

## Overview of BNSF's First-Quarter Financial Performance

### Update on BNSF's volumes, revenues and expenses through March 2012

Statement of Income (in millions)	Q1 – 2012	Q1 – 2011	Q/Q % Change
<b>Total revenues</b>	\$5,002	\$4,533	10%
<b>Operating expenses</b>	3,737	3,429	9%
<b>Operating income</b>	1,265	1,104	15%
<b>Net income</b>	\$701	\$607	15%
<b>Operating ratio (a)</b>	74.4%	75.4%	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2012.

(a) Operating ratio excludes impacts of BNSF Logistics.

#### Volumes and Revenues

Total revenues for the first quarter 2012 were up 10 percent compared with the same period in 2011. This increase was primarily due to improved yields / mix and higher fuel surcharges. BNSF's total units were up 3 percent for the first quarter 2012 compared with the same period in 2011.

Below are some first quarter 2012 volume highlights:

- Consumer Products volumes were up 6 percent in first quarter of 2012 compared with the same period in 2011. Domestic intermodal volumes increased as a result of highway conversions to rail. Additionally, automotive volumes were higher due to increased North American auto sales and automakers rebuilding inventory levels.
- Coal volumes decreased 4 percent in the first quarter of 2012 compared with the same period in 2011, primarily due to a decrease in coal demand as a result of low natural gas prices, a mild winter, and rising utility stockpiles.
- Industrial Products volumes increased 11 percent in the first quarter of 2012 compared with the same period in 2011, primarily due to increased shipments of petroleum products and of construction products, principally sand and steel.
- Agricultural Products volumes were down 5 percent in the first quarter of 2012 compared with the same period in 2011, primarily due to a decrease in wheat exports, partially offset by higher U.S corn shipments.

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

<b>Business Unit</b>	<b>Q1 – 2012</b>	<b>Q1 – 2011</b>	<b>Q/Q % Change</b>
<b>Revenues (in millions)</b>			
Consumer Products	\$1,533	\$1,328	15%
Coal	1,240	1,214	2%
Industrial Products	1,133	914	24%
Agricultural Products	953	949	--%
<b>Total Freight Revenues</b>	<b><u>\$4,859</u></b>	<b><u>\$4,405</u></b>	<b><u>10%</u></b>
Other Revenues	143	128	12%
<b>Total Operating Revenues</b>	<b><u>\$5,002</u></b>	<b><u>\$4,533</u></b>	<b><u>10%</u></b>
<b>Volumes (in thousands)</b>			
Consumer Products	1,132	1,066	6%
Coal	561	583	-4%
Industrial Products	392	352	11%
Agricultural Products	263	276	-5%
<b>Total Volumes</b>	<b><u>2,348</u></b>	<b><u>2,277</u></b>	<b><u>3%</u></b>
<b>Average Revenue per Car/Unit</b>			
Consumer Products	\$1,354	\$1,246	9%
Coal	2,210	2,082	6%
Industrial Products	2,890	2,597	11%
Agricultural Products	3,624	3,438	5%
<b>Total Freight Revenues</b>	<b><u>\$2,069</u></b>	<b><u>\$1,935</u></b>	<b><u>7%</u></b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-Q for the period ended March 31, 2012.

## Expenses

Higher diesel fuel prices accounted for approximately 50 percent of the increase in total expenses for the first quarter of 2012. Excluding fuel price, expenses were up 5 percent.

- Compensation and benefits increased 4 percent for the first quarter of 2012 as a result of higher volumes and inflation.
- Fuel expense was up 17 percent in the first quarter of 2012 compared with the same period in 2011. Fuel price accounted for more than 90 percent of the fuel expense increase. The remainder of the increase in fuel expense was driven by volumes, offset by improved efficiency. Locomotive fuel price per gallon for the first quarter 2012 and 2011 was \$3.13 and \$2.71, respectively.
- Purchased services, which includes expenses like maintenance contracts and professional services, increased 4 percent for the first quarter of 2012 due to volume-related costs and increased locomotive maintenance costs.
- Materials and other expenses increased 27 percent primarily due to an unfavorable arbitration ruling in the first quarter of 2012.

<b>Operating Expenses (in millions)</b>	<b>Q1 – 2012</b>	<b>Q1 – 2011</b>	<b>Q/Q % Change</b>
Compensation and benefits	\$1,117	\$1,075	4%
Fuel	1,095	939	17%
Purchased services	569	547	4%
Depreciation and amortization	463	446	4%
Equipment rents	202	192	5%
Materials and other	<u>291</u>	<u>230</u>	<u>27%</u>
<b>Total Operating Expenses</b>	<b><u>\$3,737</u></b>	<b><u>\$3,429</u></b>	<b><u>9%</u></b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2012.

### **Capital Activities**

BNSF continues to invest heavily in maintaining and renewing its network to provide safe, reliable service to its customers. Our 2012 capital commitments forecast continues to be approximately \$3.9 billion compared with \$3.5 billion in 2011.

We will spend \$2.1 billion in capital in 2012 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 in 2012 as we continue installing positive train control in response to a federal mandate.