

BNSF Railway

“BNSF Railway’s Kansas City Intermodal Project”

Mississippi Valley Freight Coalition

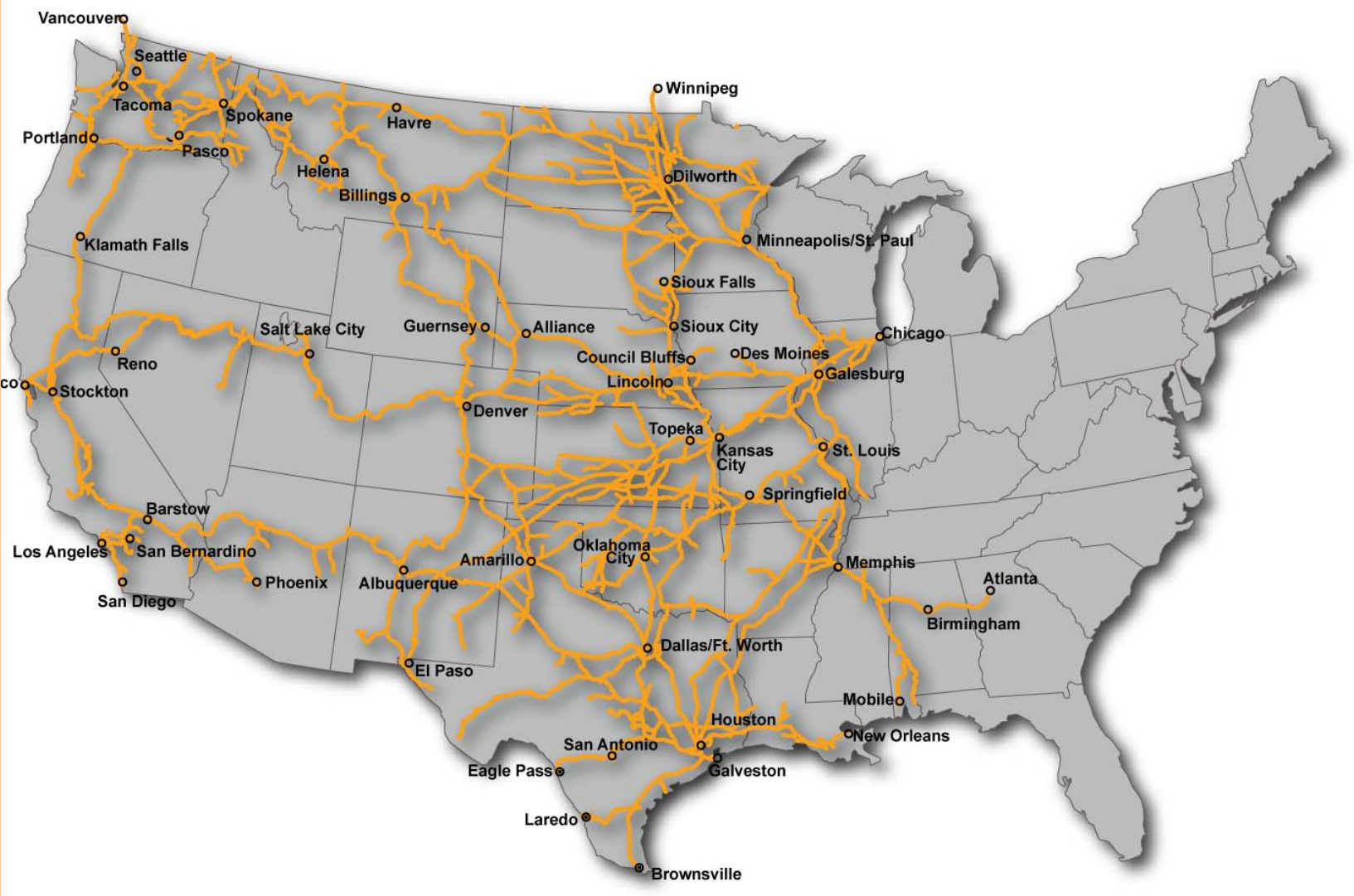


BNSF Overview

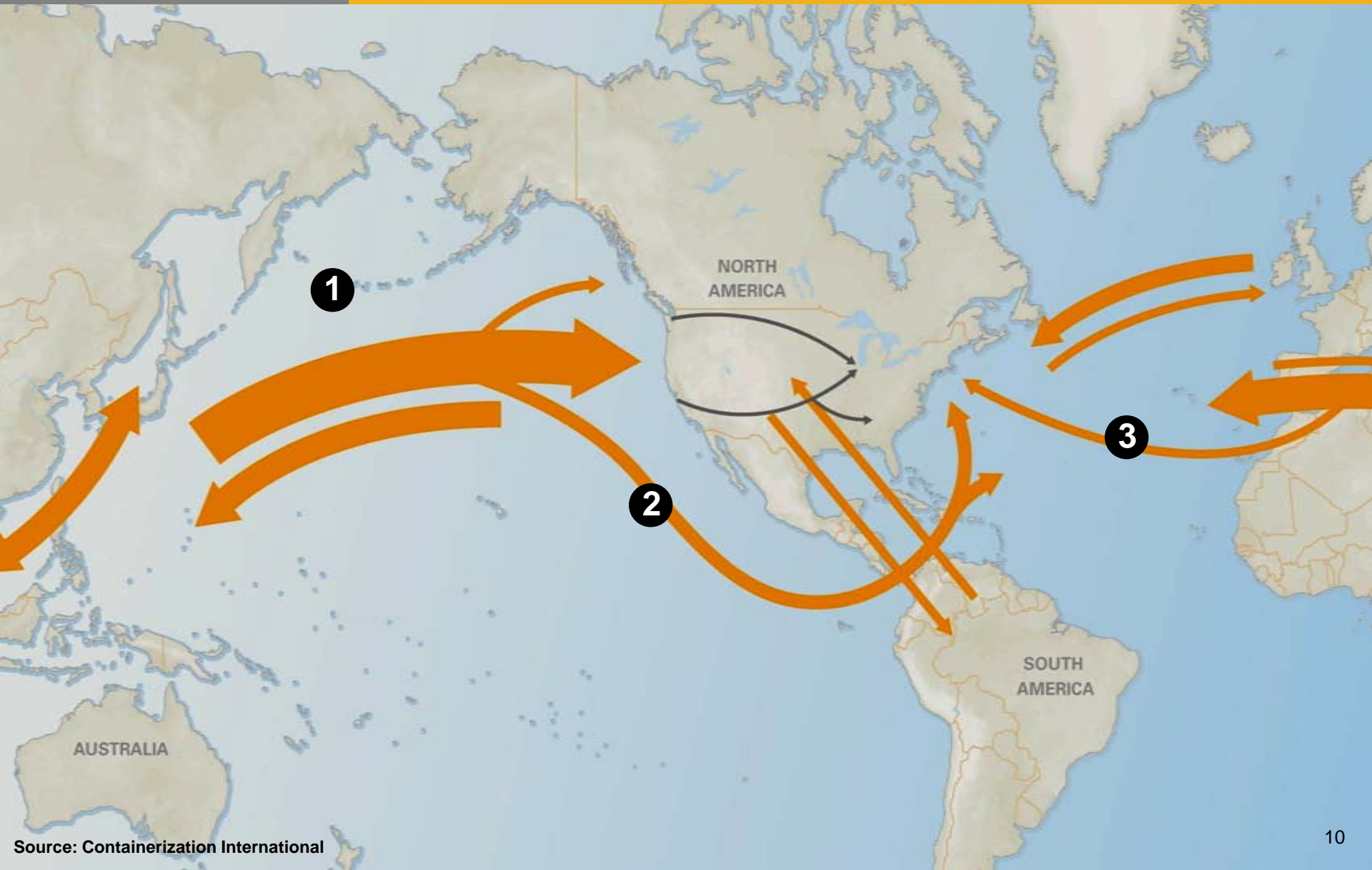


- ◆ One of the largest North American railroads
 - 32,000 route miles, 28 states and two Canadian provinces
- ◆ America's largest grain hauling railroad
 - Hauling enough grain to supply 900 million people with a year's supply of bread
- ◆ One of the largest coal hauling railroads
 - Hauling enough coal to power one out of every 10 homes in the nation
- ◆ World's largest intermodal rail carrier
 - Lifting one container or trailer onto the BNSF network every 7.5 seconds

BNSF Network



World Trade Flows



China-US: Twin Engines of the World



Population:

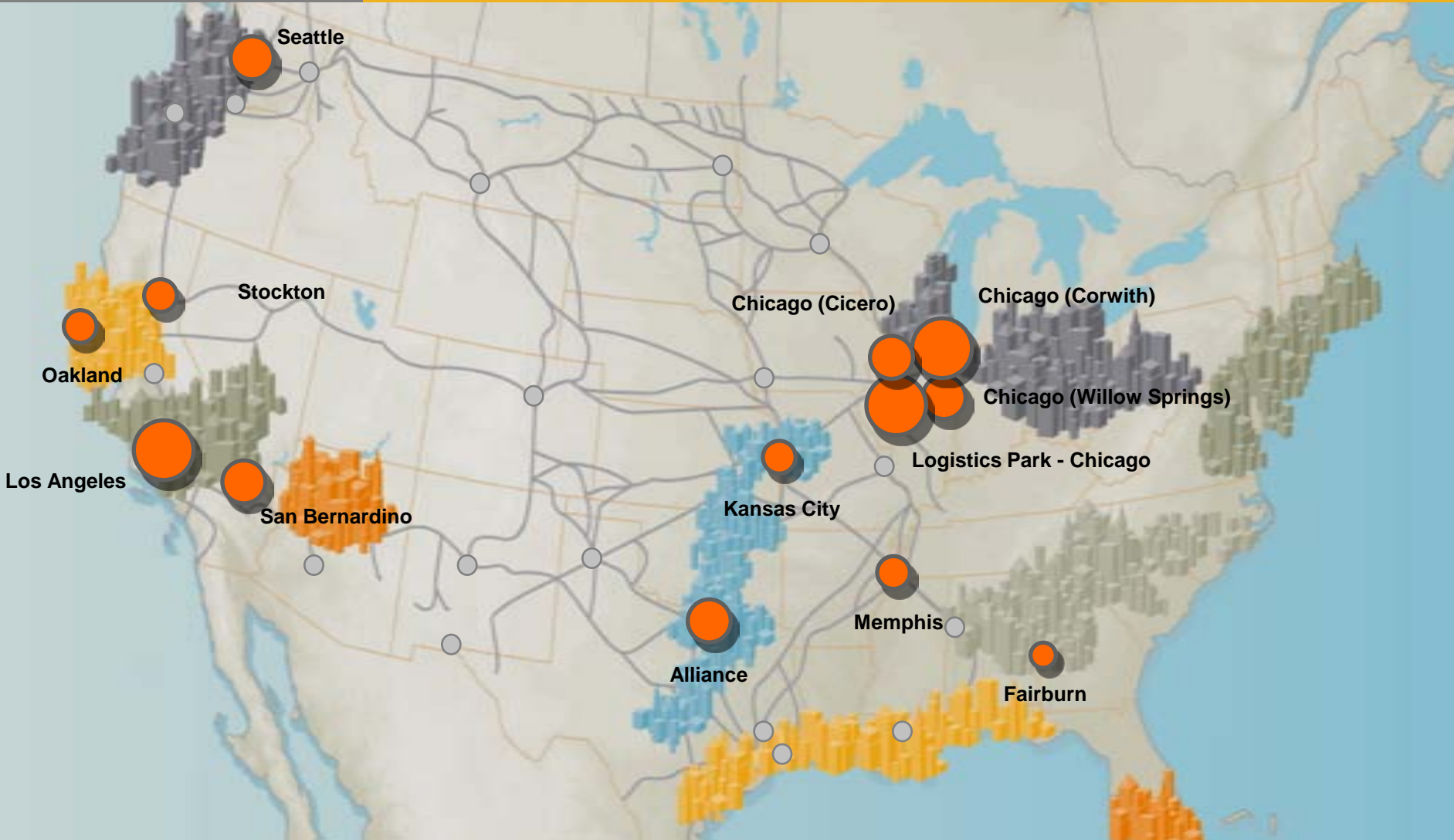
- US: 298 million
- China: 1,307 million (1/5 World)

The number of Chinese children in elementary school is equivalent to the total US population.

Motor Carrier Challenges

- ◆ *Fuel Prices*
- ◆ *Driver Issues*
 - **Shortage – Recruitment – declining demographic**
 - **Retention – Quality of Life**
 - **Rising Pay**
- ◆ *Legislative*
 - **Hours of Service Rules Impact**
- ◆ *Environmental*
 - **New Emission Engines (Capital, Fuel Efficiency, Maintenance)**
- ◆ *Competitive Environment*
 - **Market Fragmentation – Further consolidations/acquisitions**
- ◆ *Capacity Growth*
 - **14.9% in '90's - averaging less than 3% in 2000s**
 - **Class 8 Tractor Sales – 48% increase – mostly replacement**
- ◆ *Rising Insurance Costs - \$2mm deductible per occurrence*
- ◆ *Historic Pricing Environment - 8-10% opportunity. Highest since deregulation*
- ◆ *Reduce Capital Cost – Tractors/Trailers*

BNSF's Intermodal Facility Network



Market Trends: Megapolitans

Population Growth 2005 - 2030

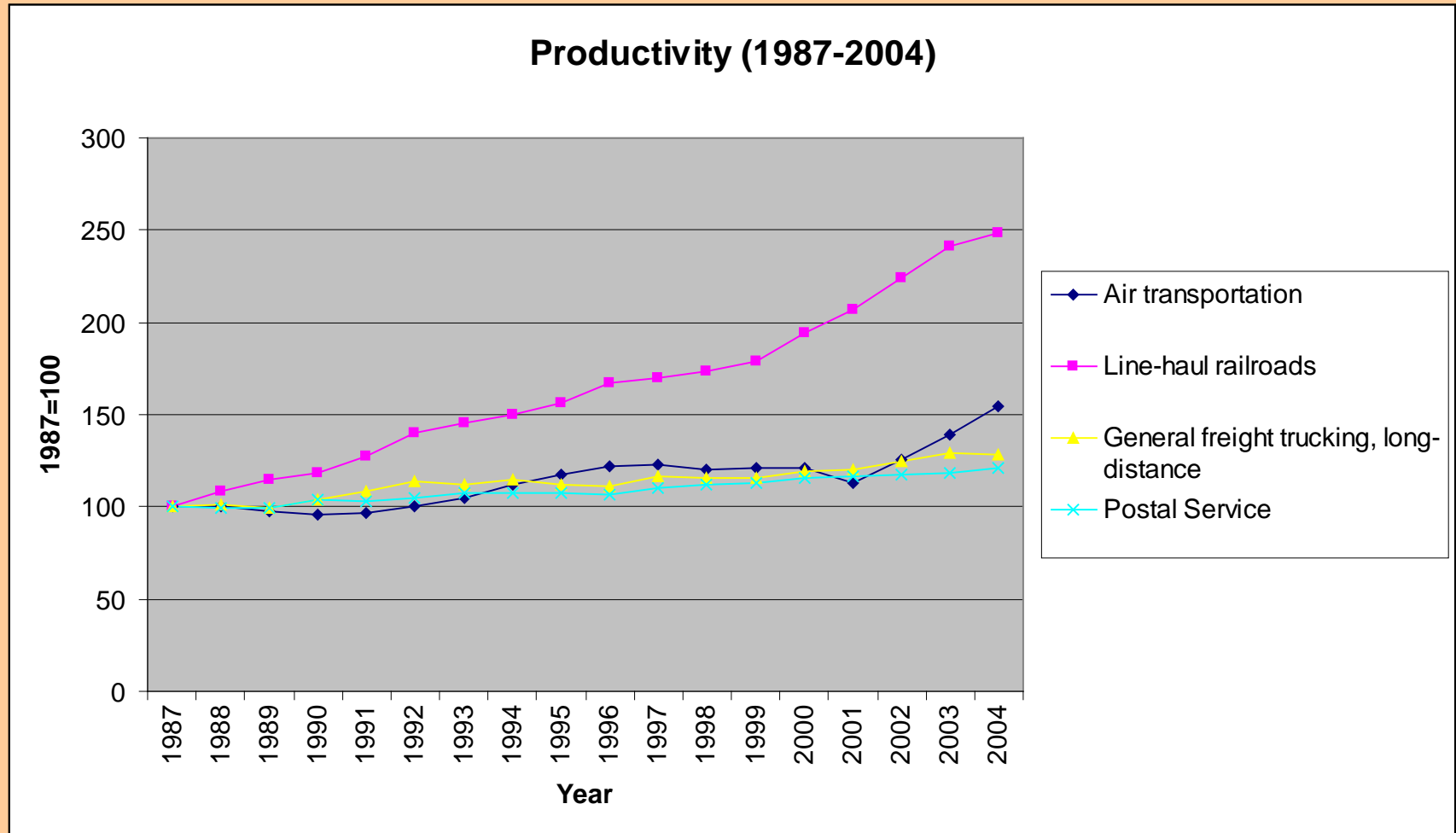


Sources: Population, employment, and real estate growth forecasts by Robert Lang and Arthur Nelson of the Metropolitan Institute at Virginia Tech and Phil Hopkins of Global Insight; Business 2.0, November 2005

Growth in Freight Traffic

- ◆ **Continued Population Growth in U.S.**
 - **300,000,000 People**
- ◆ **AASHTO Projection**
 - **Truck Freight to increase by 60% by 2020**
 - **Rail Freight to increase by 55% by 2020**
- ◆ **Global Insights TransPacific Trade to Triple by 2025**
- ◆ **AAR Rail Shipments Triple by 2030**
- ◆ **BNSF International Shipments Doubled from 2003-2007.**

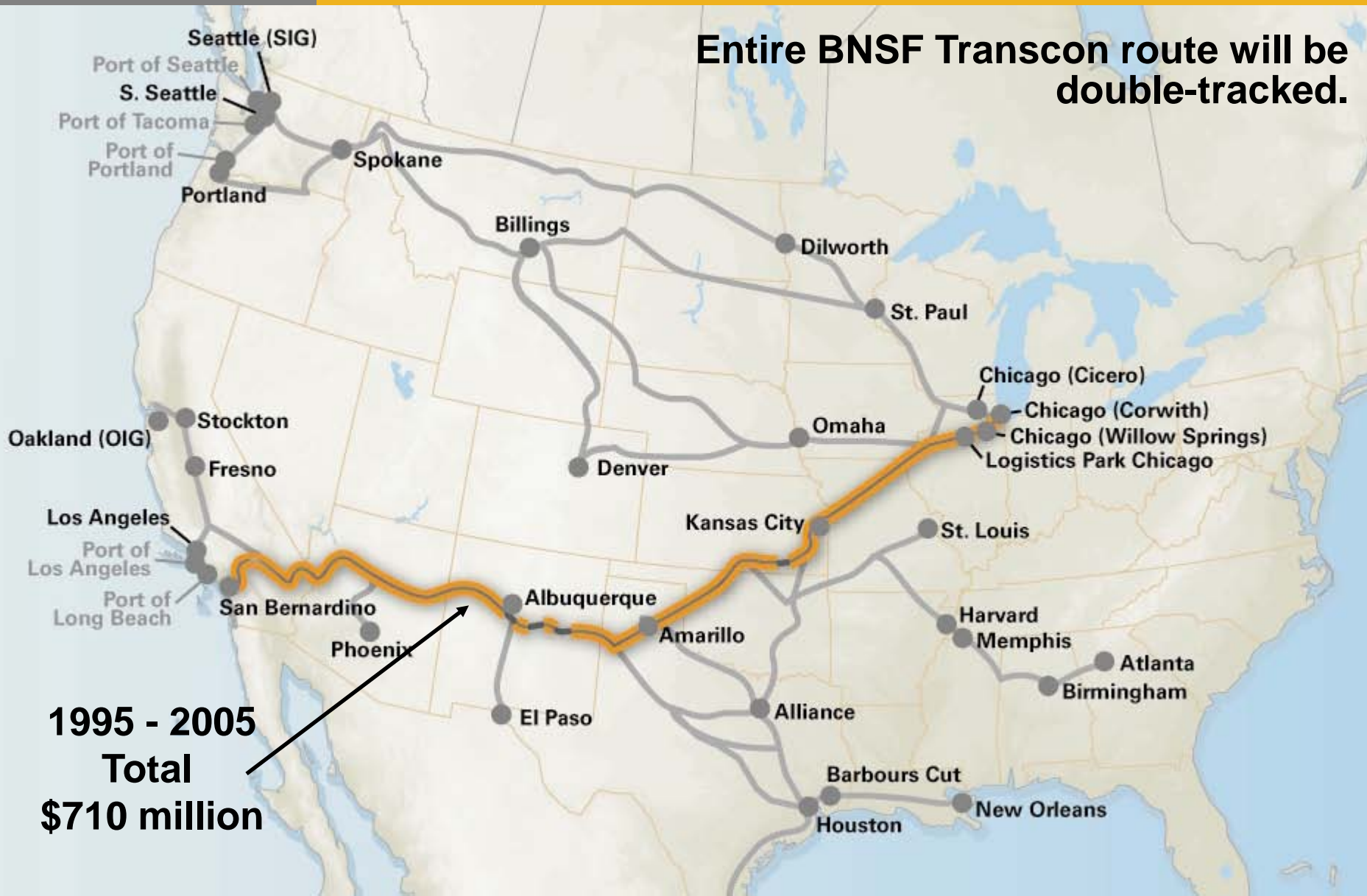
And the good news...



Source: Bureau of Labor Statistics

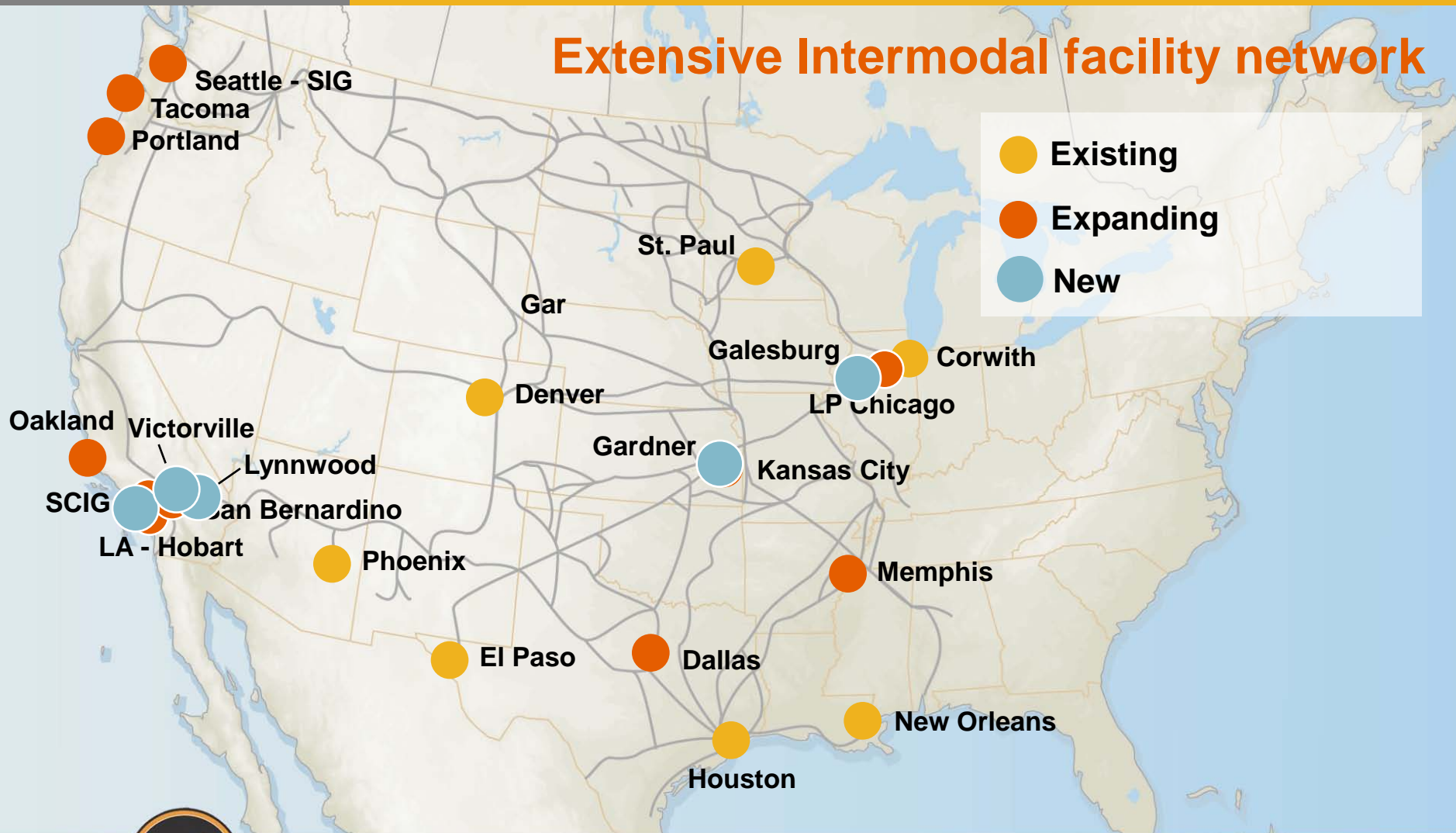
Transportation Mode Productivity

BNSF Transcon Expansion Capacity Investments



New Facilities

Extensive Intermodal facility network



Capacity Driving Growth

3rd new logistics park in 5 years – located 25 miles outside Kansas City



Logistics Park Kansas City – Gardner, Kansas

Targeted for 2009

Design includes

- ◆ Six 8,000' strip tracks under wide-span cranes
- ◆ Associated stacking area
- ◆ Two 8,000' strip tracks with conventional cranes for trailers
- ◆ Initial capacity of 650,000 lifts; scalable to 1.5 million lifts

What is a Logistics Park?

- ◆ **Business Park with Logistics Focus**
- ◆ **Efficient Handling of Rail Shipments**
 - Trailers/Containers
 - Truck to Rail/Rail to Truck
- ◆ **Multimodal Facility**
 - Rail Served Distribution
 - Non-Rail Served Distribution
- ◆ **Wide Range of Options of Shipping Public**
- ◆ **It is NOT...**
 - A Typical Rail Switching Yard



Alliance



Alliance

Logistics Park-Chicago



Chicago

Logistics Park Chicago and CenterPoint Intermodal Ctr., Elwood, IL



Major Customers

Wal-Mart	3,400,000 SF
Sanyo Logistics/ Partners Whse	600,000 SF
Potlatch, Inc.	624,000 SF
DSC Logistics	1,022,000 SF
Georgia-Pacific	1,001,200 SF
Calif. Cartage	215,000 SF

Intermodal Facilities

- 700+ acres
- 1.1 million unit capacity in 2006
- 1.4 million unit capacity by 2009
- Auto unloading facility

Future Development

- 219 developable acres
- 660 MW coal-fired power plant

Example Intermodal Facilities

Intermodal Facility (Container/Trailer Unloading)



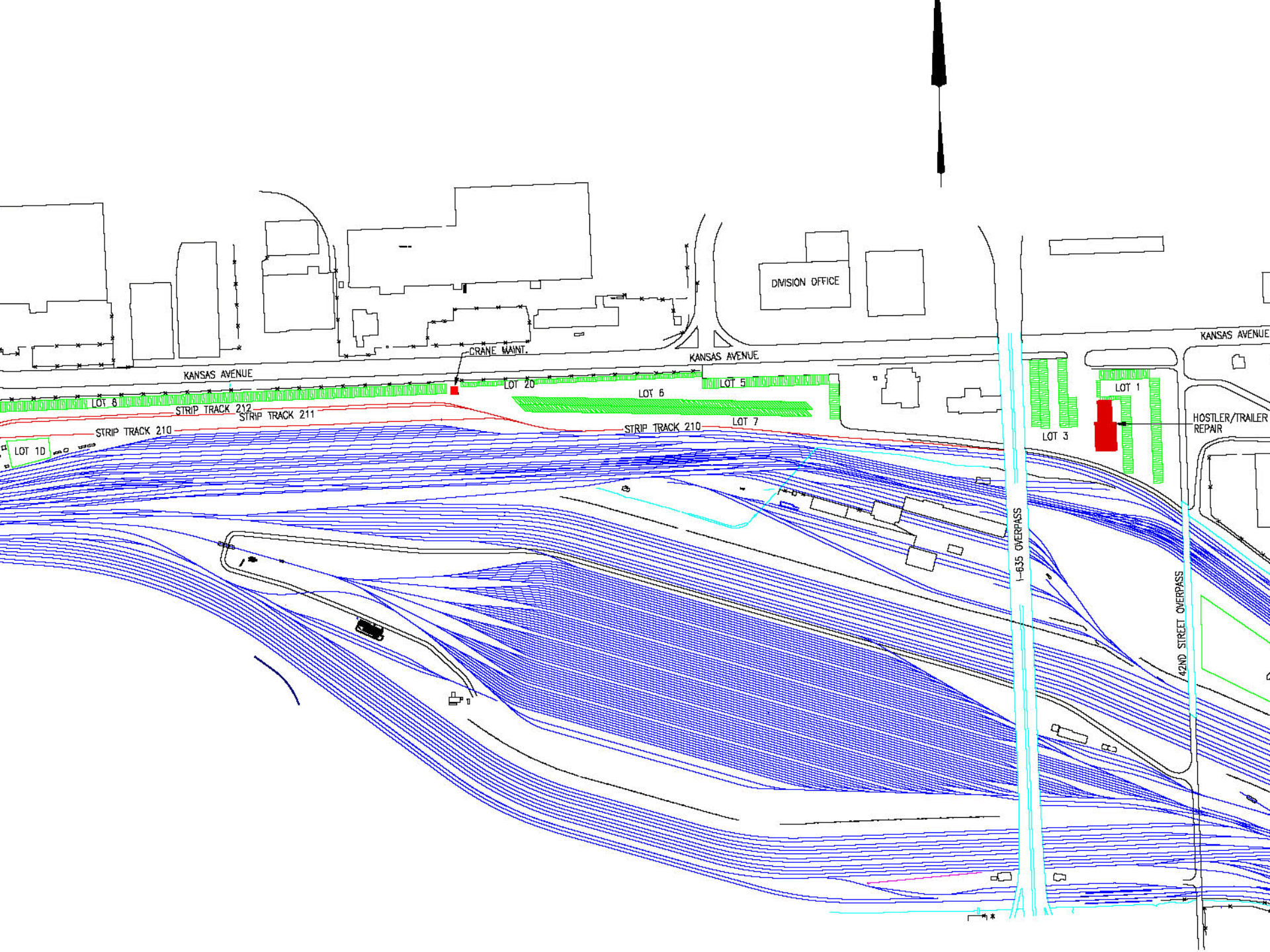
Logistics Park - Chicago

Regional Site Location



Argentine Intermodal Facility

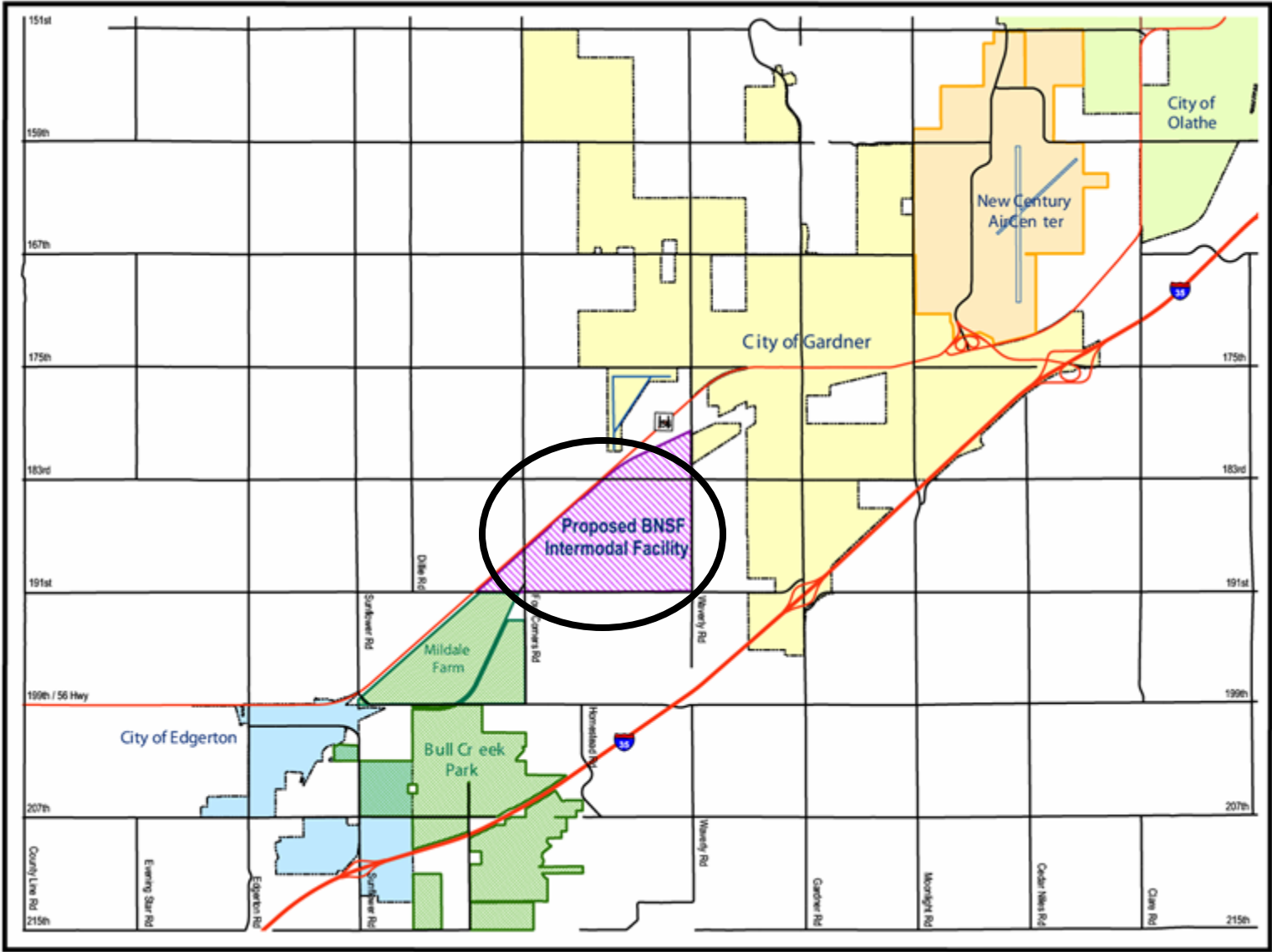
- ◆ **371,529 Lifts in 2007**
 - 17% Year over Year Increase
- ◆ **Second Fastest Growing Intermodal Facility**
- ◆ **Exceeded Only By Logistics Park-Chicago**
 - 727,322 Lifts in 2006; up 60 %
- ◆ **10,000,000 BNSF Overall Lifts in 2006**
 - 5% Increase
- ◆ **Argentine Intermodal Facility Sits on 45 Acres**
- ◆ **No Room for Expansion**
- ◆ **No Sites for Customer Co-Location**



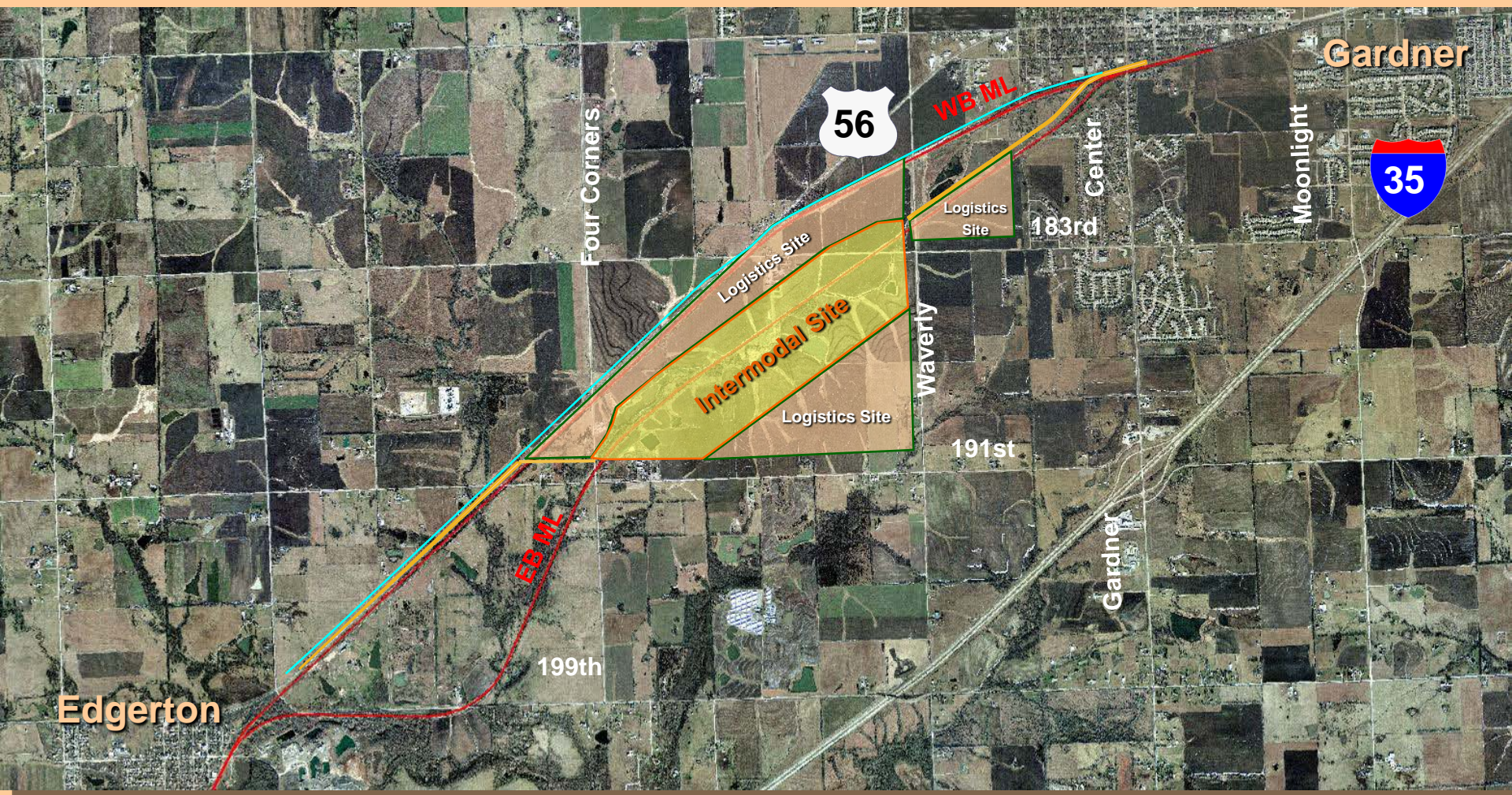
Why Site Near Gardner?

- ◆ **Proximity to Kansas City Metroplex**
- ◆ **Adjacent BNSF Transcontinental Mainline**
- ◆ **Near Interstate 35**
- ◆ **Available Land in Configuration for Intermodal Facility**
- ◆ **Available Land for Economic Development**

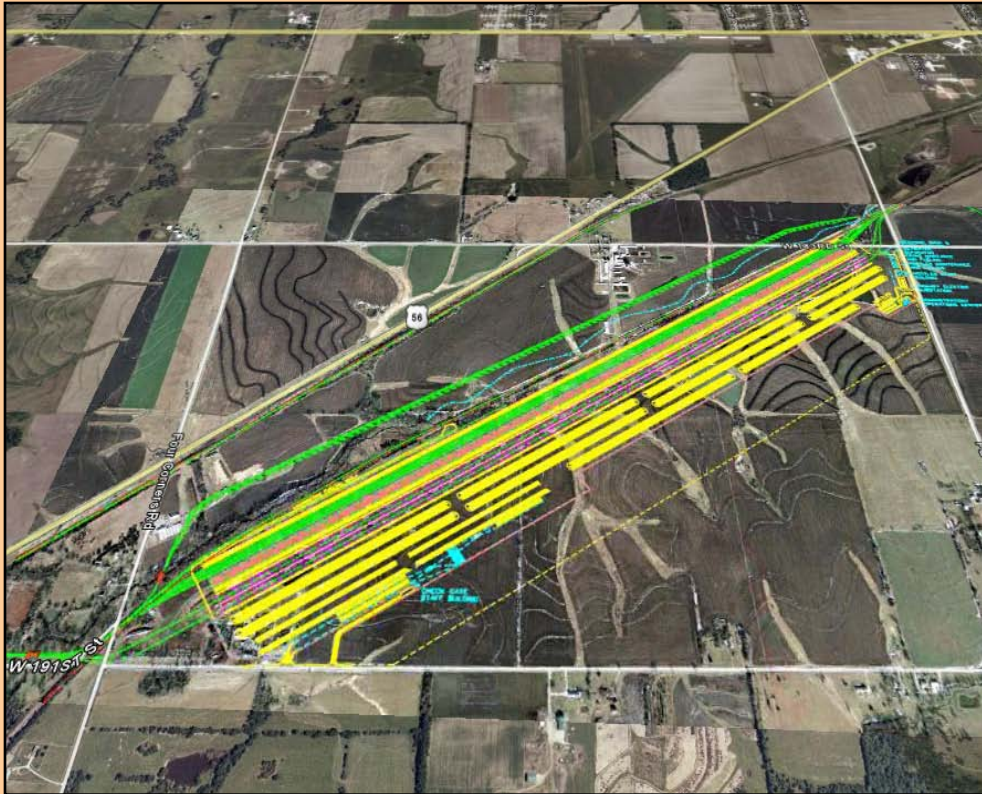
Project Area



Intermodal Facility



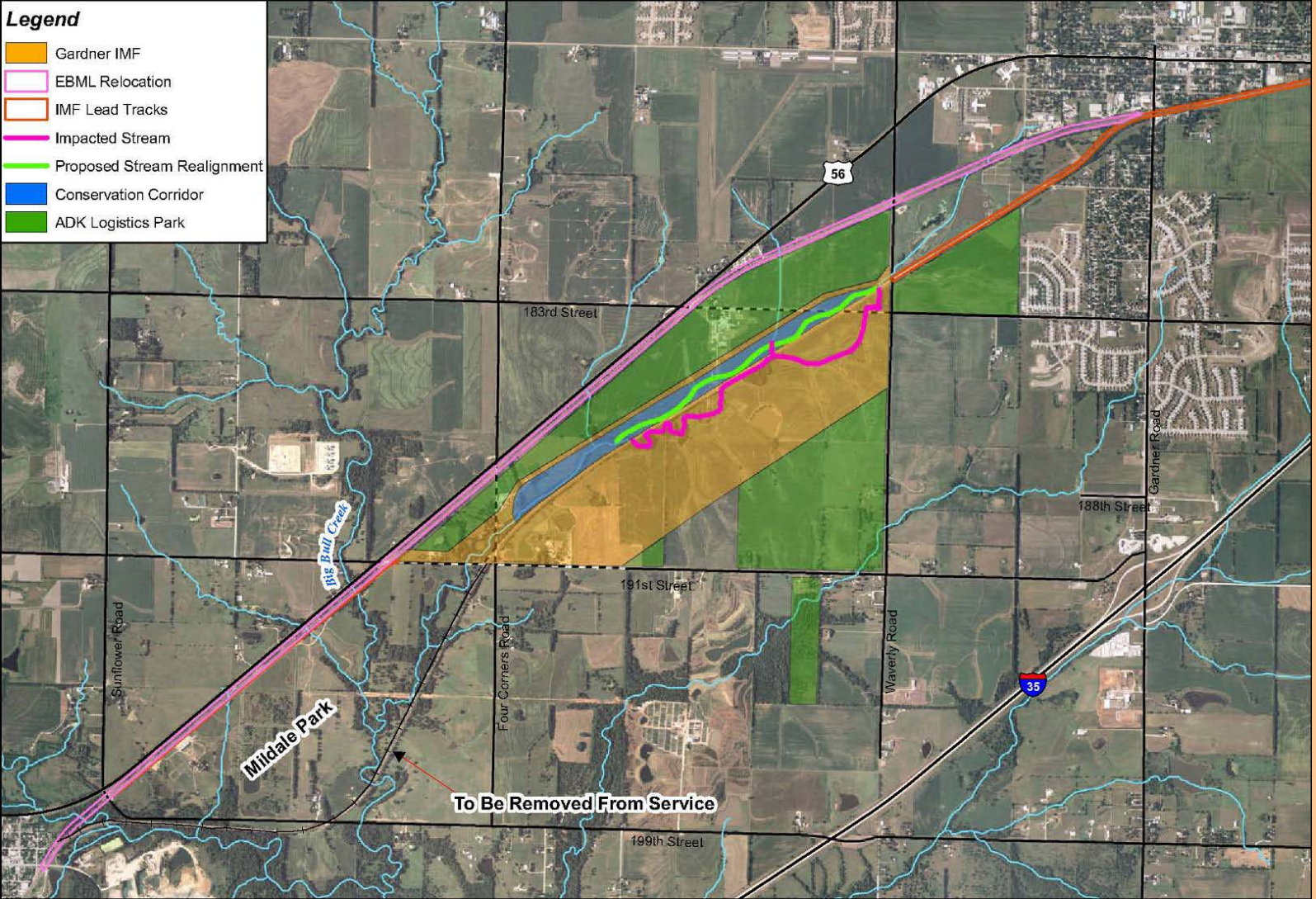
Gardner Intermodal Facility



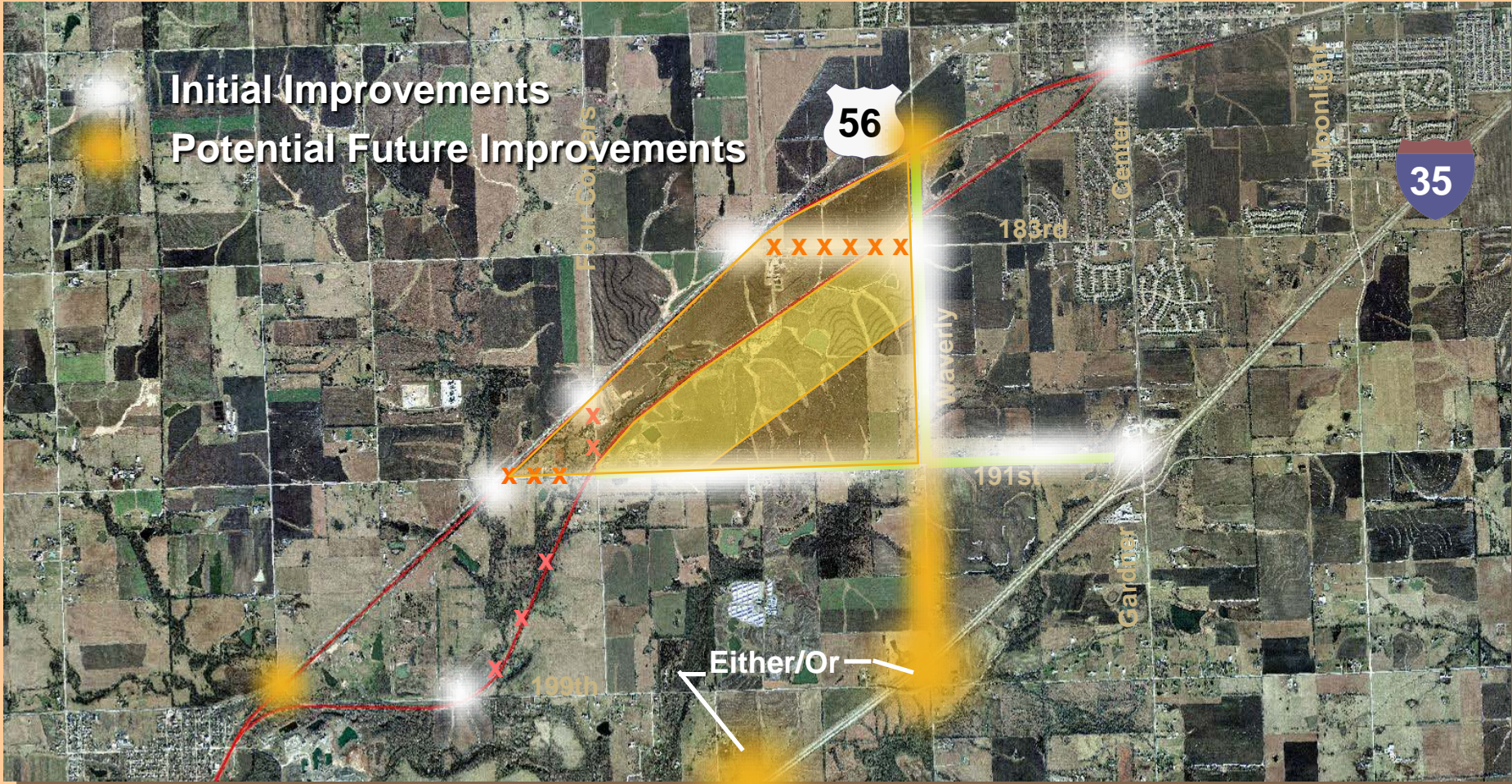
- New facility targeted for 2009
 - Located 25 miles outside K.C.
 - Warehousing developed on adjacent parcels
- Design includes
 - Eight 8,000' strip tracks under wide-span cranes
 - Associated stacking area
 - Two 8,000' strip tracks with conventional cranes for trailers
- Initial capacity of 650,000 lifts; scalable to 1.5 million lifts

Environmental Clearance

- Legend**
- Gardner IMF
 - EBML Relocation
 - IMF Lead Tracks
 - Impacted Stream
 - Proposed Stream Realignment
 - Conservation Corridor
 - ADK Logistics Park



Infrastructure Considerations



Intermodal Facilities

Intermodal Facility (Container/Trailer Unloading)



Wide-Span Crane Facility under Construction

Environmental Benefits

- ◆ **Electric Cranes**
 - **Replaces existing diesel cranes at Argentine IMF**
 - **Reduces air emissions/hostler truck movements**
- ◆ **Efficient IMF Layout minimizes idling and freight movement**
 - **Replacement of inefficient IMF at Argentine**
- ◆ **Locomotives with idling reduction technology**
- ◆ **Low sodium, directional, motion detected light fixtures**
- ◆ **74 Acre Conservation Corridor**
 - **Stream Enhancement**
 - **Improved Habitat; Use of Native Plant Species**
- ◆ **Water Quality Monitoring**

Carbon Footprint Facts

- ◆ **Rail Fuel Efficiencies**
 - **1 Ton moves 436 miles on only 1 gallon of fuel**
- ◆ **Freight Growth/Highway Congestion**
 - **280-300 Trucks removed with each Intermodal Train**
- ◆ **2005 USDOT/FHWA Estimates**
 - **Trucks-66%**
 - **Ships-18-24%**
 - **Rail-12-15%**
- ◆ **CO2 Savings from KC Intermodal Facility**
 - **65,000 Tons to 274,000 Tons in 2015**
 - **700,000 Tons to 1,200,000 Tons in 2030**

Source: Environ Report 3-14-08

Economic Impacts

- **Logistics Park-Chicago (Opened 2002)**
 - **8.5 MM sq. ft. of industrial space**
 - **\$1B total investment**
 - **Over 8,200 jobs created**
 - **Former USEPA Superfund Site**
- **Alliance Global Logistics Hub (Opened 1990)**
 - **31.6 MM sq. ft. of industrial space**
 - **\$6.95B total investment**
 - **28,300 Direct Jobs Created**
 - **\$33.8B Total Economic Impact**

Summary of Economic Impacts

- ◆ **Total Fiscal Impacts by Jurisdiction (2007-2026)**
 - **\$1.7 Billion to State of Kansas**
 - **\$87.5 Million Annual Average to State of Kansas**
 - **\$1.4 Billion to Johnson County (82% of total)**
 - **\$72.2 Million Annual Average to Johnson County**
 - **\$69.2 Million to City of Gardner**
 - **\$3.46 Million Annual Average**
- ◆ **Employment Impacts (2007-2026)**
 - **13,230 (Total Direct/Indirect) New Jobs in State of Kansas**
 - **12,180 New Jobs in Johnson County**
 - **7,471 Direct New Jobs in City of Gardner**

Summary of Economic Impacts

- ◆ **Wage Impacts (2007-2026)**
 - **\$173 Million in City of Gardner**
 - **\$8.7 Million Annual Average**
 - **\$6.6 Billion in Johnson County**
 - **\$7.7 Billion in State of Kansas**
- ◆ **Sales Impacts (2007-2026)**
 - **\$30.2 Billion in State of Kansas**
 - **\$1.5 Billion Annual Average**

International Intermodal Demand

- **BNSF 2008 International Intermodal Volumes**
 - **Down 12% from 2007**
- **Declining S. California Port Volumes (L.A./L.B.)**
 - **Imports Down 38.9%**
 - **Exports Down 32.2%**
 - **Long Beach Offering Incentives to Steamship Carriers**
- **Seattle**
 - **Imports Down 47.3%**
 - **Export Down 41.4%**
- **Oakland**
 - **Imports Down 35.4%**
 - **Exports Down 20%**

Feb'09 vs. Feb'08

(Sources: Respective Port Websites)

Status of KC Intermodal Facility

- ◆ **Environmental Clearances**
 - **USACE Section 404 Permit-Anticipated Summer '09**
- ◆ **Annexation/Development/Public Infrastructure Agreements**
 - **\$49.5 Million Public Infrastructure**
 - **Utilities, Off-Site Roadway Improvements**
 - **Approved by Gardner & Johnson County**
 - **KDOT Pursuing New I-35 Interchange**
- ◆ **Timeline**
 - **22-24 Mos. IMF Construction Variable with Demand**

Economic Development Planning

- ◆ **Comprehensive Plan**
 - **Land Use**
 - K-10 Corridor
 - Sunflower Development
 - **Highways**
 - Break In Access Study
 - KDOT 5-County Study
 - **Economic Development**
 - Industrial, Commercial, Retail, Residential
- ◆ **Goals**
 - **Jobs**
 - **Increased Tax Base**
 - **Retail Sales**

Challenges

- ◆ **Economic Recession**
 - **Impacts on State Budget & Transportation Funding**
 - **Reduction in Railroad Operations & Expenses**
 - **Furloughed workers, deferred maintenance, fewer train starts**
 - **Timelines for Railroad Capital programs in anticipation of economic recovery**
- ◆ **Challenges to Power of Eminent Domain**
 - **Land for Right of Way/Terminal expansions**
- ◆ **Encroachment of incompatible uses**
 - **Land use, zoning, residential development**
- ◆ **Fair Tax Policy to promote multi-modalism**

Opportunities

- ◆ **Federal Stimulus Spending on Transportation**
 - **Highway, Freight Rail, Amtrak, Commuter Rail, Transit Projects**
- ◆ **State Rail Planning/Increased Recognition of Freight Rail's Role in the overall State Transportation Plan**
- ◆ **Cooperation on Commuter Studies**
 - **BNSF's Passenger Principles**
- ◆ **Operation Lifesaver Enhancements**
 - **Enhanced message on safety at grade crossings**
 - **Grade Crossing rationalization**

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Questions ???