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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023
OR

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

FOR THE TRANSITION PERIOD FROM ___________TO __________
Commission file number 1-11535

BURLINGTON NORTHERN SANTA FE, LLC

(Exact name of registrant as specified in its charter)

Delaware	**27-1754839**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2650 Lou Menk Drive
Fort Worth, Texas
(Address of principal executive offices)
76131-2830
(Zip Code)

(800) 795-2673
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
None	None	None

Securities registered pursuant to Section 12(g) of the Act: **Limited Liability Company Membership Interest**

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes** ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ **Accelerated filer** ☐ **Non-accelerated filer** ☒ **Smaller reporting company** ☐ **Emerging growth company** ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

BURLINGTON NORTHERN SANTA FE, LLC and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenues	**$ 5,828**	$ 6,640	**$ 11,847**	$ 12,608
Operating expenses:				
Compensation and benefits	**1,393**	1,231	**2,723**	2,472
Fuel	**833**	1,276	**1,797**	2,137
Depreciation and amortization	**653**	620	**1,300**	1,247
Purchased services	**596**	670	**1,221**	1,338
Equipment rents	**171**	185	**340**	364
Materials and other	**372**	279	**800**	630
Total operating expenses	**4,018**	4,261	**8,181**	8,188
Operating income	**1,810**	2,379	**3,666**	4,420
Interest expense	**256**	254	**513**	509
Other (income) expense, net	**(61)**	(26)	**(111)**	(49)
Income before income taxes	**1,615**	2,151	**3,264**	3,960
Income tax expense	**351**	487	**753**	925
Net income	**$ 1,264**	$ 1,664	**$ 2,511**	$ 3,035

See accompanying Notes to Consolidated Financial Statements.

BURLINGTON NORTHERN SANTA FE, LLC and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Net income	**$ 1,264**	$ 1,664	**$ 2,511**	$ 3,035
Other comprehensive income:				
Change in pension and retiree health and welfare benefits, net of tax	**(7)**	1	**(13)**	2
Change in accumulated other comprehensive income (loss) of equity method investees	**—**	2	**(1)**	6
Other comprehensive income (loss), net of tax	**(7)**	3	**(14)**	8
Total comprehensive income	**$ 1,257**	$ 1,667	**$ 2,497**	$ 3,043

See accompanying Notes to Consolidated Financial Statements.

BURLINGTON NORTHERN SANTA FE, LLC and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 2,911	$ 1,938
Accounts receivable, net	1,332	1,404
Materials and supplies	971	952
Other current assets	234	137
Total current assets	5,448	4,431
Property and equipment, net of accumulated depreciation of $18,750 and $17,899, respectively	68,195	67,225
Goodwill	16,428	14,852
Operating lease right-of-use assets	1,188	1,233
Other assets	2,969	4,870
Total assets	$ 94,228	$ 92,611
Liabilities and Equity		
Current liabilities:		
Accounts payable and other current liabilities	$ 3,809	$ 4,447
Long-term debt and finance leases due within one year	1,356	1,562
Total current liabilities	5,165	6,009
Long-term debt and finance leases	22,950	21,890
Deferred income taxes	15,217	15,110
Operating lease liabilities	569	680
Casualty and environmental liabilities	372	385
Pension and retiree health and welfare liability	198	205
Other liabilities	1,124	1,096
Total liabilities	45,595	45,375
Commitments and contingencies (see Note 6)		
Equity:		
Member’s equity	48,453	47,042
Accumulated other comprehensive income (loss)	180	194
Total equity	48,633	47,236
Total liabilities and equity	$ 94,228	$ 92,611

See accompanying Notes to Consolidated Financial Statements.

BURLINGTON NORTHERN SANTA FE, LLC and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating Activities		
Net income	**$ 2,511**	$ 3,035
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**1,300**	1,247
Deferred income taxes	**111**	(62)
Other, net	**(81)**	(115)
Changes in current assets and liabilities:		
Accounts receivable, net	**72**	(239)
Materials and supplies	**17**	(198)
Other current assets	**(21)**	5
Accounts payable and other current liabilities	**(812)**	88
Net cash provided by operating activities	**3,097**	3,761
Investing Activities		
Capital expenditures excluding equipment	**(1,605)**	(1,402)
Acquisition of equipment	**(72)**	(39)
Purchases of investments and investments in time deposits	**(21)**	—
Other, net	**(176)**	(149)
Net cash used in investing activities	**(1,874)**	(1,590)
Financing Activities		
Proceeds from issuance of long-term debt	**1,600**	1,000
Payments on long-term debt and finance leases	**(737)**	(831)
Cash distributions	**(1,100)**	(2,100)
Other, net	**(13)**	(14)
Net cash used in financing activities	**(250)**	(1,945)
Increase (decrease) in cash and cash equivalents	**973**	226
Cash and cash equivalents:		
Beginning of period	**1,938**	1,758
End of period	**$ 2,911**	$ 1,984
Supplemental Cash Flow Information		
Interest paid, net of amounts capitalized	**$ 517**	$ 516
Capital investments accrued but not yet paid	**$ 362**	$ 205
Income taxes paid, net of refunds	**$ 825**	$ 934
Non-cash asset financing	**$ —**	$ 3

See accompanying Notes to Consolidated Financial Statements.

BURLINGTON NORTHERN SANTA FE, LLC and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In millions)
(Unaudited)

	Member's Equity	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance as of December 31, 2021	$ 46,096	$ 353	$ 46,449
Cash distributions	(1,000)	—	(1,000)
Comprehensive income (loss), net of tax	1,371	5	1,376
Balance as of March 31, 2022	46,467	358	46,825
Cash distributions	(1,100)	—	(1,100)
Comprehensive income (loss), net of tax	1,664	3	1,667
Balance as of June 30, 2022	$ 47,031	$ 361	$ 47,392

	Member's Equity	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance as of December 31, 2022	$ 47,042	$ 194	$ 47,236
Comprehensive income (loss), net of tax	1,247	(7)	1,240
Balance as of March 31, 2023	48,289	187	48,476
Cash distributions	**(1,100)**	**—**	**(1,100)**
Comprehensive income (loss), net of tax	**1,264**	**(7)**	**1,257**
Balance as of June 30, 2023	**$ 48,453**	**$ 180**	**$ 48,633**

See accompanying Notes to Consolidated Financial Statements.

1. Accounting Policies and Interim Results

The Consolidated Financial Statements should be read in conjunction with Burlington Northern Santa Fe, LLC's Annual Report on Form 10-K for the year ended December 31, 2022, including the financial statements and notes thereto. Burlington Northern Santa Fe, LLC (Registrant) is a holding company that conducts no operating activities and owns no significant assets other than through its interests in its subsidiaries. The Consolidated Financial Statements include the accounts of the Registrant and its subsidiaries (collectively, BNSF or Company), all of which are separate legal entities. The Registrant's principal operating subsidiary is BNSF Railway Company (BNSF Railway). All intercompany accounts and transactions have been eliminated.

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 of a Berkshire wholly-owned merger subsidiary and Burlington Northern Santa Fe Corporation with the surviving entity renamed Burlington Northern Santa Fe, LLC. Earnings per share data is not presented because BNSF has only one holder of its membership interests.

The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the entire year. In the opinion of management, the unaudited financial statements reflect all adjustments (consisting of only normal recurring adjustments, except as disclosed) necessary for the fair statement of BNSF's consolidated financial position as of June 30, 2023, and the results of operations for the three and six months ended June 30, 2023 and 2022 in accordance with generally accepted accounting principles in the United States.

2. 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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Consumer Products	**$ 1,895**	$ 2,450	**$ 3,762**	$ 4,533
Agricultural Products	**1,292**	1,388	**2,768**	2,745
Industrial Products	**1,447**	1,458	**2,827**	2,755
Coal	**936**	999	**1,965**	1,888
Total freight revenues	**5,570**	6,295	**11,322**	11,921
Non-rail logistics subsidiary	**124**	186	**255**	377
Accessorial and other	**134**	159	**270**	310
Total other revenues	**258**	345	**525**	687
Total operating revenues	**$ 5,828**	$ 6,640	**$ 11,847**	$ 12,608

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 June 30, 2023 and December 31, 2022, $1.1 billion and $1.2 billion, respectively, represented 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 June 30, 2023 and December 31, 2022, remaining performance obligations were $260 million and $293 million, respectively.

3. 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 June 30, 2023 and December 31, 2022, $43 million and $32 million, respectively, of such allowances had been recorded.

4. 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 will be 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. The allocation of the transaction price to assets received is based upon currently available information and is subject to change as preliminary values are reviewed. Any adjustments to the allocation will be made as soon as practicable but no later than one year from the effective date of the transaction.

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

	April 7, 2023
Property and equipment	$ 500
Materials and supplies	37
Goodwill	1,576
Fair value of assets	$ 2,113

Property and equipment of $500 million includes road and track assets, work equipment, and buildings. As a result of the additional goodwill recorded, total goodwill was $16.4 billion as of June 30, 2023.

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.

5. Debt

Notes and Debentures

In May 2023, the Board of Directors authorized an additional $3.0 billion of debt securities that may be issued pursuant to the debt shelf registration statement filed with the Securities and Exchange Commission (SEC).

In June 2023, the Registrant issued $1.6 billion of 5.200 percent debentures due April 15, 2054. The net proceeds from the sale of the debentures will be used for general corporate purposes, which may include but are not limited to working capital, capital expenditures, repayment of outstanding indebtedness, and distributions.

As of June 30, 2023, $2.95 billion remained authorized by the Board of Directors to be issued through the SEC debt shelf offering process.

The Registrant is required to maintain certain financial covenants in conjunction with $500 million of certain issued and outstanding junior subordinated notes. As of June 30, 2023, the Registrant was in compliance with these financial covenants.

Fair Value of Debt Instruments

As of June 30, 2023 and December 31, 2022, the fair value of BNSF's debt, excluding finance leases, was $22.8 billion and $21.5 billion, respectively, while the book value, which also excludes finance leases, was $24.2 billion and $23.3 billion, respectively. The fair value of BNSF'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 for debt of the same remaining maturities (Level 2 inputs).

6. Commitments and Contingencies

Personal Injury

BNSF's personal injury liability includes the cost of claims for employee work-related injuries, third-party claims, and asbestos claims. BNSF 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 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.

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

	Six Months Ended June 30,	
	2023	**2022**
Beginning balance	**$ 263**	$ 296
Accruals / changes in estimates	**42**	23
Payments	**(47)**	(25)
Ending balance	**$ 258**	$ 294
Current portion of ending balance	**$ 90**	$ 90

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 $215 million to $330 million.

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

Environmental

BNSF 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 frequently involve transporting chemicals and other hazardous materials. Additionally, many of BNSF'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 185 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 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):

	Six Months Ended June 30,	
	2023	**2022**
Beginning balance	**$ 247**	$ 251
Accruals / changes in estimates	**1**	2
Payments	**(9)**	(9)
Ending balance	**$ 239**	$ 244
Current portion of ending balance	**$ 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'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 $200 million to $310 million.

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

Other Claims and Litigation

In addition to personal injury and environmental matters, BNSF 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 that none of these items, when finally resolved, will have a material adverse effect on the Company's financial position or liquidity. However, the occurrence of a number of these items in the same period could have a material adverse effect on the results of operations in a particular quarter or fiscal year.

BNSF Insurance Company

BNSF has a consolidated, wholly-owned subsidiary, Burlington Northern Santa Fe Insurance Company, Ltd. (BNSFIC), that offers insurance coverage for certain risks including FELA, railroad protective and force account insurance, and property and excess general liability which are subject to reinsurance. BNSFIC has entered into annual reinsurance treaty agreements with several other companies. The treaty agreements insure workers' compensation, general liability, auto liability, and FELA risk. In accordance with the agreements, BNSFIC cedes a portion of its FELA exposure through the treaties and assumes a proportionate share of the entire risk. Each year, BNSFIC reviews the objectives and performance of the treaties to determine its continued participation. The treaty agreements provide for certain protections against the risk of treaty participants' non-performance. On an ongoing basis, BNSF and/or the treaty manager reviews the creditworthiness of each of the participants. The Company does not believe its exposure to treaty participants' non-performance is material at this time. BNSFIC typically invests in time deposits, money market accounts, and treasury bills. As of June 30, 2023 and December 31, 2022, there was \$558 million and \$545 million, respectively, related to these third-party investments, which were classified as cash and cash equivalents on the Company's Consolidated Balance Sheets.

7. Employment Benefit Plans

The Registrant 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. In 2019, the Registrant 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 plan participants are being transitioned away from the retirement plans and upon transition are eligible for the additional employer contribution.

BNSF Railway 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, the Registrant'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.

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

	Pension Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	**2023**	2022
Service cost	**\$ 3**	\$ 5	**\$ 5**	\$ 9
Interest cost	**21**	16	**42**	31
Expected return on plan assets	**(46)**	(45)	**(92)**	(90)
Amortization of net (gain) loss	**(9)**	—	**(17)**	1
Net (benefit) cost recognized	**\$ (31)**	\$ (24)	**\$ (62)**	\$ (49)

Service cost is included in compensation and benefits expense and the other components of net periodic benefit costs are included in other (income) expense, net in the Consolidated Statements of Income.

8. Related Party Transactions

The companies identified as affiliates of BNSF include Berkshire and its subsidiaries. For the six-month periods ended June 30, 2023 and 2022, the Company declared and paid cash distributions of $1.1 billion and $2.1 billion to Berkshire, respectively. During the six-month period ended June 30, 2023, the Company made tax payments of $664 million and received no tax refunds from Berkshire. During the six-month period ended June 30, 2022, the Company made tax payments of $747 million and received less than $1 million of tax refunds from Berkshire. As of June 30, 2023 and December 31, 2022, the Company had a tax receivable from Berkshire of $37 million and a tax payable to Berkshire of $112 million, respectively.

North American railroads pay TTX Company (TTX) car hire to use TTX's freight equipment to serve their customers. BNSF 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 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 $825 million and $807 million as of June 30, 2023 and December 31, 2022, respectively. The Company incurred car hire expenditures with TTX of $96 million and $108 million for the three-months and $185 million and $205 million for the six-months ended June 30, 2023 and 2022, respectively.

9. 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 table provides the components of accumulated other comprehensive income (loss) (AOCI) by component (in millions):

	Pension and Retiree Health and Welfare Benefit Items	Equity Method Investments	Accumulated Other Comprehensive Income (Loss)
Balance as of December 31, 2021	$ 356	$ (3)	$ 353
Other comprehensive income (loss), net before reclassifications	—	6	6
Amounts reclassified from AOCI:			
Amortization of actuarial (gains) losses[a]	2	—	2
Balance as of June 30, 2022	$ 358	$ 3	$ 361
Balance as of December 31, 2022	$ 185	$ 9	$ 194
Other comprehensive income (loss), net before reclassifications	**—**	**(1)**	**(1)**
Amounts reclassified from AOCI:			
Amortization of actuarial (gains) losses[a]	**(18)**	**—**	**(18)**
Tax expense (benefit)	**5**	**—**	**5**
Balance as of June 30, 2023	**$ 172**	**$ 8**	**$ 180**

[a] This accumulated other comprehensive income component is included in the computation of net periodic pension and retiree health and welfare costs (see Note 7 for additional details on pension costs).

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

Management's narrative analysis relates to the results of operations of Burlington Northern Santa Fe, LLC and its subsidiaries. The principal operating subsidiary of BNSF is BNSF Railway through which BNSF derives substantially all of its revenues. The following narrative analysis should be read in conjunction with the Consolidated Financial Statements and the accompanying notes.

The following narrative analysis of results of operations includes a brief discussion of the factors that materially affected the Company's operating results in the six months ended June 30, 2023, and a comparative analysis of the six months ended June 30, 2022.

Results of Operations

Revenues Summary

The following tables present BNSF's revenue information by business group:

	Revenues (in millions)		Cars / Units (in thousands)	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Consumer Products	$ 3,762	$ 4,533	2,223	2,654
Agricultural Products	2,768	2,745	578	608
Industrial Products	2,827	2,755	796	824
Coal	1,965	1,888	729	759
Total freight revenues	11,322	11,921	4,326	4,845
Other revenues	525	687		
Total operating revenues	$ 11,847	$ 12,608		

	Average Revenue Per Car / Unit	
	Six Months Ended June 30,	
	2023	2022
Consumer Products	$ 1,692	$ 1,708
Agricultural Products	4,789	4,515
Industrial Products	3,552	3,343
Coal	2,695	2,487
Total freight revenues	$ 2,617	$ 2,460

Fuel Surcharges

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

The following table presents fuel surcharge and fuel expense information (in millions):

	Six Months Ended June 30,	
	2023	2022
Fuel expense [a]	$ 1,797	$ 2,137
Fuel surcharges	$ 1,399	$ 1,438

[a] Fuel expense includes locomotive and non-locomotive fuel.

Six Months Ended June 30, 2023 vs. Six Months Ended June 30, 2022

Revenues

Revenues for the six months ended June 30, 2023 were $11.8 billion, a decrease of $761 million, or 6 percent, as compared with the six months ended June 30, 2022. This was primarily due to an 11 percent decrease in unit volume, partially offset by a 6 percent increase in average revenue per car / unit resulting from higher yield. Revenue amounts also included the following changes between periods:

- Consumer Products volumes decreased due to lower west coast imports, the loss of an intermodal customer, and competition from lower spot rates in the trucking market which has impacted domestic intermodal demand, partially offset by an increase in automotive volume from higher vehicle production.

- Agricultural Products volumes decreased primarily due to lower grain exports, partially offset by higher volumes of domestic grains, renewable diesel, and feedstocks.

- Industrial Products volumes decreased primarily due to lower demand for chemicals and plastics and lumber as well as lower shipments of petroleum products resulting from refinery outages.

- Coal volumes decreased primarily due to moderating demand as a result of lower natural gas prices and weather related impacts.

Expenses

Operating expenses for both the six months ended June 30, 2023 and June 30, 2022 were $8.2 billion. The year over year decrease of $7 million, or 0.1 percent, included the following changes in expenses:

- Fuel expense decreased primarily due to lower average fuel prices, lower volumes, and improved efficiency.

- Compensation and benefits expense increased primarily due to increased headcount, wage inflation, and lower productivity.

- Materials and other expense increased primarily due to general inflation, increased casualty and litigation costs, higher property and other miscellaneous taxes, and lower gains from land and easement sales.

- Purchased services expense decreased primarily due to lower purchased transportation by our logistics services business, partially offset by general inflation.

- There were no significant changes in depreciation and amortization or equipment rents expense.

The effective tax rate was 23.1 percent and 23.4 percent for the six months ended June 30, 2023 and 2022, respectively. Other (income) expense, net increased primarily due to higher interest income. There were no significant changes in interest expense.

Forward-Looking Information

To the extent that statements relate to the Company’s future economic performance or business outlook, projections or expectations of financial or operational results, or refer to matters that are not historical facts, such statements are “forward-looking” statements within the meaning of the federal securities laws.

Forward-looking statements involve a number of risks and uncertainties, and actual performance or results may differ materially. For a discussion of material risks and uncertainties that the Company faces, see the discussion in "Part I, Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2022. Important factors that could cause actual results to differ materially include, but are not limited to, the following:

• **Economic and industry conditions:** material adverse changes in economic or industry conditions, both in the United States and globally; volatility in the capital or credit markets including changes affecting the timely availability and cost of capital; changes in customer demand; effects of adverse economic conditions affecting shippers or BNSF’s supplier base; effects due to more stringent regulatory policies such as the regulation of greenhouse gas emissions that could reduce the demand for coal or governmental tariffs or subsidies that could affect the demand for products BNSF hauls; the impact of low natural gas or oil prices on energy-related commodities demand; changes in environmental laws and other laws and regulations that could affect the demand for drilling products and products produced by drilling; changes in prices of fuel and other key materials, the impact of high barriers to entry for prospective new suppliers, and disruptions in supply chains for these materials; competition and consolidation within the transportation industry; and changes in crew availability, labor and benefits costs and labor difficulties, including stoppages affecting either BNSF’s operations or customers’ abilities to deliver goods to BNSF for shipment.

• **Legal, legislative and regulatory factors:** developments and changes in laws and regulations, including those affecting train operations, the marketing of services or regulatory restrictions on equipment; the ultimate outcome of shipper and rate claims subject to adjudication; claims, investigations, or litigation alleging violations of the antitrust laws; increased economic regulation of the rail industry through legislative action and revised rules and standards applied by the U.S. Surface Transportation Board in various areas including rates and services; developments in environmental investigations or proceedings with respect to rail operations or current or past ownership or control of real property or properties owned by others impacted by BNSF operations; losses resulting from claims and litigation relating to personal injuries, asbestos, and other occupational diseases; the release of hazardous materials, environmental contamination, and damage to property; regulation, restrictions or caps, or other controls on transportation of energy-related commodities or other operating restrictions that could affect operations or increase costs; the availability of adequate insurance to cover the risks associated with operations; and changes in tax rates and tax laws.

• **Operating factors:** changes in operating conditions and costs; operational and other difficulties with positive train control technology, including increased compliance or operational costs or penalties; restrictions on development and expansion plans due to environmental concerns; disruptions to BNSF’s technology network including computer systems and software, such as cybersecurity intrusions, unauthorized access to or misappropriation of assets or sensitive information, corruption of data or operational disruptions; network congestion, including effects of greater than anticipated demand for transportation services and equipment; as well as pandemics or natural events such as severe weather, fires, floods, and earthquakes or man-made or other disruptions of BNSF’s or other railroads’ operating systems, structures, or equipment including the effects of acts of war or terrorism on the Company’s system or other railroads’ systems or other links in the transportation chain.

The Registrant cautions against placing undue reliance on forward-looking statements, which reflect its current beliefs and are based on information currently available to it as of the date a forward-looking statement is made. The Registrant undertakes no obligation to revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs. In the event the Registrant does update any forward-looking statement, no inference should be made that the Registrant will make additional updates with respect to that statement, related matters, or any other forward-looking statements.

Item 4. Controls and Procedures

Based on their evaluation as of the end of the period covered by this quarterly report on Form 10-Q, the Company's principal executive officer and principal financial officer have concluded that BNSF's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) are effective to ensure that information required to be disclosed by BNSF in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms and that such information is accumulated and communicated to BNSF's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Additionally, as of the end of the period covered by this report, BNSF's principal executive officer and principal financial officer have concluded that there have been no changes in BNSF's internal control over financial reporting that occurred during BNSF's second fiscal quarter that have materially affected, or are reasonably likely to materially affect, BNSF's internal control over financial reporting.

BURLINGTON NORTHERN SANTA FE, LLC and SUBSIDIARIES

PART II
OTHER INFORMATION

Item 6. Exhibits

	Exhibit Number and Description	Incorporated by Reference (if applicable) Form	File Date	File No.	Exhibit
3.1	Certificate of Formation dated November 2, 2009.	8-K	2/16/2010	001-11535	3.1
3.2	Amended and Restated Limited Liability Company Operating Agreement of Burlington Northern Santa Fe, LLC, dated February 12, 2010, as amended by the Written Consent of the Sole Member, dated April 8, 2010, and as further amended by the Written Consent of the Sole Member, dated January 1, 2021.	10-K	3/1/2021	001-11535	3.2
4.1	Twenty-Seventh Supplemental Indenture, dated as of June 9, 2023, to Indenture dated as of December 1, 1995, between Burlington Northern Santa Fe, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee.	8-K	6/9/2023	001-11535	4.1
4.2	Certificate of Determination as to the terms of BNSF's 5.200% Debentures due April 15, 2054.	8-K	6/9/2023	001-11535	4.2
31.1	Principal Executive Officer’s Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*				
31.2	Principal Financial Officer’s Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*				
32.1	Certification Pursuant to 18 U.S.C. § 1350 (Section 906 of the Sarbanes-Oxley Act of 2002).*				
101	The following unaudited information from Burlington Northern Santa Fe, LLC’s Form 10-Q for the three and six months ended June 30, 2023 formatted in Inline Extensible Business Reporting Language (iXBRL) includes: (i) the Cover Page, (ii) the Consolidated Statements of Income for the three and six months ended June 30, 2023 and 2022, (iii) the Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2023 and 2022, (iv) the Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022, (v) the Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and 2022, (vi) the Consolidated Statements of Changes in Equity for the periods ended June 30, 2023 and 2022, and (vii) the Notes to the Consolidated Financial Statements.*				
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)				

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

* Filed 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 thereunto duly authorized.

BURLINGTON NORTHERN SANTA FE, LLC
(Registrant)

By: /s/ Paul W. Bischler

Paul W. Bischler
Executive Vice President and Chief Financial Officer
(On behalf of the Registrant and
as principal financial officer)

Date: August 7, 2023

Exhibit 31.1

Principal Executive Officer's Certifications
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Kathryn M. Farmer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Burlington Northern Santa Fe, LLC;

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

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

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

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

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

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

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

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

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

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

Date: August 7, 2023

/s/ Kathryn M. Farmer
Kathryn M. Farmer
President and
Chief Executive Officer

Exhibit 31.2

Principal Financial Officer's Certifications
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Paul W. Bischler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Burlington Northern Santa Fe, LLC;

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

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

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

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

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

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

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

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

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

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

Date: August 7, 2023

/s/ Paul W. Bischler
Paul W. Bischler
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

Certification Pursuant to 18 U.S.C. § 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

Burlington Northern Santa Fe, LLC

In connection with the Quarterly Report of Burlington Northern Santa Fe, LLC (the "Company") on Form 10-Q for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Kathryn M. Farmer, President and Chief Executive Officer of the Company, and Paul W. Bischler, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies that, to her/his knowledge on the date hereof:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2023

/s/ Kathryn M. Farmer	/s/ Paul W. Bischler
Kathryn M. Farmer **President and Chief Executive Officer**	**Paul W. Bischler** **Executive Vice President and Chief Financial Officer**

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