNSF Railway Company Incentive Compensation Plan (as amended and restated).

**AMENDED AND RESTATED BURLINGTON NORTHERN SANTA FE
1999 STOCK INCENTIVE PLAN**

SECTION 1

STATEMENT OF PURPOSE

- 1.1. The BURLINGTON NORTHERN SANTA FE 1999 STOCK INCENTIVE PLAN (the “Plan”) has been established by BURLINGTON NORTHERN SANTA FE CORPORATION (the “Company”) to:
- (a) attract and retain executive, managerial and other salaried employees;
 - (b) motivate participating employees, by means of appropriate incentives, to achieve long-range goals;
 - (c) provide incentive compensation opportunities that are competitive with those of other major corporations; and
 - (d) further identify a Participant’s interests with those of the Company’s other stockholders through compensation that is based on the Company’s common stock;

and thereby promote long-term financial interest of the Company and the Related Companies, including the growth in value of the Company’s equity and enhancement of long-term stockholder return.

SECTION 2

DEFINITIONS

- 2.1. Unless the context indicates otherwise, the following terms shall have the meanings set forth below:
- (a) *Award*. The term “Award” shall mean any award or benefit granted to any Participant under the Plan, including, without limitation, the grant of Options, Restricted Stock, Restricted Stock Units, Performance Stock, Achievement Award Stock, or Stock acquired through purchase under Section 10.
 - (b) *Board*. The term “Board” shall mean the Board of Directors of the Company.
 - (c) *Cause*. The term “Cause” shall mean (a) the willful and continued failure by the Participant to substantially perform his or her duties with the Company (other than any such failure resulting from his or her incapacity due to physical or mental illness), or (b)

the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this definition, no act, or failure to act, shall be deemed "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company.

(d) *Change in Control.* A "Change in Control" shall be deemed to have occurred if

- (1) any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then outstanding securities;
- (2) during any period of two consecutive years (not including any period prior to the effective date of this provision), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (1), (3) or (4) of this definition) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds ($\frac{2}{3}$) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;
- (3) the stockholders of the Company approve a merger or consolidation of the Company with any other company other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 80% of the combined voting power of the voting securities of the Company (or such surviving entity) outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as hereinabove defined) acquires more than 25% of the combined voting power of the Company's then outstanding securities; or
- (4) the stockholders of the Company adopt a plan of complete liquidation of the Company or approve an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets. For purposes of this clause (4), the term "the sale or disposition by the Company of all or substantially all of the Company's assets" shall mean a sale or other disposition transaction or series of related transactions involving assets of the company or of any direct or indirect subsidiary of the Company (including the stock of any direct or indirect subsidiary of the Company) in which the value of the assets or stock being sold or otherwise disposed of (as measured by the purchase price being paid therefor or by another objective

method in a case where there is no readily ascertainable purchase price) constitutes more than two-thirds of the fair market value of the Company (as hereinafter defined). For purposes of the preceding sentence, the “fair market value of the Company” shall be the aggregate market value of the outstanding shares of Stock (on a fully diluted basis) plus the aggregate market value of the Company’s other outstanding equity securities. (excluding employee stock options). The aggregate market value of the shares of Stock (on a fully diluted basis) outstanding on the date of the execution and delivery of a definitive agreement with respect to the transaction or series of related transactions (the “Transaction Date”) shall be determined by the average closing price of the shares of Stock for the ten trading days immediately preceding the Transaction Date. The aggregate market value of any other equity securities of the Company shall be determined in a manner similar to that prescribed in the immediately preceding sentence for determining the aggregate market value of the shares of Stock.

- (e) *Code*. The term “Code” means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code.
- (f) *Date of Termination*. A Participant’s “Date of Termination” shall be the date on which his or her employment with all Employers and Related Companies terminates for any reason; provided that a Date of Termination shall not be deemed to occur by reason of a transfer of the Participant between the Company and a Related Company (including Employers) or between two Related Companies (including Employers); and further provided that unless agreed otherwise by the Participant, a Participant’s employment shall not be considered terminated while the Participant is on a military leave, sick leave or other bona fide leave of absence from an Employer or a Related Company where the Employee may return to service and which is approved by the Participant’s employer, except that the leave shall be deemed to end on the earlier of (i) the six-month anniversary of the commencement of the leave (or, if later, the termination of the Participant’s right to reemployment with the Employers and Related Companies provided either by statute or by contract); or (ii) the date on which the leave in fact ends without the individual returning to active employment with the Employers and Related Companies.
- (g) *Disability*. Except as otherwise provided by the Committee, a Participant shall be considered to have a “Disability” during the period in which he or she is unable, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the discretion of the Committee, is expected to have a duration of not less than 120 days.

- (h) *Employee*. The term “Employee” shall mean a person with an employment relationship with the Company or a Related Company.
- (i) *Employer*. The Company and each Related Company which, with the consent of the Company, participates in the Plan for the benefit of its eligible employees are referred to collectively as the “Employers” and individually as an “Employer.”
- (j) *Fair Market Value*. The “Fair Market Value” of the Stock shall be the mean between the highest and lowest quoted sales prices of a share of Common Stock on the New York Stock Exchange Composite Transaction Report; provided, that if there were no sales on the valuation date but there were sales on dates within a reasonable period both before and after the valuation date, the Fair Market Value is the weighted average of the means between the highest and lowest sales on the nearest date before and the nearest date after the valuation date. The average is to be weighed inversely by the respective numbers of trading days between the selling dates and the valuation date and shall be determined in good faith by the Committee. In any event the determination of “Fair Market Value” shall be consistent with the requirements of Treasury Regulation Section 1.409A-1(b)(5)(iv)(A).
- (k) *Immediate Family*. With respect to a particular Participant, the term “Immediate Family” shall mean the Participant’s spouse, children, stepchildren, adoptive relationships, sisters, brothers and grandchildren.
- (l) *Option*. The term “Option” shall mean any Incentive Stock Option or Non-Qualified Stock Option granted under the Plan.
- (m) *Participant*. The term “Participant” means an Employee who has been granted an award under the Plan.
- (n) *Performance-Based Compensation*. The term “Performance-Based Compensation” shall have the meaning ascribed to it in section 162(m)(4)(C) of the Code.
- (o) *Performance Period*. The term “Performance Period” shall mean the period over which applicable performance is to be measured, provided that such period shall not be less than one year.
- (p) *Qualified Retirement Plan*. The term “Qualified Retirement Plan” means any plan of the Company or a Related Company that is intended to be qualified under section 401(a) of the Code.
- (q) *Related Company*. The term “Related Company” means any company during any period in which it is a “subsidiary corporation” (as that term is defined in Code section 424(f)) with respect to the Company.

- (r) *Restricted Period.* The term “Restricted Period” shall mean the period of time for which Restricted Stock is subject to forfeiture pursuant to the Plan or during which Options are not exercisable.
- (s) *Retirement.* “Retirement” of a Participant shall mean the occurrence of a Participant’s Date of Termination under circumstances that constitute a retirement with immediate eligibility for benefits under Article 6 or Article 7 of the Burlington Northern Santa Fe Retirement Plan, or under the terms of the Qualified Retirement Plan of an Employer or Related Company that is extended to the Participant immediately prior to the Participant’s Date of Termination or, if no such plan is extended to the Participant on his or her Date of Termination, under the terms of any applicable retirement policy of the Participant’s employer.
- (t) *SEC.* “SEC” shall mean the United States Securities and Exchange Commission.
- (u) *Stock.* The term “Stock” shall mean shares of common stock of the Company, par value \$0.01 per share.

SECTION 3

ELIGIBILITY

- 3.1. The Compensation and Development Committee of the Board (“Committee”) shall determine and designate from time to time, from among the salaried, full-time officers and employees of the Employers those Employees who will be granted one or more awards under the Plan, and from among the salaried and non-salaried full- or part-time non-officer employees of an Employer those Employees who will be granted Achievement Award Stock under Section 11 of the Plan.

SECTION 4

OPERATION AND ADMINISTRATION

- 4.1. Subject to the approval of the stockholders of the Company at the Company’s 2006 annual meeting of the stockholders, the Plan, as amended and restated, shall be effective as of the date of such approval (“Effective Date”), provided however, that any awards made under the Plan, as amended and restated, other than awards that can be made under the Plan prior to amendments to be approved at the 2006 annual meeting of the stockholders and that are made prior to approval by stockholders, shall be contingent on approval of the Plan, as amended and restated, by stockholders of the Company and all dividends on such Awards shall be held by the Company and paid only upon such approval and all other rights of a Participant in connection with such an Award shall not be effective until such approval is obtained. The Plan will terminate (except with respect to then outstanding awards) on April 21, 2014, or, if shareholders approve the Plan, as amended and restated, at the 2006 annual meeting of stockholders, ten years from the date of such approval, provided however, that no Incentive Stock Options may be granted under the Plan on a date that is more than ten years from the Effective Date or, if earlier, the date the Plan is adopted by the Board.

- 4.2. The Plan shall be administered by the Committee which shall be selected by the Board in accordance with the charter of the Committee adopted by the Board. The authority to manage and control the operation and administration of the Plan is subject to the following:
- (a) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select Employees to receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, and to cancel or suspend Awards. In making such Award determinations, the Committee may take into account the nature of services rendered by the respective Employee, his or her present and potential contribution to the Company's success, and such other factors as the Committee deems relevant.
 - (b) Subject to the provisions of the Plan, the Committee will have the authority and discretion to determine the extent to which Awards under the Plan will be structured to conform to the requirements applicable to Performance-Based Compensation as described in Code section 162(m), and to take such action, establish such procedures, and impose such restrictions at the time such awards are granted as the Committee determines to be necessary or appropriate to conform to such requirements.
 - (c) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
 - (d) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.
 - (e) Except as otherwise expressly provided in the Plan, where the Committee is authorized to make a determination with respect to any Award, such determination shall be made at the time the Award is granted; except that the Committee may reserve the authority to have such determination made by the Committee in the future (but only if such reservation is either made at the time the Award is granted and is stated in the Agreement reflecting the Award or, if the Agreement does not address the issue, is provided in the Plan);
 - (f) Except to the extent prohibited by applicable law or the rules of any stock exchange, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and other than in respect to eligibility, times of Awards, and terms, conditions, performance criteria, restrictions and other provisions of Awards, and except as otherwise provided by the Committee from time to time, the Committee delegates its responsibilities and powers to the Vice President-Human Resources or his or her successor. Any such allocation or delegation may be revoked by the Committee at any time.

(g) No member or authorized delegate of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his or her own fraud or willful misconduct; nor shall the Employers be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director or employee of the Employers. The Committee, the individual members thereof, and persons acting as the authorized delegates of the committee under the plan, shall be indemnified by the Employers (to the maximum extent permitted by law) against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification shall not duplicate but may supplement any coverage available under any applicable by-law, contract or insurance.

4.3. Notwithstanding any other provision of the Plan to the contrary, no Participant shall receive any Award of an Option under the Plan to the extent that the sum of:

- (a) the number of shares of Stock subject to such Award;
- (b) the number of shares of Stock subject to all other prior Awards of Options under the Plan during the one-year period ending on the date of the Award; and
- (c) the number of shares of Stock subject to all other prior stock options granted to the Participant under other plans or arrangements of the Employers and Related Companies during the one-year period ending on the date of the Award;

would exceed the Participant's Individual Limit under the Plan. The determination made under the foregoing provisions of this subsection 4.3 shall be based on the shares subject to the awards at the time of grant, regardless of when the awards become exercisable. Subject to the provisions of Section 13, a Participant's "Individual Limit" shall be 1,000,000 shares per calendar year.

4.4. To the extent that the Committee determines that it is necessary or desirable to conform any Awards under the Plan with the requirements applicable to "Performance-Based Compensation," as that term is used in Code section 162(m)(4)(C), it may, at or prior to the time an Award is granted, take such steps and impose such restrictions with respect to such Award as it determines to be necessary to satisfy such requirements. To the extent that it is necessary to establish performance goals for a particular performance period, those goals will be based on one or more of the following business criteria: net income, earnings per share, debt reduction, safety, on-time train performance, return on investment, operating ratio, cash flow, return on assets, stockholders' return, revenue,

customer satisfaction, and return on equity. If the Committee establishes performance goals for a performance period relating to one or more of these business criteria, the Committee may determine to approve a payment for that particular performance period upon attainment of the performance goal relating to any one or more of such criteria.

- 4.5. To the extent that the Plan and the Awards under the Plan are subject to the rules applicable to nonqualified deferred compensation plans under section 409A of the Code, such portion of the Plan and such awards are not intended to result in acceleration of income recognition or imposition of penalty taxes by reason of section 409A, and the terms of such portion of the Plan and such awards shall be interpreted in a manner (and such portion of the Plan and such awards will be amended to the extent determined necessary or appropriate by the Committee) to avoid such acceleration and penalties.

SECTION 5

SHARES AVAILABLE UNDER THE PLAN

- 5.1. The shares of Stock with respect to which Awards may be made under the Plan shall be shares currently authorized but unissued or treasury shares acquired by the Company, including shares purchased in open market or in private transactions. Subject to the provisions of Section 13, the total number of shares of Stock available for grant of Awards shall not exceed fifty-three million (53,000,000) shares of Stock. Except as otherwise provided herein, any shares subject to an Award which for any reason expires or is terminated without issuance of shares (whether or not cash or other consideration is paid to a Participant in respect to such Award) shall again be available under the Plan. Shares tendered by a Participant in full or partial payment to the Company upon exercise of an Option granted under the Plan or shares withheld by, or otherwise remitted to, the Company to satisfy a Participant's tax withholding obligation in respect to any award shall not become available for issuance under the Plan.

SECTION 6

OPTIONS

- 6.1. The grant of an "Option" under this Section 6 entitles the Participant to purchase shares of Stock at a price fixed at the time the Option is granted, or at a price determined under a method established at the time the Option is granted, subject to the terms of this Section 6. Options granted under this section may be either Incentive Stock Options or Non-Qualified Stock Options, and subject to Sections 12 and 17, shall not be exercisable for six months from date of grant, as determined in the discretion of the Committee. An "Incentive Stock Option" is an Option that is intended to satisfy the requirements applicable to an "incentive stock option" described in section 422(b) of the Code. A "Non-Qualified Stock Option" is an Option that is not intended to be an "incentive stock option" as that term is described in section 422(b) of the Code.

- 6.2. The Committee shall designate the Participants to whom Options are to be granted under this Section 6 and shall determine the number of shares of Stock to be subject to each such Option. To the extent that the aggregate fair market value of Stock with respect to which Incentive Stock Options are exercisable for the first time by any individual during any calendar year (under all plans of the Company and all Related Companies) exceeds \$100,000, such options shall be treated as Non-Qualified Stock Options, to the extent required by section 422 of the Code.
- 6.3. The determination of the purchase price of a share of Stock under each Option and the payment of the purchase price of a share of Stock under each Option shall be subject to the following:
- (a) The purchase price of an Option shall be established by the Committee or shall be determined by a method established by the Committee at the time the Option is granted; provided, however, that in no event shall such price be less than Fair Market Value on the date of the grant.
 - (b) Subject to the following provisions of this subsection 6.3, the full purchase price of each share of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise and, as soon as practicable thereafter, a certificate representing the shares so purchased shall be delivered to the person entitled thereto.
 - (c) The purchase price of an Option shall be payable in cash or in shares of Stock (valued at Fair Market Value as of the day of exercise).
 - (d) A Participant may elect to pay the purchase price upon the exercise of an Option through a cashless exercise arrangement as may be established by the Company.
 - (e) Except for either adjustments pursuant to Section 13 of the Plan (relating to the adjustments to shares), or reductions of the purchase price approved by the Company's stockholders, and subject to any applicable restrictions imposed by section 409A of the Code, the purchase price for any outstanding Option may not be decreased after the date of grant nor may an outstanding Option granted under the Plan be surrendered to the Company as consideration for the grant of a replacement Option with a lower purchase price.
- 6.4. Except as otherwise expressly provided in the Plan, the terms and conditions relating to the exercise of an Option shall be established by the Committee, and may include, without limitation, conditions relating to completion of a specified period of service, achievement of performance standards prior to exercise of the Option, or achievement of Stock ownership objectives by the Participant. No Option may be exercised by a Participant after the expiration date applicable to that Option.
- 6.5. The exercise period of any Option shall be determined by the Committee and shall not extend more than ten years after the Date of Grant.

- 6.6. In the event the Participant exercises an Option granted before February 28, 2005, under this Plan or a predecessor plan of the Company or a Related Company and pays all or a portion of the purchase price in Common Stock, in the manner permitted by subsection 6.3, such Participant, pursuant to the exercise of Committee discretion at the time the Option is exercised or to the extent previously authorized by the Committee, may be issued a new Option to purchase additional shares of Stock equal to the number of shares of Stock surrendered to the Company in such payment. Such new Option shall have an exercise price equal to the Fair Market Value per share on the date such new Option is granted, shall first be exercisable six months from the date of grant of the new Option and shall have an expiration date on the same date as the expiration date of the original Option so exercised by payment of the purchase price in shares of Stock. No new Option shall be granted pursuant to this subsection 6.6 in connection with the exercise of any Option granted on or after February 28, 2005.

SECTION 7

RESTRICTED STOCK

- 7.1. Subject to the terms of this Section 7, Restricted Stock Awards under the Plan are grants of Stock to Participants, the vesting of which is subject to certain conditions established by the Committee, with some or all of those conditions relating to events (such as performance or continued employment) occurring after the date of grant, provided however that to the extent that vesting of a Restricted Stock Award is contingent on continued employment, then (i) the required employment period shall not be less than three years following the grant of the Award unless the Award is being granted in replacement of a previously granted award under the Plan or another plan and, as of the date of the replacement, the required employment period for the replacement grant is not less than the remaining required employment period under the grant that is being replaced, and (ii) the grant may provide for equal, annual, pro-rata vesting during the employment period.
- 7.2. The Committee shall designate the Participants to whom Restricted Stock is to be granted, and the number of shares of Stock that are subject to each such Award. The maximum number of shares of Stock that may be issued in conjunction with awards granted under Sections 7, 8 and 9 of the Plan shall be twenty-three million shares. The Award of shares under this Section 7 may, but need not, be made in conjunction with a cash-based incentive compensation program maintained by the Company, and may, but need not, be in lieu of cash otherwise awardable under such program, provided, however, that one million of the shares remaining to be granted under Sections 7, 8 and 9 of the Plan as of April 18, 2002, shall only be used for Awards of shares of Performance-Based Restricted Stock, performance-based Restricted Stock Units or Performance Stock or in lieu of cash otherwise awardable under such program.
- 7.3. Shares of Restricted Stock granted to Participants under the Plan shall be subject to the following terms and conditions:
- (a) Except as otherwise hereinafter provided, Restricted Stock granted to Participants may not be sold, assigned, transferred, pledged or otherwise encumbered during the Restricted Period. Except for such restrictions, the Participant as owner of such shares shall have all the rights of a stockholder, including but not limited to the right to vote such shares and, except as otherwise provided by the Committee or as otherwise provided by the Plan, the right to receive all dividends paid on such shares.

- (b) Each certificate issued in respect of shares of Restricted Stock granted under the Plan shall be registered in the name of the Participant and, at the discretion of the Committee, each such certificate may be deposited with the Company with a stock power endorsed in blank or in a bank designated by the Committee.
- (c) The Committee may award Performance-Based Restricted Stock, which shall be Restricted Stock that becomes vested (or for which vesting is accelerated) upon the achievement of performance goals established by the Committee. The Committee may specify the number of shares that will vest upon achievement of different levels of performance. Except as otherwise provided by the Committee, achievement of maximum targets during the Performance Period shall result in the Participant's receipt of the full Performance-Based Restricted Stock Award. For achievement of the minimum target but less than the maximum target the Committee may establish a portion of the Award which the Participant is entitled to receive.
- (d) Except as otherwise provided by the Committee, any Restricted Stock which is not earned by the end of a Performance Period shall be forfeited. If a Participant's Date of Termination occurs during a Performance Period with respect to any Restricted Stock subject to a Performance Period granted to him or her, the Committee may determine that the Participant will be entitled to settlement of all or any portion of the Restricted Stock subject to a Performance Period as to which he or she would otherwise be eligible or make such other adjustments as the Committee, in its sole discretion, deems desirable. Subject to the limitations of the Plan and the Award of Restricted Stock, upon the vesting of Restricted Stock, such Restricted Stock will be transferred free of all restrictions to a Participant (or his or her legal representative, beneficiary or heir).

SECTION 8

RESTRICTED STOCK UNITS

- 8.1. Subject to the terms of this Section 8, a Restricted Stock Unit entitles a Participant to receive shares for the units at the end of a Restricted Period to the extent provided by the Award with the vesting of such units to be contingent upon such conditions as may be established by the Committee (such as continued employment which, when required, shall be not less than three years (although the grant may provide for equal, annual, pro-rata vesting during that period), or satisfaction of performance criteria). The Award of Restricted Stock Units under this Section 8 may, but need not, be made in conjunction with a cash-based incentive compensation program maintained by the Company, and

may, but need not, be in lieu of cash otherwise awardable under such program, provided, however, that one million of the shares remaining to be granted under Sections 7, 8 and 9 of the Plan as of April 18, 2002, shall only be used for Awards of shares of Performance-Based Restricted Stock, performance-based Restricted Stock Units or Performance Stock or in lieu of cash otherwise awardable under such program.

- 8.2. The Committee shall designate the Participants to whom Restricted Stock Units shall be granted and the number of units that are subject to each such Award. The maximum number of shares of Stock that may be issued in conjunction with awards granted under Sections 7, 8 and 9 of the Plan shall be twenty-three million shares. During any period in which units are outstanding and have not been settled in stock, the Participant shall not have the rights of a stockholder, but shall have the right to receive a payment from the Company in lieu of a dividend in an amount equal to such dividends and at such times as dividends would otherwise be paid.
- 8.3. If a Participant's Date of Termination occurs during a Restricted Period with respect to any Restricted Stock Units granted to him or her, the Committee may determine that the Participant will be entitled to settlement of all or any portion of the Restricted Stock Units as to which he or she would otherwise be eligible or make such other adjustments as the Committee, in its sole discretion, deems desirable.

SECTION 9

PERFORMANCE STOCK

- 9.1. Subject to the terms of this Section 9, a Performance Stock Award provides for the distribution of Stock to a Participant upon the achievement of performance objectives established by the Committee. For purposes of the Plan, the "Performance Period" with respect to any Award shall be the period over which the applicable performance is to be measured.
- 9.2. The Committee shall designate the Participants to whom Performance Stock Awards are to be granted, and the number of shares of Stock that are subject to each such Award. The maximum number of shares of Stock that may be issued in conjunction with awards granted under Sections 7, 8 and 9 of the Plan shall be twenty-three million shares. The Award of shares under this Section 9 may, but need not, be made in conjunction with a cash-based incentive compensation program maintained by the Company, and may, but need not, be in lieu of cash otherwise awardable under such program, provided, however, that one million of the shares remaining to be granted under Sections 7, 8 and 9 of the Plan as of April 18, 2002, shall only be used for Awards of shares of Performance-Based Restricted Stock, performance-based Restricted Stock Units or Performance Stock or in lieu of cash otherwise awardable under such program.
- 9.3. If a Participant's Date of Termination occurs during a Performance Period with respect to any Performance Stock granted to him or her, the Committee may determine that the Participant will be entitled to settlement of all or any portion of the Performance Stock as to which he or she would otherwise be eligible or make such other adjustments as the Committee, in its sole discretion, deems desirable.

SECTION 10

STOCK PURCHASE PROGRAM

- 10.1. The Committee may, from time to time, establish one or more programs under which Participants will be permitted to purchase shares of Stock under the Plan, and shall designate the Participants eligible to participate under such Stock purchase programs. The purchase price for shares of Stock available under such programs, and other terms and conditions of such programs, shall be established by the Committee. The purchase price may not be less than 85% of the Fair Market Value of the Stock at the time of purchase (or, in the Committee's discretion, the average Stock value over a period determined by the Committee), and the purchase price may not be less than par value. Issuances under the Stock purchase programs authorized under this Section 10.1 shall not exceed a cumulative total of 400,000 shares subsequent to April 17, 2002.
- 10.2. The Committee may impose such restrictions with respect to shares purchased under this section, as the Committee determines to be appropriate. Such restrictions may include, without limitation, restrictions of the type that may be imposed with respect to Restricted Stock under Section 7.

SECTION 11

ACHIEVEMENT AWARD STOCK

- 11.1. Subject to the eligibility provisions of Section 3, the Committee may determine and designate from time to time from among the eligible employees of an Employer those Employees who will be granted Achievement Award Stock. Such Employees shall be those Employees who are recognized for specific and unique achievements that exceed normal expectations for the job.
- 11.2. Stock granted under this Section 11 shall consist of shares of Company common stock, which shall not be subject to a vesting period. The total number of shares of Stock to be awarded under this Section 11 shall not exceed 50,000 shares, and in any calendar year no Employee may be granted more than 25 shares of Stock (or such other number as the Committee may determine) under this Section 11, and such Stock shall be granted in lieu of a cash payment equal to no more than 25 (or such other number as the Committee may determine) times the Fair Market Value of one share of Company common Stock on the Date of Grant.

SECTION 12

TERMINATION OF EMPLOYMENT

- 12.1. If a Participant's Date of Termination occurs for any reason other than death, Disability, Retirement, or by reason of the Participant's employment being terminated by the Participant's employer for any reason other than Cause, all outstanding Awards shall be forfeited.
- 12.2. If a Participant's Date of Termination occurs by reason of death, all Options outstanding immediately prior to the Participant's Date of Termination shall immediately become exercisable and all restrictions on Restricted Stock, Restricted Stock Units, Performance Stock and shares purchased under the Stock Purchase Program outstanding immediately prior to the Participant's Date of Termination shall lapse.
- 12.3. If a Participant's Date of Termination occurs by reason of Disability or Retirement, the Restricted Period shall lapse on a proportion of any Awards outstanding immediately prior to the Participant's Date of Termination (except that to the extent an Award of Restricted Stock, Restricted Stock Units or Performance Stock is subject to a Performance Period, such proportion of the Award shall remain subject to the same terms and conditions for vesting as were in effect prior to termination). The proportion of an Award upon which the Restricted Period shall lapse shall be a fraction, the denominator of which is the total number of months of any Restricted Period applicable to an Award and the numerator of which is the number of months of such Restricted Period which elapsed prior to the Date of Termination.
- 12.4. If a Participant's Date of Termination occurs by reason of the Participant's employment being terminated by the Participant's employer for any reason other than for Cause, the Restricted Period shall lapse on a proportion of any outstanding Awards (except that to the extent an Award of Restricted Stock, Restricted Stock Units or Performance Stock is subject to a Performance Period, such proportion of the Award shall remain subject to the same terms and conditions for vesting as were in effect prior to termination). The proportion of an Award upon which the Restricted Period shall lapse shall be a fraction, the denominator of which is the total number of months of any Restricted Period applicable to an Award and the numerator of which is the number of months of such Restricted Period which elapsed prior to the Date of Termination.
- 12.5. Non-Qualified Stock Options which are exercisable at the time of (or become exercisable by reason of) the Participant's death, Disability, Retirement, or other termination of employment by the Participant's employer for reasons other than Cause shall expire on the expiration date set forth in the award or, if earlier, five years after the Date of Termination, if the Participant's termination occurs because of death, Disability, or Retirement or if the Participant's employment is terminated by the Participant's employer for reasons other than Cause.

Incentive Stock Options which are exercisable at the time of (or become exercisable by reason of) the Participant's death, Disability, Retirement, or other termination of employment by the Participant's employer for reasons other than Cause and not exercised prior to the Date of Termination shall be treated as Non-Qualified Stock Options on the day following the Date of Termination and shall expire on the expiration date set forth in the award or, if earlier, five years after the Date of Termination, if the Participant's termination occurs because of death, Disability, or Retirement or if the Participant's employment is terminated by the Participant's employer for reasons other than Cause.

12.6. Notwithstanding any other provision of this Section 12 to the contrary, if a Participant's employment is terminated by the Participant's employer for reasons other than Cause in connection with and after a Change in Control:

- (a) All Options outstanding on the Participant's Date of Termination shall become exercisable (to the extent not already exercisable) on the Participant's Date of Termination, provided that this paragraph (a) shall apply only to options that were held by the Participant on the date of a Change in Control.
- (b) Any restrictions shall lapse on awards of Restricted Stock and Restricted Stock Units, including without limitation performance-based Restricted Stock and performance-based Restricted Stock Units, that are outstanding on the Participant's Date of Termination, and such Awards shall be fully vested as if all performance objectives have been attained (provided that this paragraph (b) shall apply only to Restricted Stock and Restricted Stock Units that were held by the Participant on the date of the Change in Control, and further provided that this paragraph (b) shall not apply to Performance Stock).
- (c) Any Performance Stock awards held by a Participant on the date of a Change in Control shall vest to the extent provided by the terms in the applicable Performance Stock Award Agreement.

For purposes of this Section 12.6, a Participant will be treated as having been terminated by the Participant's employer for reasons other than Cause if the Participant resigns within 60 days of being notified by the Participant's employer in writing that any of the actions described in the following paragraphs (i), (ii), or (iii) will apply to him or her (but only if the applicable action described in paragraphs (i), (ii), or (iii) is taken in connection with and after the Change in Control).

- (i) The relocation of the Participant's base of operations for the Company or Related Company to a place that is 50 miles farther from his or her residence immediately prior to the Change in Control than the distance from such residence to the Participant's former base of operations for the Company or Related Company.
- (ii) The Participant's salary rate is reduced to a level that is less than 85% of the Participant's salary level immediately prior to the Change in Control.

- (iii) The aggregate value of a Participant's (A) annual salary rate at the time of termination, (B) bonus opportunity for the year in which the Date of Termination occurs, and (C) the value of the long-term incentive compensation awards for the year in which the Date of Termination occurs, is less than 85% of the aggregate value of a Participant's salary rate, bonus opportunity and long-term incentive awards for the year ending prior to the year in which the Change in Control occurs (with all such values to be determined by the Committee).

However, if the reduction in compensation described in paragraph (ii) or (iii) is consistent with a broad-based company reduction in compensation by the Participant's employer (as determined by the Committee), the reduction will not be a basis for treating the Participant as having been terminated by the Participant's employer for reasons other than Cause, and the reduction shall be disregarded for purposes of paragraph (ii) and (iii).

- 12.7. Except to the extent the Committee shall otherwise determine, if as a result of a sale or other transaction, a Participant's employer ceases to be a Related Company (and the Participant's employer is or becomes an entity that is separate from the Company), the occurrence of such transaction shall be treated as the Participant's Date of Termination caused by the Participant being discharged by the Employer other than for Cause.
- 12.8. Notwithstanding the foregoing provisions of this section, the Committee may, with respect to any Awards of a Participant (or portion thereof) that are outstanding immediately prior to the Participant's Date of Termination, determine that a Participant's Date of Termination will not result in forfeiture or other termination of the Award.

SECTION 13

ADJUSTMENTS TO SHARES

- 13.1. If the Company shall effect a reorganization, merger, or consolidation, or similar event or effect any subdivision or consolidation of shares of Stock or other capital readjustment, payment of stock dividend, stock split, spin-off, combination of shares or recapitalization or other increase or reduction of the number of shares of Stock outstanding without receiving compensation therefor in money, services or property, then the Committee shall adjust (i) the number of shares of Stock available under the Plan; (ii) the number of shares available under any individual or other limits; (iii) the number of shares of Stock subject to outstanding Awards; and (iv) the per-share price under any outstanding Award to the extent that the Participant is required to pay a purchase price per share with respect to the Award.
- 13.2. If the Committee determines that the adjustments in accordance with the foregoing provisions of this section would not be fully consistent with the purposes of the Plan or the purposes of the outstanding Awards under the Plan, the Committee may make such other adjustments to the Awards to the extent that the Committee determines such adjustments are consistent with the purposes of the Plan and of the affected Awards.

SECTION 14

TRANSFERABILITY OF AWARDS

- 14.1. Awards under the Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution. To the extent that the Participant who receives an Award under the Plan has the right to exercise such Award, the Award may be exercised during the lifetime of the Participant only by the Participant. Notwithstanding the foregoing provisions of this Section 14, the Committee may permit Awards under the Plan (other than an Incentive Stock Option) to be transferred by a Participant for no consideration to or for the benefit of the Participant's Immediate Family (including, without limitation, to a trust for the benefit of a Participant's Immediate Family or to a Family Partnership for members of the Immediate Family), subject to such limits as the Committee may establish, and the transferee shall remain subject to all of the terms and conditions applicable to such Award prior to such transfer.

SECTION 15

AWARD AGREEMENT

- 15.1. Each employee granted an Award pursuant to the Plan shall execute an Award Agreement which signifies in writing, electronically or by such other means as the Company may designate, the offer of the Award by the Company and the acceptance of the Award by the employee in accordance with the terms of the Award and the provisions of the Plan. Each Award Agreement shall reflect the terms and conditions of the Award. In the event of a disagreement between the individual Award Agreement and the Plan or the Compensation and Development Committee resolution, the Plan or the resolution will govern. Participation in the Plan shall confer no rights to continued employment with the Company nor shall it restrict the right of the Company to terminate a Participant's employment at any time.

SECTION 16

TAX WITHHOLDING

- 16.1. All Awards and other payments under the Plan are subject to withholding of all applicable taxes, which withholding obligations shall be satisfied (without regard to whether the Participant has transferred an Award under the Plan) by a cash remittance, or with the consent of the Committee, through the surrender of shares of Stock which the Participant owns or to which the Participant is otherwise entitled under the Plan pursuant to an irrevocable election submitted by the Participant to the Company at the office designated for such purpose, provided that if shares are used for awards granted on or after July 1, 2000, shares from the Stock Awards may be used only in an amount equal

to the minimum applicable tax withholding rate as established by the Internal Revenue Code and relevant state or local tax authorities, and any additional amount due must be satisfied by use of attestation of ownership of other shares. The number of shares of Stock needed to be submitted in payment of the taxes shall be determined using the Fair Market Value as of the applicable tax date rounding down to the nearest whole share; provided that no election to have shares of Stock withheld from an Award or submission of shares shall be effective with respect to an Award which was transferred by a Participant in accordance with the Plan.

SECTION 17

TERMINATION AND AMENDMENT

- 17.1. The Board may suspend, terminate, modify or amend the Plan, provided that any amendment that would increase the aggregate number of shares which may be issued under the Plan; materially increase the benefits accruing to Participants under the Plan; modify Section 6.3(e) or materially modify the requirements as to eligibility for participation in the Plan, shall be subject to the approval of the Company's stockholders, except that any such increase or modification that may result from adjustments authorized by Section 13 does not require such approval. No suspension, termination, modification or amendment of the Plan may terminate a Participant's existing Award or materially and adversely affect a Participant's rights under such Award without the Participant's consent.

BNSF Railway Company
Incentive Compensation Plan
(as amended and restated)

1.0 OBJECTIVE

The BNSF Railway Company (“BNSF Railway” or the “Company”) Incentive Compensation Plan (“ICP” or the “Plan”) has as its objective to:

- 1.1 Communicate and focus attention on key BNSF Railway business goals.
- 1.2 Identify and reward superior performance.
- 1.3 Provide a competitive compensation package to attract and retain high quality employees.

2.0 ADMINISTRATION

The ICP Committee shall provide overall administration of the Plan. The ICP Committee shall be comprised of the Chief Executive Officer, the Executive Vice President and CFO, the Executive Vice President Law & Government Affairs and Secretary, and the Vice President-Human Resources and Medical.

The ICP Committee will have discretionary authority to review and approve any changes in eligibility, levels of participation, incentive opportunity, basis for award determination, performance objectives, etc., subject to other requirements of the Plan. Review and approval of Plan details will be performed on an annual basis.

The ICP Committee will appoint a plan administrator whose responsibility to the ICP Committee will include:

- 2.1 Establishment of procedures for the Plan operation.
- 2.2 Timely and effective management of the day-to-day operations of the Plan.
- 2.3 Performance of periodic analyses to ensure the Plan’s effectiveness.

3.0 ELIGIBILITY

All regularly assigned, active salaried employees of BNSF Railway and its rail subsidiaries shall be eligible to participate in the ICP subject to the discretion of the ICP Committee. Employees hired into a salaried position after October 1, will not be eligible until the next calendar year. The ICP Committee shall designate an employee’s level of participation. The extent of participation in the ICP may vary according to the employee’s level of responsibility. Depending on one’s level within the organization and departmental discretion,

some percentage of an employee's payout potential may be based upon achievement of personal goals.

- 3.1 ICP eligibility of newly hired salaried employees or scheduled employees promoted to a salaried position will be treated as follows:
 - 3.1.1 A new employee hired into an eligible position on or before October 1 will be eligible to participate in the current calendar year.
 - 3.1.2 A scheduled employee promoted to a regularly assigned salaried position on or before October 1 will be eligible to participate in the current calendar year.
 - 3.1.3 The ICP award for a new salaried employee or a scheduled employee promoted into an eligible position for the first time, on or before October 1, will be prorated based upon the number of days worked in active service in the eligible position.
- 3.2 Promotions, transfers, and assignments of active employees to temporary, part-time, red-circle or other similar salary band continuation status will be treated in the following manner:
 - 3.2.1 A scheduled employee placed on temporary assignment to a salaried position will not be eligible for an ICP payout.
 - 3.2.2 A regularly-assigned salaried employee placed on a temporary assignment to another salaried position of a higher salary band will maintain his/her regularly assigned position's ICP participation level.
 - 3.2.3 A regularly-assigned salaried employee promoted (or demoted) from one position to another with a higher (or lower) ICP participation level will have his/her ICP award calculated on a pro-rata basis for the number of days employed at each level.
 - 3.2.4 A regularly-assigned salaried employee who is assigned for all or a portion of the year to a part-time position will have his/her ICP award calculated on a pro-rata basis for the number of days employed at each ICP participation level and full-time-equivalency level.
 - 3.2.5 A regularly-assigned salaried employee who has red-circle or other similar salary band continuation status at a higher salary band will have his/her ICP award calculated on a pro-rata basis at the ICP participation level of the higher salary band for the number of days of red-circle or other similar salary band continuation status and at the ICP participation level of the assigned band for the number of days without such status.

3.3 ICP eligibility with respect to voluntary and involuntary separation will be determined as follows:

3.3.1 VOLUNTARY RESIGNATIONS

- 3.3.1(a) If a participating employee voluntarily resigns after December 31, but before award payout, the amount that would have otherwise been received had there been no resignation will be paid to the employee.
- 3.3.1(b) If a participating employee voluntarily resigns on or before December 31, and is not eligible for participation in a company-sponsored severance program, the employee forfeits all rights to an ICP award.
- 3.3.1(c) If a participating employee voluntarily resigns in conjunction with a Company-sponsored severance program, the participant is eligible to receive a pro-rata share of the ICP award he/she would otherwise have earned based upon the number of days worked in active service during the severance year.

3.3.2 INVOLUNTARY SEPARATION

- 3.3.2(a) If a participating employee is terminated for cause, the participant forfeits all rights to an ICP award. Cause shall be defined by the ICP Committee.
- 3.3.2(b) If a participating employee is terminated at the discretion of the Company as part of a Company-sponsored severance program and other than for cause, the participant is eligible to receive a pro-rata share of the ICP award he/she would otherwise have earned based upon the number of days worked in active service during the severance year.

3.4 ICP eligibility with respect to the following events will be determined as indicated.

MISCELLANEOUS EVENTS AFFECTING ELIGIBILITY

- 3.4.1 Retirement - The participant is eligible to receive a pro-rata share of the ICP award he/she would otherwise have earned based upon the number of days' service prior to retirement.
- 3.4.2 Disability - A participating employee on short-term disability is eligible to receive the full ICP payout. A participating employee who is placed on long-term disability ("LTD") is eligible to receive a pro-rata share of the ICP award he/she would have earned based upon the number of days' of otherwise eligible service accrued prior to being placed on LTD. No ICP eligibility accrues for any employee while on LTD, but eligibility will be reinstated should the employee be removed from LTD and return to an active, regularly-assigned salaried position.

- 3.4.3 Medical Leave - A participating employee on short-term paid medical leave is eligible to receive the full ICP payout. An employee on unpaid medical leave will be ineligible to receive an ICP payout for those days comprising the unpaid medical leave period. The employee will receive a pro-rata ICP payout based upon the total of all otherwise eligible salaried service during the year, excluding the days on unpaid medical leave of absence.
- 3.4.4 Suspension - A participating employee suspended (without pay) for disciplinary reasons is ineligible to receive an ICP payout for any and all days comprising the suspension period.
- 3.4.5 Leave of Absence with Pay - A participating employee on leave of absence with pay is entitled to receive the full ICP payout.
- 3.4.6 Leave of Absence without Pay - A participating employee on leave of absence without pay will be ineligible to receive an ICP payout for those days comprising the unpaid leave period. The employee will receive a pro-rata ICP payout based upon the total of all otherwise eligible salaried service during the year, excluding the days on unpaid leave of absence.
- 3.4.7 Military Leave - A participating employee on paid military leave is entitled to the full ICP payout. An employee on unpaid military leave will be ineligible to receive an ICP payout for those days comprising the unpaid military leave period. The employee will receive a pro-rata ICP payout based upon the total of all otherwise eligible salaried service during the year, excluding the days on unpaid military leave of absence.
- 3.4.8 Death - A pro-rata share of the ICP award the participant would otherwise have earned will be paid to the deceased employee's estate based upon the total number of days of eligible service during the award year.
- 3.4.9 Seniority Exercise - A participating employee who exercises his/her seniority at any time during the year forfeits all rights to an ICP award for that year except under circumstances when an employee exercises seniority in lieu of a severance package which had been offered to the employee.
- 3.4.10 Position Abolishment - If the Company abolishes a participating salaried employee's position and the Company offers a severance package, the participant is eligible to receive a pro-rata share of the ICP award he/she would otherwise have earned based upon the number of days' service prior to abolishment.

3.4.11 The ICP Committee may, at its discretion, decide to pay all or a portion of the award a participant would otherwise have earned when termination occurs under any subsection to Section 3.0 ELIGIBILITY.

For purposes of Section 3.0, a pro-rata share of the ICP award a participant would otherwise have earned shall be based upon the nearest whole number of days in active service during the award year. Performance awards for eligible persons terminating employment during the award year shall be based on actual Company and individual performance through the full year and will be payable at the payment date for continuing employees.

4.0 INCENTIVE OPPORTUNITIES

The incentive awards will be designed to reflect the position's impact on BNSF Railway performance and will provide incentives that are in line with key competitors. Incentive levels will be determined and communicated to employees on an annual basis.

5.0 INCENTIVE AWARD BASES

The ICP Committee shall annually review the mix of Company goals and individual or departmental goals (defined further in Section 6.0) and may modify them at its discretion; provided that this Section 5.0 shall not permit an award that is designated as Performance-Based Compensation and is otherwise not permitted under Section 6.3.

6.0 PERFORMANCE OBJECTIVES

Payments of ICP awards shall be based on performance measured against objectives established by the Compensation and Development Committee of the Board of Directors of Burlington Northern Santa Fe Corporation ("BNSF Corporation").

6.1. COMPANY-WIDE GOALS

Company-wide performance objectives shall be established at the beginning of each year for BNSF Railway.

6.2. PERSONAL AND DEPARTMENTAL GOALS

If the ICP Committee determines that departments may have departmental or personal goals, then each department may establish its own departmental goals and assign them to some or all departmental employees. The department may also establish personal goals for selected employees to be accomplished in addition to or in lieu of any departmental goals.

The personal goals element of the ICP is intended to be used by the immediate supervisor of an employee whose salary band is a level approved by the ICP Committee to have personal goals assigned as part of an employee's plan participation. In such circumstances, the manager may deem it necessary or desirable to encourage the planning and review of written individual objectives in order to accomplish the following:

6.2.1 Provide a system whereby senior management and subordinates mutually agree on important objectives to be attained.

- 6.2.2 Provide an opportunity for regular review and feedback regarding progress towards stated objectives.
- 6.2.3 Introduce a discretionary element into the ICP to give senior management greater flexibility in ensuring that the ICP accomplishes its basic purposes.

At the beginning of each year for which there are to be personal goals, it is recommended that approximately two goals be mutually agreed upon by the participating employee and his/her immediate supervisor. These objectives are to represent specific accomplishments desired within the framework of the responsibilities of the participating employee, or could represent specific goals beyond the scope of the employee's usual job requirements. Objectives may be related solely to one individual, or may relate to a group of two or more individuals whose efforts are required to complete a common task. Objectives may apply to the full year, or to a portion of the year, as appropriate. Each objective shall be designed to be measurable and attainable, but not without significant effort.

Personal goals, when they apply, will be established for each participating employee by the employee and his or her manager subject to the approval of the department head and the ICP Committee.

6.3 PERFORMANCE-BASED COMPENSATION

The Compensation and Development Committee of the BNSF Corporation Board of Directors may designate an ICP award granted to any participating employee as Performance-Based Compensation. To the extent required by Code section 162(m), any such ICP award so designated shall be conditioned on the achievement of one or more Performance Measures, as selected by such committee, and any ICP award intended to be Performance-Based Compensation shall not be paid prior to certification of the achievement by such committee. For ICP awards under this subsection 6.3 intended to be Performance-Based Compensation, (i) the grant of the Awards and the establishment of the Performance Measures shall be made during the period required under Code section 162(m); (ii) the provisions of the Plan shall not apply to any ICP Award to the extent that the application of such provision would cause the Award to no longer satisfy the requirements of Code section 162(m); and (iii) such Committee shall have the authority and discretion to reduce the amount of any ICP award designated as Performance-Based Compensation at any time prior to payment of the award, with the reduction to be based on such factors and criteria as the Committee determines to be relevant.

- 6.3.1 For ICP Awards that are intended to be Performance-Based Compensation, the maximum amount payable to any participating employee with respect to any calendar year shall equal \$5 million.
- 6.3.2 The term “Performance-Based Compensation” shall have the meaning ascribed to it under Code section 162(m) and the regulations thereunder.
- 6.3.3 The “Performance Measures” shall be based on any one or more of the following Company, Subsidiary, operating unit or division performance measures: net income, earnings per share, safety, on-time train performance, velocity, return on investment, operating income, operating ratio, cash flow, return on assets, stockholders return, revenue, customer satisfaction, and return on equity, or any combination thereof. Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies, and in the case of earnings-based measures, may use or employ comparisons relating to capital, shareholders equity and/or shares outstanding, investments or to assets or net assets.
- 6.3.4 The term “Code” means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code.

7.0 PERFORMANCE

Company performance will be reviewed each quarter when quarterly financial and operating results are available. The determination and distribution of awards will occur as soon as practicable after the compilation of the full year results.

Senior management and the ICP Committee shall have the discretion to apply judgment to their performance evaluation at the company, departmental and individual performance levels. Performance shall be evaluated in light of opportunities and conditions prevailing during the measurement period.

- 7.1 The ICP Committee shall approve all awards except as described in Section 7.3.
- 7.2 Subject to Section 7.3, the ICP Committee has the discretion of increasing or decreasing individual or collective awards on any basis including the following considerations:
 - 7.2.1 BNSF Railway performance relative to its competitors.
 - 7.2.2 Long term as well as short term performance considerations.
 - 7.2.3 Unforeseen opportunities and obstacles.

7.2.4 The ICP Committee's judgment of BNSF Railway and individual performance.

7.3 The awards of all executive officers of BNSF Railway who are also executive officers of BNSF Corporation shall be recommended by the Compensation and Development Committee of the BNSF Corporation Board of Directors and approved by the BNSF Corporation Board of Directors, provided, however, that the award for the Chief Executive Officer shall be approved by the independent directors on the BNSF Corporation Board of Directors.

8.0 AWARD PAYMENT

The ICP Committee will select the payment date at its discretion as soon as practicable after the close of the year and completion of performance evaluations, provided, however, that the payment date shall be no later than the 15th day of the third month following the close of the year unless unforeseeable events make it impractical to make the payments by such date. ICP awards are subject to all usual tax and withholding requirements.

To the extent that the Plan and the awards under the Plan are subject to the rules applicable to nonqualified deferred compensation plans under section 409A of the Code, such portion of the Plan and such awards are not intended to result in acceleration of income recognition or imposition of penalty taxes by reason of section 409A, and the terms of such portion of the Plan and such awards shall be interpreted in a manner (and such portion of the Plan and such awards will be amended to the extent determined necessary or appropriate by the Committee) to avoid such acceleration and penalties.

NOTE: If the Company fails to meet its financial threshold objectives, then no ICP awards (companywide, departmental, or individual) shall be due or payable for that year above 200 percent of target for each non-financial measure except to the extent that the ICP Committee shall decide, in its discretion, that ICP awards shall nevertheless be paid above that level (provided, however, that with respect to any employees who are executive officers of BNSF Corporation, the Compensation and Development Committee and the Board of Directors of BNSF Corporation must concur in this decision, provided, however, that in the case of the Chief Executive Officer, only the independent directors on the BNSF Corporation Board of Directors must concur in this decision).

9.0 COMMUNICATIONS

The Plan administrator, under the direction of the ICP Committee, shall be responsible for maintaining records and communicating information concerning the ICP.

10.0 TERMINATION OR AMENDMENT

The ICP shall remain in effect until terminated or ended by the Board of Directors or the ICP Committee. However, if a Change in Control shall have occurred during the term of this Plan, this Plan shall continue in effect through the end of the year in which such Change in Control occurred, during which time the Company is contractually bound to maintain the Plan, and provided further that the membership of the Committee cannot be changed during such period.

A “Change in Control” shall be deemed to have occurred if

- (a) any “person”, as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (other than BNSF Corporation, any trustee or other fiduciary holding securities under an employee benefit plan of BNSF Corporation, or any company owned, directly or indirectly, by the stockholders of BNSF Corporation in substantially the same proportions as their ownership of stock of BNSF Corporation), is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of BNSF Corporation representing 25% or more of the combined voting power of BNSF Corporation’s then outstanding securities;
- (b) during any period of two consecutive years (not including any period prior to the effective date of this provision), individuals who at the beginning of such period constitute the Board of BNSF Corporation, and any new director (other than a director designated by a person who has entered into an agreement with BNSF Corporation to effect a transaction described in clause (a), (c) or (d) of this definition) whose election by the Board of BNSF Corporation or nomination for election by BNSF Corporation’s stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;
- (c) the stockholders of BNSF Corporation approve a merger or consolidation of BNSF Corporation with any other company other than (i) a merger or consolidation which would result in the voting securities of BNSF Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 80% of the combined voting power of the voting securities of BNSF Corporation (or such surviving entity) outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of BNSF Corporation (or similar transaction) in which no “person” (as hereinabove defined) acquires more than 25% of the combined voting power of BNSF Corporation’s then outstanding securities; or
- (d) the stockholders of BNSF Corporation adopt a plan of complete liquidation of BNSF Corporation or approve an agreement for the sale or disposition by BNSF Corporation of all or substantially all of BNSF Corporation’s assets. For purposes of this clause (d), the term “the sale or disposition by BNSF Corporation of all or substantially all of BNSF Corporation’s assets” shall mean a sale or other disposition transaction or series of related transactions involving assets of BNSF Corporation or of any direct or indirect subsidiary of BNSF Corporation (including the stock of any direct or indirect subsidiary of BNSF Corporation) in which the value of the assets or stock being sold or otherwise disposed of (as

measured by the purchase price being paid therefore or by such other method as the Board of Directors of BNSF Corporation determines is appropriate in a case where there is no readily ascertainable purchase price) constitutes more than two-thirds of the fair market value of BNSF Corporation (as hereinafter defined). For purposes of the preceding sentence, the "fair market value of BNSF Corporation" shall be the aggregate market value of BNSF Corporation's outstanding shares of common stock (on a fully diluted basis) plus the aggregate market value of BNSF Corporation's other outstanding equity securities. The aggregate market value of the shares of BNSF Corporation's common stock (on a fully diluted basis) outstanding on the date of the execution and delivery of a definitive agreement with respect to the transaction or series of related transactions (the "Transaction Date") shall be determined by the average closing price for BNSF Corporation's common stock for the ten trading days immediately preceding the Transaction Date. The aggregate market value of any other equity securities of BNSF Corporation shall be determined in a manner similar to that prescribed in the immediately preceding sentence for determining the aggregate market value of the shares of BNSF Corporation's common stock or by such other method as the Board of Directors of BNSF Corporation shall determine is appropriate.

Subject to Section 10.0 hereof, BNSF Railway and its subsidiaries reserve the right to change Plan provisions or terminate the Plan at any time.

11.0 EFFECTIVE DATE

The Amended and Restated ICP is effective January 1, 2006, subject (as to amended Section 5.0 and new Section 6.3) to the approval of the shareholders of BNSF Corporation at the 2006 Annual Meeting.

12.0 NON-DUPLICATION OF BENEFITS

The ICP is in place of the Burlington Northern Santa Fe Incentive Compensation Plan effective as of January 1, 1996, and there shall be no duplication of benefits under such plan and the ICP.