

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

Statement of Income (in millions)	Q2 - 2021	Q2 - 2020	Q/Q % Change	2021 YTD	2020 YTD	Y/Y % Change
<b>Total revenues</b>	\$ 5,809	\$ 4,602	26 %	\$ 11,210	\$ 10,019	12 %
<b>Operating expenses</b>	3,591	2,872	25 %	7,103	6,466	10 %
<b>Operating income</b>	2,218	1,730	28 %	4,107	3,553	16 %
<b>Other (income) expense, Interest expense and Income tax expense</b>	702	599	17 %	1,340	1,232	9 %
<b>Net income</b>	\$ 1,516	\$ 1,131	34 %	\$ 2,767	\$ 2,321	19 %
<b>Operating ratio (a)</b>	60.4 %	61.1 %		62.0 %	63.3 %	

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

(a) Operating ratio excludes impacts of BNSF Logistics.

### Volumes and Revenues

Operating income for the second quarter and first six months of 2021 was \$2.2 billion and \$4.1 billion, respectively, increases of \$488 million (28%) and \$554 million (16%) compared to the same periods in 2020. Operating ratios were 60.4% and 62.0% for the second quarter and first six months, respectively, improvements of 0.7% and 1.3% compared to the same periods in 2020.

Total revenues for the second quarter and first six months of 2021 increased 26% and 12% compared with the same periods in 2020. The increases reflected higher volumes of 24% in the second quarter and 14% in the first six months, partially offset by a 2% year-to-date decrease in average revenue per car/unit resulting from business mix changes. The increases in revenues also included the following changes between periods including improvements from the 2020 effects of the COVID-19 pandemic:

- Consumer Products volumes increased 27% and 21%, respectively, for the second quarter and first six months of 2021 compared with the same periods in 2020 primarily due to growth in both international and domestic intermodal shipments driven by increased retail sales and inventory replenishments by retailers along with increased e-commerce activity; Automotive shipments increased despite continued production impacts from a global microchip shortage.
- Agricultural Products volumes increased 13% and 12%, respectively, for the second quarter and first six months of 2021 compared with the same periods in 2020 primarily due to higher grain exports, as well as higher volumes of ethanol and related commodities.
- Industrial Products volumes increased 18% and 1%, respectively, for the second quarter and first six months of 2021 compared with the same periods in 2020 primarily due to continued recovery in the U.S. industrial economy driving higher volumes in the construction and building sectors, partially offset by lower petroleum volumes due to reduced production and demand in the energy sector.
- Coal volumes increased 32% and 7%, respectively, for the second quarter and first six months of 2021 compared with the same periods in 2020 primarily due to increased electricity generation and due to higher natural gas prices as well as utilities rebuilding inventory in the second quarter after draw-downs earlier in the year.

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

Business Unit	Q2 - 2021	Q2 - 2020	Q/Q % Change	2021 YTD	2020 YTD	Y/Y % Change
<b>Revenues (in millions)</b>						
Consumer Products	\$ 2,083	\$ 1,571	33 %	\$ 3,973	\$ 3,336	19 %
Agricultural Products	1,272	1,072	19 %	2,580	2,216	16 %
Industrial Products	1,352	1,160	17 %	2,578	2,625	(2)%
Coal	767	541	42 %	1,453	1,307	11 %
<b>Total Freight Revenues</b>	<b>\$ 5,474</b>	<b>\$ 4,344</b>	<b>26 %</b>	<b>\$ 10,584</b>	<b>\$ 9,484</b>	<b>12 %</b>
Other Revenues	335	258	30 %	626	535	17 %
<b>Total Operating Revenues</b>	<b>\$ 5,809</b>	<b>\$ 4,602</b>	<b>26 %</b>	<b>\$ 11,210</b>	<b>\$ 10,019</b>	<b>12 %</b>
<b>Volumes (in thousands)</b>						
Consumer Products	1,489	1,169	27 %	2,882	2,376	21 %
Agricultural Products	313	277	13 %	631	562	12 %
Industrial Products	438	370	18 %	837	830	1 %
Coal	384	292	32 %	723	676	7 %
<b>Total Volumes</b>	<b>2,624</b>	<b>2,108</b>	<b>24 %</b>	<b>5,073</b>	<b>4,444</b>	<b>14 %</b>
<b>Average Revenue per Car/Unit</b>						
Consumer Products	\$ 1,399	\$ 1,344	4 %	\$ 1,379	\$ 1,404	(2)%
Agricultural Products	4,064	3,870	5 %	4,089	3,943	4 %
Industrial Products	3,087	3,135	(2)%	3,080	3,163	(3)%
Coal	1,997	1,853	8 %	2,010	1,933	4 %
<b>Total Freight Revenue per Car/Unit</b>	<b>\$ 2,086</b>	<b>\$ 2,061</b>	<b>1 %</b>	<b>\$ 2,086</b>	<b>\$ 2,134</b>	<b>(2)%</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended June 30, 2021 and March 31, 2021. Second-quarter volumes are calculated as the difference between YTD June and YTD March amounts.

## Expenses

Operating expenses for the second quarter and first six months of 2021 increased 25% 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 17% and 5% in the second quarter and first six 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 23% and 10% in the second quarter and first six 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 112% and 32% in the second quarter and first six months of 2021, respectively, compared to the same periods in 2020. The increases were primarily due to higher average fuel prices and higher volumes, partially offset by improved fuel efficiency. Locomotive fuel price per gallon increased 81% and 23% in the second quarter and first six months of 2021, respectively, compared to the same periods in 2020.

- Materials and other expense increased 20% and 15% in the second quarter and first six months of 2021, respectively, compared to the same periods in 2020, as a result of higher volume related costs and increased miscellaneous taxes and property taxes.
- There were no significant changes in depreciation and amortization, equipment rents, or interest expense.

Operating Expenses (in millions)	Q2 - 2021	Q2 - 2020	Q/Q % Change	2021 YTD	2020 YTD	Y/Y % Change
Compensation and benefits	\$ 1,163	\$ 993	17 %	\$ 2,346	\$ 2,237	5 %
Purchased services	686	560	23 %	1,351	1,226	10 %
Depreciation and amortization	612	612	— %	1,231	1,227	— %
Fuel	693	327	112 %	1,243	941	32 %
Equipment rents	166	154	8 %	337	319	6 %
Materials and other	271	226	20 %	595	516	15 %
<b>Total Operating Expenses</b>	<b>\$ 3,591</b>	<b>\$ 2,872</b>	<b>25 %</b>	<b>\$ 7,103</b>	<b>\$ 6,466</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 June 30, 2021.