

BNSF's first-quarter 2015 financial performance: volumes, revenues and expenses

Statement of Income (in millions)	Q1 - 2015	Q1 - 2014	Q/Q % Change
Total revenues	\$ 5,602	\$ 5,447	3 %
Operating expenses	3,708	4,079	(9)%
Operating income	1,894	1,368	38 %
Net income	\$ 1,045	\$ 724	44 %
Operating ratio (a)	65.5%	74.4%	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2015.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and revenues

Total revenues for the first quarter 2015 were up 3 percent compared with the same period in 2014. BNSF's total units for the first quarter 2015 were up 1 percent compared with the same period in 2014. Revenue per unit increased by 1 percent for the first quarter of 2015 as increases were partially offset by lower fuel surcharges.

Business unit first quarter 2015 volume highlights:

- Consumer Products volumes were down 6 percent in the first quarter of 2015 compared with the same period in 2014. This was primarily due to congestion caused by contentious labor negotiations at West Coast ports.
- Industrial Products volumes increased 3 percent in the first quarter of 2015 compared with the same period in 2014, primarily due to increased frac sand and taconite shipping partially offset by decreases in steel products.
- Coal volumes increased 7 percent for the first quarter of 2015 compared with the same period in 2014 due to higher demand.
- Agricultural Products volumes were up 15 percent for the first quarter of 2015 compared with the same period in 2014, primarily due to heightened customer demand for corn, increased milo exports and improved service.

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

Business Unit	Q1 - 2015	Q1 - 2014	Q/Q % Change
Revenues (in millions)			
Consumer Products	\$ 1,503	\$ 1,663	(10)%
Industrial Products	1,435	1,407	2 %
Coal	1,269	1,224	4 %
Agricultural Products	1,166	976	19 %
Total Freight Revenues	\$ 5,373	\$ 5,270	2 %
Other Revenues	229	177	29 %
Total Operating Revenues	\$ 5,602	\$ 5,447	3 %
Volumes (in thousands)			
Consumer Products	1,128	1,194	(6)%
Industrial Products	467	452	3 %
Coal	600	563	7 %
Agricultural Products	271	236	15 %
Total Volumes	2,466	2,445	1 %
Average Revenue per Car/Unit			
Consumer Products	\$ 1,332	\$ 1,393	(4)%
Industrial Products	3,073	3,113	(1)%
Coal	2,115	2,174	(3)%
Agricultural Products	4,303	4,136	4 %
Total Freight Revenues	\$ 2,179	\$ 2,155	1 %

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2015.

Expenses

Operating expenses for the first quarter 2015 were down 9 percent. A significant portion of the decrease reflects the increased costs in 2014 related to severe weather issues and service-related challenges, as well as other related factors described below.

- Compensation and benefits increased 10 percent for the first quarter of 2015 compared with the same period in 2014 primarily due to higher average headcount and wage inflation.
- Fuel expense was down 38 percent in the first quarter compared with the same period in 2014. Locomotive fuel price per gallon decreased 40 percent for the first quarter of 2015 to \$1.88. Fuel efficiency improved 4 percent but was offset by higher volumes.
- Purchased services expense, depreciation and amortization, equipment rents expense and materials and other expense did not change significantly from the prior year.

Operating Expenses (in millions)	Q1 - 2015	Q1 - 2014	Q/Q % Change
Compensation and benefits	\$ 1,338	\$ 1,218	10 %
Fuel	713	1,159	(38)%
Purchased services	648	653	(1)%
Depreciation and amortization	496	515	(4)%
Equipment rents	191	215	(11)%
Materials and other	322	319	1 %
Total Operating Expenses	\$ 3,708	\$ 4,079	(9)%

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2015.

Capital activities

BNSF continues to invest heavily in maintaining and renewing its network to increase capacity for growth and to provide safe, reliable service to its customers. Our 2015 capital commitments forecast continues to be \$6 billion compared with \$5.5 billion in 2014.

The 2015 forecast marks the third year in a row that BNSF has committed a record amount for capital investments. BNSF will spend \$2.9 billion on maintaining and renewing its core network and related assets. BNSF will continue investing in its locomotive and railcar fleets, in projects that expand and improve the efficiency of its infrastructure, and continue installing positive train control in response to a federal mandate. In 2015, BNSF plans to acquire 330 new energy- and fuel-efficient locomotives. Expansion spending will be focused on line capacity and terminal improvements to restore service and handle growth, and facility improvements to enable capacity, productivity and velocity improvements.