

September 2016

## **Changes to Your 401(k) Plan's Investment Lineup**

The BNSF Employee Benefits Committee (the "Committee") conducts regular, thorough reviews of the funds offered in the BNSF Railway Company Non-Salaried Employees 401(k) Retirement Plan and the BNSF Investment and Retirement Plan, and is continually working to provide a well-diversified selection of investments at a reasonable cost. That's why, after extensive research and careful consideration, a new small-cap fund will be added, replacing an existing small-cap fund.

The following changes will take place:

- On or about Oct. 3, 2016:
  - Royce Pennsylvania Mutual Fund Institutional Class ("Royce Fund") will be closed to new contributions.
  - DFA US Small Cap Portfolio ("DFA Fund") will be added to accept any transferring balance from the Royce Fund, as well as exchanges from other funds.
  - Any payroll contributions designated to the Royce Fund will be redirected to the DFA Fund.
- On or about Oct. 11, 2016, the Royce Fund will be removed from the fund lineup as an investment option.

### **About Your New Fund**

The DFA Fund is a small-cap, domestic stock fund that seeks long-term capital appreciation.

### **Account Activity Prior to Oct. 3**

While no action is required on your part, you may engage in normal plan activity prior to Oct. 3, including the exchange of money into or out of any of the fund options.

### **If You Have a Balance in the Royce Fund on Oct. 3**

Because of contractual obligations between BNSF and the Royce Fund, your balance will be transitioned from the Royce Fund on two separate dates as outlined below.

- On or about Oct. 3, 2016, a portion of your balance will move to the DFA Fund and a portion will move to a transitional account temporarily.
- On or after Oct. 11, 2016, your remaining Royce Fund balance will move to the transitional account.
- Your balance in the transitional account will eventually move to the DFA Fund.
- Finally, you will receive an email or letter, via your established Vanguard mailing preference, notifying you when the transfer of all your funds from the transition account to the DFA Fund is complete.

**Note:** The transitional account is necessary to facilitate the transfer from the Royce Fund to the DFA Fund. While in the transitional account, your balance will be invested in small-cap stocks.

Enclosed, you will find a document titled "How your money will move," which contains performance history and additional details. You also will receive, or may have already received, a separate notice about the fund change regarding fee changes as required by the Department of Labor.

## How your money will move

BNSF Railway Company Non-Salaried Employees 401(k) Retirement Plan (092106)  
BNSF Investment and Retirement Plan (091565)

Effective after 3 p.m., Central time, on October 3, 2016, any contributions for the fund mentioned below will be redirected as shown in the following table. Any balances in the fund mentioned below will move over a period of time. Throughout this transition, you may continue normal account transactions, including transferring your money into or out of any of the funds in your plan's lineup (except new contributions to Royce Pennsylvania Mutual Fund Institutional Class). Please see the enclosed letter for details about when your balances will move.

If you have any questions about this notice, contact Vanguard at **800-523-1188**. After the transition, you can transfer money to other funds and redirect your contributions by contacting Vanguard.

For more information about any "To" fund, including investment objectives, risks, charges, and expenses, call Vanguard at 800-523-1188 to obtain a prospectus. The prospectus contains this and other important information about the fund. Read and consider the prospectus information carefully before you invest. You can also download Vanguard® fund prospectuses at [vanguard.com](http://vanguard.com).

The performance data in the tables below, which we obtained from Morningstar, Inc., are as of June 30, 2016. A dash (—) appears when the information could not be obtained, does not exist, or does not apply. "Since inception" performance is not listed for funds more than ten years old.

					Performance				
Fund name		Fund type	Ticker symbol	Expense ratio* as a % (per \$1,000)	1-Year	5-Year	10-Year	Since inception	Inception date
From	Royce Pennsylvania Mutual Fund (I)	Domestic Equity	RPMIX	0.82% (\$8.20)	-4.65%	5.69%	—	6.11%	06/03/2011
To	DFA U.S. Small Cap Portfolio (I)	Domestic Equity	DFSTX	0.37% (\$3.70)	-4.05%	9.71%	7.44%	—	03/19/1992
	"To" Benchmark: Russell 2000 Index	—	—	—	-6.73%	8.35%	6.20%	—	—

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance). Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance data for periods of less than one year do not reflect the deduction of redemption fees that may apply. All other performance data are adjusted for redemption fees, where applicable.

### A note about risk

Target-date investments are subject to the risks of their underlying funds. The year in the investment's name refers to the approximate year (the target date) when an investor would retire and leave the workforce. The fund or trust will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. A target-date investment is not guaranteed at any time, including on or after the target date. Investments in LifeStrategy Funds are subject to the risks of their underlying funds.

All investing is subject to risk, including the possible loss of the money you invest. While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates. While the market values of government securities are not guaranteed and may fluctuate, these securities are guaranteed as to the timely payment of principal and interest. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, and management risk. A fund investing in a derivative instrument could lose more than the principal amount invested. Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Stocks of companies based in emerging markets are subject to national and regional political and economic risks and to the risk of currency fluctuations. These risks are especially high in emerging markets. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. Funds that concentrate on a relatively narrow market sector face the risk of higher share-price volatility.

*Investments in money market funds are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in such funds. A stable value investment is neither insured nor guaranteed by the U.S. government. There is no assurance that the investment will be able to maintain a stable net asset value, and it is possible to lose money in such an investment.*

Collective trusts (including Vanguard Retirement Savings Trust and Vanguard Target Retirement Trusts), separately managed accounts (SMAs), and stable value investments are not mutual funds. They are available only to tax-qualified plans and their eligible participants. The mandates for Vanguard collective trusts are managed by Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc. Investment objectives, risks, charges, expenses, and other important information should be considered carefully before investing.

The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

\*The cost of running the fund, expressed as a percentage of the fund's assets, as of the most recent prospectus. For Vanguard Target Retirement Funds, Vanguard LifeStrategy Funds and Vanguard STAR Fund, this figure is an average weighted expense ratio, based on expenses incurred by the Vanguard funds that make up each fund. For any fund in existence for less than one year, the expense ratio is the projected cost of running the fund. This data is as of June 30, 2016. Source: Morningstar, Inc.

†Money market yields more closely reflect the current earnings of a money market fund than the average annual total returns of such a fund.

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