

BLUE CHIP SEMINAR – BSNF, 11/6/2014
Scribe – Jonathan Lightner, Class XII

Class XII Blue Chip Seminar, Fort Worth, Texas--
BNSF (Burlington Northern Santa Fe) is
America's largest railroad--Control Center for all
rail service from California to Illinois. The
following is a bullet point review of our speakers
and the highlight lessons learned:



Carl Ice--President and CEO of BNSF

Burlington Northern Santa Fe was a \$34 Billion publically traded company when it was acquired by Berkshire Hathaway – Warren Buffet (in one year, with investments in new locomotive engines, additional railcars and people, it is estimated to be valued at \$65Billion in assets.)

SBNF's Relationship with Kansas
Hauls: Automobiles, Coal, Grain.

Community Leadership - Values good community citizens.

In the Unites States there are:

- 7 Class 1 railroads.
- 33 Regional railroads

BNSF handles 40% of gross ton miles.

Advantages of freight by rail:

- Fuels efficient
- Highway gridlock reduction
- Environmental Friendliness.
- Cost efficiency.

4 Components of Capacity for a Railway company:

- Locomotives
- rolling stock
- Infrastructure
- Efficiency in turn-around time.



Regulation:

Crude by rail constitutes 4% of BNSF's portfolio

Ag - comprise 20% of the portfolio

How fast can we get build.

Comments Carl Ice made on leadership:

- It is important to create a Compelling vision.
- "If you can do something, it's your responsibility to do it."
- Compartmentalize- to deal with stress
- It is important to be in "mentor" relationships
- "Tough minded optimists."
- Good work/life balance
- Don't ask people do things that you don't need done.



*It is important to BSNF that those on their leadership team have served in different roles across the company

Our vision is to realize the tremendous potential of BNSF Railway by providing transportation services that consistently meet our customers' expectations.

BNSF is investing in Growth.

5 Billion in 2104. 42 Billion over the past 14 years.

Steve Bobb- Executive Vice President and Chief Marketing Officer

Marketing, Sales, Economic Development

"Customer facing"

Balance customer focused with safety and efficiency.

Four business units:

- Coal
- BSNF is the Largest transporter of coal in North America.
- Agricultural
- Whole Grains, Ethanol
- 50% of grain goes to exportsWorld Market is growing.
- Largest ag segment in North America.
- Highest percentage of portfolio than any other railway.
- ADM, Cargill, cooperatives.
- Programs also offer transportation flexibility.
- Expect to grow long-term
- Industrial Products.
- Cement, Lumber, Dimensional shipments, chemicals, plastics, crude oil airplanes, Farm equipment, Frac sand
- From everywhere, to everywhere.
- Paper manufacturer to large chemical manufacturer and Consumer products.
- Inner modal truck trailers, shipping containers.



- Automobiles.
- JB Hunt is the largest trucking partner
- Largest growth business. Take trucks off the highways.

BNSF receives no government funding or government decisions.

Ways BSNF brings value:

"We move things"

- Increase your reach.
- Sharing our expertise
- Delivering savings
- A greener solution.

Customer support center.

Expertise through Intuitive Online Tools

Provide value for our company by creating value for our customer.

Question: Do you see further consolidation in the Railway system?

Not currently

Reasons for consolidation:

- Providing better service for customer, customer crying for change.
- Financial trouble

We don't currently see either of those factors coming in to play

Keystone pipeline: Keystone will take future growth away from rail.

Will not keep rail from growing.



Riz Chand, Human Resources

Pakistan - Mechanical engineer

BNSF is intentional about Succession planning with their top 500 employees

Development occurs by doing- 70% experience based.

10% formal training, 20% Learn from Others

Tom Novitske, general Director of Grain operations

Demand has overtaken the capacity of the rail system due to four factors:

- Oil Production in north U.S. has increased with Fracking
- Inner modal transportation demand has increased as with stricter regulation on the trucking industry.
- Grain Yields have increased
- Coal demand is up as Natural gas price has risen.



Auction off grain cars - right to place an order
Let the market decide where the cars are allocated.
"Certificate of Transportation"
Secondary market takes on the risk.

Sam Kyei (Che) - Chief Economist

Macro Economic Update:

"Wealth Effect" - if you feel rich, you will go purchase.

When the Federal Reserve is thinking about changing interest rates, they call to ask BSNF how the economy is doing because we move everything.



Zach Anderson, VP of Corporate Relations

Communications Inside and out.

Who you are where you've been and where you are going?

Our Vision is to realize the tremendous potential BNSF Railway...Evidences of Success.

"We will know we have succeeded when:

Our Customers find it easy to do business with us, receive 100 % on time damage free service accurate and timely information regarding their shipments and the best value for their transportation dollar".

John Miller: Agricultural Shipping

Create velocity

Best of class service

Grows the market for the farmers goods.

110 shuttles

Pacific Northwest. Export

Elevator in the US 3 years ago-
\$300M investment.

Coal set 135 cars vs. 110 for a grain set



The evening highlight was to be hosted by BNSF top leadership to a reception and dinner in their historic dining cars near the headquarters entrance.

Opening the festivities was the traditional **K-S-U** by three K-Stater's representing the combined groups. Chelsea Good, '08-'10 – Class XII; Carolyn Harms, '78 – KARL Board; and Carl Ice, '79 – BNSF President; show their Wildcat Pride at BNSF Headquarters, Fort Worth Texas during the KARL Class XII Blue Chip Seminar. Carl Ice is President and CEO of BNSF. **Go Cats!**

