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Dear ICP participant:

Thank you for your continued hard work and commitment as we accomplished many great things together in 2015. In this letter, I'll review our safety, service and financial performance and describe the payout on our 2015 Incentive Compensation (ICP) award for eligible employees.

As always, we begin with safety. For the sixth straight year, we demonstrated year-over-year improvement in injury reduction on our railroad, with a 4 percent decrease in injury frequency in 2015. We have also reduced lost and restricted time by 50 percent over those same six years. However, we saw a 39 percent increase in our injury severity ratio, due, in part, to an increased number of fractures early in the year. Fortunately, such incidents lessened over the course of the year. Significantly, we also lost two colleagues who were fatally injured. We must continue to focus on eliminating all loss of life and serious injuries on this railroad. Please join me in renewing our commitment to the ultimate goal of ensuring that every employee goes home safely every day.

We began 2015 knowing that we needed to restore our service levels, return to growth and rebuild our reputation. After a very difficult 2014, we can be proud of how we achieved and sustained strong velocity in 2015 despite numerous challenges. We met or exceeded most of our quarterly velocity goals for the year, and feedback from our customers has been very positive. Our tremendous strides in service reflect the hard work of employees across our network as well as our record capital investment of more than \$11 billion over the past two years in maintenance and capacity expansion.

While we are pleased with our performance, volumes in 2015 were down 0.1 percent compared with 2014 due to various economic factors. Low oil and gas prices, in addition to a strong dollar, continue to have a negative impact on several of the commodities we move. Even with volumes that fell short of our expectations, however, we increased our market share, regaining all of the market share we lost in 2014. This was a direct result of our success in restoring our service levels and rebuilding our reputation. We will provide details on our financial performance in late February, following Berkshire Hathaway's announcement of its year-end results.

Each year BNSF sets targets for our key safety, velocity and financial measures, and ICP awards for eligible scheduled and exempt employees reflect performance against those same goals. For 2015, we performed significantly better than target on injury frequency and most velocity measures, while we fell short of target on injury severity and operating income, resulting in an ICP award for eligible scheduled and exempt employees that is 90 percent of target. ICP awards this year are shown as a percent of target, to align statements for both exempt and scheduled employees.

As has been true most years since the scheduled ICP agreements were implemented, this 2015 award puts you ahead of where you'd be without ICP. Beginning this year, we're also posting personalized ICP award statements on myTotalRewards, which will show each eligible scheduled employee their target and actual awards as part of their Cash Compensation information on the Employee Portal. The enclosed card provides more details.

Looking ahead, you should know that the freight environment is softening. In the last four weeks of 2015, our year-over-year volumes declined about 9 percent, with coal falling by 24 percent and petroleum products by 25 percent. Although we are poised for growth over the long term, in the near-term we must remain agile in responding to changing economic conditions. While we work to continue to grow the business, we must also remain focused on reducing costs and identifying efficiencies throughout the company. Given the impact of economic factors on our volumes, we currently have more than 4,700 employees furloughed. We recognize the impact that these furloughs have on employees and their families, and we are committed to getting everybody back to work when volumes allow.

Each of you should be immensely proud of the work that you and your teams are doing to serve our customers and make BNSF a safer and more efficient railroad. With every challenge, the strength of our network and the resilience of our people have carried us through, and I know they will do so again. Thank you for all you do to ensure our success.