

BNSF Railway

Texas Transportation Forum Rails & Roads: Key to Our Economic Health

January 5, 2011



BNSF and Texas

- **Texas is nation's second largest market and [largest] manufacturing economy**
- **Railroads are a critical part of Texas economy**
- **BNSF has been headquartered in Texas since 1991, with the following presence in the State:**
 - **7,500 employees**
 - **\$ 2 billion of freight revenue**
 - **5,000 miles of track on which we operate**
- **Favorable regulatory/business climate**
- **Texas must maintain transportation network in future to continue growing**

The U.S. supply chain is a competitive advantage and economic engine.

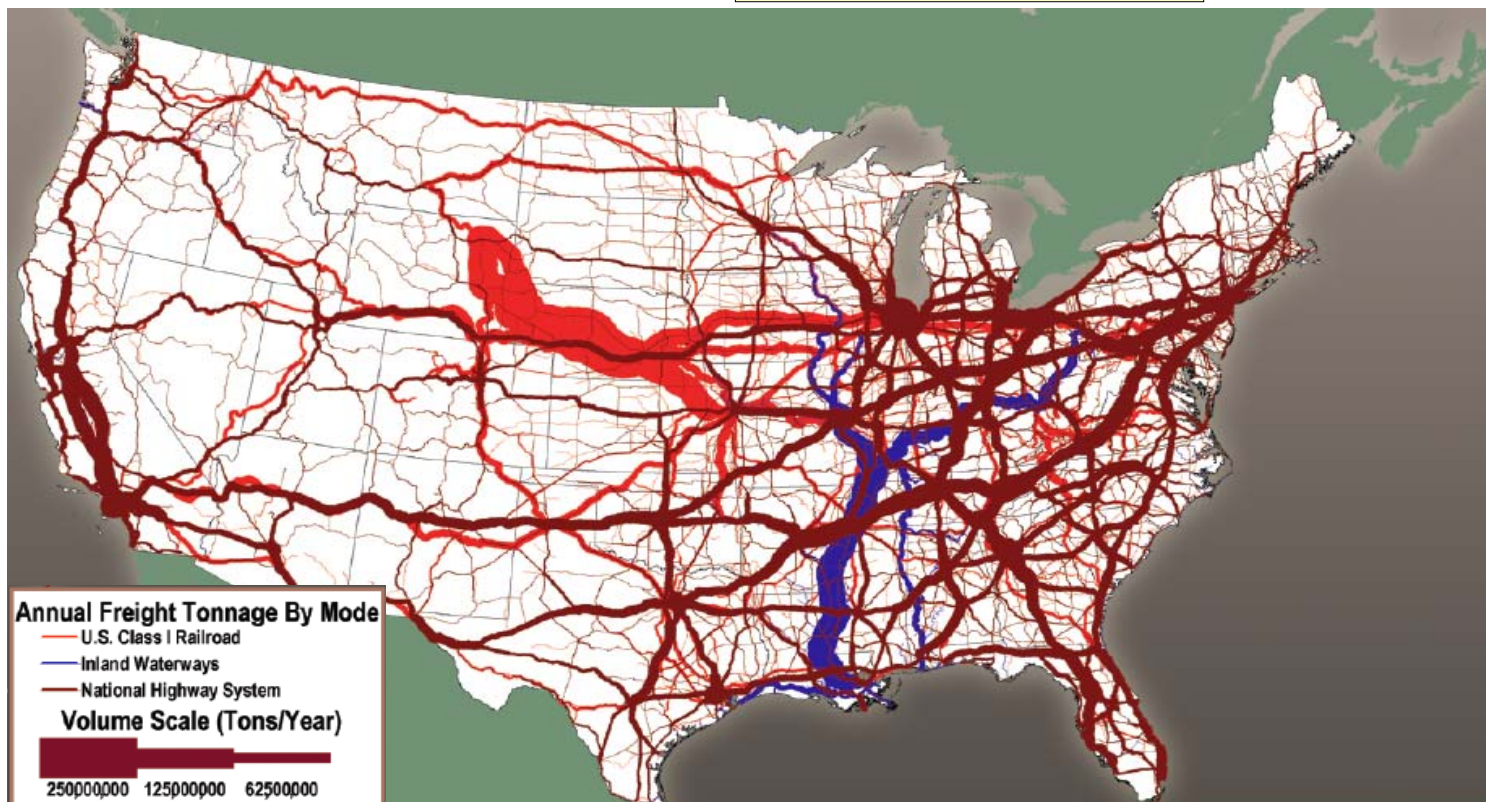
Key to global competitiveness

**10% of US GDP
(China – 22%)**

**8 million jobs
involved in
moving and
handling freight**

**The supply chain
represents \$1.4
trillion in goods and
economic activity**

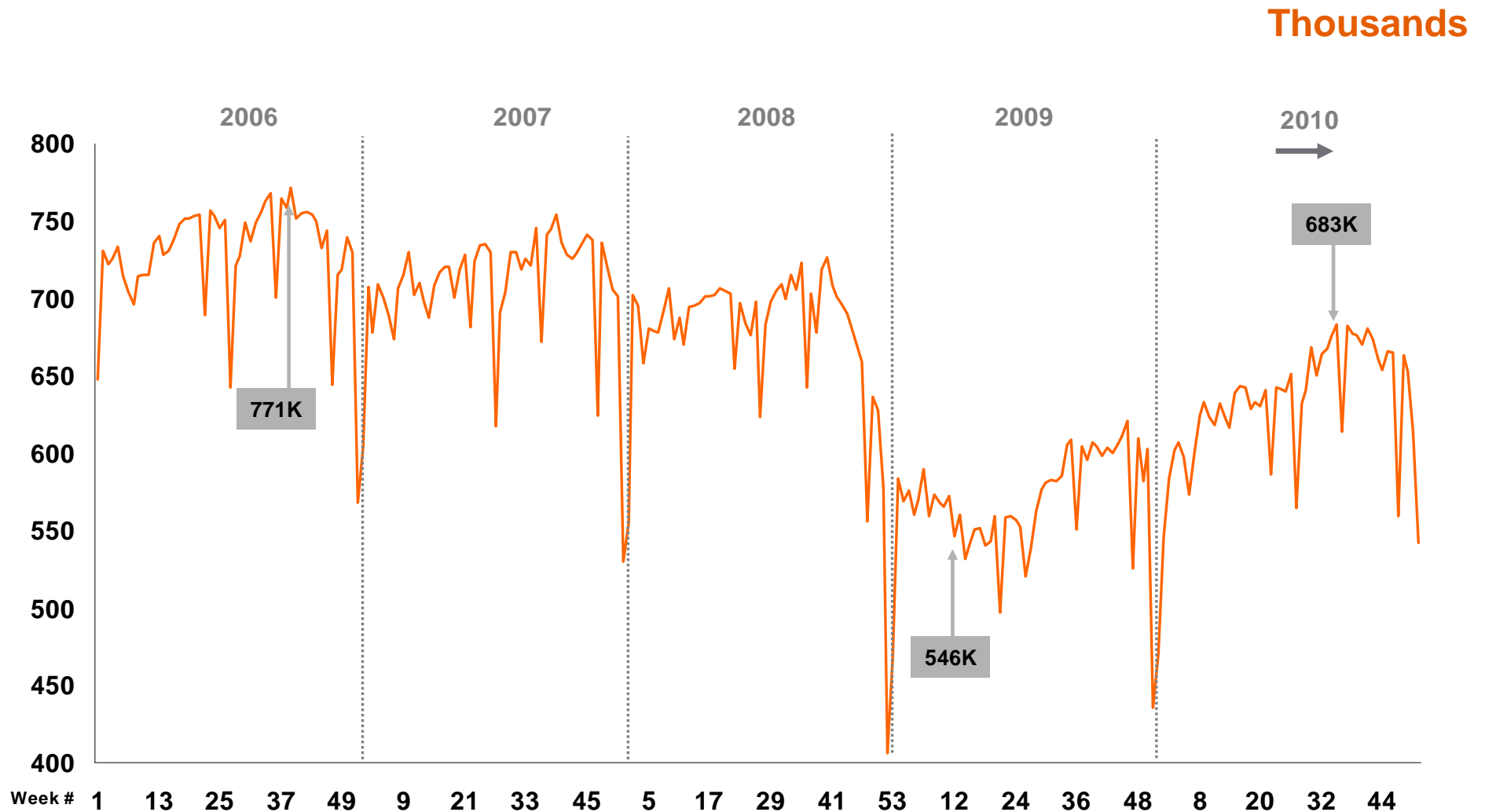
**A 1% change in
supply chain
costs = \$14
billion**



Source: Map - FHWA, 2002

U.S. Rail Weekly Volume Trends

Weekly volumes reflect continued slow recovery: YTD peak is 683K in early September, 61% trough-to-peak



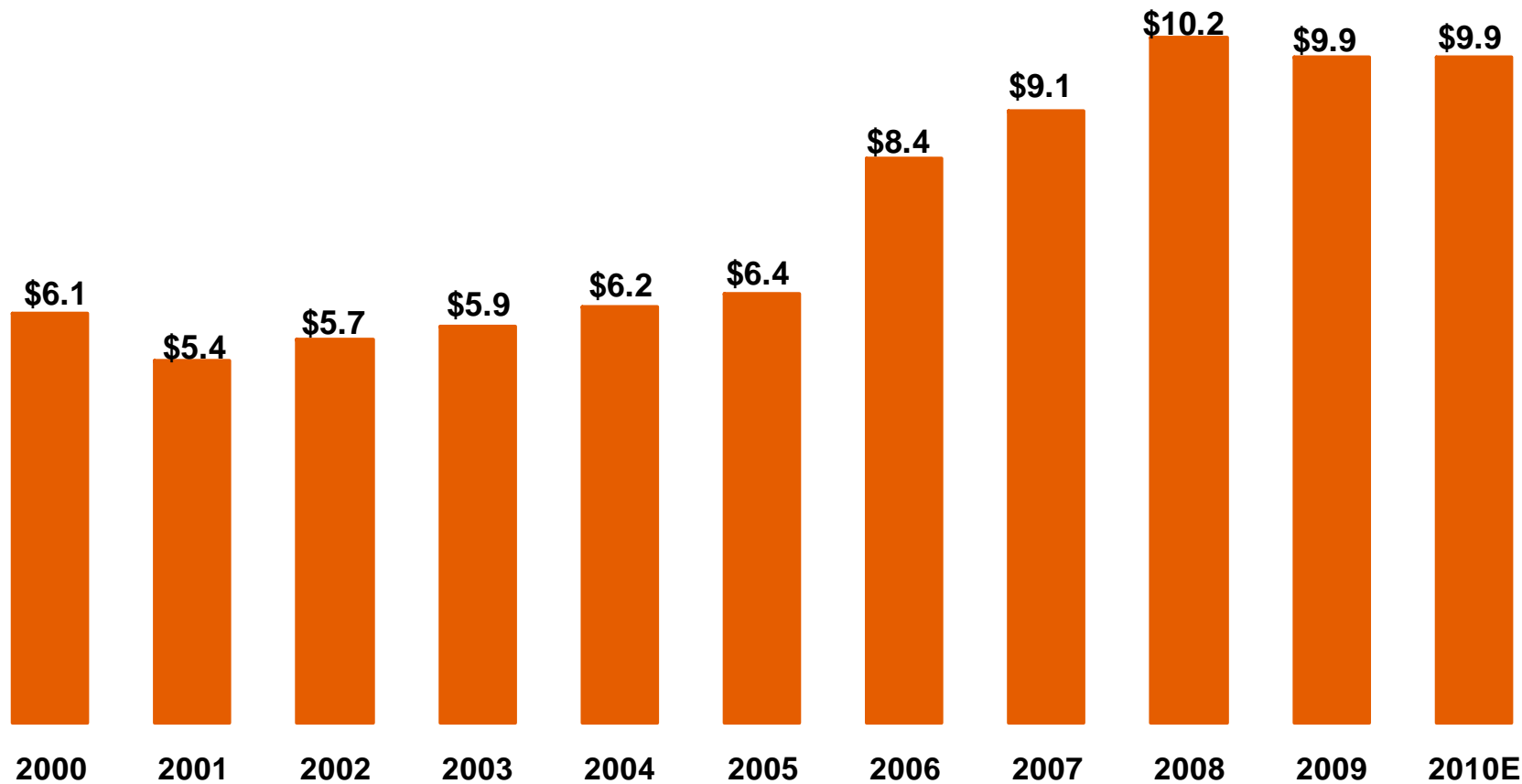
Note: Peak of 771K occurred during the week ending 9/30/ 2006

Source: Association of American Railroads (AAR); CS54 Data thru 12/25/2010



Railroad Industry Capital Expenditures

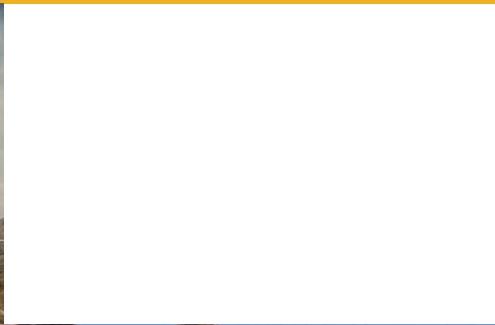
\$ Billions



Source: AAR



Rational Regulation

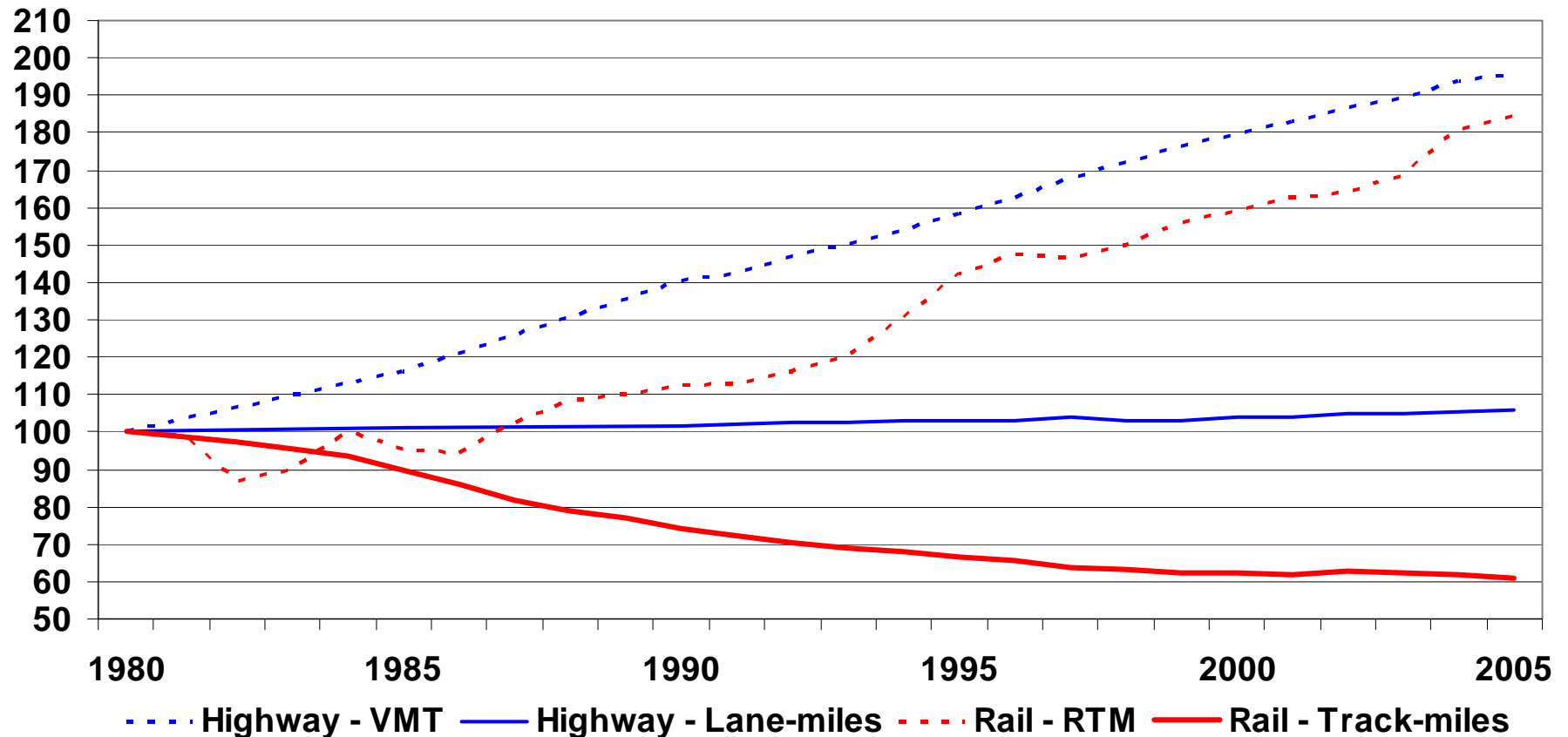


Additional Freight Rail Policy Recommendations

- **Right tax policies**
 - **Investment tax credit**
 - **Fuel taxes**
- **Multimodal approach to project selection and funding**

Capacity Is Shrinking

US Highway and Rail Networks System Miles and Volumes



Source: National Rail Freight Infrastructure Capacity and Investment Study September 2007 and AAR

Outlook: Growth and Challenges

2030 Growth Projections

- Population to grow to 364 million
- VMT to grow by 150 percent
- Freight rail to increase by 92 percent

Challenges

- No national freight priority
- No capacity growth
- Congestion- all modes
- Increasing fuel costs
- Lengthening supply chains
- Increased environmental requirements



Source: Global Insight, AASHTO, FHWA

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