

Faster Freight – Cleaner Air



May 16, 2007



Overview and Background

A rich history...

- *BNSF is 160 years old, with over 300 predecessors, including the Great Northern; Northern Pacific; Chicago, Burlington & Quincy; and Atchison, Topeka & Santa Fe.*
- *BNSF Railway has been in Washington since 1873.*
- *There are now seven "Class I" railroads (BNSF, UP, NS, CSX, KCS, plus CN & CP) and hundreds of short lines across the United States.*
- *The BNSF Railway was created in 1995 when the Burlington Northern and the Santa Fe merged. The Railway's HQ is in Ft. Worth, TX.*



BNSF Railway Today

A “21st century railroad...”

- Cars and shipments are tracked via RFID and Differential GPS
- Customers can track their shipments online (“iPower”)
- Performance and efficiency
 - Workforce: Less than half its 1980 size, with 60% more traffic
 - Safety: 1990 accident rate 9 per 200K hours; in 2006 it was 1.3
 - Environmental & energy benefits of rail (i.e. it can take 400 semi-trucks to carry the equivalent of 1 unit grain train)
 - Sustaining value and price: Major growth in all business units, strong stock growth... Something’s changed in the railroad industry.



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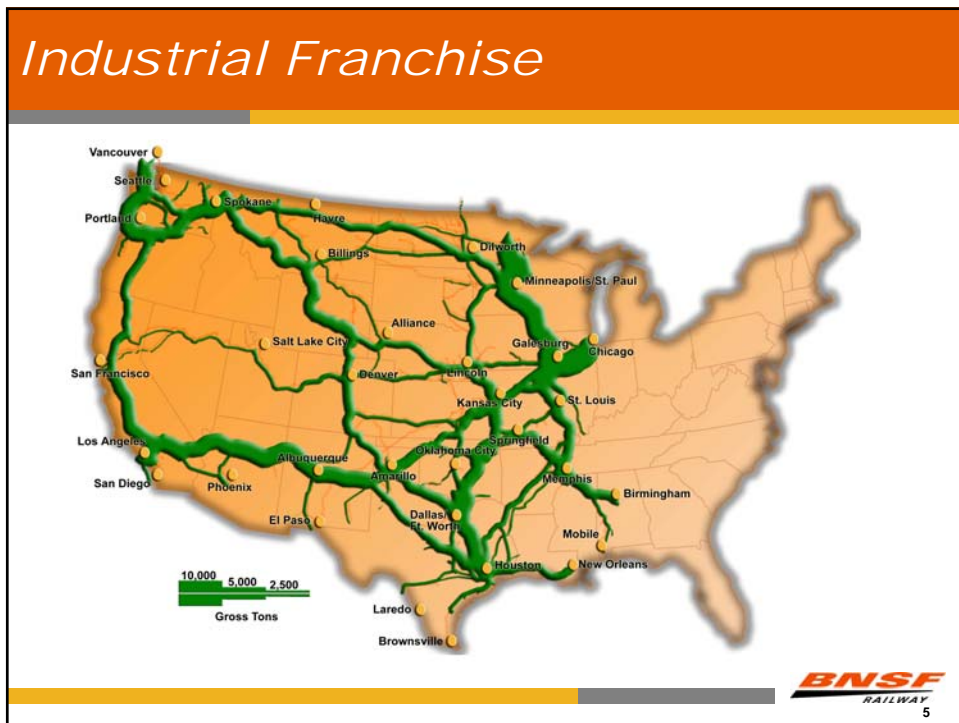
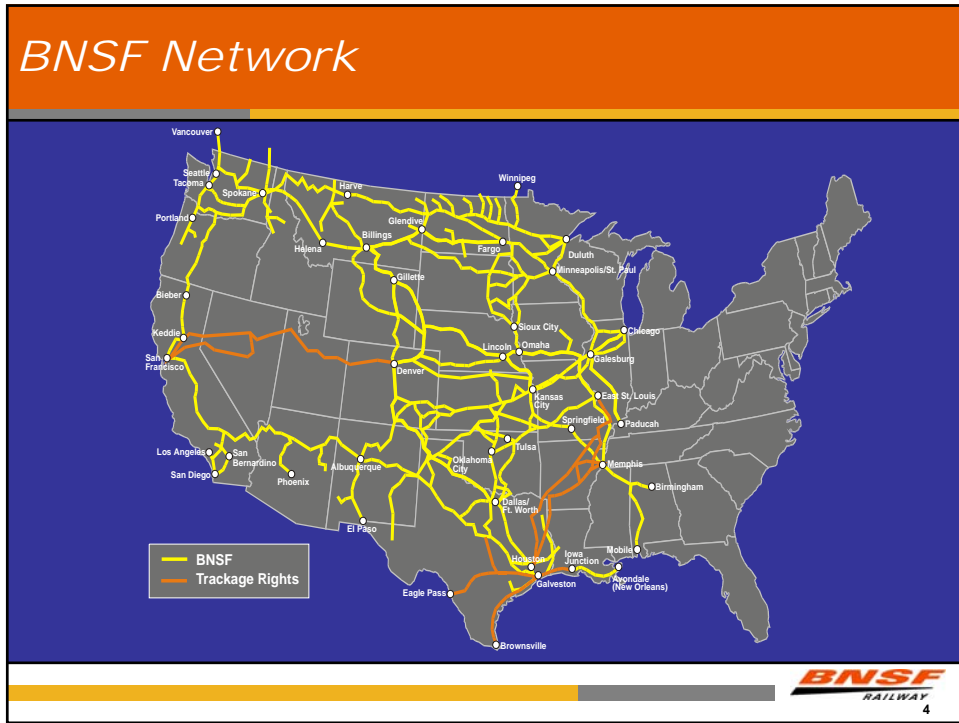
BNSF Railway Today

System wide:

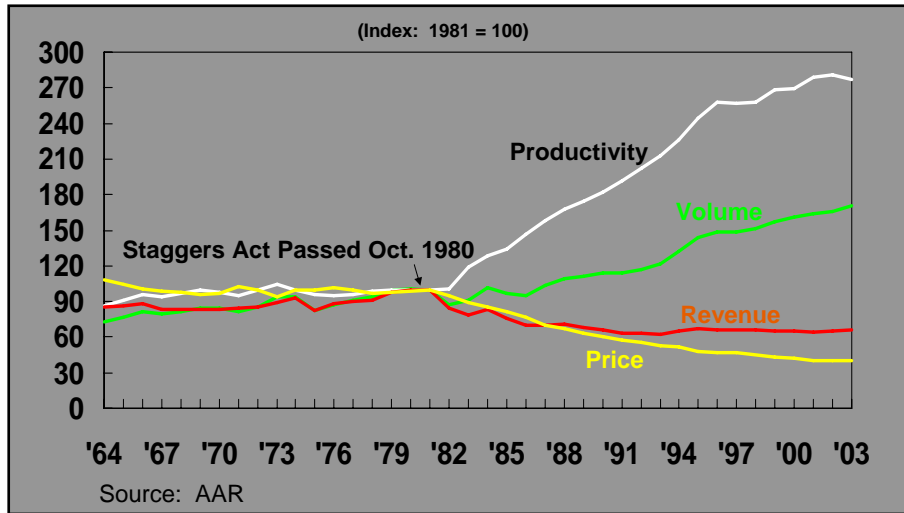
- BNSF Railway operates in 28 states and Canada, with 32,000 route miles
- 42,000 employees
- \$2.75 billion invested this year in infrastructure, rolling stock, and technology



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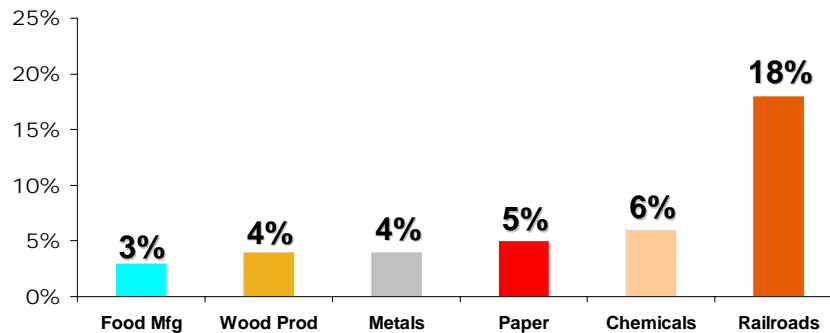
US Railroad Performance: 1964-03



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Railroading is Among the Most Capital-Intensive Industries

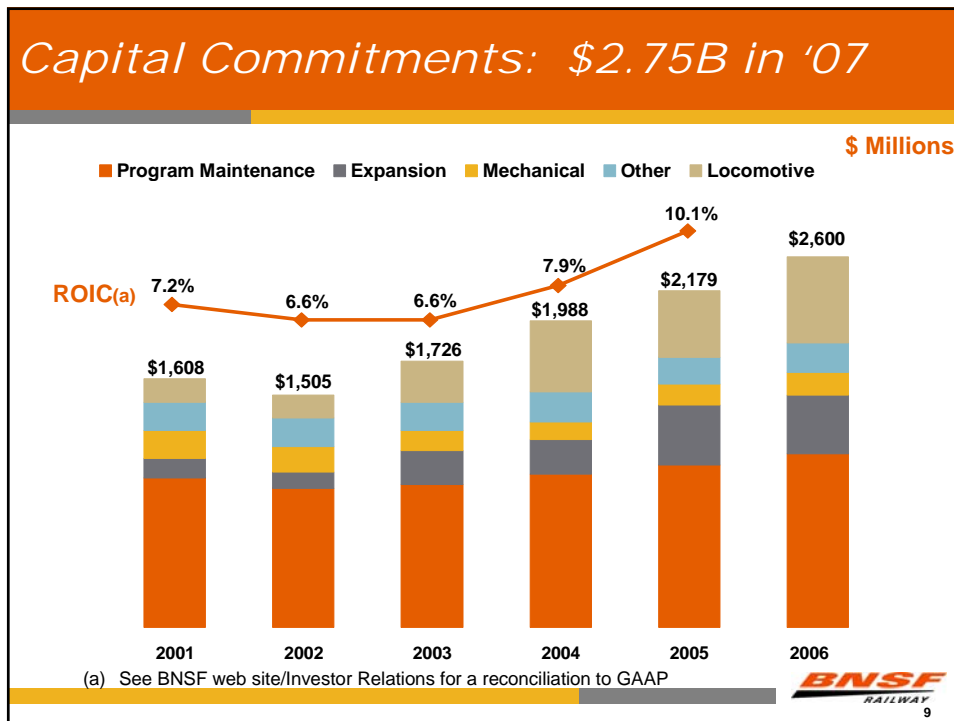
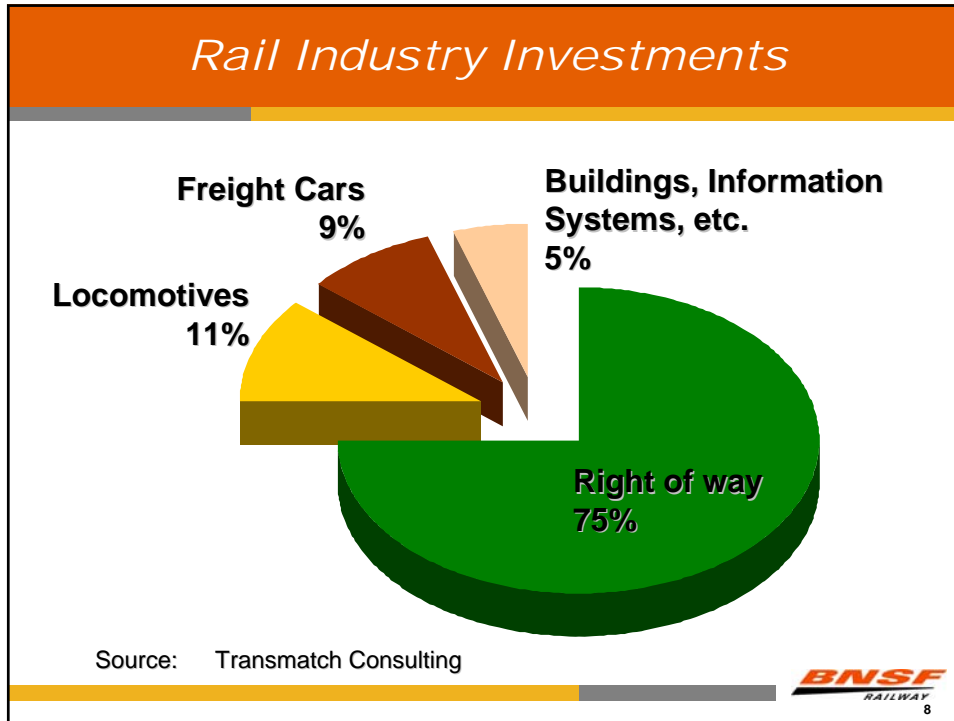
Capital Expenditures as a % of Revenue*



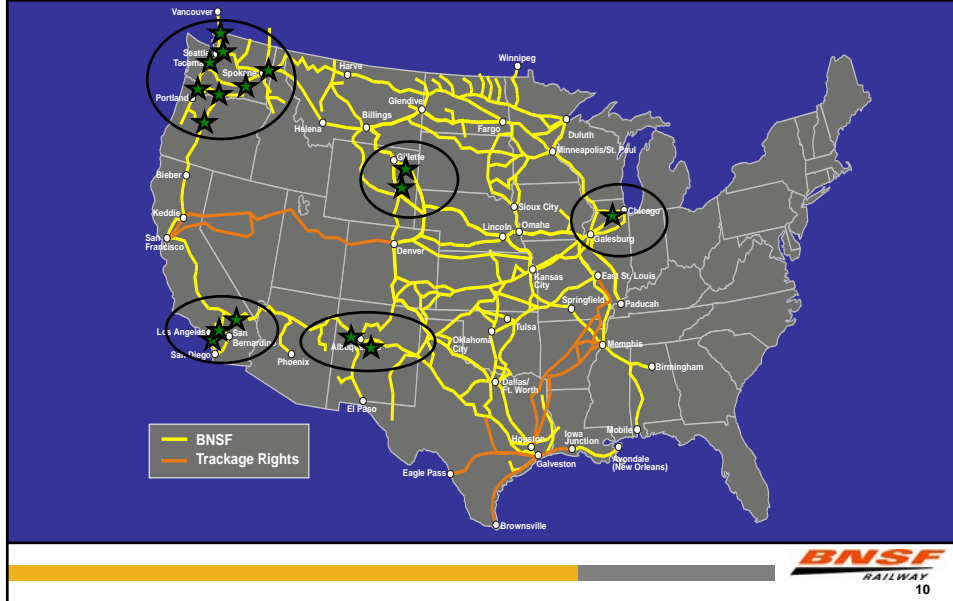
*2000, U.S. Bureau of the Census



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BNSF Network and Key Project Areas



Railroad Planning & Decision-making

Capital investments are

- Driven by capacity needs and financial return (ROIC)
- Prioritized annually (with frequent updates)
- Strategic, based on business partnerships, system performance, or programmatic requirements (i.e. environmental)



Challenges and Opportunities

Demands on Capacity:

- Sustainable growth in all business units: Coal, Ag. Products, Intermodal, Merchandise / Industrial Products
- Increased demand puts pressure on infrastructure chokepoints
- More traffic means tighter maintenance windows

Financing Private Infrastructure:

- Investments made across the west (but state priorities aren't always in synch with invested capital return requirements)

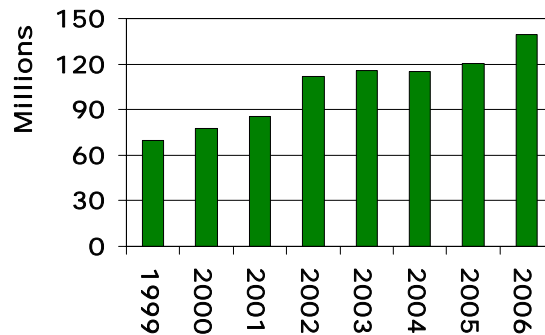
Safety:

- From 1990 to '06, incidents cut from 9 to 1.3 (per 200K hours)
- Reaction to major incidents can complicate safety efforts
- Safety enhancements can be counter-intuitive to the public, i.e. remote control locomotive operations



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BNSF Capital Investment in Washington



**1999 - 2007
\$890m+**



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BNSF Railway in Washington

Community Commitment:

