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April 23, 2014

The Honorable Daniel Elliott, Chairman  
The Honorable Ann Begeman, Vice Chairman  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington D.C. 20423

Dear Members of the Board:

I write to provide you with our bi-weekly update on BNSF's network performance and the status of our hiring, capital and service goals. This letter follows our first quarter performance update delivered on April 10, 2014 and reflects performance through April 18.

#### Overall Service Performance

From an overall network performance perspective, BNSF's fluidity and velocity continue to improve. From a resource perspective, we are on track to meet our capital investment, locomotive acquisition and hiring targets. We are seeing continual progress, and while our service levels are not where we believe they should be, we see positive momentum in our reliability and velocity metrics. Last weekend, which was a holiday, brought some of our best performance in several months.

We are seeing fewer customers facing the most severe service issues, although we continue to have customers across our business units with service concerns. As we have discussed, we communicate frequently with our customers on both operational updates and an individual level to ensure they have the most realistic and up-to-date information.

The numbers do not reflect the progress, but our rate of placement for past due orders continues to increase. Our agricultural customers continue to feel the impact, particularly in North Dakota, and we continue to focus resources on bringing down the total number of past due orders and the number of days they are late.

BNSF's service plan to ensure that our customers receive the fertilizer they have ordered for the spring planting season continues to go well. Our operational measures and resources deployed to fertilizer movements have achieved solid velocity and we continue maintain a pace to meet our customers' orders. We implemented this plan on April 12<sup>th</sup>, and as of this morning, we have been able to deliver 18 of our 52-trainload goal.

Review of Service Metrics

As mentioned above, service is improving although the benefits have not been seen network-wide, nor are they where we want them to be long-term. Attached you will find the updated metrics through last week. I would like to point out solid gains in coal deliveries and intermodal system transit days. Terminal dwell has decreased in all of our operating regions, while train speeds have not increased as quickly, but we are seeing an improvement in some corridors and a reduction in variability.

We will continue to update the Board with these measures on a biweekly basis and will provide a weekly fertilizer update, as requested at the end of the week. In addition, we will continue our weekly calls between the STB staff and Bob Lease, our Vice President of Service Design and Performance. Please be assured that we continue to communicate with our customers often and also provide a weekly update on service developments, in addition to the individual customer conversations.

Conclusion

We still have work ahead of us in providing the level of service that our customers expect. And there are customers that feel they have seen little improvement since our last update. However, we are deploying capital, hiring and acquiring equipment as we have planned and the result is that we are seeing steady improvement. We believe this improvement will continue to gain momentum and that all customers will begin to see the change in their level of service.

Sincerely,



Carl R. Ice