

## BNSF's 2013 Financial Performance: Volumes, Revenues and Expenses

Statement of Income (in millions)	Q4 - 2013	Q4 - 2012	Q/Q % Change	2013 YTD	2012 YTD	Y/Y % Change
<b>Total revenues</b>	\$ 5,757	\$ 5,428	6%	\$ 22,014	\$ 20,835	6%
<b>Operating expenses</b>	3,875	3,788	2%	15,347	14,823	4%
<b>Operating income</b>	1,882	1,640	15%	6,667	6,012	11%
<b>Net income</b>	\$ 1,122	\$ 932	20%	\$ 3,793	\$ 3,372	12%
<b>Operating ratio (a)</b>	66.6%	69.3%		69.1%	70.7%	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-K and 10-Q for the periods ended December 31, 2013 and September 30, 2013, respectively. Fourth-quarter amounts are calculated as the difference between the YTD December and YTD September amounts.

(a) Operating ratio excludes impacts of BNSF Logistics.

### Volumes and Revenues

Total revenues for the fourth quarter and full year 2013 were up 6 percent compared with the same periods in 2012. BNSF's total units for the fourth quarter and full year 2013 were up 6 percent and 4 percent, respectively, compared with the same periods in 2012, reflecting continued strength in our crude and domestic intermodal businesses, offset by weakness in grain. Full year 2013 also benefited from increased revenue per unit.

Below are some 2013 volume highlights:

- Consumer Products volumes were up 9 percent in the fourth quarter and 6 percent for the full year 2013 compared with the same periods in 2012, primarily due to higher domestic intermodal volumes as a result of highway conversions to rail and increased international intermodal volumes from new carrier conversions and higher export demand.
- Industrial Products volumes increased 8 percent in the fourth quarter and 11 percent for the full year 2013 compared with the same periods in 2012, primarily due to increased shipments of petroleum products, driven mainly by increased crude unit train loadings.
- Coal volumes increased 3 percent for both the fourth quarter and full year 2013 compared with the same periods in 2012, primarily due to increased demand resulting from higher natural gas prices and reduced utility stockpiles, partially offset by severe weather issues impacting service levels.
- Agricultural Products volumes were down 7 percent for the fourth quarter of 2013 as loadings were partially constrained by service and weather challenges. Volumes decreased 7 percent for the full year 2013, primarily due to lower grain exports through the first nine months, as a result of the extreme 2012 U.S. drought and strong global competition.

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

Business Unit	Q4 - 2013	Q4 - 2012	Q/Q % Change	2013 YTD	2012 YTD	Y/Y % Change
<b>Revenues (in millions)</b>						
Consumer Products	\$ 1,821	\$ 1,698	7 %	\$ 7,000	\$ 6,602	6 %
Industrial Products	1,466	1,322	11 %	5,703	5,003	14 %
Coal	1,250	1,249	— %	4,986	4,860	3 %
Agricultural Products	1,030	1,004	3 %	3,578	3,730	(4)%
<b>Total Freight Revenues</b>	<b>\$ 5,567</b>	<b>\$ 5,273</b>	<b>6 %</b>	<b>\$ 21,267</b>	<b>\$ 20,195</b>	<b>5 %</b>
Other Revenues	190	155	23 %	747	640	17 %
<b>Total Operating Revenues</b>	<b>\$ 5,757</b>	<b>\$ 5,428</b>	<b>6 %</b>	<b>\$ 22,014</b>	<b>\$ 20,835</b>	<b>6 %</b>
<b>Volumes (in thousands)</b>						
Consumer Products	1,297	1,188	9 %	5,033	4,769	6 %
Industrial Products	471	436	8 %	1,874	1,691	11 %
Coal	564	549	3 %	2,230	2,172	3 %
Agricultural Products	248	268	(7)%	956	1,029	(7)%
<b>Total Volumes</b>	<b>2,580</b>	<b>2,441</b>	<b>6 %</b>	<b>10,093</b>	<b>9,661</b>	<b>4 %</b>
<b>Average Revenue per Car/Unit</b>						
Consumer Products	\$ 1,404	\$ 1,429	(2)%	\$ 1,391	\$ 1,384	1 %
Industrial Products	3,113	3,032	3 %	3,043	2,959	3 %
Coal	2,216	2,275	(3)%	2,236	2,238	— %
Agricultural Products	4,153	3,746	11 %	3,743	3,625	3 %
<b>Total Freight Revenues</b>	<b>\$ 2,158</b>	<b>\$ 2,160</b>	<b>— %</b>	<b>\$ 2,107</b>	<b>\$ 2,090</b>	<b>1 %</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-K and 10-Q for the periods ended December 31, 2013 and September 30, 2013, respectively. Fourth-quarter amounts are calculated as the difference between YTD December and YTD September amounts.

## Expenses

Operating expenses were up 2 percent for the fourth quarter and 4 percent for the full year 2013.

- Compensation and benefits increased 2 percent for the fourth quarter and 3 percent for the full year 2013 primarily as a result of higher volumes and wage inflation.
- Fuel expense was down 1 percent in the fourth quarter and up 1 percent for the full year 2013 compared with the same periods in 2012. Locomotive fuel price per gallon decreased 6 % for the fourth quarter and 2% for the full year 2013 to \$3.10 and \$3.14, respectively. Additionally, fuel expense was impacted by higher volumes.
- Purchased services, which includes expenses like maintenance contracts and professional services, decreased 4 percent for the fourth quarter and increased 2 percent for the full year 2013, compared with the same periods in 2012 due to higher volume-related costs, including purchased transportation for BNSF Logistics, a wholly-owned, third party logistics company. The fourth quarter also includes insurance recoveries.
- Materials and other expenses increased 35 percent for the fourth quarter and 25 percent for the full year 2013. Both periods include higher property taxes, crew transportation, lodging and other travel costs, derailment-related costs, and locomotive material costs, partially offset by expense recorded in the first quarter of the prior year for an unfavorable arbitration ruling.

<b>Operating Expenses (in millions)</b>	<b>Q4 - 2013</b>	<b>Q4 - 2012</b>	<b>Q/Q % Change</b>	<b>2013 YTD</b>	<b>2012 YTD</b>	<b>Y/Y % Change</b>
Compensation and benefits	\$ 1,187	\$ 1,161	2 %	\$ 4,651	\$ 4,505	3 %
Fuel	1,160	1,173	(1)%	4,503	4,459	1 %
Purchased services	566	590	(4)%	2,418	2,374	2 %
Depreciation and amortization	508	481	6 %	1,973	1,889	4 %
Equipment rents	214	205	4 %	822	810	1 %
Materials and other	240	178	35 %	980	786	25 %
<b>Total Operating Expenses</b>	<b>\$ 3,875</b>	<b>\$ 3,788</b>	<b>2 %</b>	<b>\$ 15,347</b>	<b>\$ 14,823</b>	<b>4 %</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-K and 10-Q for the periods ended December 31, 2013 and September 30, 2013, respectively. Fourth-quarter amounts are calculated as the difference between YTD December and YTD September amounts.

### **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 2013 capital commitments were \$4.0 billion compared with \$3.6 billion in 2012.

Our 2014 capital commitments plan is \$5.0 billion. We will spend \$2.3 billion 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.