Docket No. EP 665 (Sub-No. 1) Rail Transportation of Grain Rate Regulation Review

JUNE 10, 2015

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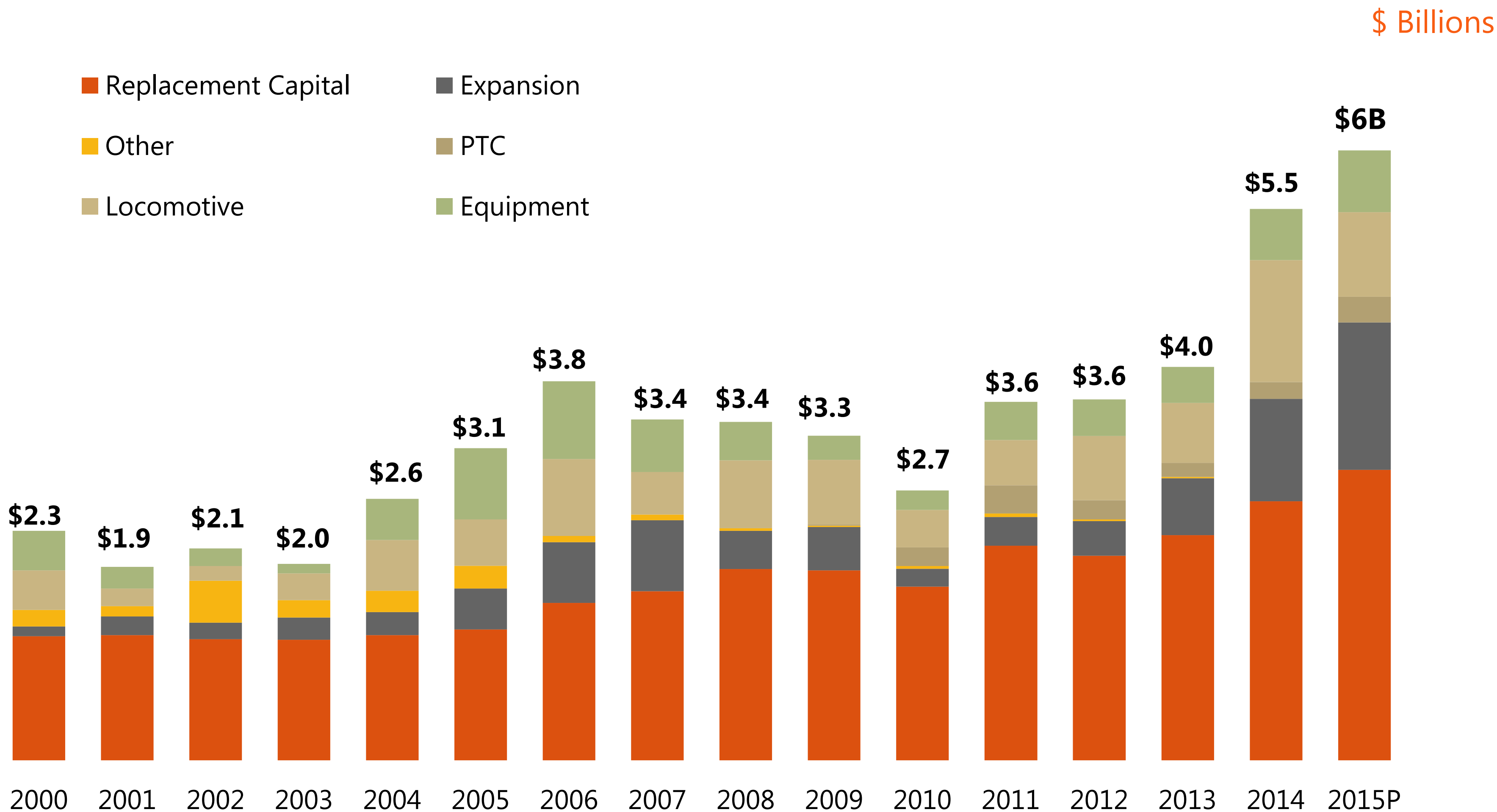
Predominant BNSF Grain Traffic Flows 2010 to 2012

Source: BNSF Internal Data; arrows indicate flows for regional origin-destination groupings

BNSF Investing to Meet Capacity Demands



BNSF's 2015 Capacity Projects

Terminal & Line Capacity Expansion Projects

Major line and terminal projects by region, route and subdivision (sub)

North Region

1 **Aurora sub:** CTC signaling project with crossover plants
2 **Beardstown sub:** five siding extensions plus CTC signaling on the north end of the subdivision
3 **Bellingham sub:** one double-track project
4 **Devils Lake sub:** CTC signaling on subdivision
5 **Dickinson sub:** one siding extension
6 **Glasgow sub:** complete three double-track projects started in 2014
7 **Hillsboro sub:** CTC signaling on subdivision and connection upgrade
8 **Jamestown sub:** completing CTC signaling project started in 2014
9 **Midway sub:** one double-track project, Northtown connection to Canadian Pacific and track upgrades
10 **Noyes sub:** one new siding
11 **St. Croix sub:** CTC signaling project with crossover plants
12 **St. Paul sub:** one triple-track project
13 **Staples sub:** one CTC signaling project and three double-track projects

Central Region

14 **Brush sub:** seven siding extensions
15 **Ft. Scott sub:** one double-track project
16 **Hannibal sub:** complete two siding projects started in 2014
17 **Ravenna sub:** two new double-track projects
18 **Sioux City sub:** new bypass track at Sioux City

South Region

19 **Clovis sub:** one double-track project
20 **Mojave sub:** one double-track and one siding extension project
21 **Panhandle sub:** two new double-track projects
22 **Silsbee sub:** one new siding

Terminals

23 **Aurora sub:** complete double-tracking project through LaCrosse, WI terminal (project started in 2013)
24 **Bellingham sub:** Everett, WA yard expansion
25 **Brush sub:** extend tracks at Denver, CO terminal
26 **Cherokee sub:** add new receiving / departure tracks at Tulsa, OK terminal

Bridges

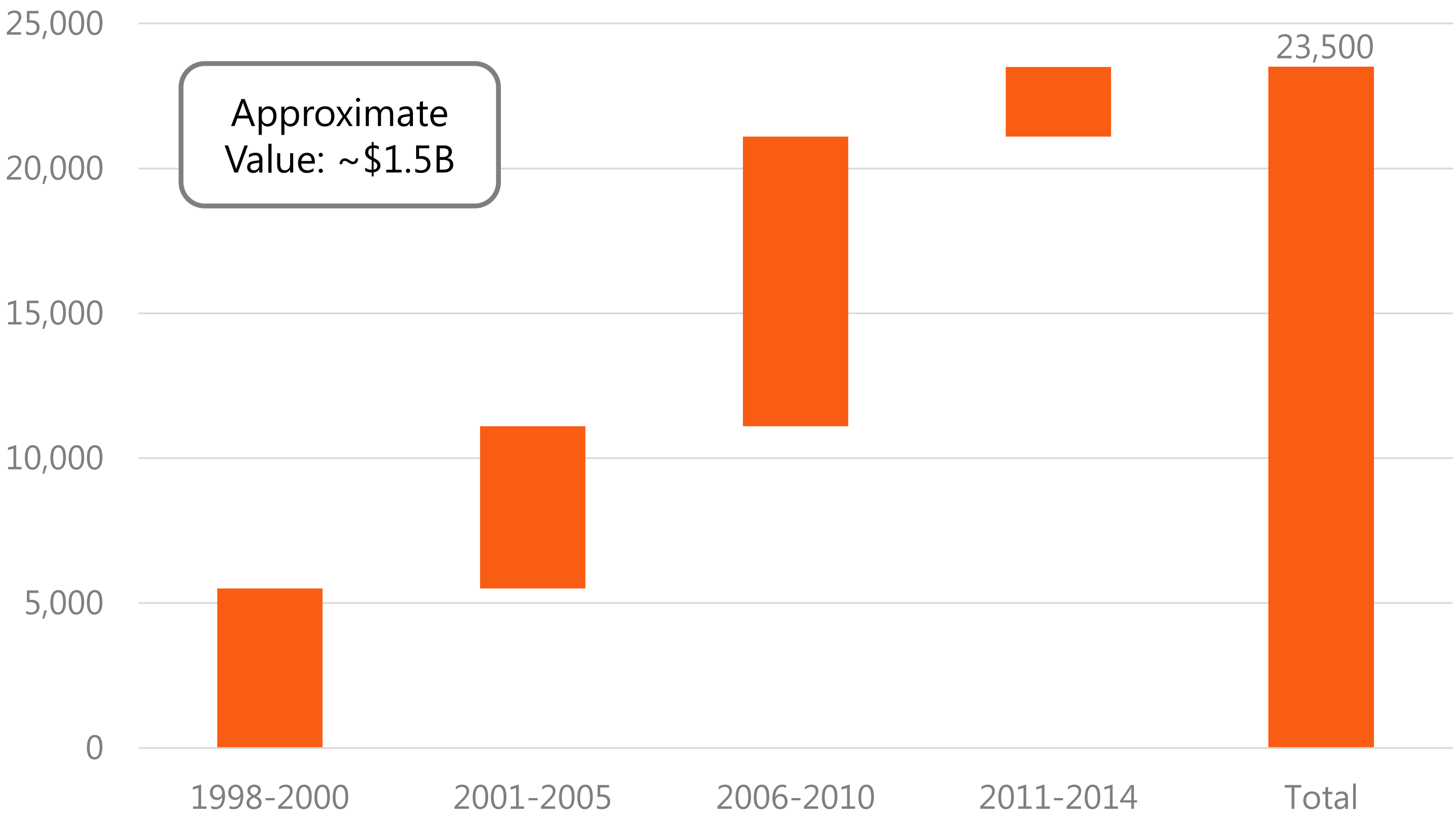
27 **Beardstown sub:** Bridge 212.07 in Metropolis, IL; design, permitting and land access ongoing with construction starting this year
28 **Fallbridge sub:** Bridge 24.8 over Washougal River in Camas, WA; permitting and right-of-way constraints continue with this project. Once project begins the replacement of the river bridge will take more than two years to complete.
29 **Fort Worth sub:** Bridge 348.5 in Fort Worth, TX; reconstruction of the bridge over the Trinity River
30 **Lafayette sub:** Bridge 32.06 in Des Allemands, LA; major work to the moveable bridge that crosses Bayou Des Allemands will start this year
31 **New Westminster sub:** Bridge 129.3 near Vancouver, BC; completing final phase of 3-phase project on bridge over Serpentine River
32 **Thayer South sub:** Bridge 482.1 in Memphis, TN; construction of the Memphis Bridge over the Mississippi River will be done in several phases. The first phase of the project will start this year. Other phases of the project are under design.
33 **Seattle sub:** Bridge 81.4 in Vader, WA; design, access and permitting ongoing with construction starting at the end of 2015

Additional Projects

Intermodal facility expansion: Railcar loading/unloading track, support track and/or parking expansions at the following locations: Alliance (Haslet, TX); LPC (Elwood, IL); LPKC (Edgerton, KS); Lorenzo Rd (IL); Phoenix, AZ; Stockton, CA; Willow Springs, IL

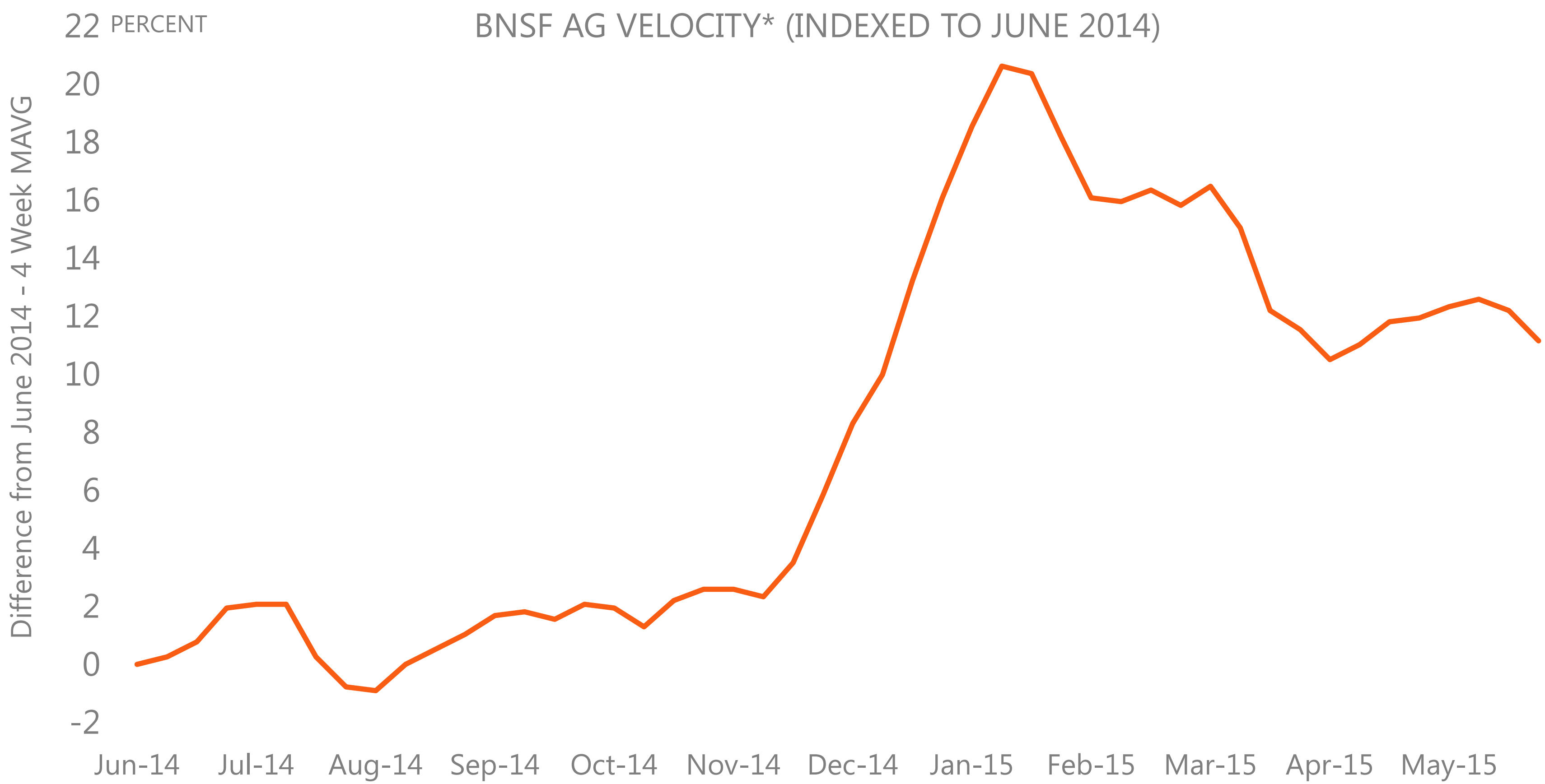
Automotive facility expansion: Railcar loading/unloading track and/or parking expansions at the following locations: Alliance (Haslet, TX); Amarillo, TX; Portland, OR; San Bernardino, CA; LPC (Elwood, IL)

Grain Fleet Car Additions



Source: BNSF Equipment Team

With Added Capacity Comes Improved Performance



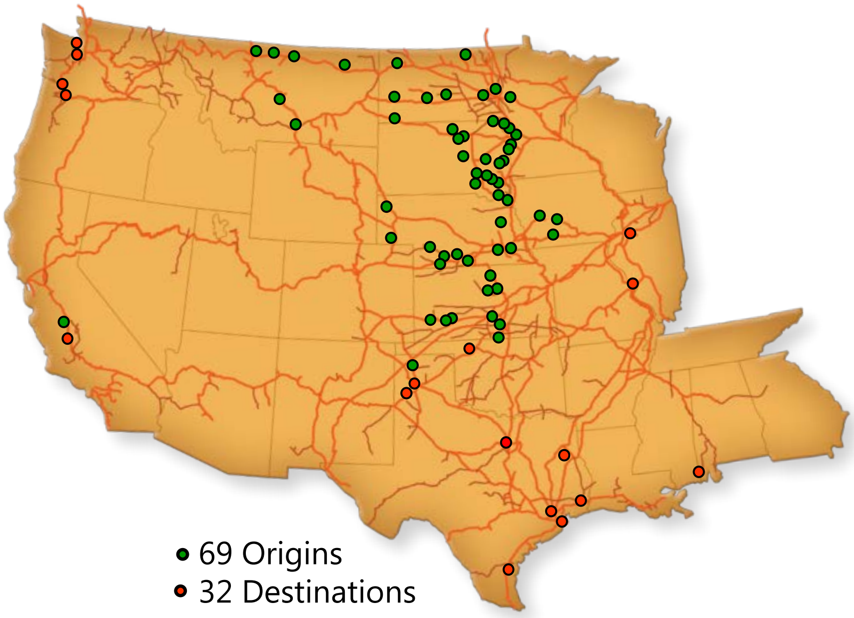
*Four-week moving average (measured in miles per hour) ending on the dates shown versus the average train speed recorded for the four-week period ending 6/27/14

Source: AAR through May 22, 2015

BNSF and Our Customers Have Grown Our Business

The number of BNSF shuttle facilities has increased dramatically over the last 15 years

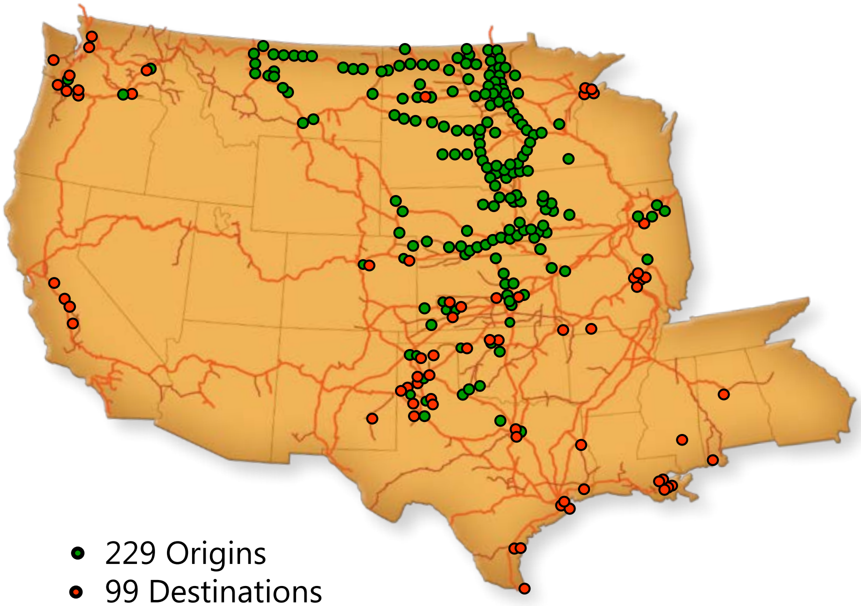
2000



- 69 Origins
- 32 Destinations

13 Mexico Shuttle Destinations

2015



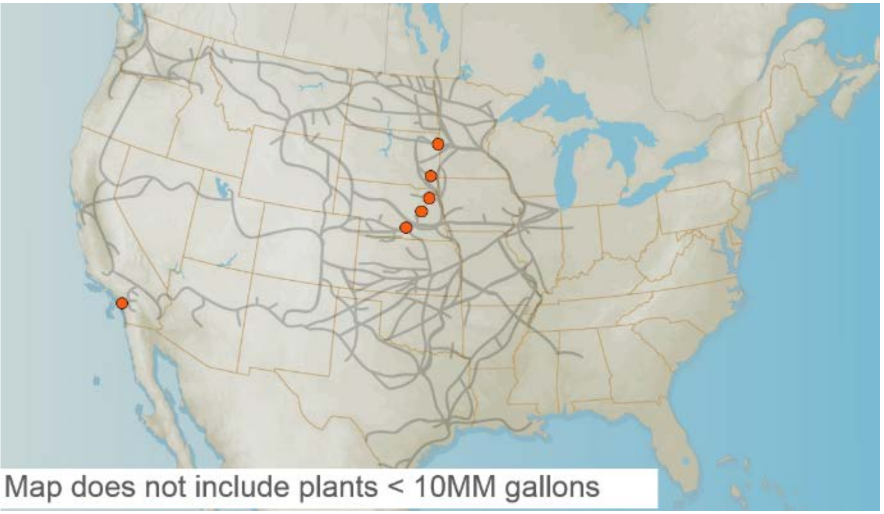
- 229 Origins
- 99 Destinations

31 Mexico Shuttle Destinations

Estimated Total Customer Investments: $2.2B

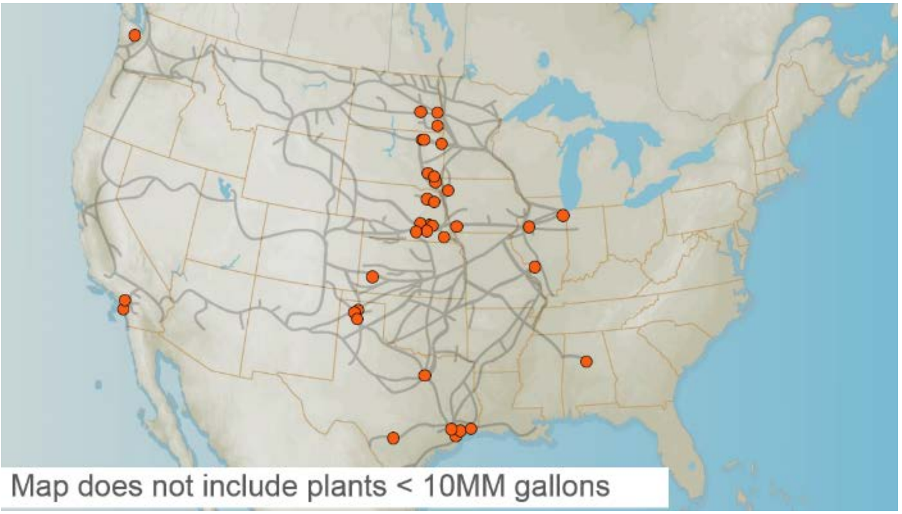
BNSF-Served Unit and Gathered Train Ethanol Network

2003



- 5 Origins
- 1 Destination

2015

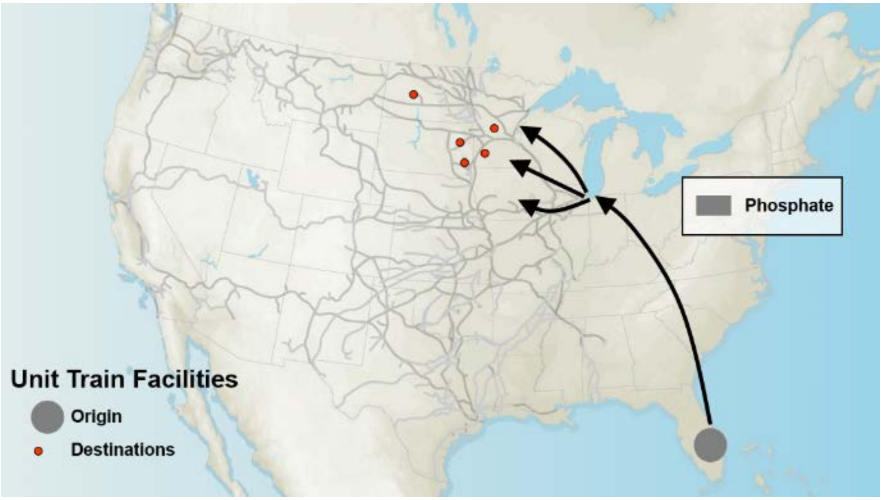


- 24 Origins
- 12 Destinations

Estimated Customer Investments: $2.1B

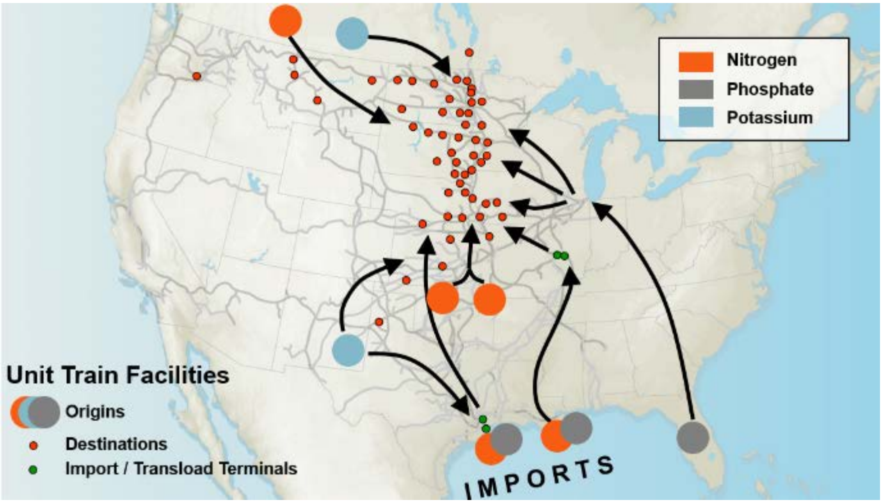
BNSF-Served Unit Train Fertilizer Network

2002



- 1 Origins
- 5 Destination

2015



- 14 Origins
- 52 Destination

Estimated Customer Investment: $750M

Grain Markets are Highly Competitive

- Market competition in rail rates for grain is everywhere and is persistent.
- Grain shippers have multiple options in many geographic areas.
- Grain shippers' competitive options include other railroads, trucks, barges and extensive geographic competition.

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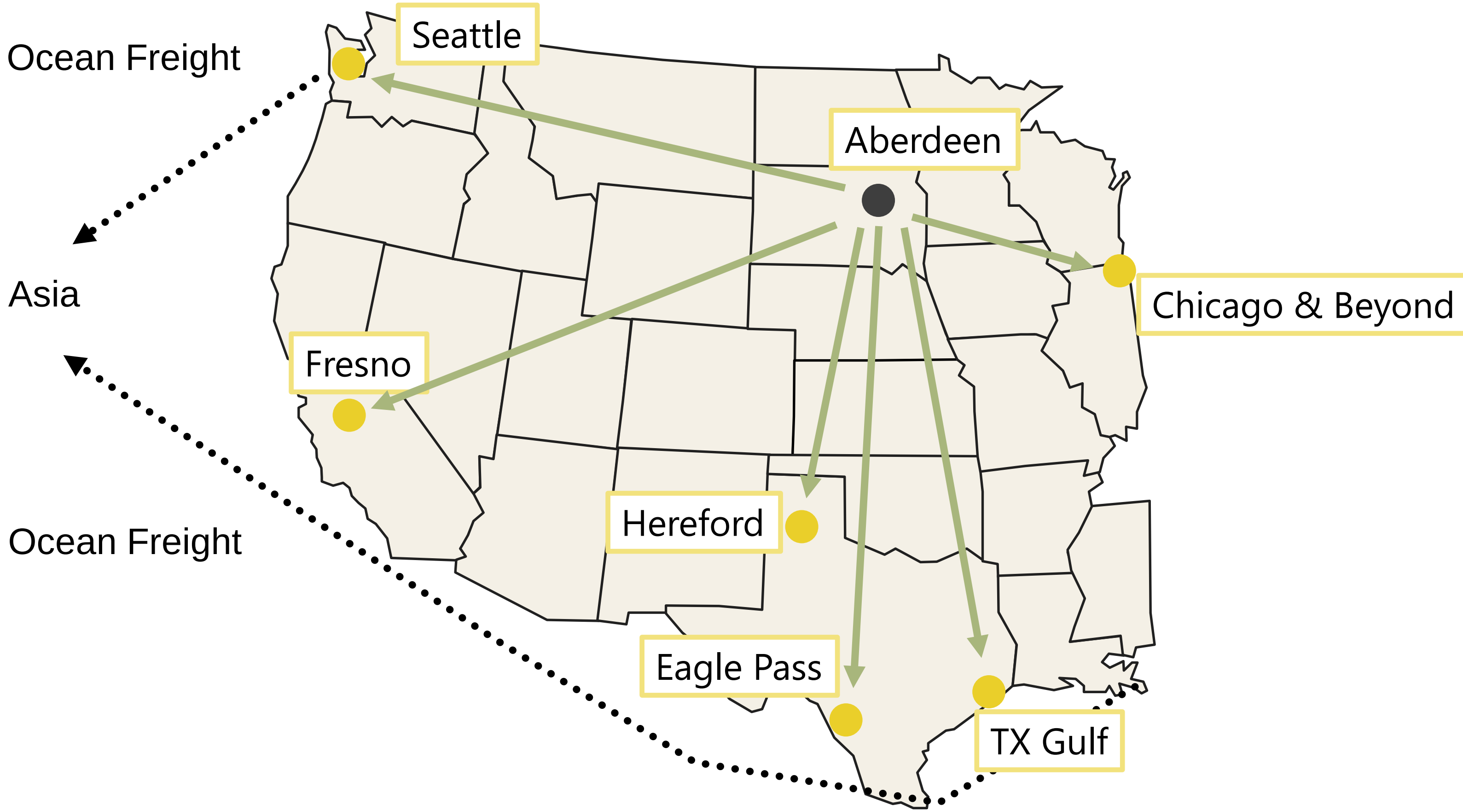
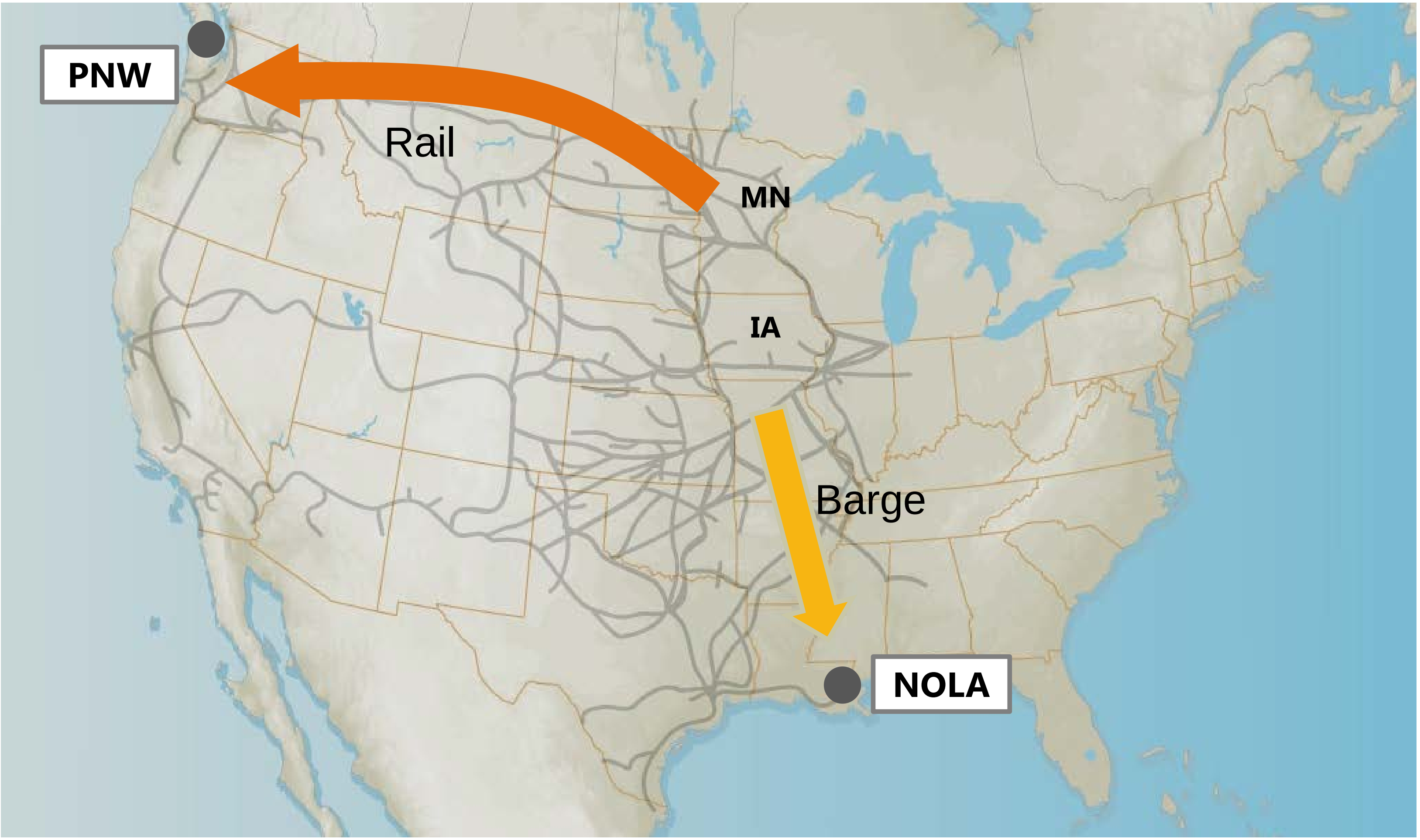
Destination Options from Aberdeen, SD

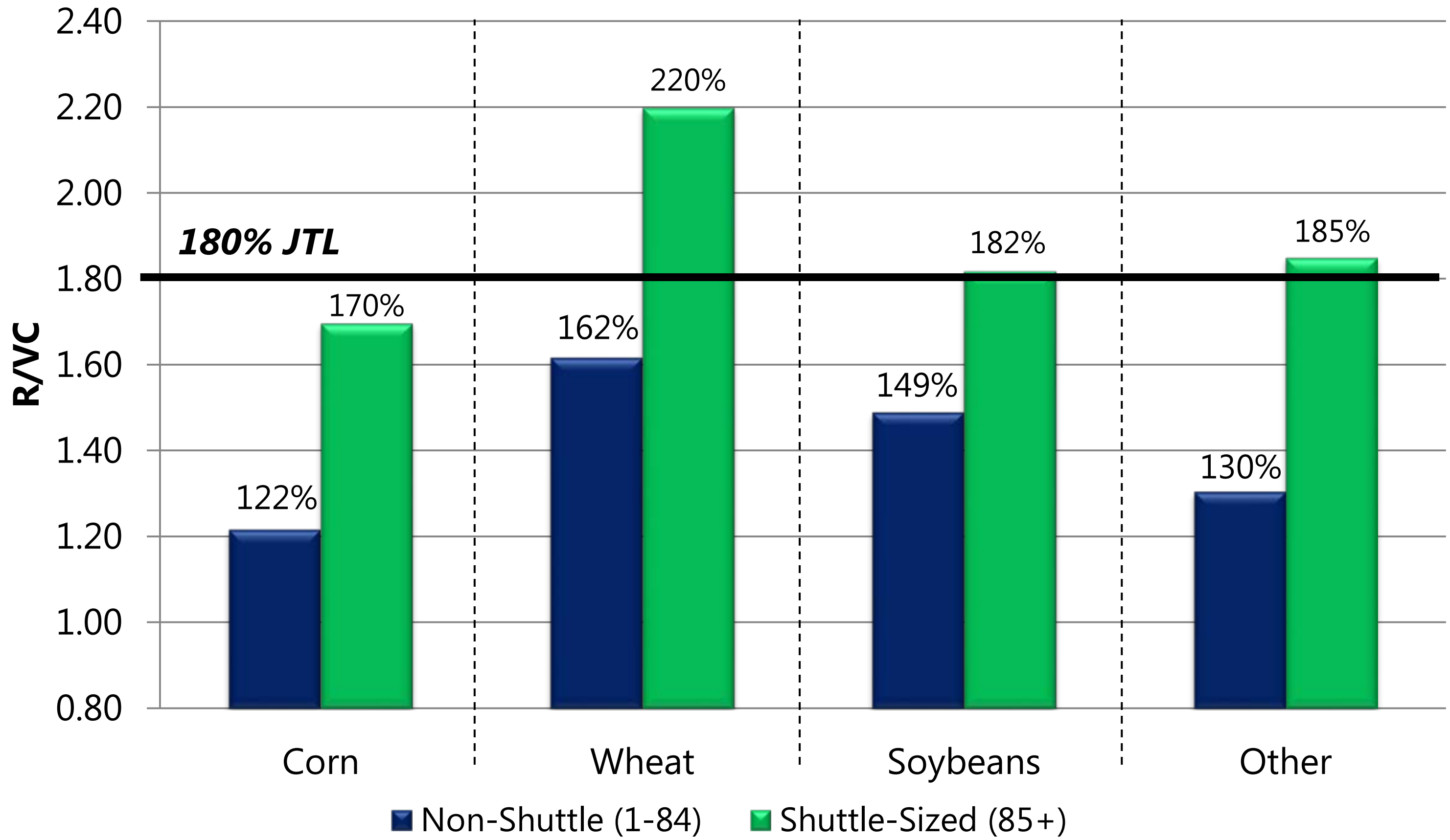


Examples of Corn Export Markets



BNSF R/VCs: Non-Shuttle versus Shuttle Shipments

2010 to 2012 CWS Data (FTI Opening Exhibit 10)



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Agricultural Shipper and Producer Outreach

- Montana Alternative Dispute Resolution
- Ag Rail Business Council
- Regional Ag Coalitions
- Ag Symposiums
- Customer Advisory Board
- Trade and Industry Events
- Producer Organization Events
- Ag Ombudsman Program
- Participation in broad number of shipper-sponsored and producer-sponsored forums every year

- Grassroots, Seminars, Town Halls, Listening Sessions
- Bi-weekly Podcasts and ag-focused service and market communications

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Conclusion

- Virtuous cycle of investments.
- Service has and will continue to improve.
- The competitive market place is working efficiently.
- We have pursued alternative resolution mechanisms.
- Formulaic, outcome-oriented regulations are not productive and would have unintended consequences.

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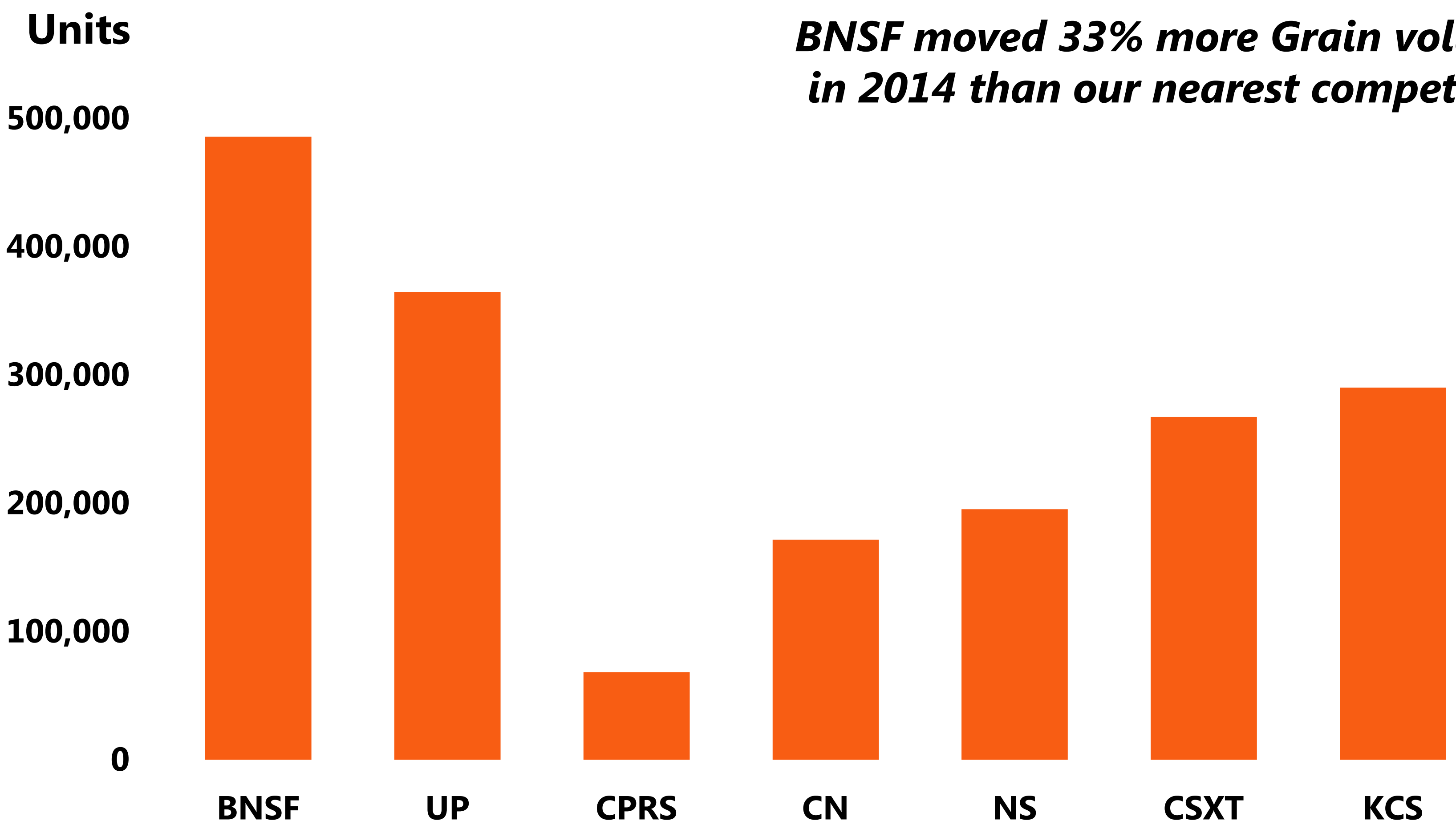
BNSF

Appendix

BNSF is the Grain Leader in U.S. Rail Shipments

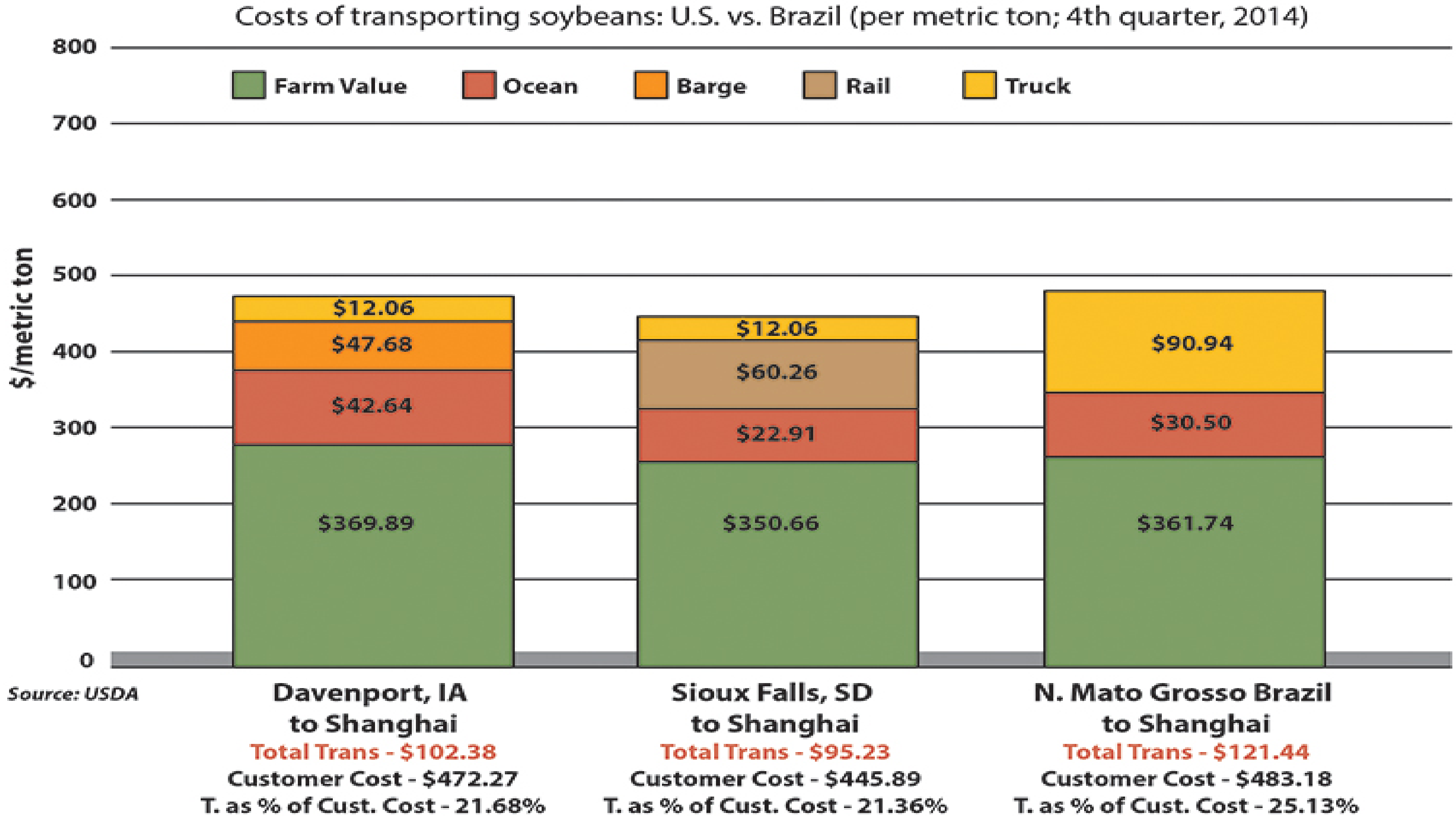
BNSF moved 33% more Grain volume in 2014 than our nearest competitor



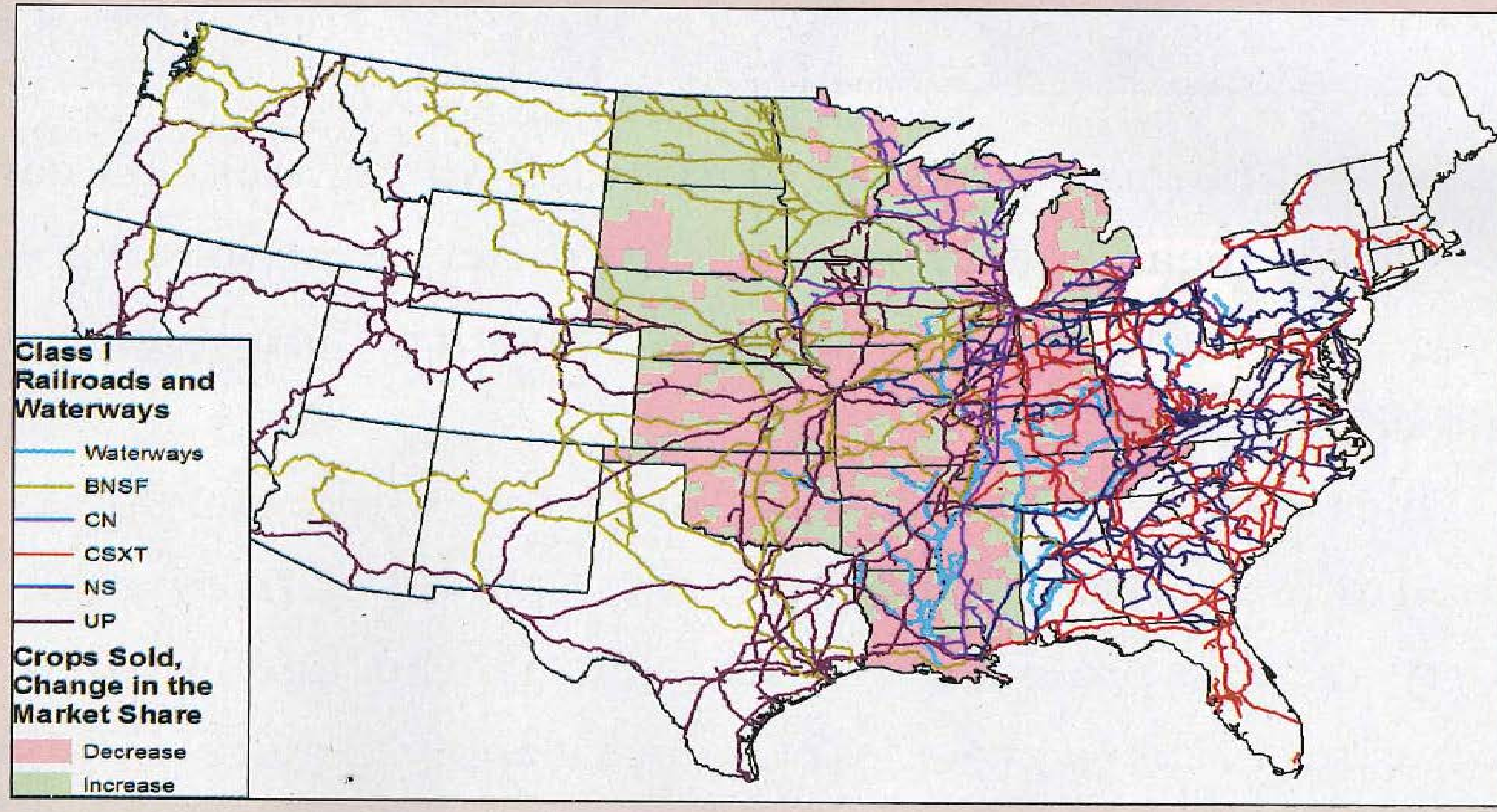
Source: Association of American Railroads (AAR) FY 2014 Weeks 1-52 Units Handled

Why Should Farmers Care About Transportation?

...because our international competitiveness depends on it.



Crops sold, 1997-2012 change in the market share



Source: USDA, National Transportation Atlas, Moffatt & Nichol.