

Committed to Growth

2014 Annual Review

BNSF
RAILWAY



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On the Cover: A BNSF train operates in Oregon's Deschutes River Valley, November 2014

BNSF Railway is committed to serving our customers today and investing to accommodate their growth tomorrow.

To meet the increasing demand for freight rail service, we are maximizing the efficiency of every mile of our 32,500 route mile network. And we are devoting significant resources to increasing capacity.

In 2014, we invested a record \$5.5 billion to maintain and expand our railroad. Since 2000, BNSF has reinvested more than \$47 billion and for 2015 we're planning record capital expenditures of \$6 billion. →



BNSF Railway

28

States Served



32,500

Route Miles



138

New or Expanded
Rail-Served Facilities



~30

Intermodal Facilities



~8,000

Locomotives



40+

Ports Served



What We Carried in 2014

*(Thousands of units, with
year-over-year change)*

Consumer
Products

5,040

Y/Y Change +0.1%

Industrial
Products

1,991

Y/Y Change +6.2%

Coal

2,270

Y/Y Change +1.8%

Agricultural
Products

974

Y/Y Change +1.9%

How We Invested in 2014

2014 Capital Commitment Highlights

Total: A record **\$5.5** billion

Core Network and Related Assets: **\$2.6** billion

Expansion and Efficiency: **\$1** billion

Locomotive, Freight Cars and Other Equipment: **\$1.7** billion

Positive Train Control: **\$200** million

Key Additions

+600 New Locomotives

+7,500 Freight Cars Added (acquired, renewed and replaced)

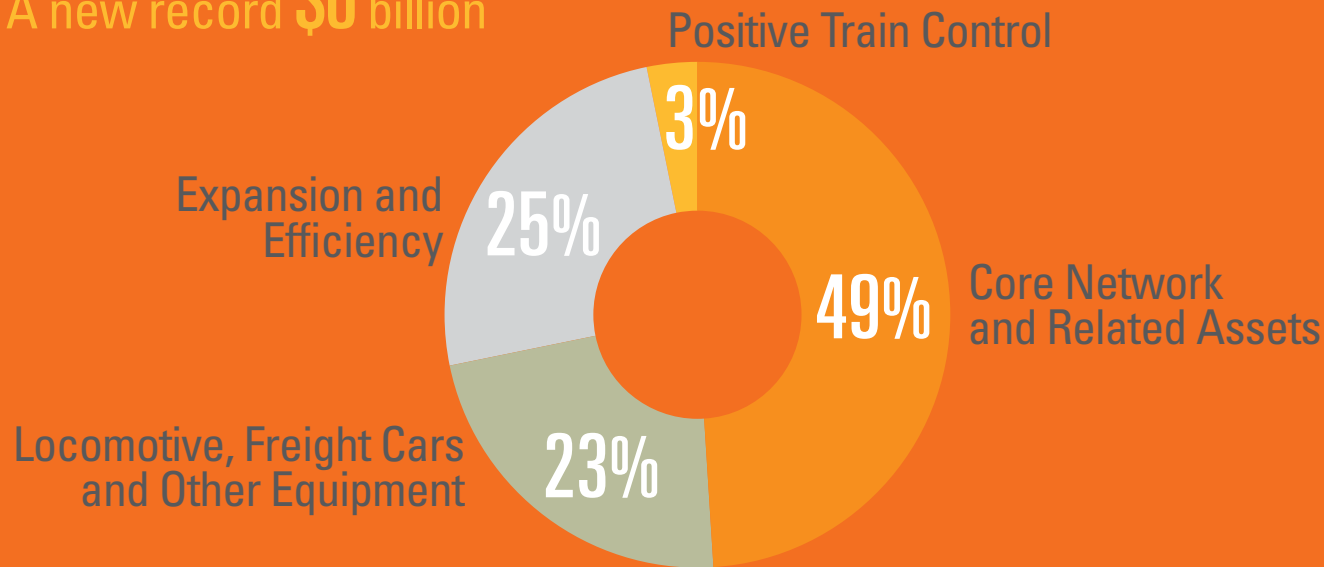
+80 Miles of Double Track

+70 Miles of Centralized Traffic Control

How We Are Investing Even More in 2015

2015 Capital Commitments

Total: A new record **\$6** billion





A Message from Carl Ice

BNSF continued to see strong volumes in 2014 as many of our customers relied on us to move increasing freight from where their shipments are to where they need to be. BNSF plays a vital role in building and sustaining the nation's economy – a role we take very seriously. In fact, BNSF exceeded 200,000 weekly units 21 times in 2014, the highest since 2007 and more than any other railroad.

This past year, BNSF also continued to reinforce its commitment to safety with a best-ever year in employee safety and the lowest derailment rate in our history. These continued safety improvements move us closer to achieving our vision of an injury- and incident-free workplace.

After safety, serving our customers is the most important thing we do. Last year, we faced service challenges on capacity-constrained parts of our network, and we did not meet our customers' or our own high expectations.

To improve our service levels and ensure that we are able to grow with our customers, BNSF continued its commitment to invest in the expansion and reliability of our network with a record capital investment of \$5.5 billion. In 2014, we added significant capacity with more than 80 miles of new double track, more than 600 new locomotives and more than 7,000 new employees. More than \$1 billion alone was devoted to maintenance and expansion projects on our fast-growing Northern Corridor, where we serve agricultural, energy, intermodal and coal customers.

We began to see the benefits of that investment in late 2014, and our service has greatly improved in 2015. BNSF's focus in 2015 is on restoring service and returning to growth. To continue our momentum, we have announced a \$6 billion capital investment program this year to further expand and maintain the BNSF network. With that investment, we will have reinvested more than \$50 billion into the railroad since 2000.

As the U.S. economy continues to grow, we have many reasons to be optimistic about the opportunities that lay ahead for BNSF. I have always said that BNSF is a great company made up of great people and our employees' hard work and perseverance through the challenges of 2014 has proven this to be true yet again. Our focus on safety and service, along with our continued investment in our network, provide a strong foundation for improved performance and our ability to grow with our customers in the years ahead.



Carl Ice

President and Chief Executive Officer

Left: A BNSF train approaches Cajon Pass in California.



Our Commitment to Increasing Capacity

Above: A BNSF crew works on adding double track to the Lakeside subdivision in Washington state. April 2014



Investments in Action:
As part of our record \$5.5 billion capital investment in 2014, BNSF successfully added more than 70 miles of second main track on the busiest segments of our Northern Corridor.



Our ongoing maintenance and expansion efforts ensure the reliability of our network and increase its capacity. This benefits all of our customers now and as they grow in the years ahead, allowing us to move more of their freight with increased efficiency.→

Network Maintenance and Expansion

In 2014, we spent more than \$2.6 billion of our record \$5.5 billion capital investment on strengthening our core network. We maintained and upgraded existing track to improve velocity and safety, added new track capacity to help us handle additional volume, improved facility efficiency and more. Highlights include:

Ties Installed: **3.8** million

Rail Replaced or Installed: **2,088** miles

Tracks Improved (Grinding): **18,126** miles

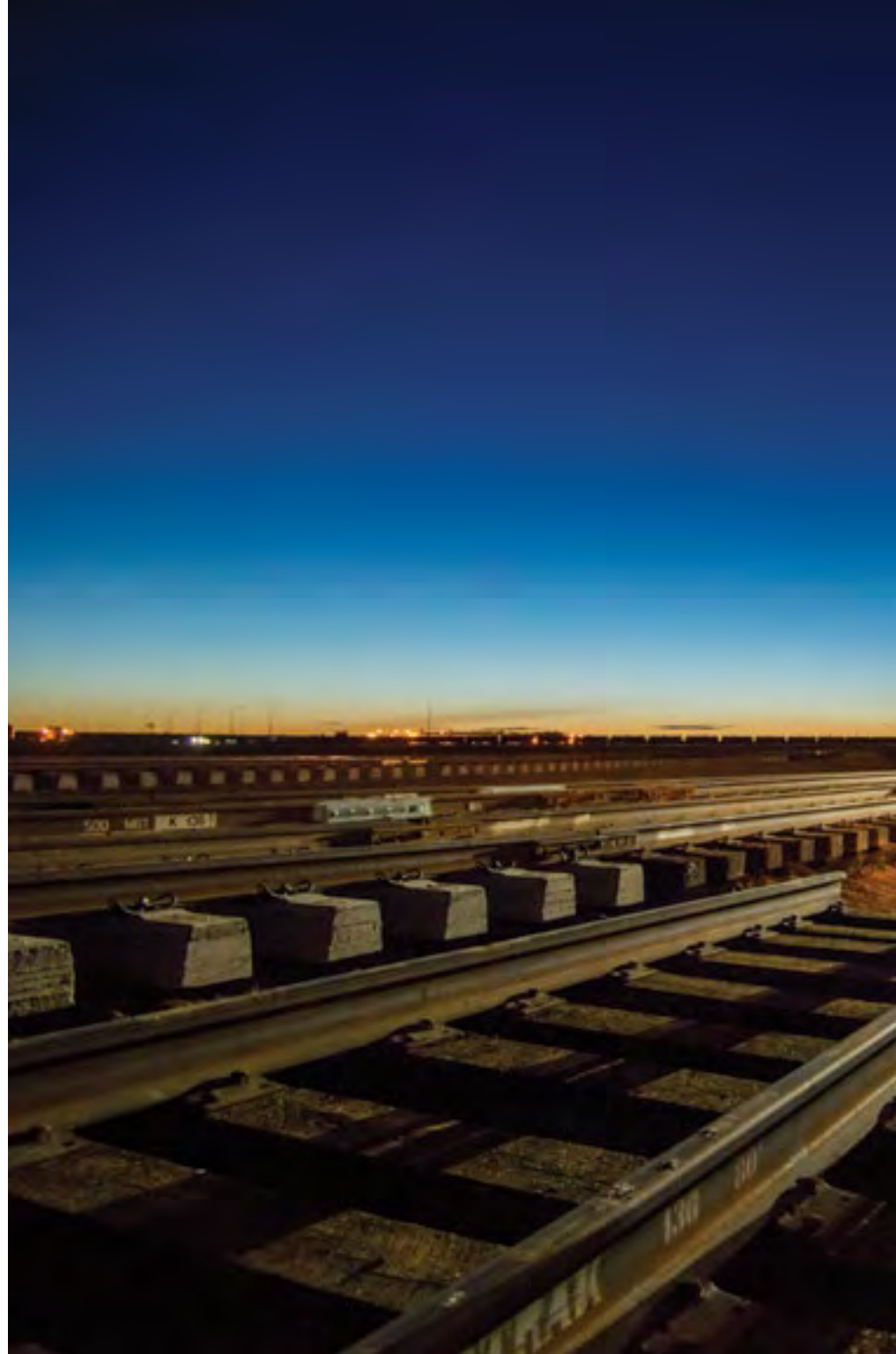
Tracks Improved (Surfacing): **15,882** miles

Miles of New Double Track: **+80**

New Sidings: **12**

Siding Extensions: **11**

Right: A BNSF engineering crew prepares to install a new switch near Berthold, North Dakota. October 2014





Northern Corridor Improvements

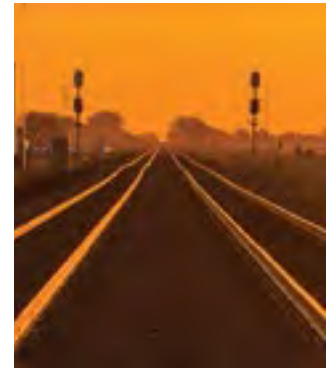
Traffic has steadily increased over the past two years on our Northern Corridor, driven especially by increased volume demand from shippers in the energy and agricultural sectors. BNSF is in the process of transforming the Northern Corridor into a rail superhighway, as we did with our Southern Transcon route. BNSF devoted more than \$1 billion in 2014 to maintenance and expansion projects here, with results including:

55 miles of new double track in the Glasgow subdivision in western North Dakota

72 miles of CTC

Centralized Traffic Control (CTC) allows better management of rail traffic by improving train flows and efficiency

10 new sidings and **11** new siding extensions





A Towering Achievement in Reducing Congestion

In 2014, BNSF, along with public and private partners, completed work on the Tower 55 project, enabling BNSF to handle 34 percent more volume at one of the busiest rail intersections in the country. Tower 55 stands at the intersection of two major railroads, including BNSF's north-south main lines near downtown Fort Worth, Texas. The \$104 million project included adding 24,000 feet of track, closing three grade crossings and building three new bridges.

Above: A BNSF coal train passes through the interlock at Tower 55 in Fort Worth, Texas. September 2014



Enhancing Intermodal

In 2014, BNSF further enhanced our intermodal offerings with a new service, in partnership with Ferromex, between Chicago and Silao, Guanajuato, Mexico, a region with many automakers and manufacturers.



Top: BNSF's Willow Springs Intermodal Facility is located outside of Chicago.

Bottom: A BNSF intermodal shipment in the Southwest.

A Big Lift for the Auto Industry

BNSF elevated its ability to serve the growing domestic automotive industry with the 2014 opening of our Big Lift facility in Littleton, Colorado. Big Lift has 2,200 parking bays for holding new automobiles before haul-away carriers truck them to nearby dealerships.



Above: A car-carrier trailer enters BNSF's Big Lift facility in Colorado. June 2014

Right: BNSF crude-by-rail trains pass on separate tracks in northern Montana. June 2014





Supporting Energy Independence

BNSF plays a key role in the delivery of energy resources in America, hauling crude oil, ethanol, propane and coal, as well as wind-energy equipment and materials that support shale drilling, such as frac sand, pipe and aggregates.

In 2014, we moved:



Enough crude oil to fill the tanks of more than **325** million average-sized vehicles.



Enough coal to power one out of every **10** homes in the nation.



Enough wind-generator blades to power **300,000** homes.



Our Commitment to Safety

Above: BNSF team member Jim Quinn leads a safety briefing with engineering employees in North Dakota. October 2014



Investments in Action:
More than **2,000** wayside detectors along the BNSF network, using a range of technologies including infrared, laser and acoustic force, help alert us to potential mechanical issues and allow us to preemptively address safety concerns and prevent accidents from happening.

Safety is central to BNSF. We are committed to providing the resources and tools to ensure the safety of our employees and the communities in which we operate. BNSF's safety vision is to operate free of accidents and injuries – prevention through training, technology and an empowered workforce.→

Our Approach to Safety

Our people are our greatest asset and are in a position to prevent accidents and injuries before they occur. As a part of BNSF's Approaching Others About Safety initiative, we trained approximately 35,000 team members to be confident and effective when speaking to one another about safety, as well as to focus on identifying the exposures that result in 97 percent of fatalities and serious injuries and minimizing the associated risk.

Our employees are also trained on a comprehensive set of safety rules and practices, from federal mandates and rail-industry recommendations to BNSF-specific safety initiatives. Our Technical Training Center (TTC) in Overland Park, Kansas, conducts field training and a major portion of our formal training, which features simulation and lab equipment representing all major equipment types.

Right: BNSF team members Josh Gelsthorpe and Jarad Pence discuss safety risks before preparing a section of new rail near Berthold, North Dakota. October 2014





Growing Safer as an Industry

U.S. railroads have some of the lowest injury and accident rates in the transportation industry and are continually improving. The rail industry as a whole is very safe and has reduced employee injury rates, train accident rates and grade-crossing collision rates by 80 percent or more since 1980.

2014 Injury Rate Per 200,000 Employee Hours

BNSF	//////	.98
Rail Transportation	////////	1.8
Mining (except oil and gas)	//////////	2.6
Heavy and Civil Engineering Construction	//////////	3.2
Truck Transportation	//////////	4.6
Transportation Equipment Manufacturing	//////////	4.9
Primary Metal Manufacturing	//////////	5.2
Air Transportation	//////////	7.5

Injury rates for BNSF and the rail industry are quoted based on Federal Railroad Administration 2014 year-end data. All other data is from the year 2013, from the Bureau of Labor Statistics.

Driving Safety Improvements

In 2014, BNSF achieved its best-ever year for safety, realizing our all-time lowest injury frequency (down 8 percent) and severity (down 20 percent) ratios. Our ratio for reportable train accidents/incidents was the lowest in our history as well.

Below: A BNSF train serves agricultural shippers in South Dakota. September 2014

Below Right: A BNSF train rolls through a grade crossing.

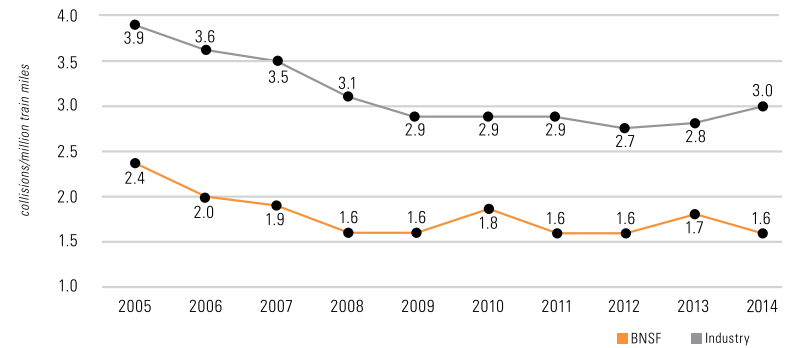


Grade Crossings

BNSF invests an average of \$110 million annually on grade-crossing maintenance, technology and safety-education programs.

Since 2000, we have worked with communities and landowners to close more than 5,900 grade crossings.

Highway-Rail Grade-Crossing Collisions



Source: Federal Railroad Administration 2014 year-end data





Enabling Emergency Responders

BNSF Railway has long been committed to training emergency and hazmat responders in communities across our network. We have trained more than 74,000 since 1995 and in 2014, we trained 8,500 first responders in more than 100 communities. In addition, we sponsored 713 first responders for special training in crude-by-rail incidents at the Transportation Technology Center's Security and Emergency Response Training Center in Pueblo, Colorado.

Above Left: BNSF conducts a training exercise in Washington for hazmat emergency responders.



Keeping the Network Safe

To keep traffic flowing safely on our network, BNSF invests heavily – and continuously – in track repair and replacement of rail, ties and bridges.

Employing Technology to Enhance Safety

BNSF employs advanced technology to enhance safety, including:

- **Wayside detectors** use laser, infrared and acoustic force technology.
- **Rail detection** uses ultrasonic shear waves to inspect rail.
- **Automated gates** are at many of our intermodal facilities, which feature biometric driver identification, license plate recognition, tire inspection portals and digital technology to enhance security.

Left: A truck approaches an automated gate at BNSF's Stockton Intermodal Facility.



Our Commitment to Our Environment

Above: A BNSF grain train travels through the countryside near Millbank, South Dakota. September 2014

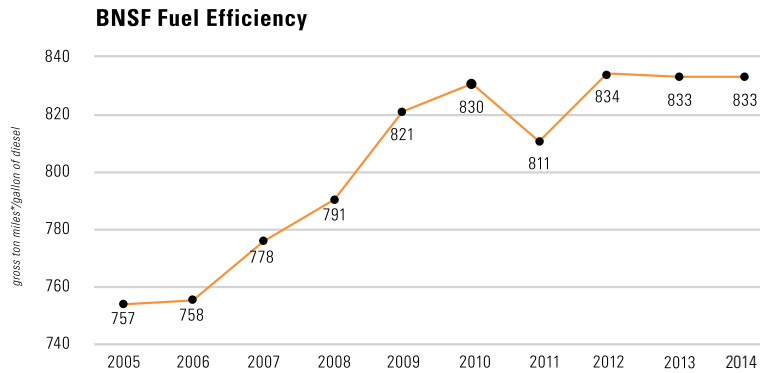


Investments in Action:
BNSF has the newest and cleanest-burning locomotive fleet in the rail industry, adding more than **600 new**, more energy-efficient **locomotives** in 2014. Over the last 10 years, 40 percent of our fleet has been replaced, compared to an industry average of 29 percent.

Rail is already the most fuel- and resource-efficient means for moving large volumes of freight long distances over land, and BNSF is working to build on this advantage by developing and deploying technologies to make rail an even more sustainable transportation option.→

Active in Fuel Efficiency Technology

Currently, approximately 93 percent of BNSF's active fleet uses fuel efficiency technology to automatically shut down locomotives not in use. With 92 ultra-low-emission locomotives in use for switching operations, we reduce nitrogen oxide and particulate matter emissions by 80 to 90 percent and improve fuel efficiency by 25 percent compared to standard switch engines. We are also actively investing in fuel-efficiency technology, including energy management systems, rail friction modification and fuel-efficient horsepower distribution.



* Gross ton miles is the weight of the train (minus the locomotive) multiplied by the miles traveled.



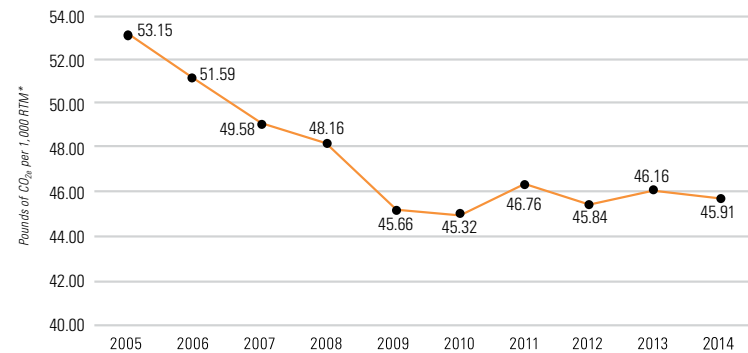
Right: A BNSF locomotive operates on the Southern Transcon in Arizona.



Lowering Emissions and Increasing Fuel Efficiency

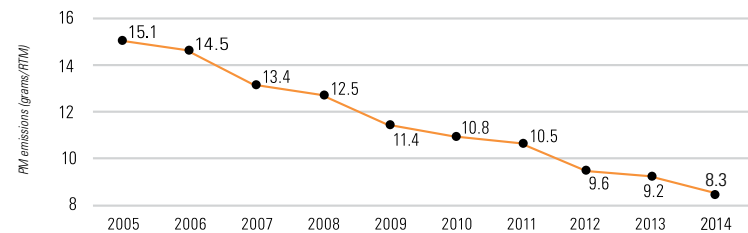
With the newest and most fuel-efficient fleet in the industry, BNSF has made great progress in cutting CO₂ and particulate emissions and increasing the distance we can haul one ton of freight per gallon of diesel fuel.

CO₂ Emissions From Train Operations



* Revenue Ton Miles (RTM) is the weight of our customers' freight multiplied by the miles traveled.

Diesel Particulate Emissions





Helping Our Customers Reduce Carbon Emissions

By shipping with BNSF instead of moving their freight entirely over the road, our customers reduced their total carbon emissions by more than 32 million metric tons in 2014.

Above Left: A BNSF intermodal train runs beside a truck in the Columbia Gorge in Washington state.

Above Right: Locomotive engineer Mike Baker operates a BNSF locomotive with energy-saving features like idle-control technology.



In 2014, carbon savings by shipping with BNSF was equivalent to:

Removing the resultant emissions
of **6.5+** million vehicles.



Source: U.S. Environmental Protection Agency's Clean Energy website.

26+ million acres of CO₂
sequestration by U.S. forests
in one year.



Above: A BNSF train operates on the north side of the Columbia Gorge in Washington state.

The Intermodal Advantage

Trucking companies are realizing the cost and environmental advantages of intermodal transportation, partnering to let BNSF handle long-haul distances while trucks handle local pickup and deliveries to and from our intermodal facilities. As a result, shippers can realize carbon emissions reductions of 50 to 75 percent per shipment.

Below: Wide-span cranes operate at BNSF's Memphis Intermodal Facility.





Ready to Recycle

BNSF further reduces our environmental impact through significant recycling efforts.

In 2014, BNSF recycled:

2.7 million railroad ties.

6.5 million gallons of lube oil.

1.2 million pounds of batteries.

Legacy Sites

BNSF is meeting the challenge of addressing environmental impacts at legacy sites where rail operations have been conducted for a century or more. In the past ten years, BNSF has invested approximately \$600 million on remediation efforts throughout our network and has completed work and rehabilitated approximately 290 sites.

Left: A BNSF grain train crosses Sheep Creek Trestle near Glacier Park, Montana. June 2014



Our Commitment to Our People and Our Communities

Above: Bill Langdon is a mechanical foreman at the BNSF shop in Whitefish, Montana. June 2014



Investments in Action:
BNSF has expanded
our team to strengthen
our railway and position
it to respond to
our customers'
growing needs.

BNSF believes in people – in developing a diverse and skilled team of talented people to operate our railway and in reaching out to the people in the communities we are a part of across the nation.→

Valuing Veterans

BNSF recognizes that the men and women who have served our country can strengthen our railway. With their commitment to mission, safety and teamwork, they are employees we value highly. We currently employ more than 8,000 veterans, about 17 percent of our total workforce. In 2014, *U.S. Veterans Magazine*, G.I. Jobs and Civilianjobs.com recognized BNSF as one of the top veteran-friendly companies in the country.



Right: BNSF is proud to be a part of the communities in which we operate.

Promoting Diversity

BNSF's commitment to diversity is unwavering as we pursue opportunities in the workplace, support organizations and make a difference in the community to evolve diversity. In 2014, 28 percent of our newly hired employees were minority or female. We spent \$778 million with minority-, women- or veteran-owned businesses. The BNSF Railway Foundation donated to colleges, universities and other organizations, including the American Indian Science and Engineering Society, the Hispanic College Fund and the United Negro College Fund.





Connected to Our Communities

BNSF employees are active, caring members of the communities we call home. For example:

- Sioux City, Iowa, employees plunged into the icy waters of Lake Kampeska to help raise \$80,000 for Special Olympics.
- Fort Worth, Texas, employees participated in a “Fill the Train with Food” drive, that collected 1,416 pounds of food for the Community Food Bank of Fort Worth.
- Gillette, Wyoming, employees helped raise \$6,000 at the Campbell County Mudder for families of local miners killed in a traffic accident.
- To promote safety around railroad tracks, BNSF sponsored a Twitter contest at high schools in Riverside, California. The project generated more than 185,000 tweets on rail safety, and BNSF presented awards totaling \$30,000 to five schools.



Students from Poly High School in Riverside, California, participate in our rail safety Twitter contest. September 2014

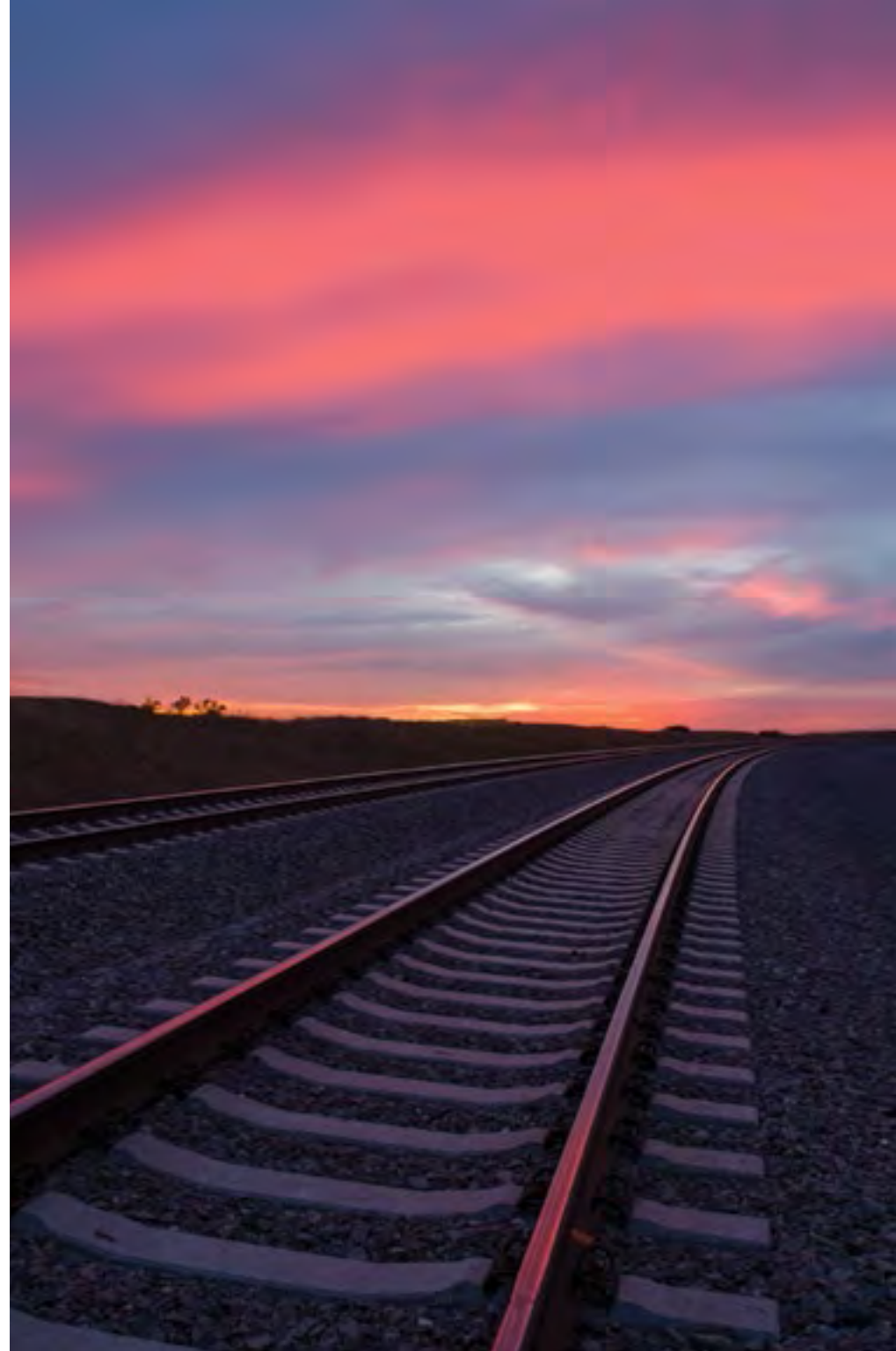
A Foundation of Caring

The BNSF Railway Foundation is a key component of our commitment to giving back to local communities. In 2014, the foundation donated \$10 million to communities along our network through scholarships, sponsorships and funding to support community groups.

In 2014, the foundation pledged \$3 million to the USO to support USO hiring initiatives for active-duty men and women transitioning out of the military. With the pledge, BNSF became the primary sponsor for the program.

Other BNSF Railway Foundation donations in 2014 included:

- \$1 million to Montana State University-Northern for building and equipping a new diesel technology center.
- \$550,000 to the National Fish and Wildlife Foundation for wildlife management plans to protect and restore wildlife and their habitats.
- \$100,000 to The Great American Cleanup through Keep America Beautiful.





BNSF Railway is a Berkshire Hathaway company.

Berkshire Hathaway and its subsidiaries engage in diverse business activities, including property and casualty insurance and reinsurance, utilities and energy, freight rail transportation, finance, manufacturing, retailing, and services.

Left: New double track is ready for trains on the Northern Corridor, west of Minot, North Dakota. October 2014

Back Cover: A BNSF train operates in Oregon's Deschutes River Valley. November 2014



BNSF
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