Dennis Pierce
General Chairman
BNSF(CB&Q/GN/NP/SP&S)-MRL

Austin Morrison
General Chairman
BNSF (C&S/CRI&P/FWD)

Pat Williams
General Chairman
BNSF (ATSF)-PHL

Rick Gibbons
General Chairman
BNSF (SLSF)-MNA

Brotherhood of Locomotive Engineers and Trainmen

IBT Rail Conference

Mr. John Fleps
Vice President Labor Relations
The BNSF Railway Company
Post Office Box 961030
Fort Worth, Texas 76161-0030

January 31, 2008
Re: 2007 Profit Sharing Payout

Dear Mr. Fleps:

This is in reference to our recent conversations concerning BNSF Vice President Ice's letter of January 29, 2008 wherein he outlined the 2007 Profit Sharing payment to be received by Locomotive Engineers working under BLET Agreements. (Attached) In his letter, Vice President Ice also lists several reasons why the 2007 payout was as best we can describe, abysmal.

As you know, Mr. Ice's letter was issued on the same day that BNSF posted a press release from CEO Rose touting record earnings and record profits for 2007, that release is also attached. The contradictions between the two attached documents are evident to us and to every locomotive engineer that we represent. Our Agreement wherein Locomotive Engineers agreed to trade fixed General Wage Increases for uncertain Profit Sharing is titled just that, "Profit Sharing". It is apparent that BNSF enjoyed record profits in 2007, the only thing absent in Mr. Ice's letter is the "sharing".

As we understand it, this lack of sharing is not due to something understandable like BNSF having an unprofitable year. Rather, it is due to BNSF setting unrealistic if not impossible goals for 2007 that could have never been met. While members of the management team have called the 2007 goals "aggressive", they are ignoring the fact that they were all but impossible to achieve. There is a vast difference between aggressive and impossible, the latter obviously an insult to all employees of this company who labor under the incentive based Profit Sharing formula.

While we have not been given sufficient data to prove or disprove it, it is fairly obvious by Mr. Rose's "rosey" portrayal of BNSF's 2007 earnings that had the 2006 goals still been in place, our members would have enjoyed a profit sharing payout for 2007 at least commensurate with the profits of the company. Instead, BNSF came no where near meeting the 2007 goals and the profit sharing dropped dramatically even though earnings records set in 2006 were broken in 2007. These same goals were apparently set in "Wizard of Oz" fashion. Labor was given no say in the setting of the goals, nor were the goals ever passed to us prior to now from behind the closed curtain where they were created.

As you know, BLET is now required to vote the membership on BNSF as to whether or not they wish to continue the additional 2007 trade of GWI for Profit Sharing. That trade involved the trade of an additional 2% General Wage Increase for an additional maximum possible payout of 4%. Before this "snapback" ballot is sent to the BLET Division we request that the following actions be taken by BNSF.

Based solely on the failure of BNSF to set realistic and achievable goals for 2007, we request that BNSF increase the percentage of maximum payout for 2007 Profit Sharing from 38% to 50%. Such a gesture on the part of BNSF would insure that no locomotive engineer lost money on the trade for profit sharing in a year where record profits were recorded. While the agreement language does not obligate BNSF to accommodate our request, we must remind you of our shared intentions when we negotiated the first BNSF/BLET profit sharing agreement in 2003. Our mutual goal was to give BNSF's Locomotive Engineers a vested interest in the profitability of the company as that interest could only benefit the employer and the employee over time. While maximum payouts have never been guaranteed, the fact that they were achievable for 2004, 2005 and 2006 started the change in employee perception that both parties had hoped to achieve. What was declared impossible by those opposed to profit sharing was indeed possible and BNSF's Locomotive Engineers shared in the benefits of working **with** BNSF instead of working **for** BNSF. Telling those same employees now that they lost money on their GWI for Profit Sharing trade in the year 2007, while record profits were realized, sets the parties back years in trust and credibility. It is all but demoralizing to all engineers who bought onto the concept of BNSF "sharing" profits with its employees. A study of Mr. Rose's press release, which drove the Company stock to even higher levels, makes it obvious to us that BNSF can afford this request.

We would further request that BLET be allowed to participate in the setting of the 2008 ICP goals as well the setting of the ICP for all future payout years. It is apparent that our Profit Sharing Agreement is of little if any value if BNSF continues to set goals that are unrealistic and impossible to achieve. We understand that the intent behind higher goals is to motivate continual improvement, but when the carrot is continually dangled beyond arms reach, it does not create motivation, rather it is demoralizing. It convinces all employees, scheduled and management, that their actions are of NO consequence when it comes time to split up the profits of the company. That outcome is in direct conflict with the commitments that BNSF made to BLET when we entered into our 2003 and 2007 Profit Sharing Agreements. If we are to ever return to any form of credibility in the Profit Sharing process, then this request must be honored.

As you know, our 2003 BLET/BNSF On Property Agreement was a turning point in the relationship been BNSF and its Locomotive Engineers. The four undersigned General Chairmen and their respective memberships entered into new and progressive agreements, when others scoffed at those agreements and refused to consider them. BLET continued that pattern of behavior in 2007 with even more innovative agreements intended to move BNSF and its Locomotive Engineers together into the future. We are not sure that you, or the other Officers of the BNSF Senior Management Team, realize the damage that has been done to BNSF's credibility in its handling of the 2007 goals. That damage, if left unchecked, will clearly affect our collective ability to continue in our efforts to come to what were previously viewed as success stories for both parties.

For these reasons, and, absent your concurrence to our above noted requests, we are left with no choice but to advise our collective membership to exercise their "Opt Out" prerogative in regards to our 2007 GWI for Profit Sharing trade. As we have told you, this decision was not reached lightly, nor does sharing it with you bring us any personal pleasure. However, to do otherwise with BLET having no way to insure that BNSF's locomotive engineers are treated fairly and that realistic profit sharing goals are set by BNSF can only result in our membership throwing good money after bad.

We await your reply, we are willing to meet and discuss this matter at your soonest convenience.

Sincerely,

BLET General Chairman

BLET General Chairman

D. R. Pierce

BLET General Chairman

R. C. Gibbons

BLET General Chairman

cc: All Local Chairmen
Don Hahs, National President, BLET
Steve Speagle, Assigned National VP, BLET
Matt Rose
Carl Ice

BNSF RAILWAY

Carl R. Ice
Executive Vice President and
Chief Operations Officer

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January 31, 2008

RE: 2007 System Profit Sharing

To all employees eligible for profit sharing payments:

Thank you for your hard work this past year. Your dedication and focus helped Team BNSF overcome many challenges in 2007. Unfortunately, I am disappointed to report that our profit sharing award for 2007 is lower than the maximum we've seen the last three years. For 2007, your profit sharing payout will be 38 percent of your maximum profit sharing payout potential, based on Team BNSF's performance toward our mutual goals of safety, velocity, and earnings per share. To recognize your hard work in 2007, the 38 percent payout on profit sharing is actually higher than it would have been based simply on the numbers.

Several factors contributed to the reduced award this year, most importantly, beginning with our safety performance. Four of our colleagues were fatally injured in 2007, a sobering reminder that we have much more work to do in safety. We also fell significantly short of our safety goals in 2007. For 2008, we will continue our company-wide safety initiatives, but ultimately each of us must take ownership of our vision to achieve an accident- and injury-free workplace.

We also fell short of our goals for earnings per share. Improved pricing helped us offset a decrease in unit volumes, and we reported revenue records in some areas of our business. However, we were short of our plan. Despite strong grain volumes, we were affected by the soft economy and saw reduced demand for consumer goods and building products. The year brought other challenges that increased our costs, including soaring fuel prices and record flooding on parts of our network. The bottom line is that, due to a variety of factors, we fell short of our goals for earnings per share.

Our strongest performance for 2007 came in velocity. Thanks to much hard work and focus, we improved our performance on all six of our velocity measures compared with 2006 and achieved several of our velocity goals. Most of the profit sharing results we saw for 2007 came from our velocity improvements, and we should all be proud of this achievement.

For 2008, we are conservative in our expectations of the economy, but we are optimistic about the long term. We have set reasonable goals for volume growth and earnings per share, and we will continue to invest significant amounts in maintaining and expanding our network. Over the long term, we believe the demand for rail will grow significantly, and we are positioning ourselves to take advantage of that growth.

We can all have an impact in 2008 and can help achieve a successful year and a strong profit sharing contribution in several ways. First, as always, we must improve our safety performance. Second, we must be guided by our corporate vision of providing service that meets customer expectations. The best way to attract more business is to provide quality service. Finally, we can improve our service and efficiency by advancing our velocity and fuel savings initiatives and by meeting our plans for service excellence.

You can find more information about our 2007 profit sharing goals and performance on the Labor Relations Web site at employee.bnsf.com – My BNSF – Labor Relations. Thank you for your vital contribution to the success of BNSF. You truly make a difference, and working together we can achieve even better results in 2008.

Sincerely,

Carl

Carl R. Ice

News Release

Burlington Northern Santa Fe Reports All-Time Record Fourth Quarter EPS

FORT WORTH, Texas, January 29, 2008:

- Quarterly earnings were $1.46 per diluted share, compared with fourth-quarter 2006 earnings of $1.42 per diluted share.
- Freight revenues increased $352 million, or 9 percent, to $4.12 billion compared with $3.77 billion in the fourth quarter of 2006, principally due to strong yields and an increase in fuel surcharges of approximately $120 million.
- Operating income was $950 million, compared to $943 million in the fourth quarter of 2006. Operating income reflects a $257 million increase in fuel expense, principally resulting from higher fuel prices.
- Full-year 2007 earnings per diluted share were $5.10. This compared to earnings per diluted share of $5.11 for 2006.
- For 2007, BNSF exceeded $1 billion in free cash flow before dividends and achieved $738 million in free cash flow after dividends.

Burlington Northern Santa Fe Corporation (BNSF) (NYSE: BNI) today reported quarterly earnings of $1.46 per diluted share, compared with fourth-quarter 2006 earnings of $1.42 per share.

"For the fifth consecutive year, BNSF achieved all-time record annual revenues and was able to generate record cash flows despite a soft economy. In the fourth quarter, the Company was able to demonstrate earnings per share growth despite significant fuel headwind and continued softness in the Industrial Products and Consumer Products businesses. Looking forward, we continue to be optimistic about the long-term prospects for BNSF," said Matthew K. Rose, BNSF Chairman, President and Chief Executive Officer.

Fourth-quarter 2007 freight revenues increased $352 million, or 9 percent, to an all-time quarterly record of $4.12 billion compared with $3.77 billion in the prior year. The 9-percent increase in revenue is primarily attributable to record quarterly revenues and volumes for both the Agricultural Products and Coal business groups and an increase in fuel surcharges of approximately $120 million driven by rising fuel prices.

Agricultural Products revenues were up $158 million, or 24 percent, to an all-time quarterly record of $804 million for the fourth quarter of 2007. This increase was primarily due to a 14-percent unit volume increase, predominately from wheat, ethanol, soybeans and fertilizer. Coal revenues rose by $119 million, or 15 percent, to $894 million, as a result of increased tons per unit and improved yields. Industrial Products revenues increased by $41 million, or 5 percent, to $926 million on 2-percent higher unit volumes. Strong demand for construction and petroleum products was offset by a decline in building products as a result of weakness in the housing market. Consumer Products revenues of $1.50 billion were $34 million, or 2 percent higher than the fourth quarter of 2006, principally due to stronger yields.

Operating expenses for the fourth quarter of 2007 were $3.30 billion compared with fourth-quarter 2006 operating expenses of $2.94 billion. The $356 million increase in operating expenses was largely driven by a $257 million increase in fuel expense primarily reflecting increased prices and a reduced hedge benefit.

For the full year of 2007, operating revenues reached a record $15.8 billion, a 5-percent increase over 2006, which included revenue increases in each of the Company's four business groups, with record revenues in the Agricultural Products and Coal business groups. Despite a $310 million reduction in fuel hedge benefit, 2007 operating income of $3.49 billion decreased slightly compared with the prior year.

Burlington Northern Santa Fe Corporation's subsidiary BNSF Railway Company operates one of the largest North American rail networks, with about 32,000 route miles in 28 states and two Canadian provinces. BNSF Railway Company is among the world's top transporters of intermodal traffic, moves more grain than any other American railroad, carries the components of many of the products we depend on daily, and hauls enough low-sulfur coal to generate about ten percent of the electricity produced in the United States. BNSF Railway Company is an industry leader in Web-enabling a variety of customer transactions at www.bnsf.com.

BNSF's free cash flow, as discussed above, is a non-GAAP measure and should be considered in addition to, but not as a substitute or preferable to, other information prepared in accordance with GAAP. However, the information is included herein as management believes that free cash flow provides meaningful information about BNSF's ability to generate cash flows from the operation of its business. Below is the calculation of free cash flow for 2007.

Free Cash Flow Calculation (in millions)	**2007**
Net cash provided by operating activities	$3,492
Net cash used for investing activities	(2,374)
Free Cash Flow before Dividends	1,118
Dividends paid	(380)
Free Cash Flow after Dividends	$738

Click here for the Financial Information