

BNSF Railway

Texas Transportation Forum Rails & Roads: Key to Our Economic Health

January 5, 2011



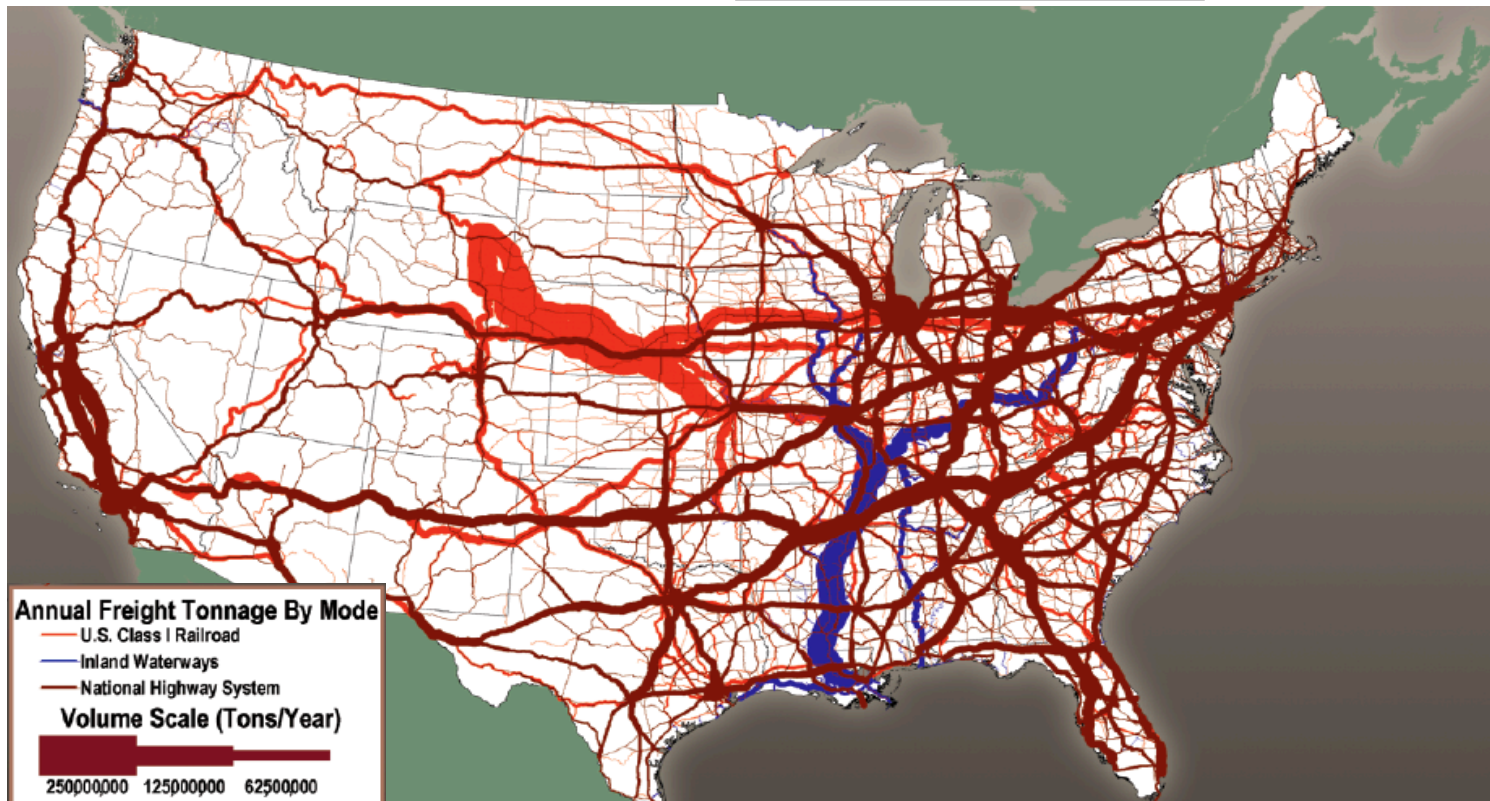
The U.S. supply chain is a competitive advantage and economic engine.

Key to global competitiveness
10% of US GDP
(China – 22%)

8 million jobs involved in moving and handling freight

The supply chain represents \$1.4 trillion in goods and economic activity

A 1% change in supply chain costs = \$14 billion

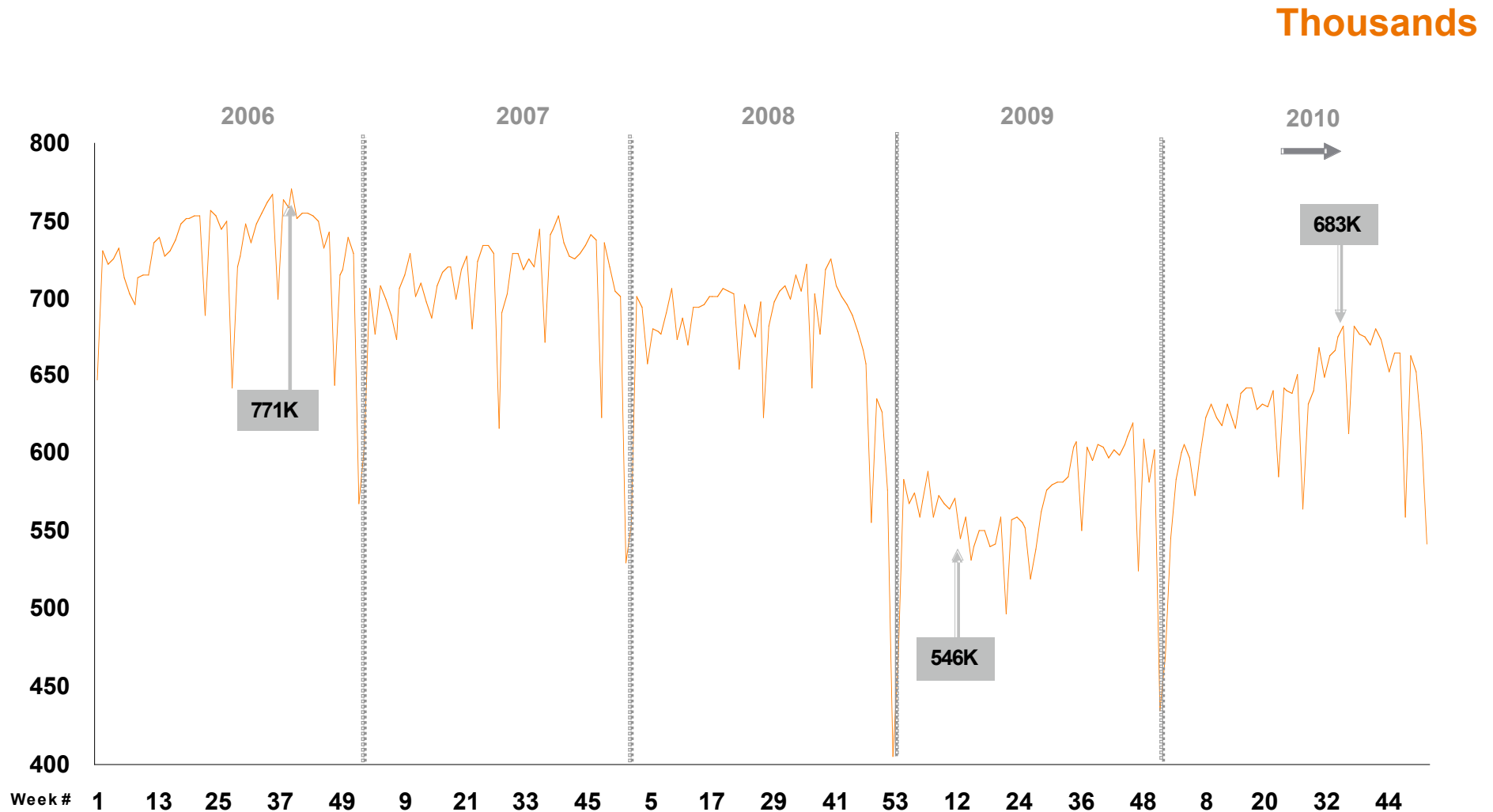


Source: Map - FHWA, 2002

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U.S. Rail Weekly Volume Trends

Weekly volumes reflect continued slow recovery: YTD peak is 683K in early September, 61% trough-to-peak



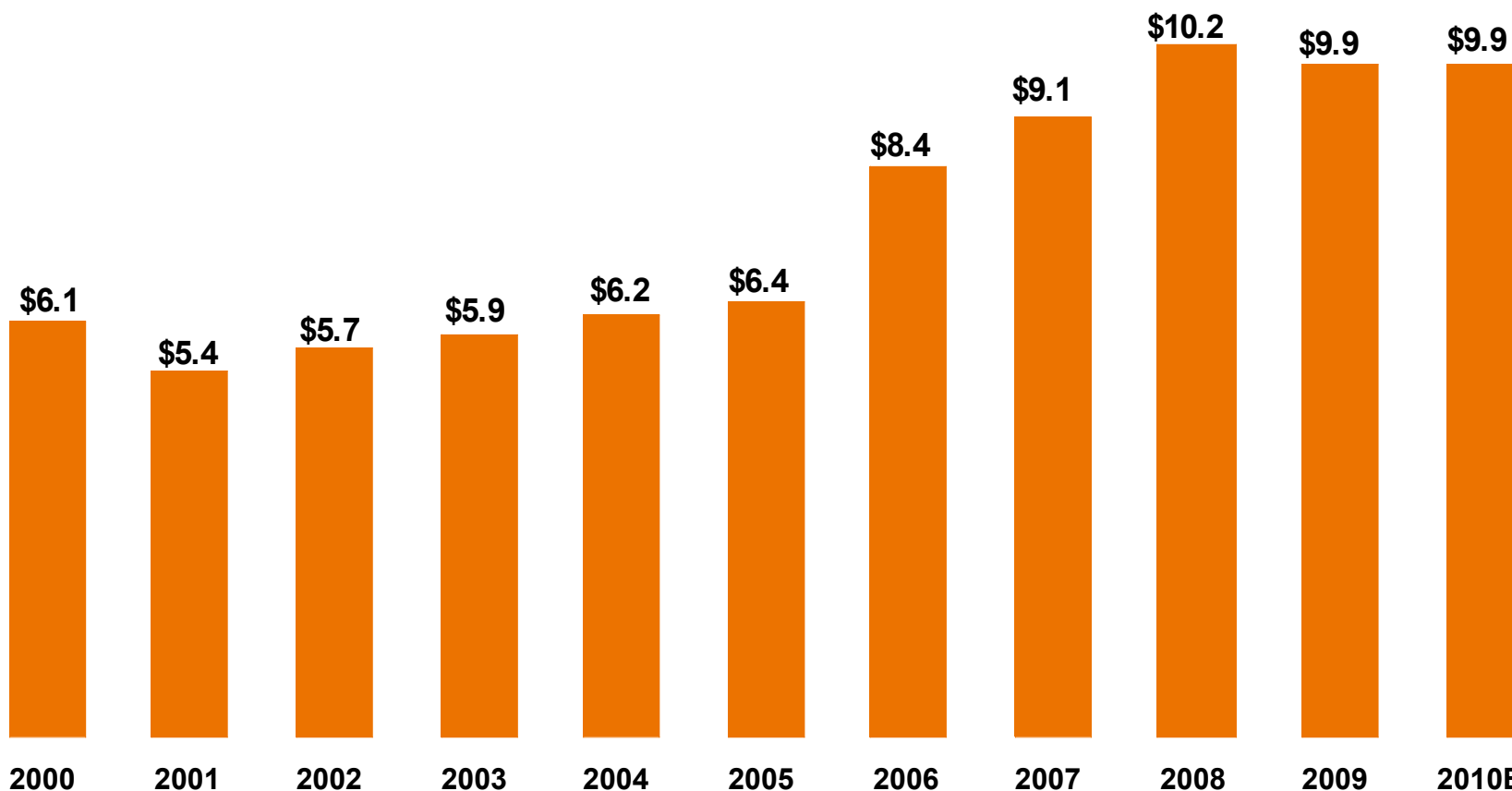
Note: Peak of 771K occurred during the week ending 9/30/ 2006

Source: Association of American Railroads (AAR); CS54 Data thru 12/25/2010



Railroad Industry Capital Expenditures

\$ Billions



Source: AAR

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Rational Regulation

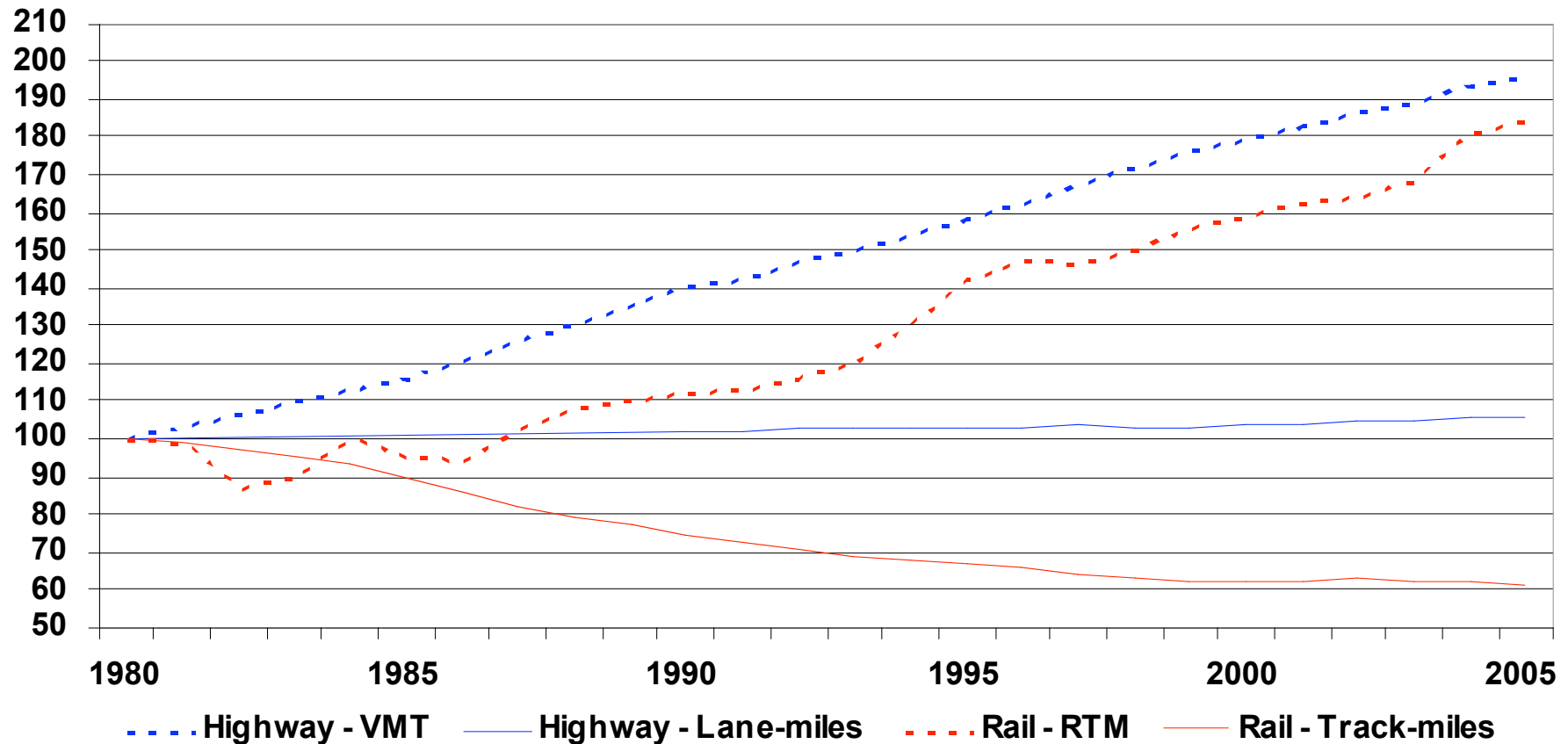


Additional Freight Rail Policy Recommendations

- **Right tax policies**
 - **Investment tax credit**
 - **Fuel taxes**
- **Multimodal approach to project selection and funding**

Capacity Is Shrinking

US Highway and Rail Networks System Miles and Volumes



Source: National Rail Freight Infrastructure Capacity and Investment Study September 2007 and AAR



Outlook: Growth and Challenges

2030 Growth Projections

- Population to grow to 364 million
- VMT to grow by 150 percent
- Freight rail to increase by 92 percent

Challenges

- No national freight priority
- No capacity growth
- Congestion- all modes
- Increasing fuel costs
- Lengthening supply chains
- Increased environmental requirements

Source: Global Insight, AASHTO, FHWA



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