

BNSF's 2012 Financial Performance: Volumes, Revenues and Expenses

Statement of Income (in millions)	Q4 – 2012	Q4 – 2011	Q/Q % Change	2012 YTD	2011 YTD	Y/Y % Change
Total revenues	\$5,428	\$5,264	3%	\$20,835	\$19,548	7%
Operating expenses	3,788	3,647	4%	14,823	14,238	4%
Operating income	1,640	1,617	1%	6,012	5,310	13%
Net income	\$932	\$909	3%	\$3,372	\$2,972	13%
Operating ratio (a)	69.3%	68.9%		70.7%	72.4%	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC, Forms 10-K and 10-Q for the periods ended Dec. 31, 2012, and Sept. 30, 2012, respectively. Fourth-quarter amounts are calculated as the difference between the YTD December and YTD September amounts.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and Revenues

Total revenues for the fourth-quarter and full-year 2012 increased 3 percent and 7 percent, respectively, compared with the same periods in 2011. BNSF's units for the fourth-quarter and full-year 2012 were down 1 percent and up 2 percent, respectively compared with the same periods in 2011. The remaining revenue increase was primarily due to improved yields / mix.

Below are some 2012 volume highlights:

- Consumer Products volumes were flat in the fourth quarter and up 4 percent for full year 2012 compared with the same periods in 2011. Domestic intermodal volumes increased as a result of highway conversions to rail. Automotive volumes were higher due to increased North American auto sales. Additionally, fourth-quarter international volumes were lower as a result of softer demand for inland international movements.
- Industrial Products volumes increased 14 percent in the fourth quarter and 13 percent for full year 2012 compared with the same periods in 2011, primarily due to increased shipments of petroleum and drilling related products.
- Coal volumes decreased 13 percent in the fourth quarter and 6 percent for full year 2012 compared with the same periods in 2011. Coal volumes are lower due to a decrease in coal demand as a result of low natural gas prices, a mild winter and spring, and high utility stockpiles.
- Agricultural Products volumes were flat in the fourth quarter and down 3 percent for full year 2012 compared with the same periods in 2011, primarily due to a decrease in wheat and corn exports, partially offset by higher soybean and domestic corn shipments.

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

Business Unit	Q4 – 2012	Q4 – 2011	Q/Q % Change	2012 YTD	2011 YTD	Y/Y % Change
Revenues (in millions)						
Consumer Products	\$1,698	\$1,602	6%	\$6,602	\$6,005	10%
Industrial Products	1,322	1,090	21%	5,003	4,104	22%
Coal	1,249	1,408	-11%	4,860	5,066	-4%
Agricultural Products	<u>1,004</u>	<u>1,002</u>	--%	<u>3,730</u>	<u>3,769</u>	-1%
Total Freight Revenues	<u>\$5,273</u>	<u>\$5,102</u>	<u>3%</u>	<u>\$20,195</u>	<u>\$18,944</u>	<u>7%</u>
Other Revenues	<u>155</u>	<u>162</u>	-4%	<u>640</u>	<u>604</u>	<u>6%</u>
Total Operating Revenues	<u>\$5,428</u>	<u>\$5,264</u>	<u>3%</u>	<u>\$20,835</u>	<u>\$19,548</u>	<u>7%</u>
Volumes (in thousands)						
Consumer Products	1,188	1,189	--%	4,769	4,595	4%
Industrial Products	436	383	14%	1,691	1,498	13%

Coal	549	633	-13%	2,172	2,309	-6%
Agricultural Products	268	269	--%	1,029	1,056	-3%
Total Volumes	2,441	2,474	-1%	9,661	9,458	2%
Average Revenue per Car/Unit						
Consumer Products	\$1,429	\$1,347	6%	\$1,384	\$1,307	6%
Industrial Products	3,032	2,846	7%	2,959	2,740	8%
Coal	2,275	2,224	2%	2,238	2,194	2%
Agricultural Products	3,746	3,725	1%	3,625	3,569	2%
Total Freight Revenues	\$2,160	\$2,062	5%	\$2,090	\$2,003	4%

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC, Forms 10-K and 10-Q for the periods ended Dec. 31, 2012, and Sept. 30, 2012, respectively. Fourth-quarter amounts are calculated as the difference between the YTD December and YTD September amounts.

Expenses

Operating expenses were up 4 percent for the fourth quarter and full year 2012.

- Compensation and benefits increased 6 percent for the fourth quarter and 4 percent for full year 2012 primarily as a result of volumes (full year), inflation and increased incentive compensation, partially offset by productivity improvements in 2012. Additionally, weather related costs in 2011 favorably impacted full year comparisons.
- Fuel expense was up 3 percent for the fourth quarter and 4 percent for full year 2012 compared to the same periods in 2011. Locomotive fuel price per gallon increased 6 percent for the fourth quarter to \$3.29 and increased 5 percent to \$3.20 for full year 2012. Fuel expense was impacted by lower volumes in the fourth quarter and higher volumes for the full year. Additionally, fuel expense decreased because of improved efficiency in 2012 and severe weather conditions in 2011, which impacted efficiency.
- Purchased services, which includes expenses like maintenance contracts and professional services, increased 7 percent for the fourth quarter and full year 2012 due to volume-related costs, including purchased transportation for BNSF Logistics, a wholly-owned, third party logistics company, increased equipment maintenance costs, and inflation. Additionally, weather related costs in 2011 favorably impacted full year comparisons.
- Materials and other expenses decreased 8 percent for the fourth quarter and full year 2012, primarily due to lower environmental and personal injury costs. Additionally, full year 2012 includes an unfavorable arbitration ruling.

Operating Expenses (in millions)	Q4 – 2012	Q4 – 2011	Q/Q % Change	2012 YTD	2011 YTD	Y/Y % Change
Compensation and benefits	\$1,161	\$1,099	6%	\$4,505	\$4,315	4%
Fuel	1,173	1,143	3%	4,459	4,267	4%
Purchased services	590	551	7%	2,374	2,218	7%
Depreciation and amortization	481	457	5%	1,889	1,807	5%
Equipment rents	205	204	--%	810	779	4%
Materials and other	178	193	-8%	786	852	-8%
Total Operating Expenses	\$3,788	\$3,647	4%	\$14,823	\$14,238	4%

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC, Forms 10-K and 10-Q for the periods ended Dec. 31, 2012, and Sept. 30, 2012, respectively. Fourth-quarter amounts are calculated as the difference between the YTD December and YTD September amounts.

Capital Activities

BNSF continues to invest heavily in maintaining and renewing its network to provide safe, reliable service to its customers. Our 2012 capital commitments were \$3.6 billion compared with \$3.6 billion in 2011.

Our 2013 capital commitments forecast is \$4.1 billion. We will spend \$2.3 billion in capital in 2013 on our core network and related assets. In addition, we will continue investing in our locomotive and rail car fleet, as well as in projects to expand and improve the efficiency of our infrastructure. We also plan to spend about \$250 million in 2013 as we continue installing positive train control in response to a federal mandate.