Preparing Today for Tomorrow’s ‘Megatrends’
Thanks to a process and methodology for identifying and capturing key trends, BNSF has a much clearer understanding of what we need to do now to be positioned for sustainable growth.  
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‘Those Signals Are There for a Reason’
A train crew from Nebraska relives the events, specifically a missed signal, that led to a train collision last year. They share their story so that others might learn from their mistakes.  
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In this continuing series, we take a look at five initiatives under BNSF’s Franchise strategy.  
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SCIG: A Gateway for Green Growth
BNSF’s proposed near-dock Southern California International Gateway will be the cleanest, greenest, most environmentally friendly facility in North America.  
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Our vision is to realize the tremendous potential of BNSF Railway Company by providing transportation services that consistently meet our customers’ expectations.

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Retirees: Send address changes and requests to receive Railway after you retire to BNSF Corporate Relations, P.O. Box 961057, Fort Worth, Texas 76161-0057. Please include your Social Security number.

ON THE COVER
Photographer Clarke Sutphin caught this year’s BNSF Special at one of the more scenic spots on the train’s route.

Strategy for Success: 2007 Franchise Initiatives

Future Intermodal Facility Capacity
New Intermodal Markets
Future Line Capacity Expansion
Emerging Growth
Coal to Liquids
Supply Chain Positioning

This is the third in a series of articles about BNSF’s 2007 initiatives that support the five Strategic Focus Areas – People, Service, Return, Franchise and Community – on the Pyramid for Success (see diagram). We’re taking a look at what they are and how you can influence the progress we’re making.

In this issue, we’ll discuss the 2007 Franchise Initiatives that support our key strategies to balance resources to promote growth and support our stable products/services, to develop new products and services, and to enter into relationships, partnerships and alliances that improve BNSF.

For example, we want to grow the business and invest in growth opportunities and support our stable business as well. As you know, we are a different company in a changed marketplace from 10 years ago. We have to adjust to that market by constantly exploring and developing new ways to meet our customers’ needs by developing new products and services. In addition, if we can enter new markets or offer different services by strategically aligning ourselves with other service providers, we need to look at those opportunities, as well.

Future Intermodal Facility Capacity

Intermodal has been a growth engine for BNSF for the past decade, even though volumes have been soft for so far this year. To help ensure that we can provide sufficient capacity for our customers, we’ve developed five- and 10-year plans to assess intermodal facilities. The original plan was put together in 2006, and several key locations were identified as possibly becoming capacity constrained within a decade: Southern California; Oakland, Calif.; the Pacific Northwest; Chicago; Kansas City; Memphis, Tenn.; and Dallas/Fort Worth.

Growth in the Southern California ports has been a hot topic over the last few years, with the Ports of Los Angeles and Long Beach, Calif., making up the busiest port complex in the United States and the fifth busiest in the world. BNSF is continuing to move forward with its proposed Southern California International Gateway (SCIG) to improve the efficiency of cargo transfer from ports to customers and to allow shippers to take advantage of more efficient truck-rail transportation. (See related article on Page 10.)

BNSF also is addressing domestic intermodal constraints at San Bernardino, Calif., and market growth in the desert by exploring the possible development of a major domestic intermodal logistics facility at Southern California Logistics Airport (SCLA) in Victorville, Calif.

In addition, BNSF is looking at opportunities for expansion in the Pacific Northwest, Chicago and Dallas/Fort Worth.

New Intermodal Markets

Last year, BNSF and CSX Corporation’s rail transportation and intermodal companies announced plans to create a high-volume rail corridor for reliable intermodal services on the lines connecting California with Atlanta and the rest of the fast-growing Southeast region. With the service taking effect in February, BNSF is now able to serve additional metropolitan areas that previously have been out of our reach. (See related article on Page 4.)

For shippers, interline services like this between BNSF and CSX are seamless, providing one point of contact and one price as well as cutting transit time – generally saving one day. For BNSF’s customers, the benefit includes the ability to access markets that lie beyond BNSF’s physical network as they now can use BNSF service to penetrate Southeastern markets.

To ramp up for the new interline service, the BNSF network was enhanced, with line capacity improvements made between Avard, Okla., Springfield, Mo., and Birmingham, Ala.

BNSF wants to create additional high-volume rail corridors to tap other markets that hold great potential. By doing so, shippers can benefit from fewer interchanges that reduce velocity and at times create an inconsistent service. Shippers, BNSF and rail partners also benefit by extending the rail length of haul and reducing the amount of highway service.
Focus on Franchise

“If BNSF can establish a presence in one or more new markets, it would be a great growth opportunity for us,” says Steve Branscum, group vice president, Consumer Products, and co-leader of this initiative. “Plus it would be a way to capitalize on our investment in our transcontinental mainline.”

Future Line Capacity Expansion

Another way we can accommodate growing markets is by increasing our line capacity. BNSF has identified several locations where we could become constrained given growth projections. We are developing capacity expansion plans now to open up additional opportunities for profitable growth.

California is a booming market, and in addition to facility expansion, we are exploring ways to increase line capacity. For instance, in Northern California with the demand projections from the Port of Oakland expansion, BNSF is working with the State of California to obtain public funding for several proposed capacity improvements on the Tehachapi route. And in the Los Angeles Basin, there is a bottleneck that could be alleviated by a flyover at Colton near San Bernardino.

The Gulf region is another major market, so BNSF is looking at building a new yard that will improve service and velocity as well as our ability to handle more Industrial Products business there.

Optimizing the coal network is another piece of this initiative. BNSF is exploring several solutions to improve coal cycle performance, including optimizing route, velocity, train size, and utility and mine capacity, which will also result in better performance for all commodities sharing coal routes.

“These projects involve the input and expertise of several different BNSF departments,” says Rollin Bredenberg, vice president, Service Design and Performance, “including Marketing, Operations, Finance, Network Development and Government Affairs. We also have the opportunity to work with other carriers and public agencies to make improvements that will benefit local communities as well as our shippers.”

Emerging Growth

What’s the next “Big Thing”? That’s the question the Emerging Growth initiative team is asking itself. Could it be biodiesel – an alternative source for fossil fuels – with many new biodiesel plants popping up across North America? Pipe could be another opportunity, since drilling activity continues to increase across the nation, and the country’s transmission pipe infrastructure needs replacement pipe as the demand for refined products continues to increase.

Not only is the energy industry growing, it also is changing, so BNSF is researching all aspects of this evolving business to take advantage of new transportation opportunities.

To relieve congestion, several of the Franchise initiatives are looking at ways to increase capacity, both on line and through expansion of existing facilities.

To meet the nation’s increased demand for energy, new coal-fired plants will be constructed in the coming years. The Environmental Protection Agency’s emissions requirements are driving facilities to invest in new scrubbing technology, which has boosted the demand for limestone rock and lime products.

Major construction projects are another source of new business. Just consider the numerous road projects planned within Texas to meet the demands of a rapidly growing population and needed road infrastructure. Each project offers several opportunities that cross over many commodity lines.

Another opportunity is the huge municipal solid waste market, because many of the major metropolitan areas are sending their waste to more remote, non-urban locations.

“Our goal is to uncover those new markets or create new products and services to meet the needs of a changing and growing economy,” says Dave Garin, group vice president, Industrial Products.

Coal to Liquids

The energy industry is looking for alternative fuel sources to petroleum. One of those could be coal to liquids, a proven technology used for decades. Currently, there are about 250 years’ worth of coal deposits on or under American soil, and converting coal to liquids could help reduce the country’s dependency on foreign oil and also have environmental benefits.

“BNSF is assessing the feasibility of coal to liquids to provide for both a physical supply of fuel and a known price for some of our fuel needs,” says Steve Bobb, group vice president, Coal.

Supply Chain Positioning

Since BNSF Logistics was established in 2002 as an indirect wholly owned subsidiary of Burlington Northern Santa Fe Corp., the company has been growing and providing customers transportation execution and supply chain management services.

The formation of BNSF Logistics is a further example of BNSF’s commitment to provide customers with more efficient and comprehensive supply chain solutions.

Currently, BNSF Logistics delivers value to shippers by managing relationships with thousands of small trucking companies. It also markets supply chain management solutions to companies that want to outsource certain parts of their supply chain. BNSF Logistics is able to manage these services much more efficiently and cost-effectively than these companies would be able to on their own.

So what is the best strategy for BNSF Logistics, and what more can we do to leverage the BNSF name to create a new avenue of growth for BNSF Logistics? Should BNSF Logistics provide other services and enter new markets, either through acquisition or by building capabilities? These are the questions the Supply Chain Positioning initiative is meant to answer.

“International freight forwarding is one market BNSF Logistics is exploring,” says Todd Olsen, assistant vice president, Market Development. “Globalization and outsourcing abroad has led to longer, more complex supply chains that involve a host of providers, including an overseas trucking company, overseas consolidator, overseas port, ocean port, United States port, railroad and trucking company. BNSF Logistics would manage the multitude of relationships and the logistics of the transportation chain, as well as provide value-added services such as customs clearance. This is one possibility to expand BNSF Logistics’ portfolio of products that can be accomplished without owning overseas assets or having employees overseas.”

Contributed by Marietta Collins

RAILWAY - JULY/AUGUST 2007
Today, thanks to our well-defined Strategic Focus Areas (Service, Franchise, Return, Community and People), plus our specific Initiatives, our vision is closer to being realized. Thanks also to an effort begun in 2005, a process and methodology for identifying and capturing key trends has been created that strategically will continue to shape BNSF’s future.

Two years ago, the Industrial Products (IP) business unit started the process by examining what U.S. industrial production would look like over the course of the next 25 years. Last year, the process was employed by the Consumer Products (CP) unit to examine consumer trends of tomorrow. Both examinations included trend analysis, a gap analysis and validation.

To enable us to establish trends, existing studies, research and data were analyzed, looking at supply and demand, market conditions and transportation capacity. Markets and commodities were ranked in terms of their likelihood to grow, and a gap analysis was conducted. (The gap analysis looked at not only what BNSF can do today, but what we need to do to be positioned for sustainable growth tomorrow.) The validation process included interviews with customers and subject matter experts.

“As a forward-thinking company, we needed a process that would enable us to better plan for our business over time,” explains George Duggan, BNSF’s vice president, Domestic Intermodal Marketing, who helped engineer the IP study two years ago and then oversaw the same analysis for the CP group. “Now this strategic planning process is embedded in our business units to ensure continuity.”

Today, both the IP and CP studies, which began as a means of identifying new and developing market opportunities, has evolved to what is commonly referred to as the “Megatrends” findings. The following summarizes what BNSF learned and how we are responding.

**Strategic Initiative 2005: The Future of BNSF’s IP Business**

In the original IP study two years ago, manufacturing trends were analyzed, including examining the plethora of industrial products shipped via BNSF such as building materials, plastics and chemicals. BNSF wanted to know who would need what products and where, and how to best get these products to their destinations. In other words, we examined how the company could “extend its reach” to sustain profitable growth.

In the 2005 initiative, a BNSF team uncovered a 2004 urban-planning study that looked at the growth of the United States in the coming decades, including growth in gross domestic product, real estate, population, transportation and other economic drivers.

BNSF combined the 2004 study with production and consumption trends being internally analyzed and began to identify the trends that would impact BNSF in the future. Among the findings is that most of the nation’s growth is predicted to occur in 10 “megapolitan” areas. (See the accompanying map.)

BNSF’s IP franchise already directly serves seven of the 10 megapolitan areas. (See the accompanying map.)

The findings were good, as BNSF’s IP franchise already directly serves seven of the 10 megapolitan areas. In addition, the West and the Southwest are strongholds for the company.

“The study validated what we already believed – that we handle the manufacturing sector well and should be in a good position to handle it in the long term,” says Regina Minish, BNSF’s director of Market Research.
Minish says BNSF is now taking a closer look at specific areas around the country to find out exactly what industrial production is being planned, where and by whom. This, in turn, will determine what capabilities BNSF will need in terms of people, land, equipment, facilities and relationships with government representatives and other business entities to best serve these markets in the coming years.

“We really have to be prepared because our business is one with a lot of fixed costs,” says Minish. “We need longer lead times than other businesses to acquire land and build infrastructure. We can’t ‘retool’ as quickly as companies in some industries can.”

The AIM (Assess. Improve. Maximize.) initiative is being conducted in tandem with this planning. Part of the Reshaping the Carload Network effort, AIM is designed to improve customer satisfaction through increased productivity and improved fluidity. Ultimately it will reduce the local network service complexity, drive a more cost-efficient and reliable service offering as well as capture economic value for additional local services. Having a profile of where the emerging markets will be is critical to the AIM initiative being effective.

Strategic Initiative 2006: The Future of BNSF’s CP Business

Last year’s examination for the CP business unit looked at goods transported via intermodal. The analysis included trends that affect the supply and demand of consumer goods as well as land and water transportation capacity. The following future metropolitan growth trends emerged:

- By 2030, about half of the buildings in which Americans live, work and shop will have been built after 2000, and most of the buildings built between 2000 and 2040 will be residential.
- Most of the new growth will occur in the South and the West.

According to Duggan, for the CP study, a high-performing, cross-functional team was put together to conduct the research. “The goal was to understand our capabilities, opportunities and risks,” says Duggan. A diverse set of BNSF customers and partners, including major trucking companies, retailers and think tanks, were interviewed.

Among the conclusions of the 2006 study were that China, followed by Southeast Asia countries, will continue to be significant manufacturers of goods shipped via intermodal. Thus, world trade flows will continue to favor the U.S. West Coast ports. In terms of land-shipping capacity, truck driver shortages are likely to continue to be a problem as will highway congestion. Both of these findings present a challenge for the overall transportation industry, with possible opportunities for the rail industry, says Duggan.

However, some of the study’s other conclusions, particularly those related to water transportation capacity, were revealing. Larger shipping vessels are currently being built – some capable of handling 11,000 TEUs – to deal with growing U.S. demand for consumer products. This will, in turn, lead to further crowding at the nation’s two primary ports, those in Los Angeles and Long Beach, Calif. (The combined volume shipped through these two ports is currently triple that of any other U.S. port.) As a result, the study predicted that shippers will look for other ports, including those in Mexico and Canada.

Moreover, the Panama Canal is set to expand its capacity with a third set of locks by the year 2014. This will allow more containers to be shipped directly to the U.S. East Coast versus the U.S. West Coast, where goods are then transported by rail inland.

In addition, carriers are reportedly considering using the Suez Canal to get consumer products from Asia to the East Coast.

“Obviously, we need to look for ways to expand our reach to the East Coast, too – particularly the Southeastern United States, which is forecast to grow dramatically,” says Duggan.

That reach is already under way; in January, BNSF began working with CSX to offer a new seamless intermodal doublestack service connecting California with Atlanta and the rest of the fast-growing Southeast. With this additional destination, BNSF is now in a position to serve eight of the 10 forecasted megapolitan areas, seven directly, and one via the interchange with CSX.

In terms of land capacity, the study concluded that retailers will continue to locate a growing number of distribution centers along the most efficient transportation routes into Texas, Nebraska and the Southeast. Currently BNSF is leading the industry in the development of intermodal logistics parks to better serve distribution centers. The company’s first intermodal logistics park was built in Chicago in October 2002, and more are in the works, including Logistics Park-Kansas City, expected to open in 2009. BNSF predicts that the parks will fuel growth in these areas by serving as regional distribution hubs for international and domestic trade.

Other results of the 2006 study include the following:

- The economics of some megapolitan areas make them difficult to serve. For example, Florida is a large consumption market, but there is little production there. The East Coast suffers from a similar imbalance.
- To get their products to the U.S. East Coast faster, some industries are considering moving their manufacturing out of Asia, and others are reportedly discussing moving their manufacturing back to the United States to avoid the delays and shipping costs associated with importing products.
- The transportation crisis related to the ports of Los Angeles and Long Beach soon reaching capacity is understood by many, but how to handle it is not.

To a business trying to determine how to sustain profitable growth 30 or more years into the future, major problems such as these can seem daunting, But Duggan says it really just depends upon how you look at them. As he puts it, “Some of the biggest problems you face also represent your greatest opportunities. That’s what we believe at BNSF, and it’s why we are preparing for the future now.”

Contributed by Amy Ray
More than 9,000 people, including BNSF employees and their family members, along with other invited guests, had a chance to ride aboard this year’s BNSF Railway Special. This was the 11th year of the Special, which is a way to thank employees for their contributions to the company’s success. Today, the Special has evolved into a much-anticipated family experience in every community in which it travels.

During the 21 days of operation from June 5 to June 26, the 2007 Special, made up of 13 vintage passenger cars and a diesel-electric locomotive at the front and at the end of the train, kicked off in McCook, Neb., and concluded in Alliance, Neb. Other stops included Sterling and Denver, Colo.; Guernsey, Casper, Greybull, Sheridan and Gillette, Wyo.; Havre, Mont.; and Edgemont, S.D.

Once again, the Special safely handled thousands of riders. In fact, since beginning in 1997, the Special has safely operated more than 10 million passenger miles! Well before the first passengers lined up to board the Special, the train staff had been briefed on safety concerns by train managers Jeff Schmid, manager, Field Safety, and Warren Scholl, manager, Training at the BNSF Technical Training Center. Then, once passengers were seated, they were given a safety briefing.

As soon as the train started moving, riders – young and old alike – were encouraged to sit back and relax, while attendants served beverages and snacks. Their time on the vintage passenger cars was relaxing, combining a smooth, cool ride with scenic territory.

As it has since 2002, the Special also offered train rides and fundraising opportunities for Boys & Girls Clubs in key cities along the route. Customer and Government Affairs events were also sponsored on board the train. In addition, the C.M. Russell Museum of Great Falls, Mont., which maintains a large collection of artwork by Western artist Charles M. Russell, held two events on board the Special, one at Denver and another at Great Falls.

Feedback from riders was very positive: “BNSF is a great example of the many wonderful corporate sponsors that support us,” wrote Boys & Girls Clubs of Metro Denver President and CEO Tim Sheahan. “We kicked off our summer schedule and activities with this
once-in-a-lifetime experience for our kids. We’ll never forget this special day of fun aboard the BNSF Special.” (The Special operated a Denver Boys & Girls trip on June 7.)

One rider wrote: “Thank you for offering a fun experience for our family. The kids are loving it and will remember it for a long time.” And a rider from Alliance, Neb., wrote, “It [the Special] was a great promotion, and we want to thank BNSF for taking care of the many families in our town.” Simply stated, a young visitor summed it up: “This was my first train ride. It was AWESOME. Thank you!”

Time for All
'Those Signals Are There for a Reason'

May 17 is a date that conductor Rick Ehrett and locomotive engineer Ross West will probably quietly observe for the rest of their lives – even though it’s one the two would just as soon forget.

“I don’t think my memories of that day will ever go away,” says West, “but if I can help others by telling my story to keep it from happening to them, I will.”

“It” was a missed signal that resulted in a train collision. Incredibly, both men walked away from the wreckage, though Ehrett suffered injuries.

Just Another Day

The Alliance, Neb., train crew – with a combined 50-plus years’ service – received the call to work at 4:30 a.m. on Wed., May 17, 2006. The two had been off duty – West for 53 hours and Ehrett for 50; both were rested and ready for what was going to be just another day, another run from Alliance to Ravenna, Neb., on a loaded coal train headed east.

After arriving at the Alliance yard office, they were transported to the “Sterling Main,” where they climbed on board their waiting loaded, 6,500-foot-long coal train. The 123-car, 16,000-plus-ton train was powered by two locomotives and one distributive power (DP) unit on the rear.

While they waited in the cab of their locomotive for work to be completed on the DP locomotive, the men talked – about fishing, softball and local news. Since they hired on about the same time in the early 1980s, they share a common history in this railroad town. They’d also worked together before on this run and knew it well.

Given the volumes of traffic on the Alliance-to-Ravenna line, which handles primarily loaded and empty coal trains from the Powder River Basin, most train crews don’t expect to complete the 238-mile run. “You usually get relieved somewhere on the way,” says West. “Making the whole trip in 12 hours is good.”

As the men sat in the cab, they conducted a job briefing, going over speed restrictions, track bulletins, Form Bs [the track bulletin document that contains track work and its related limits] and track condition messages.

Finally, once the DP unit was ready to go, they were cleared to depart. The weather conditions were clear, and it promised to be a beautiful spring day in the Sand Hills. Everything was “normal” as the train left the yard.

The sun was moving up from the horizon as their eastbound train, C-ATMSUD0-93, headed out, departing Alliance at about 7:30 a.m. The train advanced, picking up speed along the double-track stretch to Antioch, a station about 15 miles away.

At Antioch, the line turns from two-main-track territory to single track. West and Ehrett stopped their train here as required by the red signal in anticipation of meeting two empty hopper trains.

Another eastbound train, C-RWMKCM0-93, was stopped ahead of them at Antioch. Once the westbound trains passed, train C-RWMKCM0-93 advanced, and then West and Ehrett’s train was cleared to move to single track and continue east.

They proceeded to Lakeside, the next station and where the single main track turns back to two-main-track territory. The crew assumed – based on previous trips over this segment – that once they got into Lakeside, they’d start making better time again.

“I Thought the Last Signal Was Flashing Yellow”

It was about 8 a.m. as West and Ehrett passed the next signal at milepost 347.4. Both say they thought the signal indicated a flashing “approach-medium” yellow, meaning they could proceed, but be prepared to stop, and if going over 30 mph, immediately reduce to that speed.

A lack of communication about signals and a failure to comply with signal indications led to a train collision May 17, 2006.
Looking back at the events of May 17, 2006, at Lakeside, Neb., there are several rules and best practices that might have prevented this collision from happening,” says Niël Niemi, senior manager, Field Safety. “One of the most important lessons to take from this incident is the importance of staying focused. Don’t let thoughts about what usually happens—or what you expect to happen or what is happening ahead or behind you—interfere. This crew made a critical mistake by losing focus. You can have all the rules in the world, but if you don’t have your mind on what you are doing, you can get into trouble.”

Here are some of the rules to consider:

**GCOR Rule 1.47**

**Duties of Crew Members**

**C. All Crew Members’ Responsibilities**

*(as of June 1, 2007)*

1. To ensure the train is operated safely and rules are observed, all crew members must act responsibly to prevent accidents or rule violations. Crew members in the engine control compartment must communicate to each other any restrictions or other known conditions that affect the safe operation of their train sufficiently in advance of such condition to allow the engineer to take proper action. If proper action is not being taken, crew members must remind engineer of such condition and required action.

2. Crew members in the engine control compartment must be alert for signals. As soon as signals become visible or audible, crew members must communicate clearly to each other the name of signals affecting their train. They must continue to observe signals and announce any change of aspect until the train passes the signal. If the signal is not complied with promptly, crew members must remind the engineer and/or conductor of the rule requirement. Crew members must not use binoculars or similar devices to determine the position, aspect or indication displayed by a fixed signal.

3. When the engineer and/or conductor fail to comply with a signal indication or take proper action to comply with a restriction or rule, crew members must immediately take action to ensure safety, using the emergency brake valve to stop the train, if necessary.

**System Special Instructions, Item 43, Signal Awareness/Position of Switch Form**

*(as of June 1, 2007)*

Subdivision-specific signal awareness/position of switch forms are available at on-duty points. In addition to observing and calling signals as required by GCOR Rule 1.47, the conductor must fill out one of these forms in ink while operating on BNSF and foreign railroads. Foreign railroads operating on BNSF are allowed to use their own signal awareness/position of switch forms when approved.

**Notes:** The following refers only to the Signal Awareness portion of this System Special Instruction:

- All block signal names or aspects, yellow or yellow/red flags and trackside warning detector exceptions must be recorded.

Record the following:

- **CLEAR** signals – Name or aspect.
- **All other signals** – Name or aspect of the signal, the train speed and time signal passed.
- **Flags** – Name and location of each flag, the train speed and time flag passed.

When speed indicator is not visible to the conductor, the engineer must call out the speed, in addition to the signal name or aspect, if other than CLEAR. Should the conductor be unable to record a signal aspect due to other activities, this fact must be noted on the form, including the reason.

At the completion of each trip all forms must be turned in as directed by the Division General Manager.
Southern California International Gateway:
A Gateway for Green Growth

With more than 40 percent of the nation’s total import traffic entering through the Ports of Los Angeles and Long Beach, Southern California is America’s gateway to the global economy. Everything from electronics, clothing and furniture to millions of other everyday consumer goods enters the United States through the Southern California ports and then travels across the country via rail, eventually ending up in the shopping bags of millions of American consumers.

Inevitably, as America’s demand for Asian-produced goods continues to grow, so will the volume of container traffic moving through the ports. According to the Ports of Los Angeles and Long Beach National Economic Study of March 2007, since 1990, the amount of trade flowing through the Ports of Los Angeles and Long Beach has more than tripled, and by 2030 is expected to nearly triple again.

However, future growth brings a new level of environmental standards, particularly in Southern California, where green growth is a priority with elected and port officials, decision-makers and community members.

“At BNSF, we have worked hard to refine our approach to fostering green growth,” says project lead Associate General Counsel Mary Nan Doran. “We have created a compelling vision for the cleanest, greenest, most environmentally friendly facility in North America: the Southern California International Gateway (SCIG).”

The proposed SCIG facility is a near-dock facility located just eight miles from the Ports of Los Angeles and Long Beach. With direct access to the Alameda Corridor, this near-dock facility will load containers on BNSF’s rails close to the docks, eliminating millions of truck miles each year.

SCIG will greatly improve an existing industrial trucking and redistribution site into a gateway for green growth by setting a new standard for environmental stewardship. This facility’s emissions will be 90 percent less than traditional intermodal rail yards. Specially designed wide-span rail-mounted electric cranes will produce zero emissions on-site. (See sidebar.) BNSF also plans to use low-emissions liquid natural gas-powered hostlers, or other low-emissions vehicles, to move containers within the facility and low-emissions switch engines to build trains.

Because BNSF wants to be a good neighbor, the company recently announced significant enhancements to its proposed SCIG facility based on input from residents, community leaders, and elected and port officials.

“We’ve spoken one-on-one with more than 200 households near the facility and received feedback from hundreds of key stakeholders. We listened to their concerns and are adding several important features to make SCIG the greenest rail facility in the United States,” says Matthew K. Rose, chairman, president and chief executive officer.

In addition to its original commitments, BNSF has committed to the following enhancements:

- 100 percent of the truck fleet servicing SCIG will be 2007 or newer upon facility opening – exceeding compliance with the San Pedro Bay Ports Clean Air Action Plan.
- Trucks serving SCIG will be limited to traveling on specified non-residential truck routes and be equipped with global positioning satellite devices to monitor and enforce compliance.
- BNSF’s operating contractor will give qualified local residents first priority for all new job openings at SCIG.
- BNSF will fund a workforce training program to assist area residents in obtaining these jobs.
- BNSF will plant an “urban forest” at the site to improve air quality and aesthetics.
- BNSF will fund construction of a sound wall east of SCIG to diminish current freeway noise, and looks forward to working with local residents to determine its location.

“At BNSF, communities matter. Our commitment is to reduce emissions, improve air quality and foster green growth, while minimizing our footprint on the environment,” says Rose. “We understand that environmentally responsible business practices will result in significant gains for our customers, employees, shareholders and the communities we serve.”

The proposed SCIG facility is currently undergoing the California Environmental Review Process with the draft Environmental Impact Report under way. To learn more about the SCIG, visit www.communityismatter.com.

Contributed by Suann Lundsberg

Broad Benefits of Wide-Span Cranes Being Realized

Cranes technology is currently undergoing a massive overhaul that translates into broad (literally) benefits for BNSF.

Wide-span cranes are in the process of being installed at BNSF’s North Seattle International Gateway Intermodal facility and eventually will be installed at the Southern California International Gateway (SCIG) and other intermodal facilities. This cutting-edge technology allows more flexibility, increases capacity for container stacking and introduces a complete “green machine.”

Wide-span cranes are significantly wider than the current stabilizer-beam cranes and use cable-suspended lift spreaders with overhead cabs, which have sophisticated anti-sway systems. Each wide-span crane is 152 feet, with a 26-foot cantilever. There are a total of four cranes working over two “crane modules,” with each crane able to access four rows of four-high stacked containers, three truck lanes and three ramp tracks. Compare this with the stabilizer beam crane BNSF currently uses at its Intermodal facilities: one track, one space, one crane and no stacking capabilities.

“All aspects of intermodal operations are performed under the span of the new crane, and the additional ramp track capacity should decrease switching, reduce off-spot cars and increase productivity time for lift operations,” says Tom Kelly, director, System Intermodal Hub Operations and Technology.

The wide-span cranes operate solely from electric power, which is more dependable and environmentally friendly. With current crane technology, there may be as many as six diesel trucks moving containers to “feed” the crane for loading or moving unloaded containers. The wide-span crane can reduce the need for these hosting yard vehicles.

Allowing more loading-track space is another benefit of the new technology. “This unique design provides the flexibility to put our inventory in very condensed spaces,” says Kelly. Enhanced space utilization is imperative as land becomes a rare and increasingly expensive commodity. Densification of container storage increases available space on valuable land. The crane also allows for container selectivity as all stacking is under the span of the crane. The new machine has only vertical restrictions versus other cranes (sideloading, reachstackers) that have both vertical and horizontal restrictions.

Contributed by Ashlie Clay
In eastern Kansas this summer, four days of solid rain created floodwaters that wreaked havoc on BNSF operations in the heart of our network. For nearly nine days, including the time to restore the railroad, BNSF service was suspended on the Kansas City-Birmingham, Ala., line, which daily handles about 25 trains. But as the water rose, BNSF people—as they have time and again—rose to the challenge.

The rain started the weekend of June 30 on the Springfield (Mo.) Division’s Fort Scott Subdivision, where the Marais Des Cygne River crosses BNSF’s line multiple times. As the precipitation continued, Engineering’s track, structures and signal inspection teams assessed the damages. Once the water finally receded, they reported the bad news: More than 22 miles of track were affected, with nearly half submerged and two miles of track significantly damaged. In addition, 19 bridges were affected.

“I’ve been involved in floods, but not of this magnitude or this duration,” says Mark Johnson, general director, Maintenance for the Springfield Division, who was on the front line. “Early on, we knew we were ‘going under,’ and Bill Fleck Sr., superintendent, Mechanical, Springfield, was impressed with the operation. “We had a plan to follow, and everyone did what they needed to do,” says Fleck. “Everyone ran extremely smoothly. I even had some people tell me they enjoyed this because of how well-planned it was.”

Johnson says there are a lot of people to thank. “We couldn’t have done this without every single person involved. They all had great attitudes and really wanted to know how as a team we were doing.”

With repairs completed by July 9, service on this busy coal route resumed under speed restrictions. Work will be ongoing until the area is completely restored, where regular volumes of traffic can go through the area at typical speeds. Just as important, there were no injuries during the recovery.

Fort Scott Flooding Recovery Statistics:
- 300+ employees and contractors
- Installation of 3,500 track ties
- Trucking and placing 41,000 net tons of riprap
- Trucking and placing by truck or belt train 38,000 net tons of shot rock
- Dumping and surfacing 43,000 net tons of ballast
- Replacing and testing multiple signal installations

Contributed by Susan Green

### BNSF Performance Measures

#### BNSF Units Handled

<table>
<thead>
<tr>
<th>Year-to-Date through July 28, 2007, and July 29, 2006</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>1,397,299</td>
<td>1,394,534</td>
</tr>
<tr>
<td>Agricultural Products</td>
<td>564,920</td>
<td>554,100</td>
</tr>
<tr>
<td>Industrial</td>
<td>952,830</td>
<td>929,259</td>
</tr>
<tr>
<td>Consumer</td>
<td>2,088,069</td>
<td>3,169,345</td>
</tr>
<tr>
<td>System</td>
<td>6,881,117</td>
<td>6,047,298</td>
</tr>
</tbody>
</table>

#### BNSF Stock

- 3 months through July 28, 2007
- S&P 500 Index
- BNSF

#### 2007 BNSF Velocity Performance

<table>
<thead>
<tr>
<th>Quarter-to-date through July 28, 2007</th>
<th>3rd Qtr. Goal</th>
<th>Actual QTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locomotive miles per day</td>
<td>362.4</td>
<td>282.3</td>
</tr>
<tr>
<td>Agricultural car miles per day</td>
<td>183.0</td>
<td>179.5</td>
</tr>
<tr>
<td>Merchandise car miles per day</td>
<td>122.5</td>
<td>122.2</td>
</tr>
<tr>
<td>Coal cycle index*</td>
<td>134.0</td>
<td>139.4</td>
</tr>
<tr>
<td>Intermodal-container transit days*</td>
<td>4.73</td>
<td>4.76</td>
</tr>
<tr>
<td>Intermodal trailer transit days*</td>
<td>2.38</td>
<td>3.28</td>
</tr>
</tbody>
</table>

*With these measures, the lower the number, the better.

- Locomotive data is measured as miles per day.
- Agricultural and Merchandise active car cycle data is measured as miles per day on the BNSF system.
- Coal cycle time starts with the time the loaded train is released from the mine, followed by transportation time to the utility, and stops when the train arrives to spot at utility. The cycle time starts again with the time the train is released from utility, followed by transportation time of the empty train back to the mine.
- Intermodal is based on average time between cut-off and derail or interchange delivery. Includes units in business segments 3 O (International Intermodal) or 3 Z (Domestic Intermodal) and that traveled on train symbols M, P, Q, S, or Z and that have car kind K or V. Container service includes units with equipment type K (containers); trailer service includes units with equipment type V (vans).

#### BNSF Reportable Injuries

<table>
<thead>
<tr>
<th>Year-to-date through July 25, 2007</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>397</td>
<td>338</td>
</tr>
</tbody>
</table>
2006 Safety Plate
To Be Shipped Soon

An Injury-Free Recognition Program begun more than a decade ago continues today with the BNSF Safety Plate program. The following is a brief history of this tradition.

In 1994, the former Santa Fe Railway began an Injury-Free Recognition Program, better known as “the safety plate project.” That year, more than 14,000 porcelain plates with the artwork Grand Canyon fired on each were shipped to employees who had worked injury-free throughout 1993. In 1995, the plate Canyon Aspens was presented to Santa Fe employees who worked injury-free throughout 1994. Due to the Burlington Northern Santa Fe merger, no plate was issued in 1996 for employees who worked injury-free in 1995.

In 1997, the tradition was introduced to Burlington Northern Santa Fe employees when the plate Jackson Lake was awarded to more than 46,000 BNSF employees who had worked injury-free throughout 1996. Since then, a plate has been created every year; the 2006 limited-edition plate features a BNSF coal train photo by Rick Knutson, director, Equipment Utilization.

To be eligible to receive a plate, an employee must have worked at least three consecutive full months of the safety plate award year and not have had a reportable injury during that time.

Shipping of the 2006 plate was to begin in August.