

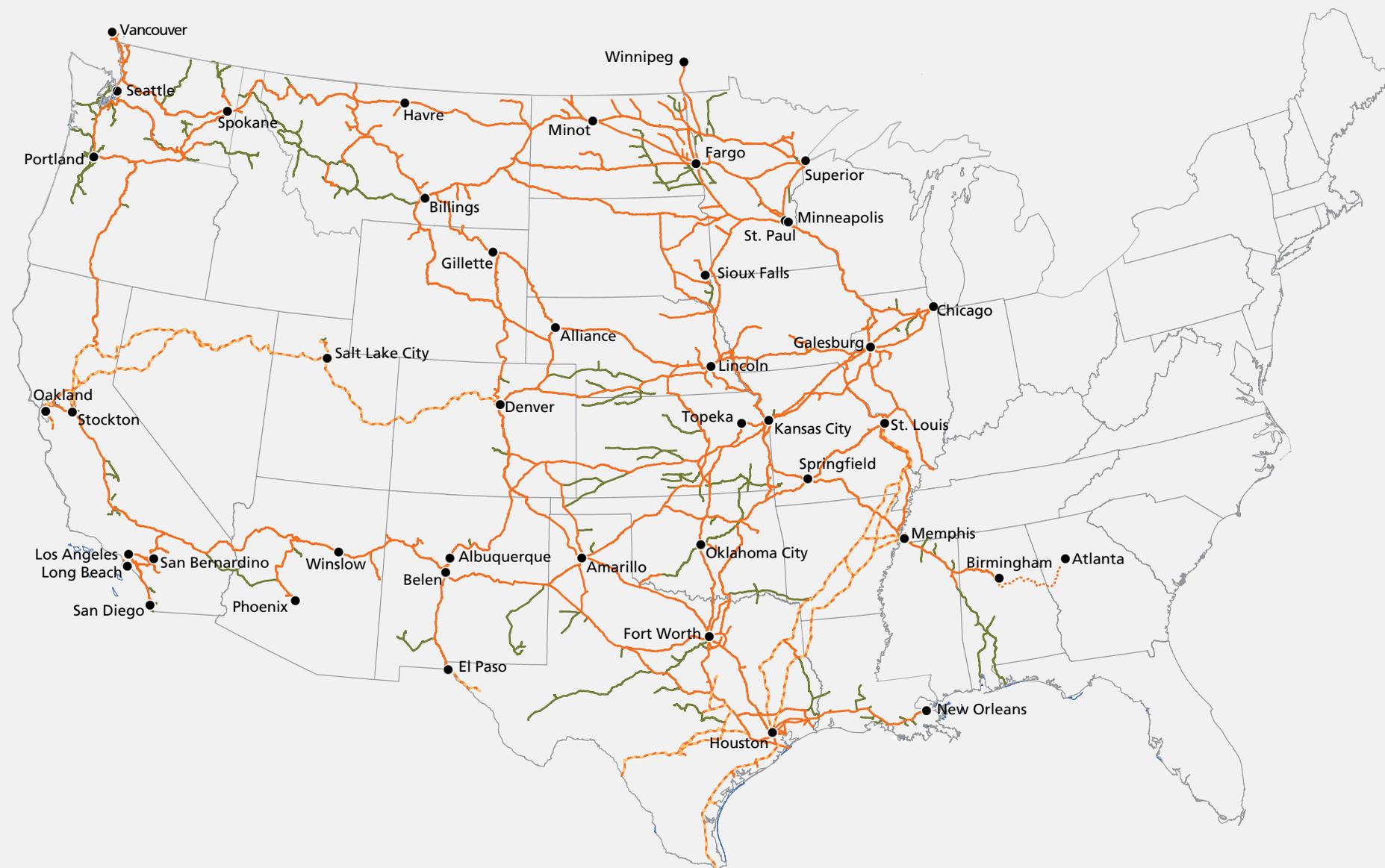


# 2013

ANNUAL  
REVIEW

**BNSF**<sup>®</sup>  
RAILWAY

**BNSF**<sup>®</sup>  
RAILWAY



## Growth. Safety. Service.

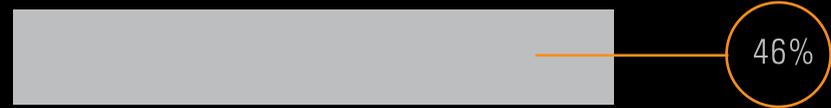
With significant growth in key areas on BNSF's network and a rebounding U.S. economy, BNSF invested a record \$4 billion in capital in 2013 to continue to improve our network. In 2014, we will invest a record \$5 billion to:

- Expand capacity and improve our ability to meet customer service expectations.
- Strengthen our railroad to ensure it continues to be a safety leader.
- Better serve the communities where we live and work.

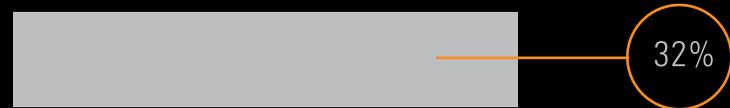
# Capital Commitments

Following BNSF's record capital investment in 2013, we are making the most significant capital investment in our history in 2014. Plans to invest \$5 billion in the network, locomotives, freight cars, equipment and safety in 2014 are designed to improve customer service, increase capacity and strengthen the overall system.

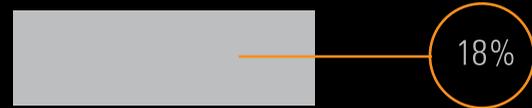
Core Network and Related Assets



Locomotive, Freight Cars and Other Equipment



Expansion and Efficiency



Positive Train Control



**\$2.3 billion**  
Core Network and Related Assets

**\$1.6 billion**  
Locomotive, Freight Cars and Other Equipment



**\$900 million**  
Expansion and Efficiency

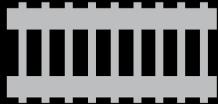
**\$200 million**  
Positive Train Control



## BNSF at a Glance

28 STATES SERVED 

~43,000 EMPLOYEES 

32,500 ROUTE MILES 

~7,000 LOCOMOTIVES 

~30 INTERMODAL FACILITIES 

40+ PORTS SERVED 

## 2013 Volumes at a Glance

(units in thousands)

5,033

CONSUMER PRODUCTS

Y/Y Change 6%

1,874

INDUSTRIAL PRODUCTS

Y/Y Change 11%

2,230

COAL

Y/Y Change 3%

956

AGRICULTURAL PRODUCTS

Y/Y Change -7%



## A Message From Carl Ice

This past year was another strong year for BNSF, as we absorbed more than half of the rail industry's annual volume growth and achieved record performance in several areas, including safety.

Nothing is more important to us than safety. Safety is an integral part of our culture, and ensuring the safety of our employees and our operations in the communities we serve is central to our business. 2013 was a record year for us in many areas of safety, including employee safety. But on Dec. 30, we experienced a derailment and subsequent fire on a crude-by-rail train near Casselton, N.D. BNSF deeply appreciates all the efforts from first responders, the community and our employees during this unfortunate incident, and we are grateful no injuries resulted.



We have always had a broad-based and multi-layered risk-reduction program focused on safety, and we continue to work on several fronts to drive improvements and make our railroad even safer. BNSF believes that every accident and injury is preventable. Operating free of accidents and injuries has long been part of BNSF's vision, and our focus has been on preventing accidents in the first place.

We are also proud of our continued growth and the essential role we play in serving customers and our nation's supply chain. BNSF's future success depends on growth. We recognize that improving capacity is essential to our ability to grow, and this annual review tells the story of how we're continuing to invest in maintaining and expanding our network. After spending a record \$4 billion in capital in 2013, we have announced another record year, with plans to invest \$5 billion in capital for 2014. We also expect to hire more than 5,000 new employees this year. You can read more about these plans in the pages that follow.

At the same time, our 2013 volume growth presented service challenges in the final months of the year, and record winter weather on many parts of our network had a further negative impact on our customers. As of early 2014, we are continuing to add capacity and working to return our service to the levels that meet our customers' expectations and our own high standards.

We have tremendous opportunities and many challenges in 2014. I am confident that, as always, we'll face the year with the tough-minded optimism that has long been part of our culture at BNSF. All of us at BNSF will remain focused on meeting our customers' service expectations, increasing our capacity to handle growth, continuing to improve employee safety and strengthening our railroad to help ensure it remains the safest means of ground transportation for freight today and into the future.

**Carl Ice**  
President and Chief Executive Officer

## EXPANDING OUR NETWORK AND SERVICE

Every year BNSF makes significant capital investments to strengthen and improve our network for customers and the communities we serve. Since 2000, BNSF has invested approximately \$42 billion in infrastructure, equipment and technology – including a record \$4 billion in 2013.



# Building a Stronger and Safer Network

We invested a record amount of capital in our network last year. We added track capacity to handle more volume, upgraded existing track to improve velocity and safety, and added new and upgraded signal systems. Maintenance and expansion of routes along the Northern Corridor were high priorities.

**4 MILLION**

TIES INSTALLED

**968 MILES**

RAIL REPLACED OR INSTALLED

**20,000 MILES**

TRACKS IMPROVED (GRINDING)

**17,000 MILES**

TRACKS IMPROVED (SURFACING)





## Leading **Intermodal Service**

BNSF is an industry leader in moving freight seamlessly between modes – trucks, ships and trains. Today, intermodal truck trailers and containers that primarily carry consumer goods account for approximately half of all BNSF freight volumes. In 2013, domestic intermodal freight led growth for BNSF.

BNSF's intermodal network connects customers to more major U.S. markets than any other railroad, offering the most flexible intermodal service options in the industry. Last year, we opened our newest intermodal facility, Logistics Park Kansas City, to accommodate growing demand in one of the nation's most important distribution markets. The new facility represents a \$250 million investment with six 8,000-foot tracks and initial capacity to lift 500,000 truck containers per year. Logistics Park Kansas City offers the most comprehensive range of intermodal services on BNSF's network.

## Expanding the **Supply Chain**

BNSF continues to expand its global reach through the development of industry-leading supply chain solutions to and from U.S. inland markets. For example, where a container with Asian consumer goods shipped to the U.S. might have returned empty, now it carries grain back to Asia after being loaded at one of BNSF's intermodal facilities like the new Logistics Park Kansas City. With this solution, we're creating greater efficiency and making the most of every resource.

## Supporting Continued Growth

BNSF is playing an important role in helping the U.S. and North America replace overseas crude oil with fuels being produced from the continent's vast oil reserves. Rail offers oil producers a more flexible transportation option and gives refiners easy access to premium, domestic fuels.

BNSF helped pioneer the modern day crude-by-rail option when the first crude oil unit train left Stanley, N.D. in December 2009. Today, the overwhelming majority of crude oil produced in the Williston Basin is transported by rail. BNSF moved 225 million barrels of crude in 2013 and is ready to meet growing demand in the years ahead.

In 2013 alone, we invested approximately \$900 million to improve and expand rail capacity along the Northern Corridor, which spans the northern U.S. between the Pacific Northwest and Chicago, connecting vital regions to Midwest and Eastern markets. This expanded capacity will help improve traffic flow for all freight and passenger trains on those routes.



## Renewing the Auto Industry

Two things have changed the face of BNSF's automotive business and made it one of our fastest-growing segments. First, as the economy strengthened, sales of new cars grew. Second, manufacturers began building new facilities in North America, realizing the benefits of a robust U.S. supply chain and lower transportation costs. Last year, BNSF purchased 1,000 new autorack railcars and other equipment to help us serve the growing domestic automotive industry.

## SAFETY

Safety is a fundamental part of our culture and central to our business. BNSF goes above and beyond federal requirements to prevent accidents by ensuring that our network is safe and our people and the communities we serve are prepared to respond to potential incidents.

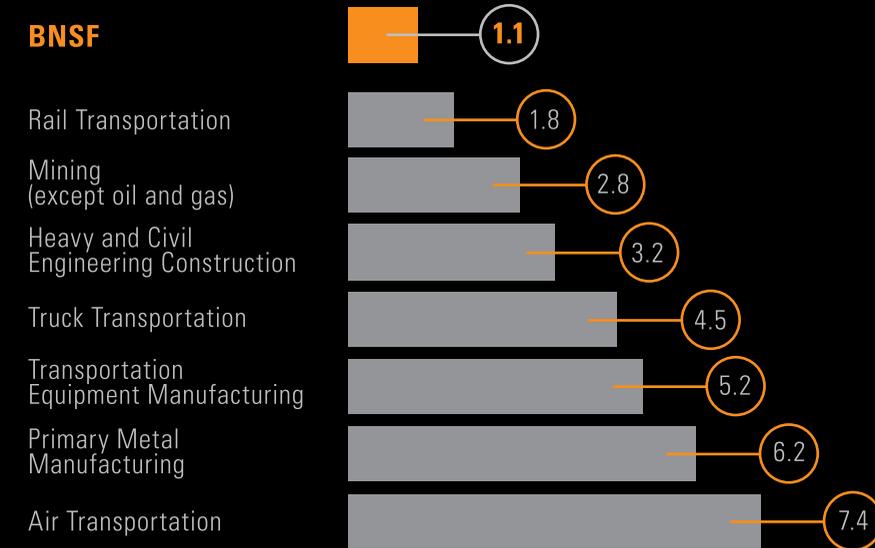


# Safety Training

First in the line of defense against accidents and injuries are our people. BNSF employees share a vision for an injury- and accident-free workplace. Through BNSF's newest employee safety training initiative, Approaching Others About Safety, we have trained approximately 33,000 team members to be confident and effective when speaking to one another about safety. The program encourages attention to the exposures that result in 97 percent of fatalities and serious injuries. It also highlights opportunities to mitigate risk.

According to the Federal Railroad Administration, 2013 was the second straight year of record safety performance by U.S. freight railroads. Thanks to the diligence of our employees and our effective safety process, we closed 2013 with an injury frequency rate of 1.08 (per 200,000 work hours or 100 employees working full time over a year), a 3 percent decrease over 2012.

## 2013 Injury Rate Per 200,000 Employee Hours



Injury rates for BNSF and the rail industry are quoted based on Federal Railroad Administration 2013 year-end data. All other data is from the year 2012, from the Bureau of Labor Statistics.

# Community Emergency Response

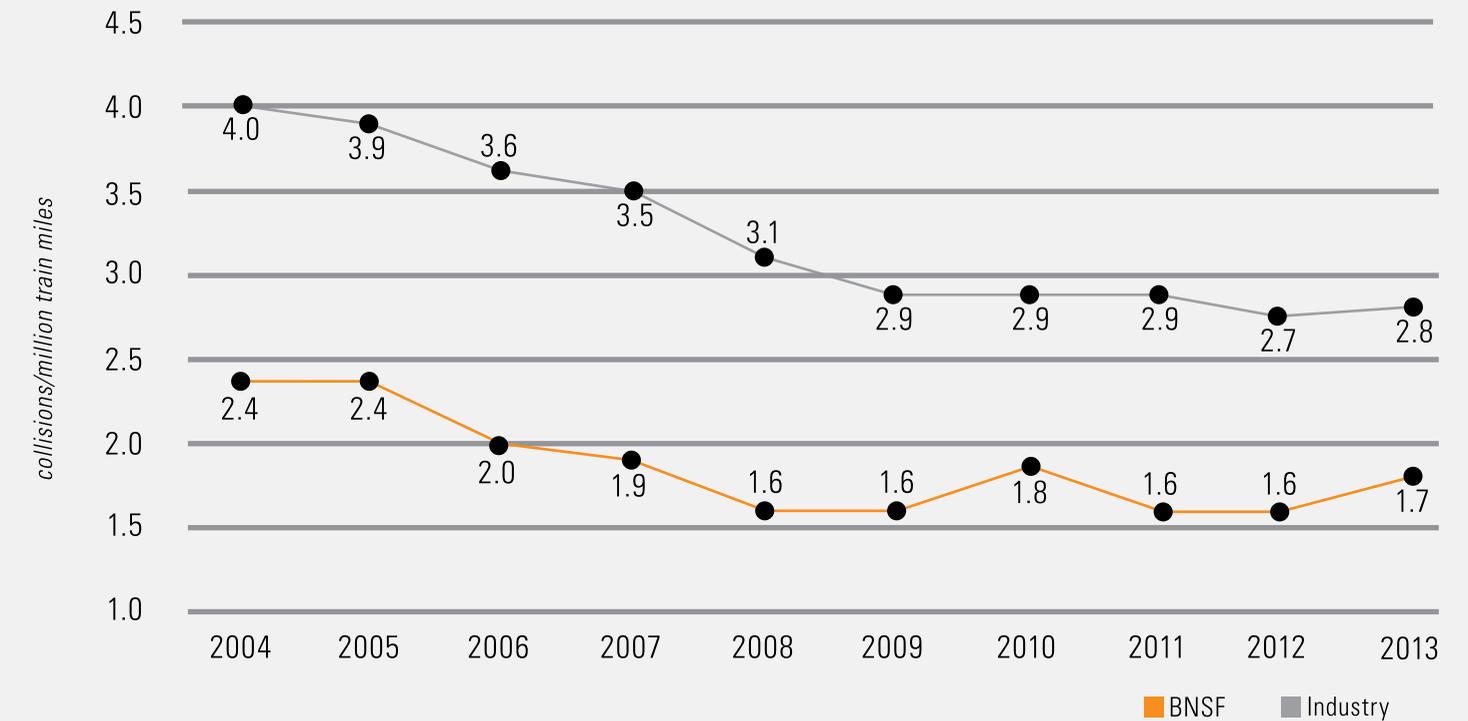
In addition to training our people to prevent accidents and injuries, BNSF works closely with communities and emergency response personnel to prepare for emergencies. In 2013, BNSF hazardous materials teams visited 18 states and one Canadian province on our network to train approximately 3,900 public emergency responders. More than 65,000 emergency responders have been trained since 1996 so that people and resources are in place to respond should an accident occur.

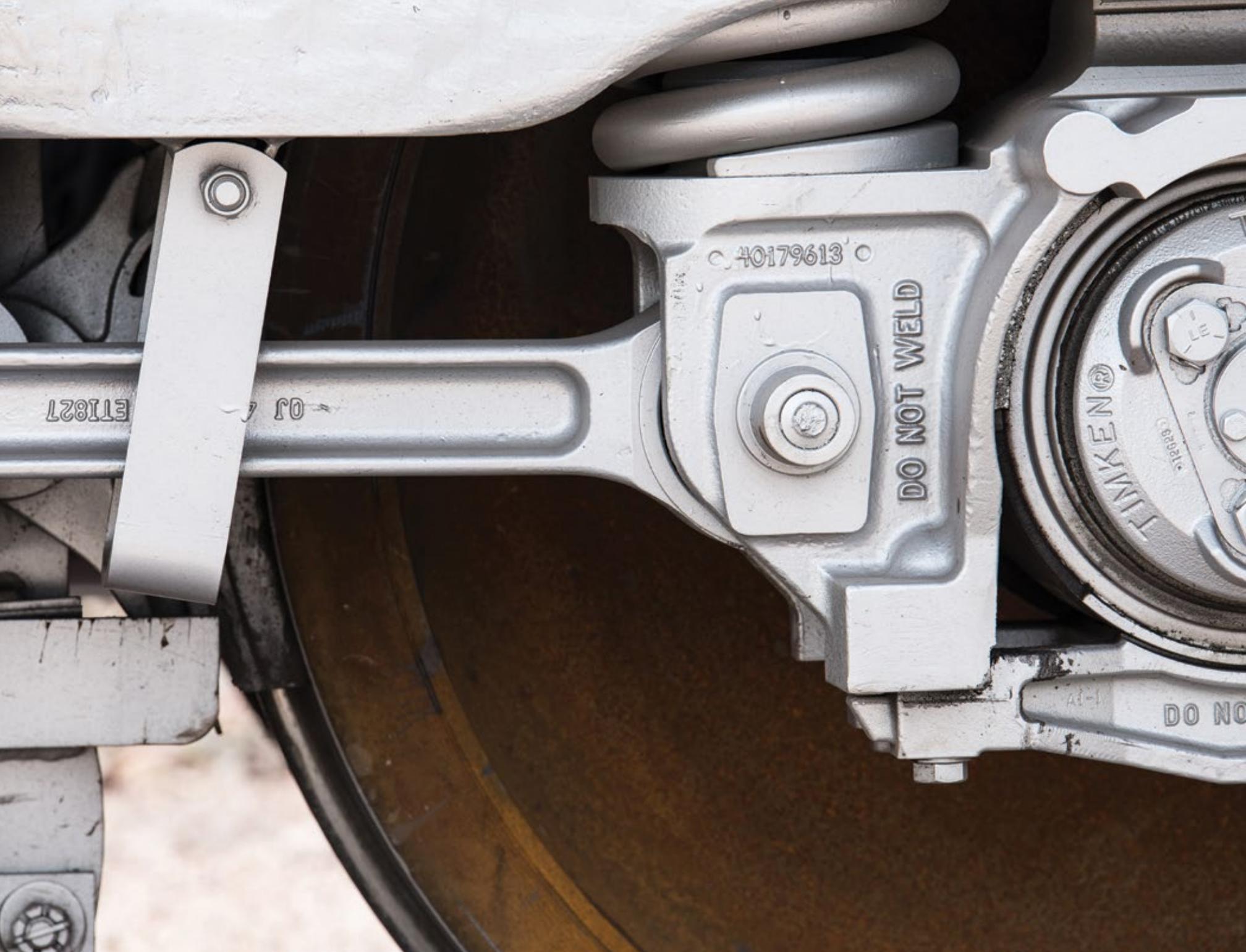
# Grade Crossings

To continue reducing the risk of incidents at highway-rail crossings, BNSF invests an average of \$95 million annually on a combination of grade-crossing maintenance, technology and safety education programs.

The result is one of the industry's lowest highway-railroad grade-crossing collision rates. Since 1995, the rate of grade-crossing collisions involving BNSF has decreased about 68 percent, from 5.3 per million train miles in 1995 to 1.7 per million train miles in 2013. In addition, BNSF has worked with many communities and landowners to close more than 5,750 grade crossings since 2000.

## Highway-Rail Grade-Crossing Collisions





## Network

To keep our network strong and traffic flowing safely, we invest heavily in track repair and replacement of rail, ties and bridges.

BNSF has a longstanding and broad-based risk-reduction program that addresses operational safety across our network for all types of freight. We have implemented new, more restrictive safety and operating practices for transporting crude oil and ethanol to build on that strong foundation, including lower speeds, secure routing of trains, increased track inspections, additional trackside safety warning technology, and increased community emergency response training and planning. We are also working aggressively with the petroleum industry and other tank car owners to ensure new, stronger tank cars take to the rails as soon as possible. These will be built with thicker steel shells, extra protective head shields, thermal insulation and enhanced pressure release valves.

## Technology

New technologies that are keeping our network safe:

- BNSF has been a pioneer in the testing and development of positive train control technologies that act as a safety overlay to help reduce the potential for train accidents. BNSF's PTC system is under construction across 9,400 miles of our network in 21 states.
- BNSF Railway was named to *InformationWeek* magazine's list of the top 500 information technology innovators in 2013 for implementation of a mobile, land-based tool that uses lasers to capture thousands of measurements per second of track and related assets for precise monitoring and enhanced safety.
- We are adding more trackside safety technology along our track to detect defects or problems before they can cause a train derailment.
- Automated gates for trucks to enter and exit some of our largest intermodal facilities include a biometric driver identification system and digital cameras to record images of containers, chassis and tractors. The technology helps increase security while improving throughput and reducing truck idling and emissions.



## ENVIRONMENT

BNSF is committed to building on the environmental advantage of rail transportation. Shipping by rail is the most fuel- and resource-efficient means for moving large volumes of freight long distances over land. It provides tremendous value in reducing our country's overall transportation emissions and carbon footprint.



## Locomotives

Reducing carbon emissions in our business is largely about locomotive and operational efficiency. Because locomotives have a life span of 30+ years, BNSF continuously looks at our entire fleet of locomotives, retrofitting and remanufacturing them as needed to be more fuel-efficient and cleaner-burning.

Today, approximately 90 percent of BNSF's fleet uses idle-control technology to automatically shut down locomotives not in use. BNSF has 90 ultra-low-emission locomotives used in switching operations that reduce nitrogen oxide and particulate matter emissions by 80 to 90 percent and improve fuel efficiency by 25 percent compared with standard switch engines. BNSF is also aggressively investing in fuel-efficiency technology, including driver-assist systems, rail lubrication and proper horsepower distribution.

## Customer Carbon Reduction

Over the past five years, BNSF has provided customers with individualized reports of their total rail carbon footprint. In 2013, our analysis showed that customers reduced their total carbon output by more than 30 million metric tons by shipping on our railway rather than the highway.

Customer carbon reductions afforded by rail efficiency on a yearly basis are equivalent to...

REMOVING  
THE RESULTANT EMISSIONS OF  
**6 MILLION**  
VEHICLES



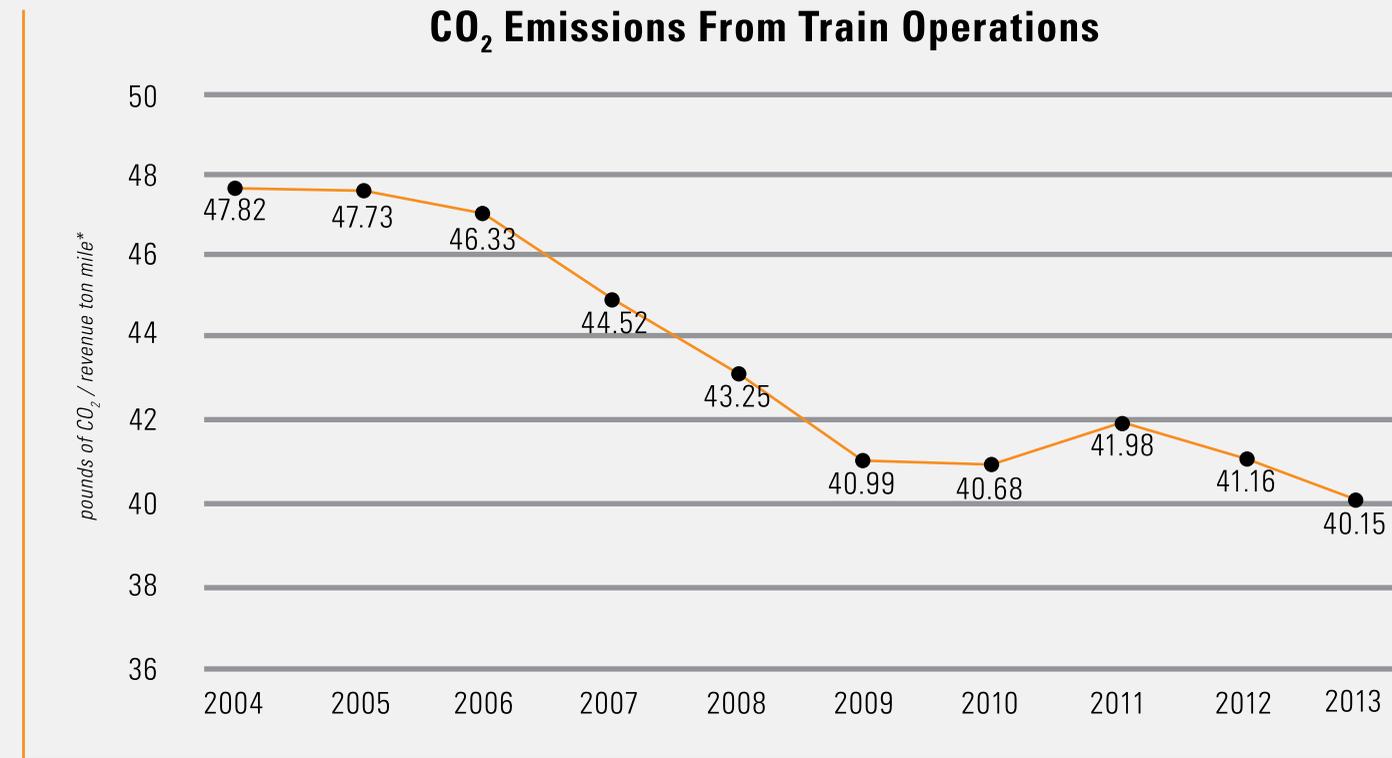
SAVING  
THE ENERGY USED BY  
**1.5 MILLION**  
HOMES



Source: U.S. Environmental Protection Agency's Clean Energy website, updated October 2013

# CO<sub>2</sub> Emissions From Train Operations

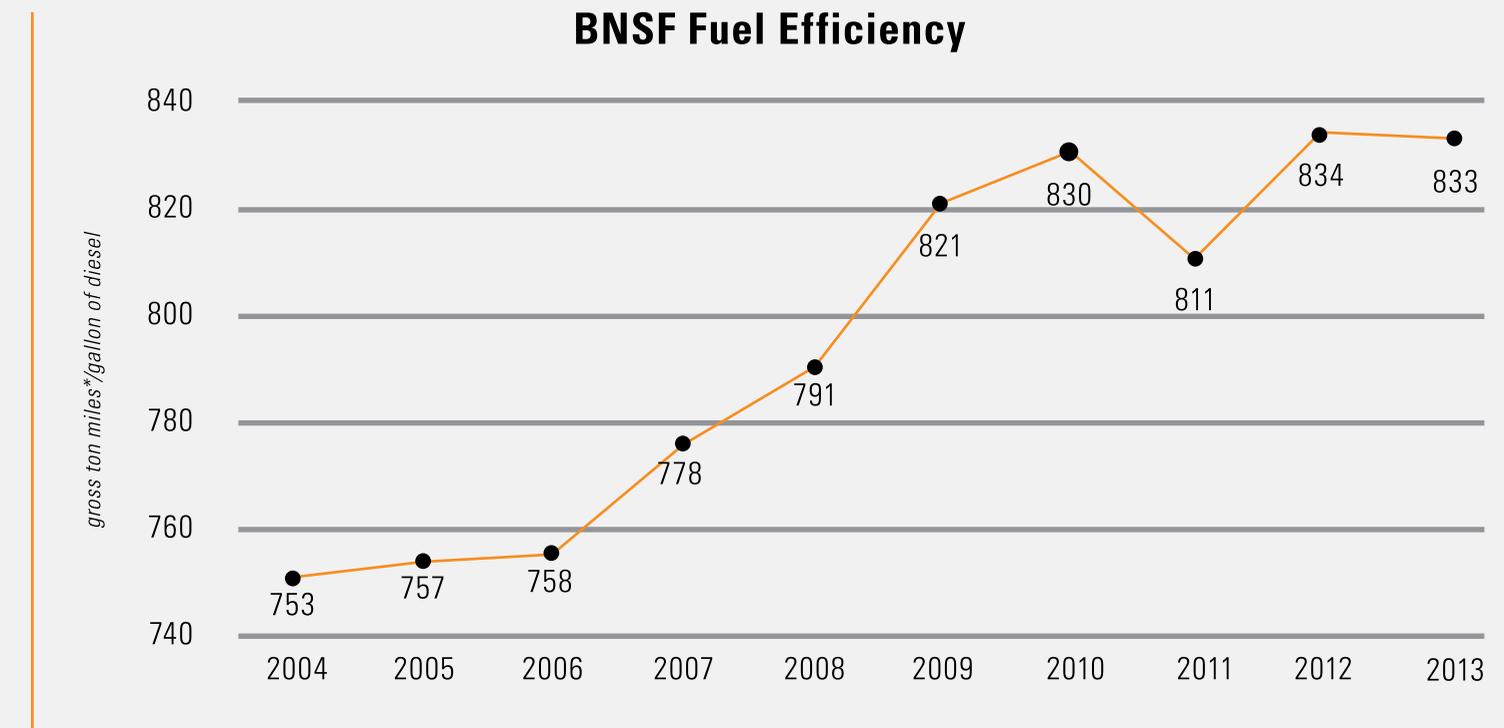
In the last 10 years BNSF has acquired approximately 2,900 new locomotives, making our fleet the industry's newest and most fuel-efficient.



\* Revenue ton miles are the weight of our customers' freight multiplied by the miles traveled.

# BNSF Fuel Efficiency

In addition to acquiring and remanufacturing more efficient locomotives, we explore technologies such as natural gas-fueled locomotives and ultra-low emission switch locomotives to help us continue to make efficient use of natural resources. Over the past 10 years, we've come a long way in our ability to move a ton of freight further with the same amount of fuel.

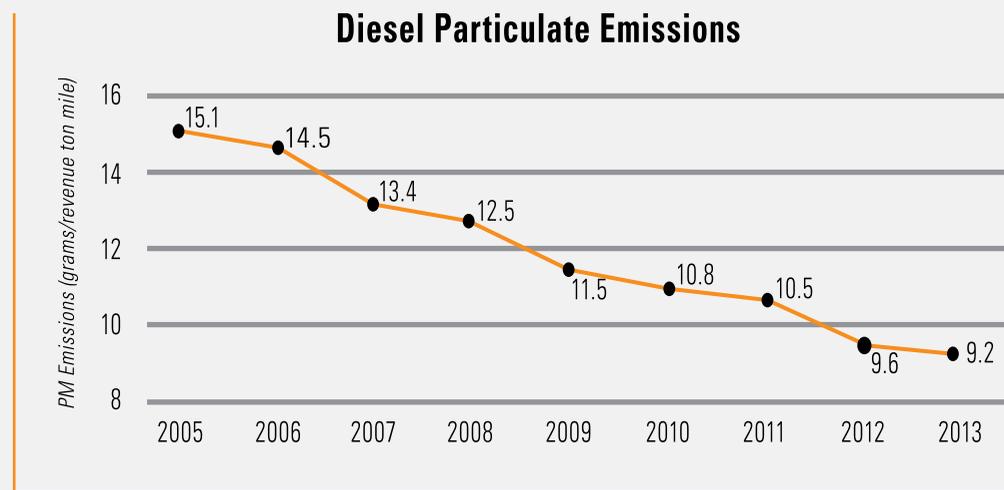


\* Gross ton miles are the weight of the train (minus the locomotive) multiplied by the miles traveled.



## Particulate Matter

Another key indicator of environmental performance is reduction in particulate matter emissions. In addition to new locomotive purchases, BNSF remanufactured more than 3,000 locomotives in the last 10 years to reduce particulate matter emissions.



## Truck Conversion to Intermodal

While trucks perform local pickup and delivery well, BNSF can move large numbers of truck containers efficiently for the long haul. The result of combining the strengths of both modes is that many of the nation's biggest trucking companies have become some of our best customers. Consequently, our customers are realizing carbon emission reductions of 50 to 75 percent for each shipment.



# Recycling

Recycling railroad ties, oil, batteries and other materials significantly reduces BNSF's overall environmental footprint and waste.

MATERIAL

AMOUNT RECYCLED IN 2013

RAILROAD TIES

**3.8 MILLION TIES**

LUBE OIL

**4.8 MILLION GALLONS**

BATTERIES

**1 MILLION POUNDS**

# Legacy Sites

BNSF is meeting the challenge of addressing environmental impacts at legacy sites where rail operations have been conducted for a century or more. In the past five years, BNSF has invested more than \$315 million on remediation efforts throughout our network and has completed work and rehabilitated more than 140 sites.





## OUR PEOPLE

We continue to expand our team and plan to hire a record 5,000 team members by the end of 2014. Hiring more than 4,600 team members in 2013 is a direct reflection of our ongoing commitment to safely and efficiently serve our customers.

## Military

Veterans – with their teamwork and safety-first mentality – continue to acclimate seamlessly into BNSF positions and our culture. It is exciting to see the ranks of veterans employed by BNSF grow as we continue to receive accolades from military industry publications and organizations. In 2013, more than 1,200 or 26 percent of all new employees were veterans. Since 2005, BNSF has hired more than 6,500 veterans and currently employs more than 7,500 veterans, close to 17 percent of our total workforce.

## Diversity

We continue to pursue opportunities and support organizations that encourage diversity in our workforce. Today, BNSF's total workforce is about 20 percent minority and more than 6 percent female. Females comprise close to 20 percent of our salaried workforce.

For the seventh year in a row, BNSF was named a “Best Diversity Company” by the readers of *Diversity/Careers in Engineering & Information Technology*. Our commitment to diversity includes scholarship programs that benefit minority students as well as BNSF Railway Foundation donations to colleges, universities and other organizations, including the American Indian Science and Engineering Society, the Hispanic College Fund and the United Negro College Fund.



# Community

Building relationships – virtually and in our communities – is core to what we do. We enjoy sharing accomplishments and engaging with the Friends of BNSF, our online community of more than 40,000 rail enthusiasts who are interested in learning more about BNSF and connecting with us through our various social media networks.

We also participate in community events and support neighbors in need. Recent activities include:

- Alliance, Neb. – a town the railroad helped put on the map – celebrated its 125th anniversary. BNSF hosted a number of fun events and donated \$10,000 to the local United Way in celebration.
- Fort Worth, Texas-based employees joined Fort Worth Mayor Betsy Price in a half-day bike ride benefiting the American Diabetes Association.
- Teams in Tennessee cleaned neighborhoods near BNSF’s Memphis Yard.
- A coat drive was held by employees in Chicago to benefit the Pacific Garden Mission, a local homeless shelter.



Photo courtesy U.S. Fish and Wildlife Service.

# Foundation

The BNSF Railway Foundation is at the core of our commitment to giving back to the community. In 2013, the Foundation donated \$11 million to communities along our network through scholarships, sponsorships and funding to support community programs. From providing support to the American Indian Higher Education Consortium to helping fund a Boys & Girls Clubs after-school program in La Conner, Wash., to supporting the Montana Land Reliance’s efforts to protect the state’s agricultural heritage, the Foundation continually looks for ways to support the communities in which we operate.

For instance, through the National Fish and Wildlife Foundation, BNSF and other member organizations are developing wildlife management plans to protect and restore bison and other wildlife, as well as the habitats they need. The project actively involves tribal members at the Pine Ridge and the Fort Belknap American Indian reservations (in South Dakota and Montana, respectively) in community conservation projects.