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BNSF 2014 Performance Highlights

**ENVIRONMENTAL**

32 Million
METRIC TONS OF EMISSIONS
Saved by Customers, Shipping With Us

2.7M
RAILROAD TIES

6.5M
GALLONS OF LUBE OIL

1.2M
POUNDS OF BATTERIES
RECYCLED

**ECONOMIC**

$5.5 Billion
Invested in Our Rail Network

10 Million+
UNITS TRANSPORTED

**SOCIAL**

8,500+
First Responders Trained

$10 Million
Donated to Our Communities Through the BNSF Railway Foundation

In 150+ Communities
A Message from Carl Ice

BNSF Railway is proud of the role we play in the global supply chain and in helping customers move their products to where they are needed and wanted – domestically and internationally. As one of the largest freight railroads in North America, we move goods and commodities that make people’s lives better. The products we move help generate electricity in cities and towns all across our country; they feed and clothe millions of people; they help build roads and bridges as well as homes and office buildings; and they connect people in ways unimaginable 160 years ago when our predecessors started our great railroad.

We’re also proud to move freight by rail, the most sustainable means of surface transportation. The role we play in safely and efficiently moving millions of tons of goods across our country every day is one we take very seriously. In these pages, we will update you on the progress we are making to reduce emissions, protect the environment and how we actively participate in the communities where we operate. You will read about how well our business is performing and about the important work our people do 24 hours a day, 365 days of the year.

In this report, we will share with you insights into our current and future sustainability efforts. Transporting freight by rail provides tremendous benefits in reducing the country’s overall transportation emissions and carbon footprint. By shipping with BNSF instead of moving freight entirely over the road,
BNSF customers in 2014 reduced their total carbon emissions by 32 million metric tons when compared to alternative surface modes. Also in 2014, we added 600 new, more energy-efficient locomotives to our fleet, which is the newest and cleanest-burning locomotive fleet in the rail industry.

Our sustainability efforts also include a very strong commitment to safety. We believe that nothing is more important than the safety of our employees and the communities we serve. Above all else, we believe people matter most. Through our constant efforts to eliminate injuries, our safety focus also positively impacts our own employees.

BNSF is a leader in railroad safety and recognizes that a safe and secure railroad network is essential to the nation’s economic future and important to our stakeholders. In 2014, we were faced with service challenges that prevented us from meeting our customers’ and our own high expectations. To overcome those challenges, which were mostly driven by a greater than expected demand for freight service, we executed a plan that called for continuing our commitment to invest in the expansion and reliability of our network with a record capital investment of $5.5 billion, topping our previous capital investment record of $4 billion set in 2013.

Despite our services challenges and the pressure it placed on our people, BNSF accomplished another record year for employee safety, including an all-time low for injury frequency, down eight percent from 2013. We also made tremendous progress with our community partners training 8,500 local emergency responders in 2014 compared to 3,900 trained in 2013.

BNSF is also working to develop long-term partnerships with minority-, woman-, and veteran-owned businesses as well as small businesses that reflect our customer-base and communities. For the eighth year in a row, BNSF was named a “Best Diversity Company” by the readers of Diversity/Careers in Engineering & Information Technology. A portion of our diverse workforce is made up of more than 8,000 veterans, resulting in U.S. Veterans Magazine, G.I. Jobs and Civilianjobs.com recognizing BNSF as one of the top veteran-friendly companies in the country.

BNSF is working hard every day to do our part to be ever more sustainable while we continue our work to move the economy and help our customers grow and prosper. Through this report I hope that you will learn how BNSF works to serve as a responsible steward of the world we live in.

Carl Ice
President and CEO
At BNSF Railway, we believe it is good business and good citizenship to minimize our impact on the planet and to contribute to the long-term sustainability of every community we serve. Railroads are by far the most environmentally preferred mode of surface transportation.

BNSF plays a vital role in our nation’s economy. As stated in the most recent Commodity Flow Survey, rail carries more than 40 percent of our nation’s freight, and what we transport touches nearly all walks of life: grain, soybeans, lumber, steel, plastics, energy and more. We do this while helping to reduce emissions, save fuel and relieve highway congestion.

Rail also provides a tremendous opportunity beyond fuel efficiency and environmental benefits: it reduces supply chain costs, allowing American businesses to be more competitive in the global market. A BNSF train can move one ton of freight 500 miles on just one gallon of diesel fuel.

By shipping with BNSF instead of moving freight entirely over the road, BNSF customers reduced their total carbon emissions by more than 32 million metric tons in 2014. This is equivalent to removing the resultant emissions of 6.5 million vehicles or 26 million acres of the carbon dioxide sequestration that would be performed by U.S. forests in one year.

Because locomotives that power trains run on diesel fuel, the pursuit of energy efficiency is one of BNSF’s most important strategies to reduce both environmental impacts and operating costs. BNSF has the newest and cleanest-burning locomotive fleet in the rail industry, adding more than 600 new, more energy-efficient locomotives in 2014. Close to 40 percent of BNSF’s fleet has been replaced with more
energy efficient locomotives in the last 10 years. This has resulted in a 10 percent improvement in fuel efficiency as well as nearly 14 percent reduction in carbon dioxide emissions for BNSF trains in the last decade.

In 2014, carbon savings by shipping with BNSF was equivalent to:

- Removing the resultant emissions of 6.5+ million vehicles.
- 26+ million acres of CO₂ sequestration by U.S. forests in one year.

**ENERGY CONSUMPTION WITHIN THE ORGANIZATION**

As companies and supply chain logistics professionals around the world continue to recognize the efficiencies that moving freight by rail offers, BNSF will continue to do its part to work to identify economically, operationally feasible and practical fuel options. BNSF tests fuel alternatives and explores technology to support development both in technology and operational practices. As new fuel alternatives become more economical, BNSF wants to be ready to adapt its operations to those new fuels where possible.

BNSF has also been testing low-emissions liquefied natural gas (LNG) locomotives - one of the cleanest-burning locomotive technologies in existence. It is also working with a partner and the U.S. Department of Defense to develop an experimental hydrogen fuel cell switch locomotive. This technology has the potential to reduce air pollution and is not dependent on diesel as a fuel source.

More information on the research into alternative fuels is available at: www.bnsf.com/communities/bnsf-and-the-environment/alternative-fuels/

**ENERGY INTENSITY**

A number of factors impact fuel efficiency, including age of the fleet, network fluidity, technological solutions, business mix, and operating and maintenance practices. Because fuel efficiency is influenced by various factors, BNSF also measures the energy used by determining fuel used per gross ton mile. Gross ton miles are the weight of the train, excluding the locomotive, multiplied by the miles the train has traveled. In 2014, BNSF averaged 833 gross ton miles on a single gallon of diesel, which is a 10 percent improvement from a decade earlier when gross ton miles on a single gallon of diesel were 757.

More than 90 percent of BNSF’s locomotives that are in use are equipped with idle control technology, which automatically shuts down a locomotive not in use to reduce idling emissions. In addition to idle control technology, improvements in operation and maintenance practices also have an impact on fuel efficiency. It is a group effort that requires BNSF team members at all levels of the organization to
work together to achieve optimal fuel efficiency, BNSF machinists keep locomotives and railcars in top condition so they operate as efficiently as possible. The BNSF engineering team lubricates rails to help reduce the friction between locomotive wheels and the rails. To conserve fuel, locomotive engineers are trained to:

- Shut down idling locomotives;
- Remove, isolate or shut down unneeded locomotives; and
- Adjust acceleration and braking with the assistance of energy management software.

Train crews are also proficient in these cost- and energy-saving techniques and are rewarded for good fuel efficiency performance through a BNSF program called Fuel MVP.

**FUEL MVP POSITIVELY IMPACTS FUEL CONSUMPTION**

Even with the technological advancements in energy management systems, engineers’ train handling techniques still have tremendous impact on fuel consumption. In 2007, BNSF introduced the Fuel MVP program to encourage its engineers to handle trains in the most fuel efficient manner possible. A wireless download of the locomotive event recorder captures information such as speed, time, distance, throttle position, dynamic brake and independent brake.

Each month, every participating engineer’s data is analyzed and compared with a set of fuel efficiency benchmarks. Engineers who rank in the top 10 percent of their operating division for fuel efficiency receive a $100 fuel card for personal use. Those ranking in the next 10 percent within their division receive a $50 fuel card.

“The Fuel MVP program helps to set a standard for our locomotive engineers,” said BNSF General Director, Fuel Efficiency Matt Feldman. “It invokes a level of friendly competition and individual reward that benefits everyone. BNSF uses less fuel and the engineers get money for their own gas.”

**About the graph**

Changes in equipment, operations and maintenance practices have resulted in a long-term trend of fuel efficiency improvements for BNSF. Year-to-year fluctuations in the long-term trend shown to the side are largely due to the impact of local surges in rail traffic and extreme weather events. Also, variations in the mix of freight types shipped affect train configurations and equipment, both of which influence fuel efficiency.

For more information please visit the fuel efficiency and green technologies sections of the BNSF website.

DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

Gases that trap heat in the atmosphere are typically referred to as greenhouse gases (GHG). As public interest has increased over the environmental effects associated with GHG emissions, public and private sector organizations have increased their measurements and tracking of GHG emissions and increased efforts to reduce them. Below, BNSF includes information pertaining to its direct and indirect GHG emissions, known as scope 1 and scope 2 emissions.

WHAT ARE SCOPE 1 AND SCOPE 2 EMISSIONS?

Scope 1 emissions are direct GHG emissions from sources that are owned or operated by BNSF. Scope 1 can include emissions from fossil fuels burned on-site, emissions from BNSF-owned or BNSF-leased locomotives or vehicles, and other direct sources.

Scope 2 emissions are indirect GHG emissions resulting from the generation of electricity, heating and cooling, or steam generated off-site but purchased by BNSF, and the transmission and distribution losses associated with some purchased utilities such as chilled water or boiling hot water.

BNSF’s GHG emissions inventory is developed in accordance with the World Resources Institute/World Business Council for Sustainable Development GHG Protocol. In 2014, BNSF operations produced:

15,304,515 metric tons of Scope 1 GHG emissions and 298,871 metric tons of Scope 2 GHG emissions.

OTHER INDIRECT GREENHOUSE GAS EMISSIONS

In addition to Scope 1 and Scope 2, BNSF operations produced 28,224 metric tons of Scope 3 business travel GHG emissions in 2014. Scope 3 emissions include other indirect GHG emissions from sources not owned or directly controlled by BNSF such as the emissions generated by other organizations that either supply it goods and/or services.

ABOUT OUR GREENHOUSE GAS CALCULATIONS

Estimates of the BNSF GHG emissions were developed for carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O) because these are three compounds for which the Kyoto Protocol established emissions reduction commitments. The Kyoto Protocol is an international treaty, which extends the 1992 United Nations Framework Convention on Climate Change that commits nations to reduce GHG emissions.
BNSF reports mass emissions for each GHG in addition to the number of units of carbon dioxide-equivalent emissions. Carbon dioxide-equivalent emissions (CO2e) are calculated by multiplying the mass of emissions of a given GHG by its Global Warming Potential (GWP). GWP is a measure of how much heat a greenhouse gas traps in the atmosphere. It compares the amount of heat trapped by a certain mass of the gas in question to the amount of heat trapped by a similar mass of carbon dioxide. The GWPs from the Intergovernmental Panel on Climate Change Fourth Assessment Report (2007) are used to develop the GHG inventory results in this report. The GWP values used by BNSF are 25 for methane (CH4) and 298 for nitrous oxide (N2O).

Carbon dioxide (CO2) emissions are the direct result of diesel fuel combustion, and therefore, closely follow fuel efficiency metrics, accounting for about 95 percent of total emissions. Almost 2 percent of BNSF’s GHG emissions are indirect (Scope 2) emissions associated with the electric power companies that provide electricity to BNSF. Another 3 percent of our GHG emissions come from all other sources such as the combustion of natural gas, propane and vehicle fuels.

REDUCING EMISSIONS

Reducing particulate matter is another key indicator to improving environmental performance. Particle matter is a mixture of solid particles and liquid droplets found in the air. Some particles, such as dust, dirt, soot, or smoke, are large or dark enough to be seen with the naked eye. Others are so small they can only be detected using an electron microscope. The Environmental Protection Agency (EPA) regulates particles that are inhalable as well as fine and course. Particles larger than 10 micrometers such as sand and large dust are not regulated by the EPA.

Another indicator impacting environmental performance is nitrogen dioxide (NO2). Nitrogen dioxide is a gas composed of nitrogen and oxygen that forms when fossil fuels such as coal, oil, gas or diesel are burned at high temperatures. It mixes in the outdoor air to form particle matter and ozone.

With 92 ultra-low-emission locomotives in use, at the end of 2014, for switching operations inside its rail yards, BNSF reduces nitrogen dioxide and particulate matter emissions by 80 to 90 percent at those facilities and improves fuel efficiency by 25 percent compared to older switch engines.

BNSF’s investments at rail yards to reduce emissions and improve efficiency include:

• Automated gates at 10 intermodal facilities, which use digital cameras to record images of containers, chassis, tractors and unit numbers as they enter the facilities. These automated gates reduce fuel consumption and emissions by allowing trucks to enter BNSF facilities without delays, thereby minimizing truck-idling time that comes from manual check-ins and reducing the resultant air emissions by an average of 50 percent.

• Wide-span electric cranes to load and unload trains at three intermodal facilities, which produce zero carbon emissions onsite and reduce the number of trucks needed to move containers within the rail yard. BNSF was the first U.S. rail carrier to use electric cranes.
Additionally, BNSF has remanufactured more than 3,000 locomotives in the last decade to help further reduce emissions and improve fuel efficiency. Due to these efforts, BNSF’s average diesel particulate emissions (grams/revenue ton mile) have decreased by 45 percent from 2005 to 2014.

Learn more about how BNSF is reducing emissions and improving air quality: http://www.bnsf.com/communities/bnsf-and-the-environment/air-quality/

ENERGY EFFICIENCY AT BNSF FACILITIES

For the GHG emissions that are not produced by diesel powered locomotives, purchased electricity represents the single largest source followed by the use of vehicle fuel then use of fuels to heat facilities. In an effort to reduce these emissions in a targeted way, BNSF is developing an energy management program.

The program will include identifying ways to modify business and operational practices to save energy. Initial focus areas include:

- Establishing an energy use data management system for BNSF to benchmark its facilities and track energy efficiency improvements.
- Developing corporate initiatives that provide training and coordination to BNSF employees.
- Defining and establishing goals that are measurable.
- Communicating to BNSF employees about energy savings best practices and delivering energy savings scorecards by facility type.
- Presenting positive business cases to BNSF on potential energy efficiency projects and opportunities.

In addition to implementing energy efficient lighting projects around its network, BNSF constructed a new General Office Building (GOB) at its corporate headquarters in Fort Worth, Texas. The construction of this new building was influenced by the Leadership in Energy and Environmental Design certification program, which is a green building certification administrated by the U.S. Green Building Council. The new building features energy saving appliances; high efficiency heating, ventilation and air conditioning systems and energy efficient lighting.

RENEWABLE ENERGY

Renewable energy technologies are sources of energy that have a lower environmental impact than conventional sources. At BNSF investments in renewable energy that have reduced emissions and energy costs include:

- An 800 kilowatt solar array installed at the BNSF Stockton, California Intermodal facility in 2013. The solar array provides approximately 70 percent of the energy used by the facility each year and has cut energy costs by roughly 20 percent.
- Solar-powered switches that have reduced costs in remote areas where it is costly to run power lines.
- Wind turbines at more than 100 locations that are used to augment the power system.
- Topeka offices are recycling the energy generated by the data center to heat the facility.
LAND USE AND PROPERTY MANAGEMENT

BNSF infrastructure consists of much more than rail and locomotives. Across the company’s system, BNSF owns and leases rail yards, terminals, transfer stations and intermodal hubs. BNSF strives to continuously improve environmental performance on its properties through strict operating procedures and due diligence.

Many BNSF land holdings have been used for industrial operations, some for many decades either by BNSF or BNSF tenants. In the past, this type of land use sometimes has created impacts to the environment that resulted in liabilities for BNSF. As a result, BNSF is subject to environmental cleanup and enforcement actions such as those required by the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), also known as the Superfund law, as well as similar state laws.

Site due diligence

BNSF is a large land owner. In the course of normal business, BNSF purchases and sells numerous properties throughout its network each year. Property is often purchased or sold to accommodate business growth and/or to increase operating efficiency through facility and line expansion or right sizing.

Prior to any transaction, BNSF conducts a variety of environmental site assessments to understand all characteristics of the property that have the potential to create environmental liability. In addition, before formal approval for any purchase or sale, BNSF’s Environmental Department must evaluate and quantify potential environmental risk. These detailed efforts reflect BNSF’s determination to keep its business healthy and to effectively manage environmental risk.

BNSF commences site cleanup

In 2014, BNSF purchased a former paint processing plant near the BNSF Los Angeles Intermodal Facility with ongoing remediation obligations. BNSF immediately commenced site cleanup activities and actively implemented plans to increase the intensity of site remediation to properly close the site and ready it for potential future industrial use.
In many instances, BNSF customers lease property from the company for their operations. In 2009, BNSF initiated a program called Controlled Use Approval, which makes evaluating environmental risk the first step in the New Business Review Process for all new leases involving hazardous materials. Once BNSF has reviewed and understands the potential customer’s planned operations, agreements are drafted with features that help ensure environmental risks are reduced.

The Controlled Use Approval process is also designed to work with existing tenants to minimize the environmental risks associated with their activities on BNSF property. BNSF is evaluating approximately 1,000 currently leased properties for their potential to negatively impact the environment and BNSF. When BNSF identifies areas of environmental risk, the company works with the tenants to lessen the identified concerns over a set period of time. By the end of 2014, BNSF had inspected more than 400 sites and with help from tenants resolved all issues at more than 175 sites.

**Recycling program**

Maintaining our 32,500 route-mile network requires the use of a variety of materials in large quantities. BNSF recycles railroad ties, lube oil, batteries and many other materials to significantly reduce our overall environmental footprint and waste.

In 2014 BNSF recycled:
- 2.7 million railroad ties
- 6.5 million gallons of lube oil
- 1.2 million pounds of batteries

**Importance of protecting and restoring habitats**

As part of its environmental policy, BNSF strives to avoid, minimize and lessen its impact on ecosystems. BNSF identifies opportunities to enhance natural surroundings and has engaged in successful habitat restoration and wetland development projects.

BNSF is meeting the challenge of addressing environmental impacts at legacy sites where rail operations have been conducted for a century or more. BNSF works with federal, state and local authorities to address environmental impacts from historic operations, legacy sites or rail incidents. These activities include the rehabilitation of habitat for important native species and are typically overseen by a lead agency. In the past decade, BNSF has invested nearly $600 million on remediation efforts throughout its network and has completed work and restored close to 290 sites.

**ENVIRONMENTAL COMPLIANCE**

Learn more about BNSF’s environmental liabilities, fines and other claims and litigation, on pages 37-38 of the 10-K:

http://www.bnsf.com/about-bnsf/financial-information/
Our Commitment to Maintain and Grow Our Rail Network

BNSF is an important link in the global supply chain. Through the company’s vast network, BNSF customers are able to participate in a wide range of markets in North America and access the world. As customers continued to rely on BNSF to move more freight, volumes increased by 2 percent in 2014 when compared to the previous year. In fact, BNSF exceeded 200,000 weekly units 21 times in 2014, the highest since 2007, including 11 weeks that exceeded the all-time volume record of any other North American railroad.

BNSF’s continued investment in its rail network, provides a strong foundation for improved performance and its ability to growth with its customers in the years ahead. In 2014, BNSF saw its operating income increase by 5 percent, which enabled it to dedicate a record $5.5 billion to capital investments. This represented the largest annual capital investment ever made by any freight railroad.

**2014 Financial Highlights (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$23,239</td>
<td>$22,014</td>
<td>6%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$16,226</td>
<td>$15,347</td>
<td>6%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$7,013</td>
<td>$6,667</td>
<td>5%</td>
</tr>
<tr>
<td>Net Income</td>
<td>$3,869</td>
<td>$3,793</td>
<td>2%</td>
</tr>
<tr>
<td>Total Volumes</td>
<td>10,275</td>
<td>10,093</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Amounts derived from results in the Burlington Northern Santa Fe, LLC 10K forms for 2013 and 2014.
BNSF discloses information on revenues, operating expenses, net income and income taxes paid in the 2014 10-K report:
http://www.bnsf.com/about-bnsf/financial-information/

Information about BNSF’s 2014 capital plan can be found on pages 1 and 4 of the 2014 Annual Review. http://www.bnsf.com/about-bnsf/bnsf-review/2014/

**IMPORTANCE OF OUR CAPITAL INVESTMENT**

U.S. railroads, including BNSF, own and maintain their rights of way, a distinction from many other modes of transportation. BNSF funds the building, maintenance and repair of a private “rail highway” that delivers good transportation value, provides environmentally efficient supply chain logistics infrastructure and serves the nation and society as a whole.

In 2007, the U.S. Department of Transportation estimated that demand for rail freight transportation will increase 88 percent by 2035. As freight demand grows, the nation will need new capacity through expanded infrastructure and improved productivity. BNSF’s investments in capital, asset utilization, people and technology help ensure it has the capacity to meet current and future freight transportation needs, while also improving operating reliability and efficiency. The result is a stronger transportation infrastructure for North America and a more reliable and environmentally responsible supply chain for customers.
EXPANDING OUR NETWORK

To meet demand, BNSF makes significant capital investments every year to strengthen and improve its rail network. Since 2000, BNSF has invested more than $47 billion in infrastructure, equipment and technology. In 2014 alone, BNSF spent a record $5.5 billion and has plans to invest another record-setting $6 billion in 2015. That includes maintaining a strong railroad through strategic investments in expanding track, yards and terminals; track renewal; technology; and new locomotives. These substantial investments reflect BNSF’s commitment to a safe and reliable rail network that better serves customers, accommodates their growth, and meets society’s needs, while ensuring environmentally efficient operations.

Investments completed in 2014 include:
- $2.6 billion on maintenance capital
- $1 billion on expansion capital
- 7,500+ railcars acquired, renewed and replaced
- 600+ new locomotives (includes long-term leases and acquisitions)
- 80+ miles of double track
- 70+ miles of centralized traffic control

In 2014, BNSF focused many capital investments on improving and expanding rail capacity in states along its Northern Corridor, which spans the northern United States between the Pacific Northwest and Chicago. Since 2009, the year of our lowest transport volumes in the last decade, rail traffic into the region has increased 31 percent and rail traffic out of the region has increased 69 percent. BNSF is in the process of transforming its Northern Corridor into a more efficient trade route and devoted more than $1 billion in 2014 to maintenance and expansion projects in the region. These projects will help expand capacity and improve traffic flow for all freight and passenger trains for current and future trade and access in this area.

Additionally, BNSF, along with public and private partners, completed work on the Tower 55 project in 2014. This project will enable BNSF to handle 34 percent more volume at one of the busiest rail intersections in the country. Tower 55 stands at the intersection of two major railroads, including BNSF’s north-south main lines near downtown Fort Worth, Texas. The $104 million project included adding 24,000 feet of track, closing three grade crossings and building three new bridges.

For more information, please visit the Economic Impact section of the BNSF website:

IMPORTANCE OF MAINTAINING OUR NETWORK

One important reason why BNSF makes significant infrastructure investments each year is to protect the network against incidents that could result in spills or other environmental hazards. In 2014, BNSF spent more than $2.6 billion of its $5.5 billion capital investment to strengthen the core network. This includes activities to maintain and upgrade existing track, add new track capacity, improve facility efficiency and more.

Learn about BNSF’s expansions and investments projects:
Our Commitment to Enhance Our Network

BNSF is committed to serving our customers today and investing to accommodate their growth tomorrow. Record investments over the past several years are a testament to this commitment. Since 2000, BNSF has invested more than $47 billion in our network to maintain, strength and increase capacity.

BNSF remains focused on:

- Improving its ability to meet customers’ service expectations,
- Increasing its capacity where there is growth, and
- Strengthening the railroad so that it remains the safest and most effective means of ground transportation for its customers, its people and the communities where it operates.

CUSTOMER COMMUNICATIONS

BNSF believes keeping customers informed about major business developments is important to maintaining relationships and consistently meeting expectations. BNSF continues to proactively provide all customers with timely and relevant information on its Service web page (www.bnsf.com/service).

On this webpage, BNSF provides up-to-date customer service advisories, service presentations and an overview of expansion and maintenance efforts. BNSF has and will continue to make every effort to frequently communicate and be transparent with its customers. BNSF’s customers are experiencing improvements on the railroad and have its commitment to make the necessary investments to move their products from where they are to where they need to be.

For additional information please visit the Service webpage:

VOLUME GROWTH

From agricultural commodities to energy sources to consumer goods, BNSF moves the goods that drive the health of North America’s economy. Since the low point of the “Great Recession” in 2009, BNSF has been seeing volumes increase. Anticipating a revitalized economy and a return to economic growth, BNSF steadily made investments in its railroad and infrastructure in order to support its customers’ growth.

BNSF is proud to provide service to all its customers for their products. Under the common carrier obligation railroads cannot refuse to transport any commodity, including hazardous materials, because it would be inconvenient or unprofitable. As long as those materials comply with government standards, railroads can’t pick and choose what to carry or where to carry it.
RESPONDING TO WEATHER EVENTS

BNSF respects the environment and recognizes the company’s operations are at the mercy of Mother Nature. The winters of 2013 and 2014 presented train crews with occasionally harsh operating conditions that had to be approached with a focus on both safety and service. Well before the 2014-2015 season began, each of BNSF’s 12 geographic divisions developed a detailed Winter Action Plan to implement insights and lessons learned from past winters to help keep customers’ shipments moving as efficiently and reliably as possible. Preparations included:

- Safety training on working in extreme cold to protect employees.
- Taking inventory of, testing and positioning snow removal equipment and supplies including salt and emergency generators.
- Setting procedures for crew transport and adjusting train size and speed in extreme cold weather conditions.
- Preparing locomotives to operate in cold weather by stabilizing their operating temperatures.
- Activating 24x7 command centers to bring together key personnel to coordinate efforts in extreme weather conditions.
- Hosting post-event debriefs to review lessons learned.

Additionally, BNSF’s teams of Rapid Responders from both Mechanical and Maintenance of Way teams were dedicated to resolving service interruptions. Mechanical Rapid Responders are trained to resolve car and locomotive issues 24 hours a day, 7 days a week, as quickly as possible. In 2014, BNSF had 148 Mechanical Rapid Responders in 37 key locations, an increase of 25 percent from 2013.

CUSTOMER SATISFACTION

Since 2006, BNSF has actively surveyed customers to determine level of satisfaction and to help guide and improve the programs and processes that directly impact its customers. BNSF surveys more than 30,000 customers annually, and since 2011 it has organized 120 customer focus groups. The feedback received from customers is shared throughout the organization and is used to make programmatic changes and improvements.
BNSF transports a range of products for its customers from raw materials to finished products. The following represent common materials shipped by BNSF:

- Automotive products
- Chemicals, fertilizer and plastics
- Coal
- Construction and forest products
- Consumer goods
- Energy products and fuels
- Food and beverages
- Grains and feed
- Machinery and oversized shipments
- Metals and minerals
- Solid waste and refuse

What We Carried in 2014

- **Consumer Products**: 5,040 (Y/Y Change +0.1%)
- **Industrial Products**: 1,991 (Y/Y Change +6.2%)
- **Coal**: 2,270 (Y/Y Change +1.8%)
- **Agricultural Products**: 974 (Y/Y Change +1.9%)

(Thousands of units with year-over-year change)
INTERMODAL SOLUTIONS

BNSF is a leader in moving freight in containers and trailers seamlessly between modes – trucks, ships and trains – referred to in the business as intermodal transportation. Today, intermodal containers and truck trailers that primarily carry consumer goods account for approximately half of all BNSF freight volumes. BNSF’s intermodal network connects customers to more major U.S. markets than any other railroad.

As growth in freight transportation continues BNSF remains mindful of the constraints being faced by its partners in the trucking industry. One of the biggest issues facing the supply chain is the current and projected driver shortage. Intermodal allows carriers to better utilize the existing workforce as well as be more attractive to future drivers. BNSF continues to collaborate with its trucking partners to find the right combination of truck and rail to meet customers’ needs.

Trucking companies are realizing the cost and environmental advantages of intermodal transportation. Partnering with BNSF to handle long-haul distances while trucks handle local pickups and deliveries to and from its intermodal facilities is smart logistics. As a result, shippers can realize carbon emissions reductions of 50 to 75 percent per shipment using intermodal versus all-truck transport.

In 2014, BNSF further enhanced its intermodal offerings with a new service, in partnership with Ferromex, a Mexican railroad, between Chicago and Silao, Guanajuato, Mexico, a region with many automakers and manufacturers. By avoiding highway congestion in Mexico, this route reduces over-the-road miles by more than 50 percent to six key cities when compared to highway routes from San Luis Potosi.

To learn more about intermodal transport, please visit the Mexico and Virtual Tour sections of the BNSF website:
http://www.bnsf.com/mexico/flexibility.html#carload
http://www.bnsf.com/tour/

To learn more about BNSF’s shipping procedures, please visit the Customer sections of the website covering what can be shipped, where and how:
http://www.bnsf.com/customers/what-can-i-ship/
http://www.bnsf.com/customers/where-can-i-ship/
http://www.bnsf.com/customers/how-can-i-ship/
TRANSPORT OF INDUSTRIAL PRODUCTS

In 2014, BNSF transported approximately two million units of industrial products, including hazardous materials. Railroads are required as common carriers under federal law to make reasonable accommodations to move all products, including hazardous materials. As a leader in transportation safety, BNSF has developed and implemented numerous initiatives that improve safety and exceed federal requirements. As a company, BNSF transported more than 1.8 million customer hazmat shipments in 2014 and 99.9999 percent of all those shipments were delivered without a release caused by an accident. However, while BNSF has had outstanding success, the company constantly stays focused and committed to responsible service.

Crude oil by rail

Overall, crude oil shipments make up less than 4 percent of BNSF’s total shipments. In 2014, BNSF handled approximately 394,000 units of crude oil and had no releases caused by accidents and only 27 non-accidental releases. A non-accidental release involves a leak of hazardous material that is not caused by a derailment, collision or other rail related accident. They are typically caused by improperly secured or defective valves, fittings or tank shells.

BNSF’s approach to ensuring the safe movement of all commodities, including crude, starts with having a comprehensive safety program. It means insuring that everyone at BNSF always conducts their jobs with a safety mindset and that we invest and maintain our railroad to ensure safety remains a priority. Our safety program can be summarized as prevention, mitigation and response. While BNSF has the primary role in prevention, safely moving this commodity requires a partnership with customers and communities throughout the BNSF network and it must honor its obligation as a common carrier.

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<tr>
<th>Prevention</th>
<th>Reduce the risk of derailments by:</th>
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<tr>
<td></td>
<td>• Reducing operating speed through highly populated urban areas</td>
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<td></td>
<td>• Performing track inspections</td>
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<td>• Deploying trackside safety technology to identify defects</td>
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<td>• Developing rail risk-based traffic routing technology</td>
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<td>• Continuously training employees</td>
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<tr>
<th>Mitigation</th>
<th>Reduce the severity of an incident by:</th>
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<td>• Supporting tank car standards</td>
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<td>• Complying with speed restrictions</td>
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<td>• Continuously training employees</td>
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<th>Response</th>
<th>Strengthen emergency response capabilities by:</th>
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<tr>
<td></td>
<td>• Partnering on training opportunities with first responders</td>
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<td></td>
<td>• Supporting internal BNSF hazmat responders</td>
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<td>• Purchasing and deploying response equipment strategically staged across its network</td>
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<td></td>
<td>• Reaching out to and engaging the community</td>
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<td></td>
<td>• Continuously training employees</td>
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BNSF and the rail industry – in cooperation with local and federal governmental agencies, manufacturers, suppliers and customers – have already implemented extensive measures to reduce risk in the transportation of shale crude beginning with the addition of crude oil and ethanol to our Key Train network in 2013. Key Trains carry certain car counts of specific hazardous materials, such as chlorine, anhydrous ammonia, crude oil, ethanol and other chemicals. They are subject to more restrictive BNSF operating procedures than required by federal regulation.


In addition to Key Train operating procedures, BNSF also conducts track, weather and earthquake, bridge, and rail defect inspections to ensure the safety of our operations.

BNSF also complies with all FRA requirements as included in the 2013 Emergency Order 28: http://www.fra.dot.gov/elib/details/L04719

BNSF continues to believe that a next generation tank car or a CPC-1232 tank car that is appropriately retrofitted is necessary to reduce the risk in the transportation of shale crude. As a result, we will continue working with our customers to transition DOT-111 cars from shale crude service on the railroad by mid-2016, followed by transitioning unmodified CPC-1232 cars from shale crude service by mid-2018.

BNSF will continue to implement additional counter-measures to further reduce risk. These measures address key areas including routing analysis for trains carrying this product, lowering crude oil train speeds in large cities designated as “High Threat Urban Areas,” increased track inspections, local emergency responder training and tuition assistance, community outreach and others. For more information on emergency preparedness and the company’s efforts to train first responders see page 28.

**Incident response**

In the event of an incident, the many individuals onsite must be carefully coordinated to avoid further incidents or miscommunications. BNSF’s extensive network of internal responders is ready to work with first responders; local, state and federal agencies; contractors; and the community. This network includes:

- Train crew (on-scene)
- Hazmat Responders (a team of 250 BNSF employees who have received specialized emergency training as part of their duties)
- Hazmat contractor network
- Field hazmat managers

BNSF takes the appropriate actions to prevent future events.

**Product and service information**

Any hazardous materials shipped via BNSF receive special identification and handling that includes tracking of all sensitive shipments, in-train placement checks and emergency response information. BNSF works to ensure compliance with U.S. DOT placarding requirements.
BNSF’s success depends on its ability to consistently meet its customers’ needs and expectations while complying with the federal, state and local governmental regulations to which it is subject. These include governmental laws and regulation with respect to BNSF’s rates and practices, taxes, railroad operations and a variety of health, safety, labor, environmental and other matters. The complexity of its operation and the laws and regulations that must be followed requires that it establish and maintain a corporate culture of compliance. BNSF’s work environment can be very unforgiving so following rules helps keep its people safe.

Changes in government policy, including the service and economic regulatory oversight of the rail industry by the U.S. Surface Transportation Board, could affect BNSF’s costs, demand for its services, its ability to reasonably price its services, reinvestment of capital or liability exposure. Three regulatory and compliance issues, among others, were the focus of active discussion in 2014 and will continue to be topics in 2015:

- The mandate to implement Positive Train Control (PTC) prior to the existing statutory deadline of December 2015*. The federally mandated PTC system is designed to override human error in controlling the speed and movement of trains to prevent train-to-train collisions, over-speed derailments, incursions into established work zone limits and the movement of a train through

*As of this report’s publication, the PTC deadline was extended to December 18, 2018 giving U.S. railroads additional time to install and test the technology needed to comply with this federal law.
a switch left in the wrong position. BNSF has been working diligently to install PTC at various locations across its system. Once testing of these systems is completed, BNSF plans to implement PTC at these locations. PTC is already in place in many states and subdivisions along BNSF’s network.

- BNSF’s ongoing efforts to ensure the safe transport of crude on its network, including voluntary adoption of enhanced operating practices and requesting the federal government to make newer, safer tank cars the new standard for crude-by-rail shipments for customers, replacing older tank car models.

- The permitting processes at federal, state and local levels which affect BNSF’s ability to implement capital projects designed to meet the service needs of its customers and communities, as well as fulfill its common carrier obligations efficiently.

POLITICAL CONTRIBUTIONS

To see BNSF’s reporting on political contributions, please visit the Federal Election Commission website: http://docquery.fec.gov/cgi-bin/fecimg/?C00235739
BNSF is a leader in railroad safety and has some of the lowest injury and accident rates in the rail industry. It recognizes that a safe and secure railroad network is essential to the nation’s future and important to its stakeholders. When compared to other industries, the rail industry as a whole is very safe and has reduced employee injury rates, train accident rates and grade-crossing collision rates by 80 percent or more since 1980.

In 2014, BNSF experienced another record year in employee safety. This included realizing its all-time lowest injury frequency and severity ratios. BNSF also experienced the lowest derailment rate in its history for the second year in a row. While progress continues to be made, BNSF continues to work with first responders to ensure their ability to respond appropriately and effectively when faced with an incident. For more information on BNSF safety performance, please see pages 26-29.

**BNSF SAFETY VISION**

BNSF’s safety vision is to operate free of accidents and injuries – preventing them in the first place. The company works hard to transform this vision into a reality through implementation of its broad-based risk reduction efforts (safety programs, training and technology) designed to address the most common causes of incidents, including derailments.
Safety is central to BNSF and starts with its people. BNSF strives to realize safety success by having a safe operating environment free of accidents and injuries for its employees and the communities where the company operates, including preventing derailments and hazardous materials releases.

Here are some of the ways BNSF works to achieve its safety vision:

- BNSF fosters a culture that makes safety the most important thing and provides continuous self-examination of the effectiveness of the safety process and performance.
- BNSF’s vision is to have a work environment, including the resources and tools, that is safe and accident-free where all known hazards will be eliminated or safeguarded.
- BNSF promotes work practices and training for employees that make safety essential to the tasks performed.
- BNSF empowers the workforce to take responsibility for personal safety, the safety of fellow employees and the communities served.

**SAFETY EFFORTS**

To identify and reduce incident risk and ensure all commodities are handled safely and damage- and incident-free, BNSF implements a broad-based, multi-level risk reduction program.

**The first element includes equipment and mechanical issues.** BNSF conducts mechanical inspections of cars at terminals and during roll-by inspections of trains. For example, it utilizes sophisticated technology with its extensive network of more than 2,000 wayside detectors, measuring key conditions of each passing freight car to identify undue stresses on the wheels or other equipment and prevent potential equipment failures. Devices deployed all along its right of way provide instant readings on rail equipment conditions, making it possible to pull cars and equipment out of service – even when in transit – if conditions pose a risk of derailment or failure. For example, rail cars and other mechanical components are regularly inspected using ultrasonic devices and a network of detectors designed to identify problems such as dragging equipment or acoustic abnormalities indicative of wheel defects. Furthermore, BNSF utilizes thermal/infrared scanning for warm bearing detection in rail car wheels and force-based strain gauge systems to find wheels that need replacement while in transit.

**The second element covers track and signal systems.** BNSF inspects track infrastructure on key routes more frequently than required by the Federal Railroad Administration (FRA) to verify they are safe. BNSF invests heavily in training and technology for its engineering team including enhanced track inspection training focused on BNSF and FRA standards. BNSF utilizes Ultrasonic Rail Detection to proactively identify the condition of its rail and switch components with multiple inspection vehicles. Track geometry testing includes specialized rail cars and vehicles evaluating multiple inputs of its track standards and verification of its inspection processes. Condition-based asset renewal utilizes the above mentioned items, and others to determine maintenance planning. BNSF also focuses on implementing next generation technology such as ground penetrating radar to aid in identifying ballast and subgrade conditions and using high speed imaging to identify conditions of track components.
The third element addresses the human factor. It emphasizes training, remote monitoring, self-reporting protocols and developing new technologies, such as positive train control as a safety overlay. BNSF’s people are its greatest asset and are in a position to prevent accidents and injuries before they occur. Employees are trained on exposure and risk identification within BNSF’s behavior-based safety training programs. These programs focus on reinforcing safe behaviors and effective risk identification tools that complement BNSF’s established rules and procedures.

As a part of BNSF’s Approaching Others About Safety initiative, it trained approximately 35,000 team members to be confident and effective when speaking to one another about safety, as well as to focus on identifying the exposures that result in 97 percent of fatalities and serious injuries and minimizing the associated risk.

BNSF also trains employees on a comprehensive set of safety rules and practices, from federal mandates and rail industry recommendations to BNSF-specific safety initiatives. Much of this formal training is conducted at BNSF’s Technical Training Center (TTC) in Overland Park, Kansas, featuring simulation and lab equipment representing all major equipment types such as locomotive and grade-crossing simulators. Instructors teach about 9,000 BNSF employees and another 2,000 rail industry employees from other companies each year at the TTC. This training facility is broadly recognized as the best in the industry, and many railroads send their employees to the TTC to be trained.

Lantern innovation enhances safety

The use of the trainman lantern dates back nearly two centuries. The lanterns, used by train crews to gain better visibility, started out as kerosene-fueled lamps. They were eventually modernized to accommodate incandescent bulbs and 6 volt batteries. With the advent of the more efficient light-emitting diode (LED), lanterns were again updated, doubling the life of the battery. As LED technology improved, little was done to enhance the lantern’s design.

In 2013 and 2014, BNSF acted on employee suggestions to improve the lantern’s design and implement newer technology. It developed multiple prototypes on a 3D printer and asked employees to test them and provide feedback.

The end result was a lighter, longer-lasting and more efficient lantern with new features such as a magnet so the lantern could adhere to metallic surfaces to illuminate locations for railcar inspection and maintenance, a multi-position handle to prop the lantern, an improved LED bulb and a variable focus head assembly to better focus the beam on car identification numbers at greater distances. The improved visibility and functionality associated with these enhancements will provide the trainman with a safer work environment.
SAFETY PERFORMANCE

In 2014, BNSF achieved its best-ever year for safety, realizing an all-time lowest injury frequency ratio of 0.98 (per 200,000 work hours or 100 employees working full time over a year), which was an 8 percent decrease compared to 2013. This was accomplished in part by the diligence of employees and BNSF’s effective safety processes. BNSF-specific as well as other railroad safety information including accidents and incidents, inventory and highway-rail crossing data is readily available to the public through the FRA Office of Safety Analysis website.

For more information, please visit the FRA Office of Safety Analysis website: http://safetydata.fra.dot.gov/OfficeofSafety/Default.aspx

*Data reflects the rate as of each calendar year-end.

2014 Injury Rate Per 200,000 Employee Hours

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<tbody>
<tr>
<td>Rail Transportation</td>
<td>1.8</td>
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<tr>
<td>Mining (except oil and gas)</td>
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<tr>
<td>Heavy and Civil</td>
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<tr>
<td>Engineering Construction</td>
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<tr>
<td>Truck Transportation</td>
<td>4.6</td>
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<tr>
<td>Transportation</td>
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<tr>
<td>Equipment Manufacturing</td>
<td>4.9</td>
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<tr>
<td>Primary Metal</td>
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<tr>
<td>Manufacturing</td>
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<tr>
<td>Air Transportation</td>
<td>7.5</td>
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Injury rates for BNSF and the rail industry are quoted based on Federal Railroad Administration 2014 year-end data. All other data is from the year 2013, from the Bureau of Labor Statistics.
Grade crossings

Highway-railroad grade-crossing safety is an integral part of BNSF’s operation and culture and involves the daily cooperative effort of many employees. BNSF invests an average of $110 million annually on grade-crossing maintenance, improvement and safety programs to reduce the risk of incidents at highway-railroad grade crossings. Initiatives include train crew education and testing, new safety technology, vegetation control, track and signal inspection and maintenance, and a variety of community education and awareness programs. BNSF has one of the lowest highway-railroad grade-crossing collision rates in the industry and is committed to continue to work with the communities the company serves to further improve grade crossing safety.

Since BNSF’s merger in 1995, the rate of grade-crossing collisions has decreased about 70 percent, from 5.3 per million train miles in 1995 to 1.6 per million train miles in 2014. Additionally, BNSF initiated a project to install emergency notification signage at all private crossings across its network. Each sign will have information about the crossing’s location and provide an emergency number to call. BNSF anticipates this project will be completed in 2015.

Safety crossing awareness

BNSF is committed to the safety of its community members and looks for ways to actively participate in national, state and local rail safety campaigns.

Working with Operation Lifesaver, BNSF supports community outreach to school groups, driver education classes, adult audiences, professional drivers, law enforcement officers and emergency responders. Operation Lifesaver partners with federal, state and local government agencies, highway safety organizations and the railroad industry. This program operates through a nationwide network of volunteers who work to promote the three E’s – education, enforcement and engineering – to help remind people to make safe decisions around railway tracks and crossings. Each year, BNSF helps sponsor more than 10,000 Operation Lifesaver community presentations throughout its network.

As an example in 2014, BNSF kicked off a first-of-its-kind Twitter for Safety Contest in Riverside, California in honor of the state’s observation of rail safety month. The contest was a partnership with the Riverside Unified School District, Operation Lifesaver and Southern California Rail Safety. Five public high schools participated, resulting in more than 13,000 high school students, faculty and community members taking a pledge for safety around railroad tracks. Each school received funding for participating in the contest and prizes. The grand prize winner received $15,000 for showing the most school pride while rallying for rail safety.
One of the best ways to address grade crossing safety is to reduce the number of at-grade crossings. BNSF’s grade crossing safety program includes a program to close public and private at-grade crossings, working closely with communities and property owners. Good candidates for closure include those that are redundant (other crossings nearby allow access to the same roads or areas), are not designated emergency routes, have low traffic volumes or are private crossings that are no longer needed or used.

In certain special cases, BNSF is able to find ways to construct alternate access to avoid the need to cross the tracks. For example, in 2014 it eliminated the need for a private grade-crossing located at the entrance to a busy facility with a history of multiple collisions. BNSF was able to eliminate the crossing by working with the community to purchase an available parcel of land to construct an alternative road. This solution was a win for both the community and BNSF.

**Emergency response capabilities**

Even though BNSF has made significant progress in reducing the likelihood of an incident in any community, they can still occur. If and when they do, BNSF and the communities it serves need to be prepared to respond quickly and effectively. BNSF’s goal is to prevent an incident by eliminating the root cause, to mitigate the severity of the incident through technical controls and to respond effectively if an event occurs.

**First responder training**

BNSF believes first responders must be properly trained to effectively respond to emergency situations. BNSF and the railroad industry train first responders in their communities under a longstanding program called the Transportation Community Awareness and Emergency Response program, known as TRANSCAER. This in-depth and hands-on emergency response training covers critical topics such as:

- Railroad safety
- Train list / Shipping papers / Placards / Equipment
- Incident Assessment and Response

BNSF has long been committed to engaging with and training emergency and hazmat responders in communities. It has an extensive system of emergency responders to cover its 32,500-mile network. These responders are trained and outfitted to handle the response to small non-accident releases, as well as major releases. BNSF focuses training efforts first along routes of greatest concern. From there, it performs training based on direct requests by location or on a rotation basis.

In 2014, BNSF trained more than 8,500 first responders in more than 150 communities. During a typical training, BNSF provides clear and concise information on what to expect in an emergency, how to read placards, its train list documents and what emergency response resources that BNSF will deploy. In addition, BNSF sponsored 713 first responders for special training in crude-by-rail incidents at TTC’s Security and Emergency Response Training Center in Pueblo, Colorado.
To prepare for incidents anywhere in its system, BNSF has strategically staged response equipment across its network. To protect the nation’s waterways and environmentally-sensitive areas, BNSF has developed geographic response plans to respond to events along a major waterway, such as the Columbia River. In 2014, BNSF spent approximately $4 million on response kits along rivers. Each kit contains critical response equipment such as absorbent boom and skimmers. To support fire response along its network, BNSF has 25 industrial hazmat trailers positioned roughly every 150 miles throughout the company’s operating areas. These trailers contain high-powered foam and other firefighting equipment that can be accessed in the event of an emergency.

Visit the Environmental Protection section of the BNSF website for additional information on how it works with local responders to improve emergency preparedness:

For information regarding BNSF’s safety initiatives focused on the transport of hazardous materials, please refer to the What We Haul and Our Commitment to Safety sections of this report.
BNSF strives to employ diverse and innovative individuals and it believes its success and talent go hand-in-hand. Changes in demographics; training requirements; and the unavailability of qualified personnel, particularly engineers and train crew members, have the potential to negatively impact BNSF’s ability to meet demand for rail service. Ensuring that BNSF recruits and retains qualified personnel, particularly those with expertise in the railroad industry, is vital to its operations.

For the eighth year in a row, BNSF was named a “Best Diversity Company” by the readers of Diversity/Careers in Engineering & Information Technology. BNSF remains committed to diversity, and it participates in 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.

Approximately 86 percent of BNSF’s employees are union-represented. BNSF’s union employees work under collective bargaining agreements with various labor organizations. As such, industry-wide negotiations have traditionally addressed employment specifications such as wages, health and welfare benefits, work rules and others. These negotiations have generally taken place over an extended period of time and have previously not resulted in any extended work stoppages.
**HIRING AND DIVERSITY**

In 2014, BNSF experienced an extremely low turnover rate of 7 percent, 3 percent of which was due to retirements. BNSF is very proud of the fact that many of its employees remain with the company for the majority of their careers. Retaining great employees is critical to its success and helps maintain the sustainability of its human capital. BNSF has assessed its employee turnover trends and determined that the majority of employees who leave the company are leaving within the first year of employment. Further analysis revealed that many of these individuals were new to craft and trade positions and struggled to adapt to variable scheduling. BNSF has established a team to identify opportunities to better forecast shift scheduling and provide employees a more predictable schedule. It is also working to improve communications around the challenges of scheduling during its employee selection process.

In 2014, BNSF hired 7,583 new team members. More than 7,000 of these new employees are union employees, and 22 percent of them are minority. BNSF also hired approximately 500 exempt employees, with 30 percent of them being a minority and more than 31 percent being female. BNSF continues to pursue opportunities and support organizations that encourage diversity in its workforce.

BNSF recognizes that the men and women who have served the country through the military can strengthen the railway. With their commitment to mission, safety and teamwork, they are employees that BNSF values highly. BNSF currently employs more than 8,000 veterans, about 17 percent of the company’s total workforce. In 2014, U.S. Veterans Magazine, G.I. Jobs and Civilianjobs.com recognized BNSF as one of the top veteran-friendly companies in the country.

Learn more information about BNSF’s community support as well as military, college and general recruiting efforts:


Members of the military: [https://jobs.bnsf.com/go/Transitioning-Military/400926/](https://jobs.bnsf.com/go/Transitioning-Military/400926/)


EMPLOYEE BENEFITS

BNSF provides employee benefits to both unionized and non-union workforces. The benefits offered its unionized workforce vary based on the individual agreements negotiated between the railroad industry and its 13 labor unions. For its non-union workforce, BNSF offers a variety of pension plans, including funded, noncontributory qualified pension plans, an unfunded non-tax-qualified pension plan, and two funded, noncontributory qualified pension plans.

BNSF salaried employees who have met age and years of service requirements are eligible for medical benefits, including prescription drug coverage, during retirement. The post-retirement medical and prescription drug benefit is contributory and provides benefits to retirees and covered dependents. This plan also contains fixed deductibles, coinsurance and out-of-pocket limitations. In addition, a basic life insurance plan is noncontributory and covers retirees only. Optional life insurance coverage is available for some retirees; however, the retiree is responsible for the full cost. BNSF’s policy is to fund the life insurance premiums and medical benefits as they come due. Generally, employees beginning salaried employment with BNSF subsequent to September 22, 1995, are not eligible for medical benefits during retirement. These benefits are collectively referred to as retiree health and welfare benefits.

Learn more about BNSF’s employee benefits:
http://www.bnsf.com/careers/benefits/exempt-benefits/

EMPLOYEE TRAINING AND DEVELOPMENT

Designing and running a sustainable, safe and technologically advanced railroad requires cutting-edge training. BNSF employees benefit from technical training courses, leadership development programs, tuition reimbursement, life-size locomotive simulators, mobile learning apps and much more. BNSF’s integrated approach to talent management is fully aligned with its corporate Vision and Values.

SUCCESSION PLANNING

One of BNSF’s key focus areas is to effectively develop and transition the workforce. Between 2013 and 2015, BNSF expects 21 percent of its senior leaders to retire. The business needs and culture are such that BNSF hires the majority of its people into entry level positions and develops them into future leaders.

As such, BNSF is focused on developing its bench of leadership talent. These efforts are reflected in its achievement of filling more than 90 percent of senior leadership positions internally. In addition, more than 25 percent of BNSF’s exempt employees receive promotions or developmental moves annually.

BNSF’s executive leadership team participates in 10 talent management discussions annually, focusing on assessment results, development plans, job rotations and key development programs. In these sessions, BNSF executives gain visibility of its top talent (350+ leaders) and their development. Additionally, the BNSF mentoring program offers a structured program for high-performing employees, which includes Harvard Manage Mentor Leadership Training. In this program, leaders are matched based on complementary strengths, career experiences and career aspirations. Mentoring participants are reviewed and approved by the executive team.
Established in 2001, BNSF’s People Leader Training (PLT) program is sponsored by the company’s executive team, with each session introduced by one of its top 100 leaders. Every year, more than 5,400 BNSF employees attend PLT for a focused discussion on one of the five BNSF Leadership Model tenets. Typically, PLT consists of facilitator-led training and one coach per table of five to six participants. The coach provides group instruction to reinforce the content, facilitates learning practices and validates real-world application.

**First-line supervisor development**

BNSF’s 2,000 first-line supervisors play a pivotal role at BNSF, as they lead the company’s more than 40,000 union-represented employees and create an environment focused on safe production. Accordingly, BNSF invests in supervisor development with annual and ongoing training through instructor-led training and e-learning modules. This training allows supervisors to deliver ongoing training to the teams they lead.

BNSF’s initial first-line supervisor development program is typically one year, consisting of a combination of:

- Two weeks of orientation and management/leadership training at the company’s headquarters in Fort Worth, Texas.
- Up to 20 weeks of formal technical training at the TTC in Overland Park, Kansas. These programs are field-based, simulation-enabled, experiential and classroom-based and tailored to the new supervisor’s field operations assignment.
- On-the-job development at the designated work location.

**BNSF wins Training magazine award**

Now in its 15th year, the Training magazine’s Top 125 is the only report that ranks the most successful learning and development programs in the world. In 2014, BNSF was ranked 29th, a substantial increase from 122nd the year before. Companies are evaluated against a series of questions related to training program/scope, training budget, tuition reimbursement, infrastructure and delivery, evaluation and metrics, and human resources. BNSF’s 2014 submission highlighted the strategic connection between its training programs and its business priorities related to safety, service and its people.
BNSF aims to develop and maintain strong and responsible relationships with the communities where its employees live, work and play. BNSF is committed to providing a work environment that supports the populations where it operates.

Employee involvement in local communities ranges from generous contributions for annual United Way campaigns to coordinating local holiday toy drives. BNSF team members across the network also regularly provide volunteer and other assistance to local nonprofit agencies. In addition to serving as team-building opportunities, these activities have benefited organizations such as the Special Olympics, Community Food Bank of Fort Worth, SafeHaven of Tarrant County, YWCA and many others. BNSF employees also serve on the boards of directors for social service and arts organizations, including local chapters of United Way, the Boys & Girls Clubs, the Arts Council of Fort Worth and Tarrant County, and colleges and universities.

The BNSF Railway Foundation is a key component of its commitment to give back to local communities. In 2014, the foundation donated $10 million to communities along BNSF's network through scholarships, sponsorships and funding to support community groups.
The Foundation continually looks for ways to support the communities in which BNSF operates. In 2014, highlights included a $3 million pledge from the foundation to United Service Organizations (USO) to support hiring initiatives for active-duty men and women transitioning out of the military. With the pledge, BNSF became the primary sponsor for the program. Other major donations included $1 million to Montana State University-Northern to build and equip a new diesel technology center and $100,000 to the Great American Cleanup through Keep America Beautiful.

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. In 2014, BNSF continued its support of this project by donating an additional $550,000.

**EMPLOYEE MATCHING GIFTS PROGRAM**

The BNSF Railway Foundation’s Employee Matching Gifts Program is designed to encourage employees to give financial aid to qualified educational and nonprofit service organizations. The Foundation matches 1:1 every dollar contributed, as long as the contribution falls within the guidelines of the program. The Matching Gift Program must be initiated by a BNSF employee and not by an organization that wishes to be included in the program. Matching Gift payments generally take place within three to four months of the Foundation having received the Matching Gift form.

Visit the BNSF Railway Foundation and Community Support section of the BNSF website for additional information:

http://www.bnsffoundation.org/
http://www.bnsf.com/communities/community-support/
NATIVE AMERICAN ENGAGEMENT

New for BNSF in 2014 is the establishment of a staff position dedicated to enhanced relations with American Indian tribes. Native Americans represent an important community group and stakeholder for BNSF. It directly serves 86 American Indian nations via trackage rights or as a handling carrier in 19 of the 28 states in which BNSF operates. Additionally, another 133 American Indian nations are located within a 50-mile driving distance of a BNSF track. These nations include more than 1.2 million people. BNSF remains committed to understanding the needs of these communities and enhancing its engagement efforts.

In addition to its cross-departmental steering committee established in 2013 to better understand the goals of American Indian tribes and further develop relationships with community leaders, BNSF hired a Director of Tribal Relations in 2014. This individual’s primary responsibility will be to make personal connections with the tribes BNSF directly serves and explore economic development and other opportunities that can not only enhance tribal economies, jobs and education, but also grow the business.

To learn more about the Tribal Relations Director visit the Friends of BNSF website:
https://www.friendsofbnsf.com/content/tribal-relations-director
About BNSF

NAME OF ORGANIZATION
BNSF Railway (BNSF)

PRIMARY BRANDS, PRODUCTS, SERVICES

BNSF is one of the top transporters of products and materials that help feed, clothe, supply and power communities throughout the United States and the world. In 2014, BNSF focused on serving customers in the agricultural, consumer, industrial and coal markets in the following ways:

Its Consumer Products freight business transported 5,040,000 container and trailer units (49 percent of total volume) spanning Domestic Intermodal, International Intermodal and Automotive.

Its Industrial Products freight business transported 1,991,000 units (19 percent of total volume) including construction, petroleum, building, and chemicals and plastics products as well as foods and beverages.

Its Coal freight business transported 2,270,000 units of coal (22 percent of total volume), enough to power one of out every 10 homes in the U.S. More than 90 percent of that coal comes from the Powder River Basin in Wyoming and Montana, the site of the world’s largest deposit of low-sulfur coal.
Its Agricultural Products freight business transported 974,000 carloads (10 percent of total volume) including wheat, corn, fertilizer, bulk foods, ethanol, soybeans, feeds, oil seeds and meals, barley, oats and rye, oils, flour and mill products, specialty grains, and malt and milo.


LOCATION OF ORGANIZATION’S HEADQUARTERS

BNSF Railway Corporate Headquarters
2650 Lou Menk Drive
Fort Worth, TX 76131-2830

NUMBER OF COUNTRIES

BNSF operates in 28 U.S. states and three Canadian provinces.


OWNERSHIP

On September 22, 1995, Burlington Northern Inc. (the parent company of Burlington Northern Railroad) and Santa Fe Pacific Corporation (the parent company of The Atchison Topeka and Santa Fe Railway Company) merged to form BNSF Railway.

On February 12, 2010, Burlington Northern Santa Fe, LLC (formerly known as Burlington Northern Santa Fe Corporation) and BNSF Railway Company became subsidiaries of Berkshire Hathaway Inc. Burlington Northern Santa Fe, LLC and BNSF Railway Company each continue to file annual, quarterly and current reports on Forms 10-K, 10-Q and 8-K with the Securities and Exchange Commission (SEC). These filings, as well as historical SEC filings of Burlington Northern Santa Fe Corporation, are accessible on its website.

View the Financial Information section of the BNSF website for more information:
www.bnsf.com/about-bnsf/financial-information/

SCALE OF ORGANIZATION

BNSF has one of the largest railroad networks in North America with approximately 32,500 route miles of track (excluding multiple main tracks, yard tracks and sidings), operating in 28 states and three Canadian provinces. BNSF owns approximately 23,000 route miles, including easements, and operates on approximately 9,500 route miles of trackage rights that permit BNSF to operate its trains with its crews over other railroads’ tracks.

As of December 31, 2014, BNSF owned or held under non-cancelable leases exceeding one year approximately 8,000 locomotives and 76,000 freight cars, in addition to maintenance of way and other equipment.
EMPLOYEE BREAKDOWN

At year-end 2014, BNSF employed approximately 48,000 employees. BNSF’s total workforce is about 20 percent minority and more than 6 percent female. Females comprise 20 percent of the company’s salaried workforce. In 2014, 28 percent of newly hired employees were minority or female.

No substantial portion of the organization is self-employed and there are no significant variations in employment numbers for 2014.

**Employees by Labor Classification**

<table>
<thead>
<tr>
<th>Labor Classification</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>6,706</td>
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<tr>
<td>Union</td>
<td>41,081</td>
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<tr>
<td>Total</td>
<td>47,787</td>
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</table>

**Employees by State**

<table>
<thead>
<tr>
<th>State</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>AL</td>
<td>257</td>
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<tr>
<td>AR</td>
<td>210</td>
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<tr>
<td>AZ</td>
<td>1,465</td>
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<td>CA</td>
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<td>CO</td>
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<td>DC</td>
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<td>FL</td>
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<td>GA</td>
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<td>IA</td>
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<td>IN</td>
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<tr>
<td>LA</td>
<td>172</td>
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<td>MD</td>
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<td>MI</td>
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<td>MO</td>
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<td>OH</td>
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<tr>
<td>OR</td>
<td>331</td>
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<td>PA</td>
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<td>SD</td>
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<td>8,175</td>
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<td>UT</td>
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<td>VA</td>
<td>4</td>
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<tr>
<td>WA</td>
<td>3,536</td>
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<tr>
<td>WI</td>
<td>876</td>
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<tr>
<td>WY</td>
<td>1,257</td>
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<tr>
<td>Outside the U.S.</td>
<td>15</td>
</tr>
</tbody>
</table>
COLLECTIVE BARGAINING AGREEMENTS

Approximately 86 percent of BNSF’s employees are represented by a union. BNSF union employees work under collective bargaining agreements with various labor organizations.

View page 5 of the BNSF 10-K filing:
www.bnsf.com/about-bnsf/financial-information

SUPPLY CHAIN

To operate its business efficiently and effectively, BNSF purchases materials and services from an extensive list of sources. BNSF seeks to acquire quality goods and services at the lowest total cost of ownership by working resourcefully and ethically with current and prospective suppliers.

Any product or material with the potential to adversely affect employee health or the environment is reviewed and approved before it is brought onto BNSF property. The review process is performed by a multi-disciplinary team comprised of the Industrial Hygiene Group, Environmental, Technical Research and Development, and Strategic Sourcing and Supply. These reviews are conducted to minimize employee and community risk of exposure to potentially dangerous chemicals and prevent environmental problems and damage to existing equipment.

DIVERSE BUSINESS ENTERPRISES

BNSF is committed to proactively identifying, attracting and developing long-term partnerships with minority-, woman- and veteran-owned businesses as well as small businesses to enhance value, competition and innovation and be reflective of our customer-base and communities. Each year BNSF aims to increase its partnerships with Diverse Business Enterprises (DBEs) and even requires its suppliers to report their spending related to DBEs. In 2014, BNSF spent approximately $778 million with minority-, women- or veteran-owned businesses.

SUPPLIER GUIDE

BNSF believes that suppliers play a crucial role in contributing to the safety, reliability and efficiency of its network and, ultimately, to the service it provides to its customers. BNSF expects suppliers to deliver high-quality products and services, to demonstrate integrity and to be committed to the highest legal and ethical standards. As such, BNSF has a Supplier Guide explaining the BNSF Code of Conduct and procurement standards. It is circulated periodically to all of BNSF’s suppliers to remind them of its expectations.

Learn more about supplier relationships: http://www.bnsf.com/suppliers/supplier-relationship/
SIGNIFICANT CHANGES

There were no significant changes to our business in 2014.

PRECAUTIONARY APPROACH

The BNSF Environmental Management Policy lays out its position regarding the protection of the environment, including BNSF’s desire to comply with environmental laws; prevent and reduce environmental risks; reduce its environmental footprint; and develop and safely deploy sustainable business solutions and technologies that provide long-term environmental, economic and community benefits. This policy requires BNSF employees and other persons acting on BNSF’s behalf to perform their duties in a manner that:

- Complies with applicable environmental laws, regulations and requirements;
- Complies with BNSF’s environmental risk management programs and procedures, including its focus on reducing pollution at its source; and
- Supports BNSF’s efforts to continuously improve environmental performance as measured and reported by key environmental performance objectives.

EXTERNALLY DEVELOPED CHARTERS

At this time, BNSF does not endorse any externally developed charters or principles.

MEMBERSHIP IN ASSOCIATIONS

In 2014, BNSF collaborated with membership organizations including, but not limited to:

- American College of Occupational and Environmental Medicine
- American Association of Occupational Health Nurses
- American Railway Engineers Maintenance of Way Association
- Association of American Railroads
- GreenBiz Executive Network
- National Association for Environmental Management
- National Business Group on Health
- National Safety Council
- The American Railroad Development Association
OPERATIONAL STRUCTURE

BNSF publishes separate financial reports for Burlington Northern Santa Fe, LLC and BNSF Railway Company. The information disclosed in this report addresses BNSF Railway Company, except where noted.

View the individual financial filings:
www.bnsf.com/about-bnsf/financial-information

REPORT CONTENT

To support the process of developing BNSF’s first GRI Report, which was published in 2014 and details our performance in 2013, BNSF conducted an internal materiality assessment to determine the issues of greatest concern to the business and its stakeholders. Using that assessment as a starting point, BNSF conducted a materiality refresh to support the development of this year’s report. This process involved a series of internal interviews, a review of media coverage of the company and industry, an in-depth analysis of peer-company reporting and referencing the GRI standards. The result was a consolidation of several issues reported in last year’s GRI Report.
MATERIAL ASPECTS

- Economic Performance
- Infrastructure Investment
- Network Reliability and Service Issues
- Energy Consumption and Emissions
- Land Use and Property Management
- Public and BNSF Employee Health and Safety, including Emergency Preparedness and Response
- Services Provided and Materials Transported
- Employee Recruiting, Development and Relations
- Philanthropy and Community Engagement
- Emerging Regulation and Compliance, including Common Carrier Responsibility and Litigation

ASPECT BOUNDARIES

The information disclosed in this report addresses BNSF Railway Company. At this time, BNSF does not disclose data related to organizations outside of BNSF’s control.

There were no significant changes in scope or aspect boundaries in 2014. As a result of continuous improvement in data capture and analysis, the methodology used to assess carbon dioxide (CO2) emissions from train operations was updated. Trend analysis produced the same results as the previously used methodology, with a decreasing trend since 2005. In addition, BNSF continues to make progress in data harvesting, assessment and validation.
STAKEHOLDER GROUPS

BNSF engages a variety of stakeholders, including, but not limited to employees; customers; elected officials at the federal, state and local level; nonprofit organizations; non-governmental organizations; labor organizations; community groups; environmental agencies; supplier organizations; trade associations and the general public.

IDENTIFICATION AND SELECTION OF STAKEHOLDERS

As detailed below, each functional area is responsible for identifying and engaging with relevant stakeholders.

STAKEHOLDER ENGAGEMENT

BNSF engages with stakeholders in many ways, including community meetings; one-on-one meetings; customer events and trade shows; newsletters and other publications; social media; training events and internal communications tools that keep employees informed.

BNSF is proud to build relationships with community members. More than 43,000 rail enthusiasts currently participate in the BNSF online community. Visit Friends of BNSF for more information on this community: www.friendsofbnsf.com.
BNSF functional departments are strategically paired with relevant stakeholders to educate and effectively manage relationships and respond quickly and efficiently to stakeholder questions, concerns or needs. The table below identifies key stakeholder groups and the BNSF department(s) responsible for managing that relationship.

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>BNSF Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local elected officials</td>
<td>Community Affairs</td>
</tr>
<tr>
<td>State elected officials</td>
<td>State Government Affairs</td>
</tr>
<tr>
<td>Federal elected officials</td>
<td>Federal Government Affairs</td>
</tr>
<tr>
<td>Community residents</td>
<td>Operations, Community Affairs, Safety/Transportation Department</td>
</tr>
<tr>
<td>Emergency responders</td>
<td>Hazardous Materials teams</td>
</tr>
<tr>
<td>Native American tribes</td>
<td>Community Affairs</td>
</tr>
<tr>
<td>Not-for-profit organizations</td>
<td>Community Affairs, The BNSF Railway Foundation, Environmental</td>
</tr>
<tr>
<td>Military veterans</td>
<td>Human Resources - Veteran Recruitment Team</td>
</tr>
<tr>
<td>Prospective employees</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Customers</td>
<td>Marketing and Customer Support</td>
</tr>
<tr>
<td>Environmental agencies</td>
<td>Environmental</td>
</tr>
<tr>
<td>Colleges/universities</td>
<td>Human Resources, The BNSF Railway Foundation</td>
</tr>
<tr>
<td>Community events/presentations</td>
<td>Operations, Community Affairs, Government Affairs</td>
</tr>
<tr>
<td>Vendors/suppliers</td>
<td>Strategic Sourcing</td>
</tr>
<tr>
<td>Employees</td>
<td>Human Resources, Corporate Relations</td>
</tr>
<tr>
<td>Media</td>
<td>Corporate Relations</td>
</tr>
<tr>
<td>Potential customers/development opportunities</td>
<td>Marketing and Economic Development</td>
</tr>
<tr>
<td>Unions</td>
<td>Labor Relations</td>
</tr>
<tr>
<td>Federal and State Transportation Agencies</td>
<td>Operations, Federal Government Affairs, State Government Affairs</td>
</tr>
<tr>
<td>Investors</td>
<td>Treasury</td>
</tr>
</tbody>
</table>

**KEY TOPICS RAISED THROUGH ENGAGEMENT**

Key topics and concerns raised through stakeholder engagement efforts include safety (workplace, public, freight handling and private/public rail crossings), service reliability, regulatory compliance, noise, air emissions, employee benefits and compensation, supplier diversity, volunteer opportunities and sustainability. BNSF responds to these topics using a variety of communications tools such as digital and print assets as well as engagement through presentations and meetings.
REPORTING PERIOD

This report is for the calendar year of 2014.

DATE OF PREVIOUS REPORT

BNSF’s first report guided by the Global Reporting Initiative (GRI), which detailed our 2013 performance, was published in December 2014.

REPORTING CYCLE

BNSF plans to continue reporting on an annual basis.

CONTACT POINT

Please direct all questions or comments to the Contact Us section of the BNSF website: http://bnsf.com/about-bnsf/contact-us/

GRI INDEX

This report was developed in accordance with the GRI G4 Guidance for a Core report. See page 52 for the complete index.

EXTERNAL ASSURANCE

BNSF management is responsible for the review and accuracy of the data reported herein. BNSF seeks external assurance for the annual financial statement information included in its Securities and Exchange Commission (SEC) filings from Deloitte and Touche LLP.
GOVERNANCE STRUCTURE

BNSF has approximately 32,500 route miles of track and operates in 28 states and three Canadian provinces, representing one of North America’s leading freight transportation companies. Headquartered in Fort Worth, Texas, BNSF is a wholly owned subsidiary of Berkshire Hathaway, Inc.

BNSF is governed by its Board of Directors, listed below, which manages the business, property and affairs of the company. BNSF’s executive leaders meet regularly to discuss critical business concerns, establish policies and set the vision for BNSF.

**BNSF Railway Company Board of Directors**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matthew K. Rose</td>
<td>Executive Chairman</td>
</tr>
<tr>
<td>Carl R. Ice</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Stevan B. Bobb</td>
<td>Executive Vice President and Chief Marketing Officer</td>
</tr>
<tr>
<td>Gregory C. Fox</td>
<td>Executive Vice President – Operations</td>
</tr>
<tr>
<td>Roger Nober</td>
<td>Executive Vice President – Law and Corporate Affairs</td>
</tr>
<tr>
<td>Julie A. Piggott</td>
<td>Executive Vice President and Chief Financial Officer</td>
</tr>
</tbody>
</table>

BNSF’s Environmental Health and Safety Committee has a responsibility to verify that environmental, health and safety concerns are evaluated in a timely and integrated manner and are addressed in alignment with BNSF’s governing principles. The committee meets three to four times per year and is led by John Lovenburg, BNSF’s Vice President (VP) – Environmental, and consists of a steering committee comprised of other VPs with oversight from the core areas of Sustainability, Health, Safety, Transportation, Mechanical and Engineering, Real Estate, Finance and Human Resources. Through the Environmental Health and Safety Committee, BNSF leaders receive information and engage in cross-functional discussions on issues impacting the health and safety of its employees, the environment and the communities in which BNSF operates. Strategic topics of discussion include significant environmental, health and safety federal or state regulations, legal decisions, hotline complaints and compliance matters.
Our Vision

VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOR

BNSF’s vision is to realize its tremendous potential by providing transportation services that consistently meet its customers’ expectations. A vision statement is only as good as the people who bring it to life each day. To appropriately embody its vision, BNSF’s employees embrace a set of shared values, which are described starting below.

**Style**

As a Community, we are:

- Tough-minded optimists
- Decisive yet thorough
- Open and supportive
- Confident and proud of our success

**Shared values**

As a Community, BNSF values:

- Listening to customers and doing what it takes to meet their expectations
- Empowering employees and showing concern for their well-being, and respect for their talent and achievements
- Continuously improving by striving to do the right thing safely and efficiently
- Celebrating our rich heritage and building on our success as we shape our promising future
Community

BNSF is a Community of approximately 48,000 mutually dependent members. Each one of us depends upon BNSF for livelihood, and through our collective efforts, BNSF depends upon us to defend, sustain and strengthen our Community.

We are an effective Community when each of us:

- Believes in our Vision and embraces our Shared Values
- Knows our own role and strives to fulfill it
- Respects, trusts and openly communicates with other Community members
- Is proud of our heritage and confident of our future

Liberty

As a member of the BNSF Community, each of us has the right to:

- A safe work environment for the sake of ourselves, our co-workers, our shippers and the communities we serve
- Feel the satisfaction that comes from a job well done by using our talent, judgment and initiative, and by performing to our fullest potential
- Express our individualism, ideas and concerns consistent with the Community’s Vision and Shared Values, to anyone in the Community without fear of retribution
- Participate fully in life outside of work by enjoying the fruits of our labor

Equality

As a member of the BNSF Community, I can expect:

- To be treated with dignity and respect
- To be given equal access to tools, training and development opportunities
- To have equal opportunity to achieve my full potential

Efficiency

Efficiency is the best collective application of our resources to meet our customers’ expectations. Each of us contributes to efficiency when we:

- Understand our customers’ expectations and priorities
- Help develop business processes that best match BNSF resources with our customers’ requirements
- Constantly monitor and measure our results in order to continuously improve
- Manage our Community’s resources as if they were our own

Learn more about BNSF’s values and community support:
http://www.bnsf.com/about-bnsf/our-people/vision-and-values/
http://www.bnsf.com/communities/community-support/
EVIDENCE OF SUCCESS

Success in living our Vision & Values is evident when we fulfill the highest expectations of our four key stakeholder groups. We will know we have succeeded when:

- Our **customers** find it easy to do business with us, receive 100-percent-on-time, damage-free service, accurate and timely information regarding their shipments, and the best value for their transportation dollar.
- Our **employees** work in a safe environment free of accidents and injuries, are focused on continuous improvement, share the opportunity for personal and professional growth that is available to all members of our diverse work force and take pride in their association with BNSF.
- Our **owners** earn financial returns that exceed other railroads and the general market as a result of BNSF’s superior revenue growth and operating ratio and a return on invested capital that is greater than our cost of capital.
- The **communities** we serve benefit from our sensitivity to their interests and to the environment in general, our adherence to the highest legal and ethical standards, and the participation of our company and our employees in community activities.

BNSF’s Vision & Values influence the way employees work together, even those who do not formally supervise others. BNSF’s Leadership Model is based on five tenets that challenge team members to grow as leaders and as individuals:

- **Create a compelling vision.** Set a vision and a strategy for the future and inspire others to follow your vision. Show passion for the vision. Build enthusiasm, optimism and ownership for both the journey and the destination. Motivate people to be pioneers and achieve the vision in spite of obstacles.
- **Model the way.** Build trust through competence, openness, and integrity. Always show respect for others. See work as an adventure and enjoy the journey. Accept individual differences and find ways to build on them.
- **Lead more, manage less.** Leadership is situational. Rely more on coaching, teaching and enabling. Be directive in select situations and normally empowering. Know how things work. Tell people not only what needs to be done, but tell them why. Encourage leadership and innovation at all levels of your organization. Build strong teams and coach them to challenge the status quo, initiate solutions and act with a sense of urgency.
- **Communicate, communicate, communicate.** Listen and involve. Set high standards for performance and provide candid, constructive feedback. Recognize and celebrate successes frequently.
- **Make development a priority.** Develop the talents of your people. You are accountable for the success of your team. When people fail, we fail as leaders. Embrace and inspire lifelong development.

BNSF’s Leadership Model has evolved into the cornerstone of how it operates. It is part of every exempt employee’s Performance Management Process, and it represents the core of company-wide leadership training. Implementing this Leadership Model is a work in progress, just as BNSF continues to be a dynamic and growing company.
CODE OF CONDUCT

BNSF’s Code of Conduct (Code) outlines the company’s expectations for work-related conduct. BNSF holds itself to the highest ethical standards and strives to make BNSF a company where employees are proud to work, and ethics and compliance are the foundation of everything it does. The Code is an integral part of its Vision & Values as a community. It includes topics such as ethical behavior, conflicts of interest, antitrust, antidiscrimination and harassment, and others. It also details methods to report any violations of the Code.

Each salaried employee must certify to the Code annually. Additionally, newly hired salaried employees, employees returning from a leave of absence and employees that move from a union position into a salaried position must certify to the Code within 30 days of their effective date. The certification includes a question and answer section to verify employees understand the Code’s contents as well as a section for the disclosure of potential conflicts of interest. This process is used to identify targeted training opportunities and to help identify and prevent potential conflicts.
## GRI Index

<table>
<thead>
<tr>
<th>GRI Indicator</th>
<th>Description</th>
<th>Page Number</th>
<th>Omission</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy and Analysis</strong></td>
<td></td>
<td></td>
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<tr>
<td>G4-1</td>
<td>CEO Letter</td>
<td>1</td>
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<tr>
<td><strong>ENVIRONMENTAL PERFORMANCE</strong></td>
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<tr>
<td>G4-DMA</td>
<td>Energy consumption and emissions</td>
<td>3-8</td>
<td></td>
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<tr>
<td>G4-EN3</td>
<td>Energy consumption within the organization</td>
<td>4-8</td>
<td></td>
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<td>Energy intensity</td>
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<td>Energy indirect greenhouse gas emissions (Scope 2)</td>
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<tr>
<td>G4-EN21</td>
<td>NOx, SOx and other significant air emissions</td>
<td>6-8</td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Land use and property management</td>
<td>9-10</td>
<td></td>
</tr>
<tr>
<td>G4-EN27</td>
<td>Extent of impact mitigation of environmental impacts of products and services</td>
<td>9-10</td>
<td></td>
</tr>
<tr>
<td>G4-EN29</td>
<td>Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>G4-EN23</td>
<td>Total weight of waste by type and disposal method</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>G4-EN13</td>
<td>Habitats protected or restored</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>ECONOMIC PERFORMANCE</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>G4-DMA</td>
<td>Economic performance</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>G4-EC1</td>
<td>Direct economic value generated and distributed</td>
<td>11-13</td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Infrastructure investment</td>
<td>11-14</td>
<td></td>
</tr>
<tr>
<td>G4-EC7</td>
<td>Development and impact of infrastructure and investments and services supported</td>
<td>11-16</td>
<td></td>
</tr>
<tr>
<td>G4-EN31</td>
<td>Total environmental protection expenditures and investment by type</td>
<td>7-10, 13</td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Network reliability and service issues</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>G4-PR5</td>
<td>Results of surveys measuring customer satisfaction</td>
<td>16</td>
<td>At this time, BNSF does not publicly report the results of its customer satisfaction surveys as requested by GRI</td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Services provided and materials transported</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>G4-PR3</td>
<td>Type of product and service information required by the organization’s procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements</td>
<td>17, 20</td>
<td>Due to the changing mix of products transported based on customer demand, percentage information as requested by GRI cannot be calculated at this time</td>
</tr>
</tbody>
</table>
## SOCIAL PERFORMANCE

<table>
<thead>
<tr>
<th>GRI Indicator</th>
<th>Description</th>
<th>Page Number</th>
<th>Omission</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-DMA</td>
<td>Emerging regulation and compliance, including common carriage responsibility and litigation</td>
<td>21-22</td>
<td></td>
</tr>
<tr>
<td>G4-SO6</td>
<td>Total value of political contributions by country and recipient/beneficiary</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Public and BNSF employee health and safety, including emergency preparedness and response</td>
<td>23-29</td>
<td></td>
</tr>
<tr>
<td>G4-LA6</td>
<td>Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender</td>
<td>26</td>
<td>BNSF is not currently able to break out safety performance data by gender and region as requested by GRI</td>
</tr>
<tr>
<td>G4-SO2</td>
<td>Operations with significant actual and potential negative impacts on local communities</td>
<td>27-29</td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Employee recruiting, development and relations</td>
<td>30-33</td>
<td></td>
</tr>
<tr>
<td>G4-LA1</td>
<td>Total number and rates of new employee hires and employee turnover by age group, gender, and region</td>
<td>31, 39</td>
<td>BNSF is not currently able to break out employee data by gender and region as requested by GRI</td>
</tr>
<tr>
<td>G4-LA2</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees by significant locations of operation</td>
<td>32-33</td>
<td></td>
</tr>
<tr>
<td>G4-LA10</td>
<td>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings</td>
<td>32-33</td>
<td></td>
</tr>
<tr>
<td>G4-DMA</td>
<td>Philanthropy and community engagement*</td>
<td>34-36</td>
<td></td>
</tr>
</tbody>
</table>

*There are no relevant GRI indicators that align with this material issue.

## CORPORATE GOVERNANCE

### Organizational Profile

<table>
<thead>
<tr>
<th>G4-3</th>
<th>Name of the organization</th>
<th>37</th>
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<tbody>
<tr>
<td>G4-4</td>
<td>Primary brands, products and/or services</td>
<td>37-38</td>
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<tr>
<td>G4-5</td>
<td>Location of organization’s headquarters</td>
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<td>G4-6</td>
<td>Number of countries where the organization operates</td>
<td>38</td>
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<td>G4-7</td>
<td>Nature of ownership and legal information</td>
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<td>G4-8</td>
<td>Markets served</td>
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<td>G4-9</td>
<td>Scale of organization</td>
<td>38</td>
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<tr>
<td>G4-10</td>
<td>Report the total number of employees by employment contract and gender</td>
<td>31, 39</td>
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<tr>
<td>G4-11</td>
<td>Report the percentage of total employees covered by collective bargaining agreements</td>
<td>40</td>
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</tr>
<tr>
<td>G4-12</td>
<td>Describe the organization’s supply chain</td>
<td>40</td>
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</tr>
<tr>
<td>G4-13</td>
<td>Significant changes during the reporting period regarding size, structure or ownership</td>
<td>41</td>
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<tr>
<td>G4-14</td>
<td>Explanation of whether and how the precautionary approach or principle is addressed by the organization</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>G4-15</td>
<td>Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>GRI Indicator</td>
<td>Description</td>
<td>Page Number</td>
<td>Omission</td>
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<td>--------------</td>
<td>------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>G4-16</td>
<td>Memberships in associations and/or national/international advocacy organizations</td>
<td>41</td>
<td></td>
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<tr>
<td>G4-17</td>
<td>Scope of financial and nonfinancial reporting</td>
<td>42</td>
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<td>G4-18</td>
<td>Process for defining report content</td>
<td>42</td>
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<tr>
<td>G4-19</td>
<td>List all material aspects</td>
<td>43</td>
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<tr>
<td>G4-20</td>
<td>Boundary of the report</td>
<td>43</td>
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<tr>
<td>G4-21</td>
<td>Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities</td>
<td>43</td>
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<tr>
<td>G4-22</td>
<td>Explanation of the effect of any restatements of information provided in earlier reports</td>
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<tr>
<td>G4-23</td>
<td>Significant changes from previous reporting periods in the scope and aspect boundaries</td>
<td>43</td>
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</tr>
</tbody>
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**Stakeholder Engagement**

| G4-24        | Provide a list of stakeholder groups engaged by the organization              | 44-45       |          |
| G4-25        | Report the basis for identification and selection of stakeholders with whom to engage | 44          |          |
| G4-26        | Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process | 44-45       |          |
| G4-27        | Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting identifying the stakeholder groups that raised each of the key topics and concerns | 43-45       |          |

**Report Profile**

| G4-28        | Reporting period                                                             | 46          |          |
| G4-29        | Date of previous report                                                       | 46          |          |
| G4-30        | Reporting cycle                                                               | 46          |          |
| G4-31        | Contact point                                                                 | 46          |          |
| G4-32        | GRI index                                                                     | 46, 52      |          |
| G4-33        | Policy and current practice with regard to seeking external assurance for the report | 46          |          |

**Governance**

| G4-34        | Governance structure of organization, including committees of highest governance body | 47          |          |

**Ethics and Integrity**

| G4-56        | Describe the organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics | 48-51       |          |