

August 22, 2005

BY HAND-DELIVERY

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
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214574

Re: Finance Docket No. 34667, BNSF Railway Company –
Acquisition and Operation – State of South Dakota

Dear Secretary Williams:

Enclosed for filing in the above-captioned proceeding are the original and ten (10) copies of a Joint Status Report filed on behalf of BNSF Railway Company and the State of South Dakota as required by the Board's May 25, 2005 decision in this proceeding.

I would appreciate it if you would date-stamp the enclosed extra copy and return it to the messenger for our files. Please let me know if you have any questions. Thank you for your assistance.

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Public Record

Sincerely yours,

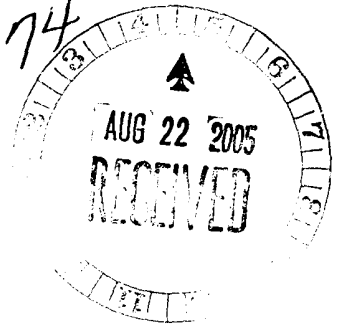
Adrian L. Steel, Jr.

Enclosures

cc: Mr. Mark F. Wandro
The Hon. Thomas Vilsack
Ms. Diane Munns
Myles L. Tobin, Esq.
Thomas J. Litwiler, Esq.
Gordon P. MacDougall, Esq.
Sarah W. Bailiff, Esq.

214574

BEFORE THE
SURFACE TRANSPORTATION BOARD



Finance Docket No. 34667

BNSF RAILWAY COMPANY – ACQUISITION AND OPERATION –
STATE OF SOUTH DAKOTA

JOINT STATUS REPORT

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Dated: August 22, 2005

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34667

BNSF RAILWAY COMPANY – ACQUISITION AND OPERATION –
STATE OF SOUTH DAKOTA

JOINT STATUS REPORT

Pursuant to the Surface Transportation Board's ("STB" or "Board") May 25, 2005 decision in this proceeding, BNSF Railway Company ("BNSF") and the State of South Dakota ("State") submit this status report on the implementation of the terms and conditions of the agreement reached between BNSF and the State, dated as of April 25, 2005, to resolve the State's concerns in this proceeding and to settle and resolve related litigation pending between the parties. As noted in the Board's decision, the agreement provides, among other things, for BNSF's acquisition of the South Dakota Core properties and BNSF's grant to the State or third parties of certain trackage, haulage or access rights over rail lines operated or to be acquired by BNSF in South Dakota.

The negotiation and drafting of the various implementing agreements between BNSF and the South Dakota and/or other parties are well underway. However, significant issues still remain to be resolved by the parties with respect to many of the outstanding implementing agreements. The parties are working to narrow and hopefully resolve their disagreements as quickly as possible. We remain cautiously hopeful that all such agreements can be finalized and executed by early October, and we will keep the Board updated in the event that any outstanding issues cannot be resolved. In addition, survey, appraisal, and property description drafting, and

other Closing documentation requiring extensive coordination with the State and others have proceeded apace, and completion of those tasks is currently on schedule for a closing to occur on or before October 25, 2005, the Closing date targeted in the settlement agreement between South Dakota and BNSF. Closing is conditioned upon completion of all implementing agreements and receipt of STB acquisition approval.

Seeking reinstitution of this proceeding and exemption approval of BNSF's acquisition will necessarily await completion of the implementing agreements. Accordingly, in order to meet the expected timelines and adequately plan a Closing of the parties' transaction, the parties may request to convert this proceeding to the class procedures under which this exemption was originally filed, or in the alternative, an expedited procedural schedule, with a date certain targeted for a final STB decision on BNSF's exemption. In the event the parties proceed with a request to convert these proceedings to a class exemption process, the parties may consult with the Board's Office of Proceedings as necessary or appropriate concerning the procedure to be followed in light of the unusual procedural history of this proceeding and the need to plan a date certain for Closing.¹

¹ At this time, and subject to and conditioned upon completion of the anticipated implementing agreements, BNSF and South Dakota do not believe that conversion to the class exemption procedures (subject, of course, to revocation, where applicable) would be objectionable to parties of record in light of the BNSF and South Dakota's settlement agreement; however, BNSF and South Dakota will attempt to consult all parties of record and will report back to the Board with that input in the event the parties request conversion to the class exemption procedures.

Respectfully submitted,

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Dated: August 22, 2005

CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of August, 2005, a true and correct copy of the foregoing Joint Status Report was served by first-class mail, postage prepaid, or by a more expeditious manner, on the following persons:

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State of Iowa
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The Hon. Thomas Vilsack, Governor
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