

Overview of BNSF's Third-Quarter Financial Performance

Update on BNSF's volumes, revenues and expenses through September 2011

Statement of Income (in millions)	Q3 – 2011	Q3 – 2010	Q/Q % Change	YTD – 2011	YTD – 2010	Y/Y % Change
Total revenues	\$4,961	\$4,391	13%	\$14,284	\$12,349	16%
Operating expenses	3,581	3,130	14%	10,591	9,012	18%
Operating income	1,380	1,261	9%	3,693	3,337	11%
Net income	\$766	\$706	8%	\$2,063	\$1,815	14%
Operating ratio (a)	71.7%	70.8%		73.8%	72.6%	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended September 30, 2011. Note: 2010 year-to-date (YTD) amounts are derived by combining Predecessor and Successor periods.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and Revenues

Total revenues for the third-quarter 2011 and nine months ended September 30, 2011, were up 13 and 16 percent, respectively, compared with the same periods in 2010. This increase was primarily due to improved yields / mix and higher fuel surcharges driven by increased fuel prices. BNSF's units were down 2 percent for the third quarter 2011 and up 3 percent for the nine months ended September 30, 2011, compared with the same periods in 2010.

Below are some 2011 volume highlights:

- Agricultural Products volumes were down 8 percent in the third quarter and up 1 percent in the first nine months of 2011 compared with the same periods in 2010. While strong export wheat shipments drove significant volume increases in the first half of 2011, these trends were partially offset by declining wheat exports in the third quarter.
- Industrial Products volumes increased 4 percent in the third quarter and 6 percent in the first nine-months of 2011 compared with the same periods in 2010, primarily due to increased demand in construction products, reflecting increased steel and sand shipments, as well as increased demand in petroleum products.
- Coal volumes decreased 11 percent in the third quarter and 6 percent in the first nine months of 2011 compared with the same periods in 2010, partially resulting from the impacts of severe flooding on key coal routes.
- Consumer Products volumes were up 2 percent in third quarter and 8 percent in the first nine months of 2011 compared with the same periods in 2010. Domestic intermodal increased as a result of tightening truck capacity and highway conversions to rail. Additionally, while international volumes continued to outpace west coast imports, the third quarter of 2011 reflected a very light peak season compared to last year and produced negative volumes for the quarter.

Listed below are details by business units – including revenues, volumes and average revenue per car/unit.

Business Unit	Q3 – 2011	Q3 – 2010	Q/Q % Change	YTD – 2011	YTD – 2010	Y/Y % Change
Revenues (in millions)						
Consumer Products	\$1,576	\$1,355	16%	\$4,403	\$3,674	20%
Coal	1,246	1,131	10%	3,658	3,176	15%
Industrial Products	1,078	905	19%	3,014	2,582	17%
Agricultural Products	892	862	3%	2,767	2,532	9%
Total Freight Revenues	<u>\$4,792</u>	<u>\$4,253</u>	<u>13%</u>	<u>\$13,842</u>	<u>\$11,964</u>	<u>16%</u>
Other Revenues	169	138	22%	442	385	15%
Total Operating Revenues	<u>\$4,961</u>	<u>\$4,391</u>	<u>13%</u>	<u>\$14,284</u>	<u>\$12,349</u>	<u>16%</u>
Volumes (in thousands)						
Consumer Products	1,192	1,165	2%	3,406	3,166	8%
Coal	552	622	-11%	1,676	1,781	-6%
Industrial Products	389	373	4%	1,115	1,047	6%
Agricultural Products	244	264	-8%	787	777	1%
Total Volumes	<u>2,377</u>	<u>2,424</u>	<u>-2%</u>	<u>6,984</u>	<u>6,771</u>	<u>3%</u>
Average Revenue per Car/Unit						
Consumer Products	\$1,322	\$1,163	14%	\$1,293	\$1,160	11%
Coal	2,257	1,818	24%	2,183	1,783	22%
Industrial Products	2,771	2,426	14%	2,703	2,466	10%
Agricultural Products	3,656	3,265	12%	3,516	3,259	8%
Total Freight Revenues	<u>\$2,016</u>	<u>\$1,755</u>	<u>15%</u>	<u>\$1,982</u>	<u>\$1,767</u>	<u>12%</u>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-Q for the periods ended September 30, 2011 and June 30, 2011. Note: 2010 YTD amounts are derived by combining Predecessor and Successor periods. Third-quarter amounts are calculated as the difference between the YTD September and YTD June amounts.

Expenses

Increasing diesel fuel price accounted for approximately 75 and 55 percent of the increase in total expenses for the third quarter and first nine months of 2011, respectively. Excluding fuel price, expenses were up approximately 4 and 8 percent.

- Compensation and benefits increased 5 percent for the third quarter and 9 percent for the first nine months of 2011 as a result of business levels, wage and health and welfare inflation, training and weather-related costs.
- Fuel expense was up approximately 45 percent in the third quarter and first nine months of 2011 compared with the same periods in 2010. Fuel price (including hedge) accounted for more than 90 percent of the fuel expense increase in the third quarter and first nine months of 2011. The remainder of the increase in fuel expense was driven by volumes and severe weather conditions which impacted efficiency. Locomotive fuel price per gallon for the third quarter 2011 and 2010 was \$3.17 and \$2.18, respectively, and was \$3.03 and \$2.18 for the first nine months of 2011 and 2010, respectively.
- Purchased services, which includes expenses like maintenance contracts and professional services, increased 5 percent for the third quarter and first nine months of 2011 due to volume-related costs and weather impacts. First quarter 2010 also includes \$62 million of costs related to the Berkshire Hathaway transaction.
- Materials and other expenses increased 8 percent for the third quarter and 55 percent for the first nine months of 2011. The first quarter of 2010 included a \$74 million gain from the sale of a line segment in the State of Washington. Third quarter and the first nine months of 2011 include higher crew transportation, travel and other costs. Additionally, the first nine months of 2011 include higher locomotive and freight car material costs and higher casualty costs.

Operating Expenses (in millions)	Q3 – 2011	Q3 – 2010	Q/Q % Change	YTD – 2011	YTD – 2010	Y/Y % Change
Compensation and benefits	\$1,069	\$1,019	5%	\$3,216	\$2,964	9%
Fuel	1,089	748	46%	3,124	2,169	44%
Purchased services	571	542	5%	1,667	1,586	5%
Depreciation and amortization	454	435	4%	1,350	1,288	5%
Equipment rents	192	195	-2%	575	581	-1%
Materials and other	206	191	8%	659	424	55%
Total Operating Expenses	<u>\$3,581</u>	<u>\$3,130</u>	<u>14%</u>	<u>\$10,591</u>	<u>\$9,012</u>	<u>18%</u>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended September 30, 2011. Note: 2010 YTD amounts are derived by combining Predecessor and Successor periods.

Capital Activities

BNSF continues to invest heavily in maintaining and renewing its network to provide safe, reliable service to its customers. Our 2011 capital commitments forecast continues to be approximately \$3.8 billion compared with \$2.7 billion in 2010.

We will spend about \$2 billion in capital this year on maintaining our core network and related assets. In addition, we will continue investing in our locomotive and rail car fleet, as well as in projects to expand and improve the efficiency of our infrastructure. We also plan to spend about \$300 million this year as we continue installing positive train control in response to a federal mandate.