

## BNSF's Third-Quarter 2015 Financial Performance: Volumes, Revenues and Expenses

Statement of Income (in millions)	Q3 - 2015	Q3 - 2014	Q/Q % Change	2015 YTD	2014 YTD	Y/Y % Change
<b>Total revenues</b>	\$ 5,600	\$ 5,881	(5)%	\$ 16,571	\$ 17,063	(3)%
<b>Operating expenses</b>	3,511	4,013	(13)%	10,819	12,147	(11)%
<b>Operating income</b>	2,089	1,868	12%	5,752	4,916	17%
<b>Net income</b>	\$ 1,156	\$ 1,035	12%	\$ 3,164	\$ 2,675	18%
<b>Operating ratio (a)</b>	61.8%	67.6%		64.5%	70.6%	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended September 30, 2015.

(a) Operating ratio excludes impacts of BNSF Logistics.

### Volumes and revenues

Total revenues for the third quarter and first nine months of 2015 were down 5 percent and 3 percent, respectively, compared with the same periods in 2014. BNSF's total units for the third quarter and first nine months of 2015 were up 3 percent and 1 percent, respectively, compared with the same periods in 2014. Revenue per unit decreased by 8 percent and 5 percent for the third quarter and first nine months of 2015 as lower fuel surcharges were partially offset by increased rate per car/unit.

Business unit third quarter and first nine months of 2015 volume highlights:

- Consumer Products volumes were up 5 percent for the third quarter and 1 percent for the first nine months of 2015 compared with the same periods in 2014 primarily due to increased demand.
- Industrial Products volumes decreased 9 percent for the third quarter and 4 percent for the first nine months of 2015 compared with the same periods in 2014, primarily due to the impact of lower crude oil prices on petroleum products and frac sand demand. In addition, there was lower demand for steel products.
- Coal volumes increased 5 percent for the third quarter and 4 percent for the first nine months of 2015 compared with the same periods in 2014 due to higher demand.
- Agricultural Products volumes were up 11 percent for the third quarter and 7 percent for the first nine months of 2015, compared with the same periods in 2014, primarily due to increased domestic grain shipments.

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

Business Unit	Q3 - 2015	Q3 - 2014	Q/Q % Change	2015 YTD	2014 YTD	Y/Y % Change
<b>Revenues (in millions)</b>						
Consumer Products	\$ 1,724	\$ 1,774	(3)%	\$ 4,924	\$ 5,248	(6)%
Industrial Products	1,438	1,653	(13)%	4,257	4,595	(7)%
Coal	1,170	1,243	(6)%	3,561	3,684	(3)%
Agricultural Products	1,016	980	4%	3,108	2,932	6%
<b>Total Freight Revenues</b>	<b>\$ 5,348</b>	<b>\$ 5,650</b>	<b>(5)%</b>	<b>\$ 15,850</b>	<b>\$ 16,459</b>	<b>(4)%</b>
Other Revenues	252	231	9%	721	604	19%
<b>Total Operating Revenues</b>	<b>\$ 5,600</b>	<b>\$ 5,881</b>	<b>(5)%</b>	<b>16,571</b>	<b>17,063</b>	<b>(3)%</b>
<b>Volumes (in thousands)</b>						
Consumer Products	1,340	1,278	5%	3,795	3,759	1%
Industrial Products	489	535	(9)%	1,414	1,479	(4)%
Coal	593	565	5%	1,739	1,678	4%
Agricultural Products	258	233	11%	765	712	7%
<b>Total Volumes</b>	<b>2,680</b>	<b>2,611</b>	<b>3%</b>	<b>7,713</b>	<b>7,628</b>	<b>1%</b>
<b>Average Revenue per Car/Unit</b>						
Consumer Products	\$ 1,287	\$ 1,388	(7)%	\$ 1,297	\$ 1,396	(7)%
Industrial Products	2,941	3,090	(5)%	3,011	3,107	(3)%
Coal	1,973	2,200	(10)%	2,048	2,195	(7)%
Agricultural Products	3,938	4,206	(6)%	4,063	4,118	(1)%
<b>Total Freight Revenues</b>	<b>\$ 1,996</b>	<b>\$ 2,164</b>	<b>(8)%</b>	<b>\$ 2,055</b>	<b>\$ 2,158</b>	<b>(5)%</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the periods ended September 30, 2015 and June 30, 2015. Third-quarter revenues and volumes are calculated as the difference between YTD September and YTD June amounts.

## Expenses

Operating expenses for the third quarter and first nine months of 2015 were down 13 percent and 11 percent, respectively, compared with the same periods in 2014. A significant portion of that decrease reflects the increased costs in 2014 related to severe weather and service-related challenges, and includes the factors described below:

- Compensation and benefits decreased 2 percent in the third quarter of 2015 compared with the same period in 2014 primarily due to lower average headcount as well as lower training and overtime costs. For the first nine months of 2015, compensation and benefits increased 4 percent compared with the same period in 2014 primarily due to higher average headcount and wage inflation.
- Fuel expense was down 40 percent and 39 percent in the third quarter and first nine months of 2015, respectively, compared with the same periods in 2014 due to significantly lower average fuel prices and improved efficiency, partially offset by higher volumes. Locomotive fuel price per gallon decreased 41 percent for the third quarter of 2015 to \$1.80 and decreased 39 percent for the first nine months of 2015 to \$1.87.
- Depreciation expense was down 5 percent for both the third quarter and the first nine months of 2015, compared with the same periods in 2014, primarily due to internally developed software becoming fully amortized during the first quarter of 2015.
- Purchased services expense, equipment rents expense and materials and other expense did not change significantly from the prior year.

<b>Operating Expenses (in millions)</b>	<b>Q3 - 2015</b>	<b>Q3 - 2014</b>	<b>Q/Q % Change</b>	<b>YTD 2015</b>	<b>YTD 2014</b>	<b>Y/Y % Change</b>
Compensation and benefits	\$ 1,220	\$ 1,243	(2)%	\$ 3,826	\$ 3,695	4%
Fuel	670	1,123	(40)%	2,080	3,438	(39)%
Purchased services	633	637	(1)%	1,909	1,924	(1)%
Depreciation and amortization	503	531	(5)%	1,488	1,569	(5)%
Equipment rents	205	216	(5)%	603	656	(8)%
Materials and other	280	263	6%	913	865	6%
<b>Total Operating Expenses</b>	<b>\$ 3,511</b>	<b>\$ 4,013</b>	<b>(13)%</b>	<b>\$ 10,819</b>	<b>\$ 12,147</b>	<b>(11)%</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended September 30, 2015.

### 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 2015 capital commitments forecast continues to be \$6 billion compared with \$5.5 billion in 2014.

The 2015 forecast marks the third year in a row that BNSF has committed a record amount for capital investments. BNSF will spend \$3 billion on maintaining and renewing its core network and related assets. BNSF will continue investing in its locomotive and railcar fleets, in projects that expand and improve the efficiency of its infrastructure, and continue installing positive train control in response to a federal mandate. In 2015, BNSF plans to acquire 330 new energy and fuel-efficient locomotives. Expansion spending will be focused on line capacity and terminal improvements to restore service and handle growth, and facility improvements to enable capacity, productivity and velocity improvements.