

SHORTLINE

Connection



Third Quarter 2014

Shortline Message

Are you ready for the next transition?

Welcome to our fall edition of the Shortline Connection. By now, all of our big maintenance projects for the season are well under way, and it is already time to begin the transition to prepare for winter season operations. Are you getting ready?



By the end of September, BNSF shortlines have experienced 52 new Business Opportunity wins compared with 84 last year. As we noted in our last update we are seeing very strong volumes with new opportunities. Year to date, we have generated 112,796 new loads vs 34,837 last year. Conversely, we have had 69 Opportunity losses

this year compared to 97 last year. Not won were 40,037 loads in 2014 compared to 85,260 last year.

Shortline dwell time has continued to deteriorate this year. July was an all-time worst month on our shortline connections. The shortline directors have been reaching out to those lines that are not able to turn cars as quickly as prior periods. Year-to-date the overall dwell is 5.83 days compared to 5.43 last year.

You should all have registered for the 2014 Shortline Conference. We look forward to seeing you in downtown Fort Worth Oct. 22-24. Our conference theme this year is "Grow - Serve - Invest".

By now you may have learned that I plan to retire from my role with BNSF in November. I want to personally thank you all for the experience you have given me over the past four years. I am humbled by the

knowledge, expertise and customer commitment I witnessed in working with you, and truly blessed with the honor of meeting you and your teams. I have fond memories of our work together and I feel privileged to form friendships that will extend into the future!

BNSF named Merrill Lieb as the next assistant vice president of shortline development and you will get a chance to meet him during our Shortline Conference.

Richard Biel



October 22-24, 2014
Fort Worth, Texas

Inside

The stage is set for this year's BNSF Shortline Conference.

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The secret to developing new business for some shortlines is to simply keep an eye on the area they serve.

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BNSF's new Quick Start is a great tool for shortlines and their customers.

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Shortline Business Opportunity Report

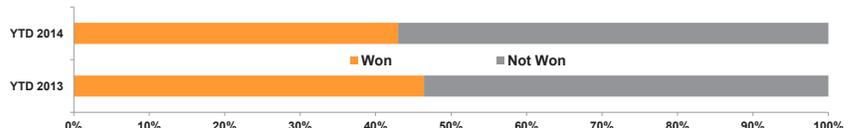
2014 September

Monthly Summary - Closed & New Opportunities

	Won	Not Won	New Opportunities	Executive Summary
Opportunities	3	9	6	-The count of all 2014 Opportunities continues to be down, but total units won is up.
Projected Units	71,100	1,610	2,782	-Sept Won Opportunities were led by Crude and Sand opportunities.
Average Close (days)	526	757		-2014 Won vs. Not Won Opportunities is 43%.
Median Close (days)	778	1652		-Sept New Opportunities were led by a woodpulp opportunity.

Year To Date Change - Closed Opportunities

	Won	Not Won	YOY Change	Not Won	Not Won	Not Won
	YTD 2013	YTD 2014		YTD 2013	YTD 2014	YOY Change
Opportunities	84	52	-32	97	69	-28
Projected Units	34,837	112,796	77,959	85,260	40,037	-45,223



Stage set at Cowtown for conference

Shortline meeting the place to foster growth opportunities

Downtown Fort Worth is celebrating its re-development of Sundance Square – and this urban rebirth offers the perfect site for the annual Shortline Conference with the event theme: “Grow – Serve – Invest”.

BNSF’s 2014 Shortline Conference, scheduled for Oct. 22-24 at the Worthington Renaissance Hotel in Fort Worth, will focus on investing our joint efforts to grow business and meet customer needs. A welcome reception kicks off the event Wednesday, Oct. 22, at 6 p.m.

We offer commercial team meetings and workshops on several important topics. BNSF marketing representatives will provide updates on agricultural products, building products, coal, chemicals and plastics,



October 22-24, 2014

Worthington Renaissance Hotel, 200 Main St., Fort Worth, Texas

construction products and petroleum.

The conference features updates on BNSF’s marketing organization structure, positive train control and a briefing on our ongoing safety initiative known as Approaching Others About Safety. We invite you to meet BNSF staff responsible for the hi-wide clearance process, the new business review process and equipment supply.

Dean Wise, vice president, network

strategy and Dick Ebel, assistant vice president, Shortline development will start the General Session Oct. 23 at 1 p.m. The American Short Line and Regional Railroad Association will provide an industry update, and BNSF executive vice president, law and corporate affairs, Roger Nober, will provide insight on legal, regulatory and government affairs issues.

In addition, we will offer panel discussions featuring BNSF’s executive and management teams. These leaders will be available to visit with attendees at a reception and dinner Thursday evening.

Friday’s General Session includes BNSF chief economist Sam Kyei’s economic outlook, which will be followed by a presentation given by Dr. Lawrence Burns about “The Future of Autonomous Vehicles.”

Pre-scheduled individual meetings will take place after Friday’s General Session.



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Shortline Mission Statement: Our vision is to realize the potential of BNSF’s shortline connections by leveraging the capabilities of both BNSF and its shortline connections to drive profitable growth.



The arrival of a new silo or storage facility on the landscape is an invitation for a shortline to explore opportunities.

Shortlines keep watch on developments around regions they serve to fuel growth

Tucked away in eastern Oklahoma, the “CIA” is hard at work. But unlike the Central Intelligence Agency, which conducts covert operations – this CIA is milling about the Arkansas & Oklahoma Railroad (“A-OK”) headquarters and its lines gathering information to build a case – that is, a case to get more business.

A-OK president and CEO David Donoley chuckles when he references the CIA, which is the family-run investigative operation of A-OK aimed at developing more business along two sections of the former Rock Island line from Midwest City, Okla., to Howe, Okla.

A-OK executive vice president of marketing, Patricia Donoley, manages a small team that comprises the CIA, including vice president of marketing, Chad Donoley; and superintendent of operations, Tiger Donoley. The CIA team scans financial publications and web sites daily to identify growing commodities and industrial rail opportunities.

It is one way BNSF-served shortlines are keeping up with the rapid pace of business today.

Long gone are the days when railroad management could rely on station agents to relay information about new development opportunities in a community. Shortline

operators must now be keenly aware of how to find opportunities and use the necessary means to land new business. Mostly, operators say, it is making an effort to be aware of your surroundings.

“You just keep your eyes open,” says Burlington Junction Railway (“BJRY”) general manager Bob Wingate. “You need to know what people are doing and where. There’s a little knack to it.”

A lot of burned rubber, too.

For much of his 28 years at BJRY, Wingate has made a point to look for new business while traveling highways in the Midwest. He puts about 80,000 miles a year on his truck moving between Iowa, Illinois and Missouri while watching over the BJRY’s operations.

A year ago, Wingate spotted trucks hauling sand and decided to follow them. He learned that they were carrying fracking sand to the oil fields. While discussions with the supplier fell short, the lead ultimately led BJRY to another sand company, which is now one of the railroad’s largest sand customers.

The same thing happened one winter when Wingate lagged behind a truck spraying de-icer on the road. Wingate tracked down the North Dakota source for

Shortline Spotlight

the organic de-icer that the Illinois Department of Transportation uses and started working a deal.

“We now haul de-icer in 32,000-gallon tank cars,” said Wingate.

A newly discovered silo in the distance is often a sight to behold. Wingate says seeing bulk storage facilities is an open invitation to explore. Large volumes of grain, plastics, flour and other stored products usually means an opportunity for rail transport.

“We get excited to see big tanks that are off rail,” he said. “We’ve landed several customers that way. You find out they were trucking and they didn’t know rail was an option.”

Jim Seratt, general manager marketing and transload service, at the Arkansas & Missouri Railroad (“A&M”), says there is no real magic to getting new business. Building a network of connections and knowing the service area backward and forward are cornerstones to building business.

A&M has been able to rebuild some of the grain business it lost to trucking a few years ago by expanding its transload business model. A&M went back to some of its former customers and made pitches to combine rail with trucking.

A&M recently began serving one Missouri grain customer that now



Arkansas & Oklahoma Railroad’s David and Patricia Donoley take an investigative approach to finding new business along their eastern Oklahoma shortline.

brings commodity in by truck and ships it out by rail. The railroad had to invest in tracks to the facility, but the return should make the endeavor worthwhile, Seratt says. A&M expects to benefit to the tune of the 2,500 annual carloads.

“You just go down every avenue possible and knock on doors in your area” said Seratt. “You have to be observant of what goes on in your area.”

Visibility is also critical. The A-OK makes a point to go on fishing tournaments, turkey hunts and other outings with movers and shakers. The railroad also digs deep into site development inquiries along its route and makes sponsorship and promotional investments.

“We sponsor holes at golf tournaments, hand out A-OK hats and A-OK coffee mugs,” Donoley said. “I advertise our railroad.”

Patricia heads up monthly staff meetings that include employees from different departments at the A-OK to brainstorm business opportunities. The idea is to offer an open forum for all departments – even mechanical – to talk about possible business leads. One brain-storming session produced a solid lead for hauling a component of fertilizer used for blasting in mining operations. As a result, David Donoley says the A-OK made a call and the company was interested.

While Chad Donoley studied business development at Eastern Oklahoma University, he said the most basic principle of getting new business – picking up the phone – often is the most practical. In the last few years, A-OK has been able to develop four new accounts in the fracking sand arena by getting on the horn and making inquiries.

His sister Heather Williams, the company’s general manager, says that executing a family-instilled motivation to make things happen is a big reason why the railroad has maintained steady growth over the past four years.

“I think what makes us successful is that we go out and get the business,” she said. “We don’t wait until the business comes to us. Dad has always said that business doesn’t just come to you.”

And whatever tools are necessary to get the business, A-OK will do it. A few months ago, David Donoley bought a Cessna 172 airplane and began flying A-OK’s line.

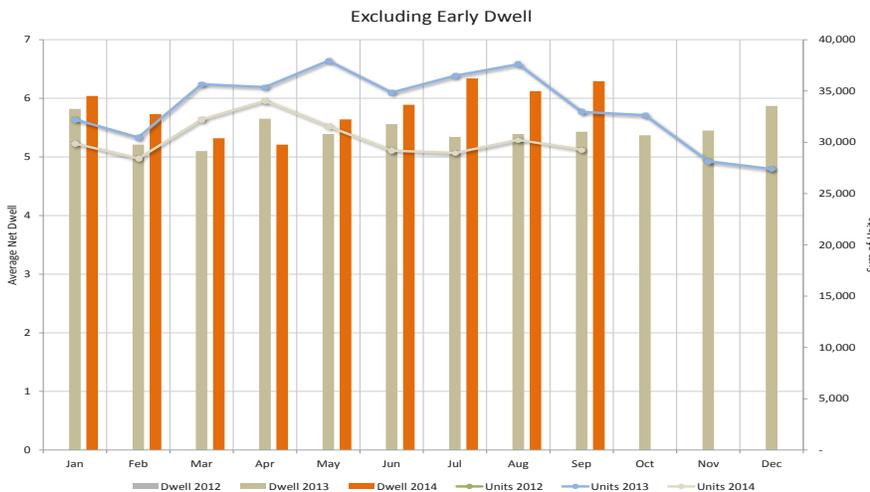
“We look off three, four, five miles and see what’s going on around us,” he said.

Donoley doesn’t sit at the controls: He has a hired pilot for that. But the kids are taking lessons, he said. “They’ll be able to one day fly grandpa around and look for business.”

Inside the Numbers



BNSF Dwell Trend thru 9/30/14



BNSF tools help stimulate business

Quick Start offers intuitive, seamless onboarding customer experience

BNSF Shortlines have a wealth of convenient, customer-friendly tools within arm's reach to help sustain and grow their businesses.

"It's important for shortlines to know what BNSF offers to customers and what tools are also available to their customers," said Dick Ebel, BNSF assistant vice president shortline development.

BNSF is making substantial, multi-year investments to revamp its technology platforms, which will significantly enhance the Customer Experience and enable new customer capabilities and tools.

These multi-year capital investments will be deployed in phases and should yield the benefits of increased capacity and enhanced Customer Experience capabilities. A new tool, BNSF Quick Start, was deployed in June.

The goal of Quick Start is to create an intuitive, consistent and seamless onboarding experience for:

- New users (new employees or new to their jobs, with companies that are already doing business with BNSF)
- New companies who are new to doing business with BNSF and the railroads

Quick Start is a simple BNSF microsite that may be accessed from the bnsf.com homepage or on the Customer's page. It provides users and customers with shortcuts – to find the right customer tools and contacts quickly – based on the commodity the customer is moving and the process/function the customer is interested in performing.

Users can quickly navigate from process to process with one click. For ease and quick access, page layouts for each of the processes are consistent and intuitive. For each process, users will find:

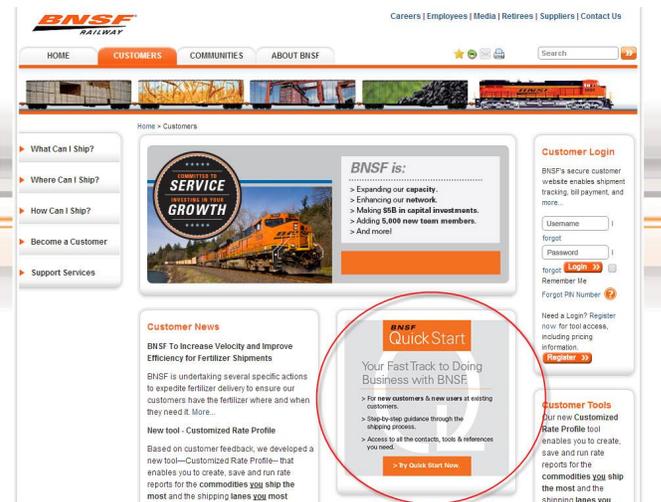
- Applicable apps and tools listed on the left side of the page (with easy steps and links)
- Important contacts on the right side of the page
- Support guides and training guide

"Quick Start was designed, so that new customers and users can find what they need in the fewest clicks, and everything they need for that process is on a single page, a one-stop shop," says Carole Ishii, assistant vice-president, customer relationship marketing. "The site supports BNSF's continued focus on improving the Customer experience."

"We also learned from customer feedback that we could save customers steps after they self-identify - either as a new user, existing customer or a brand new company."

Once the customer is correctly set up and registered, the customer selects the commodity and business process they wish to perform.

For example, a Carload customer moving construction



products may choose from the following processes or customer journeys (See the box for the type of capabilities included in these processes):

- Get a Rate
- Rail Equipment
- Ship
- Track Equipment
- Manage My Account

If tracking shipments and handling billing are routinely part of the job, a user could go directly to "Manage Account" in one click after performing track and trace functions in "Track Equipment".

"Quick Start is one step towards making it easier for our customers," Ishii says. "We're on a path of continuous improvement - to evolve and upgrade our customer web and mobile capabilities. Quick Start is just the tip of the iceberg."

Upcoming events

BNSF Shortline Conference
Oct. 22-24, 2014
Worthington Renaissance Hotel
Fort Worth, Texas

ASLRRRA Central Pacific Region Meeting
Nov. 8-11, 2014
Worthington Renaissance Hotel
Fort Worth, Texas