

# BNSF's Fourth Quarter 2023 Financial Performance: Volumes, Revenues and Expenses

Statement of Income (in millions)	Q4 - 2023	Q4 - 2022	Q/Q % Change	2023 YTD	2022 YTD	Y/Y % Change
<b>Total revenues</b>	\$ 6,182	\$ 6,587	(6)%	\$ 23,876	\$ 25,888	(8)%
<b>Operating expenses</b>	4,255	4,515	(6)%	16,477	17,288	(5)%
<b>Operating income</b>	1,927	2,072	(7)%	7,399	8,600	(14)%
<b>Income tax expense and other</b>	572	603	(5)%	2,312	2,654	(13)%
<b>Net income</b>	\$ 1,355	\$ 1,469	(8)%	\$ 5,087	\$ 5,946	(14)%
<b>Operating ratio (a)</b>	68.7 %	67.8 %		68.4 %	65.9 %	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-K and 10-Q for the periods ended December 31, 2023 and September 30, 2023, respectively. Fourth-quarter amounts are calculated as the difference between YTD December and YTD September amounts.

(a) Operating ratio excludes impacts of BNSF Logistics.

## Volumes and Revenues

Operating income for the fourth quarter and full year 2023 was \$1.9 billion and \$7.4 billion, respectively, a decrease of \$145 million (7%) and \$1.2 billion (14%) compared to the same periods in 2022. Operating ratios were 68.7% and 68.4% for the fourth quarter and full year 2023, respectively, increases of 0.9% and 2.5% compared to the same periods in 2022.

Total revenues for the fourth quarter and full year 2023 decreased 6% and 8%, respectively, compared with the same periods in 2022. The full year decrease was primarily due to a 6% decrease in unit volumes and a 1% decrease in average revenue per car / unit. The fourth quarter decrease was primarily due to a 7% decrease in average revenue per car / unit, partially offset by a 4% increase in unit volumes. The decreases in average revenue per car / unit for both the fourth quarter and full year 2023 were primarily attributable to lower fuel surcharge revenue, partially offset by favorable price and mix. Revenue changes also resulted from the following:

- Consumer Products volumes increased 7% and decreased 8% for the fourth quarter and full year 2023, respectively, compared with the same periods in 2022. The full year decrease was primarily due to lower west coast imports, the loss of an intermodal customer, and competition from lower spot rates in the trucking market which has impacted domestic intermodal demand, partially offset by an increase in automotive volume from higher vehicle production. The fourth quarter increase was primarily due to improved international and domestic intermodal volumes from increasing west coast imports.
- Industrial Products volumes increased 3% and decreased 1% for the fourth quarter and full year 2023, respectively, compared with the same periods in 2022. The full year decrease was primarily due to lower demand for chemicals and plastics, minerals, paper, and lumber, partially offset by increased shipments of steel and aggregates from infrastructure demand. The fourth quarter increase was primarily due to increased demand for chemicals and plastics as well as petroleum, partially offset by lower shipments of manufactured products.
- Agricultural Products volumes increased 1% and decreased 3% for the fourth quarter and full year 2023, respectively, compared with the same periods in 2022. The full year decrease was primarily due to lower grain exports, partially offset by higher volumes of domestic grain shipments. The fourth quarter increase was primarily due to increased demand and exports for ethanol and exports of non-soybean related grains, partially

offset by lower volumes of domestic grains and soybean exports from reduced international demand. Both periods included increases in feedstocks and renewable diesel.

- Coal volumes decreased 2% and 4% for the fourth quarter and the full year 2023, respectively, compared with the same periods in 2022. The volume decreases were primarily due to moderating demand as a result of lower natural gas prices.

Listed below are details by business units - including revenues, volumes and average revenue per car/unit.

Business Unit	Q4 - 2023	Q4 - 2022	Q/Q % Change	2023 YTD	2022 YTD	Y/Y % Change
<b>Revenues (in millions)</b>						
Consumer Products	\$ 2,135	\$ 2,283	(6)%	\$ 7,879	\$ 9,234	(15)%
Industrial Products	1,405	1,364	3 %	5,690	5,587	2 %
Agricultural Products	1,595	1,662	(4)%	5,583	5,743	(3)%
Coal	898	938	(4)%	3,795	3,927	(3)%
<b>Total Freight Revenues</b>	<b>\$ 6,033</b>	<b>\$ 6,247</b>	<b>(3)%</b>	<b>\$ 22,947</b>	<b>\$ 24,491</b>	<b>(6)%</b>
Other Revenues	149	340	(56)%	929	1,397	(34)%
<b>Total Operating Revenues</b>	<b>\$ 6,182</b>	<b>\$ 6,587</b>	<b>(6)%</b>	<b>\$ 23,876</b>	<b>\$ 25,888</b>	<b>(8)%</b>
<b>Volumes (in thousands)</b>						
Consumer Products	1,306	1,225	7 %	4,765	5,202	(8)%
Industrial Products	393	381	3 %	1,605	1,618	(1)%
Agricultural Products	319	316	1 %	1,165	1,200	(3)%
Coal	363	371	(2)%	1,468	1,529	(4)%
<b>Total Volumes</b>	<b>2,381</b>	<b>2,293</b>	<b>4 %</b>	<b>9,003</b>	<b>9,549</b>	<b>(6)%</b>
<b>Average Revenue per Car/Unit</b>						
Consumer Products	\$ 1,635	\$ 1,864	(12)%	\$ 1,654	\$ 1,775	(7)%
Industrial Products	3,575	3,580	— %	3,545	3,453	3 %
Agricultural Products	5,000	5,259	(5)%	4,792	4,786	— %
Coal	2,474	2,528	(2)%	2,585	2,568	1 %
<b>Total Freight Revenues per Car/Unit</b>	<b>\$ 2,534</b>	<b>\$ 2,724</b>	<b>(7)%</b>	<b>\$ 2,549</b>	<b>\$ 2,565</b>	<b>(1)%</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-K and 10-Q for the periods ended December 31, 2023 and September 30, 2023. Fourth-quarter revenues and volumes are calculated as the difference between YTD December and YTD September amounts.

## Expenses

Operating expenses for the fourth quarter and full year 2023 decreased 6% and 5%, respectively, compared with the same periods in 2022. A significant portion of the decline is due to the following factors:

- Fuel expense decreased 13% and 20% in the fourth quarter and full year 2023, respectively, compared with the same periods in 2022. The decreases were primarily due to lower average fuel prices, lower volumes, and improved efficiency. Locomotive fuel price per gallon decreased 13% and 16% in the fourth quarter and full year 2023, respectively, compared to the same periods in 2022.
- Compensation and benefits expense increased 5% and 4% in the fourth quarter and full year 2023, respectively, compared to the same periods in 2022. The increases were primarily due to increased headcount, wage inflation, and the inclusion of the Montana Rail Link's (MRL) employee costs effective April 7, 2023.

- Purchased services expense decreased 19% and 11% in the fourth quarter and full year 2023, respectively, compared with the same periods in 2022. The decreases were primarily due to lower purchased transportation driven by the sale of brokerage operations of BNSF Logistics, LLC, lower purchased services expense from MRL effective April 7, 2023, and a reduction in drayage costs, partially offset by general inflation.
- Materials and other expense decreased 18% and increased 6% in the fourth quarter and full year 2023, respectively, compared to the same periods in 2022. The fourth quarter decrease was primarily due to lower litigation costs, partially offset by higher casualties and general inflation. Changes were not significant for the full year 2023 compared to the same period in 2022.
- There were no significant changes in depreciation and amortization or equipment rents.

Other (income) expense, net decreased in 2023 compared to 2022 due to favorable interest income driven by higher rates. Changes were not significant for the fourth quarter 2023. There were no significant changes in interest expense.

Operating Expenses (in millions)	Q4 - 2023	Q4 - 2022	Q/Q % Change	2023 YTD	2022 YTD	YY % Change
Compensation and benefits	\$ 1,422	\$ 1,353	5 %	\$ 5,551	\$ 5,321	4 %
Fuel	\$ 1,024	\$ 1,172	(13)%	\$ 3,684	\$ 4,581	(20)%
Purchased services	\$ 560	\$ 689	(19)%	\$ 2,396	\$ 2,697	(11)%
Depreciation and amortization	\$ 668	\$ 645	4 %	\$ 2,625	\$ 2,528	4 %
Equipment rents	\$ 188	\$ 176	7 %	\$ 699	\$ 720	(3)%
Materials and other	\$ 393	\$ 480	(18)%	\$ 1,522	\$ 1,441	6 %
<b>Total Operating Expenses</b>	<b>\$ 4,255</b>	<b>\$ 4,515</b>	<b>(6)%</b>	<b>\$ 16,477</b>	<b>\$ 17,288</b>	<b>(5)%</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-K and 10-Q for the periods ended December 31, 2023 and September 30, 2023, respectively. Fourth-quarter amounts are calculated as the difference between YTD December and YTD September amounts.

### Capital Activities

BNSF's 2023 capital program was \$3.92 billion, which included activities that supported our efficiency and long-term growth objectives while ensuring we maintained a safe and reliable railroad.

The 2024 planned capital program is \$3.92 billion. The largest component of the 2024 capital program, \$2.88 billion, is devoted to maintaining BNSF's core network and related assets. Investing in BNSF's existing infrastructure ensures the railroad is in top condition, which results in less unscheduled service outages that can slow down the rail network and reduce capacity. Maintenance projects include replacing and upgrading rail, track infrastructure like ballast and rail ties, and maintaining its rolling stock. It will consist of nearly 13,000 miles of track surfacing and/or undercutting work and the replacement of 365 miles of rail and approximately 2.8 million rail ties.

\$597 million of the 2024 capital program will be for expansion and efficiency projects. The expansion plans support the growth of all BNSF's customers across the network. On BNSF's Southern Transcon route between the West Coast and the Midwest, BNSF will support traffic growth by completing two multi-year projects that will increase capacity throughout the corridor. These include the addition of several segments of new track in Eastern Kansas and terminal and fueling improvements near Belen, New Mexico. In Illinois, BNSF will continue multi-year intermodal facility expansion projects in Chicago (Cicero). In California, BNSF will continue property acquisitions and development activities for the planned Barstow International Gateway project and complete a multi-year track efficiency improvement project in San Bernardino.

\$441 million of the 2024 capital program is for locomotives, freight cars, and other equipment acquisitions.