

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

| Statement of Income (in millions)                                      | Q4 - 2021 | Q4 - 2020 | Q/Q % Change | 2021 YTD  | 2020 YTD  | Y/Y % Change |
|--|-----------|-----------|--------------|-----------|-----------|--------------|
| <b>Total revenues</b>  | \$ 6,282  | \$ 5,674  | 11 %         | \$ 23,282 | \$ 20,869 | 12 %         |
| <b>Operating expenses</b>  | 3,853     | 3,498     | 10 %         | 14,484    | 13,129    | 10 %         |
| <b>Operating income</b>  | 2,429     | 2,176     | 12 %         | 8,798     | 7,740     | 14 %         |
| <b>Other (income) expense, Interest expense and Income tax expense</b> | 744       | 683       | 9 %          | 2,808     | 2,579     | 9 %          |
| <b>Net income</b>  | \$ 1,685  | \$ 1,493  | 13 %         | \$ 5,990  | \$ 5,161  | 16 %         |
| <b>Operating ratio (a)</b>   | 60.0 %    | 60.3 %    |              | 60.9 %    | 61.6 %    |              |

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, 2021 and September 30, 2021, 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 2021 was \$2.4 billion and \$8.8 billion, respectively, an increase of \$253 million (12%) and an increase of \$1.1 billion (14%), respectively, compared to the same periods in 2020. Operating ratios were 60.0% and 60.9% for the fourth quarter and full year, respectively, improvements of 0.3% and 0.7% compared to the same periods in 2020.

Total revenues for the fourth quarter and full year 2021 increased 11% and 12%, respectively, compared with the same periods in 2020. The changes included a 3% decrease and 7% increase, respectively, in unit volume for the fourth quarter and full year 2021. In 2021, our full year volumes were 1% lower than the pre-pandemic volumes of 2019. Additionally, average revenue per car / unit increased 13% and 3%, respectively, in the corresponding periods. The full year volume increase is primarily due to 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 decreased 9% for the fourth quarter and increased 8% for the full year 2021, compared with the same periods in 2020. The full year increase was 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. Increases in Consumer Products volume in the first three quarters were partially offset by reductions in the fourth quarter due to broad supply chain challenges which limited volume tendered and handled by BNSF.
- Industrial Products volumes increased 6% and 5% for the fourth quarter and full year 2021, respectively, compared with the same periods in 2020. These changes were 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.
- Agricultural Products volumes decreased 2% and increased 3% for the fourth quarter and full year 2021, respectively, compared with the same periods in 2020. The full year increase is primarily due to higher grain shipments during the first three quarters, as well as higher volumes of ethanol and related commodities. The fourth quarter decreased when compared to all-time record volumes in the fourth quarter of 2020. The decline

is primarily due to lower grain shipments following a poor spring wheat harvest, partially offset by higher fertilizers and ethanol volumes, as well as increases in new renewable diesel business.

- Coal volumes increased 9% for both the fourth quarter and full year 2021, compared with the same periods in 2020. These changes were 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                              | Q4 - 2021       | Q4 - 2020       | Q/Q % Change | 2021 YTD         | 2020 YTD         | Y/Y % Change |
|--|-----------------|-----------------|--------------|------------------|------------------|--------------|
| <b>Revenues (in millions)</b>              |                 |                 |              |                  |                  |              |
| Consumer Products                          | \$ 2,186        | \$ 2,041        | 7 %          | \$ 8,256         | \$ 7,262         | 14 %         |
| Industrial Products                        | 1,342           | 1,224           | 10 %         | 5,291            | 5,039            | 5 %          |
| Agricultural Products                      | 1,457           | 1,420           | 3 %          | 5,100            | 4,822            | 6 %          |
| Coal                                       | 907             | 697             | 30 %         | 3,227            | 2,655            | 22 %         |
| <b>Total Freight Revenues</b>              | <b>\$ 5,892</b> | <b>\$ 5,382</b> | <b>9 %</b>   | <b>\$ 21,874</b> | <b>\$ 19,778</b> | <b>11 %</b>  |
| Other Revenues                             | 390             | 292             | 34 %         | 1,408            | 1,091            | 29 %         |
| <b>Total Operating Revenues</b>            | <b>\$ 6,282</b> | <b>\$ 5,674</b> | <b>11 %</b>  | <b>\$ 23,282</b> | <b>\$ 20,869</b> | <b>12 %</b>  |
| <b>Volumes (in thousands)</b>              |                 |                 |              |                  |                  |              |
| Consumer Products                          | 1,366           | 1,500           | (9)%         | 5,673            | 5,266            | 8 %          |
| Industrial Products                        | 429             | 404             | 6 %          | 1,709            | 1,622            | 5 %          |
| Agricultural Products                      | 328             | 334             | (2)%         | 1,224            | 1,189            | 3 %          |
| Coal                                       | 402             | 368             | 9 %          | 1,529            | 1,404            | 9 %          |
| <b>Total Volumes</b>                       | <b>2,525</b>    | <b>2,606</b>    | <b>(3)%</b>  | <b>10,135</b>    | <b>9,481</b>     | <b>7 %</b>   |
| <b>Average Revenue per Car/Unit</b>        |                 |                 |              |                  |                  |              |
| Consumer Products                          | \$ 1,600        | \$ 1,361        | 18 %         | \$ 1,455         | \$ 1,379         | 6 %          |
| Industrial Products                        | 3,128           | 3,030           | 3 %          | 3,096            | 3,107            | — %          |
| Agricultural Products                      | 4,442           | 4,251           | 4 %          | 4,167            | 4,056            | 3 %          |
| Coal                                       | 2,256           | 1,894           | 19 %         | 2,111            | 1,891            | 12 %         |
| <b>Total Freight Revenues per Car/Unit</b> | <b>\$ 2,333</b> | <b>\$ 2,065</b> | <b>13 %</b>  | <b>\$ 2,158</b>  | <b>\$ 2,086</b>  | <b>3 %</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, 2021 and September 30, 2021. Fourth-quarter revenues and volumes are calculated as the difference between YTD December and YTD September amounts.

## Expenses

Operating expenses for both the fourth quarter and full year 2021 increased 10%, 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 decreased 1% and increased 3% in the fourth quarter and full year 2021, respectively, compared to the same periods in 2020. The full year increase was primarily due to increased volume, wage inflation and health and welfare costs, partially offset by productivity improvements. Changes were not significant for the fourth quarter compared to the same period in 2020.
- Purchased services expense decreased 3% and increased 6% in the fourth quarter and full year 2021, respectively, compared with the same periods in 2020. The full year increase was 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. Changes were not significant for the fourth quarter compared to the same period in 2020.

- Fuel expense increased 80% and 55% in the fourth quarter and full year 2021, respectively, compared with the same periods in 2020. The increases were primarily due to higher average fuel prices. Locomotive fuel price per gallon increased 86% for the fourth quarter of 2021 to \$2.52 and 50% for the full year 2021 to \$2.16.
- Materials and other expense increased 13% and 6% in the fourth quarter and full year 2021, respectively, compared with the same periods in 2020. The full year increase was primarily due to higher volume-related costs while the fourth quarter increase related to higher casualties and property and other taxes.
- There were no significant changes in depreciation and amortization, equipment rents or interest expense.

| Operating Expenses (in millions) | Q4 - 2021       | Q4 - 2020       | Q/Q % Change | 2021 YTD         | 2020 YTD         | Y/Y % Change |
|----------------------------------|-----------------|-----------------|--------------|------------------|------------------|--------------|
| Compensation and benefits        | \$ 1,238        | \$ 1,252        | (1)%         | \$ 4,767         | \$ 4,609         | 3 %          |
| Purchased services               | 676             | 695             | (3)%         | 2,715            | 2,554            | 6 %          |
| Fuel                             | 818             | 454             | 80 %         | 2,766            | 1,789            | 55 %         |
| Depreciation and amortization    | 614             | 628             | (2)%         | 2,456            | 2,476            | (1)%         |
| Equipment rents                  | 170             | 171             | (1)%         | 677              | 664              | 2 %          |
| Materials and other              | 337             | 298             | 13 %         | 1,103            | 1,037            | 6 %          |
| <b>Total Operating Expenses</b>  | <b>\$ 3,853</b> | <b>\$ 3,498</b> | <b>10 %</b>  | <b>\$ 14,484</b> | <b>\$ 13,129</b> | <b>10 %</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, 2021 and September 30, 2021, respectively. Fourth-quarter amounts are calculated as the difference between YTD December and YTD September amounts.

## Capital Activities

BNSF's 2021 capital commitments were \$2.97 billion, the largest component of which supported maintenance and expansion of its network to operate a safe, reliable and efficient network that meets customer demands.

Our 2022 planned capital commitments are \$3.55 billion. The 2022 plan is focused on projects that support BNSF's growth and efficiency objectives, while continuing to maintain a safe and reliable railroad. This year, the maintenance and replacement component is expected to be \$2.71 billion. The projects included in this part of the plan will primarily be for replacing and upgrading rail, as well as track infrastructure like rail ties and ballast, along with maintaining rolling stock. It will include nearly 14,000 miles of track surfacing and/or undercutting work and the replacement of 381 miles of rail and approximately 2.7 million rail ties. Approximately \$580 million of this year's capital plan will be for expansion and efficiency projects to support the growth of our Consumer, Agricultural and Industrial Products customers' businesses. On its Southern Transcon route between Southern California and the Midwest, BNSF will continue a multi-year effort to add several segments of new double-track in eastern Kansas and begin a multi-year effort to add a new segment of triple-track in California, both supporting traffic growth. In addition, BNSF will continue a multi-year bridge project near Sandpoint, Idaho, to increase train capacity in the Pacific Northwest. Finally, BNSF will continue or begin multi-year intermodal facility expansion projects in North Texas (Alliance) and Chicago (Cicero). In Southern California (San Bernardino), BNSF is undertaking various initiatives to improve the efficiency of its intermodal facility. Approximately \$259 million of this year's capital plan is for freight cars and other equipment acquisitions.