

## **Burlington Northern Santa Fe Corporation Compensation and Development Committee Charter**

This corporate charter (“Charter”) sets forth the purpose and membership requirements of the Compensation and Development Committee (the “Committee”) of the Board of Directors (the “Board”) for Burlington Northern Santa Fe Corporation (“BNSF” or “Company”) and establishes the authority and responsibilities delegated to the Committee by the Board.

**Purpose:** The purpose of the Committee is to provide assistance to the Board in discharging its responsibilities relating to compensation and development of the Company’s Chief Executive Officer and other Executive Officers of the Company as designated by the Board. In addition, the Committee plays a crucial role in the areas of equity-based plans, incentive compensation plans, retirement plans, and employee benefit plans. To provide this assistance, the Committee shall:

- Review and approve corporate goals and objectives relevant to the Chief Executive Officer’s compensation, evaluate the Chief Executive Officer’s performance in light of those goals and objectives, and together with the other independent Directors determine and approve the Chief Executive Officer’s compensation level based on this evaluation;
- Make recommendations to the Board regarding the cash compensation of Executive Officers (other than the Chief Executive Officer);
- Approve the equity-based compensation of Executive Officers;
- Adopt, amend or recommend to the Board the adoption or amendment of the Company’s equity-based plans;
- Adopt, amend or recommend to the Board the adoption or amendment of other compensation or benefit plans for Executive Officers or related Executive Officer arrangements to the extent provided by the terms of such plans or arrangements or to the extent required by New York Stock Exchange Rules or applicable law;
- Assist the Board in evaluating potential candidates for executive positions and oversee executive succession planning and management development; and
- Prepare and publish an annual report on executive compensation to be included in the Company’s proxy statement.

### **Committee Members**

**1. Composition and Appointment.** The Committee shall consist of four or more members. The members shall be assigned by the Board on the recommendation of the Directors and Corporate Governance Committee. Unless designated by the Board of Directors, the Committee shall elect a Chairman. The Board shall consider not only the qualifications of the Director being considered for appointment, but also the desire of the

Director to be a member of this Committee. The Board shall fill vacancies on the Committee and may remove a Committee member from the membership of the Committee at any time with or without cause. Members shall serve until their successors are appointed by the Board.

**2. Qualifications.** Each member of the Committee shall be an independent Director consistent with the Corporate Governance Guidelines. At least two members shall meet the definition of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code and the definition of a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. The Board shall determine the overall qualifications of Director nominees for the Committee. The Board shall seek members from diverse business and professional backgrounds with outstanding integrity, achievements, judgment and such other skills and experience that will enhance the Committee’s ability to serve the Board.

**3. Compensation.** Members of the Committee shall, at the discretion of the Board, be entitled to receive fees for service on the Committee or for service as Chairman of the Committee in addition to the normal fees paid to all Directors.

#### **Authority**

**4. Consultants.** If a compensation consultant (“Consultant”) is retained by the Committee to assist in the evaluation of director, Chief Executive Officer or Executive Officer compensation, the Committee shall have the sole authority to retain and terminate the Consultant including the sole authority to approve the firm’s fees and other retention terms.

**5. Investigations.** The Committee shall have the authority to conduct investigations that it deems necessary to fulfill its responsibilities.

**6. Information.** The Committee shall have the authority to require any officer or employee of the Company or its principal operating subsidiaries or any advisor retained by the Company to respond to its inquiries.

**7. Charter.** The Committee shall have the authority to propose amendments to this Charter from time to time, as appropriate, and such amendments shall be presented to the Board for its approval.

**8. Delegation of Authority.** The Committee shall have the authority to delegate authority and responsibilities consistent with Securities and Exchange Commission rules, New York Stock Exchange rules, and applicable law. Such delegation, if made to Management, shall not include the authority to amend, or terminate equity-based plans; or incentive compensation plans for Executive Officers.

## Meetings

- 9. Committee Meetings.** The Committee Chairman, in consultation with Committee members, will determine the frequency and length of the meetings of the Committee. All actions taken during a meeting by the Committee shall be reported to the Board at the next meeting of the Board. A Committee member is expected to attend Committee meetings. Unless otherwise restricted by the Certificate of Incorporation or By-Laws of the Company, any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting if all members of the Committee consent thereto in writing, and such written consent is filed with the minutes of the proceedings of the Committee.
- 10. Executive Contacts.** The Committee shall maintain free and open communication with the Company's Chief Executive Officer and other Executive Officers. The Committee can meet, in its sole discretion, in separate, private sessions with Executive Officers and employees to discuss any matters that the Committee believes should be discussed privately with the Committee.
- 11. Minutes.** Minutes of each meeting of the Committee shall be kept to document the discharge by the Committee of its responsibilities.
- 12. Quorum.** A quorum shall consist of a majority of the Committee's members. The act of a majority of Committee members present at a meeting at which a quorum is present shall be the act of the Committee.
- 13. Agenda.** The Chairman of the Committee will develop the Committee's agenda for each Committee meeting, consistent with this charter. Each Committee member is free to suggest the inclusion of any item(s) not on the agenda.
- 14. Presiding Officers.** The Chairman of the Committee shall preside at all Committee meetings. If the Chairman is absent at a meeting and does not appoint a Committee member to preside at that meeting, then the members present shall select a member to preside.

## Responsibilities

- 15. Chief Executive Officer Compensation.** The Committee shall review and approve corporate goals and objectives against which the Company's Chief Executive Officer will be evaluated. The Committee shall also evaluate the Chief Executive Officer's performance in light of those goals and objectives. The Committee together with the other independent Directors shall determine and approve the Chief Executive Officer's compensation level based on this evaluation. To accomplish this, the Committee shall make a recommendation on the Chief Executive Officer's compensation level to the Independent Directors on the Board for their final determination and approval. The goals and objectives should consist of objective

criteria including goals for performance of the business, accomplishment of long-term strategic objectives and development of management.

In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee should consider, among other things, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years.

**16. Executive Officer Compensation.** The Committee shall have the authority to make recommendations to the Board with respect to the cash compensation of Executive Officers (other than the Chief Executive Officer) following an annual review of management's recommendations for such Executive Officers. If circumstances involving such Executive Officers indicate that a salary adjustment between such reviews is appropriate, a recommendation may be made directly to the Board of Directors by the Chief Executive Officer without the necessity of a meeting of the Compensation and Development Committee.

The Committee shall also have the authority to adopt, amend or recommend to the Board the adoption or amendment of compensation or benefit plans (other than equity-based plans which are addressed in Section 17 below) for Executive Officers or related Executive Officer arrangements to the extent provided by the terms of such plans or arrangements or to the extent required by New York Stock Exchange Rules or applicable law.

**17. Equity-Based Plans and Performance-Based Compensation.** The Committee shall have the authority to recommend to the Board the adoption or amendment of the Company's equity-based plans. The Committee shall have the authority to appoint a subcommittee of no fewer than two members who meet the definition of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code and who meet the definition of a "non-employee director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934. The Committee or, if so appointed the subcommittee shall be responsible for the approval and grant of individual stock awards and other awards under equity-based plans and any other awards intended to constitute performance-based compensation under Section 162(m) of the Internal Revenue Code.

**18. Management of Employee Benefit Plans.** Management shall be responsible for the operation, interpretation and administration of the employee benefit plans and arrangements except as otherwise provided in this Charter or the terms of such plans or arrangements. The Committee shall be responsible for oversight of such operation, interpretation, and administration by management, and shall report to the full Board with respect to such oversight if and to the extent determined to be appropriate by the Committee. However, the Board or its delegate shall be responsible for amending and terminating the employee benefit plans and arrangements to the extent provided by the terms of such employee benefit plans or arrangements or to the extent required by New York Stock Exchange Rules or applicable law.

- 19. Annual Report on Executive Compensation.** The Committee shall prepare an annual report on executive compensation to be included in the Company's proxy statement required by the Securities Exchange Act of 1934.
- 20. Succession Planning and Management Development.** The Company shall create an annual report on succession planning, including succession in case of an emergency or the retirement of the Chief Executive Officer, and the Company's program for management development. The report shall be presented to the Committee for its approval. If approved, the Committee will then present the report to the Board.
- 21. Committee Evaluation.** The Committee shall assess its performance annually. The Committee shall present its evaluation to the Board. This assessment should include the Committee's contribution to the Board and specifically review areas in which the Board and/or management believes the Committee's contribution could be enhanced.
- 22. Other Matters.** The Committee shall perform such other responsibilities as the Board shall request.

#### **General**

- 23. General.** While the responsibilities of the Committee set forth in this Charter are contemplated to be the principal recurring activities of the Committee in carrying out its duties, these responsibilities are to serve as a guide with the understanding that the Committee may diverge from them as it deems appropriate given the circumstances.