

First Quarter 2011 Performance Update

Financial Results

Statement of Income in millions)	Q1 – 2011	Q1 – 2010	Q/Q % Change
Total revenues	\$4,533	\$3,864	17%
Operating expenses	3,429	2,874	19%
Operating income	1,104	990	12%
Net income	\$607	\$506	20%
Operating ratio (a)	75.4%	74.0%	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2011. Note: 2010 amounts are derived by combining Predecessor and Successor periods.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and Revenues

BNSF's first-quarter 2011 total revenues were up 17 percent compared with the same period in 2010. This increase was primarily due to increased volumes, higher fuel surcharges driven by increased fuel prices, and improved yields.

BNSF's units were up 8.5 percent for the first quarter 2011 compared with the same period in 2010. To put this in perspective, BNSF reached its all-time peak in the fall of 2006 with weekly volumes of 219,000 units. During the recession, BNSF had a full-week low of 152,000 in spring 2009. So far in 2011, BNSF reported its highest weekly volumes of 189,000 for the week that started at the end of March.

Below are some first quarter 2011 volume highlights:

- Agricultural Products volumes were up 3 percent in the first quarter 2011 compared with the same period in 2010, primarily due to increased export wheat shipments.
- Industrial Products volumes increased 15 percent in the first quarter 2011 compared with the same period in 2010, primarily due to increased demand in construction products, reflecting increased shipments of taconite and steel products.
- Coal volumes increased 2 percent in the first quarter 2011 compared with the same period in 2010, primarily due to strength in PRB coal-fired electricity generation.
- Consumer Products volumes were up 12 percent in first quarter 2011 compared with the same period in 2010, as increased consumer spending and inventory replenishment resulted in strong growth in international intermodal, domestic intermodal and automotive unit volumes.

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

Business Unit	Q1 – 2011	Q1 – 2010	Q/Q % Change
Revenues (in millions)			
Consumer Products	\$1,328	\$1,092	21.6%
Coal	1,214	988	22.9%
Agricultural Products	949	888	6.9%
Industrial Products	<u>914</u>	<u>774</u>	<u>18.1%</u>
Total Freight Revenues	<u>\$4,405</u>	<u>\$3,742</u>	<u>17.7%</u>
Other Revenues	128	122	4.9%
Total Operating Revenues	<u>\$4,533</u>	<u>\$3,864</u>	<u>17.3%</u>
Volumes (in thousands)			
Consumer Products	1,066	955	11.6%
Coal	583	569	2.5%
Agricultural Products	276	269	2.6%
Industrial Products	<u>352</u>	<u>306</u>	<u>15.0%</u>
Total Volumes	<u>2,277</u>	<u>2,099</u>	<u>8.5%</u>
Average Revenue per Car/Unit			
Consumer Products	\$1,246	\$1,143	9.0%
Coal	2,082	1,736	19.9%
Agricultural Products	3,438	3,301	4.2%
Industrial Products	<u>2,597</u>	<u>2,529</u>	<u>2.7%</u>
Total Freight Revenues	<u>\$1,935</u>	<u>\$1,783</u>	<u>8.5%</u>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2011. Note: 2010 amounts are derived by combining Predecessor and Successor periods.

Expenses

Increasing diesel fuel price accounted for approximately 40 percent of the increase in total expenses. Excluding fuel price, expenses were up 11 percent primarily due to increased volumes and inflation, as well as the impact of the severe winter weather.

- Compensation and benefits increased \$103 million for the first quarter 2011 as a result of increased business levels and wage and health and welfare inflation.
- Fuel expense was up 42 percent in the first quarter 2011 compared with the same period in 2010. Fuel price (including hedge) accounted for about 80 percent of the fuel expense increase in the first quarter. The remainder of the increase in fuel expense was driven by increased volumes. Locomotive fuel price per gallon for the first quarter 2011 and 2010 was \$2.71 and \$2.04, respectively.
- Purchased services, which includes expenses like maintenance contracts and professional services, increased 3 percent for the first quarter 2011 due to increased volume-related costs. First quarter 2010 also includes \$62 million of costs related to the Berkshire Hathaway transaction.
- Materials and other expenses for the first quarter 2011 increased \$134 million. The first quarter of 2010 included a \$74 million gain from the sale of a line segment in the State of Washington. Additionally, first quarter 2011 includes higher volume-related costs such as locomotive and freight car material costs, employee relocation, and crew transportation costs.

Listed below are expense details for the first quarter of 2011 as compared with 2010.

Operating Expenses (in millions)	Q1 – 2011	Q1 – 2010	Q/Q % Change
Compensation and benefits	\$1,075	\$972	10.6%
Fuel	939	659	42.5%
Purchased services	547	529	3.4%
Depreciation and amortization	446	419	6.4%
Equipment rents	192	199	-3.5%
Materials and other	<u>230</u>	<u>96</u>	<u>139.6%</u>
Total Operating Expenses	<u>\$3,429</u>	<u>\$2,874</u>	<u>19.3%</u>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2011. Note: 2010 amounts are derived by combining Predecessor and Successor periods.

Capital Activities

BNSF continues to invest heavily in maintaining and renewing its network to provide safe, reliable service to its customers. We continue to forecast that our capital commitments will total \$3.5 billion in 2011 compared with \$2.7 billion in 2010.