

Overview of BNSF's first-quarter financial performance

Update on BNSF's volumes, revenues and expenses through March 31

Statement of Income (in millions)	Q1 - 2014	Q1 - 2013	Q/Q % Change
Total revenues	5,447	5,284	3 %
Operating expenses	4,079	3,816	7 %
Operating income	1,368	1,468	(7)%
Net income	724	798	(9)%
Operating ratio (a)	74.4%	71.7%	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2014.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and Revenues

Total revenues for the first quarter 2014 were up 3 percent compared with the same period in 2013. BNSF's total units for the first quarter of 2014 were up 1 percent, compared with the same period in 2013, and first quarter 2014 also benefited from increased revenue per unit.

Business unit first quarter of 2014 volume highlights:

- Consumer Products volumes were up 1 percent in the first quarter compared with the same period in 2013, primarily due to higher international and domestic intermodal traffic, offset by reductions in automotive.
- Industrial Products volumes increased 1 percent in the first quarter compared with the same period in 2013, primarily due to increased shipments of petroleum products, driven mainly by increased crude unit train loadings. Slower equipment velocity reduced loadings of BNSF cars across Industrial Products.
- Coal volumes increased 4 percent in the first quarter of 2014 compared with the same period in 2013, primarily due to higher demand. Even with this increase, we did not meet customer demand.
- Agricultural Products volumes were down 3 percent in the first quarter of 2014 compared with the same period in 2013, primarily due to service-related challenges which were then exacerbated by the severe winter weather.

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

Business Unit	Q1 - 2014	Q1 - 2013	Q/Q % Change
Revenues (in millions)			
Consumer Products	\$ 1,663	\$ 1,661	— %
Industrial Products	1,407	1,337	5 %
Coal	1,224	1,209	1 %
Agricultural Products	976	911	7 %
Total Freight Revenues	\$ 5,270	\$ 5,118	3 %
Other Revenues	177	166	7 %
Total Operating Revenues	\$ 5,447	\$ 5,284	3 %
Volumes (in thousands)			
Consumer Products	1,194	1,188	1 %
Industrial Products	452	448	1 %
Coal	563	542	4 %
Agricultural Products	236	244	(3)%
Total Volumes	2,445	2,422	1 %
Average Revenue per Car/Unit			
Consumer Products	\$ 1,393	\$ 1,398	— %
Industrial Products	3,113	2,984	4 %
Coal	2,174	2,231	(3)%
Agricultural Products	4,136	3,734	11 %
Total Freight Revenues	\$ 2,155	\$ 2,113	2 %

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-Q for the period ended March 31, 2014.

Expenses

Operating expenses were up 7 percent for the first quarter. A significant portion of the increase is due to the following trends, which includes increased costs related to severe weather issues and service-related challenges.

- Compensation and benefits increased 7 percent for the first quarter of 2014 primarily due to wage inflation, higher overtime and higher average headcount.
- Fuel expense was up 3 percent in the first quarter of 2014 compared with the same period in 2013. Fuel expense increased due to higher volumes and lower fuel efficiency, partially offset by favorable fuel prices. Locomotive fuel price per gallon decreased 3 percent for the first quarter of 2014 to \$3.11.
- Purchased services, which includes expenses like maintenance contracts and professional services, increased 6 percent for the first quarter of 2014, compared with the same period in 2013 due to increased ramping and drayage costs, professional services, and purchased transportation for BNSF Logistics, a wholly-owned, third-party logistics company.

- Depreciation and amortization expense increased due to additional assets in service.
- Materials and other expenses increased 24 percent for the first quarter of 2014 as a result of higher crew transportation, lodging and other travel costs, utilities, and locomotive materials.

Operating Expenses (in millions)	Q1 - 2014	Q1 - 2013	Q/Q % Change
Compensation and benefits	\$ 1,218	\$ 1,139	7 %
Fuel	1,159	1,122	3 %
Purchased services	653	617	6 %
Depreciation and amortization	515	483	7 %
Equipment rents	215	198	9 %
Materials and other	319	257	24 %
Total Operating Expenses	\$ 4,079	\$ 3,816	7 %

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2014.

Capital Activities

BNSF continues to invest heavily in maintaining and renewing its network to increase capacity for growth and to provide safe, reliable service to its customers. Our 2014 capital commitments forecast continues to be \$5.0 billion compared with \$4.0 billion in 2013.

We will spend \$2.3 billion in capital in 2014 on our core network and related assets. In addition, we will continue investing in our locomotive and rail car fleet, in projects that expand and improve the efficiency of our infrastructure, and continue installing positive train control in response to a federal mandate.