

Overview of BNSF's Third-Quarter Financial Performance

Update on BNSF's volumes, revenues and expenses through Sept. 30

Statement of Income (in millions)	Q3 - 2014	Q3 - 2013	Q/Q % Change	2014 YTD	2013 YTD	Y/Y % Change
Total revenues	\$ 5,881	\$ 5,651	4 %	\$ 17,063	\$ 16,257	5 %
Operating expenses	\$ 4,013	\$ 3,911	3 %	\$ 12,147	\$ 11,472	6 %
Operating income	\$ 1,868	\$ 1,740	7 %	\$ 4,916	\$ 4,785	3 %
Net income	\$ 1,035	\$ 989	5 %	\$ 2,675	\$ 2,671	— %
Operating ratio (a)	67.6 %	68.6 %		70.6 %	70.0 %	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended September 30, 2014.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and Revenues

Total revenues for the third quarter and nine months ended Sept. 30, 2014, were up 4 and 5 percent, respectively, compared with the same periods in 2013. BNSF's total units for the third quarter and first nine months of 2014 were down 1 percent and up 2 percent, respectively, compared with the same periods in 2013. Revenue per unit increased for both the third quarter and the first nine months of 2014.

Business unit third quarter and first nine months of 2014 volume highlights:

- Consumer Products volumes were up 1 percent in the first nine months of 2014 primarily due to higher international intermodal traffic. In the third quarter, Consumer Products volumes were down 2 percent largely due to ongoing service challenges.
- Industrial Products volumes increased 10 percent in the third quarter and 5 percent in the first nine months of 2014 compared with the same periods in 2013, primarily due to increased crude unit train loadings and frac sand volumes. Service challenges muted the potential for additional volume growth.
- Coal volumes increased 1 percent in the first nine months of 2014 primarily due to higher demand. Although demand was strong in the third quarter, volumes decreased 7 percent due to service challenges on the network.
- Agricultural Products volumes increased 1 percent in the first nine months of 2014 and decreased 3 percent in the third quarter. Additional volume growth was not realized despite higher customer export demand, following a record grain harvest in late 2013.

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

Business Unit	Q3 - 2014	Q3 - 2013	Q/Q % Change	2014 YTD	2013 YTD	Y/Y % Change
Revenues (in millions)						
Consumer Products	\$ 1,774	\$ 1,789	(1)%	\$ 5,248	\$ 5,179	1 %
Industrial Products	1,653	1,460	13 %	4,595	4,237	8 %
Coal	1,243	1,346	(8)%	3,684	3,736	(1)%
Agricultural Products	980	845	16 %	2,932	2,548	15 %
Total Freight Revenues	\$ 5,650	\$ 5,440	4 %	\$ 16,459	\$ 15,700	5 %
Other Revenues	231	211	9 %	604	557	8 %
Total Operating Revenues	\$ 5,881	\$ 5,651	4 %	\$ 17,063	\$ 16,257	5 %
Volumes (in thousands)						
Consumer Products	1,278	1,306	(2)%	3,759	3,736	1 %
Industrial Products	535	485	10 %	1,479	1,403	5 %
Coal	565	605	(7)%	1,678	1,666	1 %
Agricultural Products	233	239	(3)%	712	708	1 %
Total Volumes	2,611	2,635	(1)%	7,628	7,513	2 %
Average Revenue per Car/Unit						
Consumer Products	\$ 1,388	\$ 1,370	1 %	\$ 1,396	\$ 1,386	1 %
Industrial Products	3,090	3,010	3 %	3,107	3,020	3 %
Coal	2,200	2,225	(1)%	2,195	2,242	(2)%
Agricultural Products	4,206	3,536	19 %	4,118	3,599	14 %
Total Freight Revenues	\$ 2,164	\$ 2,065	5 %	\$ 2,158	\$ 2,090	3 %

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-Q for the periods ended September 30, 2014 and June 30, 2014. Third-quarter revenues and volumes are calculated as the difference between YTD September and YTD June amounts.

Expenses

Operating expenses for the third quarter and first nine months of 2014 were up 3 percent and 6 percent respectively. A significant portion of the increase is due to the following factors, including increased costs related to severe weather issues and service-related challenges.

- Compensation and benefits increased 4 percent for the third quarter and 7 percent for the first nine months of 2014 primarily due to higher volumes and average headcount, as well as higher overtime, training and wage inflation, partially offset by lower incentive compensation expense.
- Fuel expense was down 2 percent in the third quarter and up 3 percent for the first nine months of 2014 compared with the same periods in 2013. Fuel expense increased due to higher volumes. Fuel efficiency improved slightly in the third quarter, but remained unfavorable for the first nine months of 2014. Locomotive fuel price per gallon decreased

4 percent for the third quarter and 2 percent for the first nine months of 2014 to \$3.04 and \$3.09 respectively.

- Purchased services, which includes expenses like maintenance contracts and professional services, increased 3 percent for the third quarter and 4 percent for the first nine months of 2014, compared with the same periods in 2013 due to increased volume-related costs, including purchased transportation for BNSF Logistics, a wholly-owned, third party logistics company.
- Depreciation and amortization expense increased due to additional assets in service.
- Materials and other expenses increased 4 percent for the third quarter and 17 percent for the first nine months of 2014 as a result of higher crew transportation, lodging and other travel costs, utilities, and locomotive materials.

Operating Expenses (in millions)	Q3 - 2014	Q3 - 2013	Q/Q % Change	2014 YTD	2013 YTD	Y/Y % Change
Compensation and benefits	\$ 1,243	\$ 1,197	4 %	\$ 3,695	\$ 3,464	7 %
Fuel	1,123	1,145	(2) %	3,438	3,343	3 %
Purchased services	637	618	3 %	1,924	1,852	4 %
Depreciation and amortization	531	493	8 %	1,569	1,465	7 %
Equipment rents	216	205	5 %	656	608	8 %
Materials and other	263	253	4 %	865	740	17 %
Total Operating Expenses	\$ 4,013	\$ 3,911	3 %	\$ 12,147	\$ 11,472	6 %

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended September 30, 2014.

Capital Activities

BNSF continues to invest heavily in maintaining and renewing its network to increase capacity for growth and to provide safe, reliable service to its customers. Our 2014 capital commitments forecast has been increased by \$500 million, bringing our total 2014 forecast to approximately \$5.5 billion compared with \$4.0 billion in 2013. The \$500 million increase in the 2014 capital commitment forecast is due to additional spending on our core network and related assets, expansion and efficiency projects, and locomotives.

We will spend \$2.5 billion in capital in 2014 on our core network and related assets. In addition, we will continue investing in our locomotive and rail car fleet, in projects that expand and improve the efficiency of our infrastructure, and continue installing positive train control in response to a federal mandate.