



Carl R. Ice
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To all scheduled employees eligible for ICP payments:

Thank you for your dedication and resilience during a difficult year in 2008. Despite the global recession and other challenges, we met many of our 2008 goals under our Incentive Compensation Plan (ICP). As a result, your scheduled ICP payout will be 80.67 percent of your maximum ICP payout potential, based on our mutual goals of safety, velocity and earnings per share. I am pleased that our results have achieved this level of payout, above your breakeven point, in these difficult economic times.

Before I review the two areas where we met our goals, I'd like to discuss the one area where we fell short of our goals – safety. As you know, two of our colleagues were fatally injured in 2008 and we have had a fatal injury already in the early weeks of 2009, a sobering reminder that we have much more work to do in safety. We also fell short of our 2008 improvement goals for frequency and severity. I strongly believe, however, that we have the right safety processes in place and that we are doing a better job of identifying and eliminating at-risk behaviors. I ask for your continued commitment to our vision for an accident- and injury-free workplace, so that we can make further improvements this year.

We did achieve our other ICP goals for 2008 – in velocity and earnings per share (EPS). Our EPS of \$6.08 was a 19 percent increase over our 2007 EPS. Given the capital intensive nature of our business, we need to consistently increase our earnings to ensure the returns necessary to invest in maintenance, as well as expansion once volumes turn around.

In velocity, we also met our goals for four of our six full-year measures. We achieved our best on-time performance in more than five years despite significant weather disruptions throughout the year, thanks to your efforts. You can find more about our performance on velocity and our other ICP measures on the Labor Relations Web site at employee.bnsf.com – My BNSF – Labor Relations.

We will communicate our 2009 ICP goals later this quarter. You should know that 2009 is shaping up to be one of the most difficult years ever for the U.S. economy. We are definitely feeling the impact of the global recession, and our January volumes continue to fall. We are acting quickly and prudently to reduce expenses, capital spending and hiring. Due to declining volume we have furloughed 2,500 Transportation employees, in addition to our seasonal furloughs in Maintenance of Way. Unfortunately, the changing business environment necessitates that we make these very difficult decisions.

At the same time, we have worked hard together to build a strong company, and we remain as confident as ever in the long-term success of our company. Thank you for your contribution to BNSF's performance in 2008 and in the challenging year ahead.

Sincerely,

Carl R. Ice