

BNSF Railway

Ex Parte No. 704: Review of Commodity, Boxcar, and TOFC/COFC Exemptions

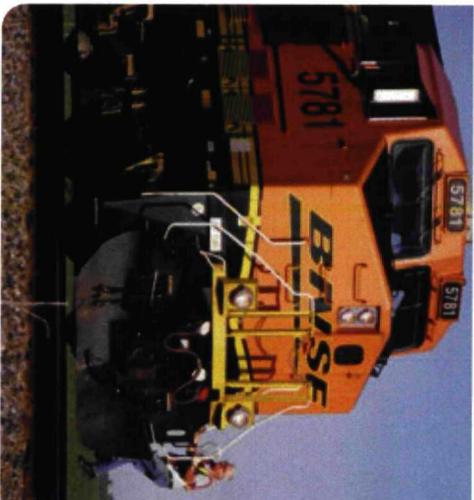
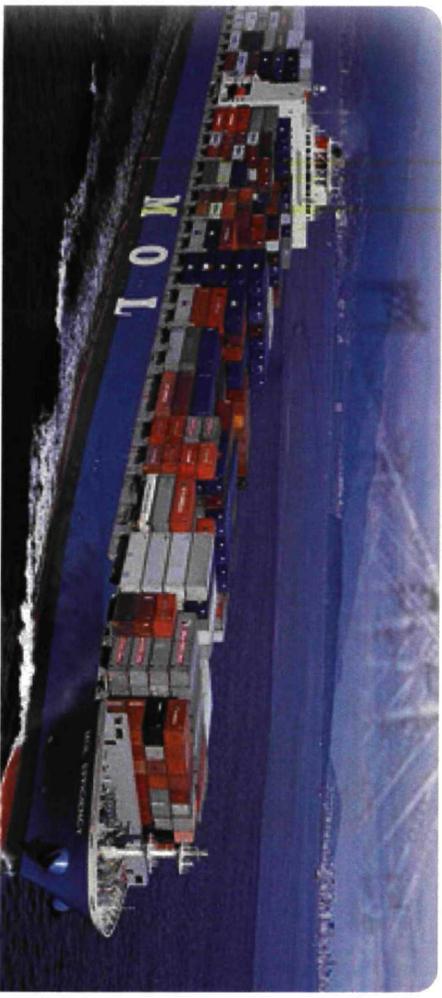
Steve Branscum
Group Vice President,
Consumer Products



February 24, 2011

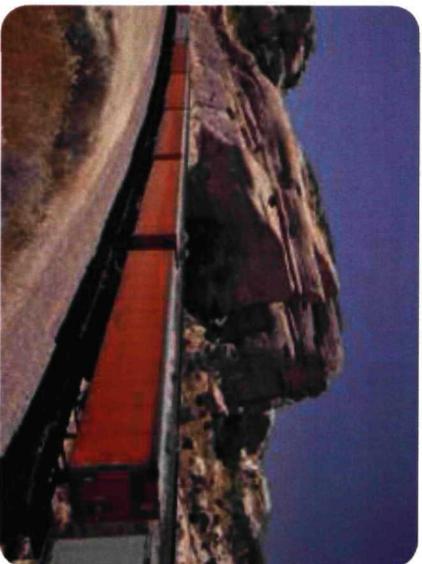
Definition of Intermodal

- Transportation by more than one form of carrier during a single journey
- Term was coined in 1960's
- Most commonly used to describe the movement of freight in standardized containers or trailers using two or more modes of transportation

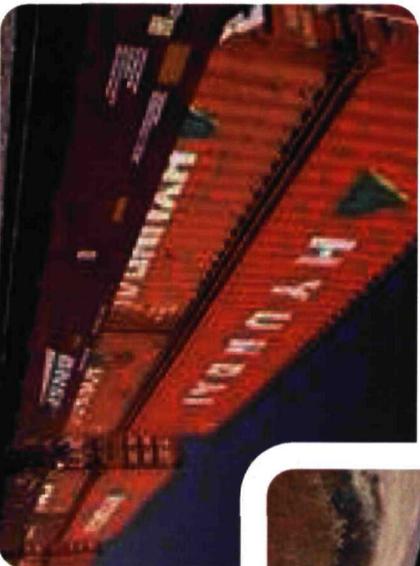


Creating a Competitive Marketplace **Understanding Intermodal**

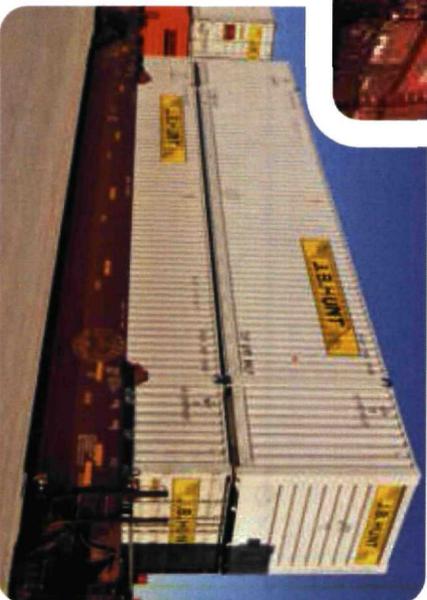
Trailers



ISO Containers



Domestic Containers



- Seamlessly integrates combinations of road, rail and water transportation
- Works best in markets with large concentrated volumes – not as efficient in lower-volume markets
- Service is equivalent to or better than single-driver truck, averaging 500 miles per day

Creating a Competitive Marketplace

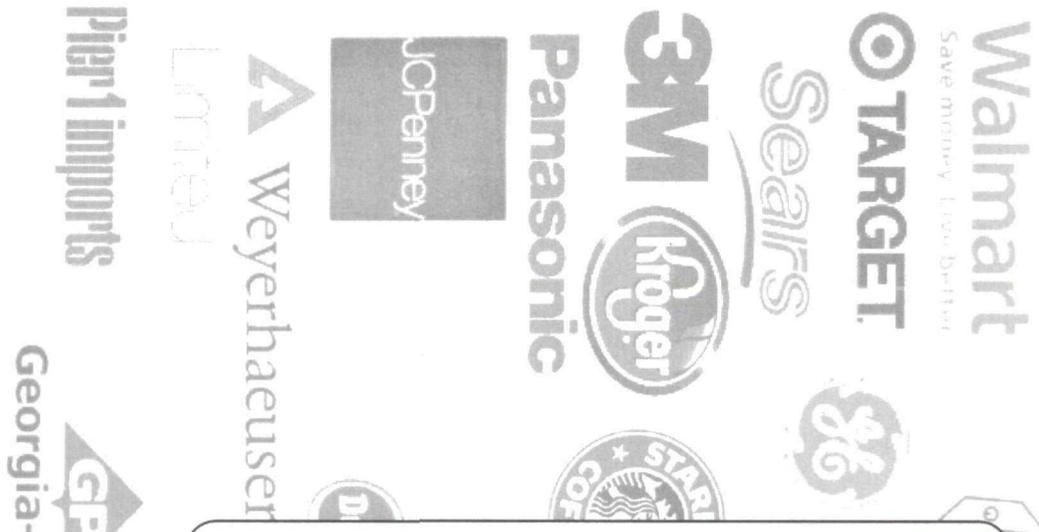
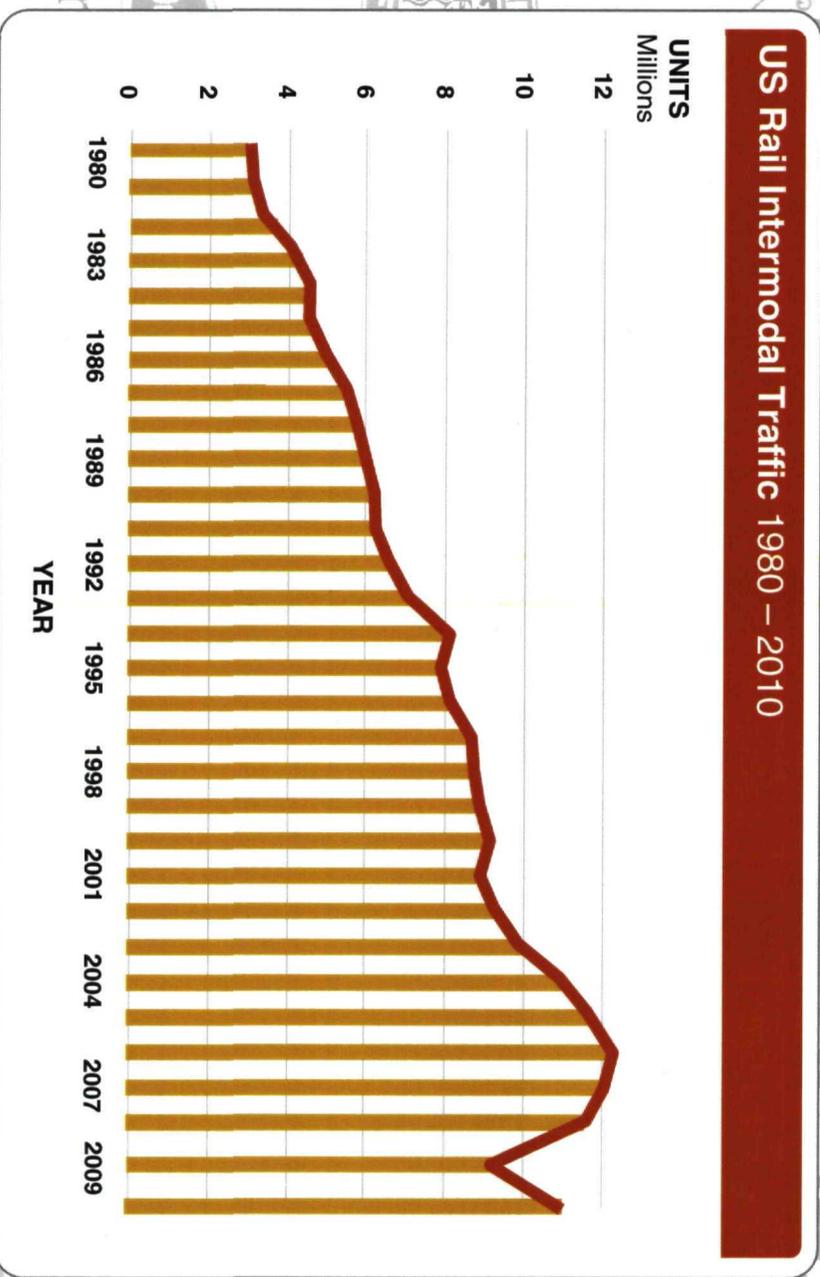
Key Benefits of Intermodal Rail

- **Cost Efficiency**
In general, shippers pay less for shipping freight via rail, rather than other forms of land transportation.
- **Highway Gridlock Reduction**
A typical train takes the freight equivalent of several hundred trucks off our highways.
- **Fuel Efficiency**
On average, intermodal rail is two to three times more fuel efficient than truck.
- **Environmental Friendliness**
The EPA estimates that for every ton-mile, locomotives emit roughly one-third the amount of nitrogen oxides, CO₂e and particulates.



Creating a Competitive Marketplace

U.S. Rail Intermodal Growth

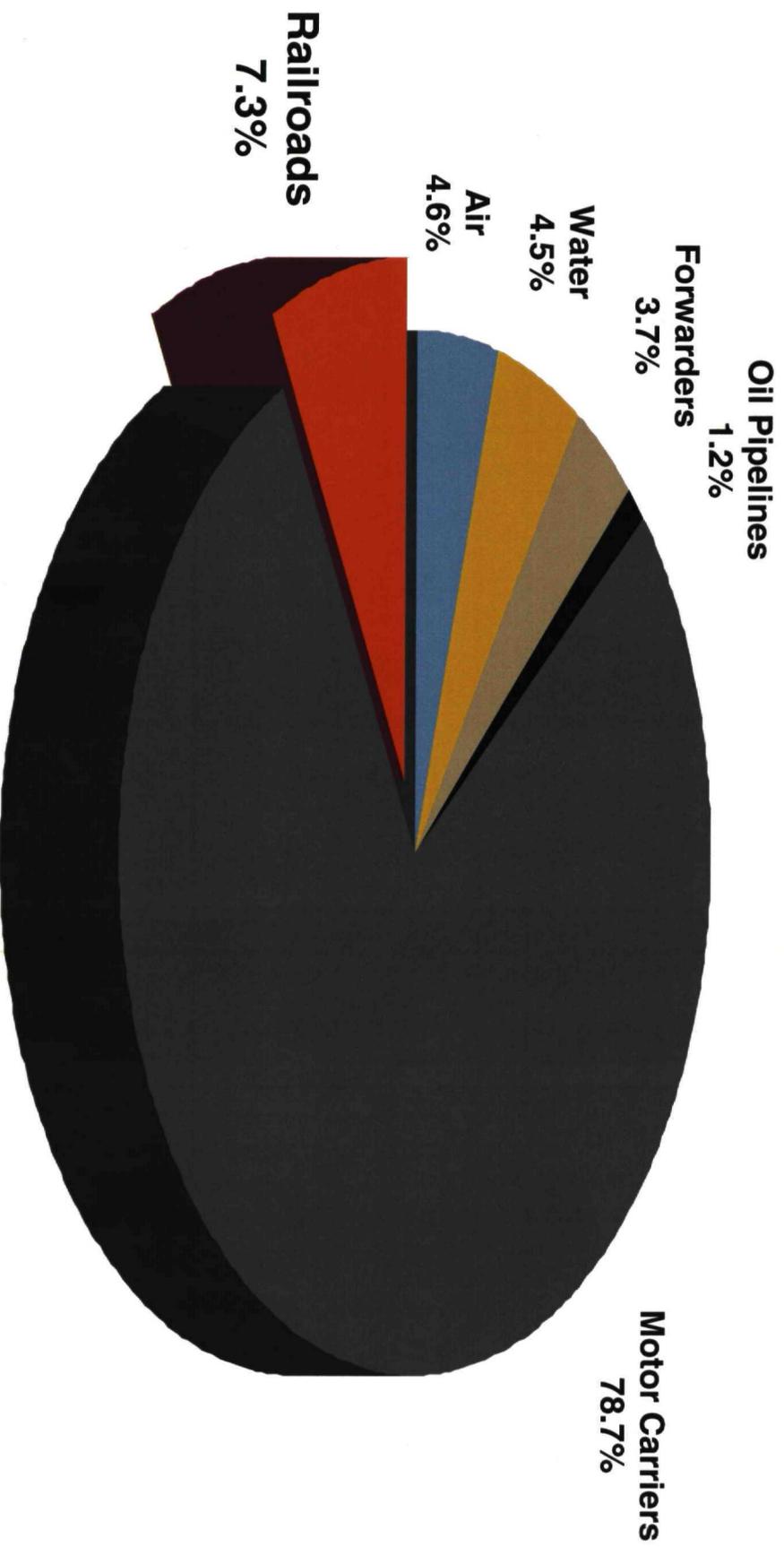


Source: Journal of Commerce 2008; American Association of Railroads

U.S. Transportation Modal Share

Based on Revenue

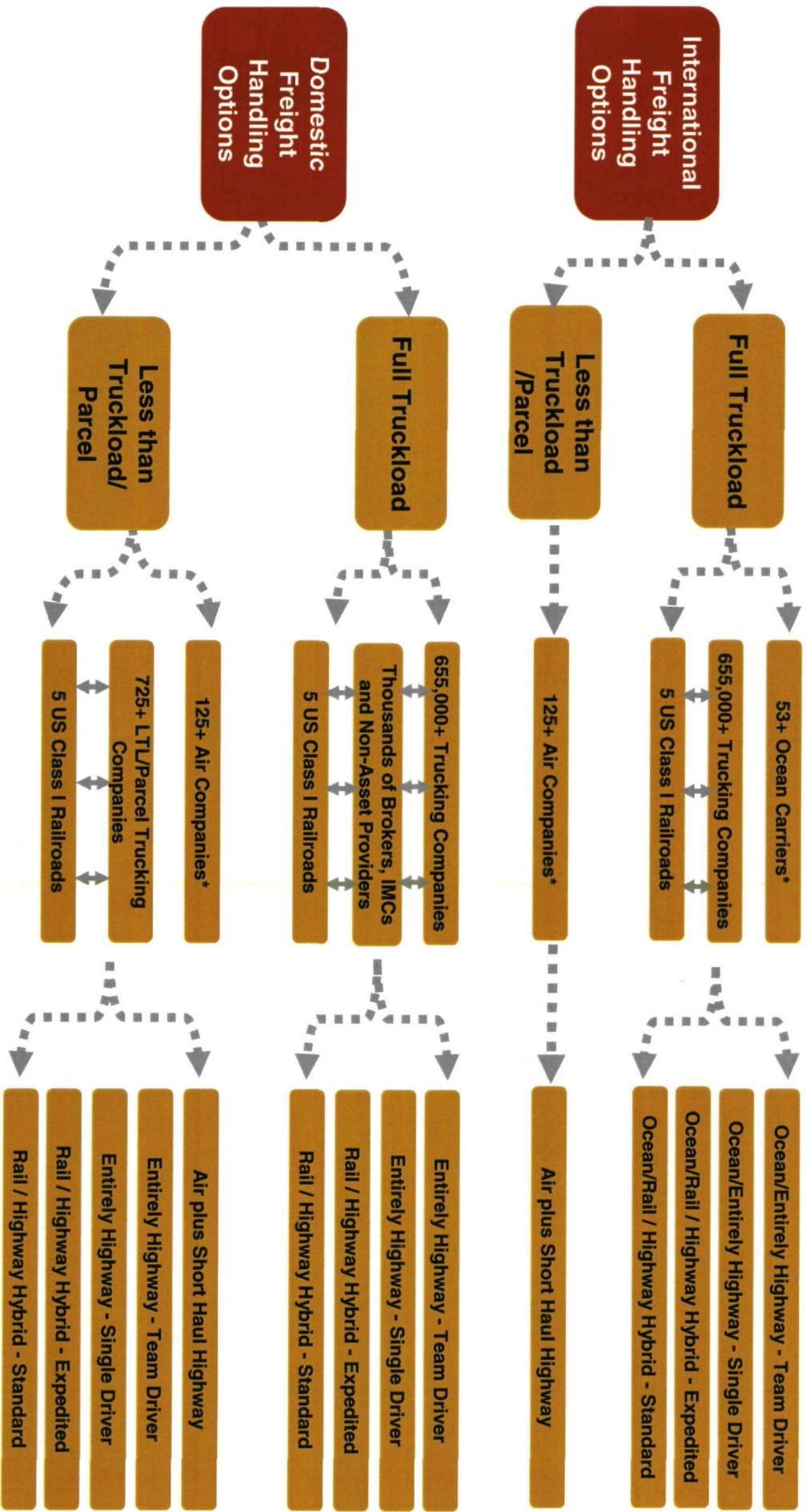
Mode and % of Total Share



Source: 2010 CSCMP Annual State of Logistics study (2008 data)

Creating a Competitive Marketplace

Shippers Have Many Choices



* Major carriers shipping more than: 1M pounds of freight per year for air carriers, and more than 5K TEUs for Ocean Carriers

Source: 2007 World Shipping Council, Federal Motor Carrier Safety Administration, Bureau of Transportation Statistics and Fleetseek

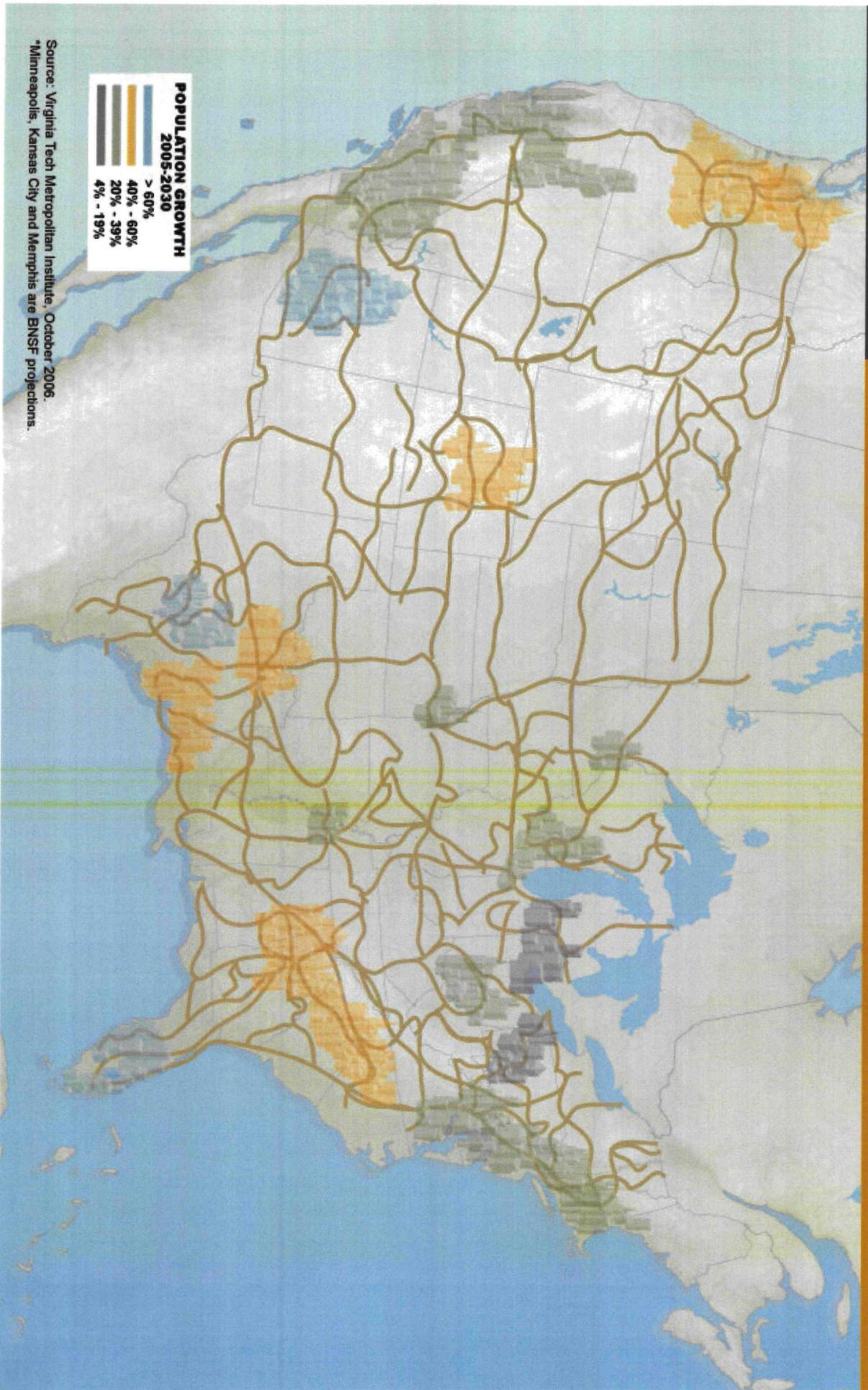
Creating a Competitive Marketplace Water Competition for U.S. Distribution



* Major carriers shipping more than 5K TEUs

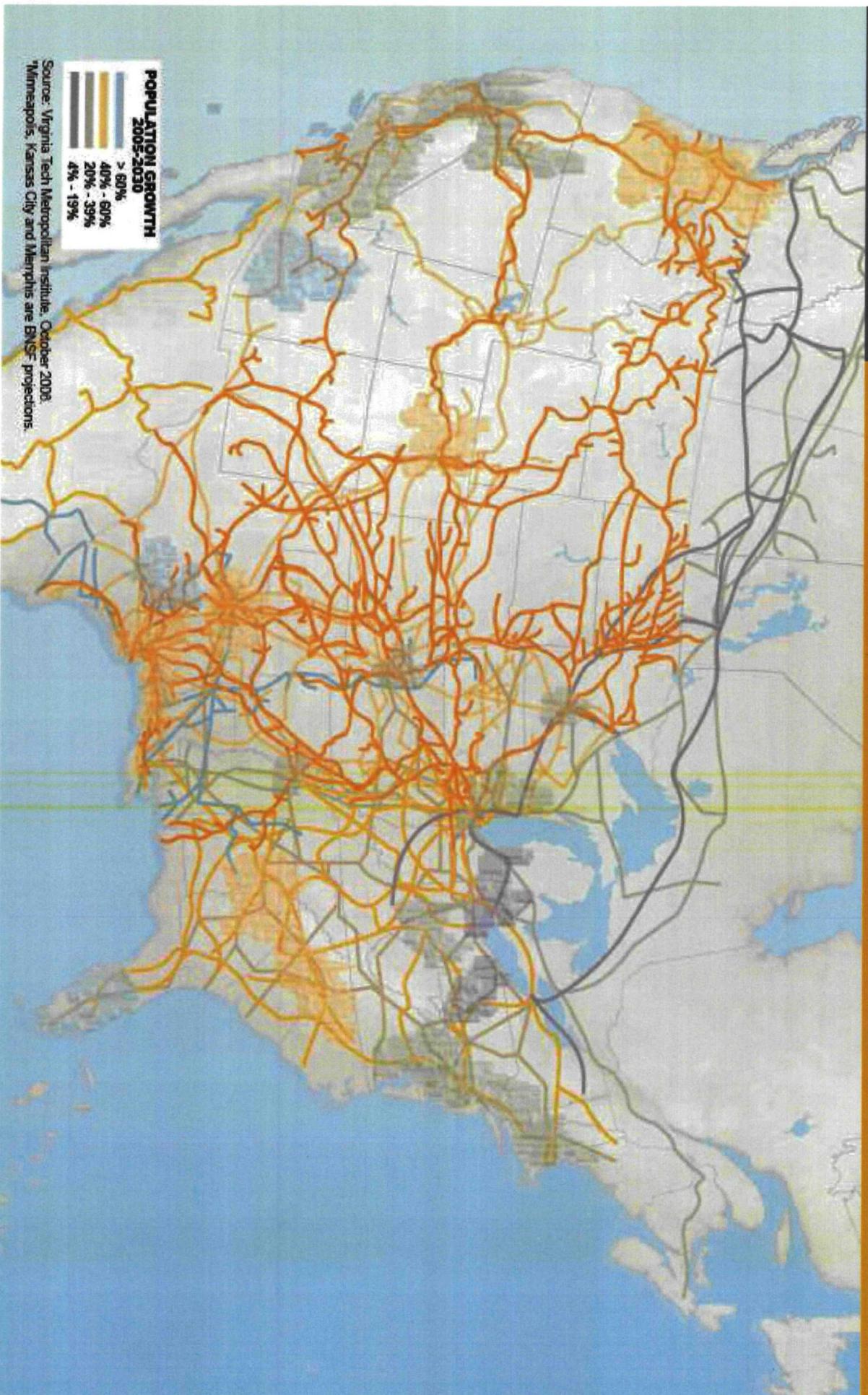
Source: 2007 World Shipping Council

Creating a Competitive Marketplace **U.S. Highway Competition**

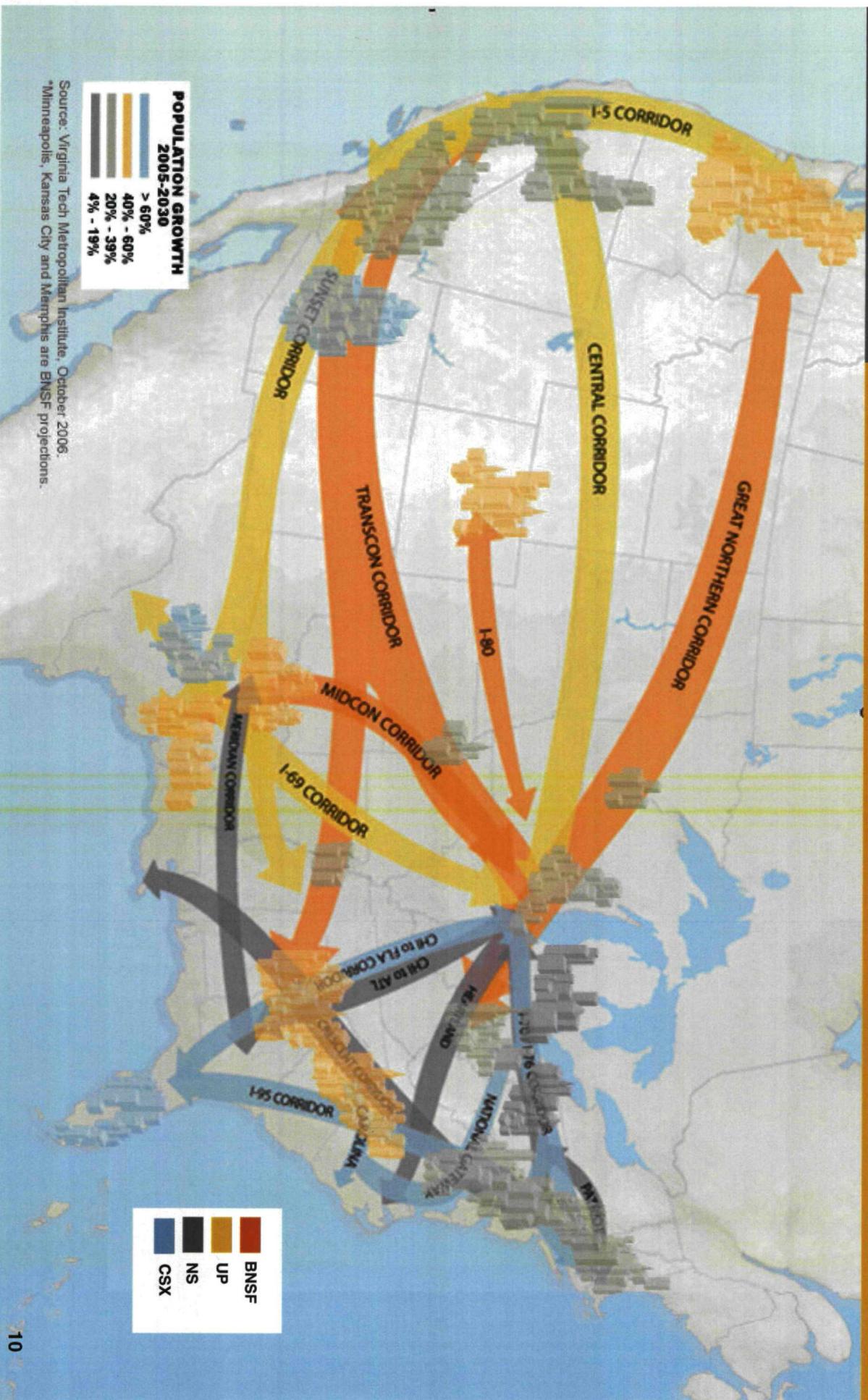


Source: Virginia Tech Metropolitan Institute, October 2006.
*Minneapolis, Kansas City and Memphis are BNSF projections.

Creating a Competitive Marketplace
North American Rail Competition



Creating a Competitive Marketplace Major US Intermodal Corridors



Source: Virginia Tech Metropolitan Institute, October 2006.
*Minneapolis, Kansas City and Memphis are BNSF projections.

Creating a Competitive Marketplace

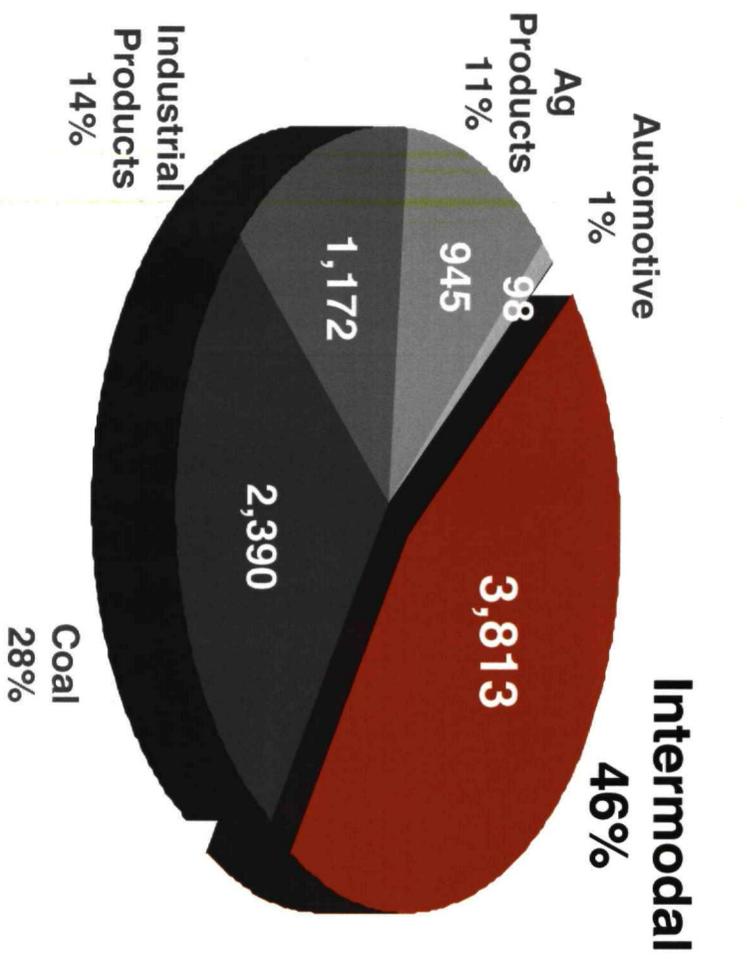
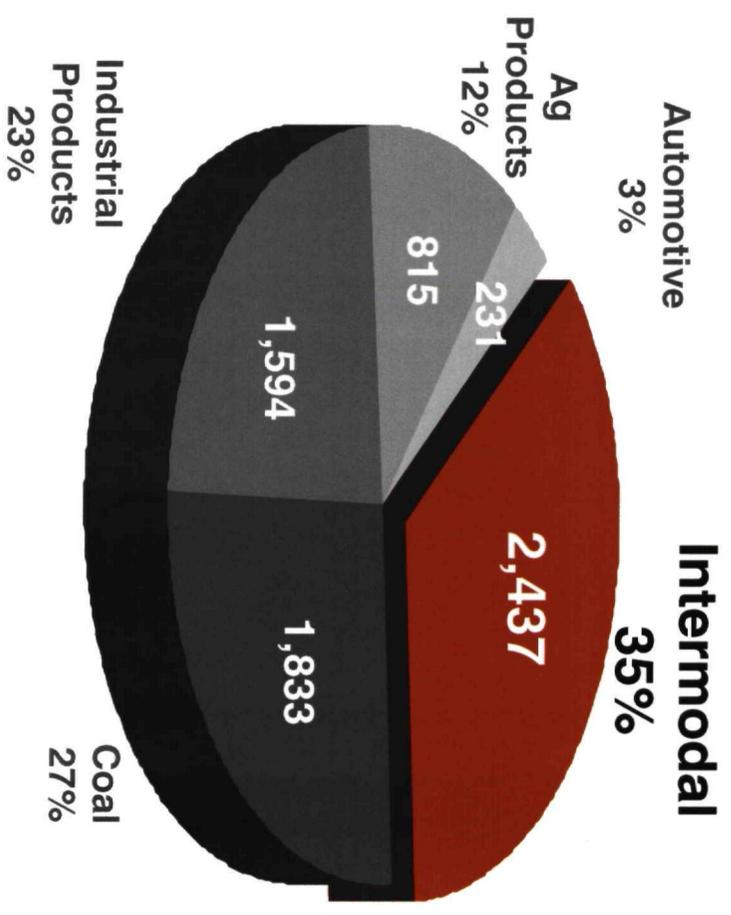
BNSF Commodity Mix

Units

Thousands & Percent of Total

1996

2009



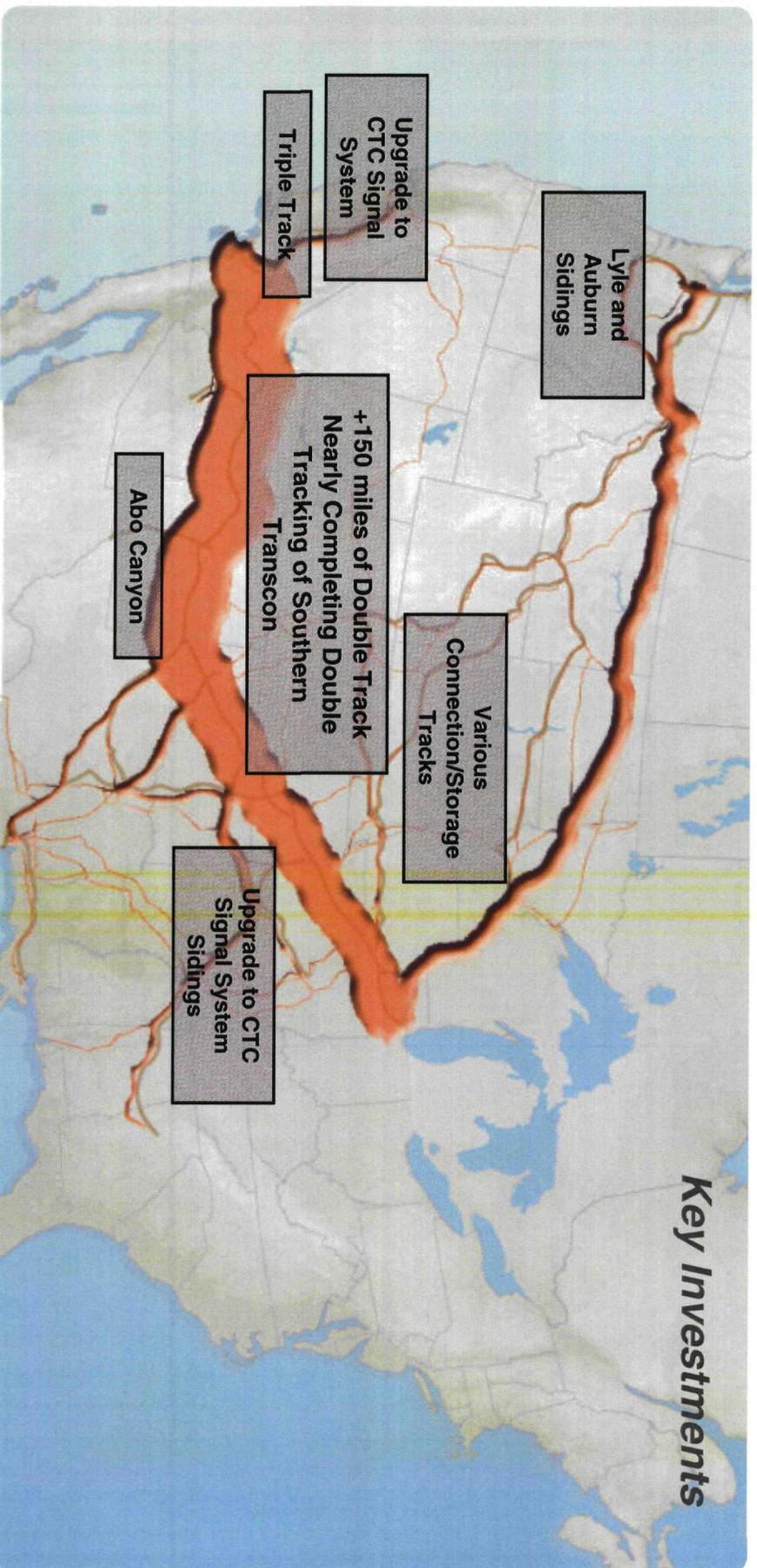
1996 Units = 6,910K

2009 Units = 8,418K

Reinvesting in Our Networks

Intermodal Track Infrastructure Expansion

Total: \$1.1 billion invested from 2000-2010

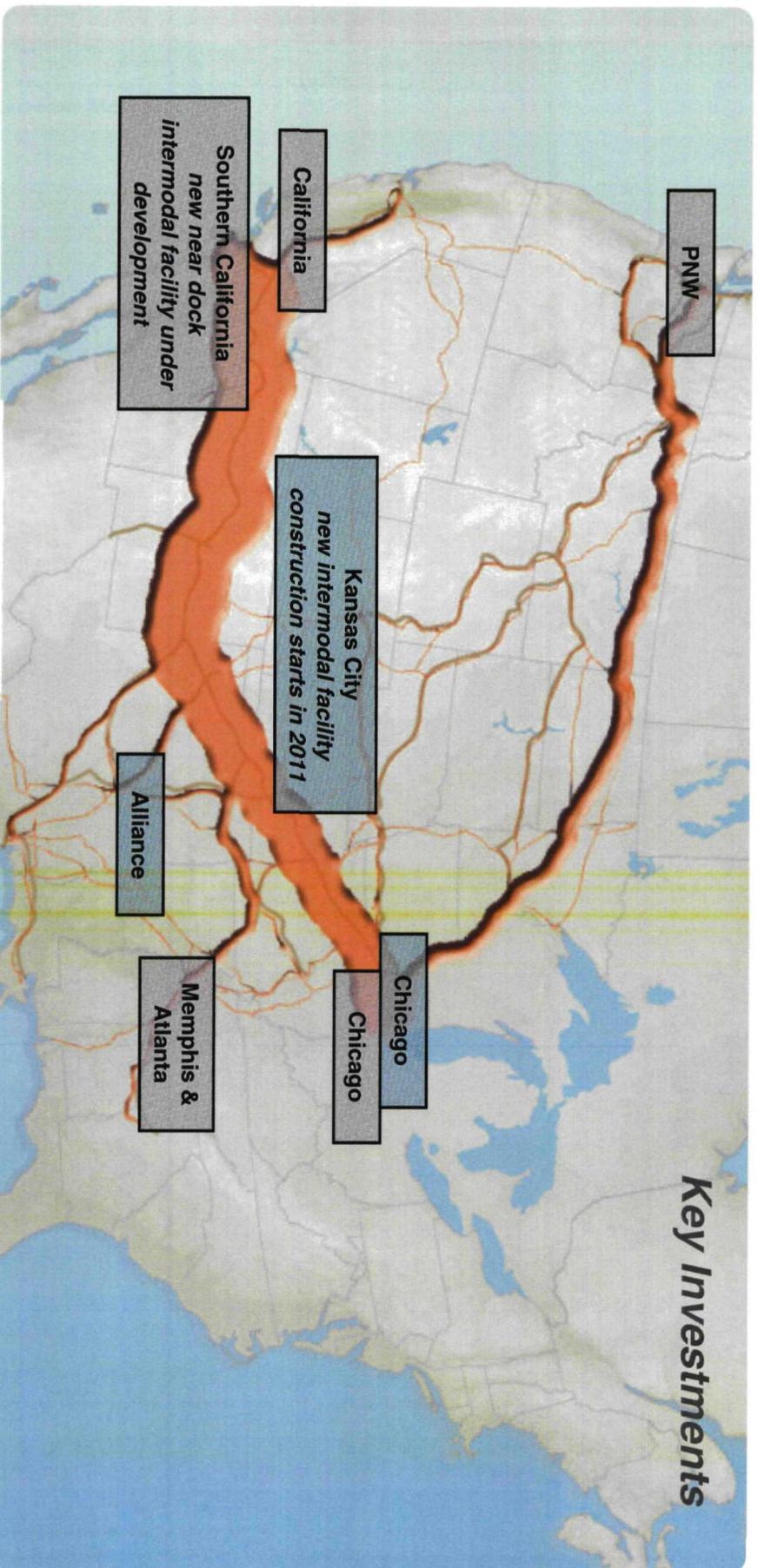


Completed Projects

Reinvesting in Our Networks

Intermodal Facility Expansion

Total: \$1.1 billion invested from 2000-2010



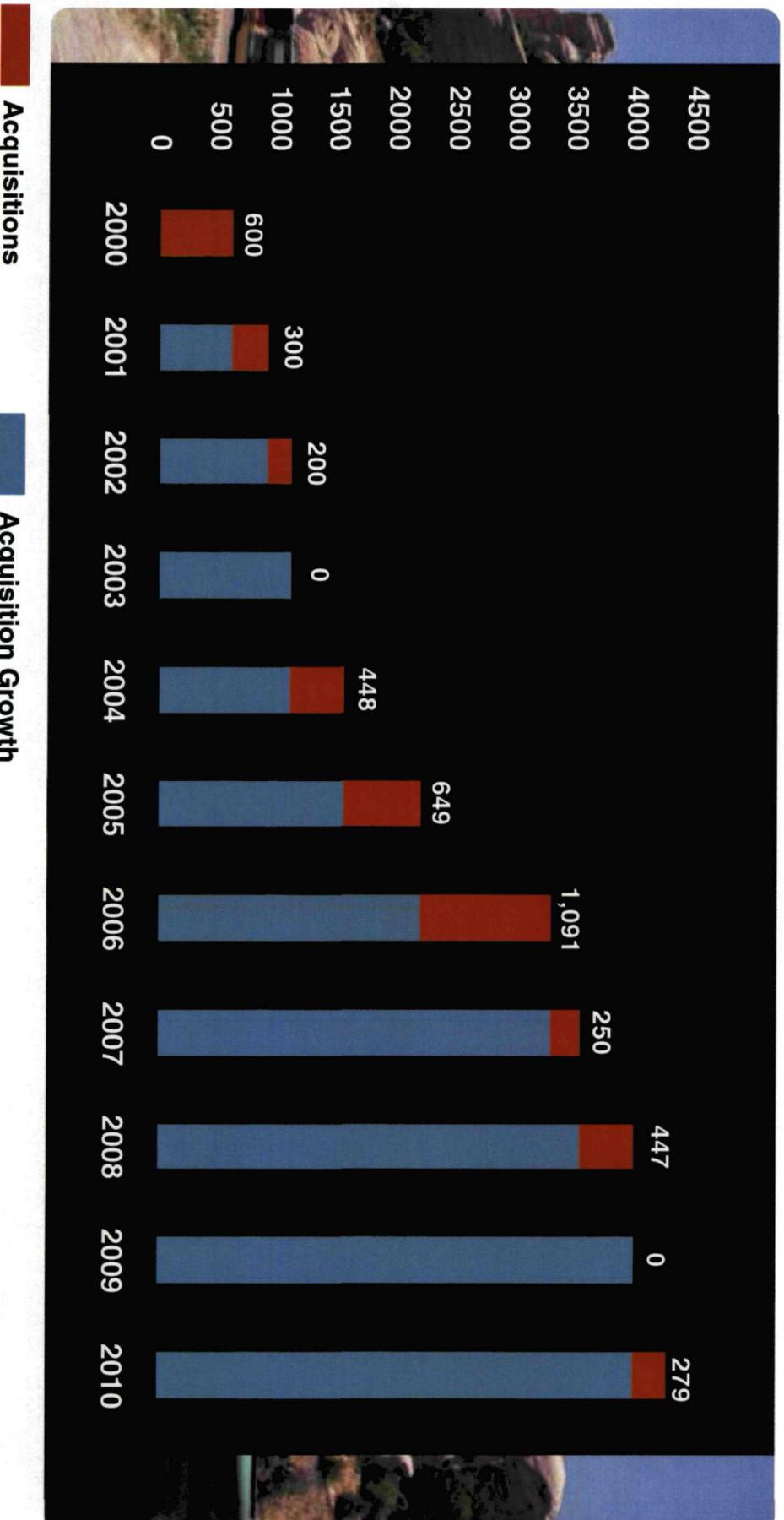
Intermodal facility projects

Intermodal facility projects with independent, privately funded logistics park development

Reinvesting in Our Networks

Double Stack and Flat Car Acquisitions

Total: 4,264 Units and \$874M



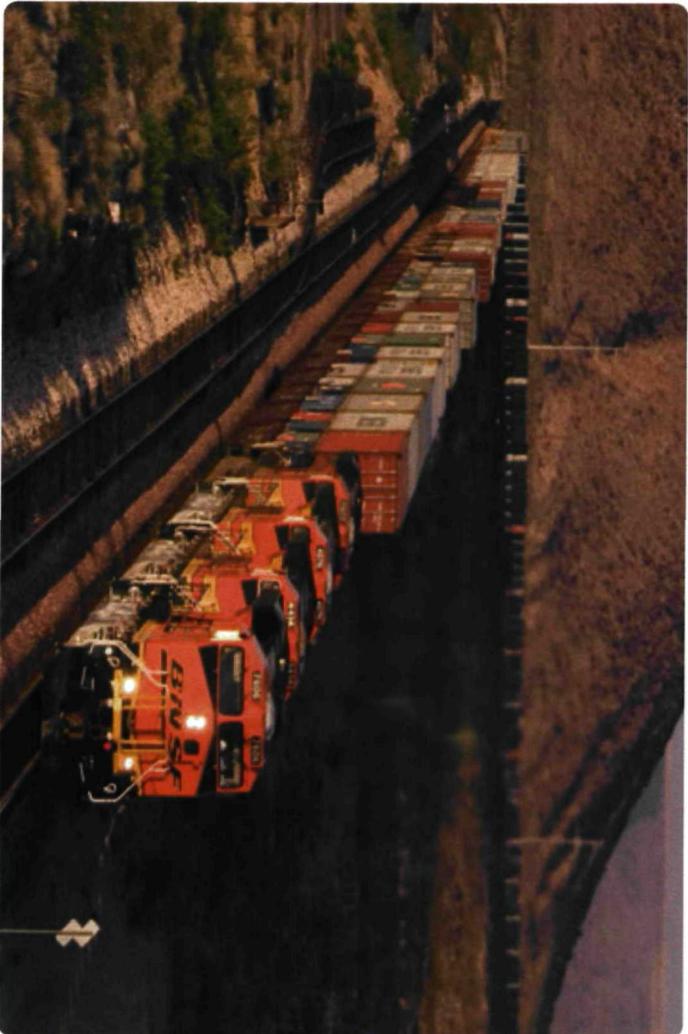
Acquisitions

Acquisition Growth

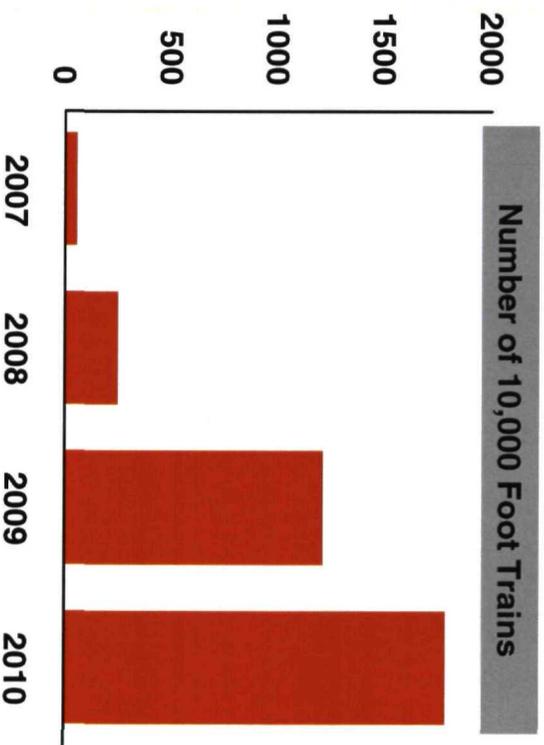
Improving Products and Services

Productivity Improvements

Designing more productive trains



- Focus on higher capacity 10,000 foot trains



- Growing volumes
- Right Box, Right Car - Better match of boxes to available equipment

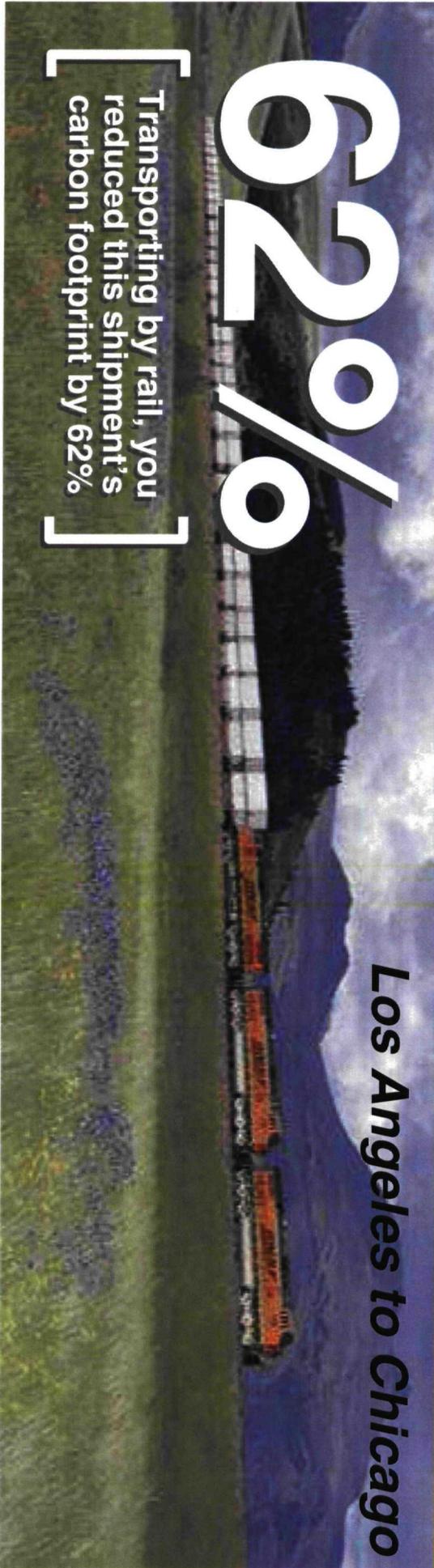
Protecting the Environment

Carbon Savings using BNSF Intermodal Container Service versus Over-the-Road

Los Angeles to Chicago

62%

[Transporting by rail, you reduced this shipment's carbon footprint by 62%]



CONTAINERS BY TRAIN (LA to Chicago)		CONTAINERS BY TRUCK (LA to Chicago)	
1 train carrying 256 units	256 trucks	2,200 rail miles	2,015 highway miles
420 metric tons CO2e carbon footprint	1,113 metric tons CO2e carbon footprint		

BNSF Shipment Example

Source: The U.S. EPA's Climate Leaders program emission factors (Direct Emissions from Mobile Combustion Sources, May 2008); BNSF's carbon emission estimator was formed in collaboration with ClearCarbon Consulting, Inc.; Other sources include BNSF shipment history and internal shipping metrics, along with route mileage calculation programs, trucking system averages (Truck Assumption: 6.5 mpg highway), and other data sources.



Conclusion

- The intermodal marketplace is highly competitive across modes.
- We have invested in our network and continue to pursue greater efficiencies as we provide an array of service offerings to our intermodal customers.
- The intermodal exemption has been a success story benefiting our customers and consumers.
- That exemption policy should continue, so as not to jeopardize the flexibility to provide this essential vitality in the competitive transportation marketplace.