

2010 Performance Update

Financial Results

Statement of Income (in millions)	Q4 – 2010	Q4 – 2009	Q/Q % Change	2010 YTD	2009 YTD	Y/Y % Change
Total revenues	\$4,501	\$3,681	22%	\$16,850	\$14,016	20%
Operating expenses	3,334	2,786	20%	12,346	10,754	15%
Operating income	1,167	895	30%	4,504	3,262	38%
Net income	\$644	\$536	20%	\$2,459	\$1,721	43%
Operating ratio (a)	73.7%	75.4%		72.9%	76.4%	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-K and 10-Q for the periods ended December 31, 2010 and September 30, 2010, respectively. Note: 2010 YTD amounts are derived by combining Predecessor and Successor periods. Fourth quarter amounts are calculated as the difference between the YTD December and YTD September amounts.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and Revenues

BNSF's fourth-quarter 2010 total revenues were up 22 percent and full year 2010 total revenues increased 20 percent compared with the same periods in 2009. These increases were primarily due to increased volumes, improved yields and increases in fuel surcharges, driven by higher fuel prices. Full year 2009 revenue was reduced by \$66 million for an unfavorable coal rate case decision.

BNSF's units were up 13 percent for the fourth quarter 2010 and 9 percent for the full year of 2010 compared with the same periods in 2009. In mid-October of 2010, BNSF reached its highest weekly volumes of 194,000, which is 28 percent higher than the 2009 full-week low of 152,000.

Below are some 2010 highlights:

- Agricultural Products volumes were up 8 percent in the fourth quarter and 12 percent in 2010 compared with the same periods in 2009 due to increased export grain shipments and improved fertilizer and ethanol loadings.
- Industrial Products volumes increased 23 percent in the fourth quarter and 19 percent in 2010, a significant improvement compared with the lows in 2009. The volume increases were primarily due to increased demand in construction products, reflecting increased shipments of taconite, record demand for drilling sand and strong demand for bentonite clay. Volumes also increased for steel products, petroleum products and cement.
- Coal volumes increased 11 percent in the fourth quarter and 1 percent in 2010 compared with the same periods in 2009. Fourth quarter and full year 2010 volume increases were due to strength in coal-fired electricity generation. Full year 2010 volumes were also impacted by high customer stockpiles.
- Consumer Products volumes were up 12 percent in fourth quarter and 10 percent in 2010, as increased consumer spending and inventory replenishment resulted in strong growth in international intermodal, domestic intermodal and automotive unit volumes.
- Fuel surcharge revenue was \$544 million in fourth quarter 2010 compared with \$367 million in 2009 and full year fuel surcharge revenue was \$1,966 million in 2010 compared with \$1,226 million in 2009.

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

Business Unit	Q4 – 2010	Q4 – 2009	Q/Q % Change	2010 YTD	2009 YTD	Y/Y % Change
Revenues (in millions)						
Consumer Products	\$1,357	\$1,140	19.0%	\$5,031	\$4,316	16.6%
Coal	1,172	886	32.3%	4,348	3,564	22.0%
Industrial Products	878	722	21.6%	3,460	2,874	20.4%
Agricultural Products	<u>961</u>	<u>822</u>	<u>16.9%</u>	<u>3,493</u>	<u>2,834</u>	<u>23.3%</u>
Total Freight Revenues	<u>\$4,368</u>	<u>\$3,570</u>	<u>22.4%</u>	<u>\$16,332</u>	<u>\$13,588</u>	<u>20.2%</u>
Other Revenues	<u>133</u>	<u>111</u>	<u>19.8%</u>	<u>518</u>	<u>428</u>	<u>21.0%</u>
Total Operating Revenues	<u>\$4,501</u>	<u>\$3,681</u>	<u>22.3%</u>	<u>\$16,850</u>	<u>\$14,016</u>	<u>20.2%</u>
Volumes (in thousands)						
Consumer Products	1,121	999	12.2%	4,287	3,911	9.6%
Coal	634	570	11.2%	2,415	2,390	1.0%
Industrial Products	350	284	23.2%	1,397	1,172	19.2%
Agricultural Products	<u>281</u>	<u>259</u>	<u>8.5%</u>	<u>1,058</u>	<u>945</u>	<u>12.0%</u>
Total Volumes	<u>2,386</u>	<u>2,112</u>	<u>13.0%</u>	<u>9,157</u>	<u>8,418</u>	<u>8.8%</u>
Average Revenue per Car/Unit						
Consumer Products	\$1,211	\$1,141	6.1%	\$1,174	\$1,104	6.3%
Coal	1,849	1,554	19.0%	1,800	1,491	20.7%
Industrial Products	2,509	2,542	-1.3%	2,477	2,452	1.0%
Agricultural Products	<u>3,420</u>	<u>3,174</u>	<u>7.8%</u>	<u>3,302</u>	<u>2,999</u>	<u>10.1%</u>
Total Freight Revenues	<u>\$1,831</u>	<u>\$1,690</u>	<u>8.3%</u>	<u>\$1,784</u>	<u>\$1,614</u>	<u>10.5%</u>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-K and 10-Q for the periods ended December 31, 2010 and September 30, 2010, respectively. Note: 2010 YTD amounts are derived by combining Predecessor and Successor periods. Fourth quarter amounts are calculated as the difference between the YTD December and YTD September amounts.

Expenses

BNSF continued to improve its cost control, which is reflected in the improved financial results.

- Compensation and benefits increased for the fourth quarter and full year 2010 as a result of increased business levels, wage inflation, higher health and welfare expenses, and improved performance against targets related to incentive compensation for exempt and scheduled employees.
- Fuel expense was up 32 percent in the fourth quarter and 27 percent for the full year 2010 compared to the same periods in 2009. Fuel price (including hedge) accounted for about half of the fuel expense increase in the fourth quarter and about 70 percent of the full year 2010 increase. The remainder of the increase in fuel expense was driven by increased volumes. Locomotive fuel price per gallon for the fourth quarter and full year 2010 periods was \$2.36 and \$2.23, respectively, compared to \$2.07 and \$1.89, respectively, for the same periods in 2009.
- Purchased services, which includes expenses like maintenance contracts and professional services, increased 22 percent for the fourth quarter and 16 percent for the full year 2010 due to increased volume-related costs and higher locomotive maintenance costs. Full year 2010 also includes \$62 million of costs related to the Berkshire Hathaway transaction.
- Depreciation and amortization increased for the fourth quarter and full year 2010 due to capital spending and accounting adjustments for the Berkshire Hathaway transaction.

- Materials and other expenses for the fourth quarter and full year 2010 increased due to higher environmental expenses. For the full year 2010, this was more than offset by a \$74 million gain from the sale of a line segment in the State of Washington in the first quarter and lower personal injury costs.

Operating Expenses (in millions)	Q4 – 2010	Q4 – 2009	Q/Q % Change	2010 YTD	2009 YTD	Y/Y % Change
Compensation and benefits	\$1,040	\$917	13.4%	\$4,004	\$3,481	15.0%
Fuel	847	643	31.7%	3,016	2,372	27.2%
Purchased services	583	477	22.2%	2,169	1,873	15.8%
Depreciation and amortization	436	402	8.5%	1,724	1,537	12.2%
Equipment rents	186	186	0.0%	767	777	-1.3%
Materials and other	242	161	50.3%	666	714	-6.7%
Total Operating Expenses	<u>\$3,334</u>	<u>\$2,786</u>	<u>19.7%</u>	<u>\$12,346</u>	<u>\$10,754</u>	<u>14.8%</u>

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Capital Activities

BNSF continues to invest heavily in maintaining and renewing its network to provide safe, reliable service to its customers. The Company's capital expenditures for the 2010 were \$2.5 billion compared to \$2.4 billion in 2009. Capital commitments, which include amounts spent on leased assets, are forecasted to be \$3.5 billion in 2011 compared to \$2.7 billion in 2010.