

BNSF's Second Quarter 2024 Financial Performance

Earnings Overview

Earnings in the second quarter were negatively affected by cost accruals primarily related to a recent judgement in an ongoing legal case, which BNSF has appealed. However, earnings benefited from higher volumes, improved productivity, and lower costs. Likewise, materials and other expense were negatively impacted in both the second quarter and first six months of 2024 as compared to 2023. Otherwise, materials and other expense in the 2024 periods declined compared to 2023. Excluding the impact of litigation costs, our earnings and operating ratio showed solid improvement. Operating income for the second quarter and first six months of 2024 was \$1.8 billion and \$3.5 billion, respectively, an increase of \$13 million (1%) and a decrease of \$123 million (3%), respectively, compared to the same periods in 2023. The operating ratio for the second quarter of 68.2% was flat compared to the prior year, while the operating ratio for the first six months of 68.8% was an increase of 0.5% compared to the same period in 2023.

Statement of Income (in millions)	Q2 - 2024	Q2 - 2023	Q/Q % Change	2024 YTD	2023 YTD	Y/Y % Change
Total revenues	\$ 5,739	\$ 5,828	(2)%	\$ 11,399	\$ 11,847	(4)%
Operating expenses	3,916	4,018	(3)%	7,856	8,181	(4)%
Operating income	1,823	1,810	1 %	3,543	3,666	(3)%
Income tax expense and other	596	546	9 %	1,173	1,155	2 %
Net income	\$ 1,227	\$ 1,264	(3)%	\$ 2,370	\$ 2,511	(6)%
Operating ratio (a)	68.2 %	68.2 %		68.8 %	68.3 %	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-Q for the period ended June 30, 2024.

(a) Operating ratio excludes impacts of BNSF Logistics.

Volumes and Revenues

Total revenues for the second quarter and first six months of 2024 decreased 2% and 4%, respectively, compared with the same periods in 2023. The decreases reflected lower average revenue per car/unit for the second quarter and first six months of 2024 of 4% and 7%, respectively, resulting from lower fuel surcharge revenue and business mix changes. Volumes increased 4% and 5% in the second quarter and the first six months of 2024, respectively. Revenue changes also resulted from the following:

- Consumer Products volumes increased 15% and 17%, respectively, in the second quarter and first six months of 2024 compared with the same periods in 2023 primarily due to higher intermodal shipments from west coast imports and volumes from a new intermodal customer.
- Agricultural Products volumes increased 11% and 7%, respectively, in the second quarter and first six months of 2024 compared with the same periods in 2023 primarily due to higher grain exports, renewable fuels and fertilizer shipments, partially offset by lower domestic grain volumes.
- Industrial Products volumes decreased 1% in both the second quarter and first six months of 2024 compared with the same periods in 2023 primarily due to lower aggregates, taconite, minerals and waste shipments, partially offset by higher volumes in petroleum products and plastics.
- Coal volumes decreased 29% and 25%, respectively, in the second quarter and first six months of 2024 compared with the same periods in 2023 primarily due to lower natural gas prices, which displaces coal as a fuel used by utilities.

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

Business Unit	Q2 - 2024	Q2 - 2023	Q/Q % Change	2024 YTD	2023 YTD	Y/Y % Change
Revenues (in millions)						
Consumer Products	\$ 2,122	\$ 1,895	12 %	\$ 4,092	\$ 3,762	9 %
Agricultural Products	1,423	1,292	10 %	2,855	2,768	3 %
Industrial Products	1,441	1,447	— %	2,801	2,827	(1)%
Coal	608	936	(35)%	1,373	1,965	(30)%
Total Freight Revenues	\$ 5,594	\$ 5,570	— %	\$ 11,121	\$ 11,322	(2)%
Other Revenues	145	258	(44)%	278	525	(47)%
Total Operating Revenues	\$ 5,739	\$ 5,828	(2)%	\$ 11,399	\$ 11,847	(4)%
Volumes (in thousands)						
Consumer Products	1,330	1,157	15 %	2,602	2,223	17 %
Agricultural Products	308	278	11 %	619	578	7 %
Industrial Products	401	407	(1)%	789	796	(1)%
Coal	256	360	(29)%	549	729	(25)%
Total Volumes	2,295	2,202	4 %	4,559	4,326	5 %
Average Revenue per Car/Unit						
Consumer Products	\$ 1,595	\$ 1,638	(3)%	\$ 1,573	\$ 1,692	(7)%
Agricultural Products	4,620	4,647	(1)%	4,612	4,789	(4)%
Industrial Products	3,594	3,555	1 %	3,550	3,552	— %
Coal	2,375	2,600	(9)%	2,501	2,695	(7)%
Total Freight Revenue per Car/Unit	\$ 2,437	\$ 2,530	(4)%	\$ 2,439	\$ 2,617	(7)%

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended June 30, 2024 and March 31, 2024. 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 2024 decreased 3% and 4%, respectively, compared with the same periods in 2023. A significant portion of the decline is due to the following factors:

- Compensation and benefits expense decreased 5% and increased slightly in the second quarter and first six months of 2024, respectively, compared to the same periods in 2023. The decrease in the second quarter was primarily due to increased employee productivity, partially offset by wage inflation. The increase in the first six months of 2024 was primarily due to higher volumes and wage inflation, partially offset by increased employee productivity.
- Fuel expense decreased 1% and 7% in the second quarter and first six months of 2024, respectively, compared to the same periods in 2023, primarily due to lower average fuel prices, partially offset by higher volumes. Locomotive fuel price per gallon decreased 3% and 9% in the second quarter and first six months of 2024, respectively, compared to the same periods in 2023.
- Materials and other expense increased 15% and decreased 5% in the second quarter and first six months of 2024, respectively, compared to the same periods in 2023. Expenses in the second quarter and first six months of 2024 included litigation costs primarily related to a recent judgement in an ongoing legal case, which BNSF has appealed. Otherwise, materials and other expense in the 2024 periods declined compared to 2023.
- Purchased services expense decreased 15% and 17% in the second quarter and first six months of 2024, respectively, compared to the same periods in 2023, primarily due to lower purchased transportation driven by the sale of brokerage operations of BNSF Logistics, LLC and lower purchased services expense from MRL effective April 7, 2023.
- There were no significant changes in depreciation and amortization, equipment rents, or interest expense.

Operating Expenses (in millions)	Q2 - 2024	Q2 - 2023	Q/Q % Change	2024 YTD	2023 YTD	Y/Y % Change
Compensation and benefits	\$ 1,321	\$ 1,393	(5)%	\$ 2,733	\$ 2,723	— %
Purchased services	508	596	(15)%	1,011	1,221	(17)%
Depreciation and amortization	666	653	2 %	1,327	1,300	2 %
Fuel	822	833	(1)%	1,676	1,797	(7)%
Equipment rents	173	171	1 %	347	340	2 %
Materials and other	426	372	15 %	762	800	(5)%
Total Operating Expenses	\$ 3,916	\$ 4,018	(3)%	\$ 7,856	\$ 8,181	(4)%

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended June 30, 2024.