Carl R. Ice
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May 7, 2014

The Honorable Daniel Elliott, Chairman
The Honorable Ann Begeman, Vice Chairman
The Honorable Debra Miller, Commissioner
United States Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

Dear Members of the Board:

I write to provide you with our bi-weekly update on BNSF's network performance and the status of our hiring, capital and service goals. This letter follows our April 23, 2014 update and reflects performance through May 2.

Overall Service Performance:
BNSF continues to see fluidity and velocity gradually improve across our network. The evidence of this improvement can be seen in our weekly volumes. Two weeks ago, BNSF moved 206,000 total units exceeding the highest units ever handled by another railroad. Last week, we moved 201,000 units. We are also continuing to make solid progress against the targets we have set for our capital investment, locomotive acquisition and hiring. We see these efforts reflected in the positive momentum in not only our volumes, but also our reliability and velocity metrics as well. However, we know we need to drive more improvement in terms of overall service for all parts of our network.

Review of Service Metrics:
As is our practice, you will find attached to this letter the updated metrics through last week. Terminal dwell continues to perform well against the benchmark in all three of our operating regions, and we have also seen improvements in train speed in two of our operating regions.

As we have gained momentum, BNSF has been moving substantial grain volumes for our agricultural customers. Two weeks ago, agricultural product volumes were up 26 percent year-over-year, which was the fourth week this year where we have seen double-digit increases in year-over-year comparisons. As you know, we are also executing well against our fertilizer delivery goal with having moved well over half of our 52 trainload commitment. We are hearing positive feedback from our customers that we are rapidly replenishing their fertilizer barns during this critical time in the planting season. While our rate of placement of past-due orders

for our agricultural customers has improved through the month of April, we are still experiencing past-due numbers and average days late in excess of the goals we set in February, and our customers are feeling the impacts of that. We continue to focus resources on reducing the number and days late of past-due orders and remain committed to moving this year's crop prior to the fall harvest.

We have also experienced some improvement in coal deliveries and continued gains in intermodal system transit days and believe that our customers are seeing these improvements. We continue to engage with all our customers, including our coal customers, who, on a case-by-case basis may be experiencing more severe service issues, and focus resources where possible to avoid a facility or plant having to cease operations.

Conclusion

We will continue to update the Board with these measures on a bi-weekly basis, provide our weekly fertilizer update, and participate in weekly calls between the STB staff and Bob Lease, our Vice President of Service Design and Performance. We also continue to communicate frequently with our customers as we move towards more consistent service.

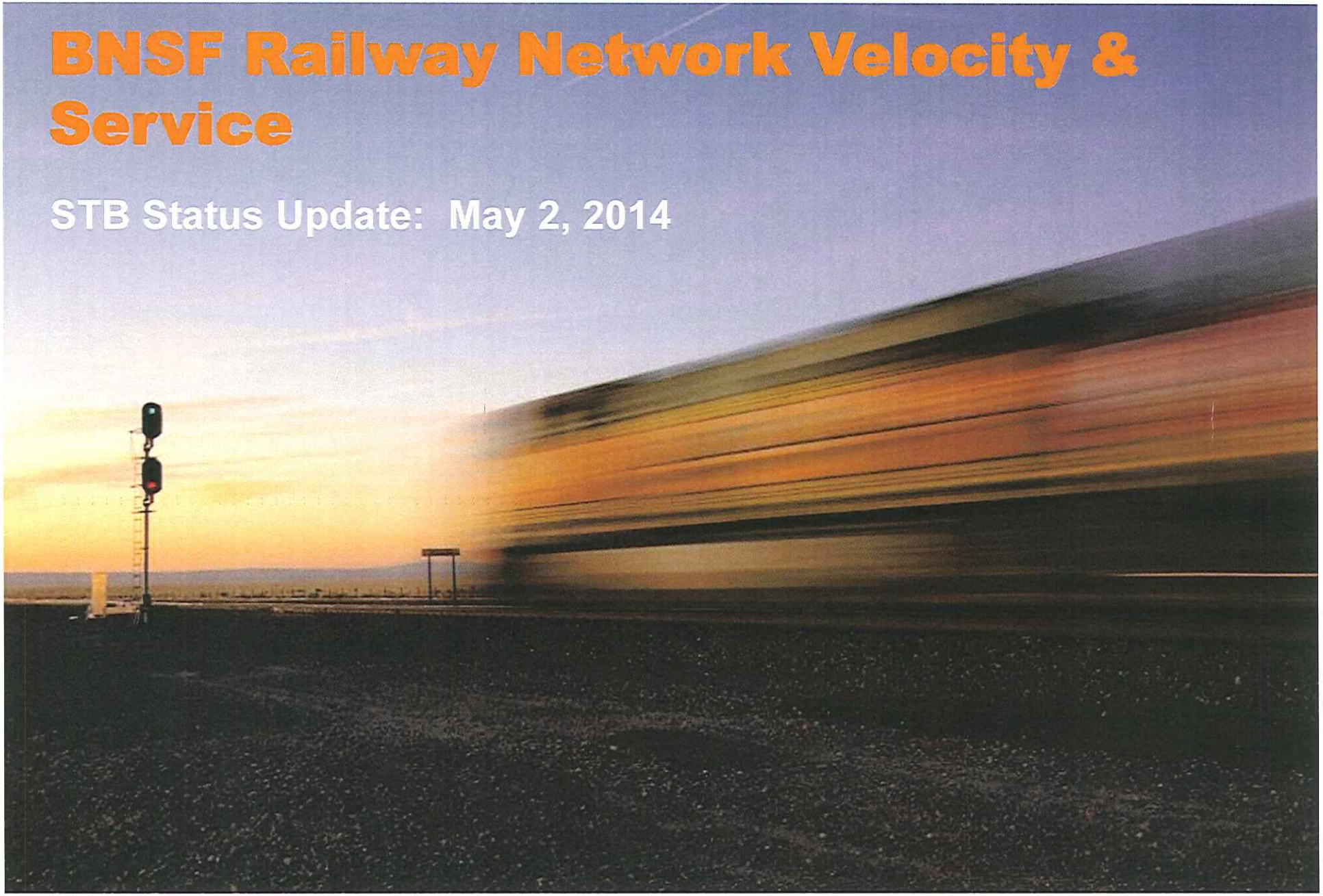
Sincerely,

Carl R. Ice
President & CEO

Attachments

BNSF Railway Network Velocity & Service

STB Status Update: May 2, 2014

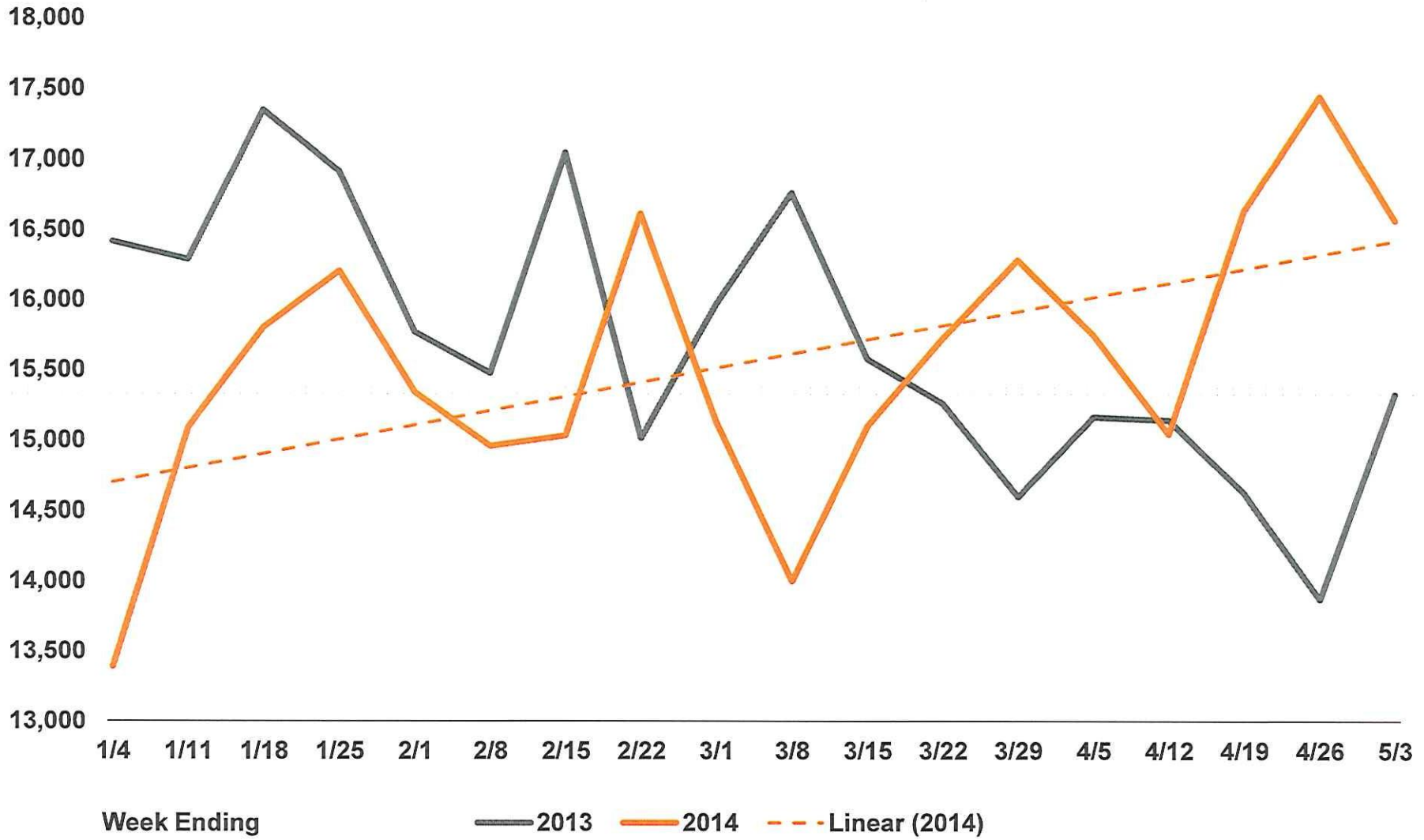


BNSF RAILWAY

BNSF Dashboard Service Metrics

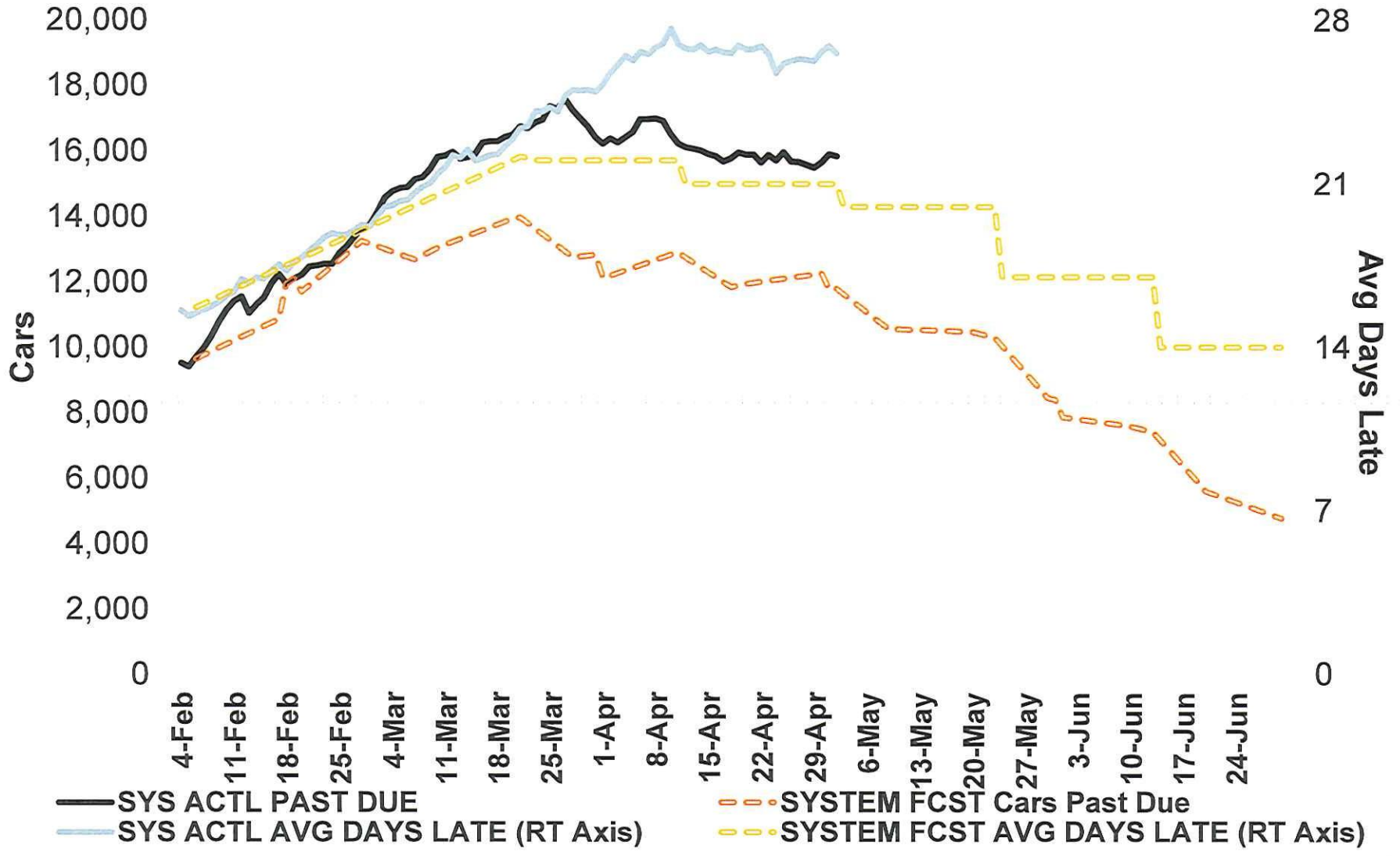
	Goal 5/2	Baseline 2/7	Actuals 5/2	Change from Goal
Past Due Cars # of Cars	11,797	9,982	15,846	⇧ 34.3%
Avg Days Late	21.0	15.6	26.6	⇧ 26.7%
	Goal Q2 2014	**Baseline 2/1-2/7**	**Actuals QTD 5/2**	**Change from Baseline**
Coal Avg Monthly Tons (in millions)	23.7	19.2	22.1	⇧ 15.1%
IM System Transit Days	4.00	5.32	4.62	⇩ 13.2%
AAR Terminal Dwell Hours	28.0	34.6	29.3	⇩ 15.3%
AAR Train Speed	N/A	21.8	21.5	⇩ 1.4%

Ag Products Weekly Units 2014 vs 2013



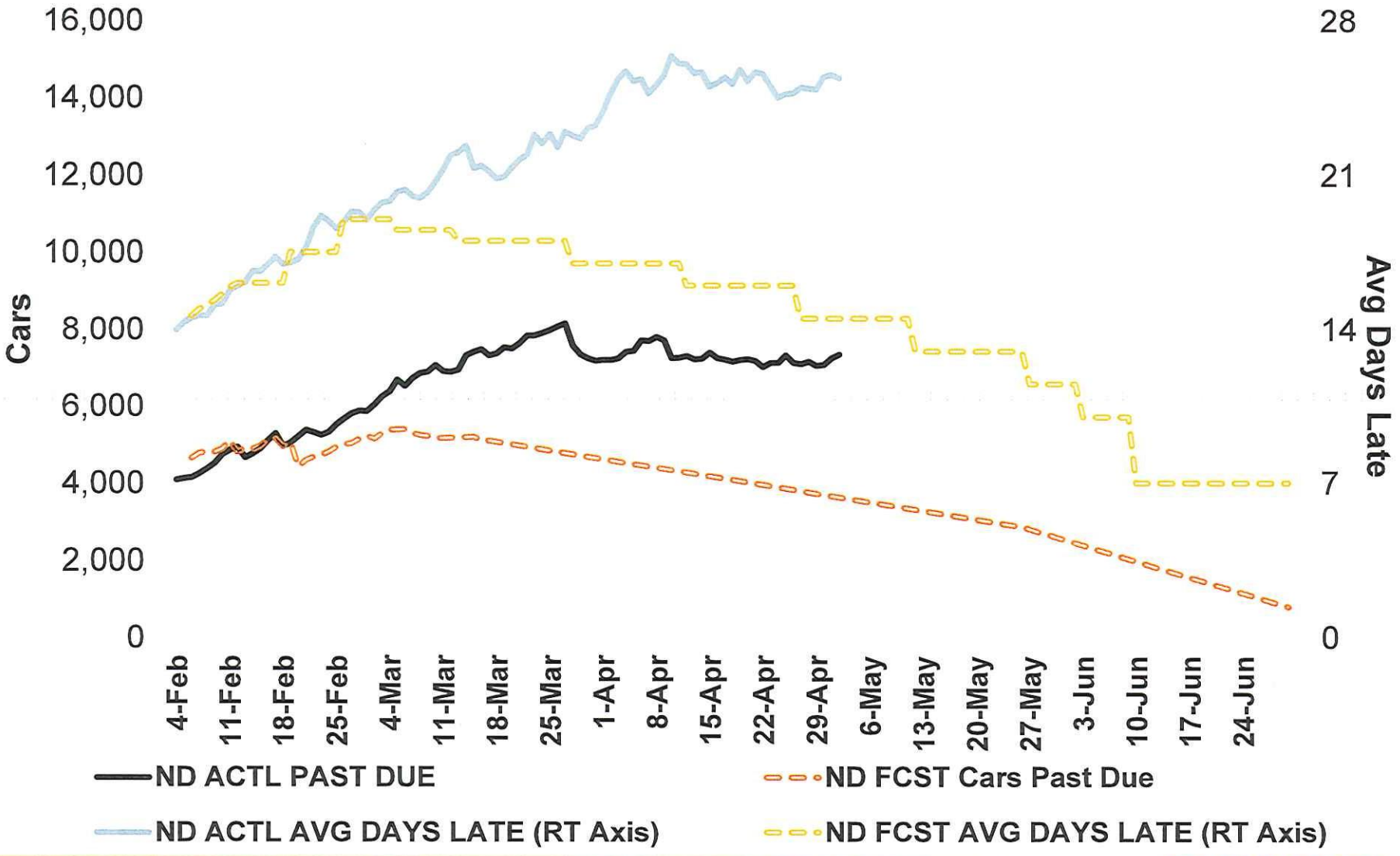
Data Source: AAR Units (excludes Fertilizer & Ethanol, includes Food Products)

System Ag Past Due Cars



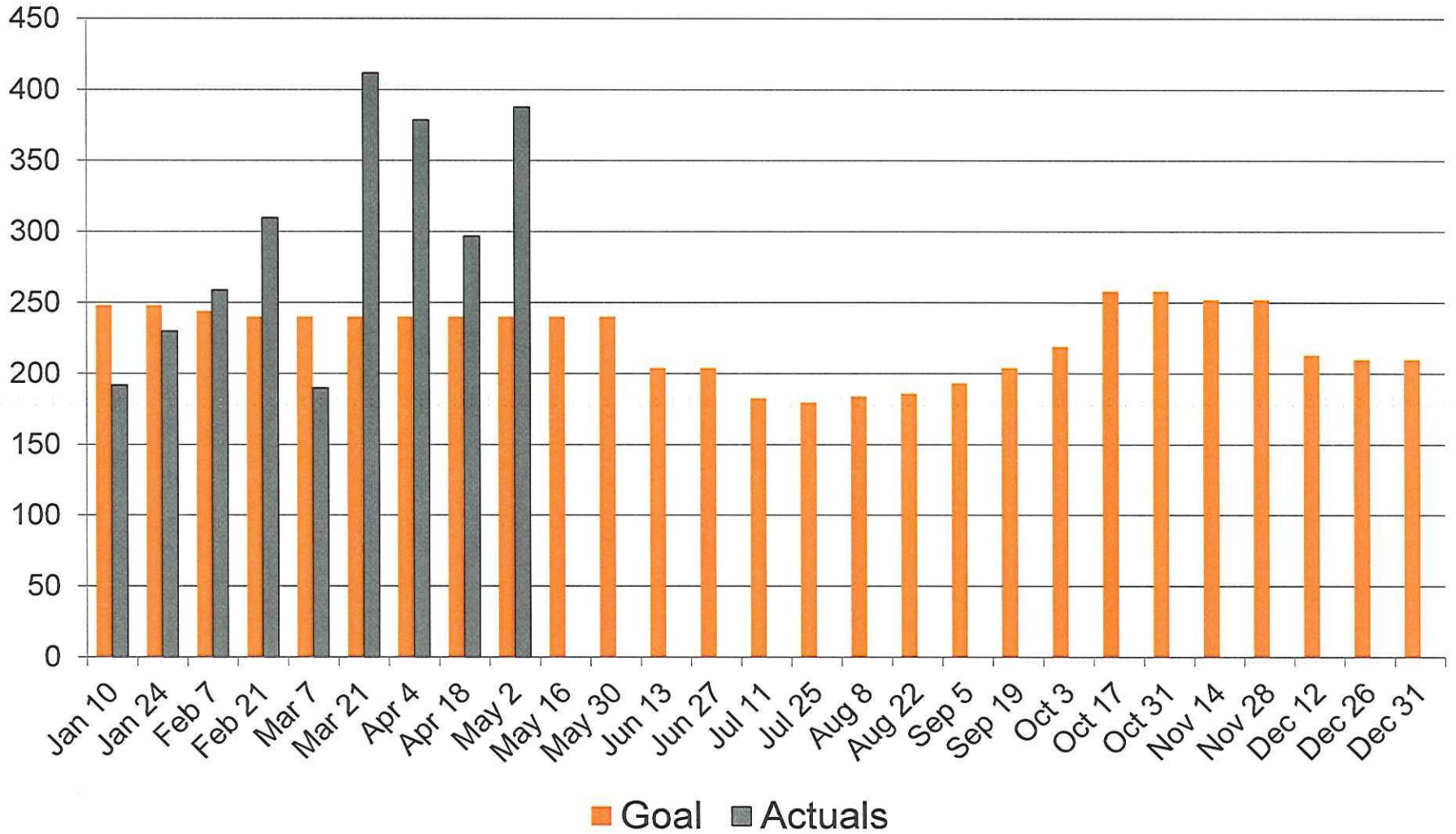
Data through May 2, 2014

North Dakota Ag Past Due Cars

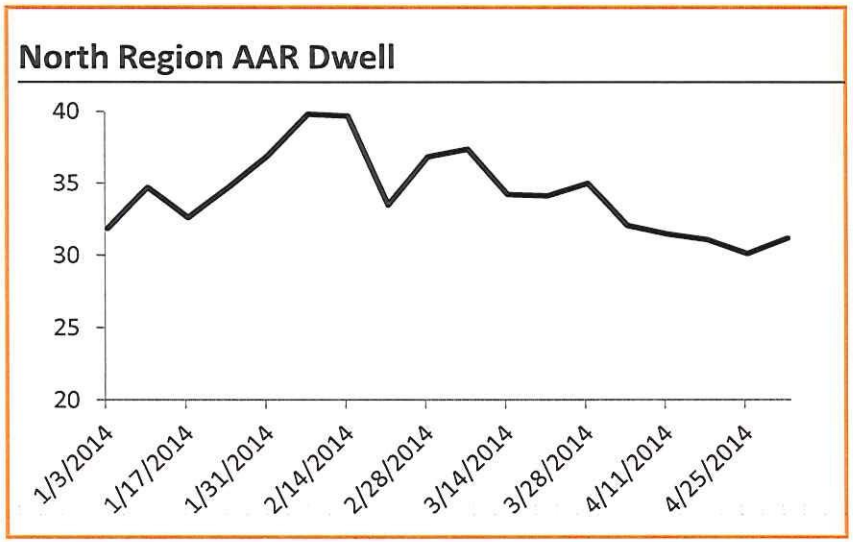


Data through May 2, 2014

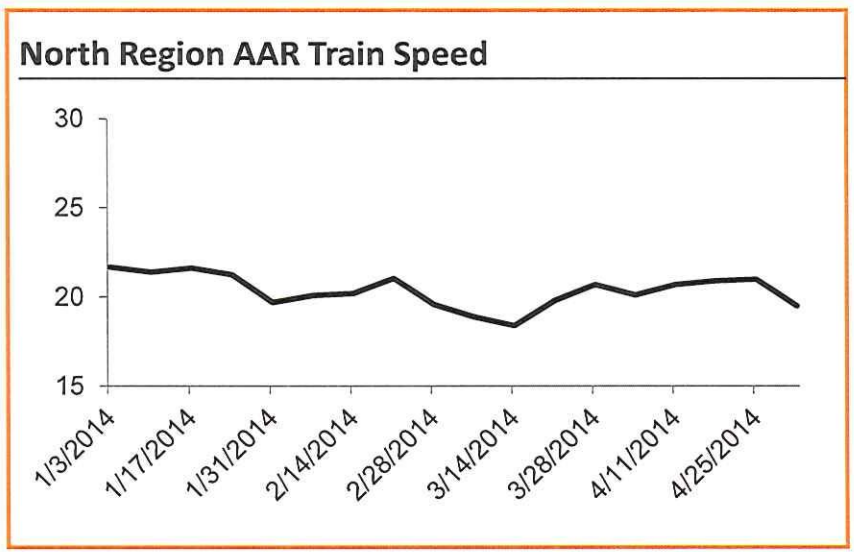
Sugar Cars Spotted – North Dakota



North Region



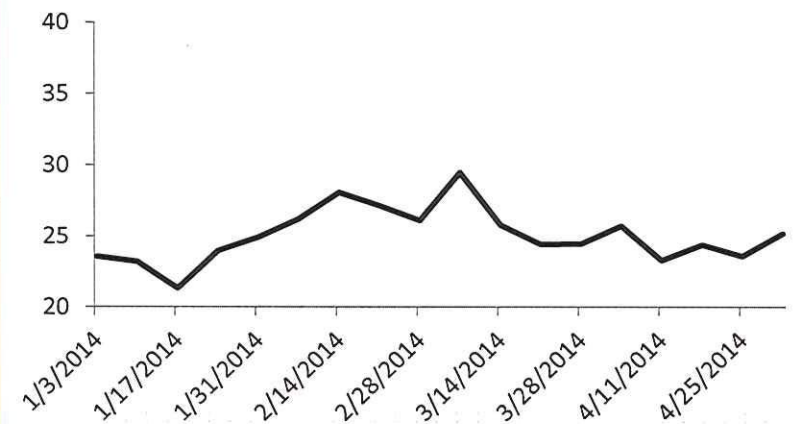
	Baseline 2/1-2/7	Actuals QTD 5/2	Change from Baseline
AAR Dwell	39.8	31.1	⇩ 21.9%



	Baseline 2/1-2/7	Actuals QTD 5/2	Change from Baseline
AAR Train Speed	20.1	20.4	⇧ 1.5%

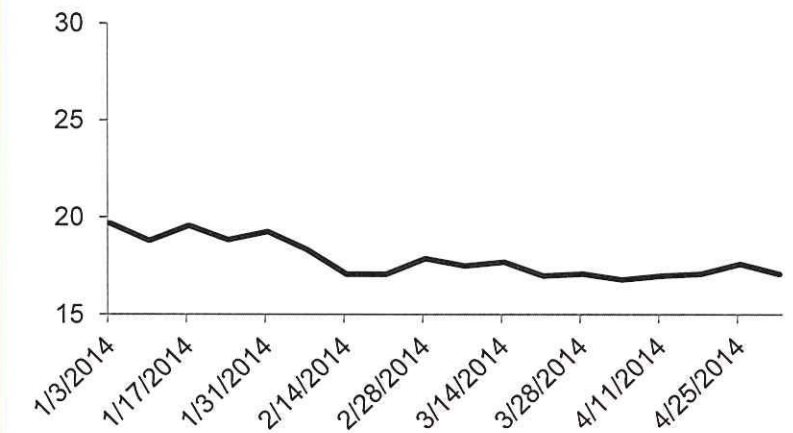
Central Region

Central Region AAR Dwell



	Baseline 2/1-2/7	Actuals QTD 5/2	Change from Baseline
AAR Dwell	26.2	24.2	⇩ 7.6%

Central Region AAR Train Speed



	Baseline 2/1-2/7	Actuals QTD 5/2	Change from Baseline
AAR Train Speed	18.3	17.2	⇩ 6.0%

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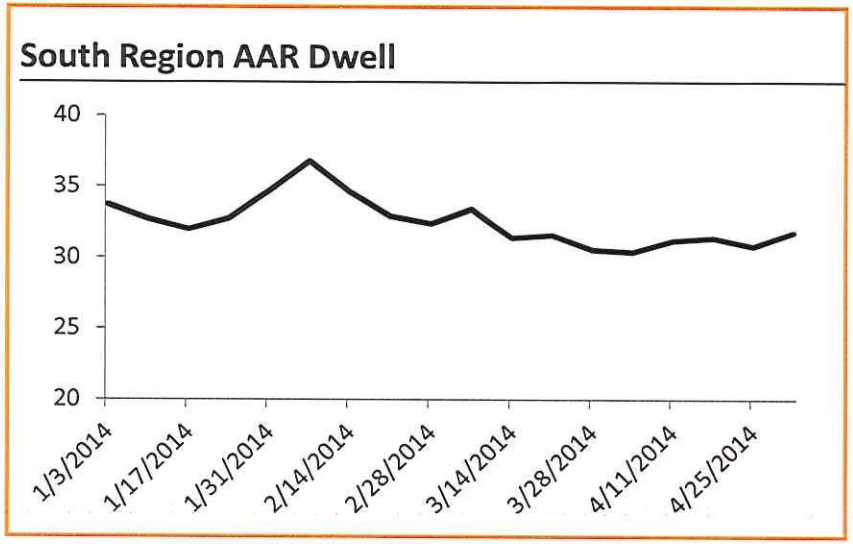
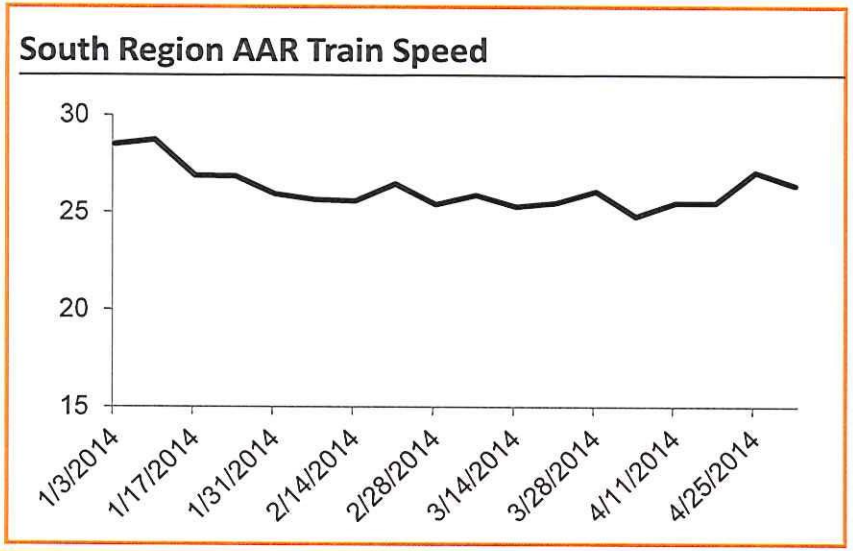
South Region



	Baseline 2/1-2/7	Actuals QTD 5/2	Change from Baseline
AAR Dwell	36.8	31.2	⇩15.2%



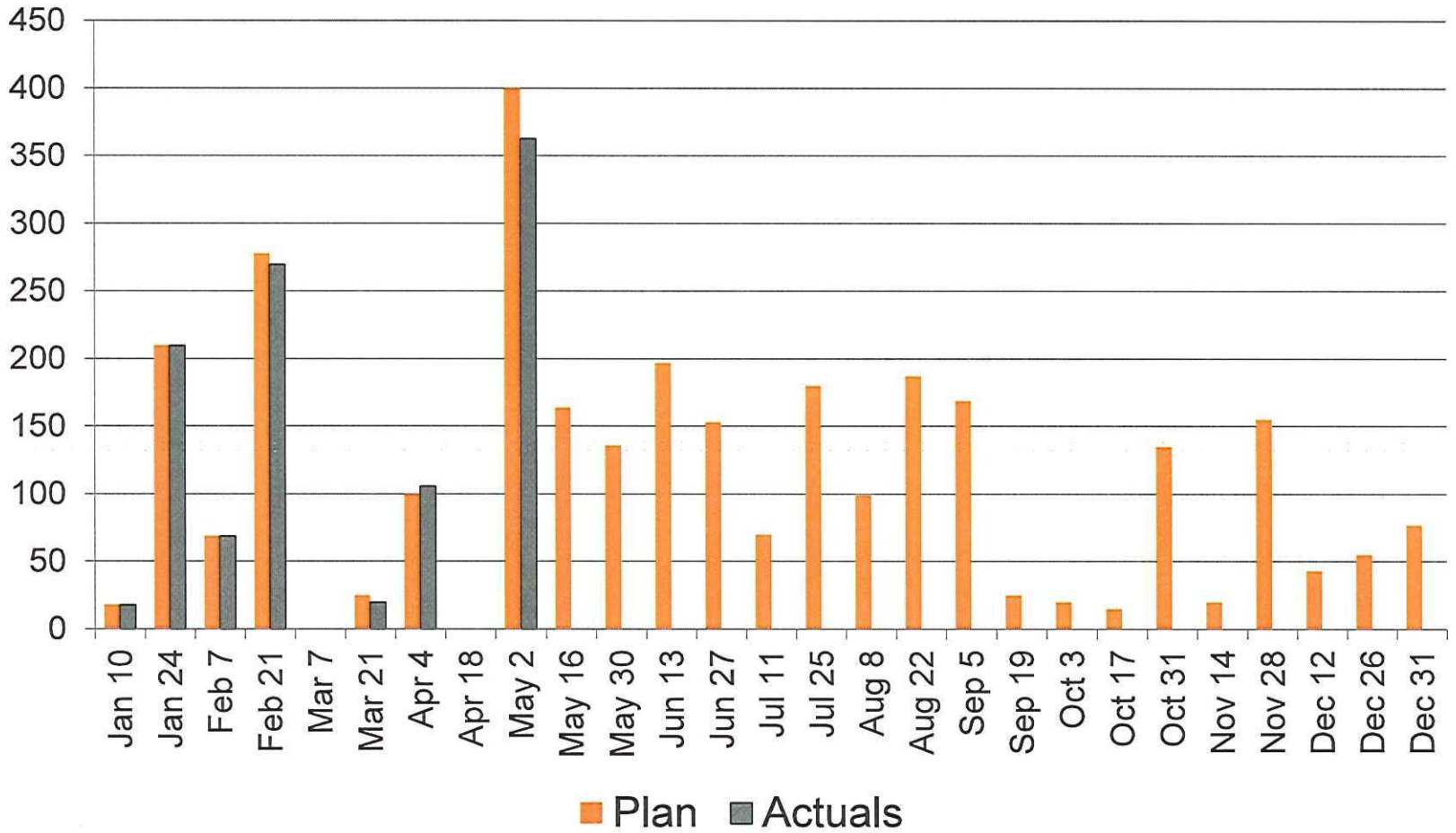
	Baseline 2/1-2/7	Actuals QTD 5/2	Change from Baseline
AAR Train Speed	25.7	25.8	⇧0.4%

BNSF Long-Term Actions to Add Capacity

$ Millions	Annual Goal	YTD Q2 Goal	Prior Period (YTD 4/18)	Current Period (YTD 5/2)
People Hiring				
TY&E	3,000	1,750	693	1,056
Eng & Mech	2,000	1,500	958	1,098
Locomotive Acquisitions	500	237	134	150
Car – Acquisitions, Replacements & Extensions	5,000	1,750	280	306
Expansion Capital	$ 900	$ 360	$ 120*	$ 182*
Replacement & Maint Capital	$ 2,300	$ 1,090	$ 477*	$ 682*

* YTD 4/18 represents YTD through March 2014; YTD 5/2 represents YTD through April 2014.

System TYE Employees Hired & Trained

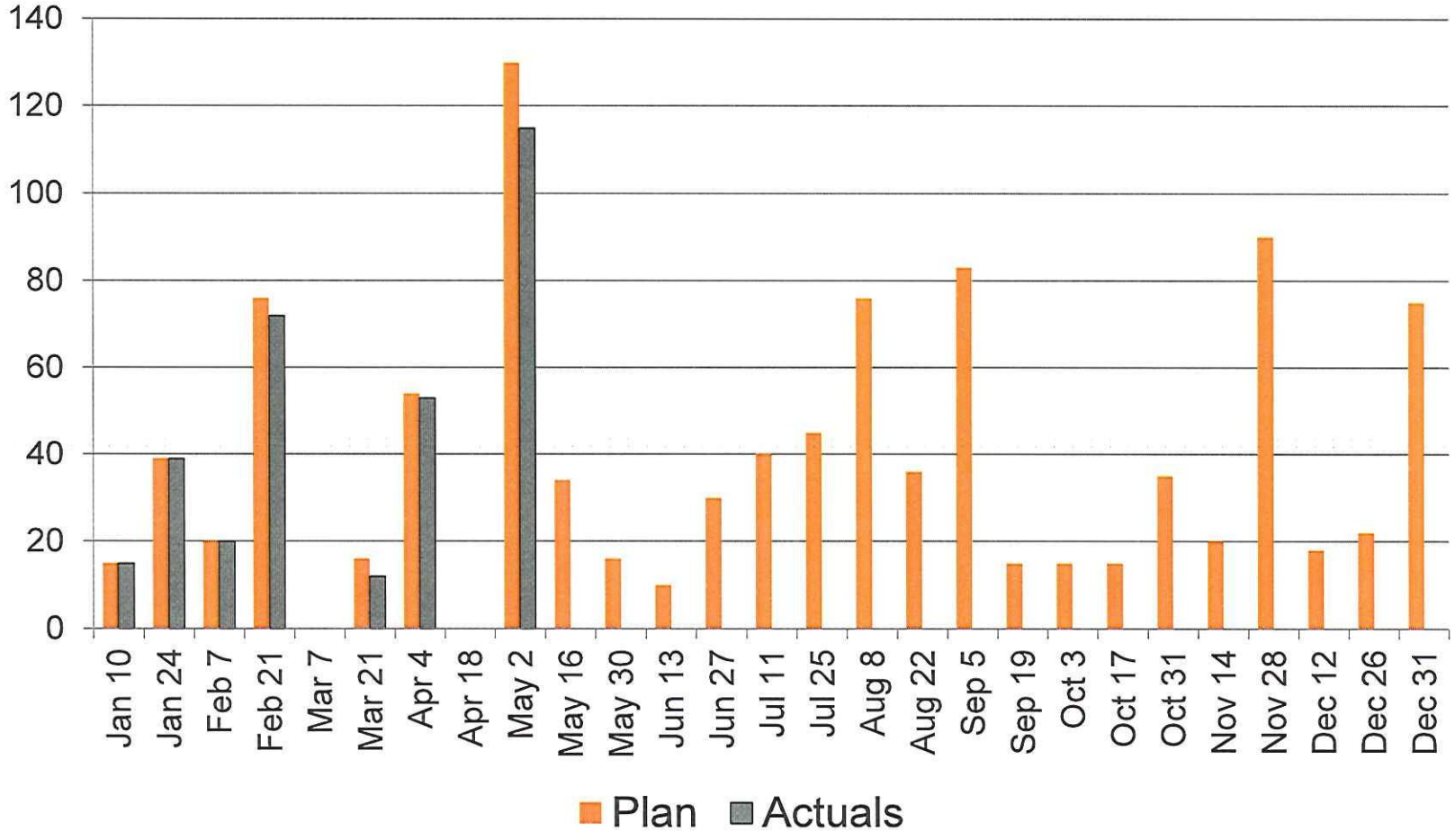


Cumulative	Jan	Feb	Mar	Apr *	May **	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	297	575	650	1,100	1,400	1,750	2,000	2,450	2,500	2,650	2,825	3,000
Actual	297	567	692	1,055	1,056							

* Most of the hiring that happened during the two week period ending May 2nd occurred in April.

** Actual is YTD through 5/2/14, plan is YTD through 5/31/14.

North TYE Employees Hired & Trained



Cumulative	Jan	Feb	Mar	Apr *	May **	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	74	150	220	350	400	470	525	720	750	800	910	1,025
Actual	74	146	211	325	326							

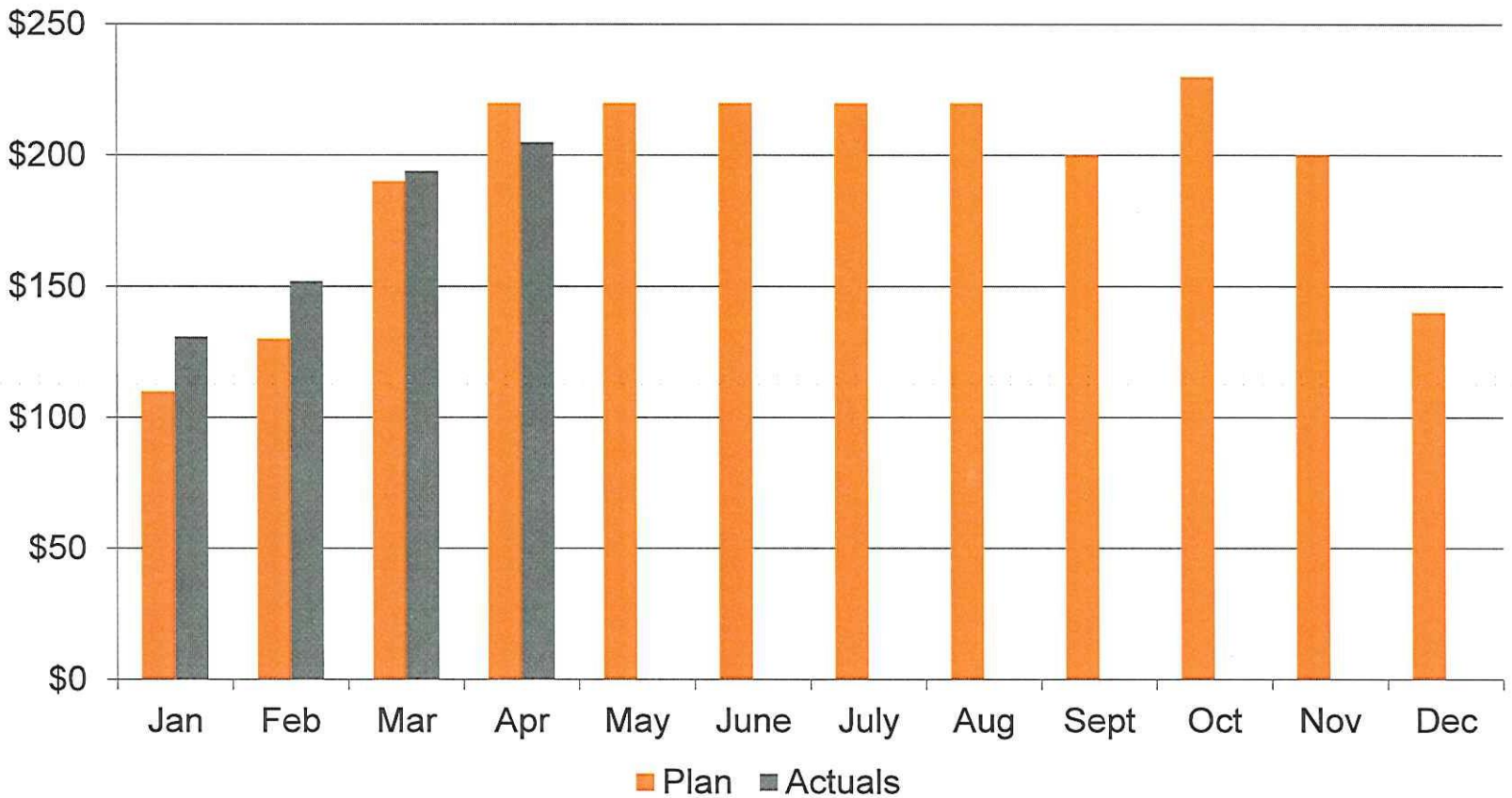
* Most of the hiring that happened during the two week period ending May 2nd occurred in April.

** Actual is YTD through 5/2/14, plan is YTD through 5/31/14.

System Capacity and Reliability

$ Millions

Replacement & Maintenance Capital

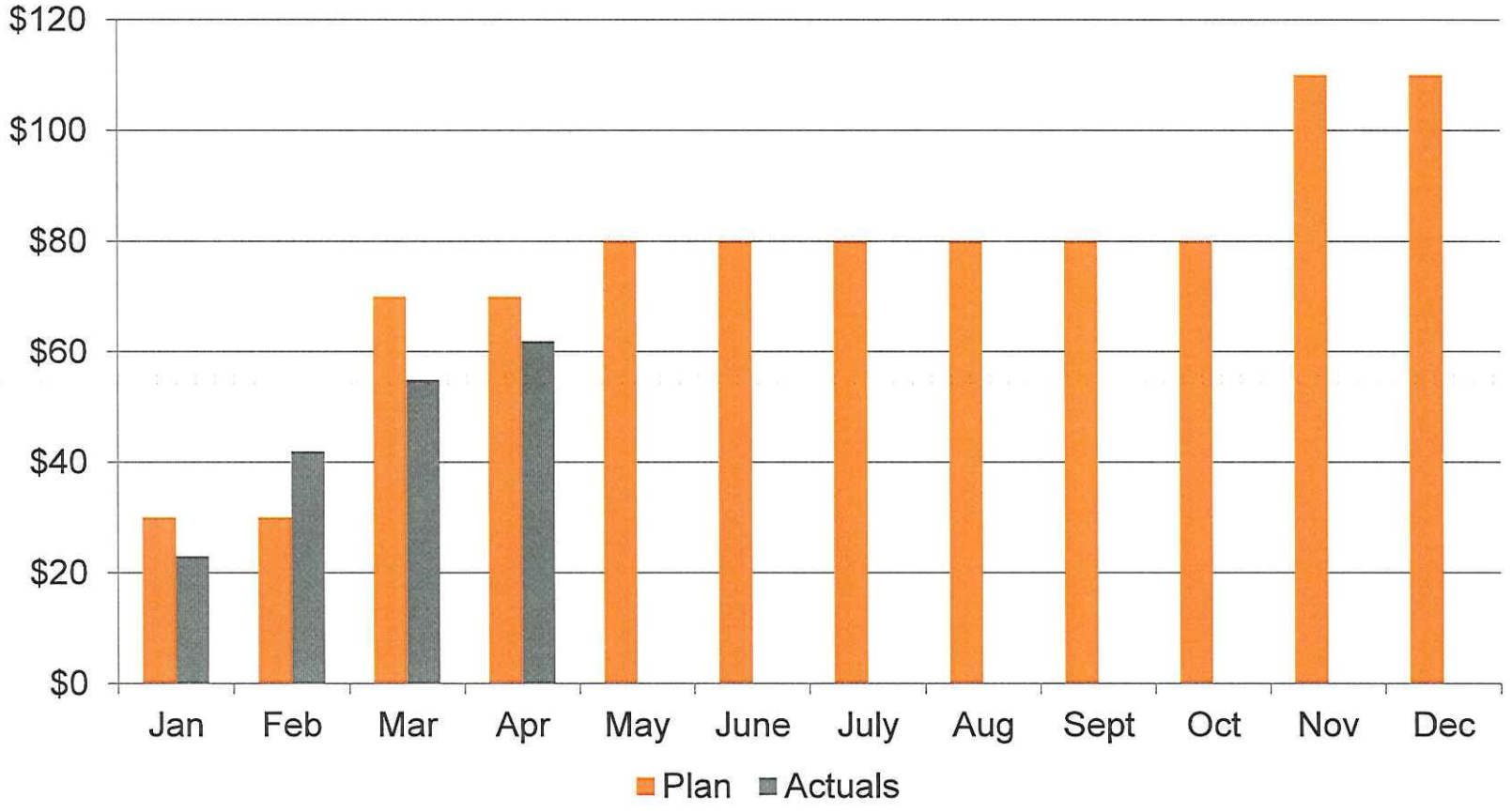


Cumulative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	$110	$240	$430	$650	$870	$1,090	$1,310	$1,530	$1,730	$1,960	$2,160	$2,300
Actual	$131	$283	$477	$682								

System Capacity and Reliability

$ Millions

Expansion & Efficiency Capital

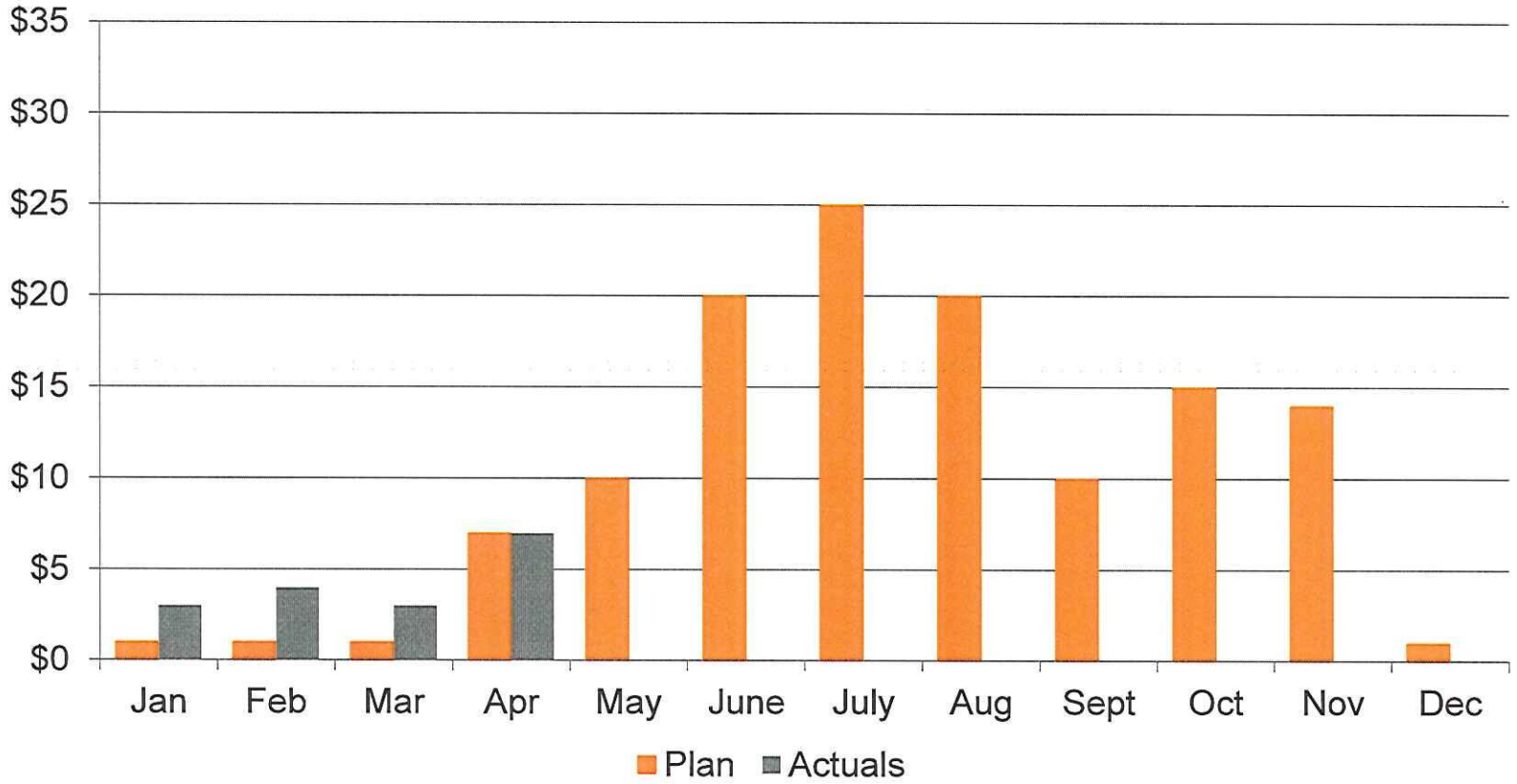


Cumulative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	$30	$60	$130	$200	$280	$360	$440	$520	$600	$680	$790	$900
Actual	$23	$65	$120	$182								

North Dakota Capacity and Reliability

$ Millions

Replacement & Maintenance Capital



Cumulative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	$1	$2	$3	$10	$20	$40	$65	$85	$95	$110	$124	$125
Actual	$3	$7	$10	$17								

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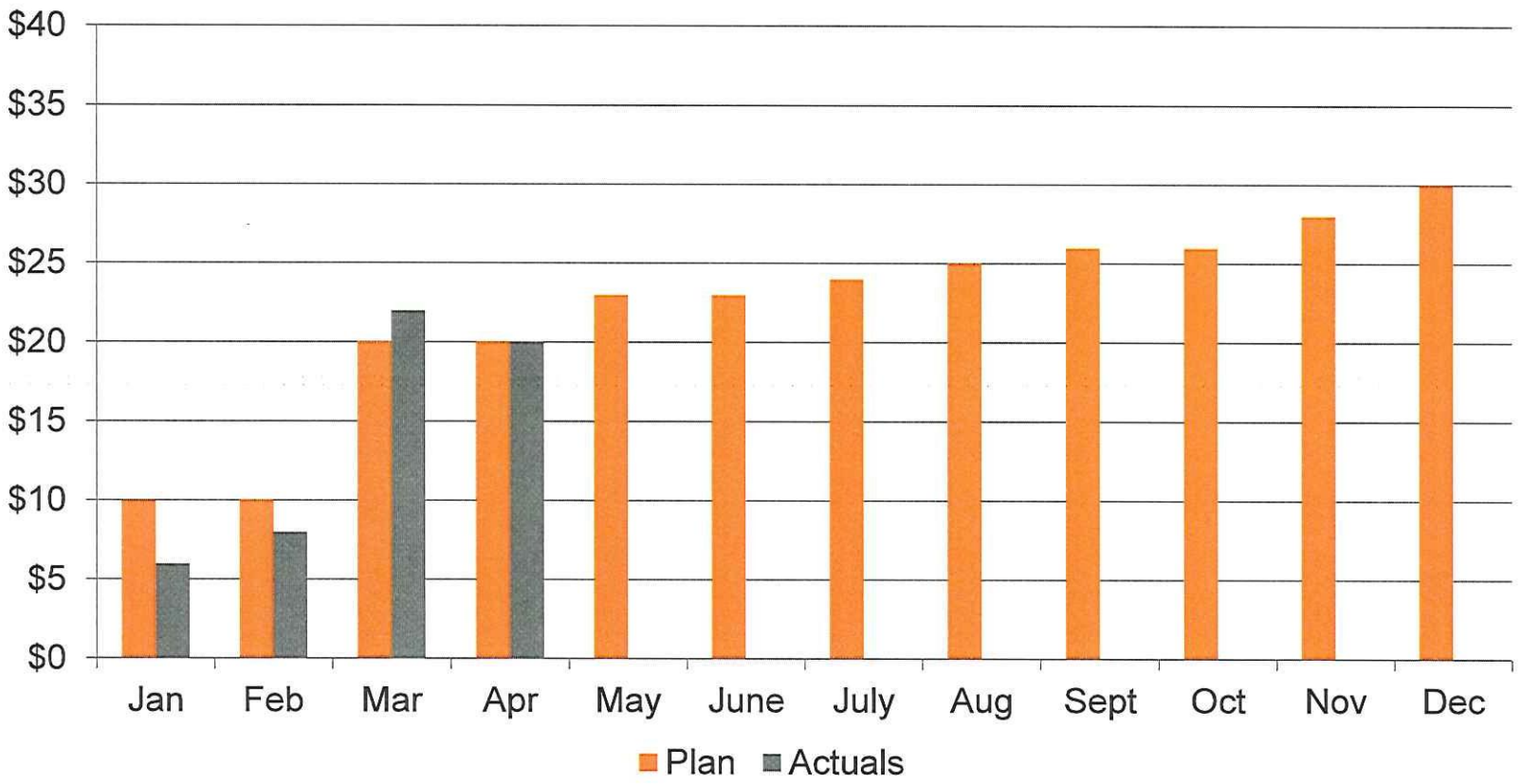
North Dakota Capacity and Reliability

$ Millions

Expansion & Efficiency Capital



Cumulative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	$10	$20	$40	$60	$83	$106	$130	$155	$181	$207	$235	$265
Actual	$6	$14	$36	$56								

BNSF RAILWAY