



Carl R. Ice
President and
Chief Executive Officer

BNSF Railway Company
P.O. Box 961052
Fort Worth, TX 76161-0052

2650 Lou Menk Drive
Fort Worth, TX 76131-2830
(817) 352-1400
(817) 352-7488 fax
carl.ice@bnsf.com

May 7, 2014

The Honorable Daniel Elliott, Chairman
The Honorable Ann Begeman, Vice Chairman
The Honorable Debra Miller, Commissioner
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 April 23, 2014 update and reflects performance through May 2.

Overall Service Performance:

BNSF continues to see fluidity and velocity gradually improve across our network. The evidence of this improvement can be seen in our weekly volumes. Two weeks ago, BNSF moved 206,000 total units exceeding the highest units ever handled by another railroad. Last week, we moved 201,000 units. We are also continuing to make solid progress against the targets we have set for our capital investment, locomotive acquisition and hiring. We see these efforts reflected in the positive momentum in not only our volumes, but also our reliability and velocity metrics as well. However, we know we need to drive more improvement in terms of overall service for all parts of our network.

Review of Service Metrics:

As is our practice, you will find attached to this letter the updated metrics through last week. Terminal dwell continues to perform well against the benchmark in all three of our operating regions, and we have also seen improvements in train speed in two of our operating regions.

As we have gained momentum, BNSF has been moving substantial grain volumes for our agricultural customers. In fact, the last two weeks have seen the highest two-week volume total since the fourth quarter of 2011. Two weeks ago, agricultural product volumes were up 26 percent year-over-year, which was the fourth week this year where we have seen double-digit increases in year-over-year comparisons. As you know, we are also executing well against our fertilizer delivery goal with having moved well over half of our 52 trainload commitment. We are hearing positive feedback from our customers that we are rapidly replenishing their fertilizer barns during this critical time in the planting season. While our rate of placement of past-due orders for our agricultural customers has improved through the month of April, we are still

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experiencing past-due numbers and average days late in excess of the goals we set in February, and our customers are feeling the impacts of that. We continue to focus resources on reducing the number and days late of past-due orders and remain committed to moving this year's crop prior to the fall harvest.

We have also experienced some improvement in coal deliveries and continued gains in intermodal system transit days and believe that our customers are seeing these improvements. We continue to engage with all our customers, including our coal customers, who, on a case-by-case basis may be experiencing more severe service issues, and focus resources where possible to avoid a facility or plant having to cease operations.

Conclusion

We will continue to update the Board with these measures on a bi-weekly basis, provide our weekly fertilizer update, and participate in weekly calls between the STB staff and Bob Lease, our Vice President of Service Design and Performance. We also continue to communicate frequently with our customers as we move towards more consistent service.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carl R. Ice', written in a cursive style.

Carl R. Ice
President & CEO

Attachments