

BNSF Railway

Ex Parte No. 705: Competition in the Rail Industry

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Major Customers and Our Vision

BNSF Vision

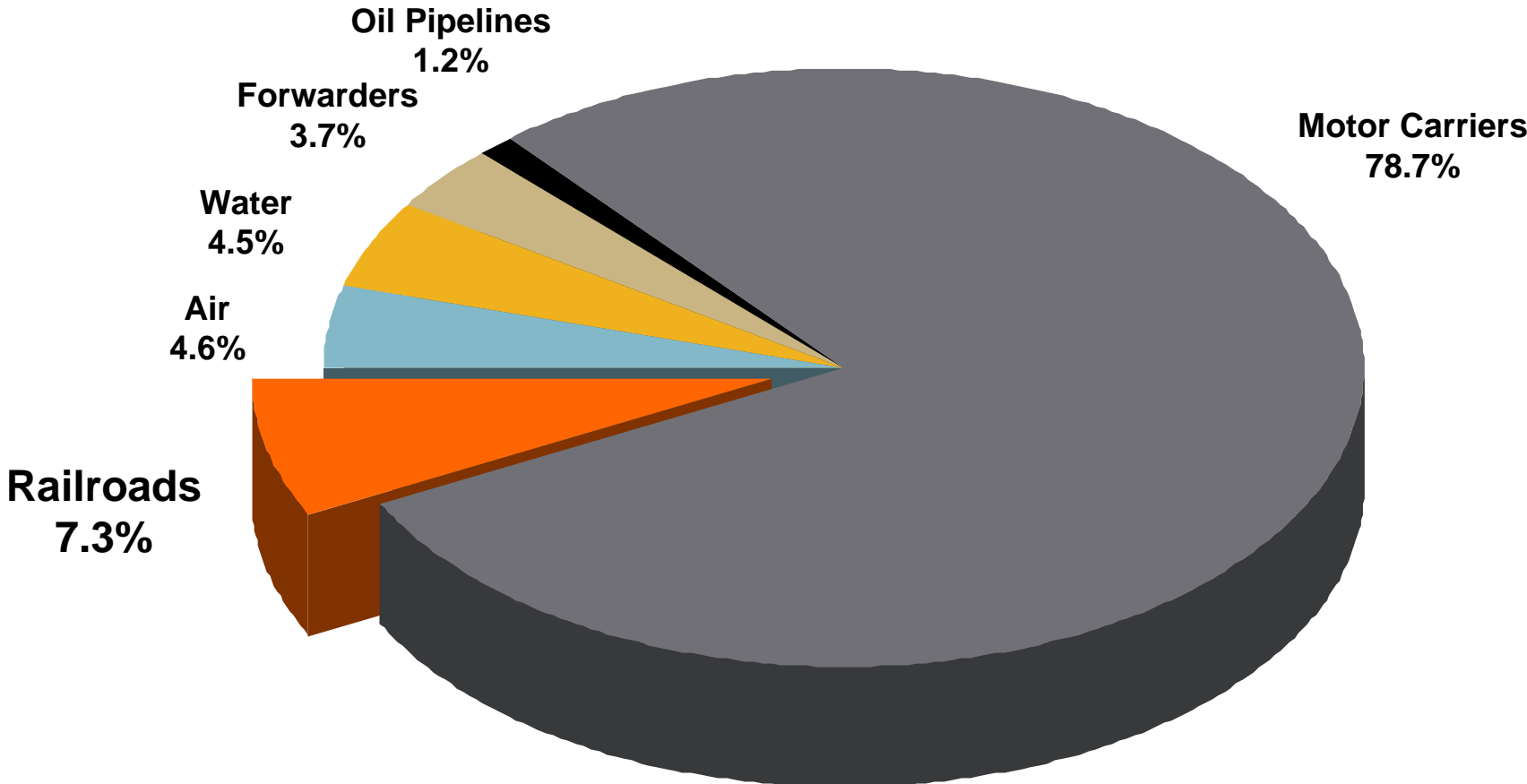
Our vision is to realize the tremendous potential of the BNSF Railway Company by providing transportation services that consistently meet our customers' expectations.



U.S. Transportation Modal Share

Based on Revenue

Mode and % of Total Share



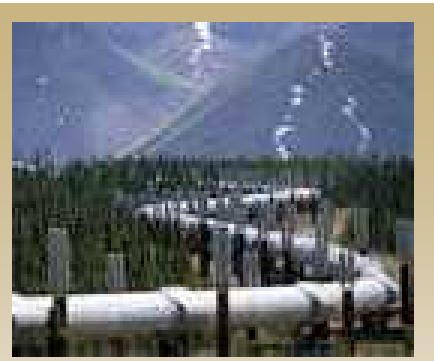
Our Competition



**Freight
Railroads**



Trucking



Pipelines

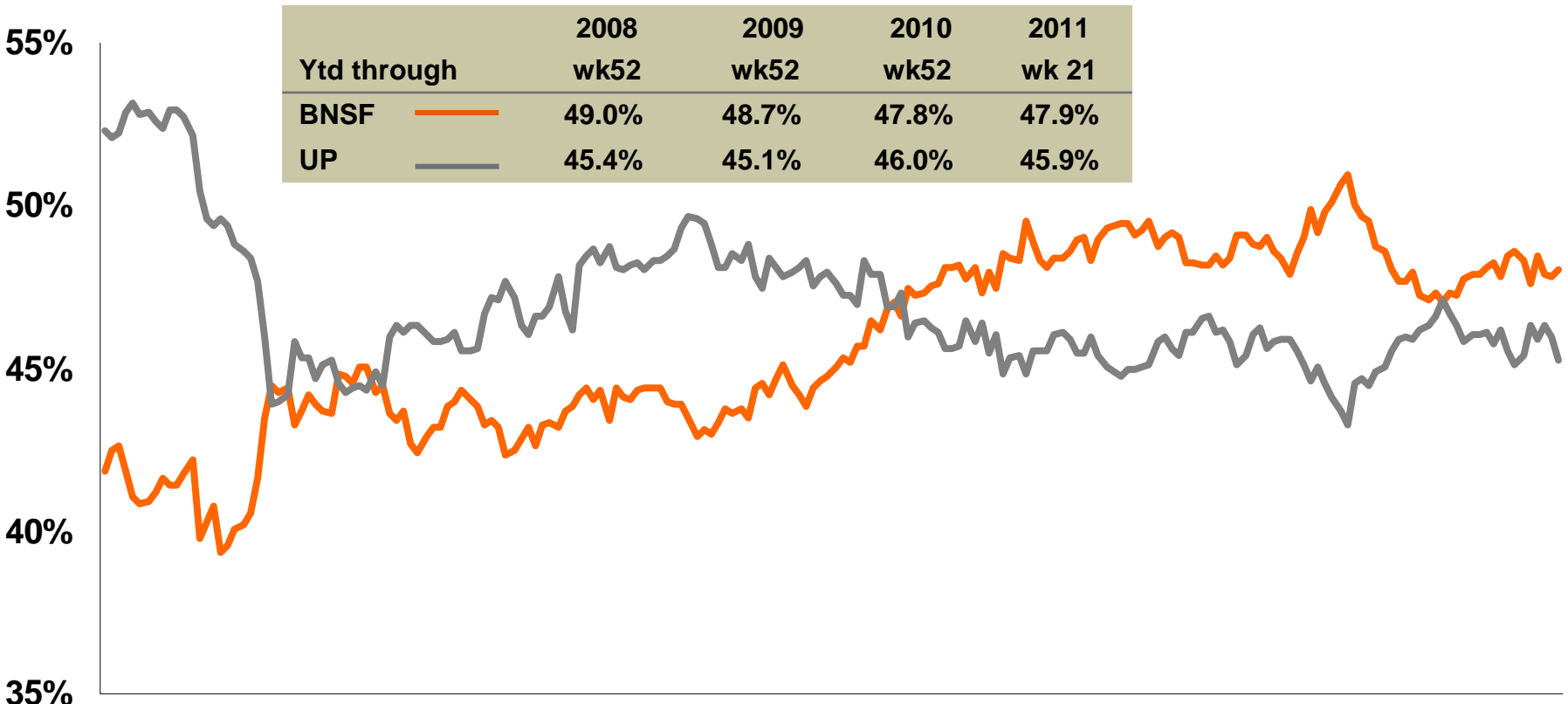


**Inland/Coastal
Waterways**

Western U.S. Rail Market Share

BNSF-UP Share Trend

Percent of Western Rail Units
Four Week Rolling Average



1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011

Value of a share point in the West = \$350M (2008 \$)



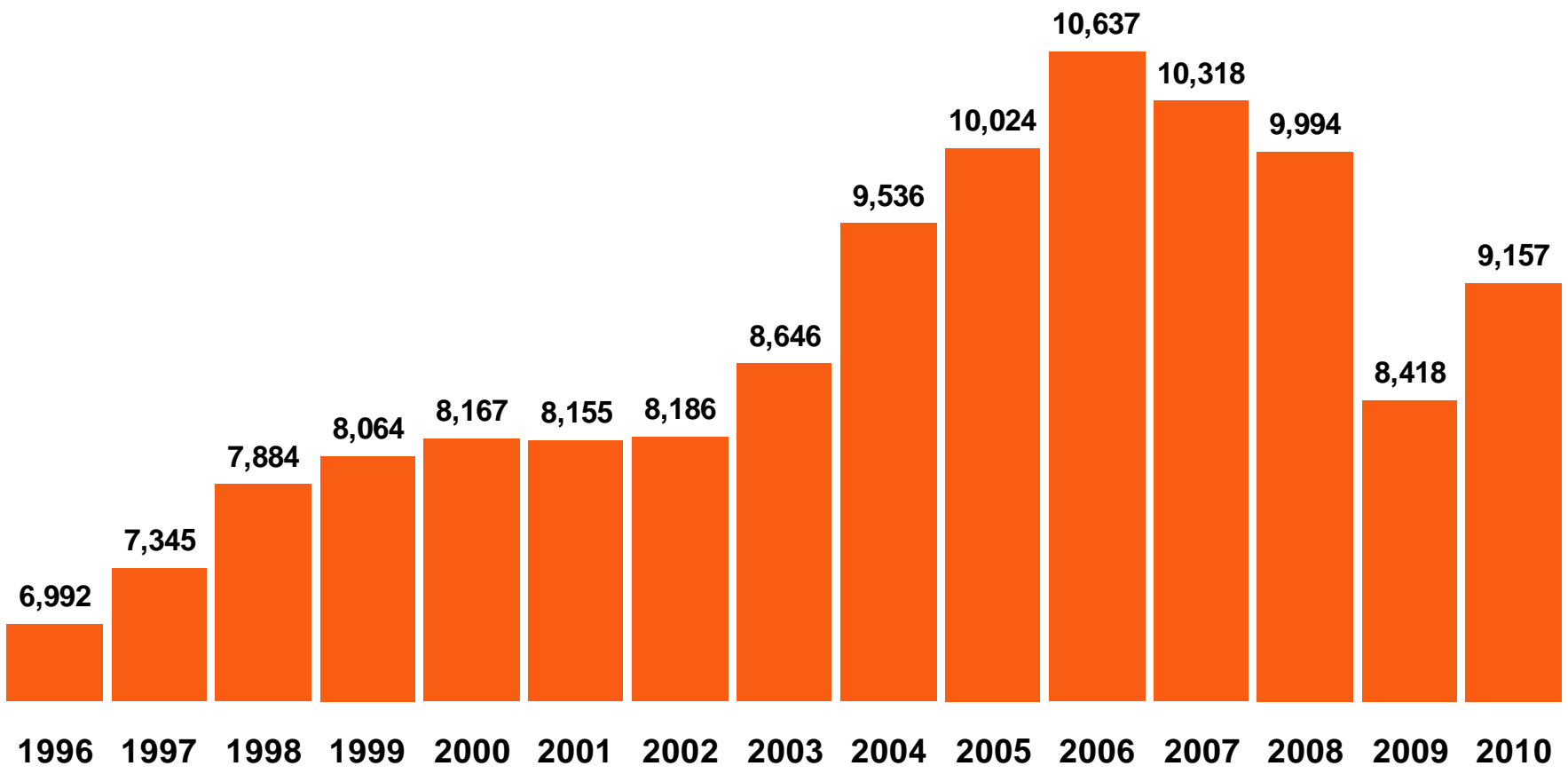
Western Coal Markets Are Competitive

- **WCTL claim: Competitive coal accounts no longer change hands....**
 - **2004: BNSF won new business or increased share to 13 plants and lost business to 4 plants**
 - **2005-2011: BNSF won new business or increased share to 30 plants; BNSF lost business to 21 plants**
 - **2004-2011: coal delivery to 11 plants changes hands more than once**
- **It is not true that competition does not exist where a shipper awards the business to the incumbent railroad**

Historical Volume

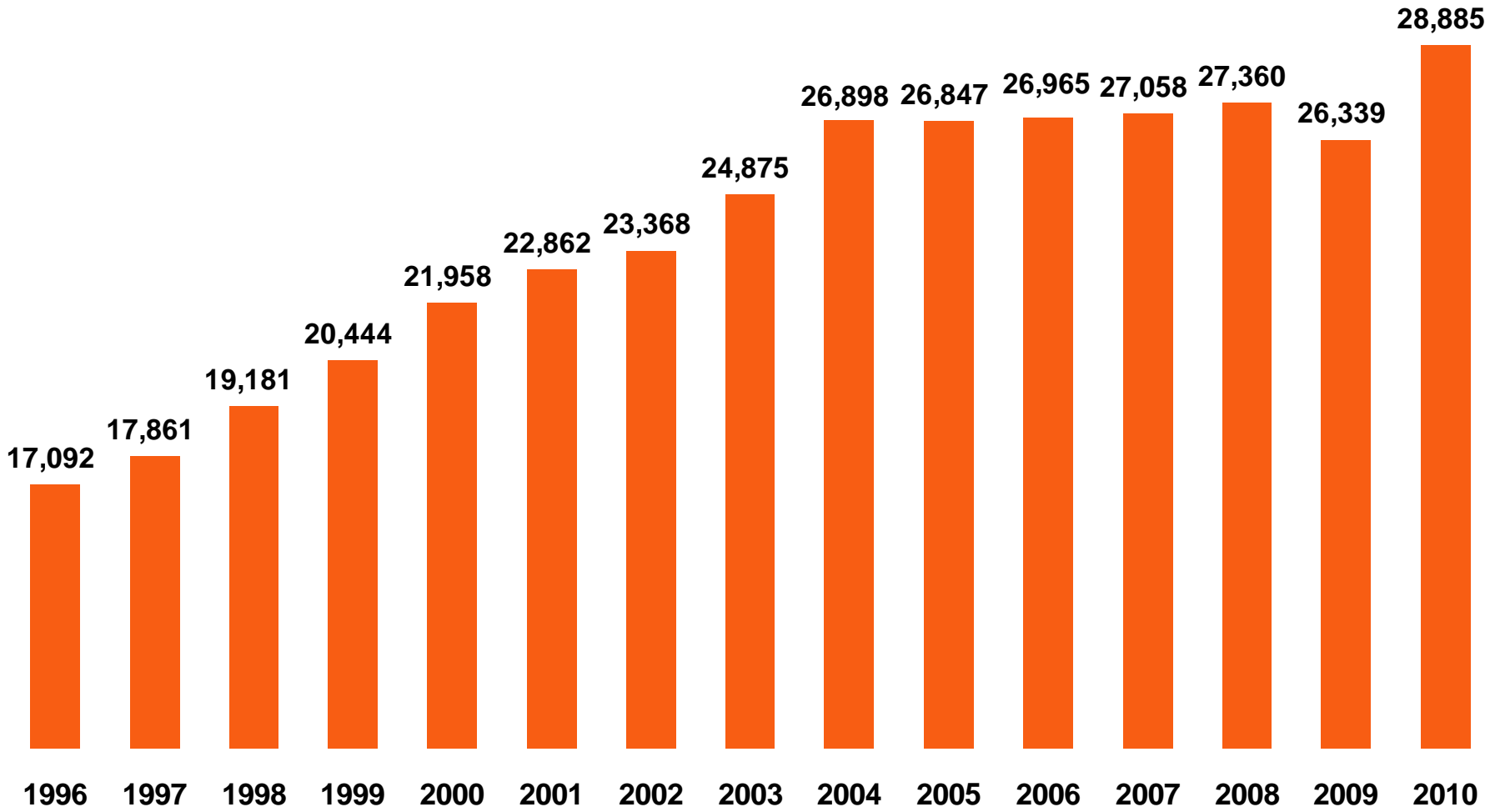
BNSF Units

Thousands



Improving Efficiency of Operations

Thousand GTMs per Employee

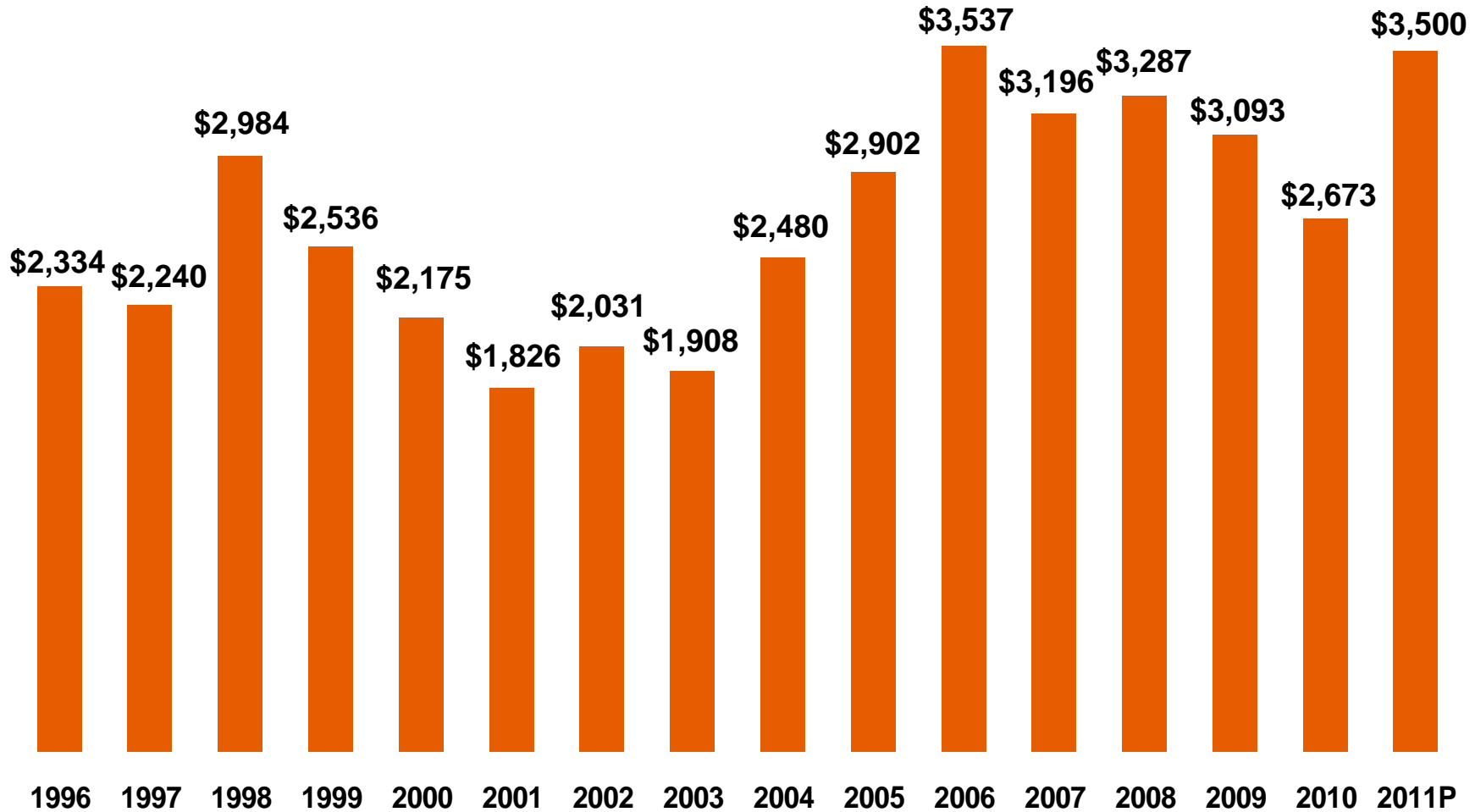




Reinvesting in Our Network - Capital Commitments

BNSF Total: \$39 Billion Invested From 1996-2010

\$ Millions

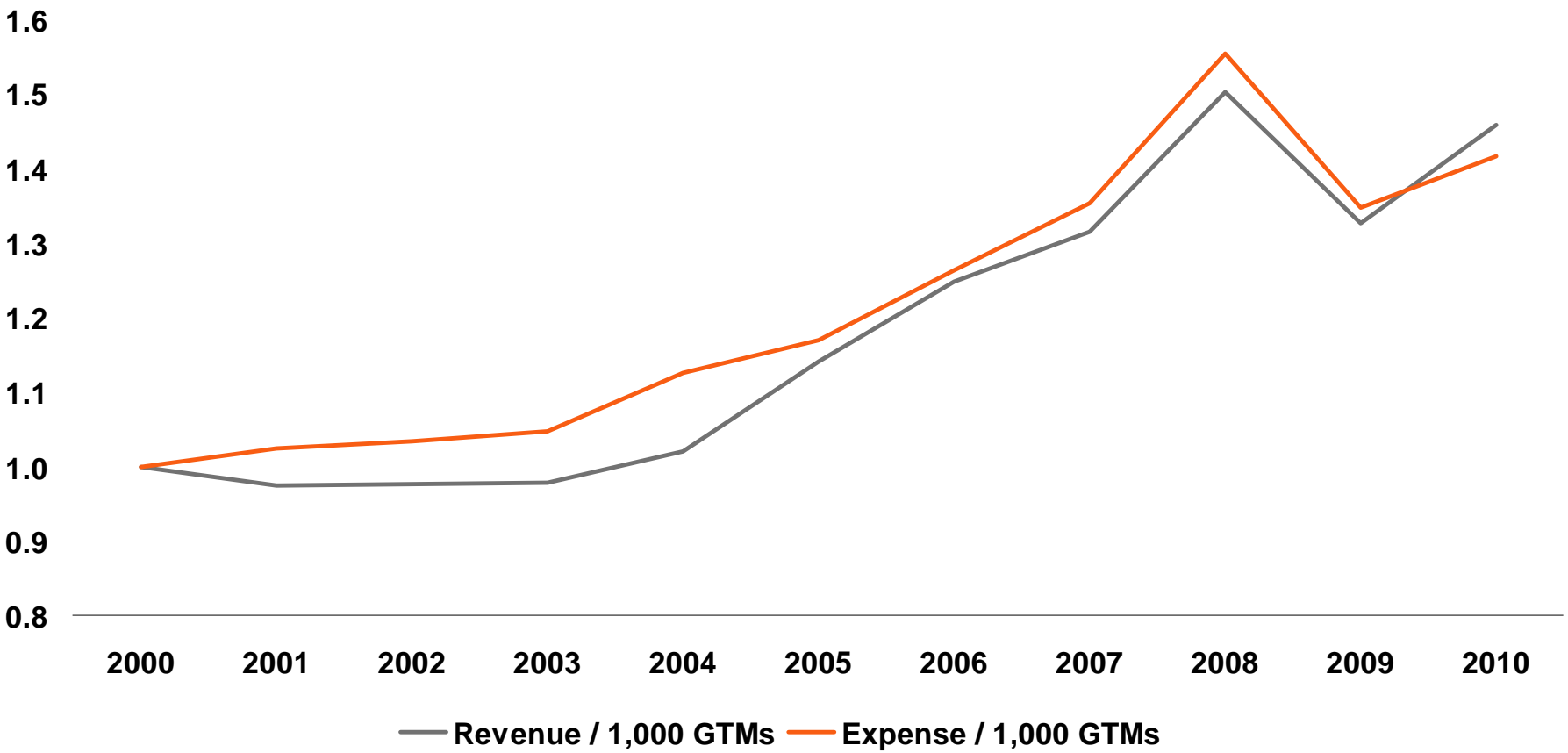


Note: Commitments restated to include equipment full amount regardless of financing method and timing.

Revenue & Cost Curves Closely Aligned

Cumulative Growth Rate of BNSF Freight Revenue and Operating Expense per 1,000 GTMs

(Indexed to Year 2000)



Conclusion

- **Our continuing investment to maintain and expand our network has enabled us to provide better service at lower prices.**
- **The rail marketplace is highly competitive across modes. BNSF competes every day with other railroads, trucking companies and barge companies for business.**
- **Railroad assets are long lived and the railroad industry needs to invest now to meet unprecedented future demand for our services.**
- **Rational regulation provides certainty and stability and allows railroads to earn a return that can sustain investment to replace and expand our networks.**
- **The Board should not adopt the proposals for new “access” regulation that jeopardize the ability and incentive of railroads to make future investments in the Nation’s freight rail system.**