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May 21, 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 May 7, 2014, update and reflects performance through May 16.

Overall Service Performance:
BNSF continues to make progress against the capital investment, locomotive acquisition and hiring targets that we have set in order to meet the volume, velocity and reliability needs of our customer base. We have seen benefits from that investment and deployment of resources as we maintain gains in network fluidity and velocity that are reflected in our weekly volumes. BNSF moved more than 201,000 total units in the first full week of May and another 200,703 units last week, which means that BNSF volumes have been 200,000 or higher for four straight weeks. These weekly volume figures also exceed the amounts moved during the same periods in calendar year 2013. While we are pleased to see significant and consistent volumes move across our network, we know that we must continue focused efforts to drive improvement in the areas of our franchise where velocity and reliability continues to lag.

Review of Service Metrics:
Attached please find the updated metrics through last week. As you can see, terminal dwell continues to perform well against the benchmark in all three of our operating regions, and train speeds in the three operating regions are holding close to the levels from the prior bi-weekly report. These trends are also reflected in the overall terminal dwell and train speed numbers for the BNSF network.

While we have not achieved the goal for the second quarter of 2014 that we set earlier this year, we have maintained our improvements against the February baseline on coal deliveries and intermodal system transit days since the last bi-weekly report. We continue to see an upward trend in the number of agricultural units moving across our network, and our agricultural product units for the week ending May 17 is approximately 25% higher

than the amount moved during the same week of 2013. We have also been able to transport a significant amount of fertilizer and expect to exceed our 52-trainload commitment shortly. However, while we continue to move substantial volumes of agricultural commodities on our network, we have seen an increase of 285 past-due cars since our May 7 report and an increase as well in our average days late on such cars. Reducing the number and days late of past-due orders and moving this year's crop prior to the fall harvest remains a primary focus.

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 with STB staff, as a supplement to our ongoing communications campaign with our customers as we move towards more consistent service.

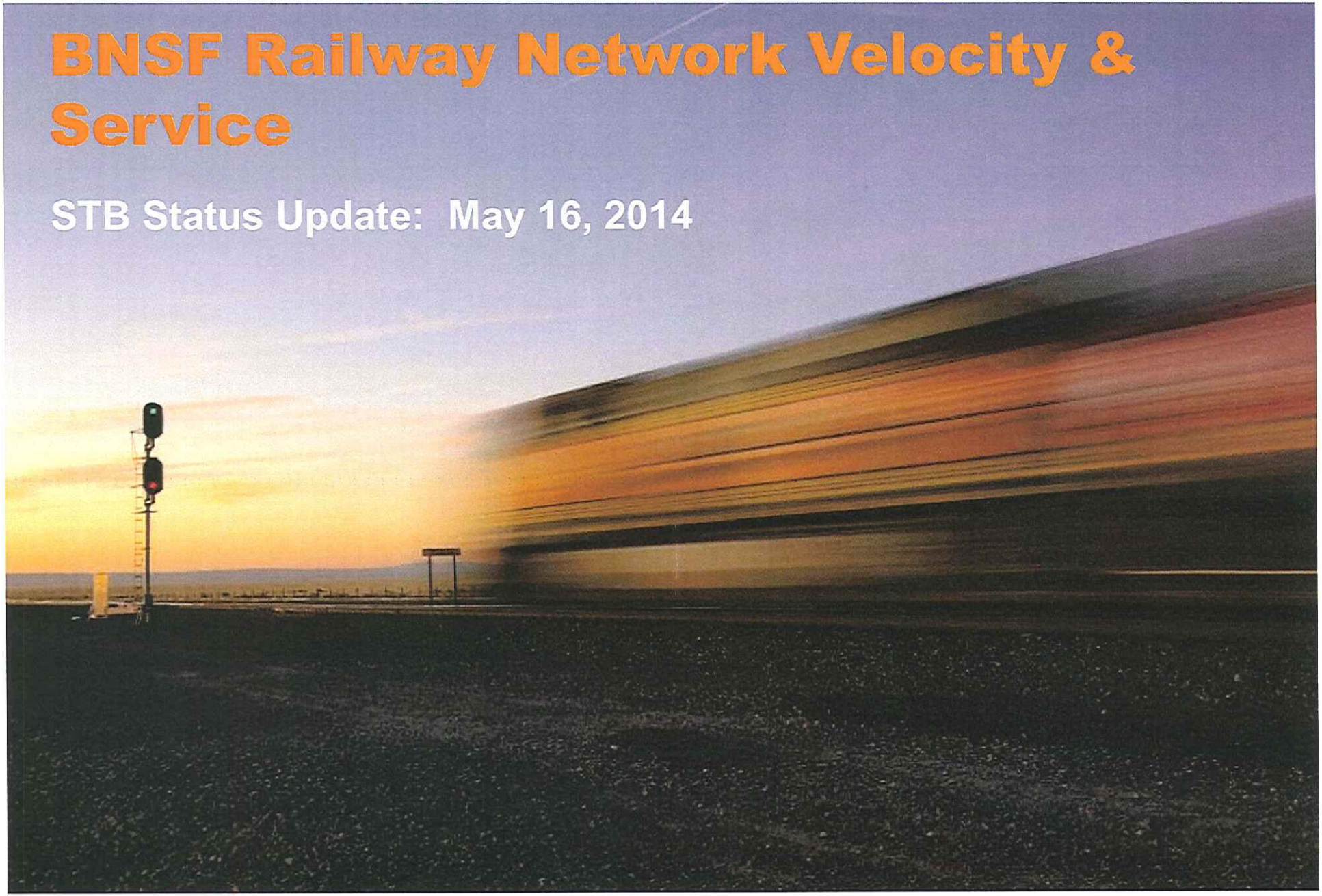
Sincerely,

Carl R. Ice
President & CEO

Attachments

BNSF Railway Network Velocity & Service

STB Status Update: May 16, 2014

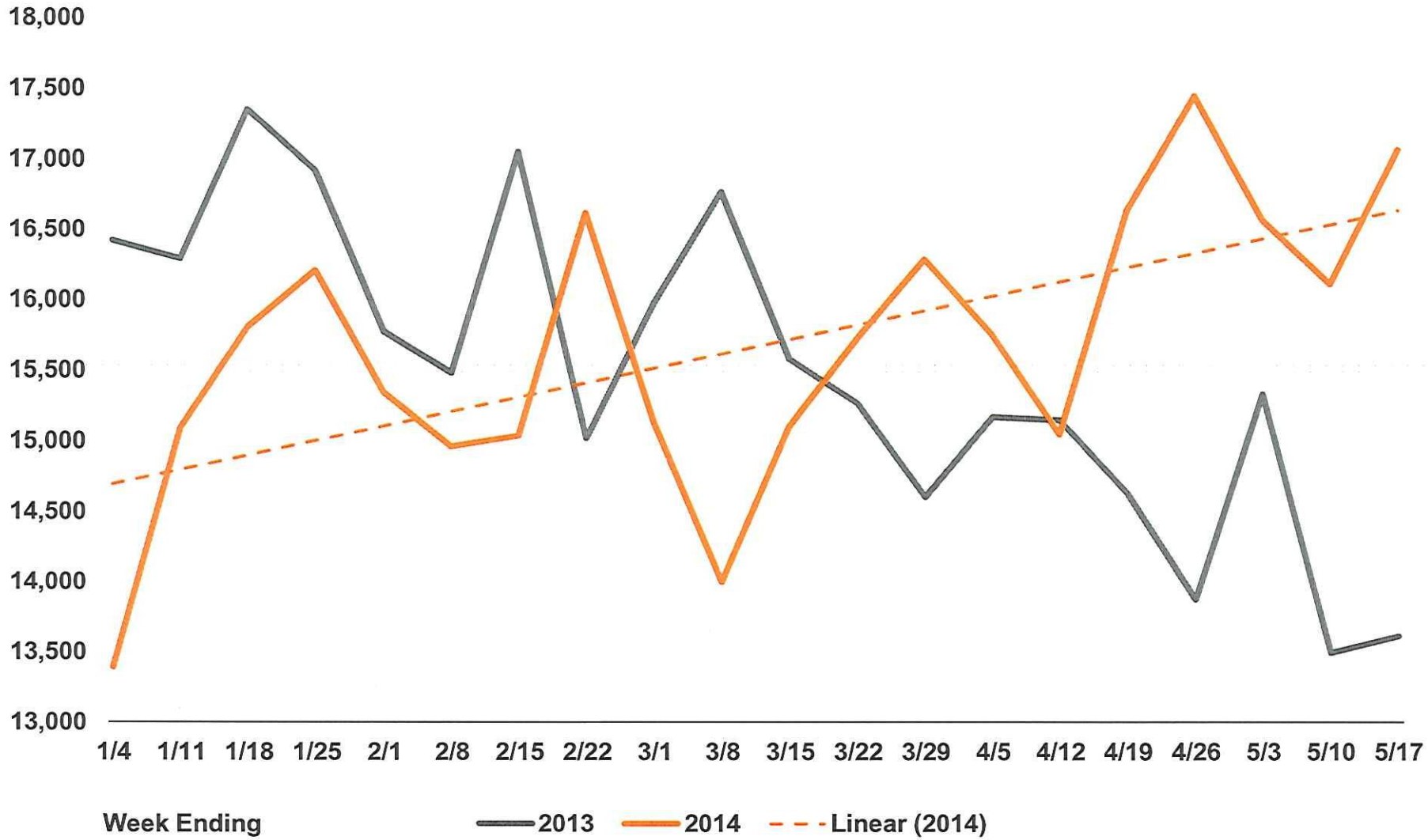


BNSF RAILWAY

BNSF Dashboard Service Metrics

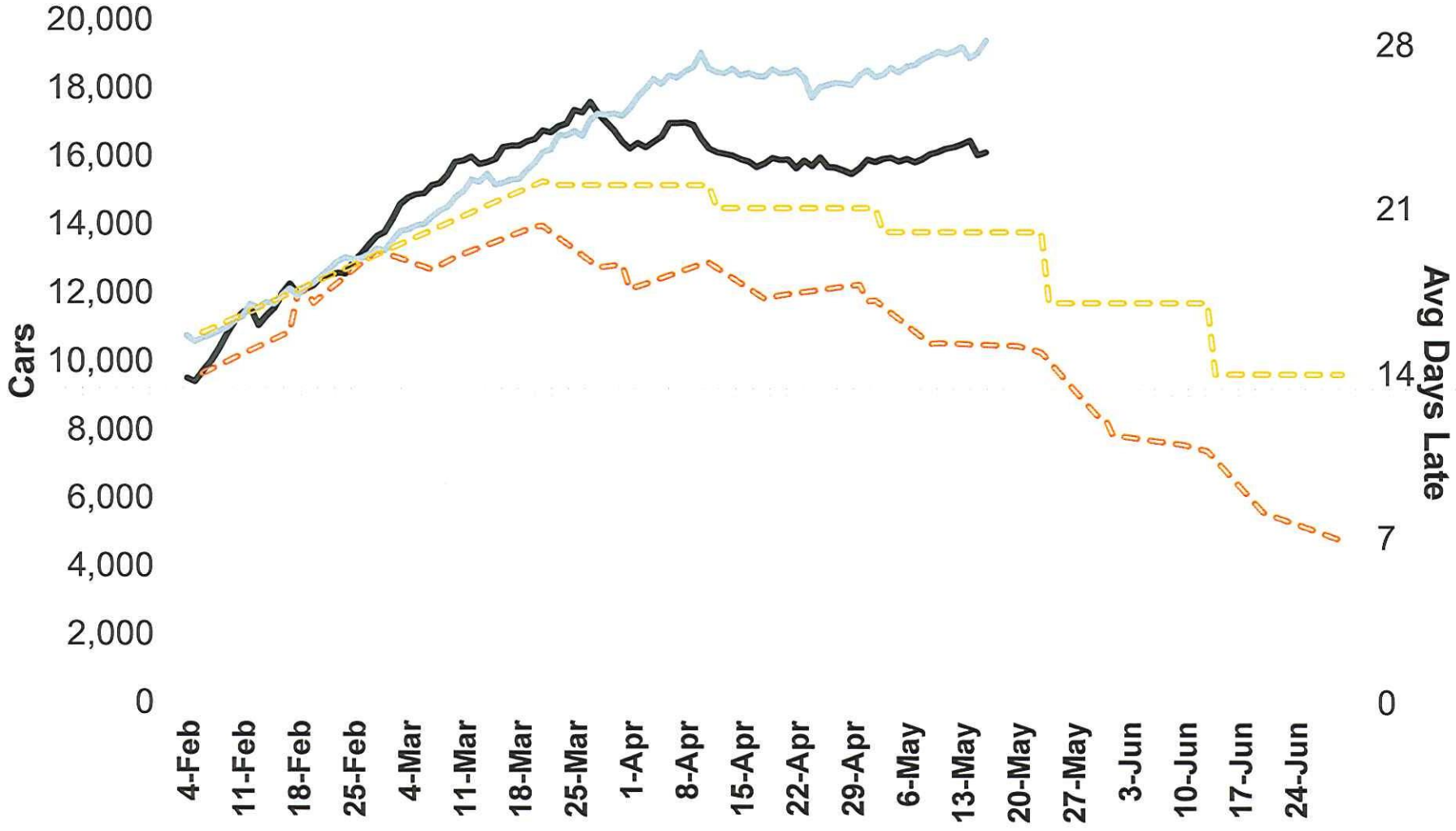
	Goal 5/16	Baseline 2/7	Actuals 5/16	Change from Goal
Past Due Cars # of Cars	10,507	9,982	16,131	⇧ 53.5%
Avg Days Late	20.0	15.6	28.2	⇧ 41.0%
	Goal Q2 2014	**Baseline 2/1-2/7**	**Actuals QTD 5/16**	**Change from Baseline**
Coal Avg Monthly Tons (in millions)	23.7	19.2	22.1	⇧ 15.1%
IM System Transit Days	4.00	5.32	4.65	⇩ 12.6%
AAR Terminal Dwell Hours	28.0	34.6	29.3	⇩ 15.3%
AAR Train Speed	N/A	21.8	21.4	⇩ 1.8%

Ag Products Weekly Units 2014 vs 2013



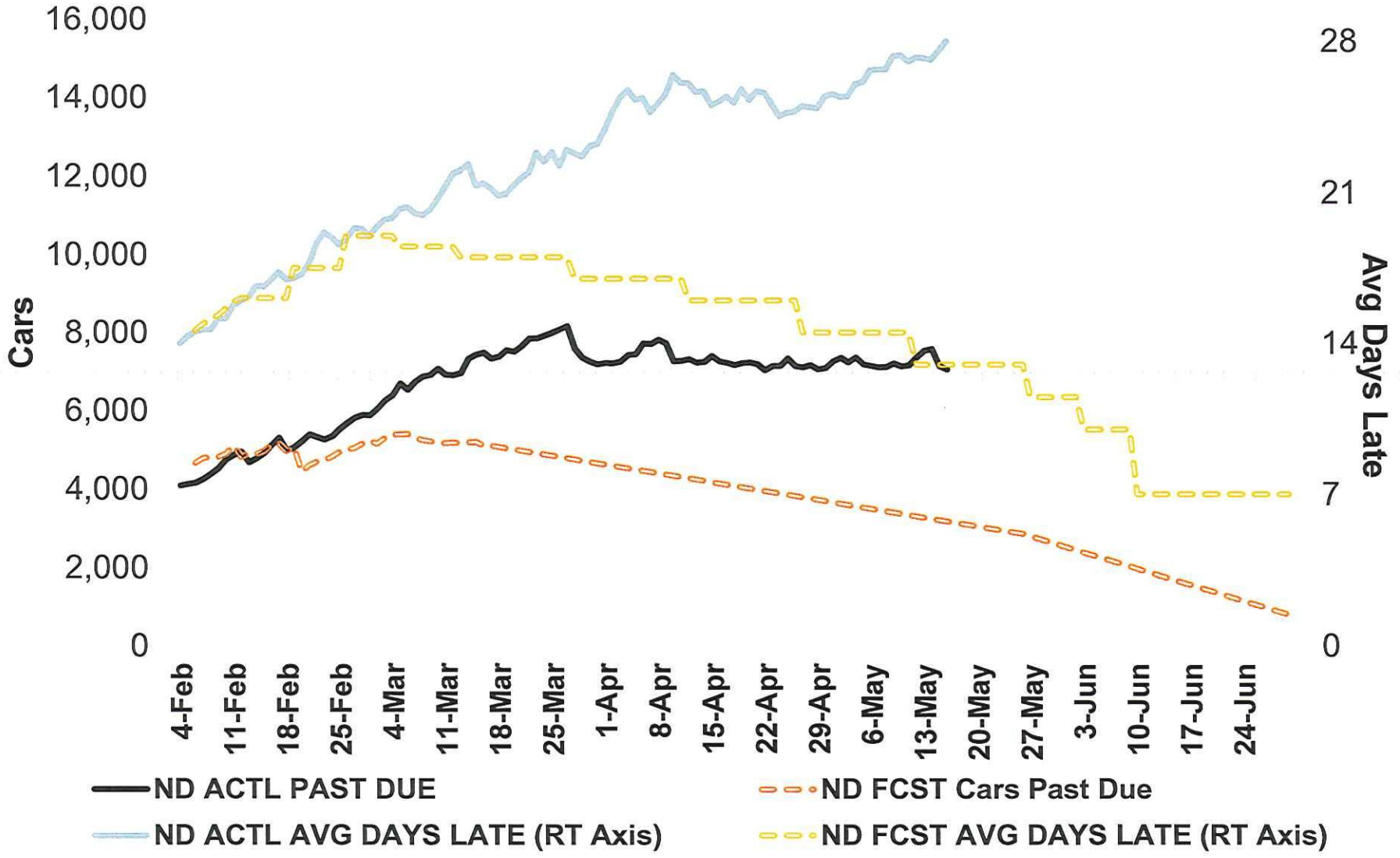
Data Source: AAR Units (excludes Fertilizer & Ethanol, includes Food Products)

System Ag Past Due Cars



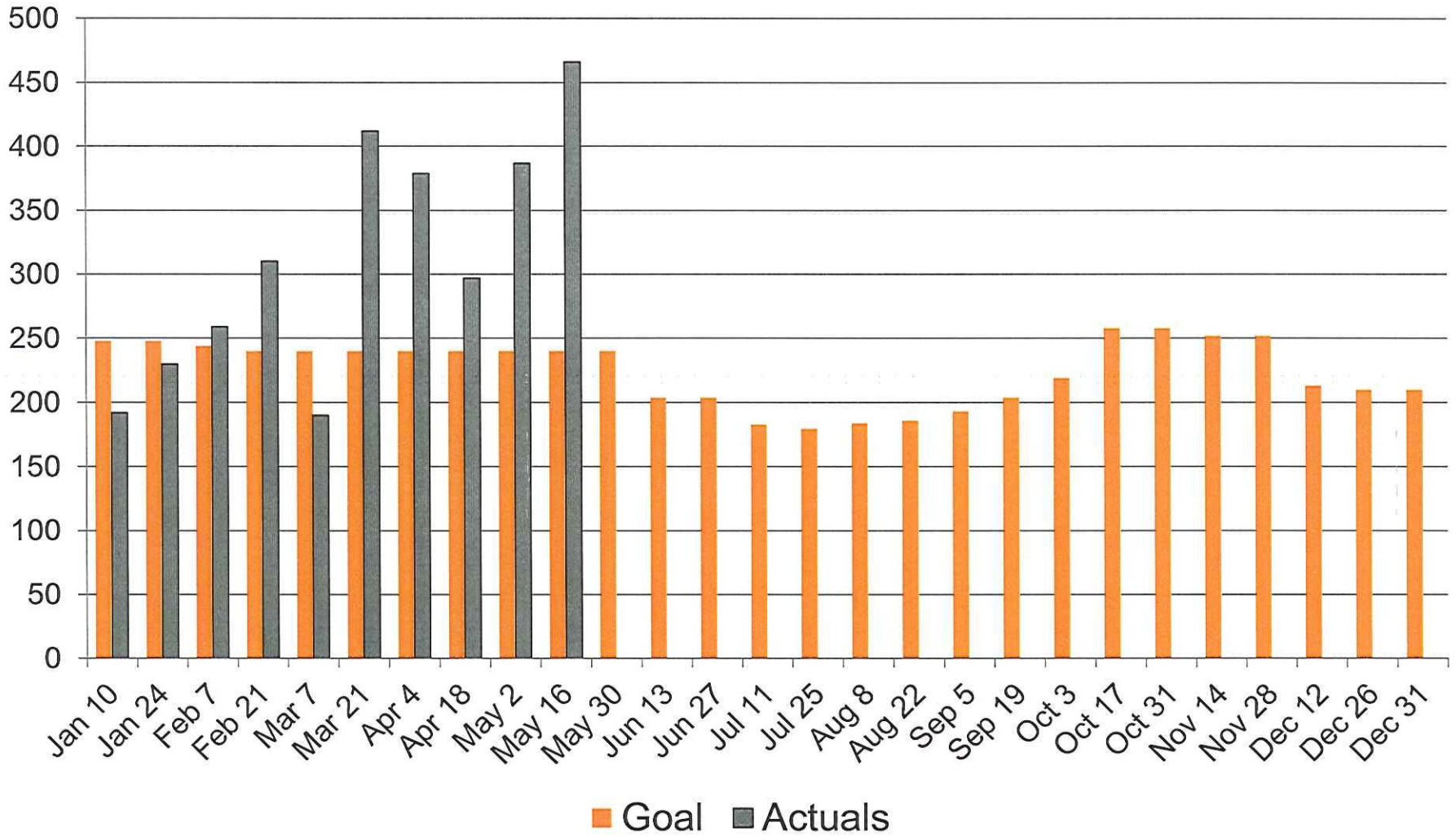
Data through May 16, 2014

North Dakota Ag Past Due Cars

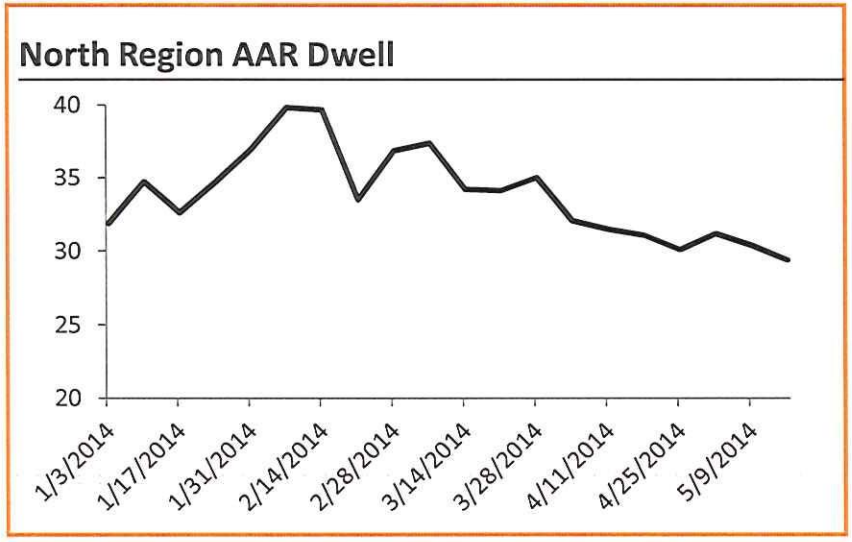


Data through May 16, 2014

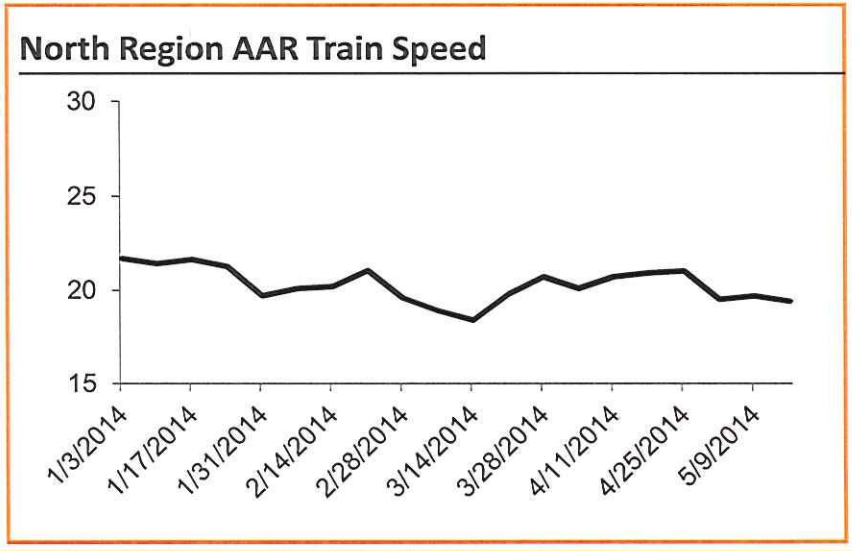
Sugar Cars Spotted – North Dakota



North Region

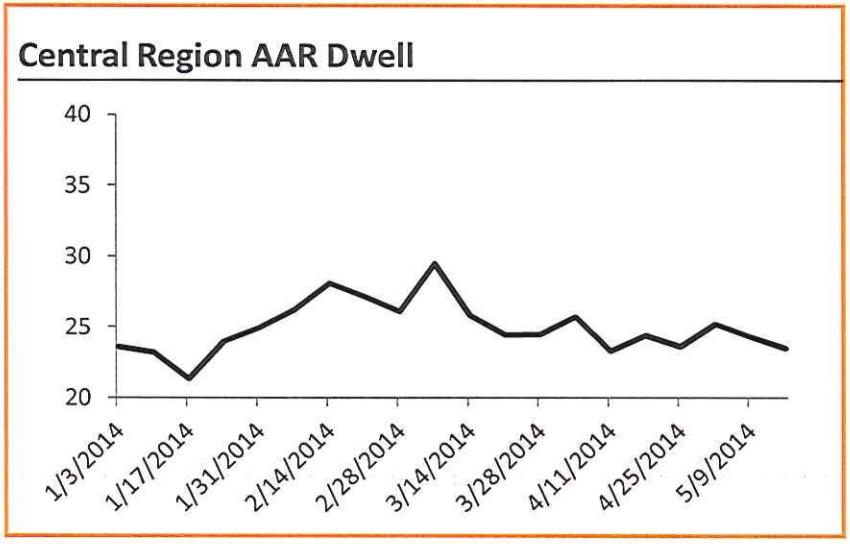


	Baseline 2/1-2/7	Actuals QTD 5/16	Change from Baseline
AAR Dwell	39.8	30.7	⇩ 22.9%

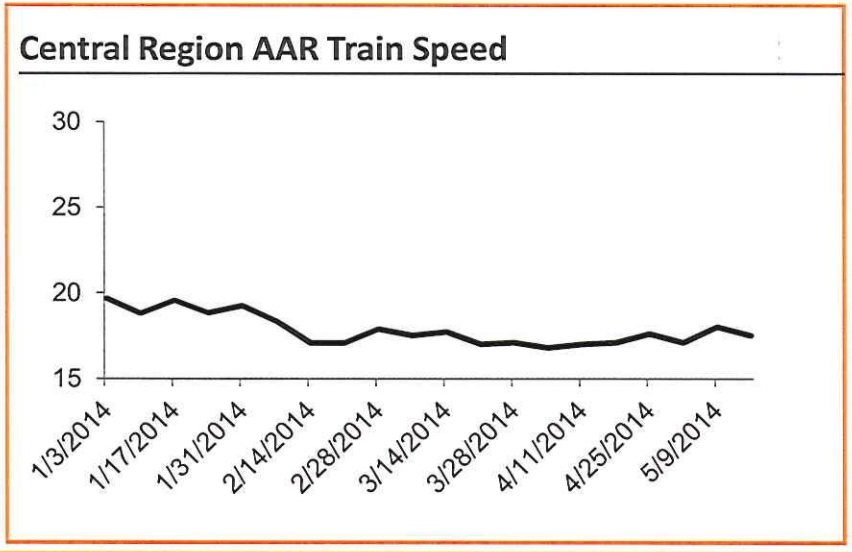


	Baseline 2/1-2/7	Actuals QTD 5/16	Change from Baseline
AAR Train Speed	20.1	20.2	⇧ 0.5%

Central Region

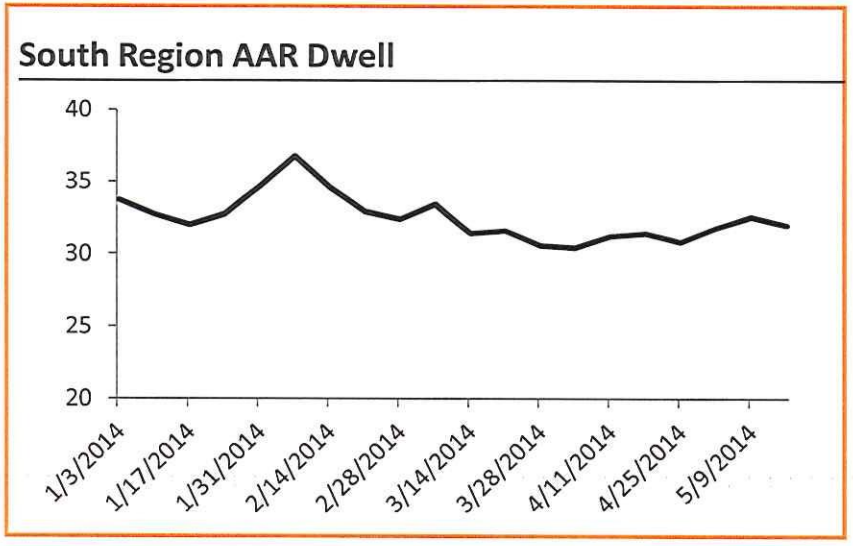


	Baseline 2/1-2/7	Actuals QTD 5/16	Change from Baseline
AAR Dwell	26.2	24.1	⇩ 8.0%

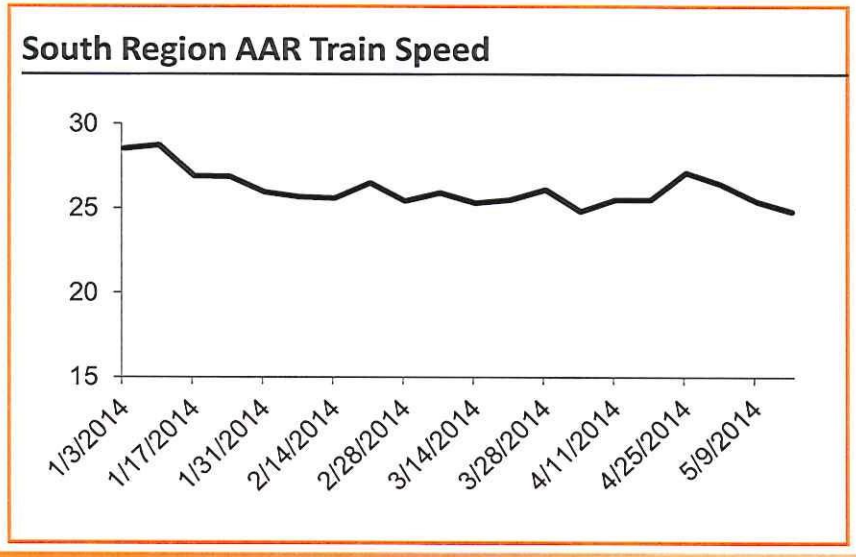


	Baseline 2/1-2/7	Actuals QTD 5/16	Change from Baseline
AAR Train Speed	18.3	17.3	⇩ 5.5%

South Region



	Baseline 2/1-2/7	Actuals QTD 5/16	Change from Baseline
AAR Dwell	36.8	31.5	⇩ 14.4%



	Baseline 2/1-2/7	Actuals QTD 5/16	Change from Baseline
AAR Train Speed	25.7	25.6	⇩ 0.4%

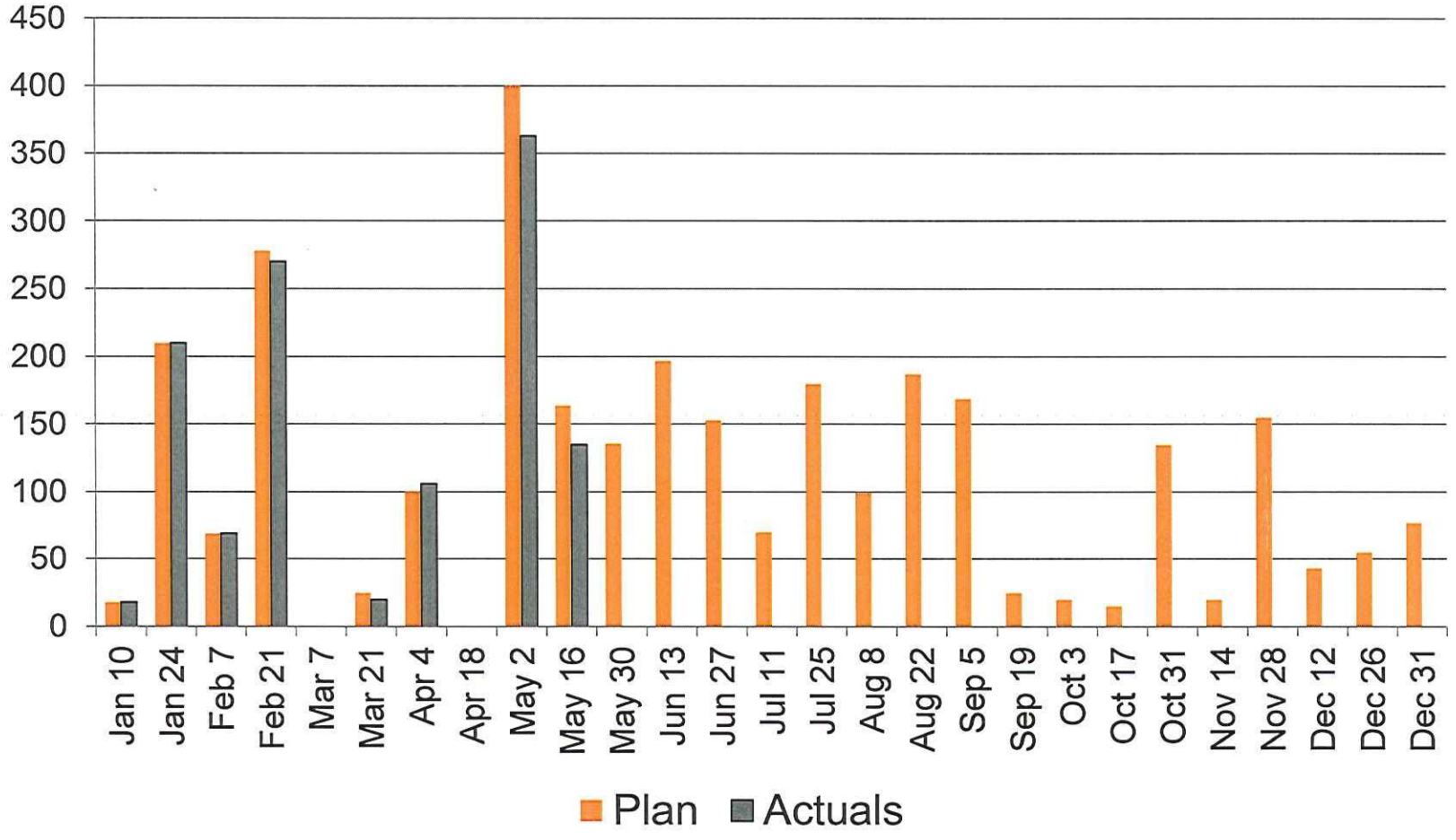
BNSF RAILWAY

BNSF Long-Term Actions to Add Capacity

$ Millions	Annual Goal	YTD Q2 Goal	Prior Period (YTD 5/2)	Current Period (YTD 5/16)
People Hiring				
TY&E	3,000	1,750	1,056	1,191
Eng & Mech	2,000	1,500	1,098	1,418
Locomotive Acquisitions	500	237	150	169
Car – Acquisitions, Replacements & Extensions	5,000	1,750	306	705
Expansion Capital	$ 900	$ 360	$ 182*	$ 182*
Replacement & Maint Capital	$ 2,300	$ 1,090	$ 682*	$ 682*

* YTD 5/2 and YTD 5/16 represents YTD through April 2014.

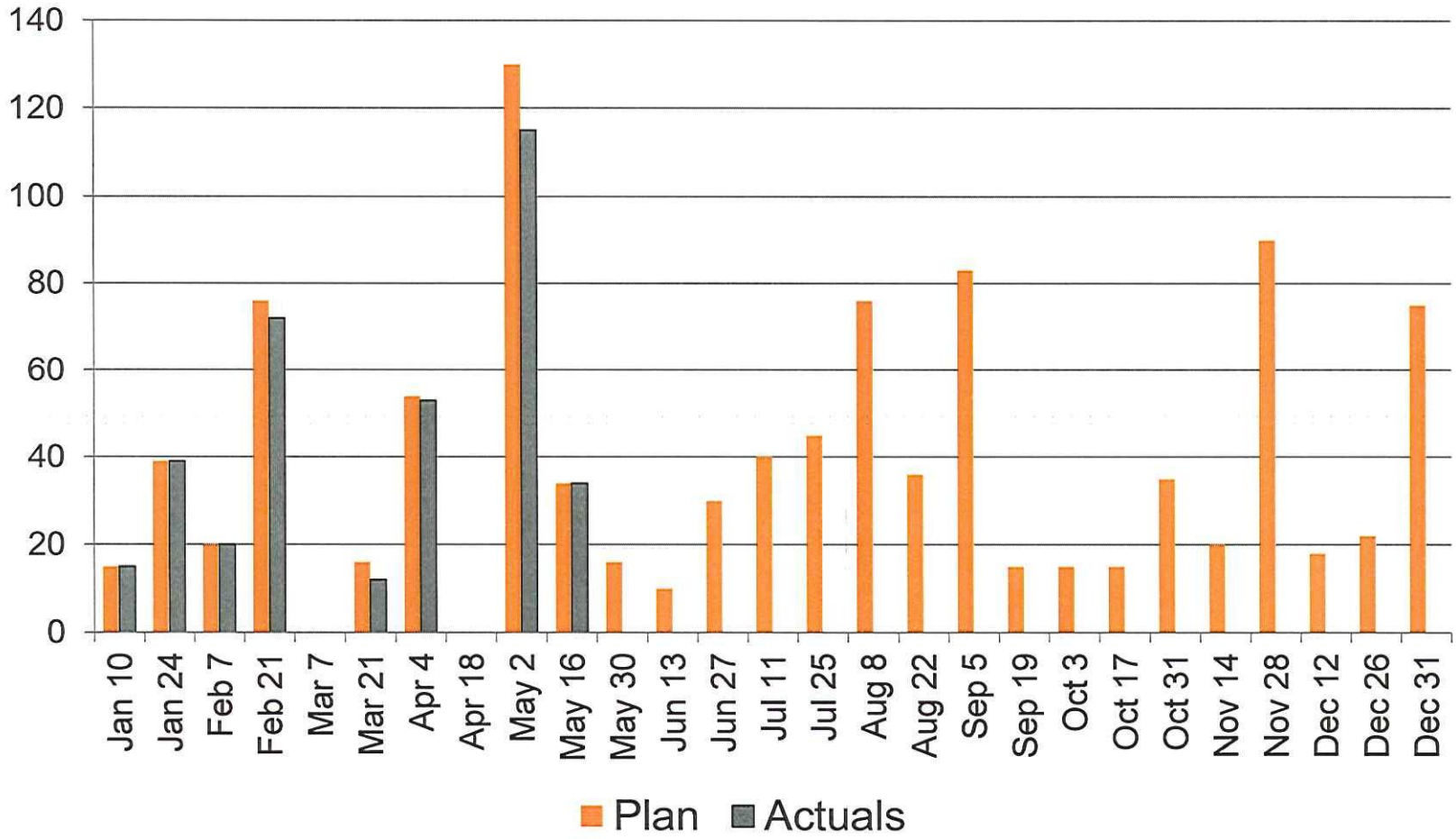
System TYE Employees Hired & Trained



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	1,191							

* Actual is YTD through 5/16/14, plan is YTD through 5/31/14.

North TYE Employees Hired & Trained



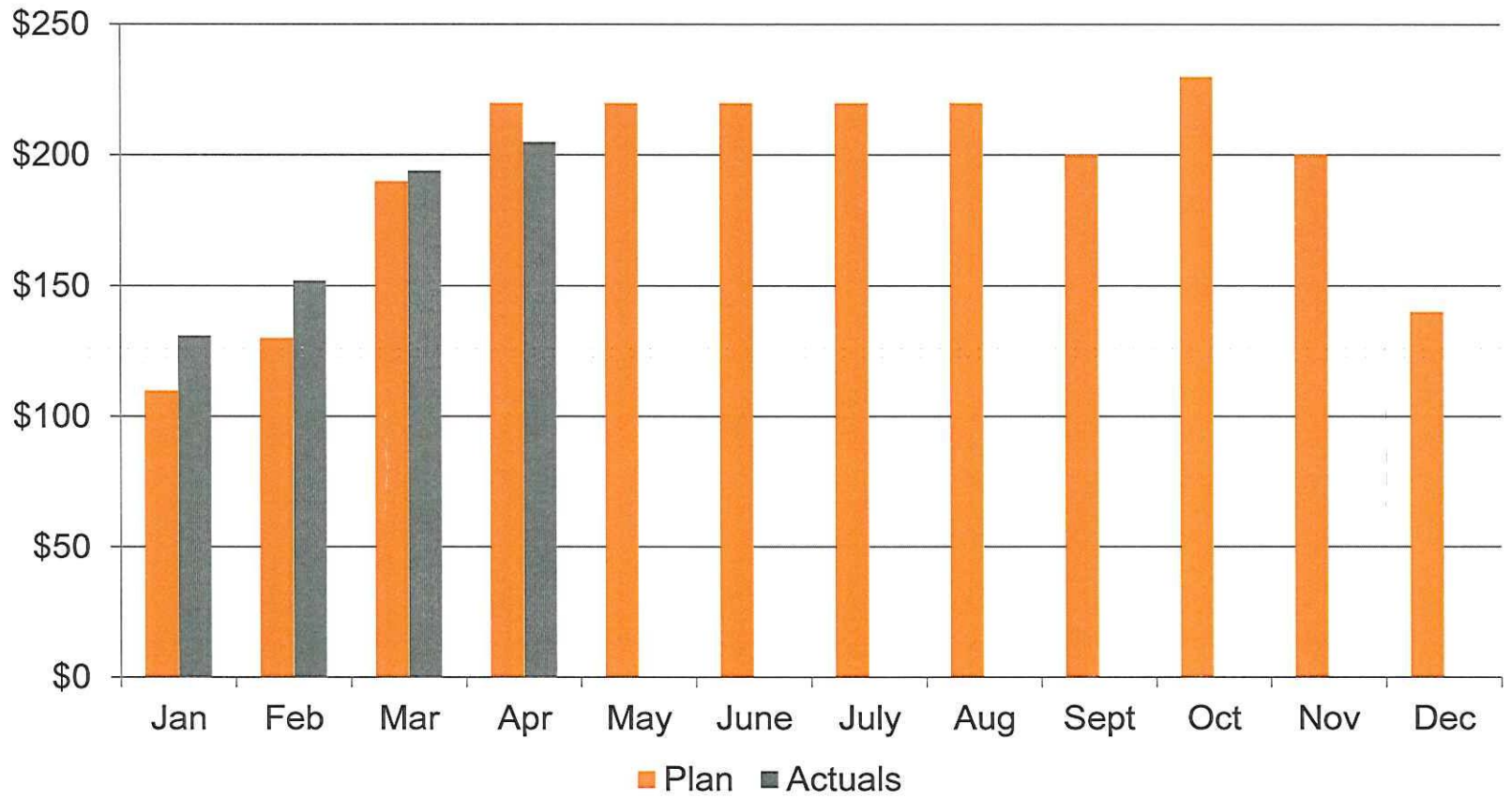
Cumulative	Jan	Feb	Mar	Apr	May *	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	74	150	220	350	400	470	525	720	750	800	910	1,025
Actual	74	146	211	325	360							

* Actual is YTD through 5/16/14, plan is YTD through 5/31/14.

System Capacity and Reliability

$ Millions

Replacement & Maintenance Capital



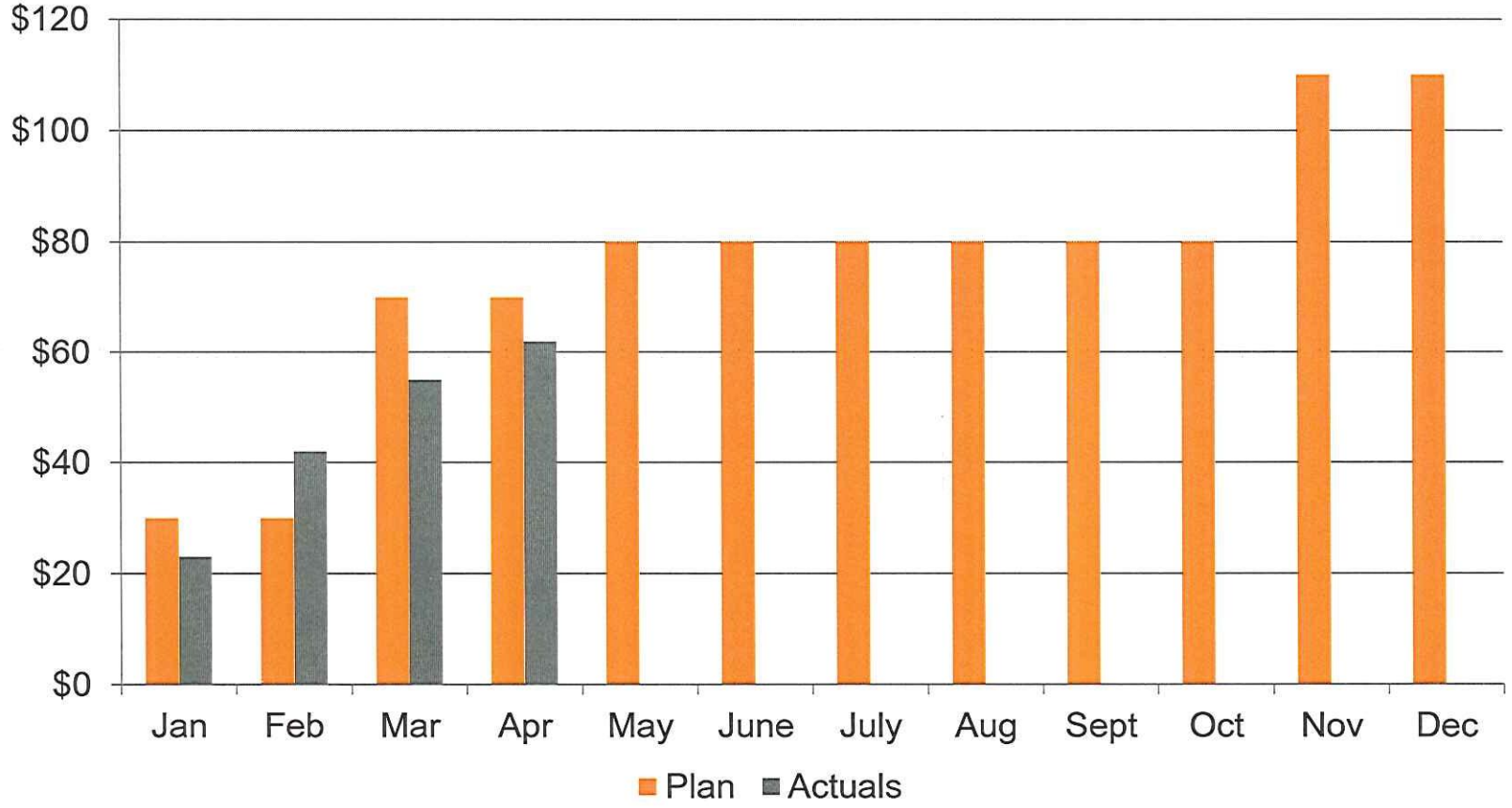
Cumulative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	$110	$240	$430	$650	$870	$1,090	$1,310	$1,530	$1,730	$1,960	$2,160	$2,300
Actual	$131	$283	$477	$682								

BNSF RAILWAY

System Capacity and Reliability

$ Millions

Expansion & Efficiency Capital

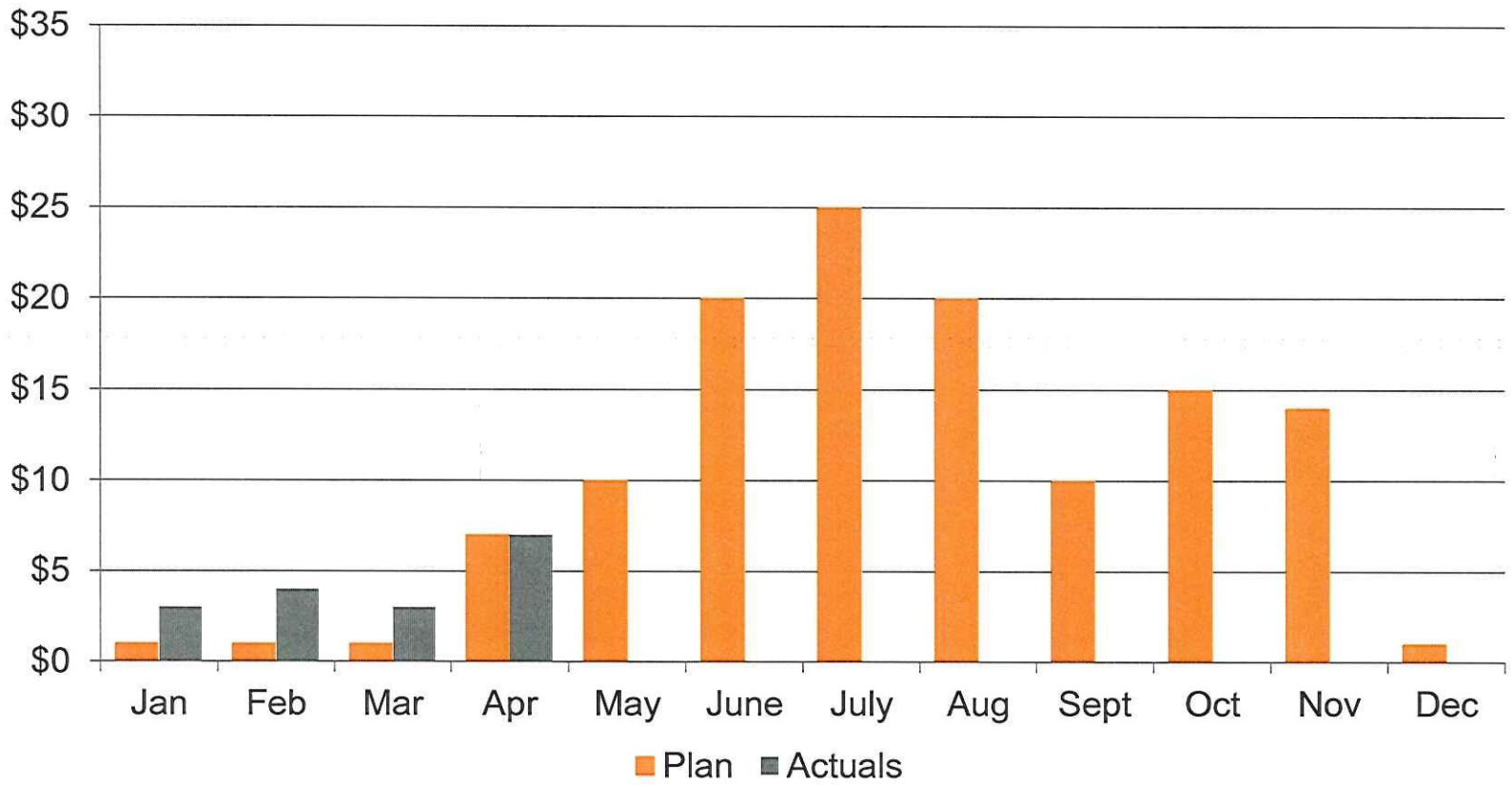


Cumulative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	$30	$60	$130	$200	$280	$360	$440	$520	$600	$680	$790	$900
Actual	$23	$65	$120	$182								

North Dakota Capacity and Reliability

$ Millions

Replacement & Maintenance Capital

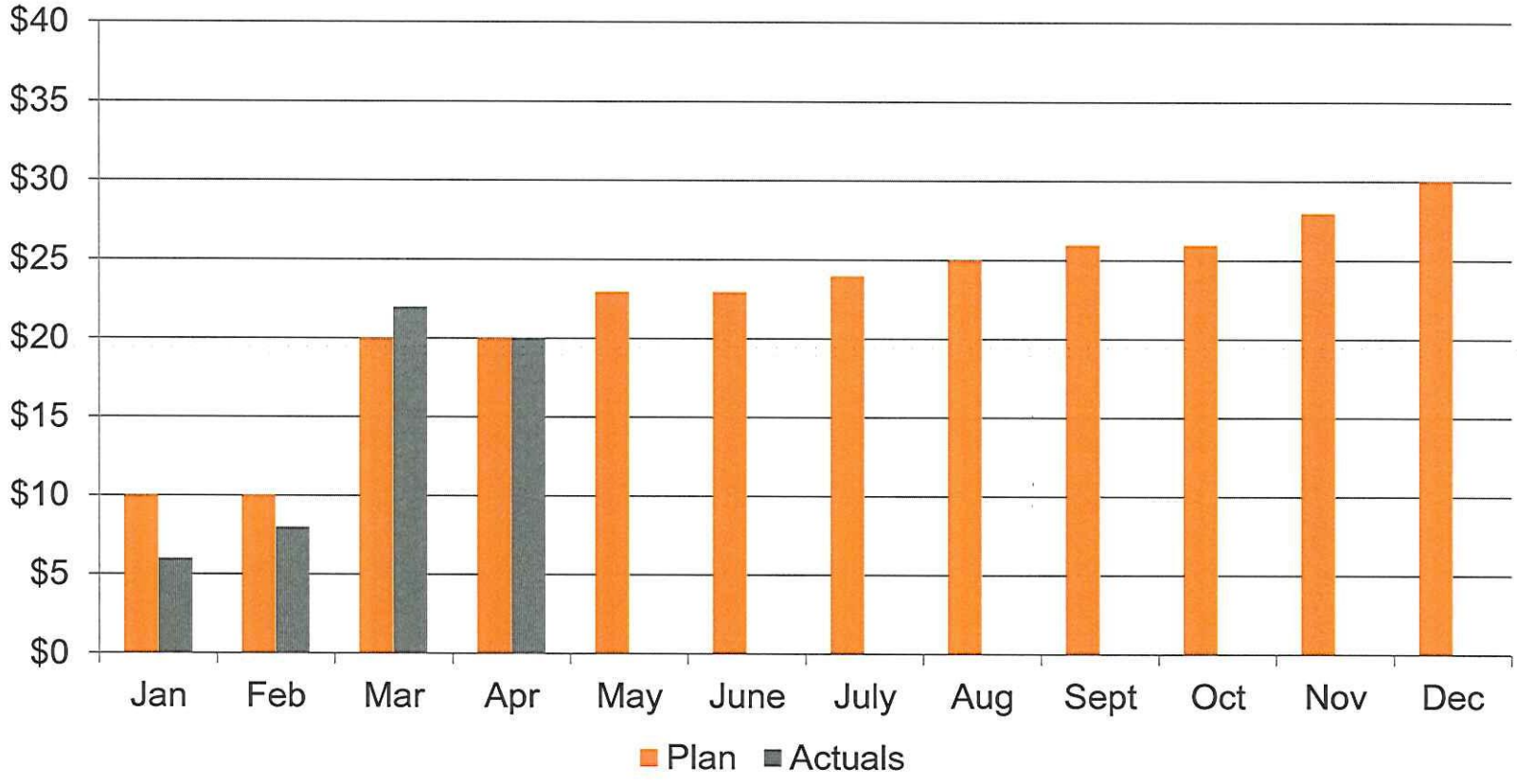


Cumulative	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan	$1	$2	$3	$10	$20	$40	$65	$85	$95	$110	$124	$125
Actual	$3	$7	$10	$17								

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