

# Burlington Northern Santa Fe Corporation

## Third Quarter 2006 Financial Presentation

October 24, 2006



# Matt Rose

**Chairman, President and Chief Executive Officer**

Statements made in this presentation concerning projections or expectations of financial or operational performance or economic outlook, or concerning other future events or results, or which refer to matters which are not historical facts, are "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements involve a number of risks and uncertainties, and actual results may differ materially from those projected or implied in those statements.

Important factors that could cause such differences include, but are not limited to:

- ***economic and industry conditions***: material adverse changes in economic or industry conditions, both in the United States and globally, changes in customer demand, effects of adverse economic conditions affecting shippers or BNSF Railway's supplier base, adverse economic conditions in the industries and geographic areas that produce and consume freight, competition and consolidation within the transportation industry, the extent to which BNSF Railway is successful in gaining new long-term relationships with customers or retaining existing ones, changes in the securities and capital markets, changes in fuel prices and other key materials and disruptions in supply chains for these materials, and changes in crew availability, labor costs and labor difficulties including stoppages affecting either BNSF Railway's operations or our customers' abilities to deliver goods to BNSF Railway for shipment;
- ***legal and regulatory factors***: developments and changes in laws and regulations including those affecting train operations or the marketing of services, increased economic regulation of the rail industry, the ultimate outcome of shipper and rate claims subject to adjudication, developments in environmental investigations or proceedings with respect to rail operations or current or past ownership or control of real property and developments in and losses resulting from other types of claims and litigation including those relating to personal injuries, asbestos and other occupational diseases, the release of hazardous materials, and environmental contamination and damage to property or relating to rates and services; and
- ***operating factors***: technical difficulties, changes in operating conditions and costs, commodity concentrations, the availability of equipment and human resources to meet changes in demand, the extent of the Company's ability to achieve its operational and financial goals and initiatives and to contain costs, the effectiveness of steps taken to maintain and improve operations and network fluidity, including the management of the amount of traffic on the system to meet demand and the ability to acquire sufficient resources to meet that demand, the effect of congestion on other railroads, and capacity constraints affecting all links in the transportation chain that feed traffic and goods to BNSF Railway's system, disruptions to BNSF's technology network including computer systems and software, as well as natural events such as severe weather, fires, floods and earthquakes or acts of terrorism or other disruptions of the Company's operating systems, structures, or equipment, or disruptions on other railroads' systems.

We caution against placing undue reliance on forward-looking statements, which reflect our current beliefs and are based on information currently available to us as of the date a forward-looking statement is made. We undertake no obligation to revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs. In the event that we do update any forward-looking statements, no inference should be made that we will make additional updates with respect to that statement, related matters, or any other forward-looking statements. Any corrections or revisions may appear in BNSF's public filings with the Securities and Exchange Commission, which are accessible at [www.sec.gov](http://www.sec.gov) or on BNSF's website at [www.bnsf.com](http://www.bnsf.com), and which you are advised to consult.



# Third Quarter 2006 Summary

## Results

- **Earnings per share up 22% to \$1.33**
- **Record freight revenues of \$3.8 billion**
- **Operating ratio of 75.9% (a)**

(a) See BNSF web site/Investor Relations for computation of operating ratio.



# Tom Hund

**Executive Vice President and Chief Financial Officer**

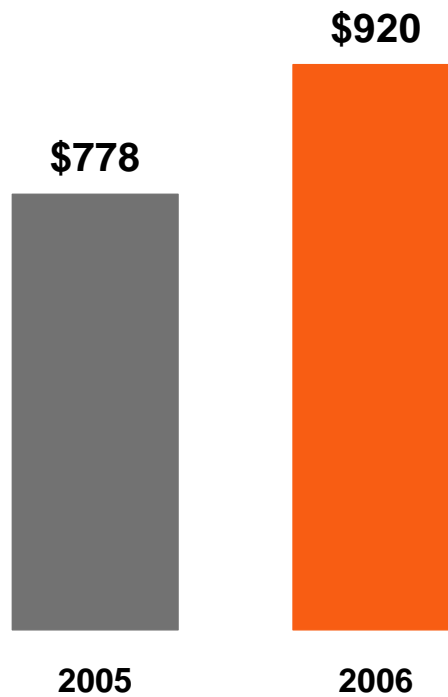
# Earnings per Share

## Third Quarter



# Operating Income Third Quarter

\$ Millions



# Operating Ratio<sup>(a)</sup>

## Third Quarter

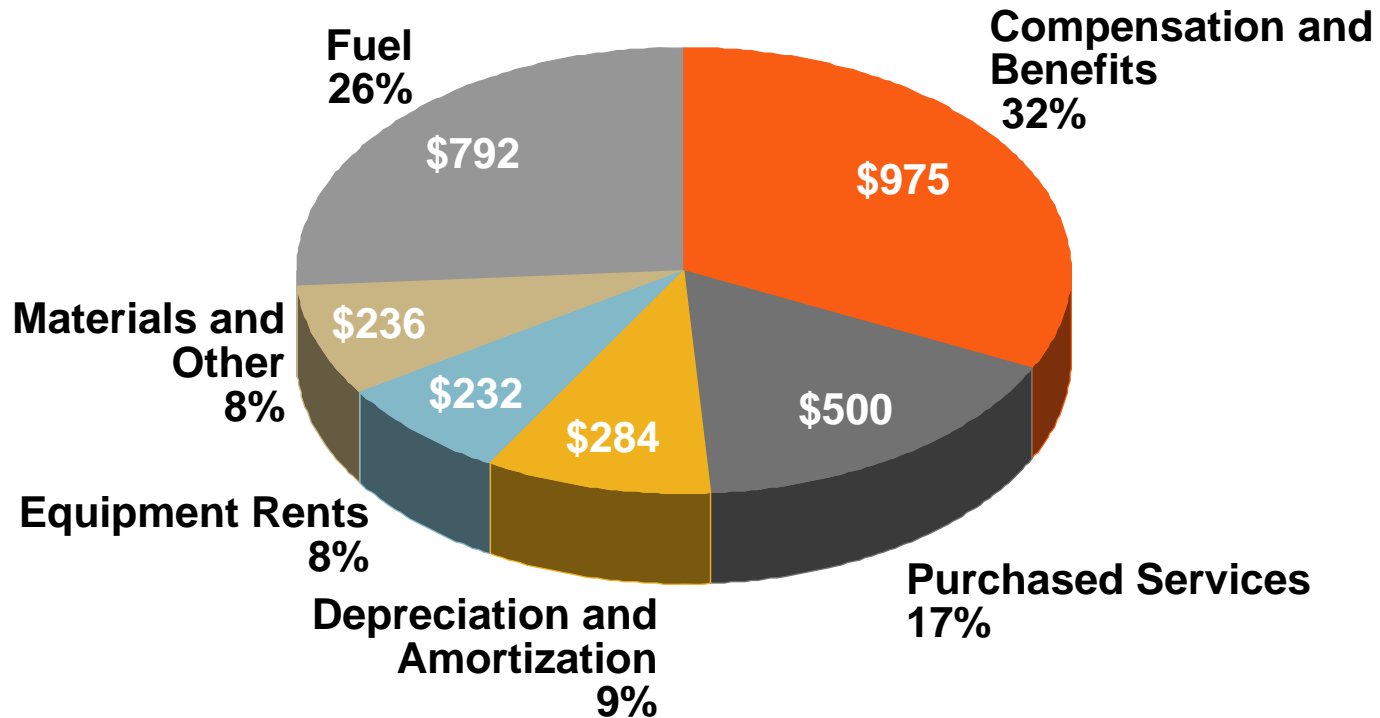


(a) See BNSF web site/Investor Relations for computation of operating ratio.



# Operating Expenses Third Quarter

\$ Millions and % of Operating Expenses



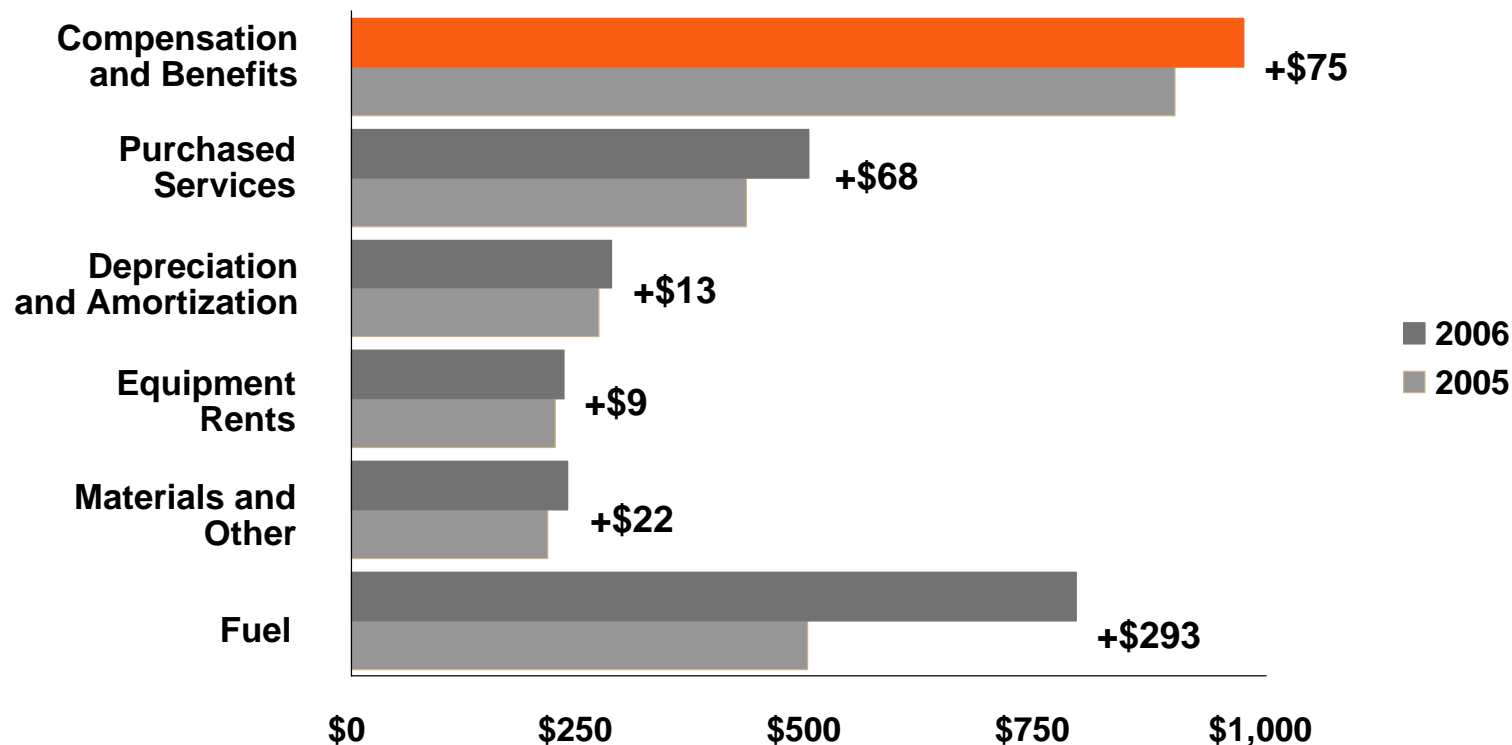
**Total Operating Expenses: \$3,019 +\$480 or 19%**



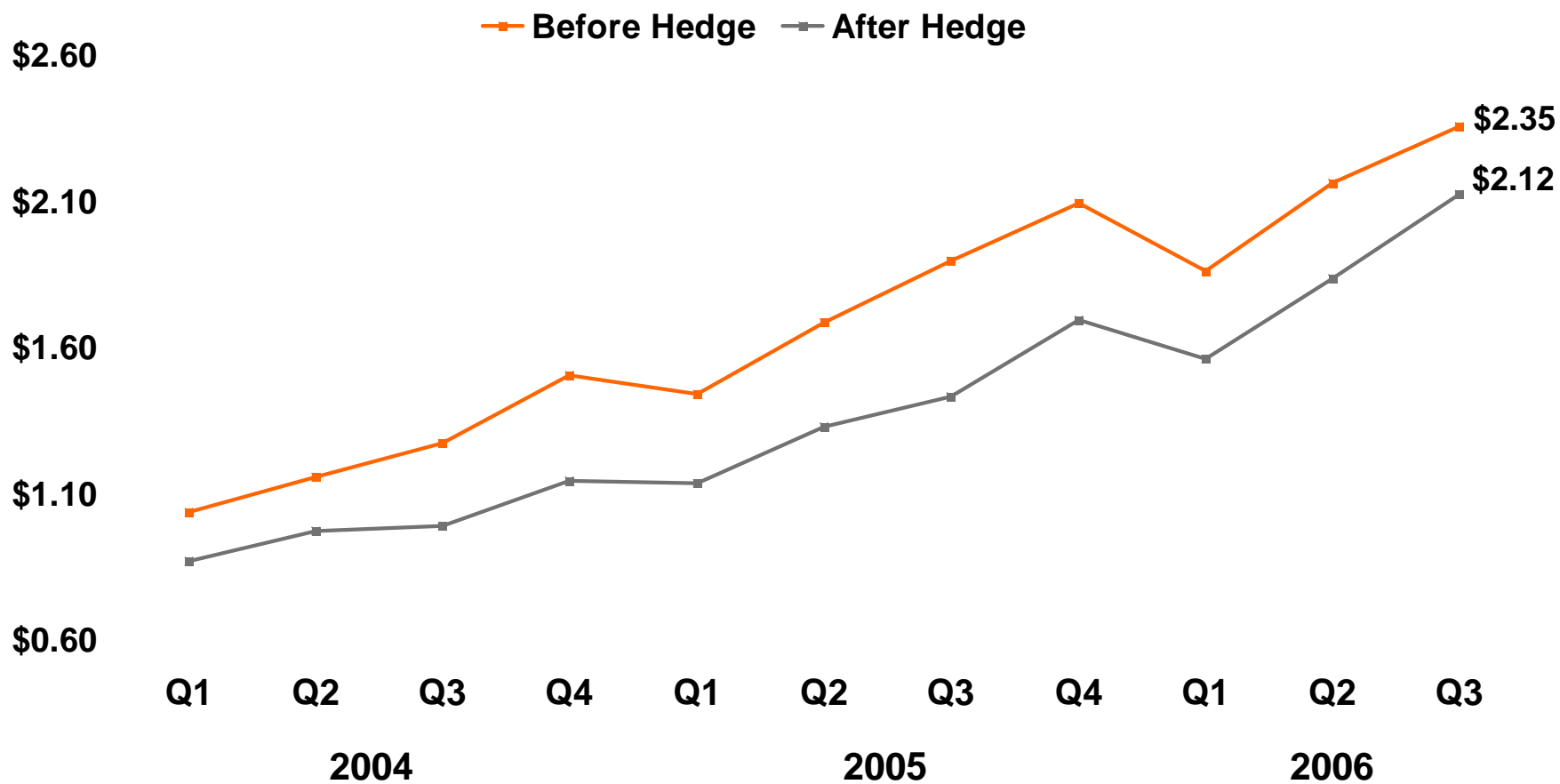
# Operating Expenses

## Third Quarter 2006 vs. 2005

\$ Millions



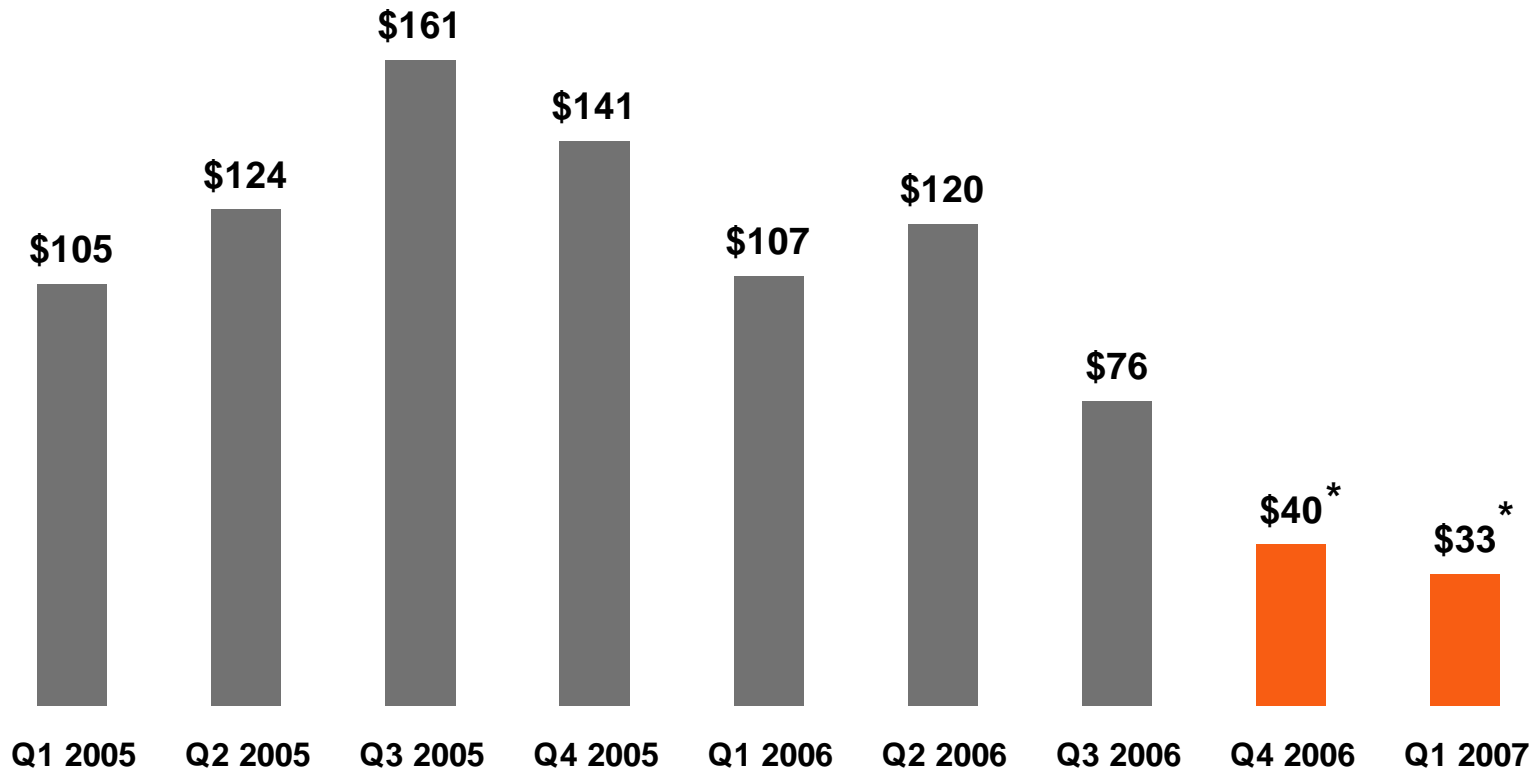
# Fuel Price per Gallon



# Fuel Hedging

## Mark to Market Hedge Benefit

\$ Millions



\*Based on forward curve as of October 19, 2006



# Other Financial Statistics

## Third Quarter

**\$ Millions**

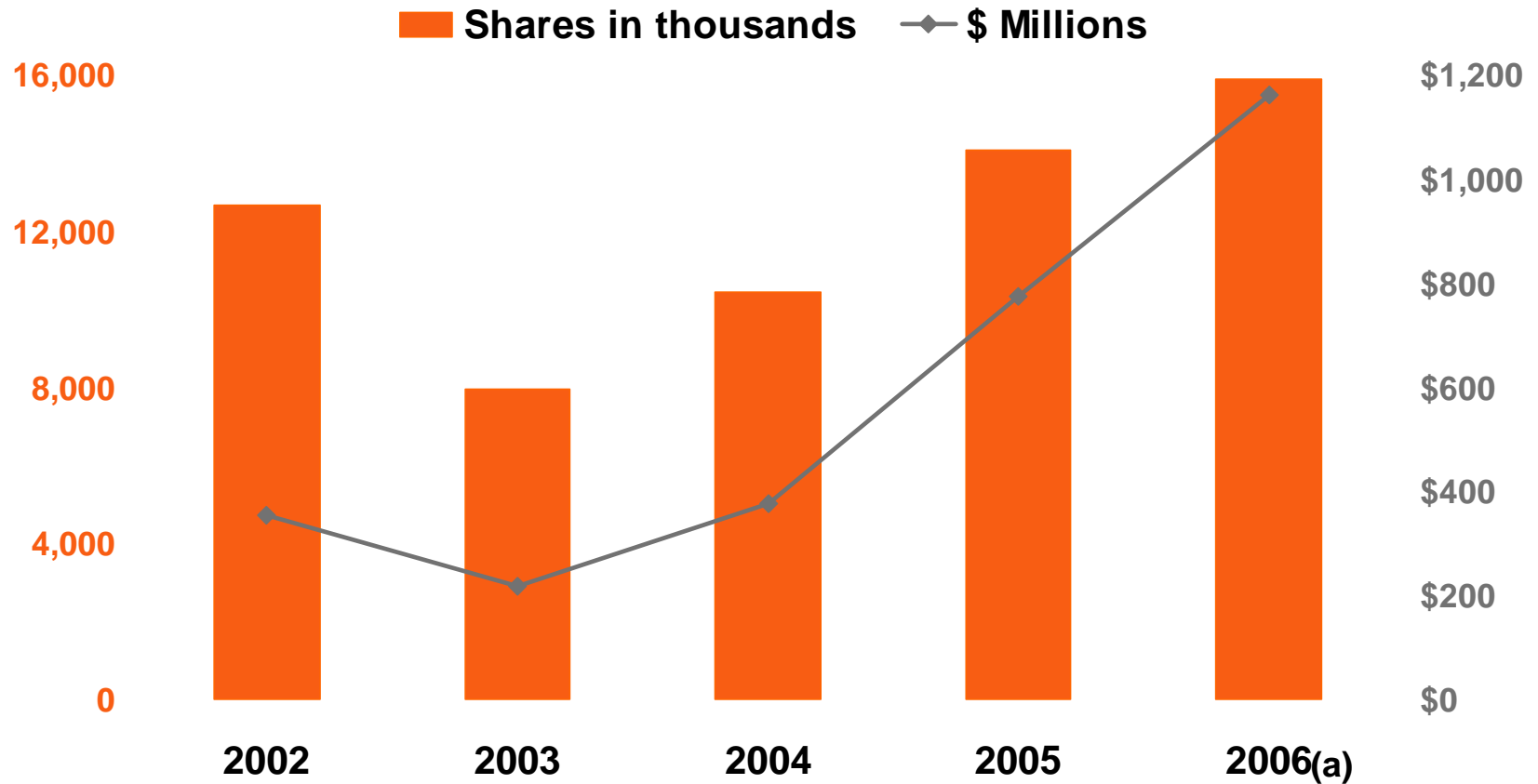
	<u>2006</u>	<u>2005</u>
<b>Interest expense</b>	<b>\$ 125</b>	<b>\$ 106</b>
<b>Other expense (income), net</b>	<b>\$ 10</b>	<b>\$ 16</b>
<b>Effective tax rate</b>	<b>37.8%</b>	<b>36.9%</b>
<b>Debt/capitalization ratio<sup>(a)</sup></b>	<b>52.4%</b>	<b>50.0%</b>
<b>Pre-tax interest coverage</b>	<b>7.0x</b>	<b>6.4x</b>

(a) Reported on an adjusted basis. See BNSF web site/Investor Relations for a reconciliation to GAAP.



# Stock Repurchase Activity

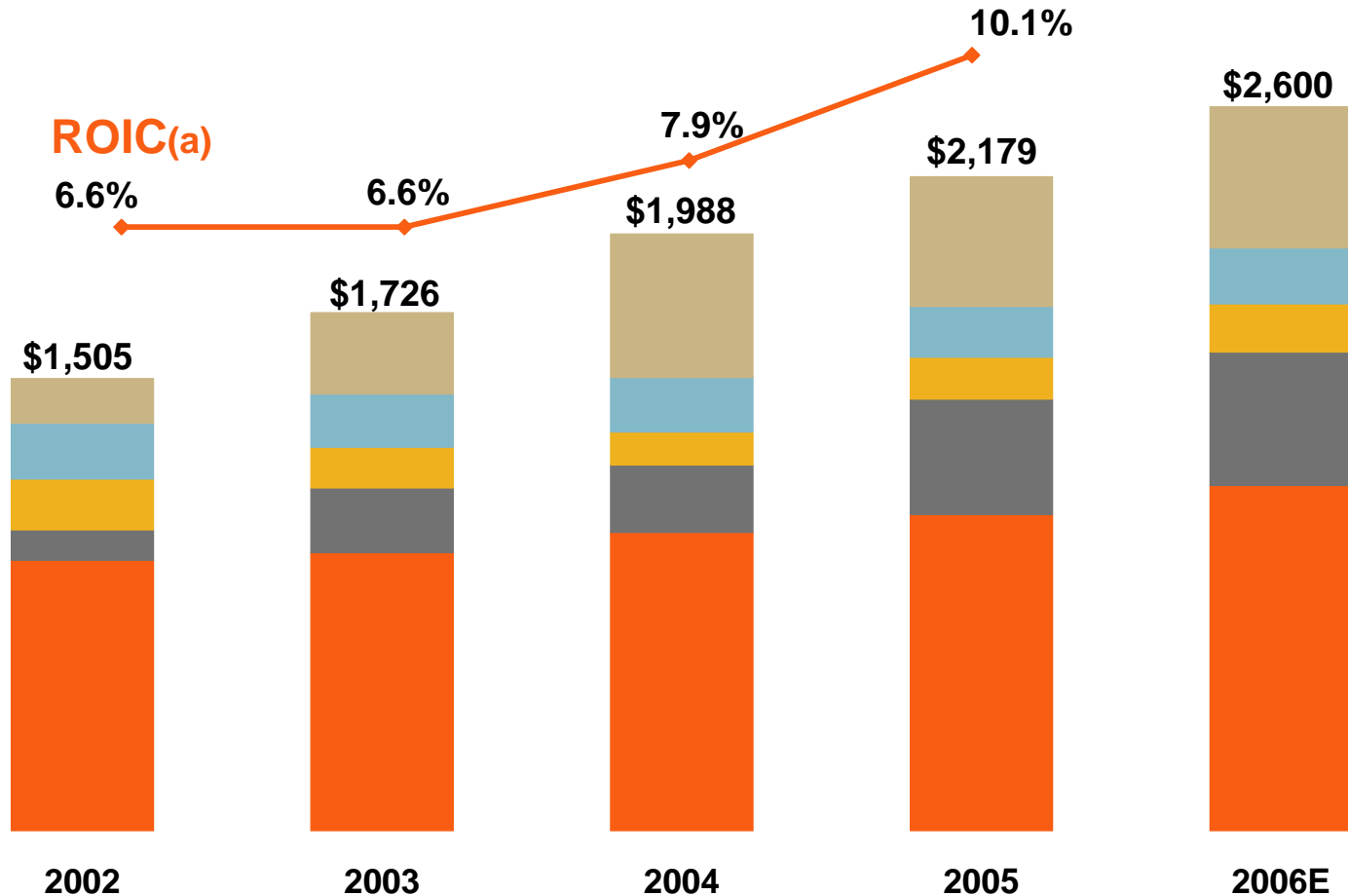
## As of September 30, 2006<sup>(a)</sup>



# Capital Commitments

\$ Millions

■ Program Maintenance 
 ■ Expansion 
 ■ Mechanical 
 ■ Other 
 ■ Locomotive



(a) See BNSF web site/Investor Relations for a reconciliation to GAAP



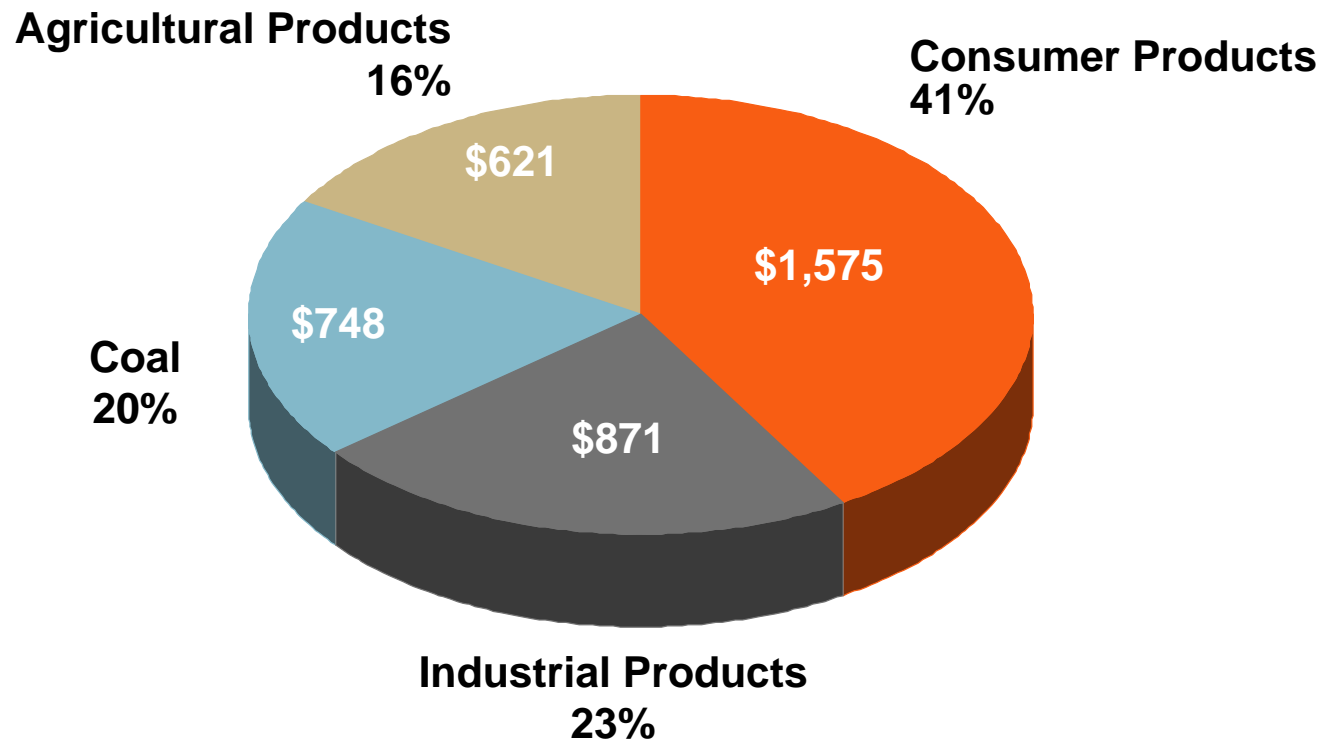
# John Lanigan

**Executive Vice President and Chief Marketing Officer**



# Freight Revenues Third Quarter

\$ Millions and % of Freight Revenues



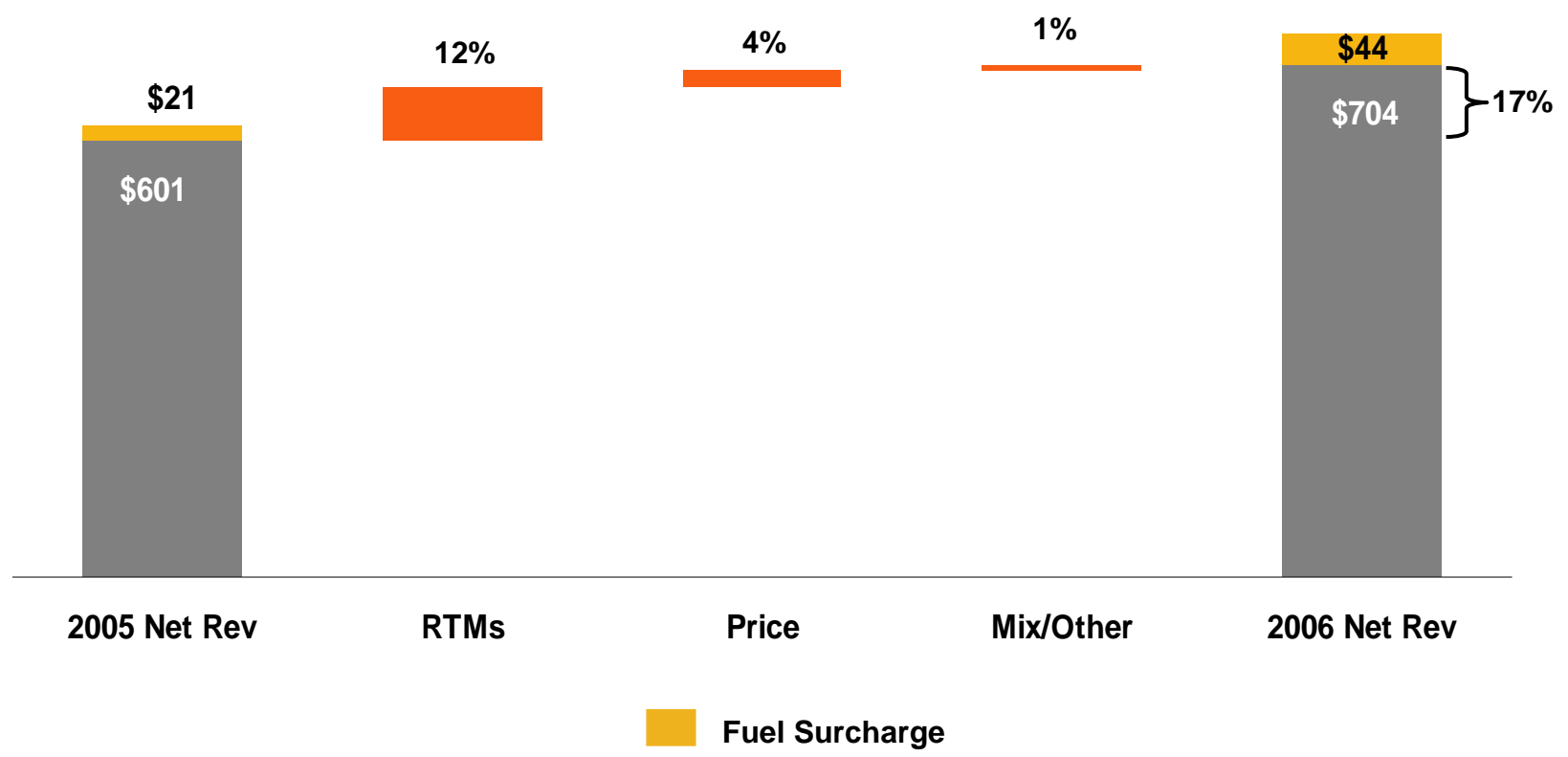
Total Freight Revenues: \$3,815 + \$597 or 18.6%



# Revenue Growth Third Quarter

## Coal

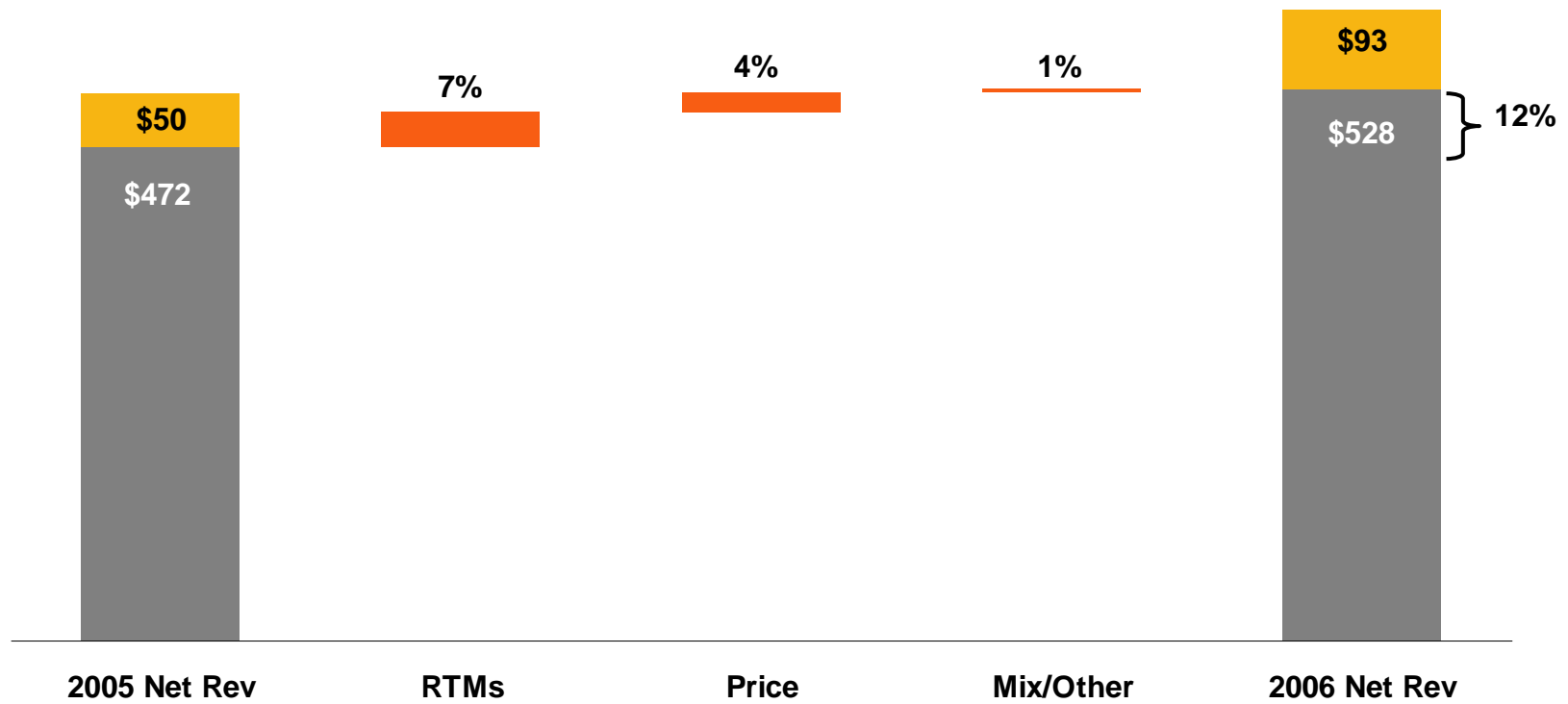
\$ Millions



# Revenue Growth Third Quarter

## Agricultural Products

\$ Millions



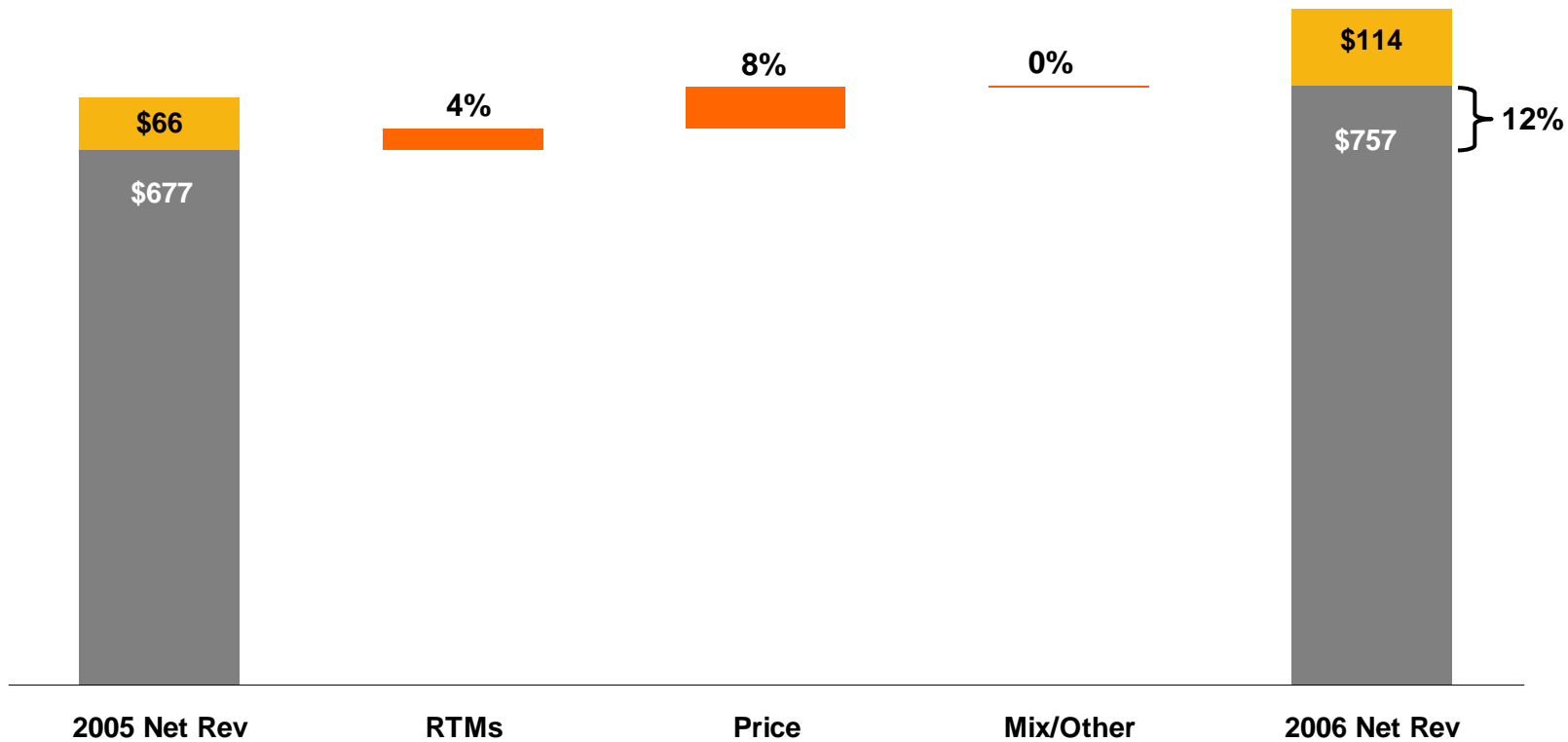
 Fuel Surcharge



# Revenue Growth Third Quarter

## Industrial Products

\$ Millions



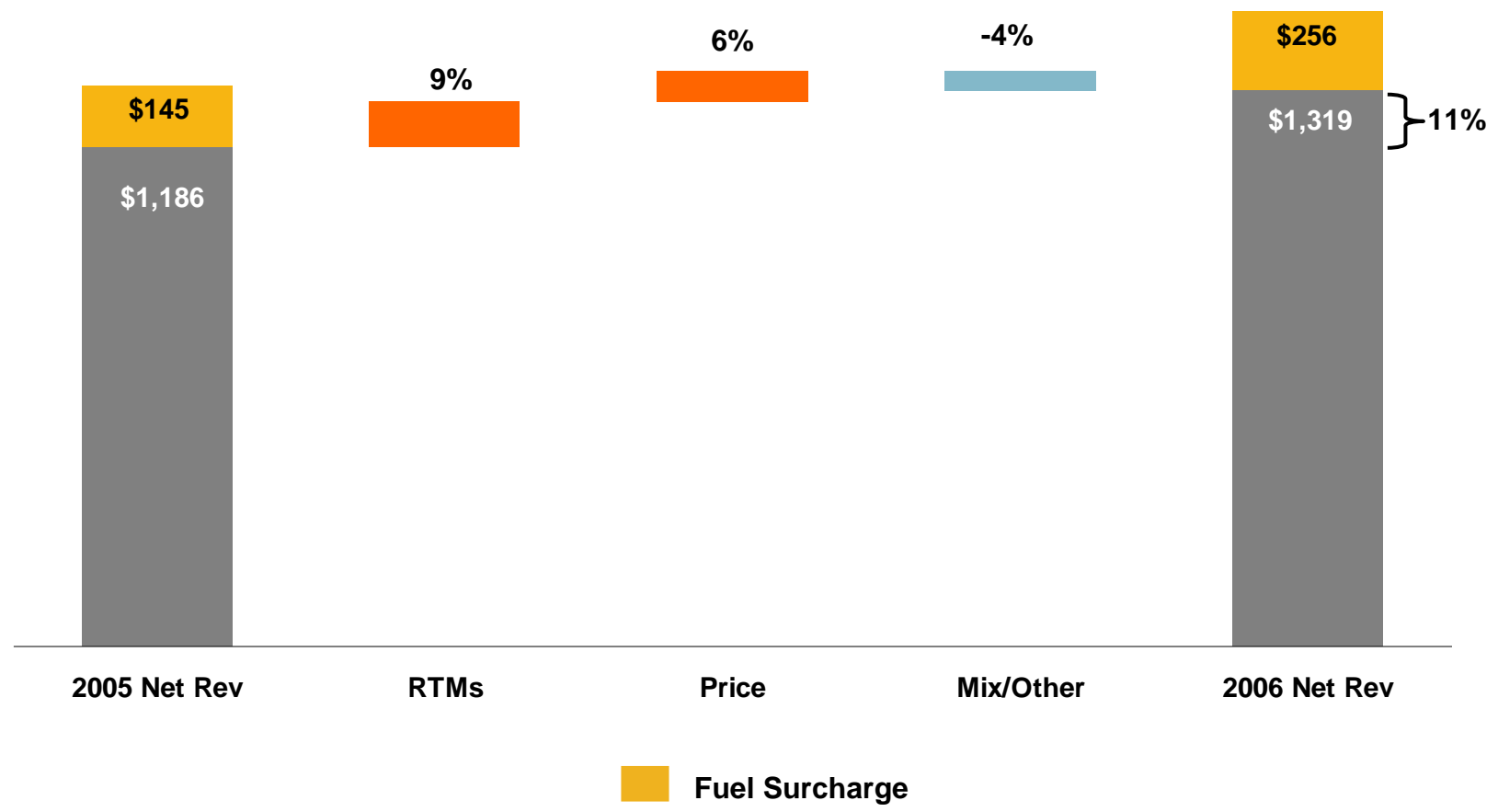
Fuel Surcharge



# Revenue Growth Third Quarter

## Consumer Products

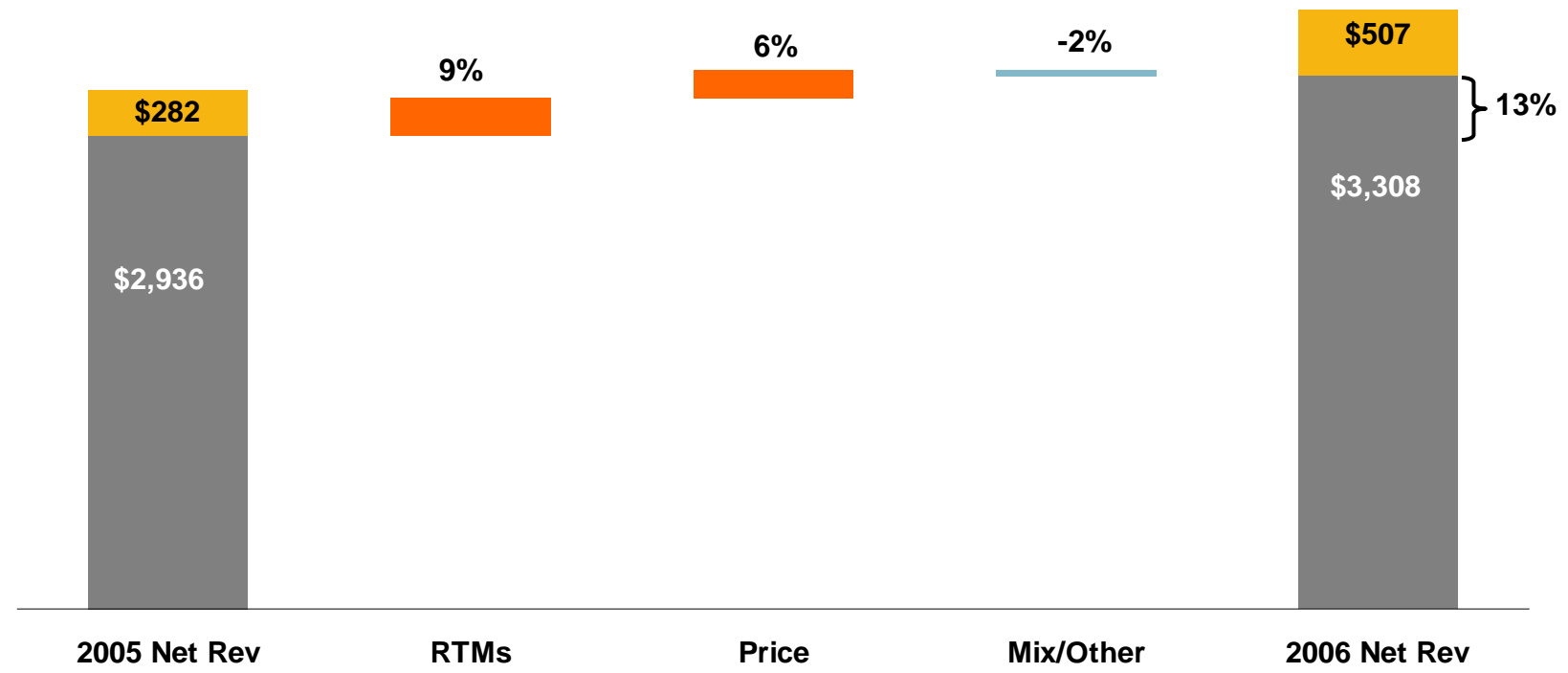
\$ Millions



# Revenue Growth Third Quarter

**BNSF**

**\$ Millions**



 Fuel Surcharge



# Coal

## Third Quarter

### Highlights

\$ Millions and % Change

- All-time record revenue, units and tons
- PRB joint line performance
- Continued strong demand



Total Coal: \$748 +\$126 or 20.3%



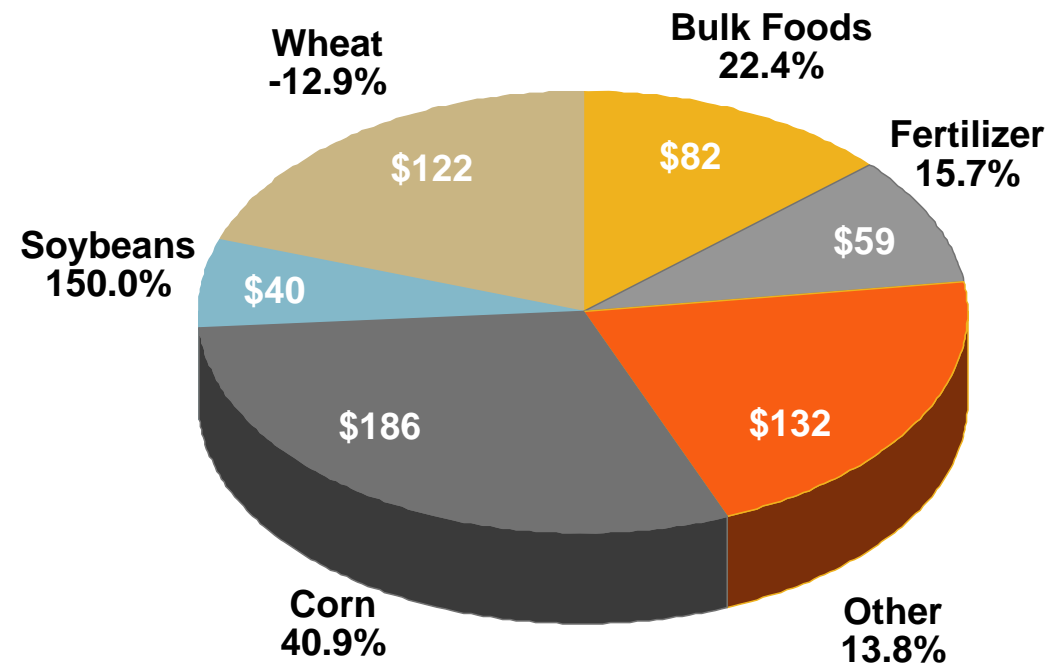
# Agricultural Products

## Third Quarter

### Highlights

- All time record quarter revenue and units
- Wheat and Soybean PNW exports up
- Corn Gulf exports and Mexico strong
- Wheat Gulf exports down

\$ Millions and % Change



Total Agricultural Products: \$621 +\$99 or 19.0%



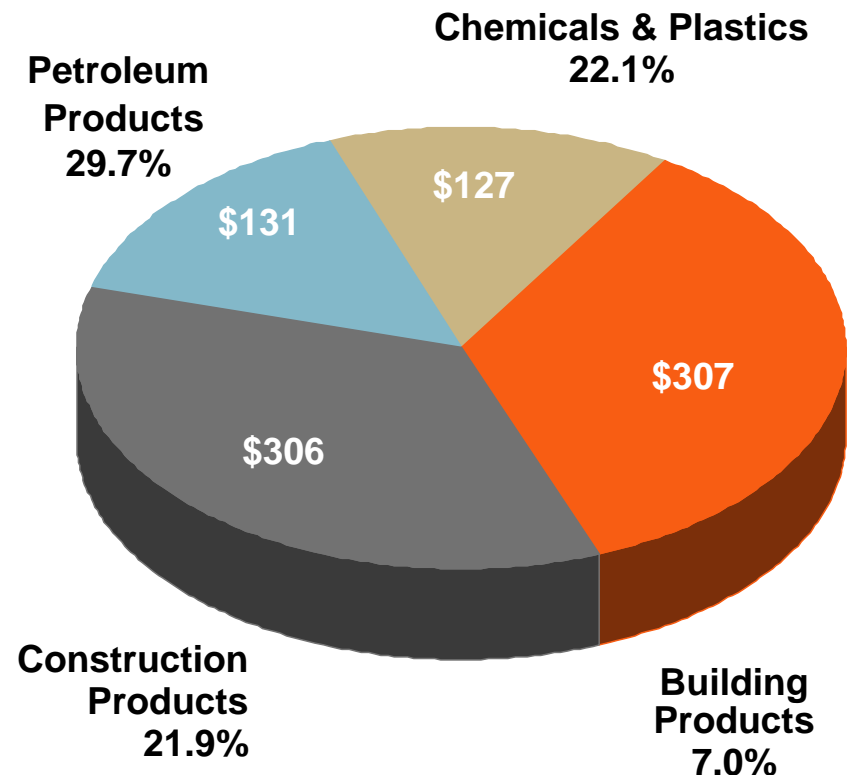
# Industrial Products

## Third Quarter

### Highlights

- All-time record revenue and units
- Fuel by Rail, asphalt and LPG drove Petroleum Products
- Chemicals and Plastics benefited from stronger demand
- Steel Products, taconite and aluminum led Construction Products growth
- Building Products growth softened with decline in housing starts

\$ Millions and % Change



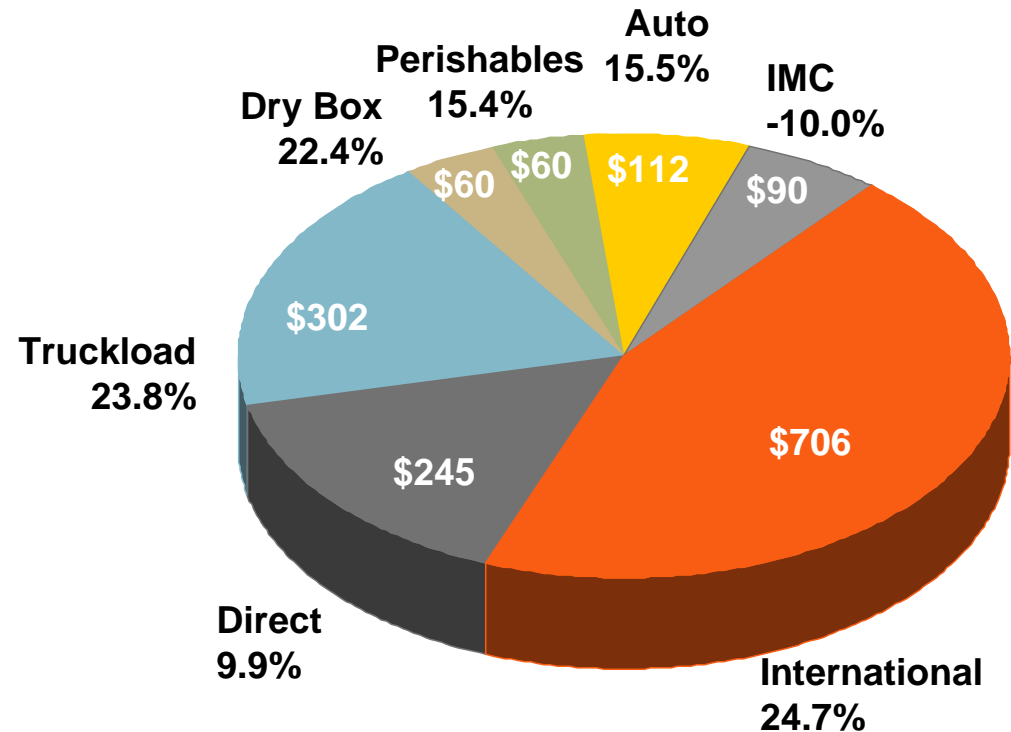
Total Industrial Products: \$871 +\$128 or 17.2%

# Consumer Products Third Quarter

## Highlights

- All-time record revenue and units
- Continued strong demand for West Coast imports
- Tight truck capacity

\$ Millions and % Change



Total Consumer Products: \$1,575 +\$244 or 18.3%

# Marketing Outlook

## Fourth Quarter

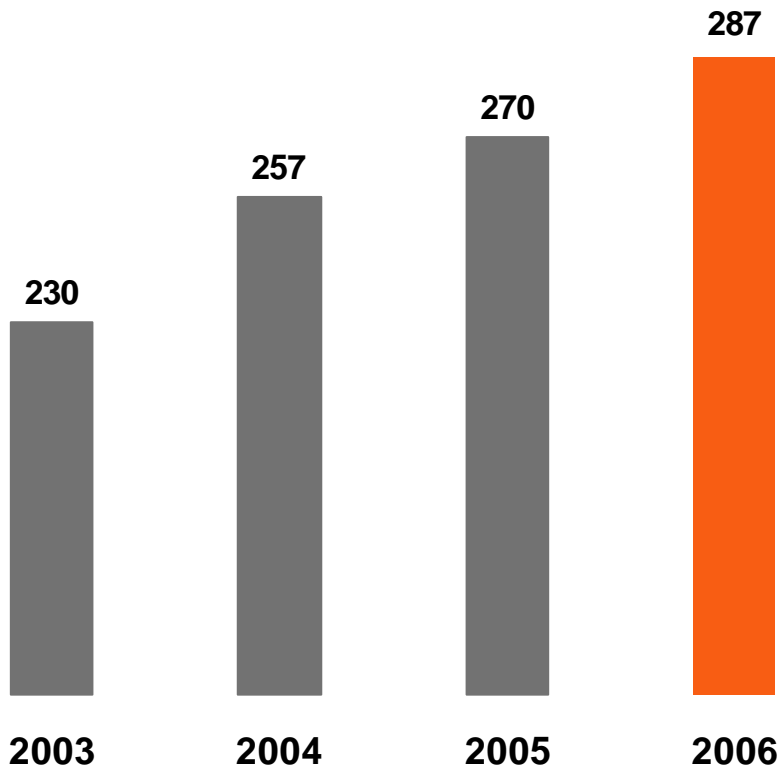
- **Coal outlook is positive**
- **Grain exports up**
- **Industrial Products' growth dependent upon the economy**
- **Solid Intermodal growth driven by imports and tight truck capacity**

Carl Ice

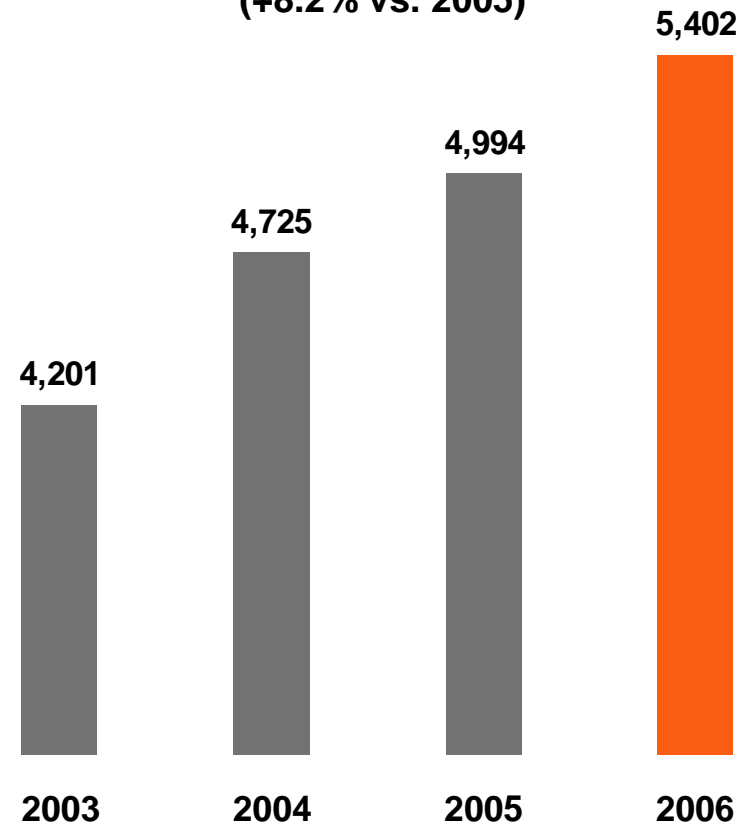
**Executive Vice President and Chief Operations Officer**

# Volume Measures Third Quarter

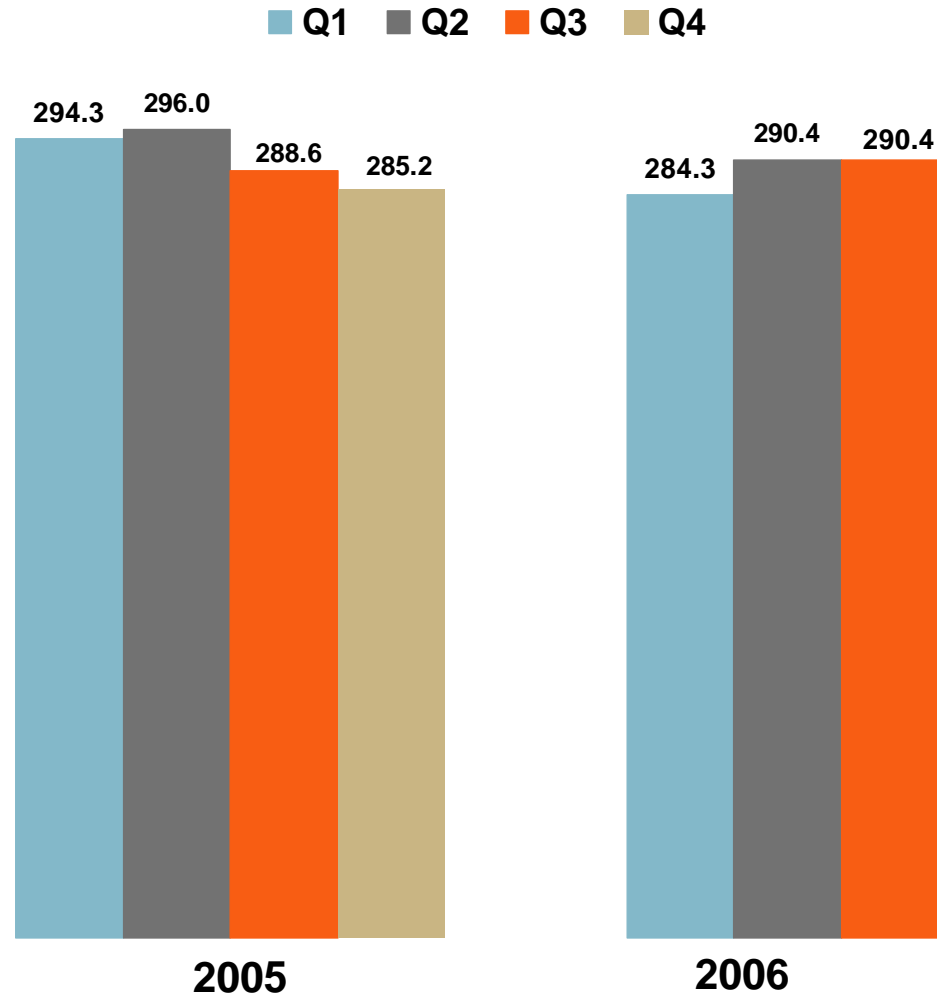
**GTMs  
Billions**  
(+6.3% vs. 2005)



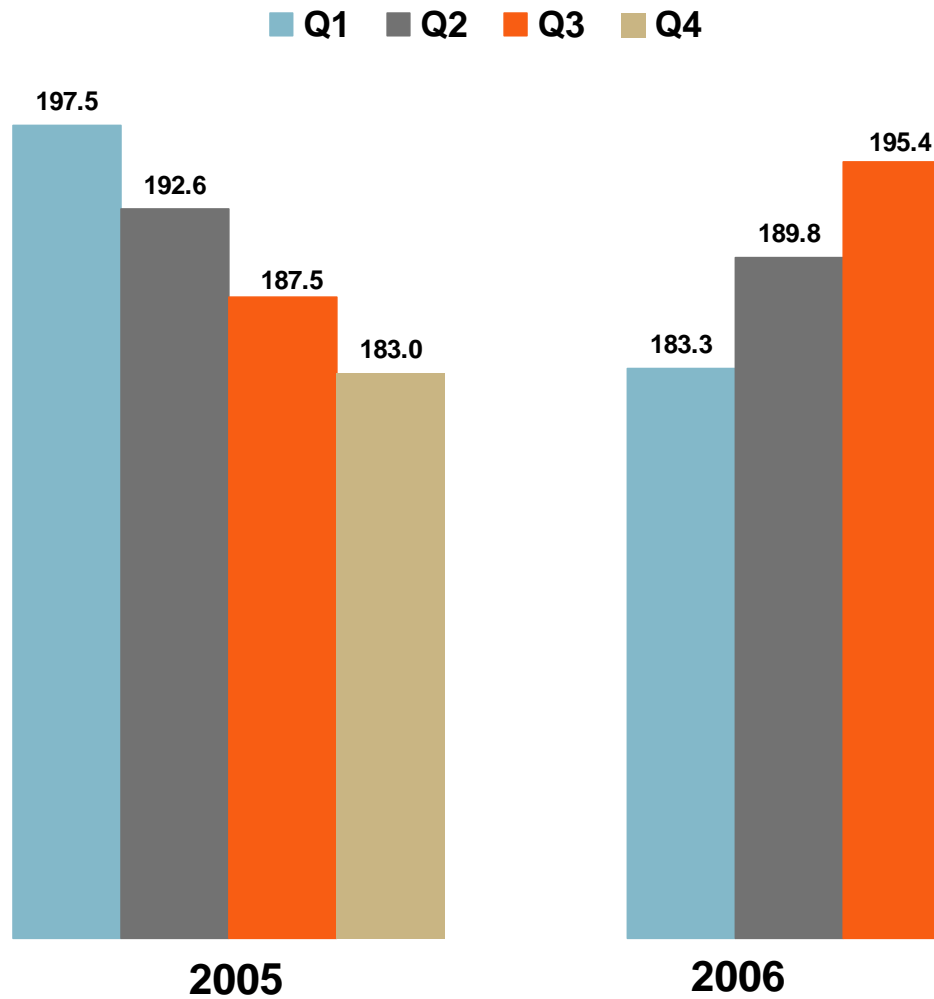
**Unit Miles  
Millions**  
(+8.2% vs. 2005)



# Locomotive Velocity – Miles per Day Third Quarter



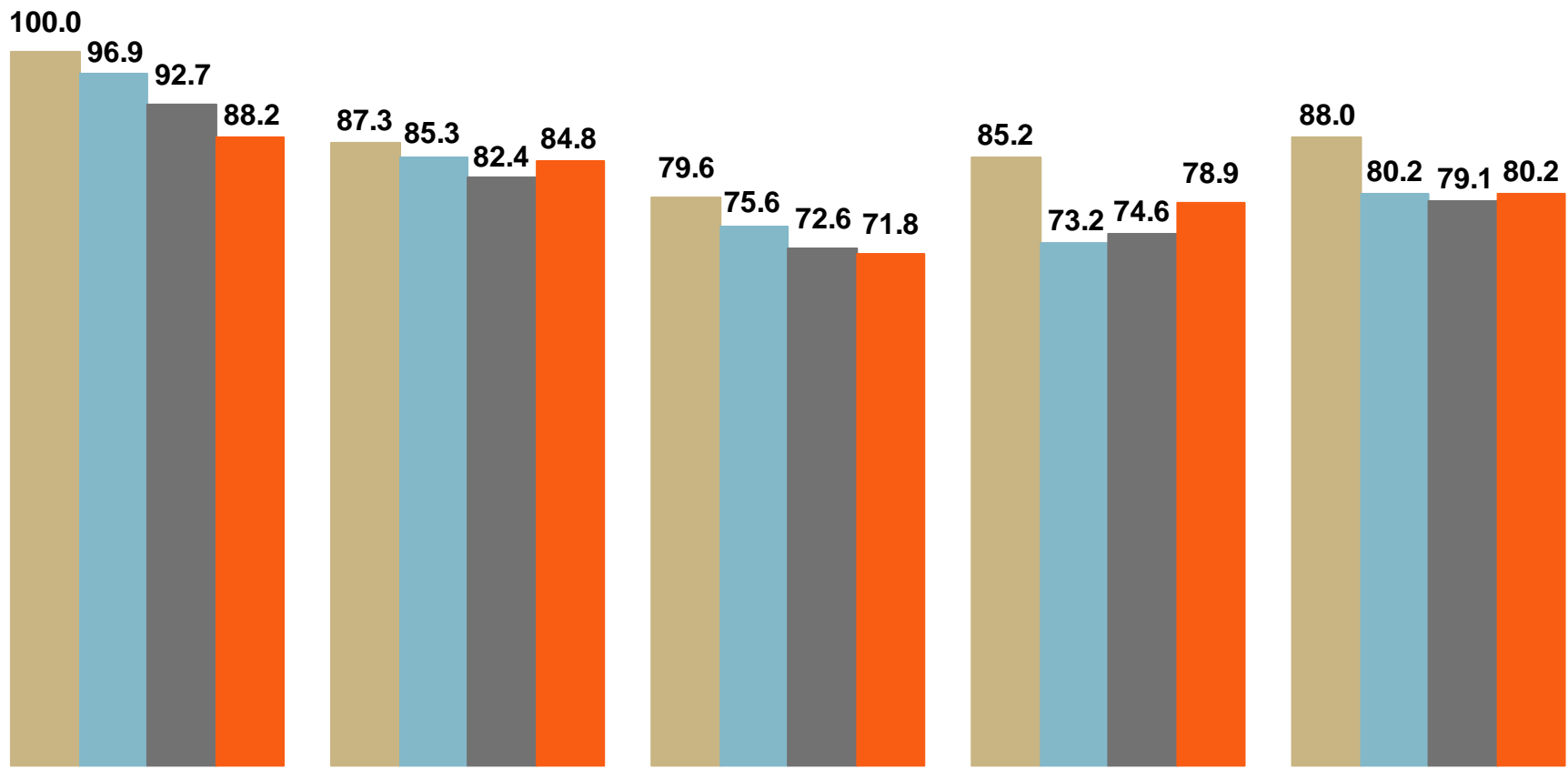
# Car Velocity – Miles per Day Third Quarter



# On-Time Performance Third Quarter

% On-time

2003 2004 2005 2006



Coal

Ag

Industrial

Consumer

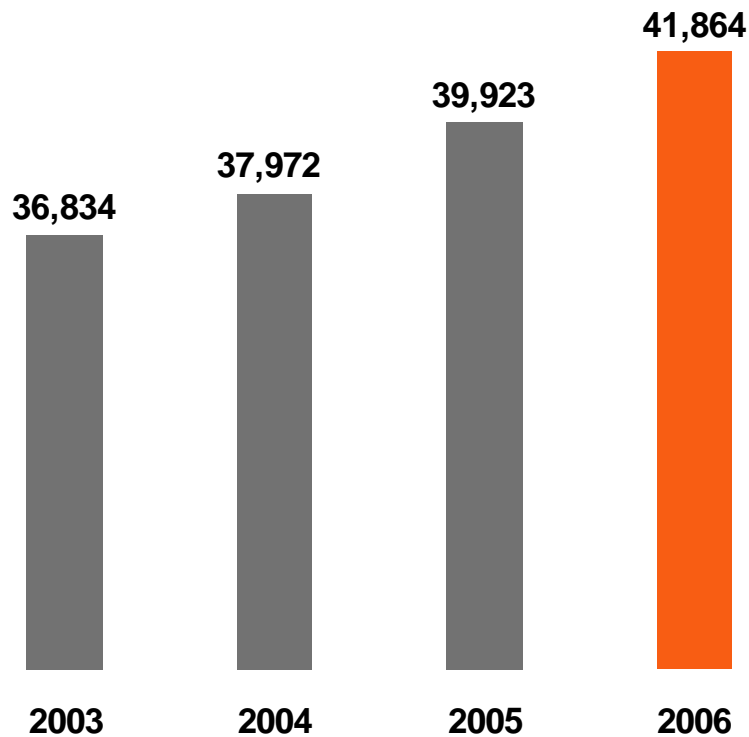
System





# People Productivity Third Quarter

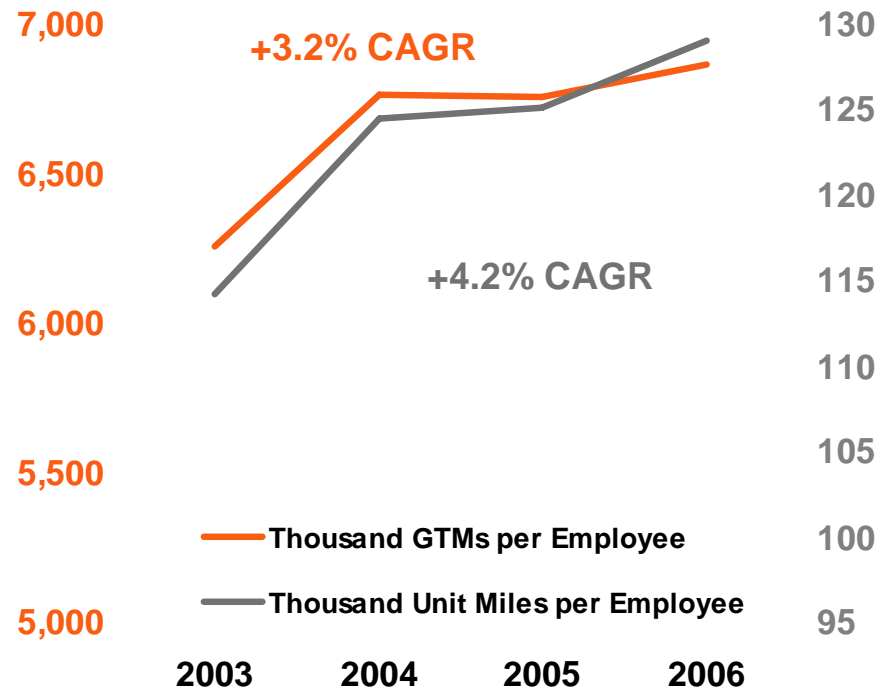
## Total Employees



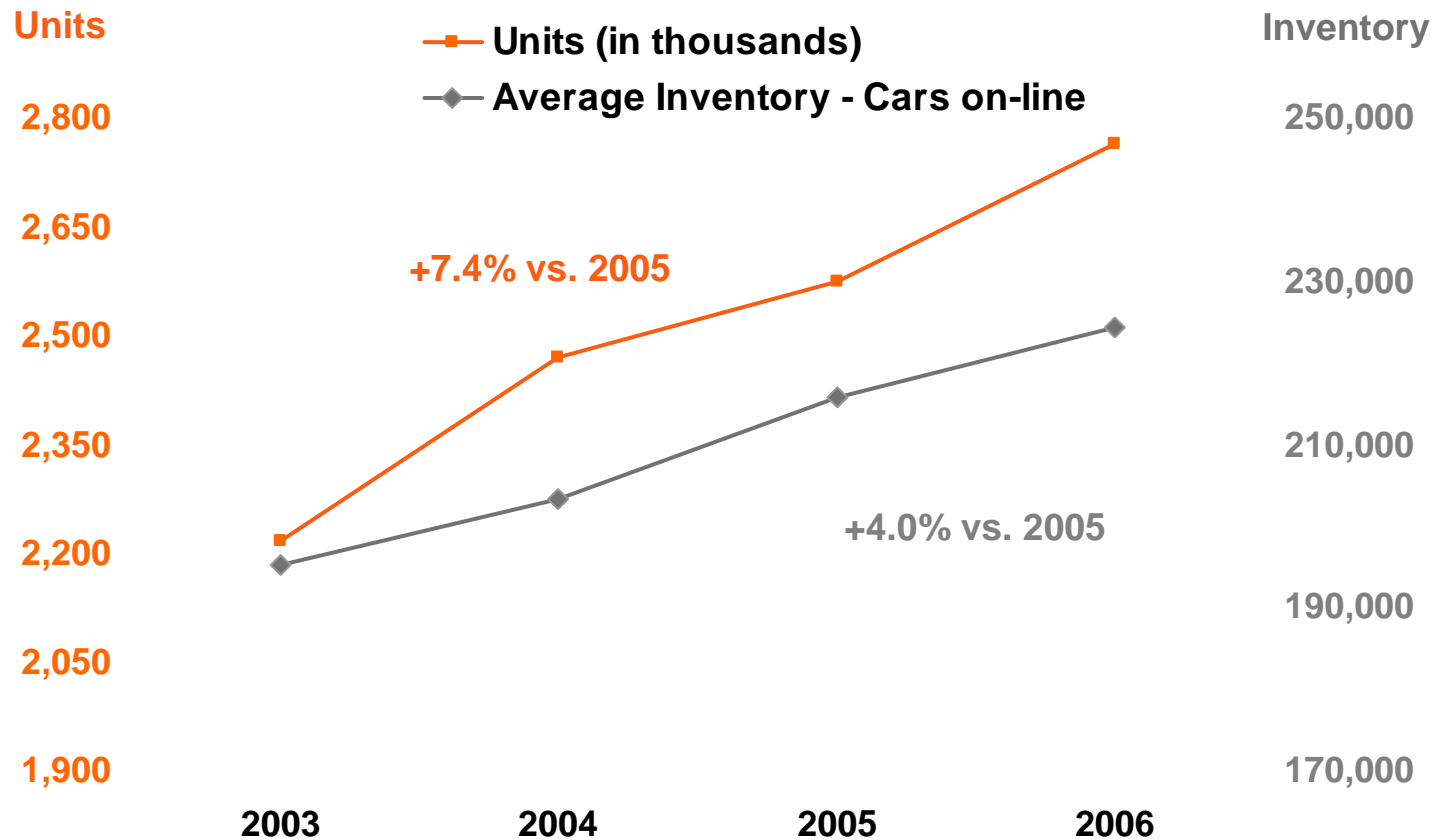
## Productivity Measures

### GTMs/Employee

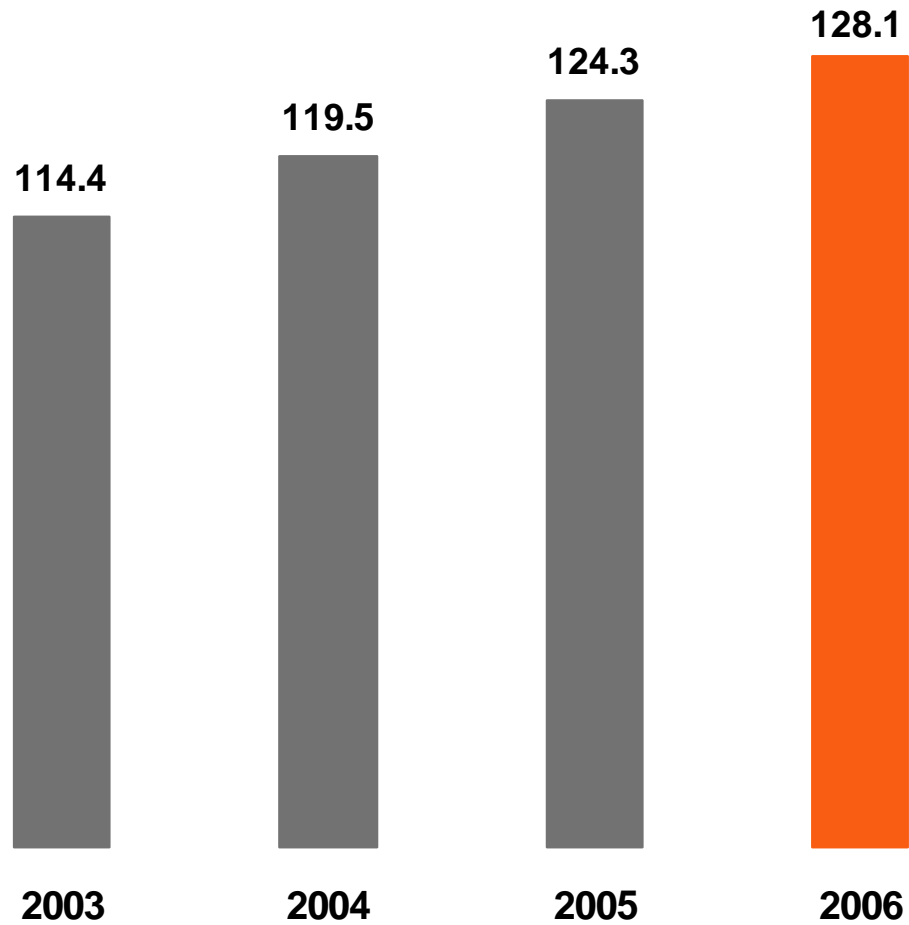
### Unit Miles/Employee



# Equipment Third Quarter



# Units per Train Third Quarter



# 2006 Operations Outlook

- **Service**
- **Velocity**
- **Asset utilization**
- **Productivity**

# Matt Rose

**Chairman, President and Chief Executive Officer**

# 2006 Outlook

## Fourth Quarter

- **Freight revenue growth of about 10%**
- **EPS growth in the 20% to 25% range**

## Full Year

- **ROIC approaching 11% (a)**
- **Free cash flow exceeding \$700 million after dividends (a)**

(a) See BNSF web site/Investor Relations for a reconciliation to GAAP

***BNSF***<sup>®</sup>

The logo consists of the letters "BNSF" in a bold, italicized, orange sans-serif font. A registered trademark symbol (®) is located at the top right of the "F". Below the text is a thick, black, horizontal bar that tapers from left to right, creating a sense of motion or a stylized underline.