

SWARS
October 1, 2009

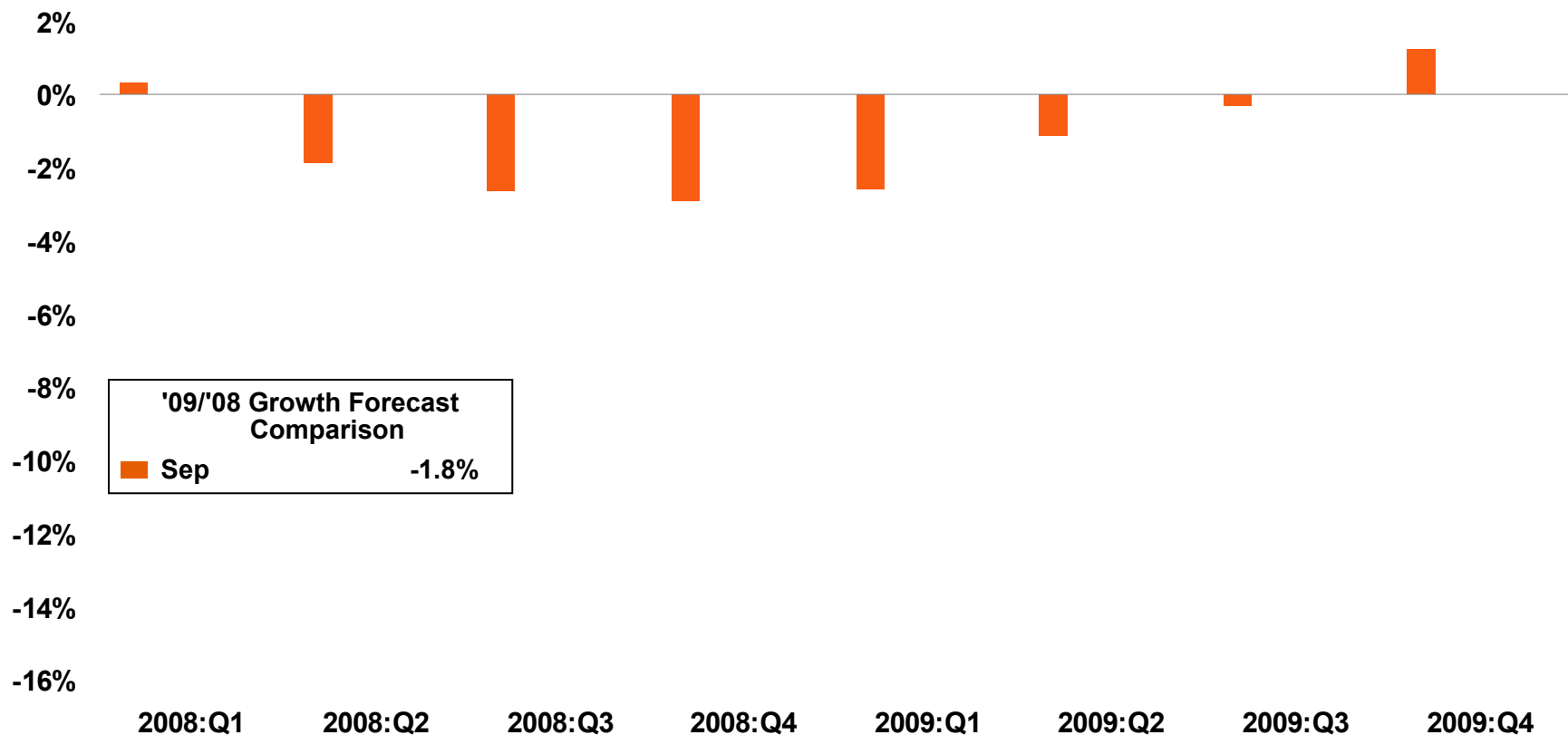
Paul B. Anderson
Vice President, Marketing Support



Mfg-Less Tech Dive Goes Deeper

“Less Tech” Mfg. Output Forecast Current vs. Prior

Growth, % Change
Year-over-Year

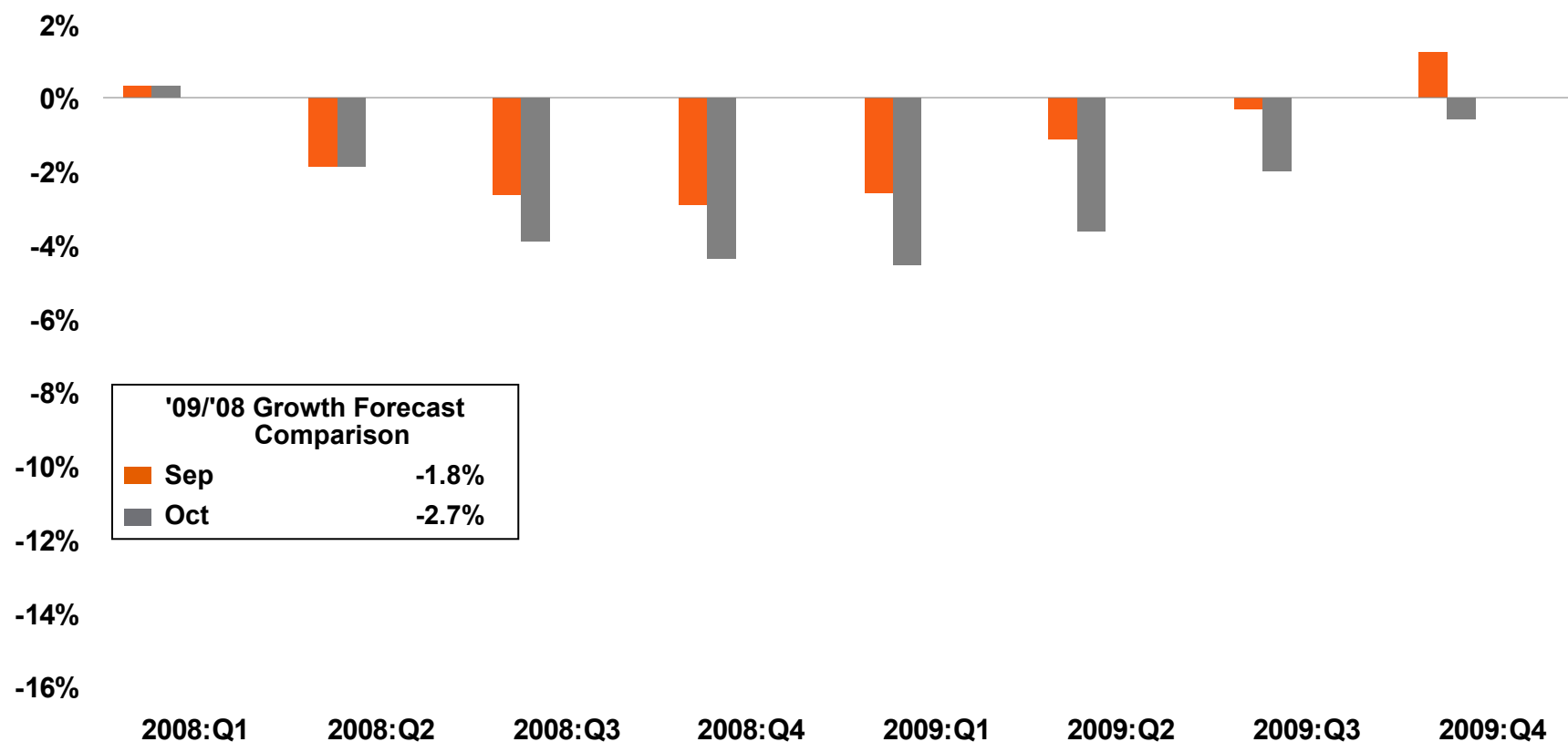


Source: Global Insight September-December 2008, September 2009

Mfg-Less Tech Dive Goes Deeper

“Less Tech” Mfg. Output Forecast Current vs. Prior

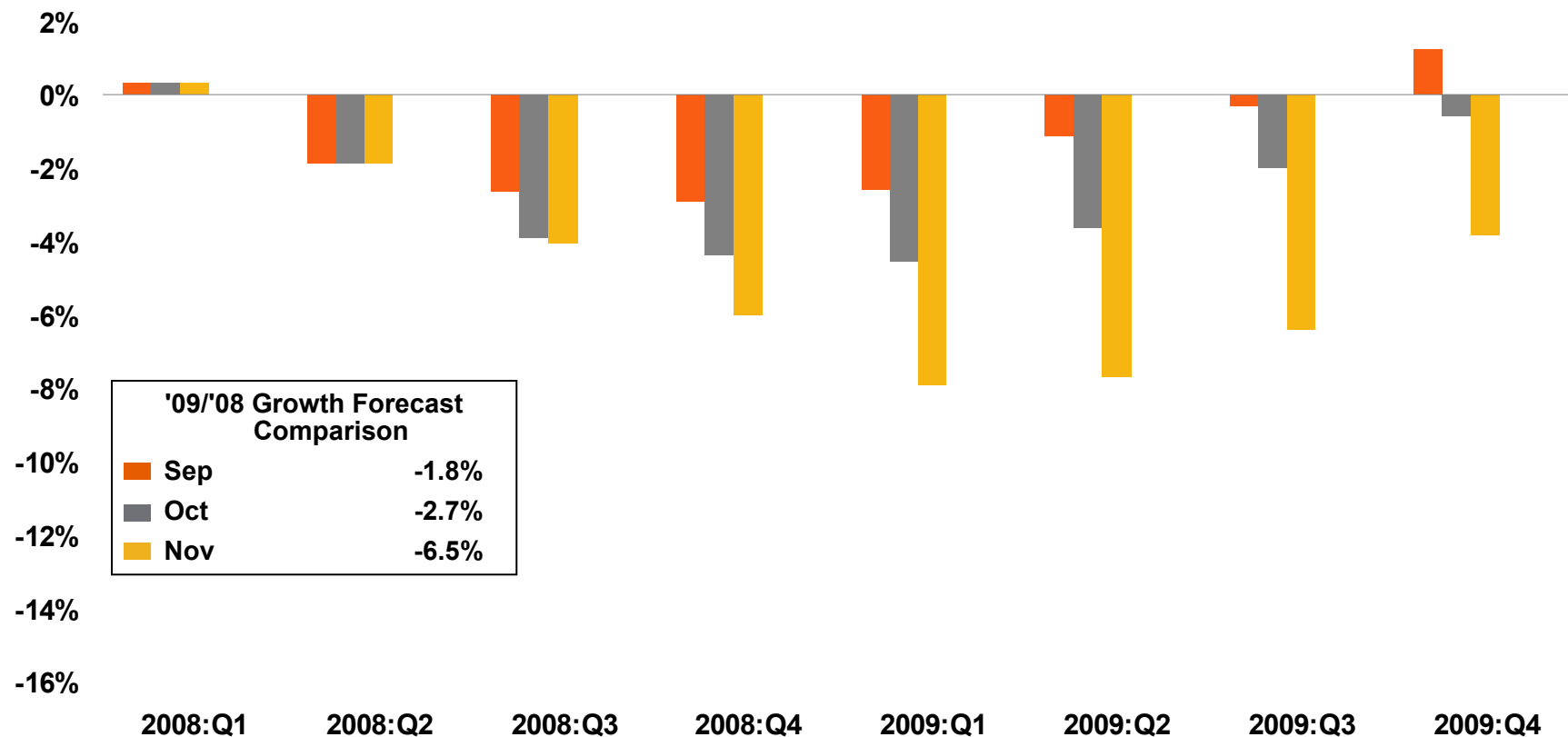
Growth, % Change
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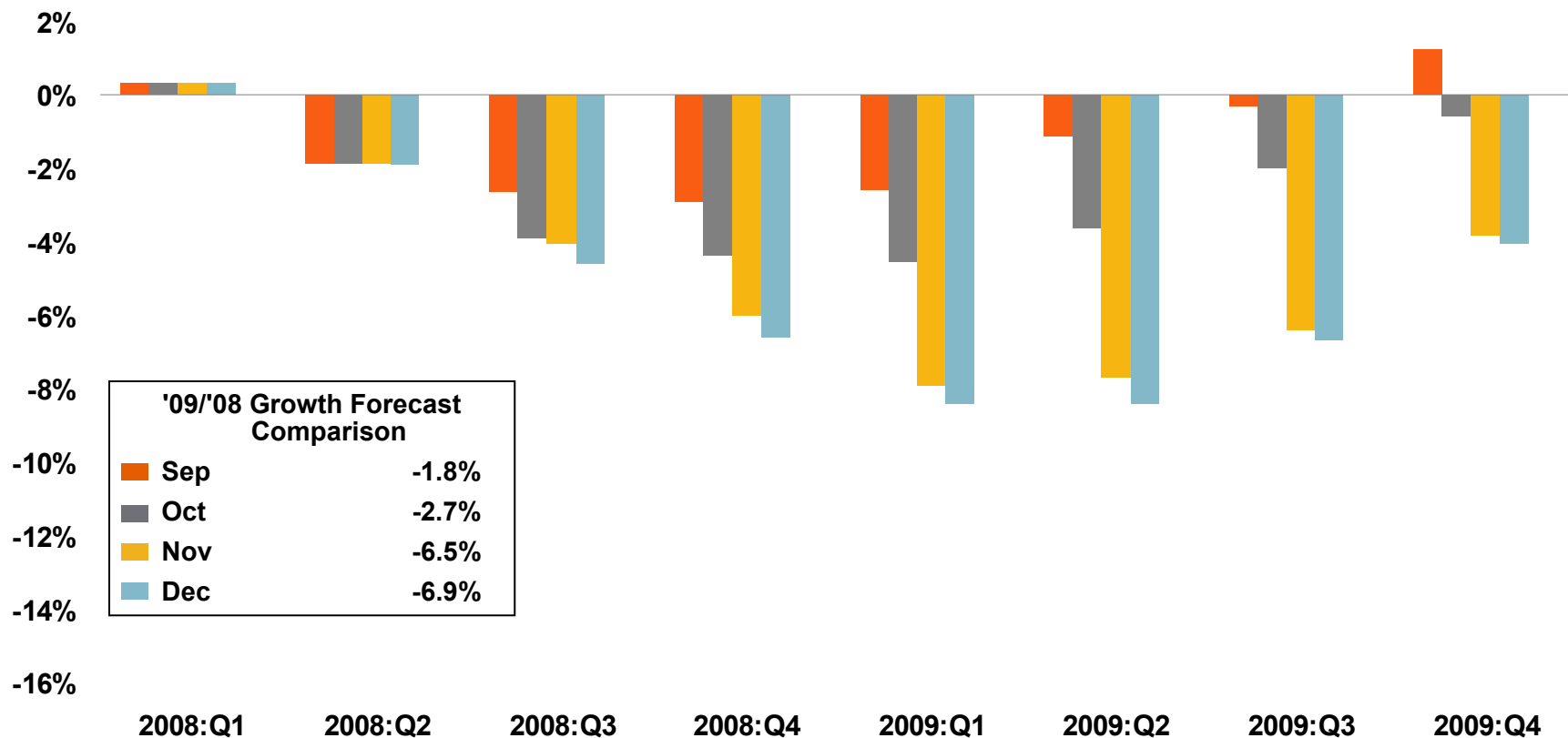
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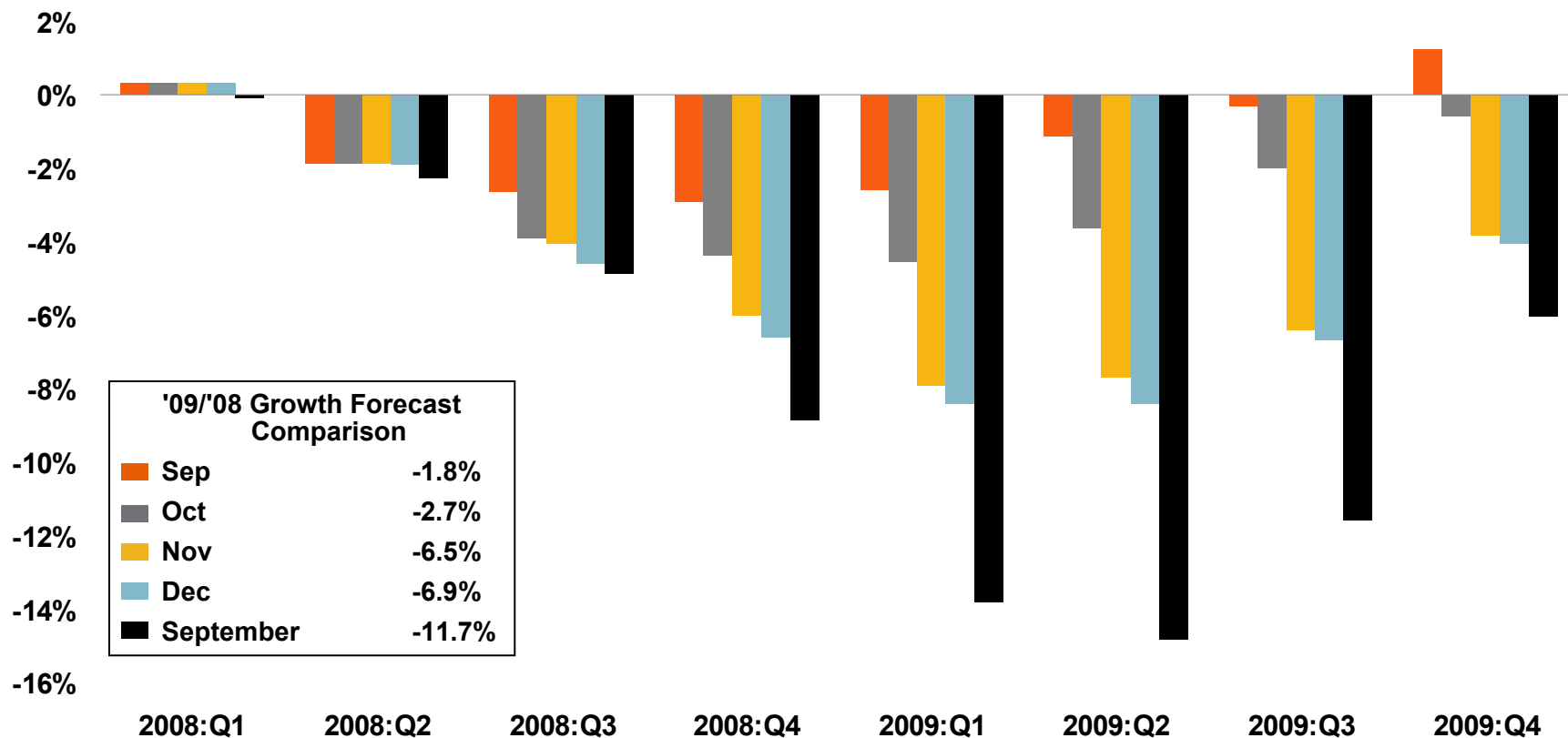
Growth, % Change
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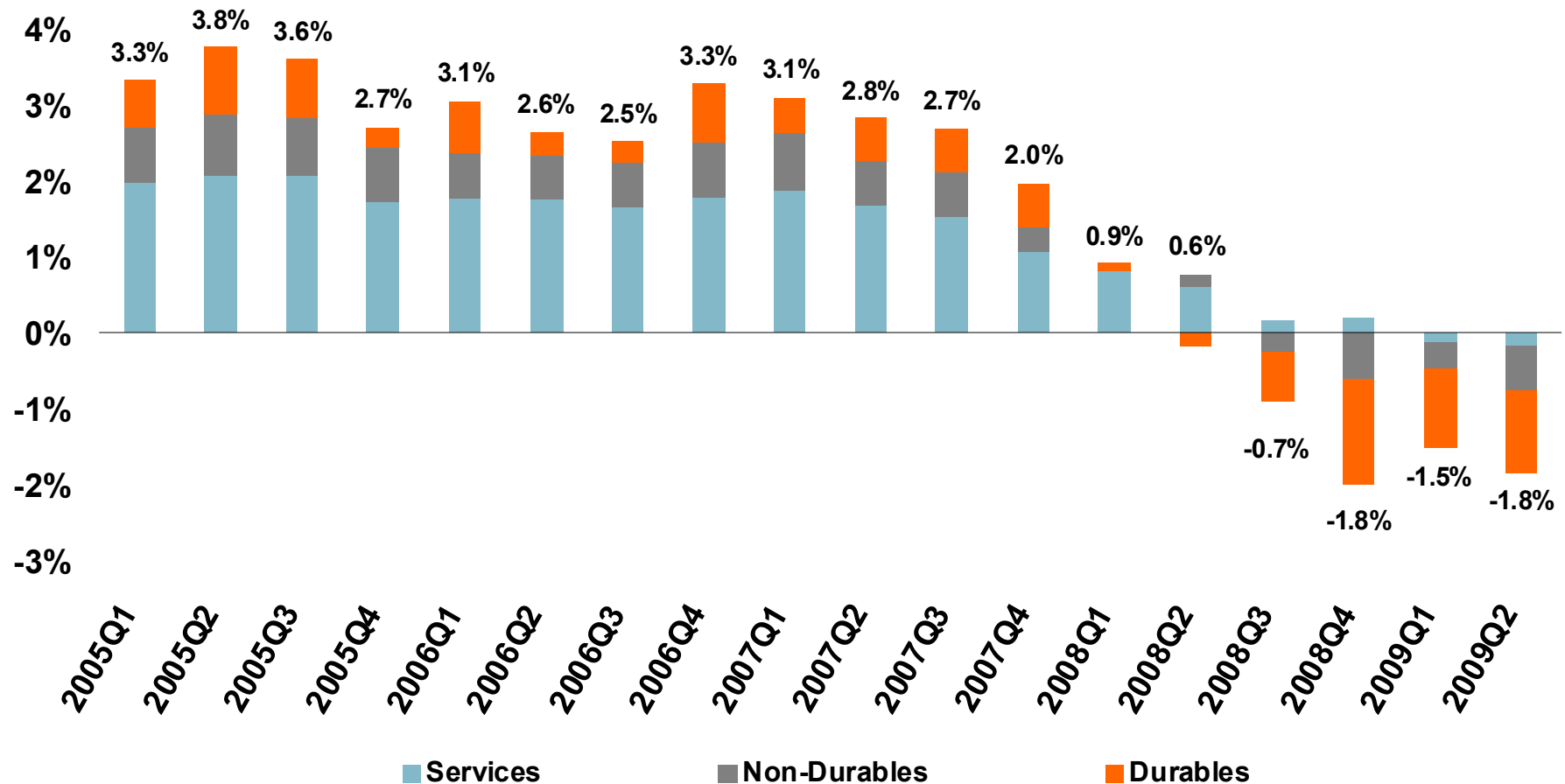
Growth, % Change
Year-over-Year



Consumer Spending

High commodity, credit and gas prices squeezed spending power

YOY % Growth



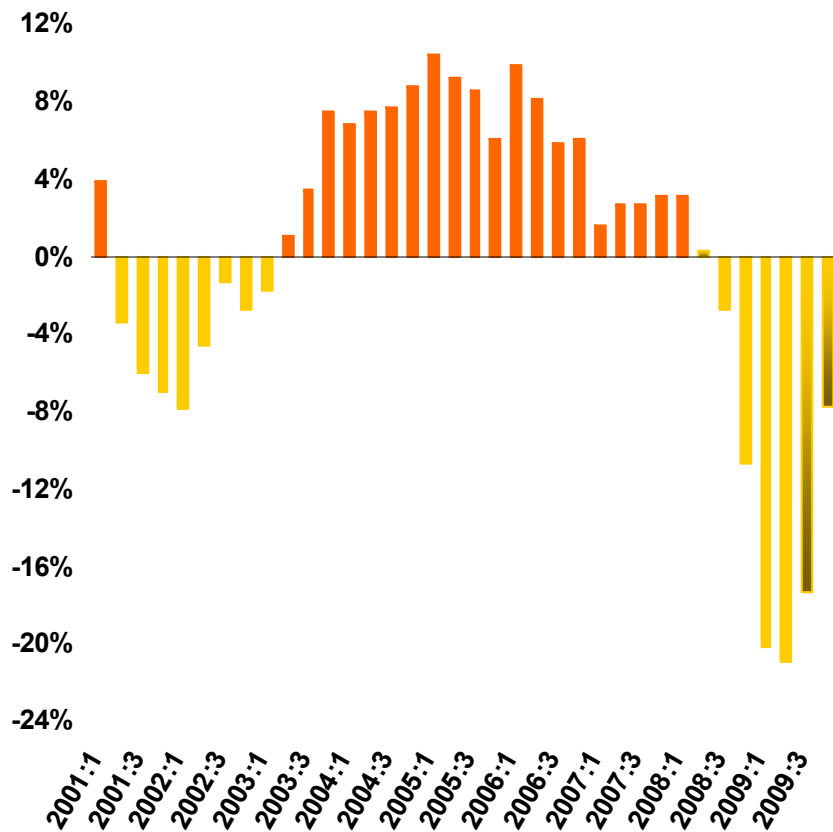
Source: IHS Global Insight, September 2009; Census Bureau, through August 2009

Business Spending & Employment

Businesses cut capex big in Q1, and they have cut payrolls 21 months in a row

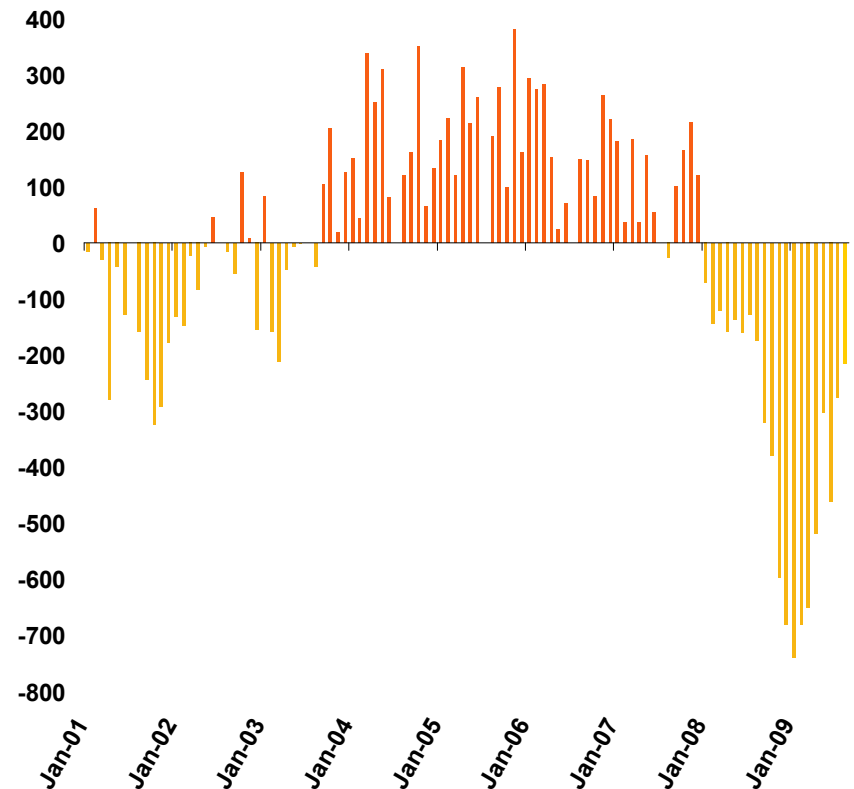
Business Capex – Equipment & Software

YOY % Growth



Nonfarm Payroll Employment

Change from Prior Month (000)

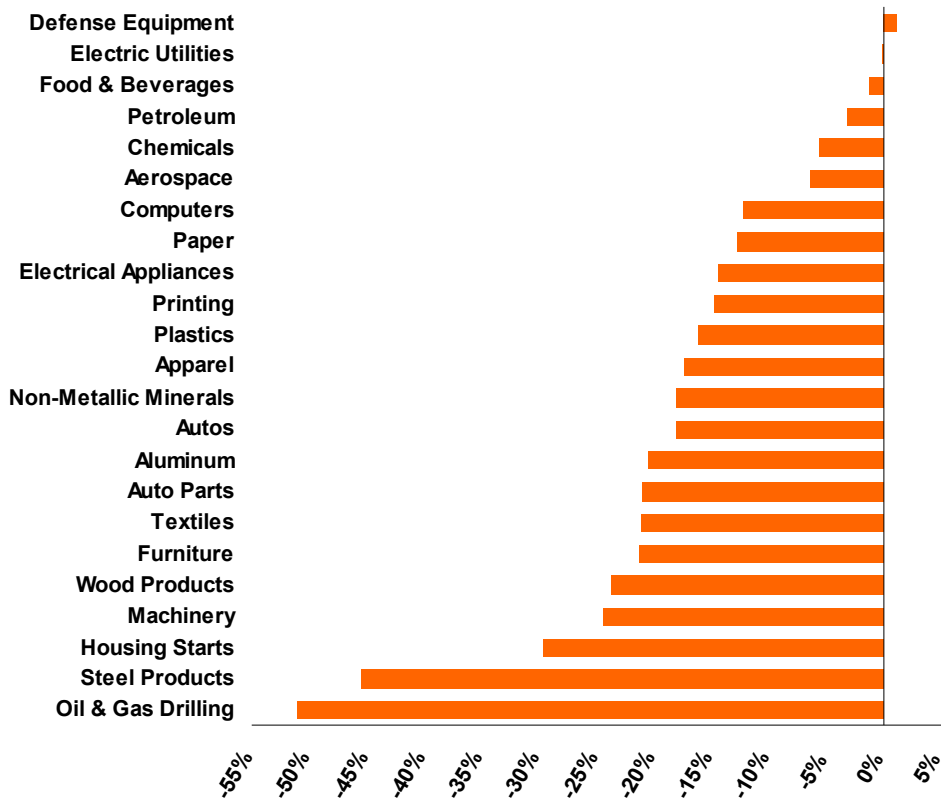


U.S. Industrial Production

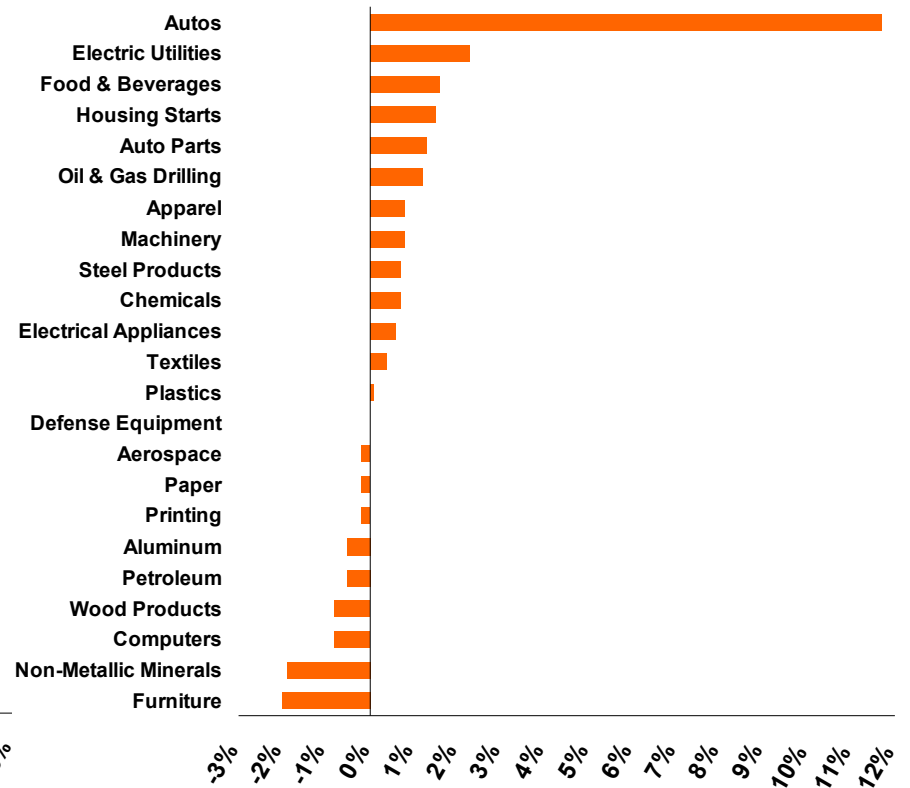
Almost all sectors are down Y/Y; but autos (cash for clunkers) led M/M gains

Manufacturing Output Growth

August 2009 vs. August 2008



August 2009 vs. July 2009

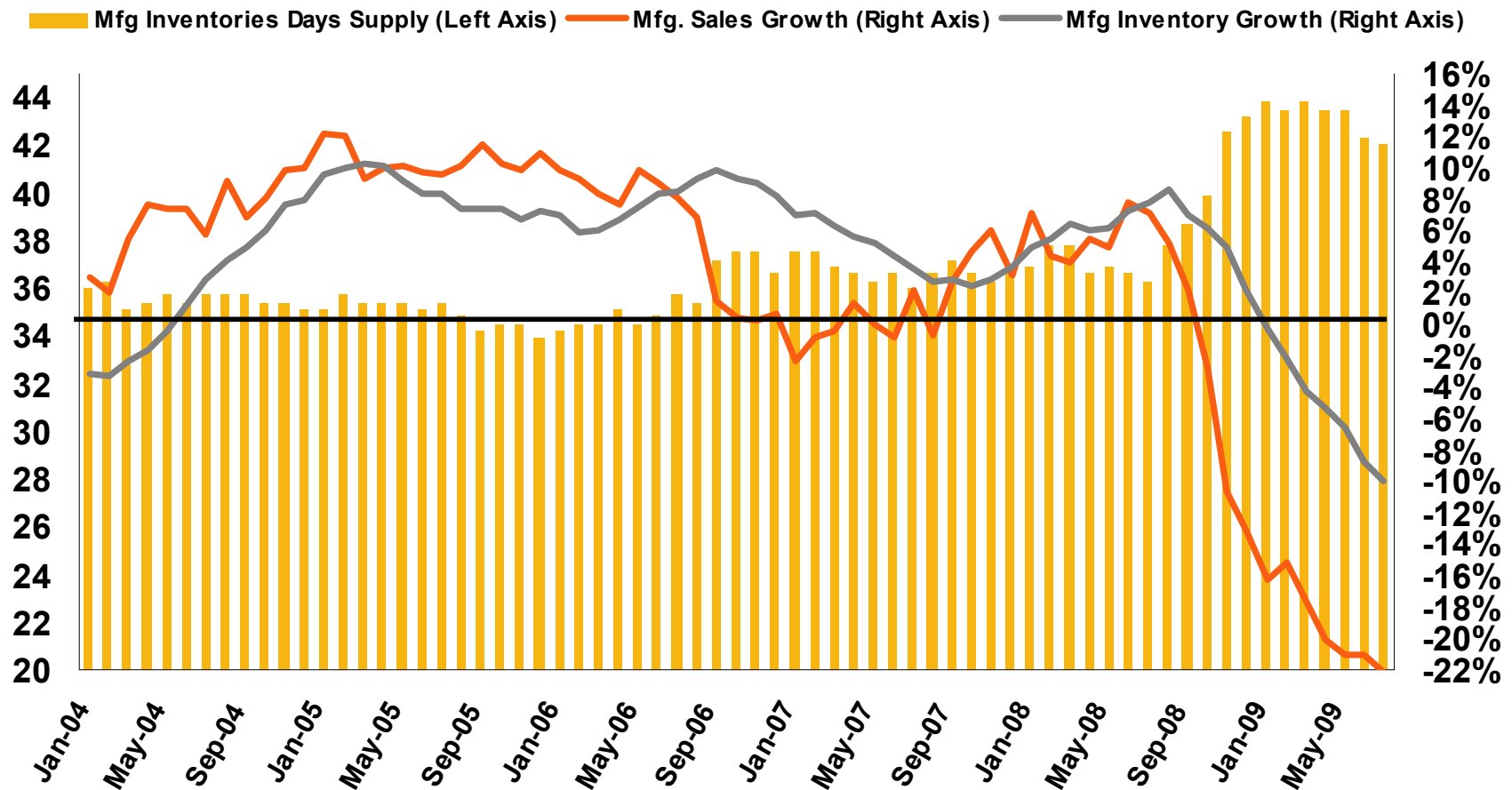


Source: BLS, August 2009

Manufacturing Sector - Inventory Cycle

After almost 3 years of inventory correction, factory stocks are still too high

Manufacturing Inventories

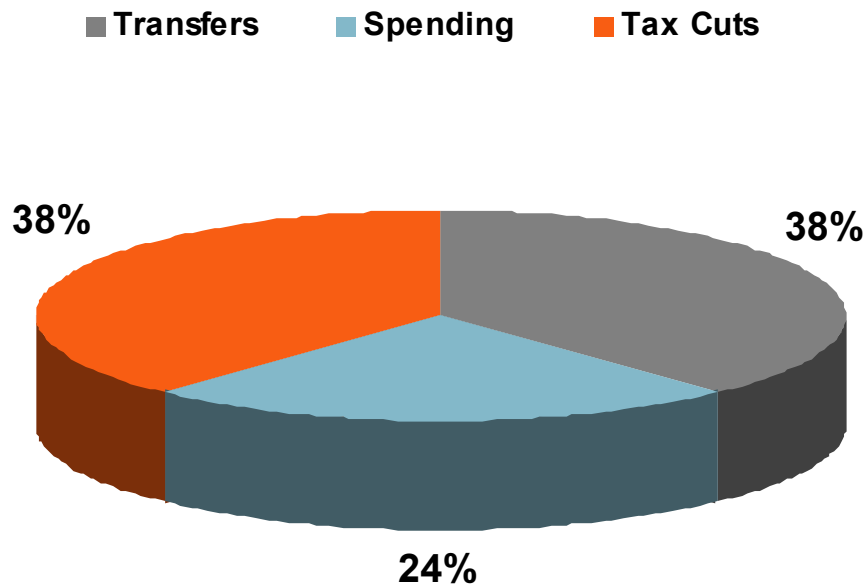


Source: U. S. Census Bureau, September 2009

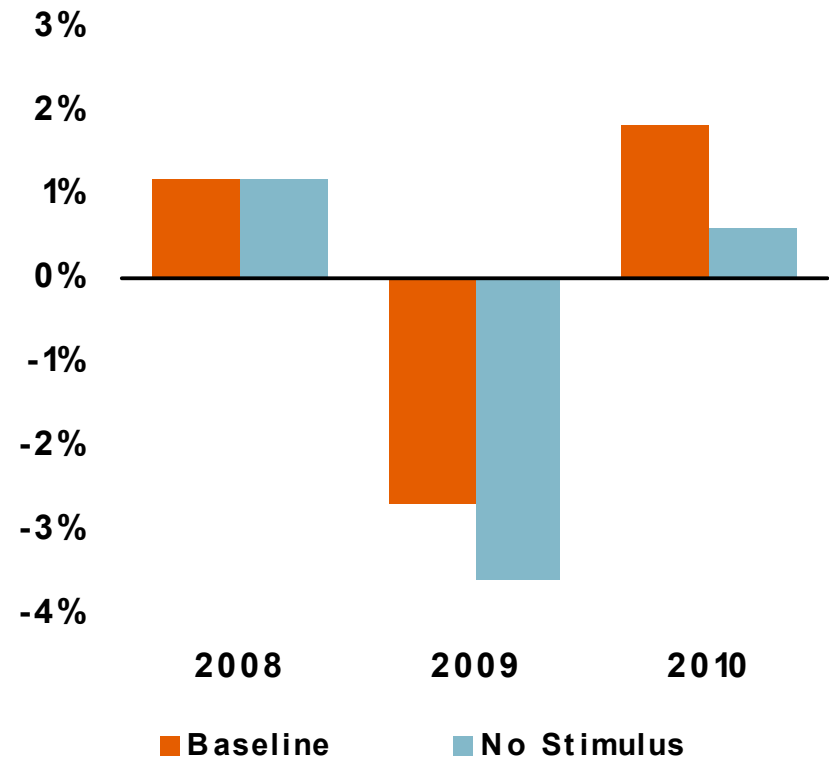
Fiscal Stimulus

The fiscal stimulus of \$787 billion adds about 1%+ to real GDP growth in '09-'10

The Stimulus Plan



Impact of Fiscal Stimulus on GDP (Percent Real GDP Growth)



2009 U.S. Economic Outlook

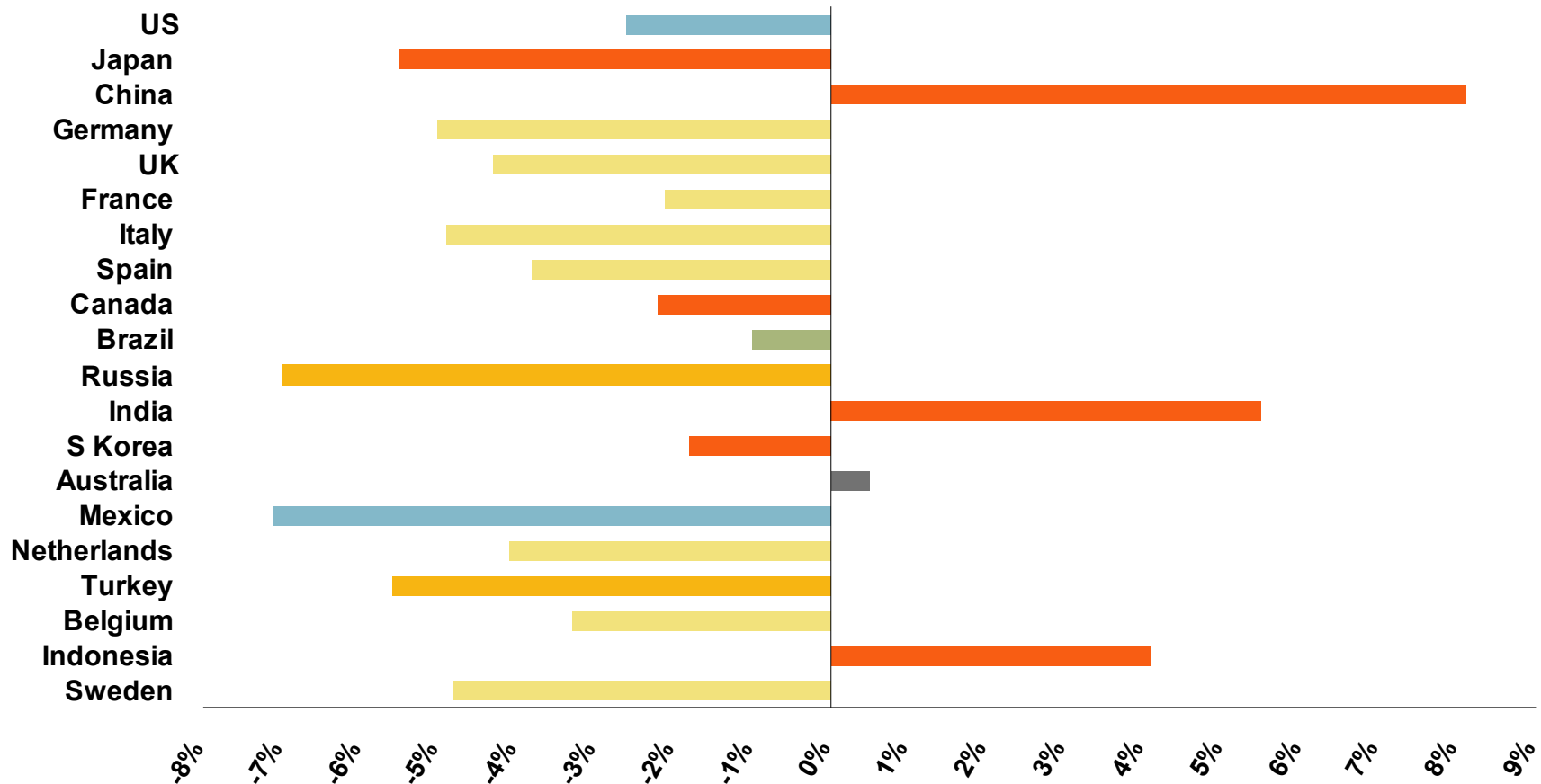
- **Real GDP growth in 2009 is projected at -2.5%**
- **Manufacturing (ex-Tech) growth to recede thru 2009 (averaging -11.7%)**
- **Consumer spending is down**
 - **Consumer confidence, tight credit, falling equity and home values are key drivers**
- **Business spending is down**
- **Housing downturn has further to go (until . . .Q4 09?)**
 - **Housing starts growth: -35% in '09 (on top of -33% in '08 and -26% '07)**
- **Unemployment rate is rising; it should peak at over 10% by mid-2010**
- **Inflation should not be a big factor**
- **Conventional monetary policy potency is limited; Fiscal stimulus should help**
 - **Fed funds interest rate is close to 0%; Fed is focused on direct credit injections**
- **Goods exports are down due to weakened global economies**
- **Risk for a deeper recession**
 - **20% probability for a deeper and longer recession**

The Global Economy

A global recession will impact most countries; but some BRICs will fare better

2009 Real GDP Outlook for the Top 20 Countries (Ranked by Size of 2008 Real GDP)

Growth, % Change YOY



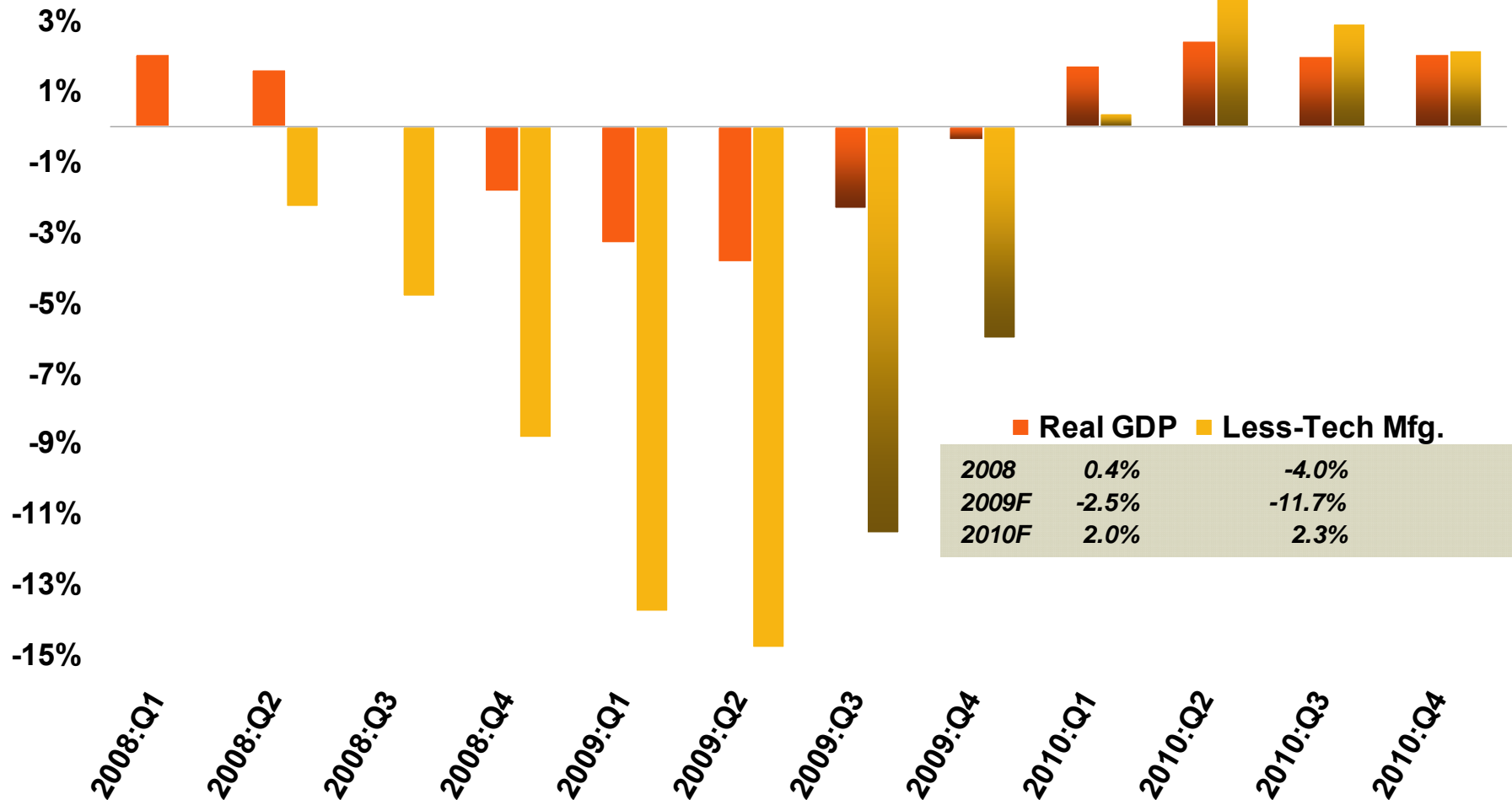
Source: *The Economist* September 12-18, 2009

U.S. Economic Output

Real GDP growth improves in H2'09, but manufacturing shows a lopsided impact

Real GDP vs. "Less-Tech" Manufacturing Output

Growth, % Change YOY



The "Green Shoots" Economy

Signs of "green shoots" data are becoming more and more evident

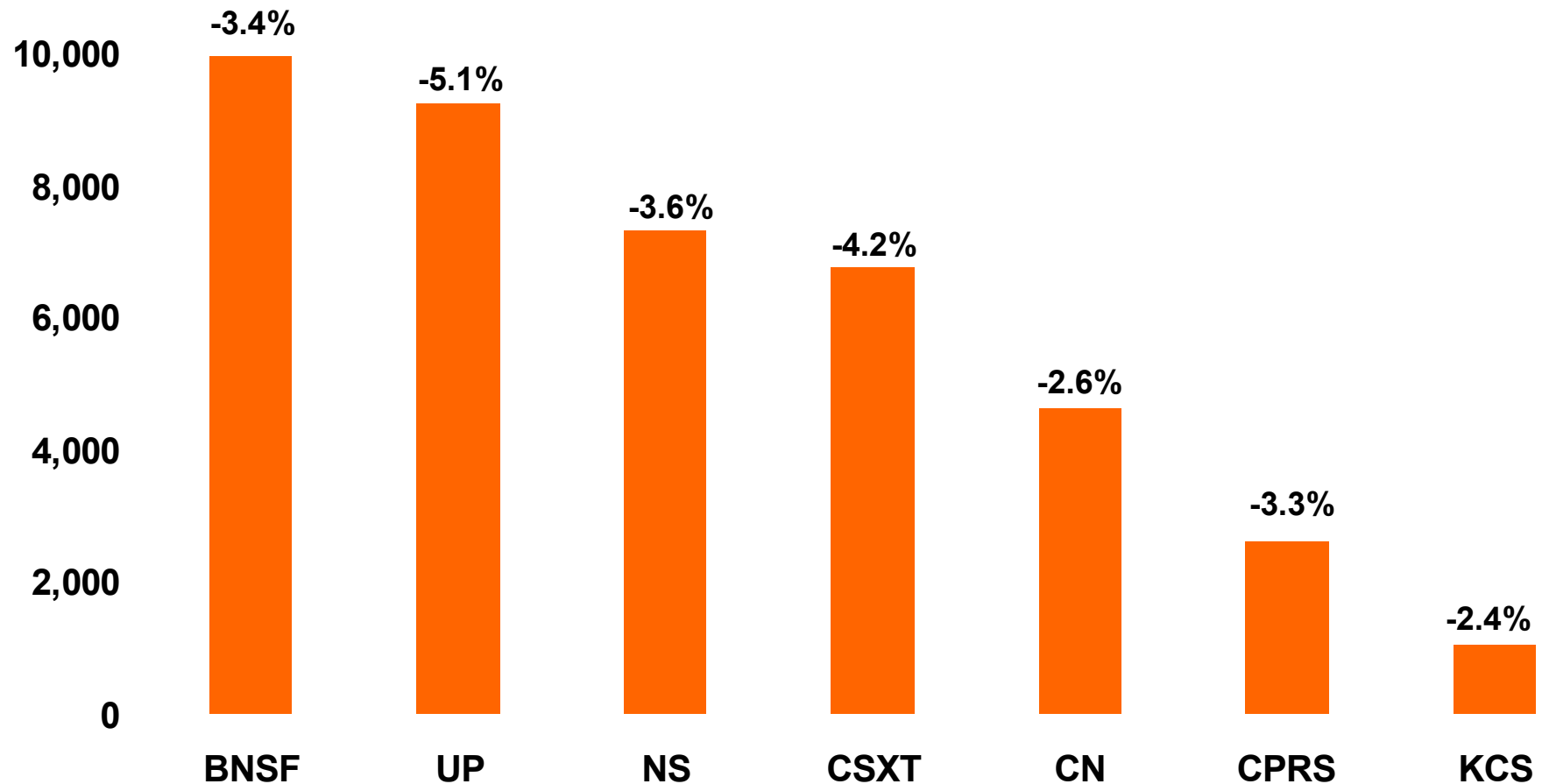


- **Consumer spending**
- **Consumer confidence**
- **Retail sales**
- **Home sales**
- **Home prices**
- **Corporate profits**
- **Stock markets**
- **Durable goods orders**
- **Bulk shipping**
- **Auto sales**
- **Savings rate**
- **Productivity**
- **Mortgage rates**
- **Initial unemployment claims**
- **Industrial production**
- **Etc.**

2008 Class 1 Rail Volume Performance

...But, BNSF Railway's customers made us #1 for the 5th consecutive year

**Year-Over-Year % Change and
Total Units Handled (Thousands)**

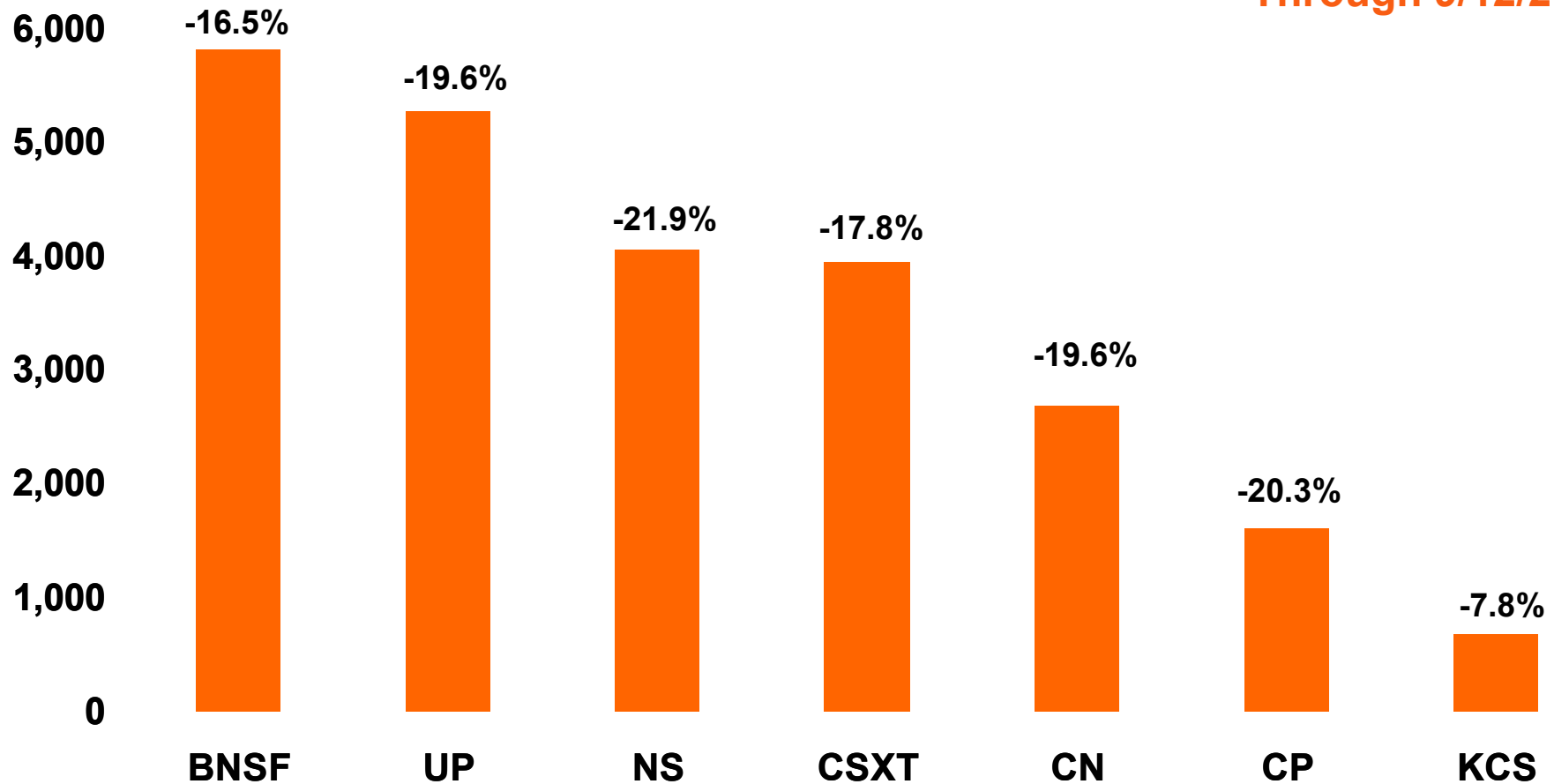


Source: American Association of Railroads (AAR); CS54 Data thru Week 52, 2008

2009 YTD Class 1 Rail Volume Performance

... And, they are still keeping us at the #1 spot, so far this year-to-date

**Year-Over-Year % Change and
Total Units Handled (Thousands)
Through 9/12/2009**



Source: Association of American Railroads (AAR); CS54 Data thru 9/12/2009

Rail Industry Volumes Trends

After a severe freefall due to the crisis, rail traffic now appears to be stabilizing

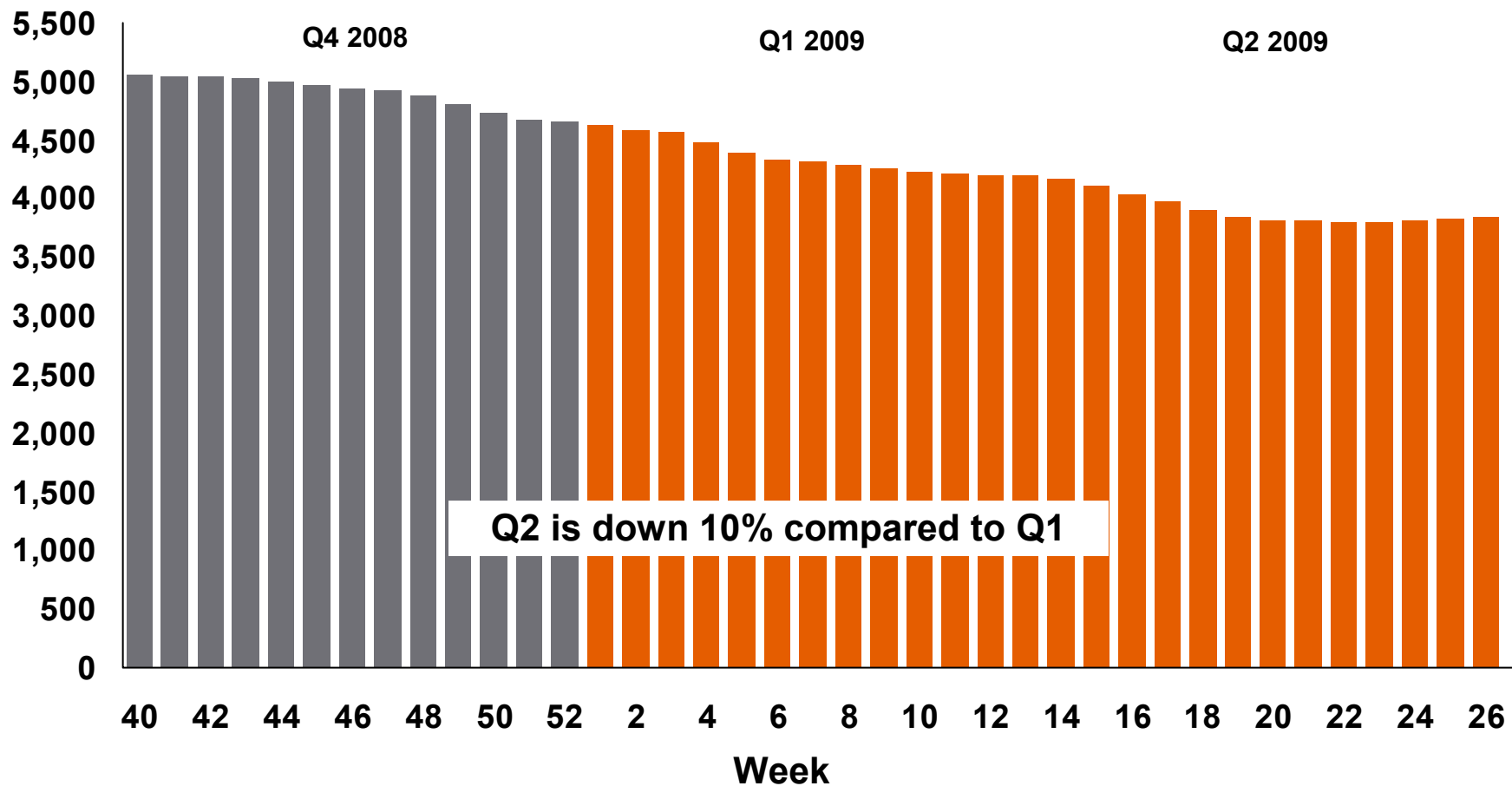
CS-54 Weekly Units (Handled)

Thousands and
% Change YOY



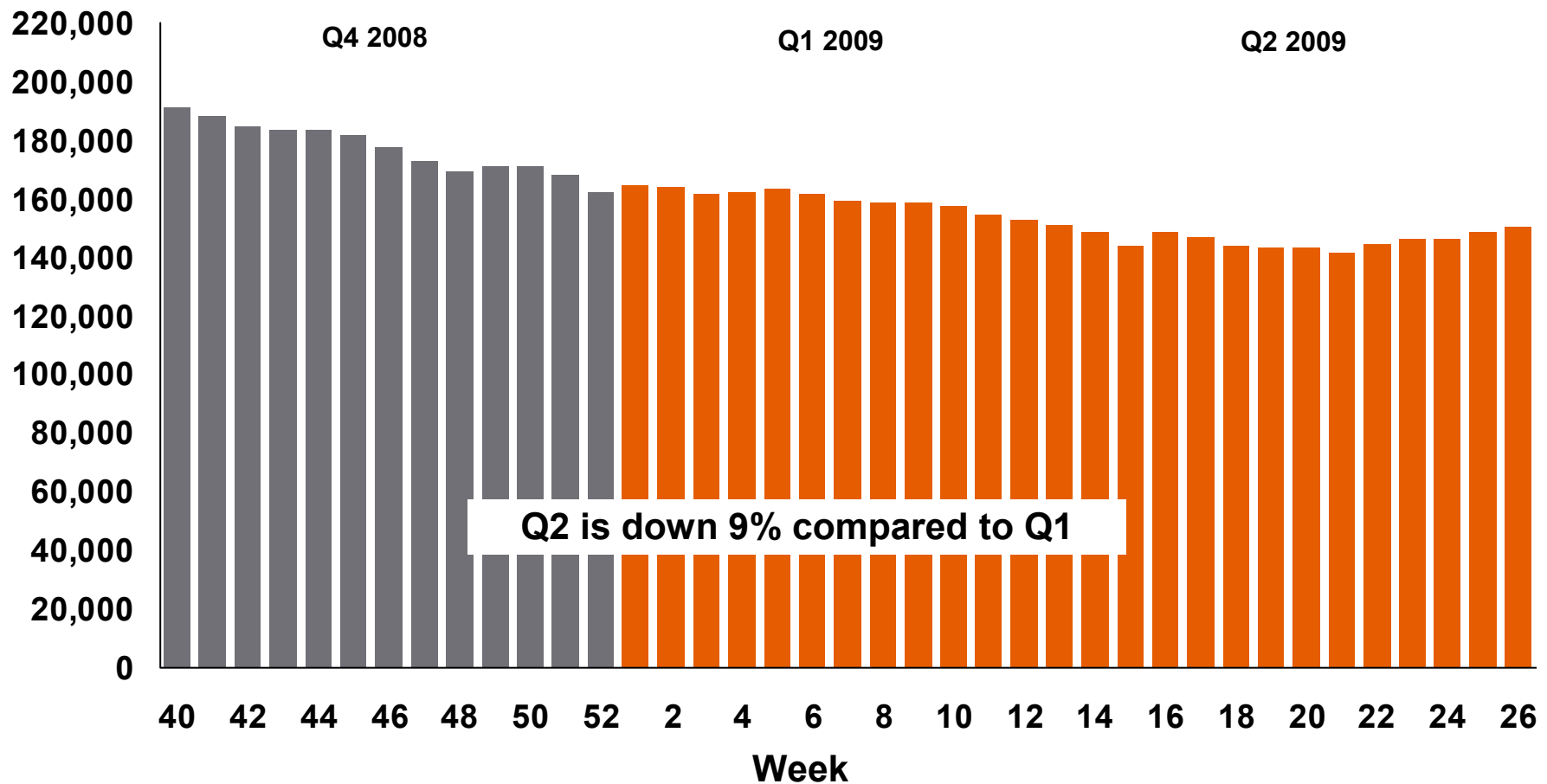
Source: AAR CS54, through Week 36, 2009

BNSF Active Road Locomotives*



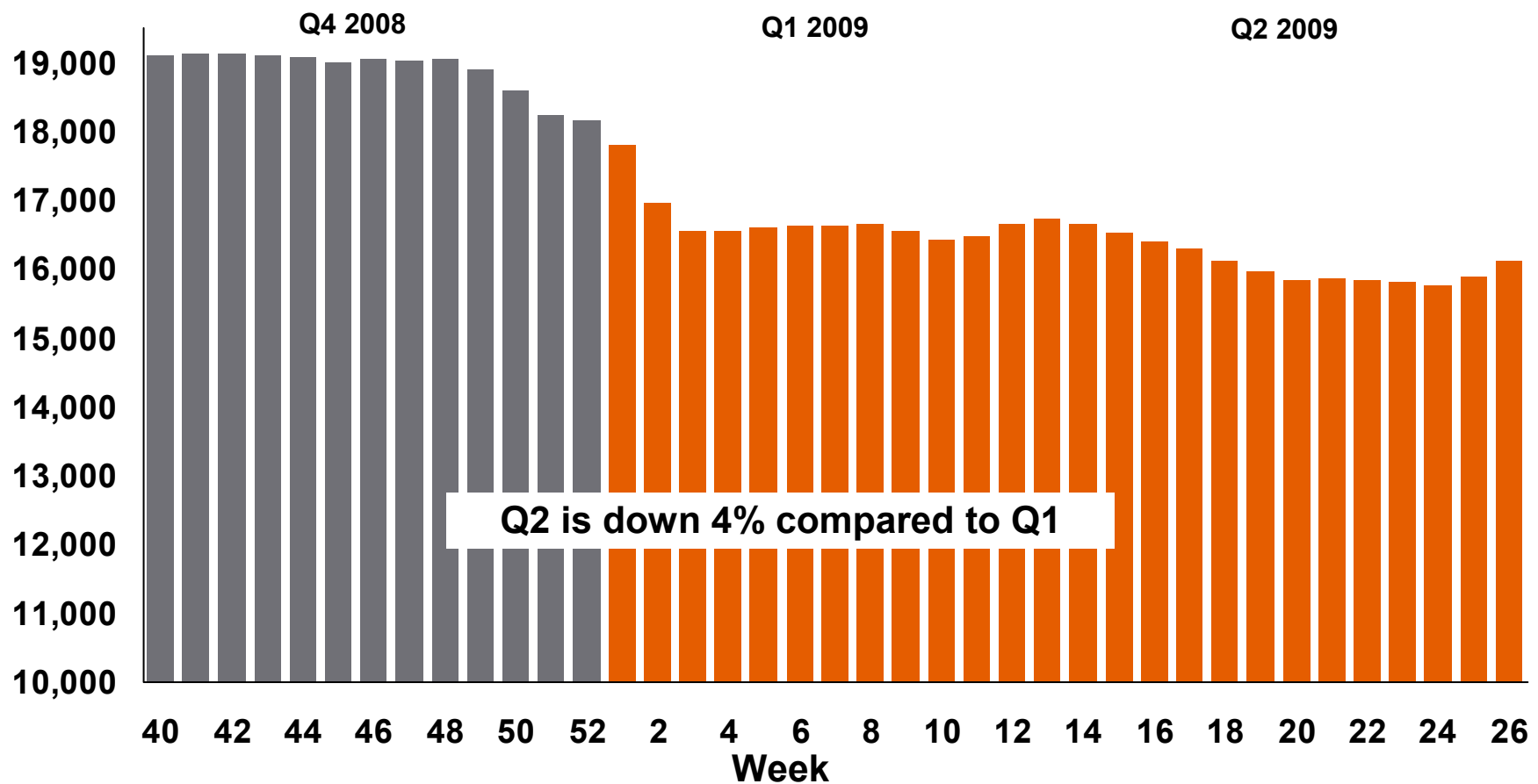
*Locomotive changes based on average quarterly information

BNSF Active Equipment*



*Equipment counts represent average active equipment

BNSF Active TYE Employees*



* Employee changes are calculated using average quarterly information

BNSF Railway – Managing the Business Cycle

Management's guiding principles position the railroad for a recovery

Guiding Principles

- Continue maintenance capital program
 - Service
 - Customers
- Reduce expenses
 - Equipment
 - People
- Maintain financial flexibility
- Position for eventual recovery

