



BNSF RAILWAY COMPANY

Consolidated Financial Statements
for the consolidated balance sheets as of December 31, 2025 and 2024,
and the related consolidated statements of income, comprehensive income,
changes in stockholder's equity, and cash flows for the three years in the
period ended December 31, 2025

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Independent Auditor's Report

To the Board of Directors of BNSF Railway Company

Opinion

We have audited the consolidated financial statements of BNSF Railway Company and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ DELOITTE & TOUCHE LLP

Fort Worth, Texas
March 2, 2026

BNSF Railway Company and Subsidiaries

Consolidated Statements of Income

In millions

	Years ended December 31,		
	2025	2024	2023
Revenues	\$ 23,348	\$ 23,351	\$ 23,473
Operating expenses:			
Compensation and benefits	5,518	5,856	5,500
Fuel	3,011	3,267	3,684
Depreciation and amortization	2,731	2,627	2,610
Purchased services	2,155	2,071	2,098
Equipment rents	709	715	699
Materials and other	1,162	1,314	1,463
Total operating expenses	15,286	15,850	16,054
Operating income	8,062	7,501	7,419
Interest expense	5	7	8
Interest income, related parties	(1,364)	(1,756)	(1,540)
Other (income) expense, net	(121)	(134)	(139)
Income before income taxes	9,542	9,384	9,090
Income tax expense	2,262	2,258	2,113
Net income	\$ 7,280	\$ 7,126	\$ 6,977

See accompanying Notes to Consolidated Financial Statements.

BNSF Railway Company and Subsidiaries***Consolidated Statements of Comprehensive Income***

In millions

	Years ended December 31,		
	2025	2024	2023
Net income	\$ 7,280	\$ 7,126	\$ 6,977
Other comprehensive income (loss):			
Change in pension and retiree health and welfare benefits, net of tax	(83)	346	41
Change in accumulated other comprehensive income (loss) of equity method investees	—	1	(1)
Other comprehensive income (loss), net of tax	(83)	347	40
Total comprehensive income	\$ 7,197	\$ 7,473	\$ 7,017

See accompanying Notes to Consolidated Financial Statements.

BNSF Railway Company and Subsidiaries

Consolidated Balance Sheets

In millions, except share data

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 523	\$ 541
Accounts receivable, net	2,057	2,064
Materials and supplies	1,066	1,063
Other current assets	208	181
Total current assets	3,854	3,849
Property and equipment, net of accumulated depreciation of \$22,269 and \$20,360, respectively	71,788	70,739
Goodwill	15,333	15,333
Operating lease right-of-use assets	1,192	1,186
Other assets	4,093	3,930
Total assets	\$ 96,260	\$ 95,037
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable and other current liabilities	\$ 4,247	\$ 4,230
Long-term debt and finance leases due within one year	71	63
Total current liabilities	4,318	4,293
Deferred income taxes	16,029	15,749
Operating lease liabilities	891	722
Long-term debt and finance leases	566	628
Casualty and environmental liabilities	392	408
Pension and retiree health and welfare liability	164	180
Other liabilities	905	1,104
Total liabilities	23,265	23,084
Commitments and contingencies (see Note 14)		
Stockholder's equity:		
Common stock, \$1 par value, 1,000 shares authorized; issued and outstanding and paid-in-capital	42,920	42,920
Retained earnings	53,026	54,746
Intercompany notes receivable	(23,449)	(26,294)
Accumulated other comprehensive income	498	581
Total stockholder's equity	72,995	71,953
Total liabilities and stockholder's equity	\$ 96,260	\$ 95,037

See accompanying Notes to Consolidated Financial Statements.

BNSF Railway Company and Subsidiaries
Consolidated Statements of Cash Flows

In millions

	Years ended December 31,		
	2025	2024	2023
Operating Activities			
Net income	\$ 7,280	\$ 7,126	\$ 6,977
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,731	2,627	2,610
Deferred income taxes	306	363	102
Other, net	(488)	(144)	(164)
Changes in current assets and liabilities:			
Accounts receivable, net	7	104	(197)
Materials and supplies	(3)	(55)	(46)
Other current assets	368	221	166
Accounts payable and other current liabilities	(242)	(616)	(226)
Net cash provided by operating activities	<u>9,959</u>	<u>9,626</u>	<u>9,222</u>
Investing Activities			
Capital expenditures excluding equipment	(3,272)	(3,234)	(3,497)
Acquisition of equipment	(525)	(456)	(423)
Purchases of investments and investments in time deposits	(2)	(31)	(24)
Other, net	40	(4)	(5)
Net cash used for investing activities	<u>(3,759)</u>	<u>(3,725)</u>	<u>(3,949)</u>
Financing Activities			
Payments on long-term debt and finance leases	(63)	(62)	(55)
Net increase in intercompany notes receivable classified as equity	(6,155)	(5,806)	(5,257)
Net cash used for financing activities	<u>(6,218)</u>	<u>(5,868)</u>	<u>(5,312)</u>
(Decrease) increase in cash and cash equivalents	<u>(18)</u>	<u>33</u>	<u>(39)</u>
Cash and cash equivalents:			
Beginning of period	541	508	547
End of period	<u>\$ 523</u>	<u>\$ 541</u>	<u>\$ 508</u>
Supplemental Cash Flow Information			
Interest paid, net of amounts capitalized	\$ 1	\$ 4	\$ 1
Capital investments accrued but not yet paid	\$ 255	\$ 232	\$ 469
Income taxes paid, net of refunds	\$ 1,888	\$ 2,054	\$ 1,871
Non-cash dividend	\$ 9,000	\$ 8,000	\$ —

See accompanying Notes to Consolidated Financial Statements.

BNSF Railway Company and Subsidiaries

Consolidated Statements of Changes in Stockholder's Equity

In millions

	Common Stock and Paid-in Capital	Retained Earnings	Intercompany Notes Receivable	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity
Balance as of December 31, 2022	\$ 42,920	\$ 48,643	\$ (23,231)	\$ 194	\$ 68,526
Change in intercompany notes receivable	—	—	(5,257)	—	(5,257)
Comprehensive income (loss), net of tax	—	6,977	—	40	7,017
Balance as of December 31, 2023	\$ 42,920	\$ 55,620	\$ (28,488)	\$ 234	\$ 70,286
Change in intercompany notes receivable	—	—	(5,806)	—	(5,806)
Non-cash dividend	—	(8,000)	8,000	—	—
Comprehensive income (loss), net of tax	—	7,126	—	347	7,473
Balance as of December 31, 2024	\$ 42,920	\$ 54,746	\$ (26,294)	\$ 581	\$ 71,953
Change in intercompany notes receivable	—	—	(6,155)	—	(6,155)
Non-cash dividend	—	(9,000)	9,000	—	—
Comprehensive income (loss), net of tax	—	7,280	—	(83)	7,197
Balance as of December 31, 2025	\$ 42,920	\$ 53,026	\$ (23,449)	\$ 498	\$ 72,995

See accompanying Notes to Consolidated Financial Statements.

BNSF Railway Company and Subsidiaries

Notes to Consolidated Financial Statements

1. The Company

BNSF Railway is a wholly-owned subsidiary of Burlington Northern Santa Fe, LLC (BNSF). BNSF Railway operates one of the largest railroad networks in North America. BNSF Railway operates over 32,500 route miles of track (excluding multiple main tracks, yard tracks and sidings) in 28 states and also operates in three Canadian provinces. Through one operating transportation services segment, BNSF Railway transports a wide range of products and commodities including the transportation of Consumer Products, Agricultural and Energy Products, Industrial Products, and Coal, derived from manufacturing, agricultural, and natural resource industries, which constituted 36 percent, 29 percent, 22 percent, and 13 percent, respectively, of total freight revenues for the year ended December 31, 2025.

On February 12, 2010, Berkshire Hathaway Inc., a Delaware corporation (Berkshire), acquired 100 percent of the outstanding shares of Burlington Northern Santa Fe Corporation common stock that it did not already own. The acquisition was completed through the merger (Merger) of a Berkshire wholly-owned merger subsidiary and Burlington Northern Santa Fe Corporation, with the surviving entity renamed Burlington Northern Santa Fe, LLC. Berkshire's cost of acquiring BNSF was pushed-down to establish a new accounting basis for BNSF Railway beginning as of February 13, 2010.

2. Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of BNSF Railway. All intercompany accounts and transactions have been eliminated. Investments in companies that are not majority-owned are carried at cost or are accounted for under the equity method if the Company has the ability to exercise significant influence but does not have a controlling financial interest. The Company also evaluates its less than majority-owned investments pursuant to accounting guidance related to the consolidation of variable interest entities. We currently have no investments that require consolidation under this guidance.

Use of Estimates

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

Revenue Recognition

The Company's primary source of revenue is freight rail transportation services. The primary performance obligation for the Company is to move freight from a point of origin to a point of destination for its customers. The performance obligations are represented by bills of lading which create a series of distinct services that have a similar pattern of transfer to the customer. The revenues for each performance obligation are based on various factors including the product being shipped, the origin and destination pair, and contract incentives which are outlined in various private rate agreements, common carrier public tariffs, interline foreign road agreements, and pricing quotes. The transaction price is generally a per car amount to transport cars from a certain origin to a certain destination.

The associated freight revenues are recognized over time as the service is performed because the customer simultaneously receives and consumes the benefits of the service. The Company recognizes revenue based on the portion of the service completed as of the balance sheet date. Bills for freight transportation services are generally issued to customers and paid within thirty days or less. As a result, no significant contract assets exist and there are no significant financing components in the Company's revenue arrangements.

Customer incentives, which are primarily provided for shipping a specified cumulative volume or shipping to/from specific locations, are recorded as a reduction to revenue on a pro-rata basis based on actual or projected future customer shipments. A small portion of customer incentive agreements have a component where a different discount amount is provided for different levels of volumes, resulting in variable consideration. To determine the transaction price in these cases, the Company estimates the amount of variable consideration at each reporting period utilizing the most likely amount based on historical trends as well as economic and other indicators. These incentives are ratably applied to all units using an estimate of how much volume the customer will ship under the customer incentive agreement. Both the variable consideration and the associated contract liabilities resulting from these types of customer incentives are immaterial.

Other revenues are primarily generated from accessorial services provided to railroad customers which are primarily storage and demurrage and are recognized when the service is performed.

Accounts Receivable, Net

Accounts receivable, net includes accounts receivable reduced by an allowance for credit losses. The allowance for credit losses is based on expected collectibility. Receivables are written off against allowances after all reasonable collection efforts are exhausted.

Cash and Cash Equivalents

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

Materials and Supplies

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

Goodwill

Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed.

Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. A goodwill impairment loss would be recognized to the extent that the carrying amount of a reporting unit exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit.

See Note 10 to the Consolidated Financial Statements for further information related to goodwill.

Property and Equipment, Net

BNSF Railway's railroad operations are highly capital intensive and its large base of homogeneous, network-type assets turns over on a continuous basis. BNSF Railway self-constructs portions of its track structure and rebuilds certain classes of rolling stock. Each year, BNSF Railway develops a capital program intended to enable BNSF Railway to increase capacity, enhance the safety or efficiency of operations, extend the useful life or increase the value of its assets, gain strategic benefit, or provide new service offerings to customers. Costs are capitalized if they meet these criteria as well as the applicable minimum units of property, including costs for assets purchased or constructed throughout the year, along with all costs necessary to make the assets ready for their intended use. In addition to direct labor and materials, indirect costs that clearly relate to capital projects are also capitalized. Normal repairs and maintenance are charged to operating expense as incurred.

Property and equipment are stated at cost and are depreciated on a straight-line basis over their estimated useful lives using the group method of depreciation in which all items with similar characteristics, use, and expected lives are grouped together in asset classes and depreciated using composite depreciation rates. The Company conducts depreciation studies, generally every three years for equipment and every six years for track structure and other roadway property, and implements study results prospectively.

These detailed studies form the basis for the Company's composite depreciation rates and take into account the following factors:

- Statistical analysis of historical patterns of use and retirements of each of BNSF Railway's asset classes;
- Evaluation of any expected changes in current operations and the outlook for continued use of the assets;
- Evaluation of technological advances and changes to maintenance practices; and
- Expected salvage to be received upon retirement.

Under group depreciation, the historical cost net of salvage of depreciable property that is retired or replaced in the ordinary course of business is charged to accumulated depreciation, and no gain or loss is recognized. This historical cost of certain assets is estimated as it is impracticable to track individual, homogeneous, network-type assets. Historical costs are estimated by deflating current costs using the Producer Price Index (PPI) or a unit cost method. These methods closely correlate with the major costs of the items comprising the asset classes. Because of the number of estimates inherent in the depreciation and retirement processes and because it is impossible to precisely estimate each of these variables until a group of property is completely retired, BNSF Railway monitors the estimated service lives of its assets and the accumulated depreciation associated with each asset class to ensure its depreciation rates are appropriate.

For retirements of depreciable asset classes that do not occur in the normal course of business, a gain or loss may be recognized in operating expense if the retirement: (i) is unusual, (ii) is significant in amount, and (iii) varies significantly from the retirement profile identified through BNSF Railway's depreciation studies. Gains or losses from disposals of land and non-rail property are recognized at the time of their occurrence. During the three fiscal years presented, no material gains or losses were recognized due to the retirement of depreciable assets.

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

Leases

The Company has substantial lease commitments for locomotives, freight cars, office buildings, operating facilities, and other property. Many of the Company's leases provide the option to purchase the leased item at fair market value or a fixed purchase price at the end of the lease, and some leases include early buyout options at a fixed purchase price. Also, many of the Company's leases include both fixed rate and fair market value renewal options.

As the implicit interest rate is not readily available for most operating leases, the Company uses its incremental borrowing rate based on information available at commencement date, including lease term, to determine the present value of lease payments. The Company has operating lease agreements that contain both lease and non-lease components, but only freight cars are accounted for as a single lease component. BNSF Railway has applied the short-term lease exemption to all asset classes, and as a result, short-term leases are not recognized on the Consolidated Balance Sheets. Variable lease costs, sublease income, and lessor transactions are not significant.

Assets held under finance leases are recorded at the net present value of the minimum lease payments at the inception of the lease. Amortization expense for finance leases, as well as leasehold improvements, is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

Planned Major Maintenance Activities

BNSF Railway utilizes the deferral method of accounting for leased locomotive overhauls, which includes the complete refurbishment of the engine and related components to extend the useful life of the locomotive. Accordingly, BNSF Railway has established an asset in property and equipment, net in the Consolidated Balance Sheets for overhauls that is amortized to expense using the straight-line method until the next overhaul is performed.

Environmental Liabilities

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

Personal Injury Claims

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

Income Taxes

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

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

Employment Benefit Plans

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

Fair Value Measurements

As defined under authoritative accounting guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Different valuation techniques may be appropriate under the circumstances to determine the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Market participants are assumed to be independent, knowledgeable, able, and willing to transact an exchange and not under duress. Nonperformance or credit risk is considered in determining the fair value of liabilities. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

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

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

3. Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-09 (ASU 2023-09), Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This standard requires issuers to further disaggregate income tax disclosures related to the income tax rate reconciliation and income taxes paid by federal, state, foreign, and any individual jurisdictions where the reconciling items or income taxes paid quantitatively exceed 5 percent of the total amount disclosed. Issuers are also required to disclose income (or loss) from continuing operations before income tax expense disaggregated between domestic and foreign and income tax expense (or benefit) from continuing operations disaggregated by federal, state, and foreign jurisdictions. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024. The Company adopted this standard for the year-ended December 31, 2025. See Note 6 to the Consolidated Financial Statements.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03 (ASU 2024-03), Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This standard requires issuers to disclose the amounts of purchases of inventory, employee compensation, depreciation, and intangible asset amortization included in each relevant expense line item within continuing operations on the income statement. For any amounts remaining in these relevant expense line items beyond those required to be disclosed, issuers are required to disclose a qualitative description of what is included within the remaining amounts. Issuers are also required to disclose the total selling expenses recognized in continuing operations and, on an annual basis, the issuer's definition of selling expenses. ASU 2024-03 is effective prospectively for annual reporting periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027, with early adoption permitted. The Company expects to adopt this standard for its reporting period beginning January 1, 2027.

In September 2025, the FASB issued Accounting Standards Update No. 2025-06 (ASU 2025-06), Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. This standard amends the existing guidance to remove all references to prescriptive and sequential software development project stages. Under this standard, issuers are required to begin capitalization of eligible software development costs when management has authorized and committed to funding the software project, and it is probable the project will be completed and the software will be used to perform the function intended. In evaluating whether it is probable the project will be completed; issuers are required to consider whether there is significant uncertainty associated with the development activities of the software. ASU 2025-06 is effective prospectively for annual reporting periods beginning after December 15, 2027, and for interim periods within those periods, with early adoption permitted. The Company currently expects to adopt this standard for its reporting period beginning January 1, 2028.

In December 2025, the FASB issued Accounting Standards Update No. 2025-10 (ASU 2025-10), Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities. This standard amends the accounting and disclosure requirements for a government grant received by a business entity. The amendments in this Update require that a government grant received by issuers should not be recognized until it is probable that the business entity will comply with the conditions attached to the grant and the grant will be received, and the business entity meets the recognition guidance for a grant related to an asset or a grant related to income. Issuers will also be required to disclose the nature of the government grant received, the accounting policies used to account for the grant, and significant terms and conditions of the grant, consistent with current disclosure requirements. ASU 2025-10 is effective prospectively for annual reporting periods beginning after December 15, 2028, and for interim periods within those periods, with early adoption permitted. The Company is evaluating the impact of this standard, and at this time, does not anticipate it will have a material impact on the Company's Consolidated Financial Statements and disclosures.

In December 2025, the FASB issued Accounting Standards Update No. 2025-11 (ASU 2025-11), Interim Reporting (Topic 270): Narrow-Scope Improvements. This standard clarifies current interim disclosure requirements and the applicability of Topic 270. Issuers are also required to disclose events since the end of the last annual reporting period that have a material impact on their business operations. ASU 2025-11 is effective prospectively for annual reporting periods beginning after December 15, 2027, and for interim periods within those periods, with early adoption permitted. The Company is evaluating the impact of this standard, and at this time, does not anticipate it will have a material impact on the Company's Consolidated Financial Statements and disclosures.

4. Segment Information

BNSF Railway is a wholly-owned subsidiary of BNSF and represents its only operating segment. The financial results are evaluated as one reportable segment due to the integrated nature of BNSF's rail network. See Note 1 to the Consolidated Financial Statements for information related to the subsidiary's services offered and business operations. As BNSF Railway's operations are not materially different from BNSF's, the Chief Executive Officer, who acts as the chief operating decision maker (CODM), assesses the segment at the consolidated level. The CODM uses the Company's consolidated net income to evaluate the overall profitability of the segment and allocate resources across the Company's rail network. Consolidated net income is benchmarked against forecasted targets, historical results, and industry standards and analyzed for trends for organizational strategic planning purposes. BNSF Railway's assets and significant expenses are also reviewed at the consolidated level. Additionally, while BNSF Railway operates outside of the U.S., its foreign operations are immaterial to the reportable segment.

5. Revenue from Contracts with Customers

The Company disaggregates revenue from contracts with customers based on the characteristics of the services provided and the types of products transported (in millions):

	Years ended December 31,		
	2025	2024	2023
Consumer Products	\$ 8,196	\$ 8,435	\$ 7,879
Agricultural and Energy Products ^a	6,560	6,358	6,115
Industrial Products ^a	5,019	5,097	5,158
Coal	3,017	2,943	3,795
Total freight revenues	22,792	22,833	22,947
Accessorial and other	556	518	526
Total operating revenues	\$ 23,348	\$ 23,351	\$ 23,473

^a Prior year numbers have been recast to conform to the current year presentation based on internal reorganization of business groups.

Contract assets and liabilities are immaterial. Receivables from contracts with customers is a component of accounts receivable, net on the Consolidated Balance Sheets. As of December 31, 2025 and 2024, \$1.0 billion and \$1.1 billion, respectively, represent net receivables from contracts with customers.

Remaining performance obligations primarily consist of in-transit freight revenues, which will be recognized in the next reporting period. As of December 31, 2025 and 2024, remaining performance obligations were \$310 million and \$307 million, respectively.

6. Income Taxes

Income tax expense (benefit) was as follows (in millions):

	Years ended December 31,		
	2025	2024	2023
Current:			
Federal	\$ 1,638	\$ 1,607	\$ 1,692
State	318	290	318
Foreign	—	1	1
Total current	1,956	1,898	2,011
Deferred:			
Federal	302	296	175
State	4	64	(73)
Foreign	—	—	—
Total deferred	306	360	102
Total	\$ 2,262	\$ 2,258	\$ 2,113

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

	Years ended December 31,					
	2025		2024		2023	
U.S. Federal statutory income tax rate	\$ 2,004	21.0 %	\$ 1,971	21.0 %	\$ 1,909	21.0 %
State and local income tax, net of federal tax benefit ^a	256	2.7	280	3.0	197	2.2
Nontaxable or nondeductible items	14	0.1	16	0.2	16	0.2
Changes in unrecognized tax benefits	(4)	—	1	—	(5)	(0.1)
Tax credits	(6)	(0.1)	(6)	(0.1)	(4)	(0.1)
Foreign tax effects	—	—	1	—	1	—
Tax law change effects	—	—	—	—	—	—
Effects of cross-border tax laws	—	—	—	—	—	—
Changes in valuation allowances	—	—	—	—	—	—
Other, net	(2)	—	(5)	—	(1)	—
Effective tax rate	\$ 2,262	23.7 %	\$ 2,258	24.1 %	\$ 2,113	23.2 %

^a The following state taxes made up the majority (greater than 50 percent) of the tax effect in this category, in descending order: Montana and Kansas in 2025; Missouri, Illinois, California, Nebraska, and Kansas in 2024; Illinois, Nebraska, California, and New Mexico in 2023.

Income taxes paid, net of refunds were as follows (in millions):

	Years ended December 31,		
	2025	2024	2023
United States	\$ 1,656	\$ 1,686	\$ 1,566
State	232	367	304
Foreign	—	1	1
Total income taxes paid, net of refunds	1,888	2,054	1,871

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

	December 31, 2025	December 31, 2024
Deferred tax liabilities:		
Property and equipment	\$ (15,629)	\$ (15,406)
Operating lease right-of-use assets	(265)	(241)
Other	(819)	(799)
Total deferred tax liabilities	(16,713)	(16,446)
Deferred tax assets:		
Operating lease liabilities	263	238
Compensation and benefits	169	167
Casualty and environmental	93	92
Other	159	200
Total deferred tax assets	684	697
Net deferred tax liability	\$ (16,029)	\$ (15,749)

BNSF Railway and BNSF are included in the consolidated U.S. federal income tax return of Berkshire. In accordance with the income tax allocation agreement between BNSF and BNSF Railway, BNSF Railway makes payments to or receives refunds from BNSF based on its separate consolidated tax liabilities.

All U.S. federal income tax returns of BNSF Railway are closed for audit through the tax period ended December 31, 2013. BNSF Railway is currently under examination for the years 2014 through 2020 as part of Berkshire's consolidated U.S. federal income tax return.

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

Uncertain Tax Positions

The amount of unrecognized tax benefits for the years ended December 31, 2025, 2024 and 2023, was \$44 million, \$48 million and \$47 million, respectively. The amount of unrecognized tax benefits as of December 31, 2025 that would affect the Company’s effective tax rate if recognized was \$36 million, computed at the federal income tax rate expected to be applicable in the taxable period in which the amount may be incurred by the Company. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	Years ended December 31,		
	2025	2024	2023
Beginning balance	\$ 48	\$ 47	\$ 52
Additions for tax positions related to current year	7	8	6
Additions (reductions) for tax positions taken in prior years	(2)	1	(2)
Additions (reductions) for tax positions as a result of:			
Lapse of statute of limitations	(9)	(8)	(9)
Ending balance	\$ 44	\$ 48	\$ 47

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

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in income tax expense in the Consolidated Statements of Income. The Company had recorded a liability of approximately \$10 million for interest for both of the years ended December 31, 2025 and 2024.

7. Accounts Receivable, Net

Accounts receivable, net consists of freight and other receivables, reduced by an allowance for credit losses which is based upon expected collectability. As of December 31, 2025 and 2024, \$25 million and \$40 million, respectively, of such allowances had been recorded.

8. Business Combinations

On March 8, 2023, the Surface Transportation Board issued a decision approving the discontinuance of service by Montana Rail Link, Inc. (MRL) over that certain line owned by BNSF Railway and leased to MRL, with BNSF Railway to resume providing service over the line. This decision became effective April 7, 2023.

As a result of the approved lease termination, consideration exchanged between BNSF Railway and MRL has been accounted for in accordance with ASC Topic 805 (ASC 805). The amount allocable to goodwill under ASC 805 is deductible for U.S. federal income tax purposes. Based on additional information obtained during the fourth quarter of 2023, BNSF recorded \$1.0 billion in net measurement period adjustments primarily related to property and equipment, resulting in a decrease to goodwill. The measurement period adjustment to property and equipment resulted in additional depreciation expense of \$9 million for the year ended December 31, 2023, which is included within depreciation and amortization on the Consolidated Statements of Income. The purchase price allocation was finalized as of March 31, 2024.

The allocation of total consideration to the fair values of the assets is as follows (in millions):

	April 7, 2023
Property and equipment	\$ 1,571
Materials and supplies	10
Goodwill	532
Fair value of assets	\$ 2,113

Property and equipment of \$1.6 billion primarily includes land for transportation purposes, track structure, and other roadway assets. As a result of the approved lease termination, total goodwill was \$15.3 billion as of December 31, 2025.

This transaction is not material with respect to BNSF’s financial statements when reviewed under the quantitative and qualitative considerations of Regulation S-X Article 11 and ASC 805, so the Company has not provided pro forma information relating to the period prior to the transaction.

9. Property and Equipment, Net

Property and equipment, net (in millions), and the corresponding ranges of estimated useful lives were as follows:

	December 31, 2025	December 31, 2024	Range of Estimated Useful Life
Land for transportation purposes	\$ 6,990	\$ 6,933	—
Track structure	33,823	32,047	18 – 55 years
Other roadway ^a	35,629	34,838	10 – 100 years
Locomotives	9,938	9,995	8 – 38 years
Freight cars and other equipment	4,044	3,983	8 – 45 years
Computer hardware, software and other	1,733	1,730	6 – 15 years
Construction in progress	1,900	1,573	—
Total cost	94,057	91,099	
Less accumulated depreciation and amortization	(22,269)	(20,360)	
Property and equipment, net	\$ 71,788	\$ 70,739	

^a Other roadway includes grading, bridges, signals, buildings and other road assets.

The Consolidated Balance Sheets as of both December 31, 2025 and 2024 included \$1.3 billion of capitalized right-of-use fixed assets and related accumulated amortization of \$503 million and \$475 million, respectively, under other assets.

The Company capitalized \$37 million, \$34 million and \$27 million of interest for the years ended December 31, 2025, 2024 and 2023, respectively.

10. Goodwill

As of both December 31, 2025 and 2024, the carrying value of goodwill was \$15.3 billion. During the years ended December 31, 2025, 2024 and 2023, no impairment losses were incurred and there were no accumulated impairment losses related to goodwill as of both December 31, 2025 and 2024.

11. Leases

The following table shows the components of lease cost (in millions):

Lease Cost	Years ended December 31,	
	2025	2024
Operating lease cost	\$ 410	\$ 426
Finance lease cost:		
Amortization of right-of-use assets	18	18
Interest on lease liabilities	5	5
Short-term lease cost	28	18
Total lease cost	\$ 461	\$ 467

Supplemental balance sheet information related to leases was as follows (in millions):

Operating Leases	December 31, 2025	December 31, 2024
Operating lease right-of-use assets	\$ 1,192	\$ 1,186
Accounts payable and other current liabilities	217	296
Operating lease liabilities	891	722
Total operating lease liabilities	\$ 1,108	\$ 1,018

Finance Leases	December 31, 2025	December 31, 2024
Property and equipment	\$ 329	\$ 336
Accumulated depreciation	(219)	(215)
Property and equipment, net	\$ 110	\$ 121
Long-term debt due within one year	\$ 23	\$ 22
Long-term debt	35	50
Total finance lease liabilities	\$ 58	\$ 72

Supplemental cash flow information related to leases was as follows (in millions):

Cash Flow	Years ended December 31,	
	2025	2024
Cash paid for amounts included in the measurement of lease obligations:		
Operating cash flows for operating leases	\$ 357	\$ 394
Operating cash flows for finance leases	\$ 4	\$ 5
Financing cash flows for finance leases	\$ 22	\$ 22
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 408	\$ 462

Other information related to leases was as follows:

Other Information	December 31, 2025	December 31, 2024
Weighted-average remaining lease term (in years):		
Operating leases	6.0	6.4
Finance leases	2.6	3.3
Weighted-average discount rate:		
Operating leases	4.7 %	4.5 %
Finance leases	5.5 %	5.7 %

Maturities of lease liabilities as of December 31, 2025 are summarized as follows (in millions):

	Operating Leases	Finance Leases
2026	\$ 271	\$ 26
2027	257	24
2028	185	11
2029	152	1
2030	129	1
Thereafter	325	—
Total lease payments	1,319	63
Less amount representing interest	(211)	(5)
Total	\$ 1,108	\$ 58

12. Accounts Payable and Other Current Liabilities

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

	December 31, 2025	December 31, 2024
Property and income tax liabilities	\$ 948	\$ 888
Compensation and benefits payable	903	864
Accounts payable	640	544
Contractual considerations	347	416
Operating leases - current	217	296
Capital expenditure estimated liabilities	148	134
Casualty and environmental liabilities	115	120
Rents and leases	99	107
Other	830	861
Total	\$ 4,247	\$ 4,230

13. Debt

Debt outstanding, excluding finance leases, was as follows (in millions):

	December 31, 2025 ^a		December 31, 2024 ^a	
Equipment obligations, due through 2028	\$ 309	3.6 %	\$ 332	3.6 %
Mortgage bonds, due through 2047	47	3.1	47	3.1
Financing obligations, due through 2029	251	4.5	268	4.6
Unamortized fair value adjustment under acquisition method accounting, discount, debt issuance costs, and other, net	(28)		(28)	
Total	579		619	
Less current portion of long-term debt	(48)	4.2 %	(41)	4.3 %
Long-term debt	\$ 531		\$ 578	

^a Amounts represent debt outstanding and weighted average effective interest rates for 2025 and 2024, respectively. Maturities are as of December 31, 2025.

As of December 31, 2025, certain BNSF Railway properties and other assets were subject to liens securing \$47 million of mortgage debt. Certain locomotives and rolling stock of BNSF Railway and its subsidiaries were subject to equipment obligations.

The fair value of BNSF Railway’s debt is primarily based on market value price models using observable market-based data for the same or similar issues, or on the estimated rates that would be offered to BNSF Railway for debt of the same remaining maturities (Level 2 inputs).

The following table provides principal cash flows and fair value information for the Company’s debt obligations.

	December 31, 2025						Total	Fair Value
	Maturity Date							
	2026	2027	2028	2029	2030	Thereafter		
Debt maturities (in millions)	\$48	\$52	\$275	\$16	\$12	\$176	\$579	\$576

As of December 31, 2024, the fair value of debt was \$598 million.

14. Commitments and Contingencies

Personal Injury

BNSF Railway’s personal injury liability includes the cost of claims for employee work-related injuries, third-party claims, and asbestos claims. BNSF Railway records a liability for asserted and unasserted claims when the expected loss is both probable and reasonably estimable. Because of the uncertainty of the timing of future payments, the liability is undiscounted. Defense and processing costs, which are recorded on an as-reported basis, are not included in the recorded liability. Expense accruals and adjustments are classified as materials and other in the Consolidated Statements of Income.

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. Resolution of these cases under FELA’s fault-based system requires either a finding of fault by a jury or an out of court settlement. Third-party claims include claims by non-employees for compensatory damages and may, from time to time, include requests for punitive damages or treatment of the claim as a class action.

BNSF Railway estimates its personal injury liability claims and expense using standard actuarial methodologies based on the covered population, activity levels and trends in frequency, and the costs of covered injuries. The Company monitors actual experience against the forecasted number of claims to be received, the forecasted number of claims closing with payment, and expected claim payments and records adjustments as new events or changes in estimates develop.

BNSF Railway Company is party to asbestos claims by employees and non-employees who may have been exposed to asbestos. Because of the relatively finite exposed population, the Company has recorded an estimate for the full amount of probable exposure. This is determined through an actuarial analysis based on estimates of the exposed population, the number of claims likely to be filed, the number of claims that will likely require payment, and the cost per claim. Estimated filing and dismissal rates and average cost per claim are determined utilizing recent claim data and trends.

The following table summarizes the activity in the Company’s accrued obligations for personal injury claims (in millions):

	Years ended December 31,		
	2025	2024	2023
Beginning balance	\$ 304	\$ 314	\$ 306
Accruals / changes in estimates	66	98	112
Payments	(76)	(108)	(104)
Ending balance	\$ 294	\$ 304	\$ 314
Current portion of ending balance	\$ 80	\$ 85	\$ 85

The amount recorded by the Company for the personal injury liability is based upon the best information currently available. Because of the uncertainty surrounding the ultimate outcome of personal injury claims, it is reasonably possible that future costs to resolve these claims may be different from the recorded amounts. The Company estimates that costs to resolve the liability may range from approximately \$250 million to \$370 million.

Although the final outcome of these personal injury 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, the occurrence of a number of these items in the same period could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

Environmental

BNSF Railway Company is subject to extensive federal, state, and local environmental regulation. The Company’s operating procedures include practices to protect the environment from the risks inherent in railroad operations, which often involve transporting chemicals and other hazardous materials. Additionally, many of BNSF Railway’s land holdings are or 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. Under federal (in particular, the Comprehensive Environmental Response, Compensation, and Liability Act) and state statutes, the Company may be held jointly and severally liable for cleanup and enforcement costs associated with a particular site without regard to fault or the legality of the original conduct. The Company participates in the study, cleanup, or both of environmental contamination at approximately 180 sites.

Environmental costs may include, but are not limited to, site investigations, remediation, and restoration. The liability is recorded when the expected loss is both probable and reasonably estimable and is undiscounted due to uncertainty of the timing of future payments. Expense accruals and adjustments are classified as materials and other in the Consolidated Statements of Income.

BNSF Railway estimates the cost of cleanup efforts at its known environmental sites based on experience gained from cleanup efforts at similar sites, estimated percentage to closure ratios, possible remediation work plans, estimates of the costs and likelihood of each possible outcome, historical payment patterns, and benchmark patterns developed from data accumulated from industry and public sources. The Company monitors actual experience against expectations and records adjustments as new events or changes in estimates develop.

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

	Years ended December 31,		
	2025	2024	2023
Beginning balance	\$ 224	\$ 236	\$ 247
Accruals / changes in estimates	5	4	7
Payments	(16)	(16)	(18)
Ending balance	\$ 213	\$ 224	\$ 236
Current portion of ending balance	\$ 35	\$ 35	\$ 35

The amount recorded by the Company for the environmental liability is based upon the best information currently available. It has not been reduced by anticipated recoveries from third parties and includes both asserted and unasserted claims. 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 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 various factors, it is reasonably possible that future costs to settle these claims may be different from the recorded amounts. The Company estimates that costs to settle the liability may range from approximately \$190 million to \$245 million.

Although 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, the occurrence of a number of these items in the same period could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

Other Claims and Litigation

In addition to personal injury and environmental matters, BNSF Railway is a party to a number of other legal actions and claims, governmental proceedings, and private civil suits arising in the ordinary course of business, including those related to disputes and complaints involving certain transportation rates and charges. Some of the legal proceedings include claims for compensatory damages and may, from time to time, include requests for punitive damages or treatment of the claim as a class action. Although the final outcome of these 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, the occurrence of a number of these items in the same period could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

Other Commitments

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

Guarantee

As of December 31, 2025, BNSF Railway has not been called upon to perform under the guarantee specifically disclosed in this footnote and does not anticipate a significant performance risk in the foreseeable future.

Debt and other obligations of non-consolidated entities guaranteed by the Company as of December 31, 2025, were as follows (dollars in millions):

	BNSF Railway Ownership Percentage	Principal Amount Guaranteed	Maximum Future Payments	Maximum Recourse Amount ^a	Remaining Term (in years)	Capitalized Obligations
Chevron Phillips Chemical Company LP	— %	N/A ^c	N/A	N/A	2	\$ 4 ^b

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

^b Reflects the asset and corresponding liability for the fair value of this guarantee required by authoritative accounting guidance related to guarantees.

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

Chevron Phillips Chemical Company LP

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

Indemnities

In the ordinary course of business, BNSF Railway enters into agreements with third parties that include indemnification clauses. The Company believes that these clauses are generally 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. Despite the uncertainty whether events which would trigger the indemnification obligations would ever occur, the Company does not believe that these indemnity agreements will have a material adverse effect on the Company’s results of operations, financial position or liquidity. Additionally, the Company believes that, due to lack of historical payment experience, the fair value of indemnities cannot be estimated with any amount of certainty and that the fair value of any such amount would be immaterial to the Consolidated Financial Statements. Unless separately disclosed above, no fair value liability related to indemnities has been recorded in the Consolidated Financial Statements.

15. Employment Benefit Plans

BNSF provides a funded, noncontributory qualified pension plan (BNSF Retirement Plan), which covered most non-union employees through March 31, 2019, and an unfunded non-tax-qualified pension plan (BNSF Supplemental Retirement Plan), which covered certain officers and other employees through March 31, 2019. The benefits under these pension plans are based on years of credited service and the highest consecutive sixty months of compensation for the last ten years of salaried employment with the Company. BNSF Railway Company also provides a funded, noncontributory qualified pension plan which covers certain union employees of the former The Atchison, Topeka and Santa Fe Railway Company (Union Plan). The benefits under this pension plan are based on elections made at the time the plan was implemented. With respect to the funded plans, BNSF’s funding policy is to contribute annually not less than the regulatory minimum and not more than the maximum amount deductible for income tax purposes. The BNSF Retirement Plan, the BNSF Supplemental Retirement Plan, and the Union Plan are collectively referred to herein as the Pension Plans.

During the first quarter of 2019, BNSF amended the BNSF Retirement Plan and the BNSF Supplemental Retirement Plan. Non-union employees hired on or after April 1, 2019 are not eligible to participate in these retirement plans and instead receive an additional employer contribution as part of the qualified 401(k) plan based on the employees’ age and years of service. Current employees are being transitioned away from the retirement plans and upon transition are eligible for the additional employer contribution.

Components of the net (benefit) cost for the Pension Plans were as follows (in millions):

	Pension Benefits		
	Years ended December 31,		
	2025	2024	2023
Service cost	\$ 10	\$ 11	\$ 10
Interest cost	86	83	84
Expected return on plan assets	(192)	(186)	(185)
Amortization of net (gain) loss	(30)	(20)	(34)
Settlement loss (gain)	2	—	—
Net (benefit) cost recognized	\$ (124)	\$ (112)	\$ (125)

The projected benefit obligation is the present value of benefits earned to date by plan participants, including the effect of assumed future salary increases. The following tables show the change in projected benefit obligation for the Pension Plans (in millions):

Change in Benefit Obligation	Pension Benefits	
	December 31, 2025	December 31, 2024
Projected benefit obligation at beginning of period	\$ 1,616	\$ 1,739
Service cost	10	11
Interest cost	86	83
Actuarial loss (gain)	34	(78)
Benefits paid	(139)	(138)
Settlements	(6)	(1)
Projected benefit obligation at end of period	1,601	1,616
Component representing future salary increases	(10)	(13)
Accumulated benefit obligation at end of period	\$ 1,591	\$ 1,603

For the year ended December 31, 2025, the change in benefit obligation resulted from actuarial losses primarily attributable to a decrease in the discount rate from the preceding year. For the year ended December 31, 2024, the change in benefit obligation resulted from actuarial gains primarily attributable to an increase in the discount rate from the preceding year.

The following tables show the change in plan assets of the Pension Plans (in millions):

Change in Plan Assets	Pension Benefits	
	December 31, 2025	December 31, 2024
Fair value of plan assets at beginning of period	\$ 3,068	\$ 2,611
Actual return (loss) on plan assets	142	585
Employer contributions ^a	15	11
Benefits paid	(139)	(138)
Settlements	(6)	(1)
Fair value of plan assets at end of period	\$ 3,080	\$ 3,068

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

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

	Pension Benefits	
	December 31, 2025	December 31, 2024
Funded status (plan assets less projected benefit obligations)	\$ 1,479	\$ 1,452

Of the net pension assets of \$1.5 billion recognized as of both December 31, 2025 and 2024, \$9 million and \$12 million was included in other current liabilities as of December 31, 2025 and 2024, respectively, and \$1.5 billion were included in other assets as of both December 31, 2025 and 2024.

The BNSF Supplemental Retirement Plan had accumulated and projected benefit obligations in excess of plan assets as of both December 31, 2025 and 2024. The following table shows the projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for each period (in millions):

	December 31, 2025	December 31, 2024
Projected benefit obligation	\$ 58	\$ 67
Accumulated benefit obligation	\$ 57	\$ 66
Fair value of plan assets	\$ —	\$ —

Actuarial gains and losses and prior service credits are recognized in the Consolidated Balance Sheets through an adjustment to accumulated other comprehensive income (loss) (AOCI). Pre-tax amounts currently recognized in AOCI consisted of a net gain of \$631 million and \$742 million as of December 31, 2025 and 2024, respectively. The following table shows the pre-tax change in AOCI attributable to the components of the net cost and the change in benefit obligation (in millions):

Change in AOCI	Pension Benefits		
	Years ended December 31,		
	2025	2024	2023
Beginning balance	\$ 742	\$ 285	\$ 226
Amortization of net (gain) loss	(30)	(20)	(34)
Actuarial gain (loss)	(83)	477	93
Settlements	2	—	—
Ending balance	\$ 631	\$ 742	\$ 285

The assumptions used in accounting for the Pension Plans were as follows:

Assumptions Used to Determine Net Cost	Pension Benefits		
	Years ended December 31,		
	2025	2024	2023
Discount rate	5.6 %	5.0 %	5.2 %
Expected long-term rate of return on plan assets	6.7 %	6.7 %	6.7 %
Rate of compensation increase	3.0 %	3.0 %	3.1 %

Assumptions Used to Determine Benefit Obligations	Pension Benefits	
	December 31, 2025	December 31, 2024
Discount rate	5.4 %	5.6 %
Rate of compensation increase	3.0 %	3.0 %

The Company determined the discount rate based on a yield curve that utilized year-end market yields of high-quality corporate bonds to develop spot rates that are matched against the plans' expected benefit payments. The discount rate used for the 2026 calculation of pension net benefit cost decreased to 5.4 percent, which reflects market conditions at the December 31, 2025 measurement date.

Various other assumptions including retirement and withdrawal rates, compensation increases, payment form and benefit commencement age are based upon a five-year experience study. In 2021, the Company obtained an updated study which had an immaterial impact on its pension and retiree health and welfare projected benefit obligation.

The Company utilizes actuary-produced mortality tables and an improvement scale derived from the most recently available data, which were used in the calculation of its December 31, 2025 and 2024 liabilities.

Pension plan assets are generally invested with the long-term objective of earning sufficient amounts to cover expected benefit obligations while assuming a prudent level of risk. Allocations may change as a result of changing market conditions and investment opportunities.

The expected rates of return on plan assets reflect subjective assessments of expected invested asset returns over a period of several years. Actual experience may differ from the assumed rates. The expected rate of return on pension plan assets was 6.7 percent for 2025 and will be 6.7 percent for 2026.

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

Sensitivity Analysis	
	Change in 2026 Net Benefit Cost
Hypothetical Discount Rate Change	
	Pension
50 basis point decrease	\$ 5 million increase
50 basis point increase	\$ 5 million decrease
Hypothetical Expected Rate of Return on Plan Assets Change	
	Pension
50 basis point decrease	\$ 14 million increase
50 basis point increase	\$ 14 million decrease

Investments are stated at fair value. The various types of investments are valued as follows:

(i) Cash and equivalents include investments in a money market fund and in a collective short-term investment fund, both of which are composed of high-grade instruments with short-term maturities. The money market fund is valued at the closing price reported by the active market on which the fund is traded (Level 1 input). The short-term investment fund is valued based on the price per share which is determined and published (although not publicly) and is the basis for current transactions (Level 2 input).

(ii) Equity securities are valued at the last trade price at primary exchange close time on the last business day of the year (Level 1 input). If the last trade price is not available, values are based on bid, ask/offer quotes from contracted pricing vendors, brokers, or investment managers (Level 3 input or Level 2 if corroborated).

(iii) Highly liquid government obligations, such as U.S. Treasury securities, are valued based on quoted prices in active markets for identical assets (Level 1 input). Other fixed maturity securities and government obligations are valued based on institutional bid evaluations from contracted vendors. Where available, vendors use observable market-based data to evaluate prices (Level 2 input). If observable market-based data is not available, unobservable inputs such as extrapolated data, proprietary models, and indicative quotes are used to arrive at estimated prices representing the price a dealer would pay for the security (Level 3 input).

The following table summarizes the investments of the funded pension plans as of December 31, 2025, based on the inputs used to value them (in millions):

Asset Category	Total as of			
	December 31, 2025	Level 1 Inputs ^a	Level 2 Inputs ^a	Level 3 Inputs ^a
Cash and equivalents	\$ 30	\$ —	\$ 30	\$ —
Equity securities ^b	1,709	1,709	—	—
Government obligations	1,339	1,339	—	—
Other fixed maturity securities	2	—	2	—
Total	\$ 3,080	\$ 3,048	\$ 32	\$ —

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

^b As of December 31, 2025, two equity securities each exceeded 10 percent or more of total plan assets.

Comparative Prior Year Information

The following table summarizes the investments of the funded pension plans as of December 31, 2024, based on the inputs used to value them (in millions):

Asset Category	Total as of			
	December 31, 2024	Level 1 Inputs ^a	Level 2 Inputs ^a	Level 3 Inputs ^a
Cash and equivalents	\$ 8	\$ —	\$ 8	\$ —
Equity securities ^b	3,018	3,018	—	—
Government obligations	39	39	—	—
Other fixed maturity securities	3	—	3	—
Total	\$ 3,068	\$ 3,057	\$ 11	\$ —

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

^b As of December 31, 2024, four equity securities each exceeded 10 percent or more of total plan assets.

The Company is not required to make contributions to its funded pension plans in 2026.

The following table shows expected benefit payments from the Pension Plans for the next five fiscal years and the aggregate five years thereafter (in millions):

Fiscal year	Expected Pension Plan Benefit Payments ^a
2026	\$ 136
2027	\$ 129
2028	\$ 126
2029	\$ 124
2030	\$ 122
2031-2035	\$ 580

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

Other Benefit Plans

BNSF Railway Company sponsor qualified 401(k) plans that cover substantially all employees and a non-qualified defined contribution plan that covers certain officers and other employees. BNSF Railway matches contributions made by non-union employees and a limited number of union employees subject to certain percentage limits of the employees' earnings. Non-union employees hired on or after April 1, 2019 and employees hired before that date who have transitioned from the BNSF Retirement Plan are also eligible for an additional employer contribution based on the employees' age and years of service. BNSF Railway's 401(k) expense was \$64 million, \$66 million and \$64 million during the years ended December 31, 2025, 2024 and 2023, respectively.

Certain salaried employees of BNSF Railway who met age and years of service requirements and who began salaried employment prior to September 22, 1995 are eligible for medical benefits, including prescription drug coverage, during retirement. For pre-Medicare participants, the postretirement medical and prescription drug benefit is contributory and provides benefits to retirees and their covered dependents. For Medicare eligible participants, a yearly stipend is recorded in a Health Reimbursement Account (HRA) established on their behalf. Retirees can use these HRAs to reimburse themselves for eligible out-of-pocket expenses, as well as premiums for personal supplemental insurance policies. HRAs are unfunded, so no funds are expended by the Company until the reimbursements are paid to participants. As of December 31, 2025 and 2024, the projected benefit obligation associated with the retiree health and welfare plans was \$129 million and \$139 million, respectively. For each of the years ended December 31, 2025, 2024 and 2023, the service cost associated with the health and welfare plans was approximately \$1 million.

Under collective bargaining agreements, BNSF Railway Company participates in multi-employer benefit plans that provide certain postretirement health care and life insurance benefits for eligible union employees. Health care claim payments and life insurance premiums paid attributable to retirees, which are generally expensed as incurred, were \$15 million, \$20 million and \$26 million during the years ended December 31, 2025, 2024 and 2023, respectively. The average number of employees covered under these plans was approximately 31,000 during the years ended December 31, 2025, 2024 and 2023.

16. 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 \$1.9 billion, \$2.0 billion and \$1.9 billion during the years ended December 31, 2025, 2024 and 2023, respectively, which are reflected in changes in current assets and liabilities in the Consolidated Statements of Cash Flows. As of December 31, 2025 and 2024, BNSF Railway had a tax payable to BNSF of \$573 million and \$502 million, respectively.

As of December 31, 2025 and 2024, BNSF Railway had \$762 million and \$707 million, respectively, of intercompany receivables which are reflected in accounts receivable in the respective Consolidated Balance Sheets. As of December 31, 2025 and 2024, BNSF Railway had \$276 million and \$231 million of intercompany payables, respectively, which are reflected in accounts payable in the respective Consolidated Balance Sheets. Net intercompany balances are settled in the ordinary course of business.

As of December 31, 2025 and 2024, BNSF Railway had \$23.4 billion and \$26.3 billion, respectively, of intercompany notes receivable from BNSF. During years ended December 31, 2025, 2024 and 2023 loans to BNSF were \$6.2 billion, \$6.4 billion and \$5.4 billion, respectively, partially offset by repayments received of \$54 million, \$641 million and \$157 million in 2025, 2024 and 2023, respectively. In August 2025, BNSF Railway declared an in-kind dividend of \$9.0 billion to BNSF, reducing notes receivable by \$9.0 billion. All intercompany notes have a variable interest rate of 1 percent above the monthly average of the daily effective Federal Funds rate. Interest is collected semi-annually on all intercompany notes receivable. Interest income from intercompany notes receivable is presented in interest income, related parties in the Consolidated Statements of Income.

BNSF Railway engages in various transactions with related parties in the ordinary course of business. The following table summarizes revenues earned by BNSF Railway for services provided to related parties and expenditures to related parties (in millions):

	Years ended December 31,		
	2025	2024	2023
Revenues	\$ 158	\$ 102	\$ 109
Expenditures	\$ 518	\$ 451	\$ 454

North American railroads pay TTX Company (TTX) car hire to use TTX’s freight equipment to serve their customers. BNSF Railway owns 17.4 percent of TTX while other North American railroads own the remaining interest. As the Company possesses the ability to exercise significant influence, but not control, over the operating and financial policies of TTX, BNSF Railway applies the equity method of accounting to its investment. The investment in TTX is recorded in other assets in the Consolidated Balance Sheets, and equity income or losses are recorded in materials and other in the Consolidated Statements of Income. The Company’s investment in TTX was \$930 million and \$891 million as of December 31, 2025 and 2024, respectively. The Company incurred car hire expenditures with TTX of \$426 million, \$415 million, and \$394 million for the years ended December 31, 2025, 2024, and 2023, respectively.

BNSF has a consolidated, wholly-owned subsidiary, Burlington Northern Santa Fe Insurance Company, Ltd. (BNSFIC), that offers insurance coverage for certain risks including FELA, and property and excess general liability which are subject to reinsurance. During the years ended December 31, 2025, 2024 and 2023, BNSF Railway recognized \$60 million, \$64 million and \$77 million, respectively, in expense related to those premiums, which is classified as purchased services in the Consolidated Statements of Income. During the years ended December 31, 2025, 2024 and 2023, BNSFIC made claim payments totaling \$49 million, \$87 million and \$86 million, respectively, for settlement of covered claims.

17. Accumulated Other Comprehensive Income

Other comprehensive income refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in accumulated other comprehensive income, a component of equity within the Consolidated Balance Sheets, rather than net income on the Consolidated Statements of Income. Under existing accounting standards, other comprehensive income may include, among other things, unrecognized gains and losses and prior service credit related to pension and other postretirement benefit plans.

The following tables provide the components of accumulated other comprehensive income (loss) (AOCI) by component (in millions):

	Pension and Retiree Health and Welfare Benefit Items	Equity Method Investments	Total
Balance as of December 31, 2022	\$ 185	\$ 9	\$ 194
Other comprehensive income (loss) before reclassifications, net of \$21 million tax expense	68	(1)	67
Amounts reclassified from AOCI:			
Amortization of actuarial gains ^a	(36)	—	(36)
Tax expense (benefit)	9	—	9
Balance as of December 31, 2023	\$ 226	\$ 8	\$ 234
Other comprehensive income (loss) before reclassifications, net of \$115 million tax expense	361	1	362
Amounts reclassified from AOCI:			
Amortization of actuarial gains ^a	(20)	—	(20)
Tax expense (benefit)	5	—	5
Balance as of December 31, 2024	\$ 572	\$ 9	\$ 581
Other comprehensive income (loss) before reclassifications, net of \$19 million tax benefit	(62)	—	(62)
Amounts reclassified from AOCI:			
Amortization of actuarial gains ^a	(30)	—	(30)
Settlement loss ^a	2	—	2
Tax expense (benefit)	7	—	7
Balance as of December 31, 2025	\$ 489	\$ 9	\$ 498

^a This accumulated other comprehensive income component is included in the computation of net periodic pension cost (see Note 15 for additional details).

Certification by Vice President

With respect to the annual financial statements and related footnotes of BNSF Railway Company and subsidiaries for the period ended December 31, 2025, the undersigned, Candace Palmarozzi, Vice President and Controller, hereby certifies that, to her knowledge as of the date hereof, the information contained in such attached financial statements and related footnotes fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2026

/s/ Candace Palmarozzi _____

Candace Palmarozzi
Vice President and Controller