



Matthew K. Rose
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September 3, 2008

The Honorable Charles D. Nottingham
Chairman
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

Dear Chairman Nottingham:

In response to your letter July 25, I am pleased to report that, thanks to the efforts of hundreds of BNSF people and contractors, all lines damaged by this summer's floods have been restored to service, and traffic flows over those lines have returned to normal. We continue to complete engineering work on the damaged trackage--replacing panel track with continuous welded rail, for example--without materially affecting the flow of trains.

With regard to peak season, traffic volumes so far this year indicate that any peaks in demand will involve commodities--primarily agricultural products--rather than the more traditional fall intermodal peak. Our long-term capital investments, as well as our velocity initiatives, should enable us to handle any peak demand without any significant issues.

For agricultural products, the trends through the beginning of wheat harvest are favorable as a result of velocity initiatives. Through July of this year, average miles per day for our grain car fleet were up almost 7 percent. Through July 27, wheat loadings during the Texas, Oklahoma, Colorado and Kansas wheat harvest were up 43 percent over the same period of 2007. Those improvements are due in part to the increasing use of our shuttle train program, but we have also seen velocity increases in the shuttle and general grain-car fleets.

We remain committed to our velocity improvement initiatives and our capital investment program. We recognize that the current downturn in volume will be only temporary as our nation will continue to need to leverage the benefits of rail in terms of reducing air emissions, improving fuel efficiency and reducing highway congestion.

Major capacity expansion projects this year include 15 miles of third main track on Cajon Pass in California and 21 miles of fourth main track in the Powder River Basin of Wyoming, and we expect to begin work on 5 miles of second main track through Abo Canyon in New Mexico as soon as the permitting process is completed. While our capital plans for 2009 are not yet finalized, we expect to continue to address specific locations where additional capacity is needed. Adequate returns on invested capital enable us to make these investments, and we urge the Board to maintain a cost of capital definition that will support continued investment.

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Our performance goals for peak season are set, as they are throughout the year, based on customer requirements, in terms of transit time and consistency for consumer products customers and equipment velocity for bulk commodity customers. We do not set specific goals for cars on line, terminal dwell or train speed; rather, our performance on those metrics is reflective of our success in meeting customer-specific goals and our own velocity measures.

Short- and long-term plans are developed to achieve those goals. Customer interactions to arrive at performance goals are developed through continuous dialogue with customers. In addition to one-on-one meetings, we provide information and seek input through such forums as our Customer Advisory Board, Supply Chain Summit, Industrial Products Symposia, Coal Conference and Agricultural Products Rail Business Council.

Those communications are supplemented by Customer Advisories and issue specific communications as needed; for example, we provided twice weekly special updates to our customers during the flooding earlier this year. That continuing communication is the key to our ability to work with our customers to meet their needs not just during the traditional peak season, but throughout the year.

Sincerely,

A handwritten signature in black ink that reads "Matthew K. Rose". The signature is written in a cursive, flowing style.

Matthew K. Rose