

Increased Throughput, Reduced Emissions

Faster Freight Cleaner Air
February 25, 2008

Matthew K. Rose
Chairman, President and CEO



Transportation at the crossroads...

2020 Growth Projections

Population	338 million, 0.87% CAGR
Vehicle miles traveled	4.09 trillion, 8.13% CAGR
Rail gross ton miles	1.82 trillion, 1.94% CAGR
Truck ton miles	4.17 trillion, 1.96% CAGR
Port volume	58 million TEUs, 5.4% CAGR



The results over the past 25 years

1980-2005

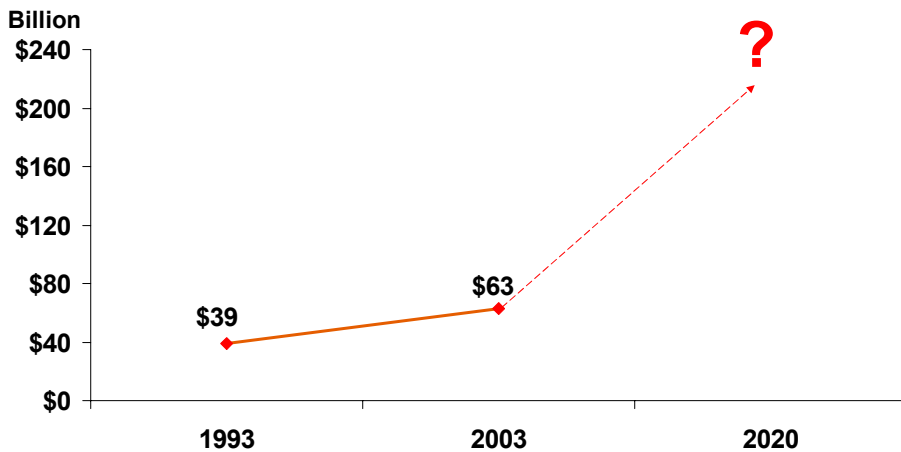
	Route Miles	Growth
Rail	(39%)	65% GTM
Highway	+7%	96% VMTs
Ports	N/A	400% TEUs



2

What is this costing the economy?

Cost of highway congestion



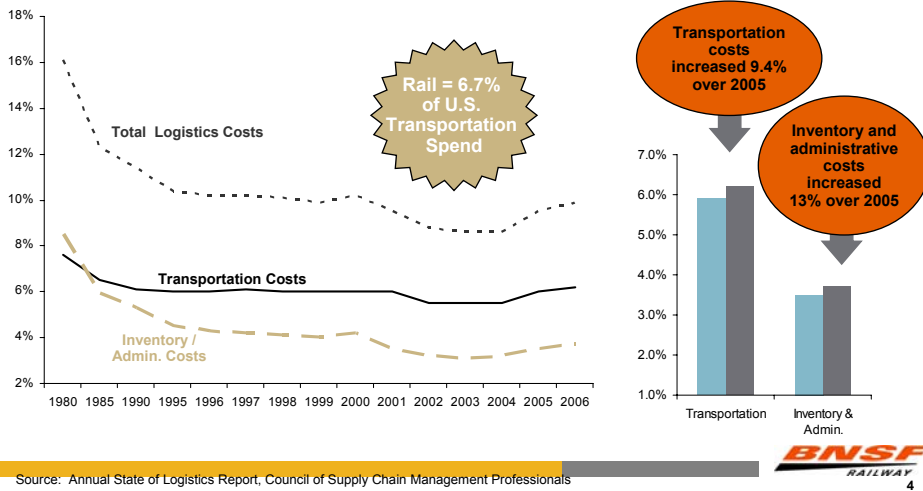
Source: Texas Transportation Institute and U.S. DOT



3

What is the cost to the supply chain?

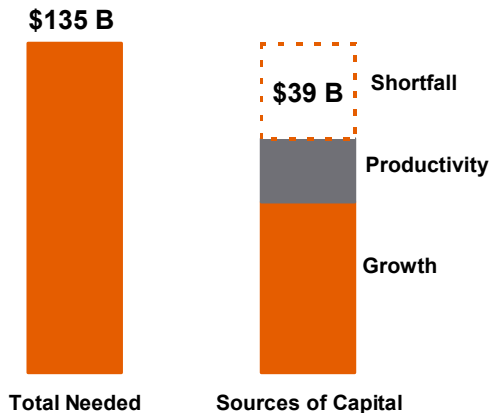
U.S. Logistics Costs as a Percent of GDP



Railroad Capacity: AAR/Cambridge Study

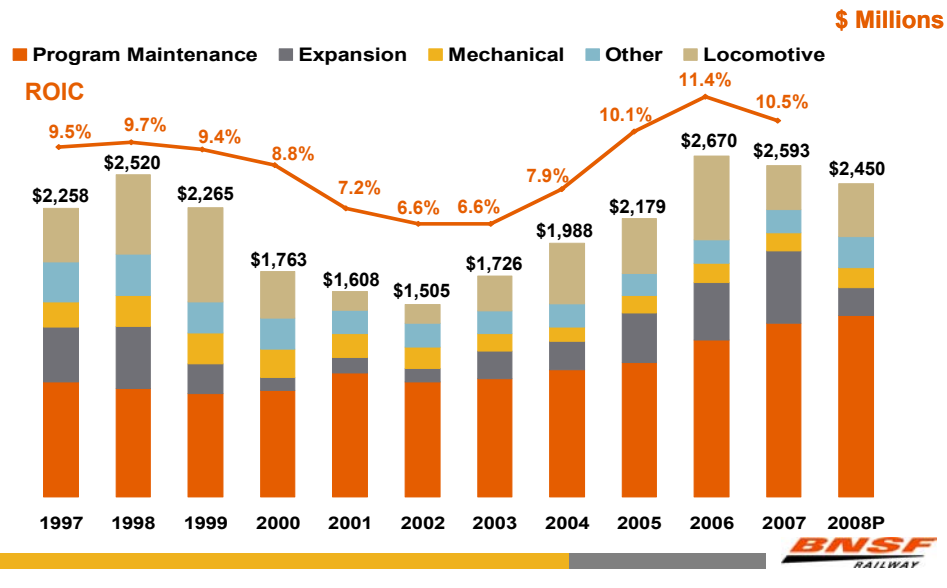
- Assessed long-term capacity needs of primary rail freight corridors
- Assumed no shift in modal tonnage shares among rail, truck and water beyond those projected by U.S. DOT
- \$39 billion shortfall will occur without a stimulus to bring investments up sooner in their cycle

Class 1 capital investments needed to meet 2035 volume demand



Source: National Rail Freight Infrastructure Capacity and Investment Study September 2007

Capital Commitments with ROIC

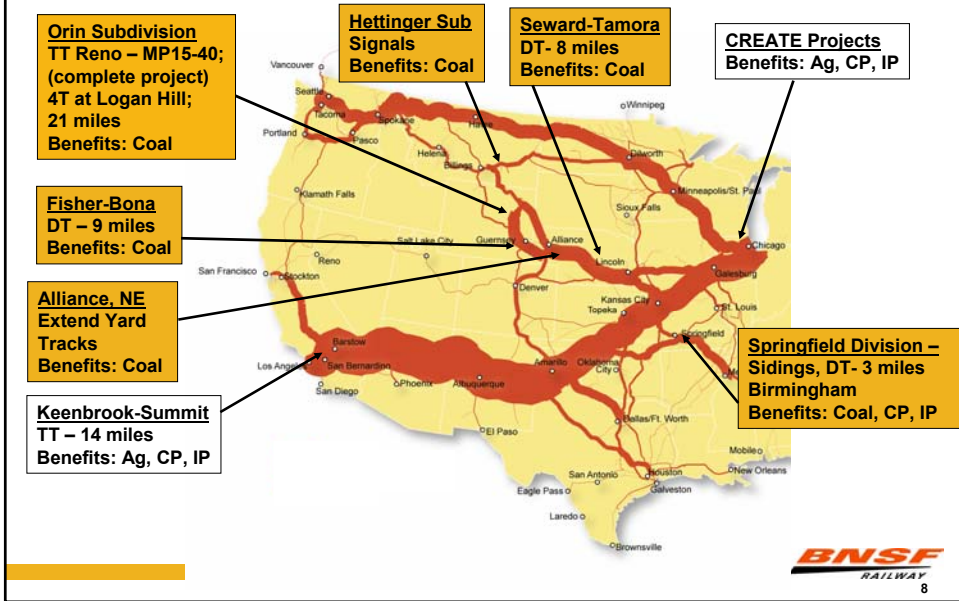


BNSF 2008 Major Expansion Projects

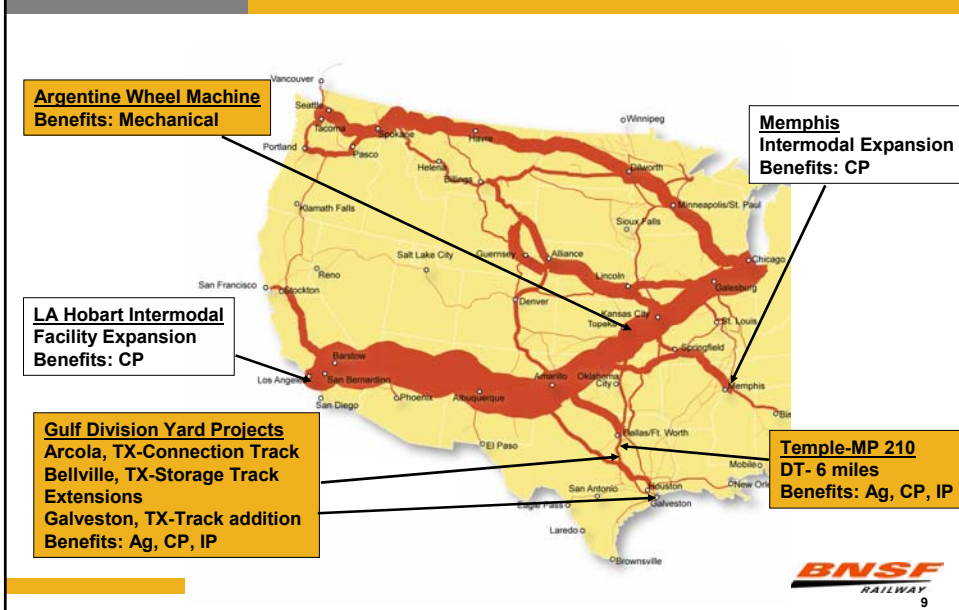


- Southern Transcon: Double- or triple-track
- Coal Route: Third and fourth main track in the Powder River Basin and track in Nebraska and Wyoming
- Intermodal Facilities – Expansions at Los Angeles; Stockton, CA; Memphis; and Gardner, KS
- Fueling and mechanical facilities in Illinois and North Dakota

BNSF Expansion Projects in Service 2008



BNSF Expansion Projects in Service 2008

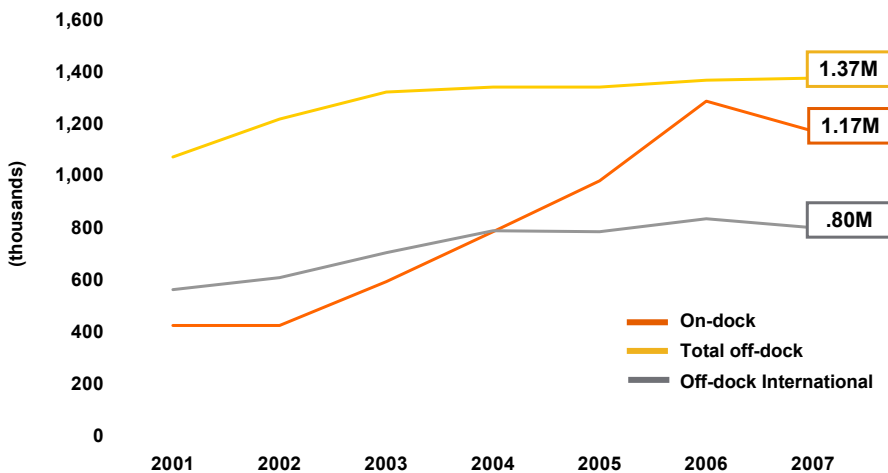


BNSF Los Angeles Expansion 2000-2008



- \$115 million capital investment from 2000-2008
- About 1 million lifts added since 2000, for a total capacity today of 1.8 million lifts

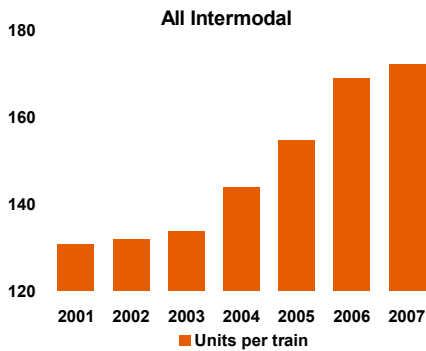
BNSF Los Angeles On-Dock, Off-Dock Volumes



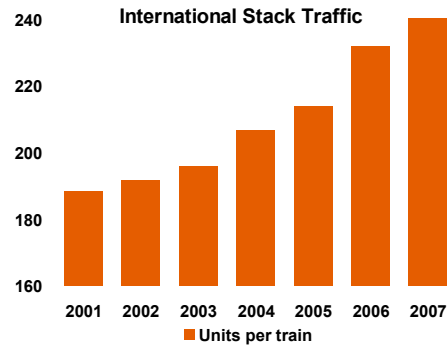
Productivity Initiatives

Units Per Train

Intermodal total (combined trailer and container) has seen units per train increase from 131 in 2001 to 172 in 2007.



Intermodal international stack container traffic has seen units per train increase from 188 in 2001 to 241 in 2007.



We need to grow, but grow green

- Railroads are achieving large reductions in emissions on a ton-mile basis
- Technology continues to reduce emissions
- Switch locomotives using truck-like engines are playing a role in reductions, but not all truck engine technologies are appropriate for locomotive uses
- Voluntary agreements and initiatives with certain government entities to reduce emissions in non-attainment areas

Efforts to Improve Air Quality in California

- Voluntary and enforceable MOUs with California Air Resources Board (CARB)
 - 1998 fleet average agreement for NO_x reductions- Southern California fleet will average Tier 2 by 2010
 - 2005 Particulate Matter MOU
 - Ultra low sulfur fuel 6 yrs earlier than EPA rules
 - Health risk assessments
 - Community meetings
 - Visible emissions program
 - Idling limitations, manual shutdown for all locomotives and install automatic shutdown equipment on intrastate locomotives

Efforts to Improve Air Quality in California

- Testing the use of GenSet switch locomotives California
- LNG hostlers are being used at BNSF's Los Angeles Intermodal facility
- LNG switch engines are being used in Southern California
- More than 95 percent of the diesel BNSF is dispensing in California is ultra low sulfur diesel
- By the end of this year, BNSF will have 99 percent of its intrastate locomotives equipped with idle-reduction technology

Electric Rail-Mounted Gantry Cranes

- Span multiple loading / unloading tracks
- Powered by electricity vs. diesel hydraulic
- Low energy consumption
- Increases inventory capacity; utilizes footprint more efficiently
- Reduces hostler trucks
- Quiet
- Directional lighting



Fuel Cell Switch Locomotive

- Reduces air pollution
- Not dependent on oil for fuel
- Could serve as a mobile backup power source for military and civilian disaster relief efforts
- Will be tested in Southern California later this year



Southern California International Gateway

Facility Capacity:
1,200,000 – 1,500,000



2008
Environmental
Impact Report

2009/2010
Construction/Opening

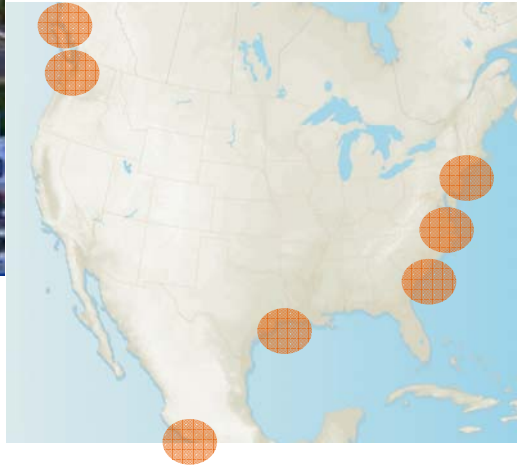
For more information or to
watch a video visit
www.communitiesmatter.com

Communities Matter

BNSF is designing SCIG to reflect community concerns

- Clean trucks and designated truck routes
 - BNSF will ensure a clean drayage operation
 - 100% of fleet will be 2007 or newer trucks upon facility opening -- exceeding CAAP compliance
 - Trucks serving SCIG required to adhere to specified, non-residential routes and be equipped with GPS to monitor and enforce truck routes.
- 2,500-foot entrance lane
- LNG (or equivalent) hostler tractors
- LNG, multi-engine or “hybrid” switch locomotives
- Low-sulfur fuel and automatic shutdown devices for locomotives
- Urban forest
- Sound wall
- Electric rail-mounted gantry cranes
- Jobs - workforce training

What Happens without SCIG?



SCIG and the Goods Movement Industry Will Enhance the Economy

- SCIG will create new jobs
- BNSF will fund a workforce training program
- The Ports of LA and Long Beach provide the second largest source of jobs in the greater five county region
- Port jobs represent \$22.7 billion in regional wages and \$7 billion in state and local taxes
- More than 3.3 million jobs nationwide are connected to the Ports of Los Angeles and Long Beach

Summary

- Freight rail demand keeps growing because it's cleaner, safer and more efficient
- In spite of the rail growth, our emissions will continue to improve
- Railroads are investing in infrastructure to add capacity, but it will not be enough
- Public investment is needed to improve air quality and spur economic growth
- This growth generates good local jobs with upward mobility and excellent wages
- America's and California's competitive advantage could come to a halt when available capacity no longer can support demand