



Greg Fox
Executive Vice President,
Operations

BNSF Railway Company

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Dear ICP participant:

Thank you for your hard work and commitment. I want to let you know that you have earned a 60 percent payout on your Incentive Compensation Plan (ICP), recognizing our performance in 2011.

The ICP payout reflects our results on our shared safety, velocity and financial measures. The 2011 payout puts you ahead of where you'd be if you didn't participate in ICP. As always, the payout percent is based on the same performance measures used for our exempt payout, converted to the 100-point scale used in our labor agreements.

As we review our safety performance, we must pause to reflect on the devastating loss of nine colleagues who were fatally injured in 2011. We will never be successful in safety until fatal injuries are eliminated from our workplace. Our significant improvements on other safety measures demonstrate that we have the right safety processes in place to reduce exposure and risk. In 2011, our reportable frequency ratio improved more than 26 percent and our reportable severity ratio improved more than 30 percent, as we achieved our all-time best injury frequency and severity performance. To build on these improvements, we must continue taking personal accountability for our safety, ensure consistent rules compliance and intercede whenever we see at-risk behavior.

When we think of 2011, we will also think of the unprecedented weather events we faced together, including catastrophic flooding along the Missouri River. Those events had a dramatic effect on our network and our service, and were partially responsible for our failing to meet the velocity goals we set for ourselves at the beginning of the year. The urgent need to restore service and velocity became our rallying focus, and our *Restoring Service and Velocity Initiative* helped us improve velocity in the final months of the year. We now have strong momentum across our network and we need to drive continued improvement as we move into 2012.

Despite the impact of the flooding, our freight volumes increased about 3.3 percent over 2010, reflecting continued recovery in several areas of our business. Our revenues improved at an even greater rate, due to a variety of factors. However, our 2011 expenses were also up, due to inflation, flooding, higher fuel prices and other factors. We expect to see continued improvement in revenue and volumes in 2012, though we don't expect to return to the peak volume levels we saw before the recession. We will report details about our 2011 financial performance after our parent company Berkshire Hathaway announces its 2011 results in about a month.

Last year brought monumental challenges to BNSF and the Operations team -- snow, rain, floods, winds, fire, avalanches, we saw it all. I am impressed and proud of the way you responded, with professionalism and dedication. Let's continue our focus on safety, service and efficiency as we enter 2012. Thank you for all you do to contribute to our success as we work together to meet customer expectations.

Sincerely,

A handwritten signature in black ink that reads "Greg Fox". The signature is written in a cursive, flowing style.