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March 30, 2022

Mr. Michael J. Seyfert
President and Chief Executive Officer
National Grain and Feed Association
1400 Crystal Drive, Suite 260
Arlington, VA 22202

Dear Mr. Seyfert:

I write in response to your March 24 letter to Surface Transportation Board Chairman Martin Oberman regarding NGFA's service concerns on several Class I railroads, including BNSF. As our Chief Marketing Officer Steve Bobb expressed to the STB Members in a recent public hearing, BNSF acknowledges that we are not currently meeting our customers' service expectations and we are undertaking aggressive measures to drive step-level improvements and regain our customers' confidence.

NGFA has asked the STB to request the railroads' plans to restore service and to provide weekly service updates. As your letter observed, a variety of circumstances have contributed to recent rail service disruption. We have addressed those issues in various forums with NGFA members in the past several months and would be happy to review those issues again with NGFA or any of its members in detail. For now, however, we will focus on the aggressive measures BNSF is taking to restore rail service to our historic levels.

BNSF has communicated our service restoration plans in broad form to our customers, including NGFA members, and will continue to provide regular updates on the state of our network and service levels through the various tools and communication streams we maintain. That includes our Agricultural Products Network Updates, which we have recently changed from bi-weekly to weekly. I do, however, want to take this opportunity to share the requested information directly and without delay to ensure all NGFA members understand BNSF's service restoration efforts and are aware of the communication and planning resources that are available.

We have implemented a plan to take aggressive measures to restore our network productivity and bring our service product back up to our customers' expectations. Our plan addresses three key operating components affecting our service: crew availability, locomotive availability, and car inventory.

- **Crew Availability**

Ensuring we have an adequate number of train service employees to meet our needs is foremost in our minds, and BNSF plans to hire an additional 1,000 Train, Yard and Engine (TY&E) employees in 2022. Despite facing the same attrition and hiring obstacles



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that nearly all U.S. corporations are experiencing at the moment, we are on pace to meet that hiring plan this year. We currently have approximately 300 TY&E employees in training, with additional classes scheduled to start throughout the year. Systemwide, we now have approximately 450 TY&E employees on furlough, down from approximately 3,000 furloughs at the beginning of last year. Additionally, we have recalled all furloughed TY&E employees in the key grain destination regions of the Pacific Northwest and California and are offering large monetary incentives to TY&E employees to transfer to our highest-demand areas. Our efforts are reflected in our TY&E employee headcount, which was up 3.6% year-over-year in February despite a 2% year-over-year decrease in volume over the same time period.

Finally, we implemented a new attendance policy in February, and while change can sometimes be difficult across large organizations, it has led to a substantial increase in crew availability across our network to help keep customer freight moving. BNSF will continue to monitor implementation of this new attendance program to ensure it fairly addresses railroad operational needs while also providing better visibility and predictability for employees through a reduction in unscheduled and disruptive layoffs.

- **Locomotive Availability**

Our plan also includes measures to scale up our equipment resources to ensure adequate power is available to handle the volume seeking to move on our railroad. We have activated locomotives from our reserve to supplement our active fleet to support consist design and resiliency and ensure safe operations in winter weather conditions. We have added over 250 locomotives to the active fleet over the winter and plan to add an additional 100 units to the active fleet in the weeks ahead. Additionally, we have increased resources at our locomotive shops to improve cycle times for maintenance and repair and get these units back online faster. These actions will help ensure we have additional locomotives above our projected threshold need in position to keep trains moving and reduce our total cars online.

- **Car Inventory**

Managing the active car inventory is the single most impactful lever we possess to improve network fluidity and restore service consistency at critical terminals all our customers rely on. As a result, in order to improve overall service and volumes, we are working with our customers to better manage the active car inventory on the network to reduce levels by approximately 2%. While this measure may cause short-term capacity adjustments for some shippers, the long-term benefit of quicker network recovery and improved fluidity and velocity will be felt across the network. We are working with individual shippers to identify unproductive railcars and implement pipeline management best practices to help in this effort.



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Undertaking these measures to address temporary service issues is a reflection of our long-time commitment to growth, including with our agriculture customers. Together, we set all-time volume records for agricultural shipments in 2021. We accomplished this by increasing and pre-positioning resources to be able to handle the biggest shuttle ramp up in our history for Fall harvest season. BNSF had locomotives inspected and moved out of storage to strategic field locations, undertook proactive maintenance and winterization of our covered hoppers, and deployed extra crews to ensure a smooth start to new crop. That proactive approach carries us into this year – BNSF is currently running the largest system grain fleet and the largest system fertilizer fleet ever for this Spring peak period. We are committed to taking the steps to meet agricultural demand and drive growth with our customers.

However, restoring our network and meeting our customers' service expectations will not be an overnight process, as the measures outlined in our plan will take time both to implement and for their benefits to be realized. Promisingly, the following key service metrics have already improved since we began to operationalize our plan at the beginning of this month:

- Average train speed has improved 2.5% over the course of March, and the seven-day period ending March 24 was the fastest week to date in 2022 on our network, reflecting improvements in our network fluidity.
- Our average number of trains holding for power is down from the beginning of March, reflecting the gains in locomotive availability we've realized from bringing reserve units online and increasing shop output.
- Weekly loadings, the measurement of the total number of units originated and received on our network, have increased by approximately 0.5% since the beginning of March. Improvements in this measure reflect our ability to better meet our customers' demand.

With specific regard to our grain network, our efforts are already showing positive results. Over the first quarter of 2022, BNSF delivered an additional 24 unit trains, or 2,642 cars, of agricultural products to receivers in California compared to the same period in 2021. While we are not yet performing how we want to be across our full grain network, results like this demonstrate our commitment to putting the people, equipment, and resources in place to bring our service product back to our customers' expectations.

Of course, it is not enough to simply have a plan and be working toward it. As your letter underscores, our customers need timely and accurate information about their rail service in order to make well-informed business decisions. We have always shared the belief and value of being



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transparent with our customers. BNSF already provides bi-weekly network updates tailored to each commodity group that includes information on the state of the network, and we have (as I mentioned earlier) increased these updates to a weekly cadence going forward. Additionally, we communicate in real time with customers concerning emergent issues on our network via e-mail, providing specific information on the issue, the affected regions and facilities, and plans and expectations for resolution. All of our recurring updates are available to agricultural customers on a dedicated page on the BNSF website, and our customers can subscribe to e-mail updates through our Customer Portal.

In addition to these network updates, our customers have access to more specific information about their shipments and service through our extensive suite of online tools available via our Customer Portal. We know many NGFA members are sophisticated users of these tools to create highly specialized reports on their shipments and better plan their business operations. Based on feedback from NGFA members and other customers, we have added several tools to provide additional transparency into our customers' supply chains, which include the following:

- The **Track my Train** feature, which provides customers one-click tracking of the trains in which their shipments are traveling, up to 2,000 shipments, without looking up a car or unit number.
- **Geofence Notifications**, which provide customers with notifications on transit – including detailed lists of car numbers for delivery and/or pick up – as their shipments pass into customer-defined geographic boundaries.
- **Local Service Notifications**. When our Industry Planning tool establishes the local service plan for each day, Local Service Notifications are automatically generated within an hour of the local train crew's on-duty time and are available to all customers who sign up through our Customer Portal.
- Our **Railcar Management Tool** simplifies our customers' management of their railcar inventories by allowing them to view and manage all cars at or inbound to their facilities in one customizable view. This tool also allows customers to see real-time status updates of cars being released as they are processed by our internal systems.
- Our **Message Us** function provides a collaborative interface to customers to escalate issues with BNSF and see a current and historical record of the requests they've made as well as the current status of those requests online. This function is now available for carload shipments and will soon be available for unit train shipments.



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These tools are part of our commitment to understand our customers' needs and provide them the visibility and tools needed to plan their operations and respond to developing circumstances.

We also understand that transparency is even more important when we are not delivering the levels of service our customers expect from us. Our senior leadership is directly engaged with customers, including NGFA members, on the current service environment. In addition to Angela Caddell, BNSF's Group Vice President of Agricultural Products, discussing these issues with you and Max Fischer, NGFA's Director of Economics and Government Relations, on March 29, Angela, Steve Bobb, and Matt Garland, Vice President of Transportation, also recently participated in a TEGMA-hosted call that included agricultural shippers to hear their concerns and discuss our plans to restore service. Senior leaders of our Marketing and Operations teams look forward to providing updates on these measures at the BNSF Agricultural Products Summit next month. These touchpoints serve as an executive-level reinforcement of the conversations our Sales and Marketing teams, including our Ag Ombudsmen and 24-hour Customer Support teams, have with our customers every day. At all levels of our organization, the BNSF team is focused not only on addressing our service challenges but also ensuring our customers have the information they need about our part in their supply chains.

In closing, allow me to reiterate that we are acutely aware of the effects our service challenges have had on your members. BNSF is committed to working non-stop until our network is fully restored and we are providing service that helps your members – and all of our customers – grow and thrive. I hope that you find this information helpful. Please do not hesitate to contact me if you wish to further discuss your members' concerns.

Sincerely,

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

Katie Farmer
President and Chief Executive Officer

cc: Hon. Martin Oberman, Chairman, Surface Transportation Board
Hon. Robert Primus, Vice Chairman, Surface Transportation Board
Hon. Patrick Fuchs, Surface Transportation Board
Hon. Michelle Schultz, Surface Transportation Board
Hon. Karen Hedlund, Surface Transportation Board