

Railroad Industry Capacity & Service Review

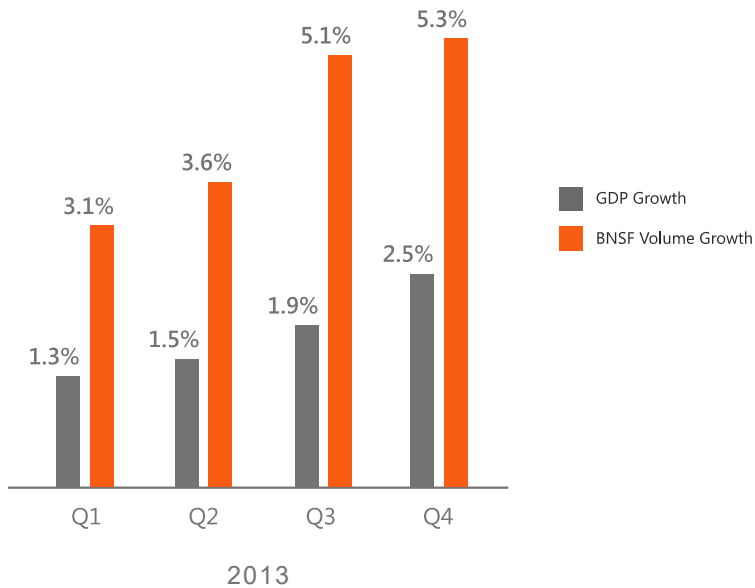
Bob Lease

VP Service Design-BNSF Railway

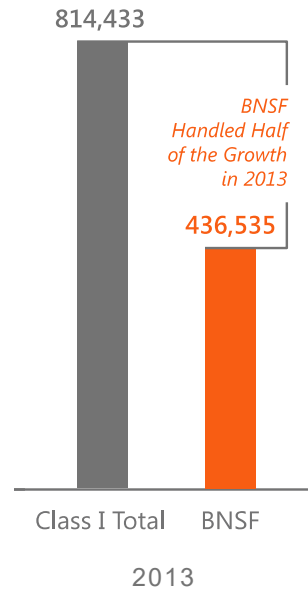
Midwest Association of Rail Shippers
July 15, 2014

Economy Grows, Rail Demand Rises

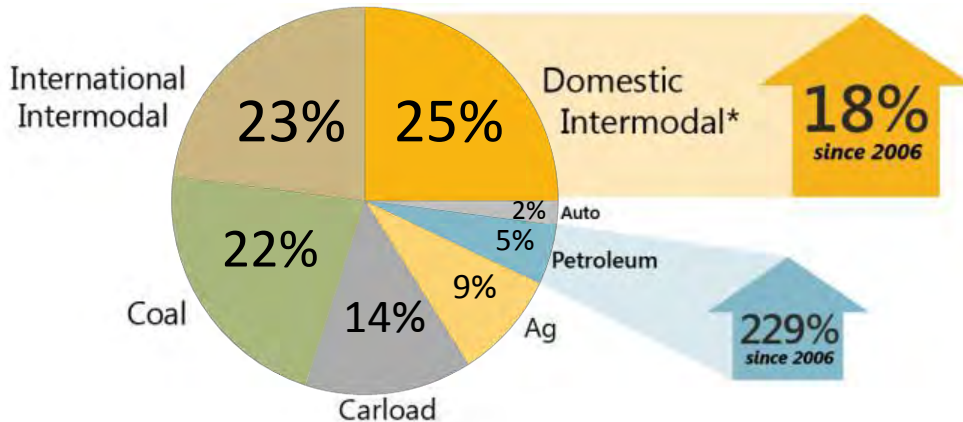
BNSF VOLUME GROWTH VS. GDP GROWTH



INCREMENTAL UNIT GROWTH



Sources of BNSF Growth



****Domestic Intermodal has experienced the largest absolute unit growth since 2006***

2013 UNITS

Agricultural Products Surged



44%

*increase in
Ag shuttle
sets between
September &
October 2013*

Crude-by-Rail Products Surged

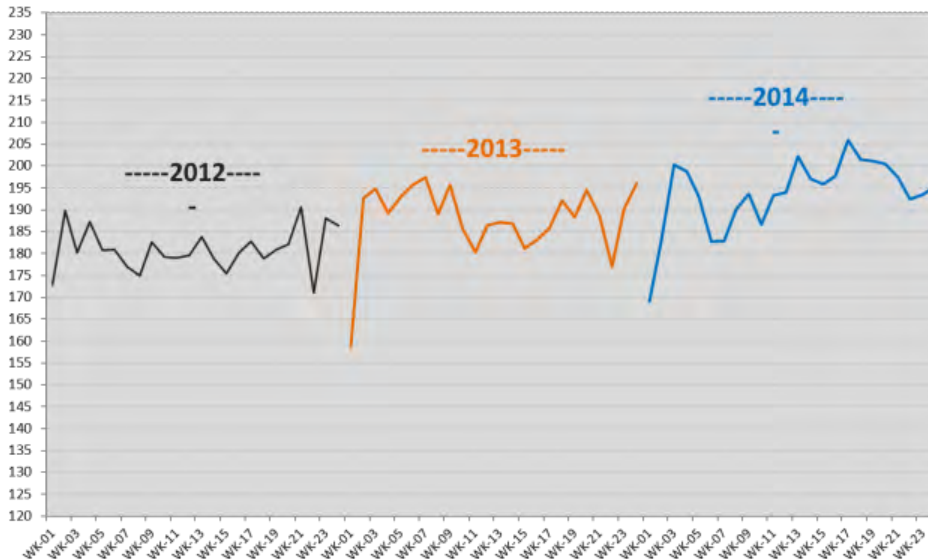


27%

increase in crude sets between September & November 2013

Crude spreads widened, bringing more traffic.

BNSF Weekly Volume Continues to Grow

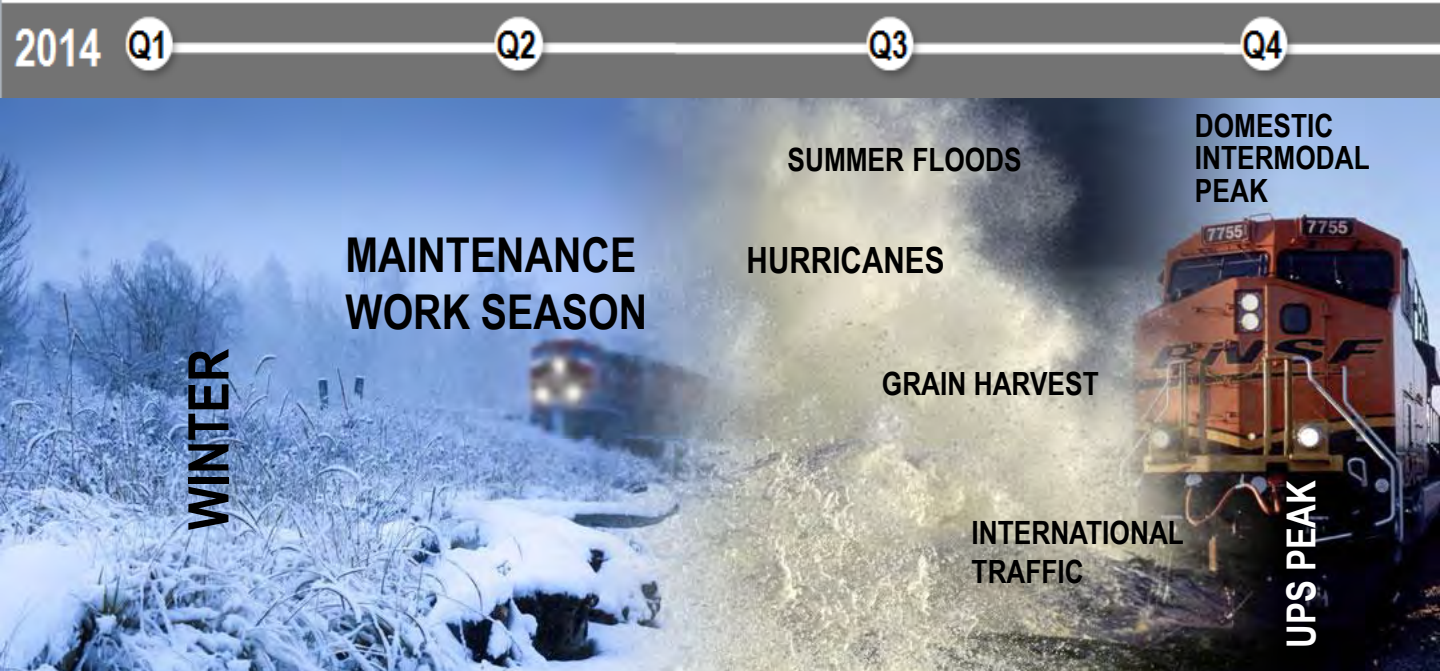


Despite operational challenges, our growth continues

Three times in 2Q, BNSF handled 205K-210K units/week, highest since 2007



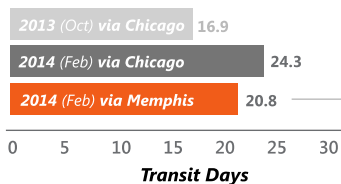
Headwinds: Sources of Variability



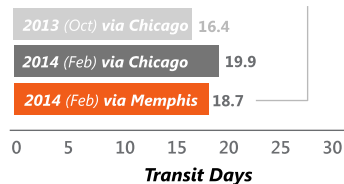
Re-routing Around Congestion

BNSF begins to reroute trains around Chicago, increasing miles traveled but often decreasing transit time.

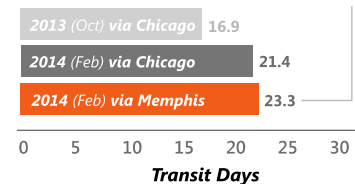
TX-NY *3 days faster*



TX-OH *1 day faster*



CA-OH *1 day slower*



Planning Maintenance



Taking Action

The Planning tool helps us to determine when there will be open windows on our network, then schedule maintenance accordingly.



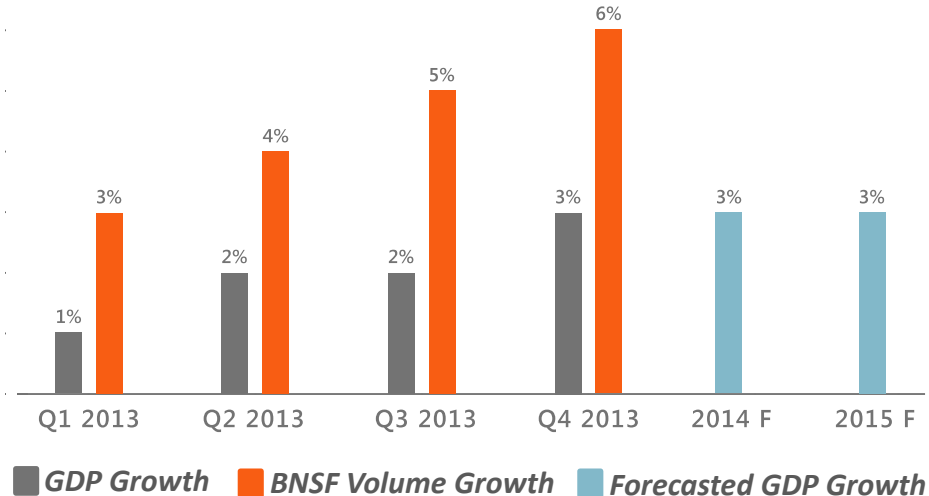
Weekly Maintenance Schedule

Day of week options:

Time of Day options:

Alternate gateways for traffic

Future Growth



As economy continues to grow, BNSF is here to help support that growth

Source: IHS Global Insight, April 2014 and Blue Chip Economic Indicators

Investing in Your Growth

It takes 4 critical resources to operate a railroad:

- Locomotives
- Employees
- Track & Terminal Capacity
- Rolling Stock

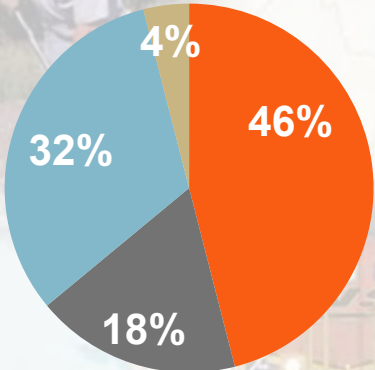
To operate with consistency and to meet growth requires substantial investments in all 4 resources.

BNSF is investing to meet those commitments with record amounts of capital.

Record Capital Investment

Ensures Capability and Reliability

BNSF's 2014 Capital Investment \$5 Billion

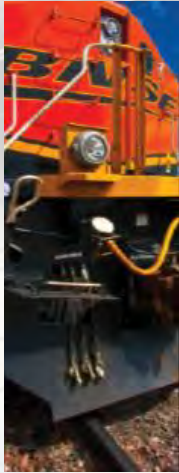


- Core Network and Related Assets
- Expansion and Efficiency



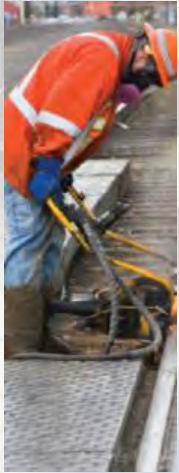
\$2.3 billion

Core Network and Related Assets



\$1.6 billion

Loco, Freight Car & Other Equip



\$900 million

Expansion & Efficiency

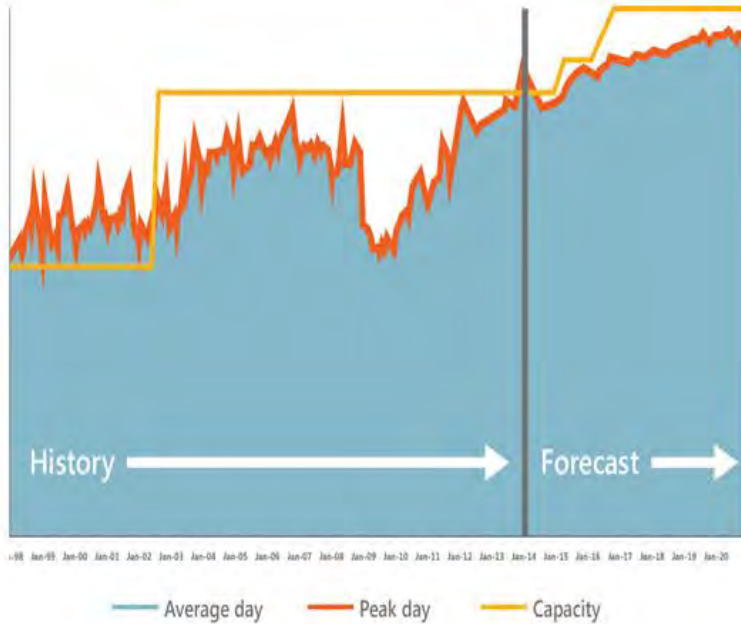


\$200 million

PTC

Capacity Expansion Goal

CONCEPTUAL TRAIN VOLUME OVERLAID WITH
CAPACITY VIEW (TRAINS/DAY)



Goal

Invest in capacity to enable growth and meet customer demands