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The Honorable Heidi Heitkamp
United States Senator
502 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Heitkamp:

I write in response to your letter of February 18th regarding your rail service concerns in North Dakota. We at BNSF are disappointed that we have not met our customers' expectations in North Dakota and across the network. We know that many customers have been significantly impacted. We are working closely with them to ensure that they have a transparent view into when their service will be improved and predictability will be provided to the service that they receive. As promised, we will continually update you and your staff on our efforts to improve service, and provide transparency and accountability on metrics around investment, locomotive and crew goals, grain car past dues and sugar car past dues. I have attached our first dashboard of metrics, which we previously provided to your staff.

It is probably helpful to provide some context for how we arrived at our current situation. As you know, we have seen significant growth coming out the recession, specifically on our Northern corridor. To accommodate that growth and ensure the viability of future growth, we undertook a record capital program last year. This effort included both capacity expansion and the maintenance required to ensure the safety and quality of the physical plant. Investment of this magnitude can slow down traffic similar to waiting for highway construction in the summertime. It can be frustrating at the time, but the operational benefit to throughput is substantial once the investment is complete.

However, the new capacity struggled to keep pace with the volume growth that we experienced in the fourth quarter of 2013. Crude volume ramped up as spreads widened and grain volume spiked in a relatively short window during the first half of October. Some of this growth was forecast by us and our customers, but some was not, particularly grain movements. Yet incremental improvements in velocity and service were seen as new capacity came online late in the year.

Extreme weather quickly erased those gains as the winter of 2013-14 is proving to be one for the record books on BNSF. We've discussed with you and your staff the impacts on our crews and trains of uninterrupted days below freezing temperatures. The weather, however, will get warmer as spring arrives which will help our service levels. The setbacks of winter aside, we believe that our investment plans for the next several years will do much to keep the railroad's service predictable in the future, even in the face of the record low temperatures and snowfall we have seen this season.

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The long-term answer to improved service, of course, is increased capacity and ensuring our existing capacity is maintained to the highest levels. In 2014 we plan to make our largest, single-year capital investment in our company's history. Our investments of capital in expansion and maintenance in North Dakota will be a critical part of efficiently, and safely, facilitating the growth from the state, in particular, crude and agriculture, and growth elsewhere on the network.

The bedrock of our investment is our continuously strong and growing expenditures on line maintenance in North Dakota. As you would expect, our maintenance investment grows as volumes grow. In North Dakota this year, BNSF is spending \$125 million to keep the existing tracks and facilities strong. Last year set a record for replacement and maintenance spending in the state- \$112 million. As I mentioned, our maintenance activities contributed to slower traffic during the summer construction season. While that might continue through 2014, delays will not be as extended as they were in 2013 due to maintenance activities.

Replacement capital expenditures in North Dakota and elsewhere have also been growing since 2009. Our planned expansion and efficiency capital will be more than \$900 million in 2014, of which \$265 million will be spent in North Dakota. This spending is part of a three year capital expansion plan for North Dakota. We plan to spend \$396 million over three years on the Glasgow subdivision alone that will result in over 100 miles of double track and the construction of three critical sidings. This investment will be important to successfully facilitating the growing volumes of freight trains of all kinds, as well as the Empire Builder.

As we have promised, we will provide you with regular updates to the metrics attached to this letter and as circumstances otherwise warrant. We understand that customers have raised concerns with you regarding service-specific situations, and some have voiced general concerns about adequate capacity and whether all shippers in North Dakota can rely on the levels of service to which they are accustomed. We want to assure you, and them, that we believe that our plans will benefit all sectors of the North Dakota economy. We know that service now is very stressed, and even though we fully expect improvements over the next several months, it will take time for BNSF to reset the network to our- and our customers'- satisfaction. After safety, restoring service is our most important mission in 2014, and all of our employees are dedicated to it.

Thank you for the opportunity to outline our plans in response to your concerns about rail service in North Dakota. We look forward to keeping you updated on our progress throughout the year.

Sincerely,



Carl R. Ice
President & CEO

Enclosures