

## BNSF's Third Quarter 2021 Financial Performance: Volumes, Revenues and Expenses

Statement of Income (in millions)	Q3 - 2021	Q3 - 2020	Q/Q % Change	2021 YTD	2020 YTD	Y/Y % Change
Total revenues	\$ 5,790	\$ 5,176	12 %	\$ 17,000	\$ 15,195	12 %
Operating expenses	3,528	3,165	11 %	10,631	9,631	10 %
Operating income	2,262	2,011	12 %	6,369	5,564	14 %
Other (income) expense, Interest expense and Income tax expense	724	664	9 %	2,064	1,896	9 %
Net income	\$ 1,538	\$ 1,347	14 %	\$ 4,305	\$ 3,668	17 %
Operating ratio (a)	59.5 %	59.7 %		61.2 %	62.1 %	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-Q for the period ended September 30, 2021.

(a) Operating ratio excludes impacts of BNSF Logistics.

### Volumes and Revenues

Operating income for the third quarter and first nine months of 2021 was \$2.3 billion and \$6.4 billion, respectively, increases of \$251 million (12%) and \$805 million (14%) compared to the same periods in 2020. Operating ratios were 59.5% and 61.2% for the third quarter and first nine months, respectively, improvements of 0.2% and 0.9% compared to the same periods in 2020.

Total revenues for the third quarter and first nine months of 2021 increased 12% in each period compared with the same periods in 2020, reflecting higher volumes of 4% in the third quarter and 11% in the first nine months. The average revenue per car/unit increased 5% for the third quarter and was essentially unchanged for the first nine months of 2021 when compared to the corresponding periods in 2020. Higher rates per car/unit and increased fuel surcharges principally from higher fuel prices were offset by business mix changes. Revenue changes were driven by continued improvements from the 2020 effects of the COVID-19 pandemic, partially offset by the ongoing disruptions in the global supply chain, as well as the following:

- Consumer Products volumes increased 3% and 14%, respectively, for the third quarter and first nine months of 2021 compared with the same periods in 2020 primarily due to growth in intermodal in both international and domestic shipments driven by increased retail sales, inventory replenishments by retailers and increased e-commerce activity, as well as from growth in automotive shipments.
- Agricultural Products volumes decreased 10% and increased 5%, respectively, for the third quarter and first nine months of 2021 compared with the same periods in 2020. Volumes decreased in the third quarter of 2021 due to lower grain exports and increased in the first nine months of 2021 primarily due to higher grain shipments, as well as higher volumes of ethanol and related commodities.
- Industrial Products volumes increased 14% and 5%, respectively, for the third quarter and first nine months of 2021 compared with the same periods in 2020 primarily due to improvement in the U.S. industrial economy driving higher volumes in the construction and building sectors, partially offset by lower petroleum volumes due to unfavorable market conditions in the energy sector.
- Coal volumes increased 12% and 9%, respectively, for the third quarter and first nine months of 2021 compared with the same periods in 2020 primarily due to increased electricity generation, higher natural gas prices and improved export demand.

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

Business Unit	Q3 - 2021	Q3 - 2020	Q/Q % Change	2021 YTD	2020 YTD	YY % Change
<b>Revenues (in millions)</b>						
Consumer Products	\$ 2,097	\$ 1,885	11 %	\$ 6,070	\$ 5,221	16 %
Agricultural Products	1,063	1,186	(10)%	3,643	3,402	7 %
Industrial Products	1,371	1,190	15 %	3,949	3,815	4 %
Coal	867	651	33 %	2,320	1,958	18 %
<b>Total Freight Revenues</b>	<b>\$ 5,398</b>	<b>\$ 4,912</b>	<b>10 %</b>	<b>\$ 15,982</b>	<b>\$ 14,396</b>	<b>11 %</b>
Other Revenues	392	264	48 %	1,018	799	27 %
<b>Total Operating Revenues</b>	<b>\$ 5,790</b>	<b>\$ 5,176</b>	<b>12 %</b>	<b>\$ 17,000</b>	<b>\$ 15,195</b>	<b>12 %</b>
<b>Volumes (in thousands)</b>						
Consumer Products	1,425	1,390	3 %	4,307	3,766	14 %
Agricultural Products	265	293	(10)%	896	855	5 %
Industrial Products	443	388	14 %	1,280	1,218	5 %
Coal	404	360	12 %	1,127	1,036	9 %
<b>Total Volumes</b>	<b>2,537</b>	<b>2,431</b>	<b>4 %</b>	<b>7,610</b>	<b>6,875</b>	<b>11 %</b>
<b>Average Revenue per Car/Unit</b>						
Consumer Products	\$ 1,472	\$ 1,356	9 %	\$ 1,409	\$ 1,386	2 %
Agricultural Products	4,011	4,048	(1)%	4,066	3,979	2 %
Industrial Products	3,095	3,067	1 %	3,085	3,132	(2)%
Coal	2,146	1,808	19 %	2,059	1,890	9 %
<b>Total Freight Revenue per Car/Unit</b>	<b>\$ 2,128</b>	<b>\$ 2,021</b>	<b>5 %</b>	<b>\$ 2,100</b>	<b>\$ 2,094</b>	<b>— %</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended September 30, 2021 and June 30, 2021. Third-quarter volumes are calculated as the difference between YTD September and YTD June amounts.

## Expenses

Operating expenses for the third quarter and first nine months of 2021 increased 11% and 10%, respectively, compared with the same periods in 2020. The increase in expenses reflected higher volumes and higher average fuel prices offset by productivity improvements, including the following changes in expenses:

- Compensation and benefits expense increased 6% and 5% in the third quarter and first nine months of 2021, respectively, compared to the same periods in 2020. The increases were primarily due to increased volumes, partially offset by productivity improvements.
- Purchased services expense increased 9% and 10% in the third quarter and first nine months of 2021, respectively, compared to the same periods in 2020. The increases were primarily due to higher volumes, insurance recoveries in 2020 related to 2019 flooding and higher volume-driven purchased transportation costs of our logistics services business, offset by improved productivity.
- Fuel expense increased 79% and 46% in the third quarter and first nine months of 2021, respectively, compared to the same periods in 2020. The increases were primarily due to higher average fuel prices. Locomotive fuel price per gallon increased 77% and 39% in the third quarter and first nine months of 2021, respectively, compared to the same periods in 2020.
- Materials and other expense decreased 23% and increased 4% in the third quarter and first nine months of 2021, respectively, compared to the same periods in 2020 due to higher volume related costs, partially offset by a gain on land sale in the third quarter.

- There were no significant changes in depreciation and amortization, equipment rents or interest expense.

<b>Operating Expenses (in millions)</b>	<b>Q3 - 2021</b>	<b>Q3 - 2020</b>	<b>Q/Q % Change</b>	<b>2021 YTD</b>	<b>2020 YTD</b>	<b>Y/Y % Change</b>
Compensation and benefits	\$ 1,183	\$ 1,120	6 %	\$ 3,529	\$ 3,357	5 %
Purchased services	688	633	9 %	2,039	1,859	10 %
Depreciation and amortization	611	621	(2)%	1,842	1,848	— %
Fuel	705	394	79 %	1,948	1,335	46 %
Equipment rents	170	174	(2)%	507	493	3 %
Materials and other	171	223	(23)%	766	739	4 %
<b>Total Operating Expenses</b>	<b>\$ 3,528</b>	<b>\$ 3,165</b>	<b>11 %</b>	<b>\$ 10,631</b>	<b>\$ 9,631</b>	<b>10 %</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended September 30, 2021.