

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

Statement of Income (in millions)	Q1 - 2023	Q1 - 2022	Q/Q % Change
<b>Total revenues</b>	\$ 6,019	\$ 5,968	1 %
<b>Operating expenses</b>	4,163	3,927	6 %
<b>Operating income</b>	1,856	2,041	(9)%
<b>Income tax expense and other</b>	609	670	(9)%
<b>Net income</b>	\$ 1,247	\$ 1,371	(9)%
<b>Operating ratio (a)</b>	68.4 %	64.6 %	

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Forms 10-Q for the period ended March 31, 2023.

(a) Operating ratio excludes impacts of BNSF Logistics.

### Volumes and Revenues

Operating income for the first quarter of 2023 was \$1.9 billion, a decrease of \$185 million (9%) compared to the same period in 2022. Operating ratio was 68.4% for the first quarter, an increase of 3.8% compared to the same period in 2022.

Total revenues for the first quarter of 2023 increased 1% compared with the same period in 2022 primarily due to a 14% increase in average revenue per car/unit resulting from higher fuel surcharge revenue driven by higher fuel prices along with increased rates per car, partially offset by a 10% decrease in unit volume. Revenue changes also resulted from the following:

- Consumer Products volumes decreased 16% for the first quarter of 2023 compared with the same period in 2022 primarily due to lower intermodal shipments resulting from lower west coast imports and the loss of an intermodal customer, partially offset by an increase in automotive volume from higher vehicle production.
- Agricultural Products volumes decreased 2% in the first quarter of 2023 compared with the same period in 2022 primarily due to lower grain exports, partially offset by higher volumes of domestic grains, renewable diesel, and feedstocks.
- Industrial Products volumes decreased 4% for the first quarter of 2023 compared with the same period in 2022 primarily due to lower demand for chemicals and plastics, lumber, and paper shipments.
- Coal volumes decreased 4% for the first quarter of 2023 compared with the same period in 2022 primarily due to weather related impacts and moderating demand due to lower natural gas prices.

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

Business Unit	Q1 - 2023	Q1 - 2022	Q/Q % Change
<b>Revenues (in millions)</b>			
Consumer Products	\$ 1,867	\$ 2,084	(10)%
Agricultural Products	1,476	1,356	9 %
Industrial Products	1,380	1,297	6 %
Coal	1,029	889	16 %
<b>Total Freight Revenues</b>	<b>\$ 5,752</b>	<b>\$ 5,626</b>	<b>2 %</b>
Other Revenues	267	342	(22)%
<b>Total Operating Revenues</b>	<b>\$ 6,019</b>	<b>\$ 5,968</b>	<b>1 %</b>
<b>Volumes (in thousands)</b>			
Consumer Products	1,066	1,275	(16)%
Agricultural Products	300	305	(2)%
Industrial Products	389	404	(4)%
Coal	369	385	(4)%
<b>Total Volumes</b>	<b>2,124</b>	<b>2,369</b>	<b>(10)%</b>
<b>Average Revenue per Car/Unit</b>			
Consumer Products	\$ 1,751	\$ 1,635	7 %
Agricultural Products	4,920	4,446	11 %
Industrial Products	3,548	3,210	11 %
Coal	2,789	2,309	21 %
<b>Total Freight Revenue per Car/Unit</b>	<b>\$ 2,708</b>	<b>\$ 2,375</b>	<b>14 %</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2023.

## Expenses

Operating expenses for the first quarter of 2023 increased 6% compared to 2022. A significant portion of the increase is due to the following factors:

- Fuel expense increased 12% in the first quarter of 2023 compared to the same period in 2022 primarily due to higher average fuel prices, partially offset by lower volumes. Locomotive fuel price per gallon increased 16% in the first quarter of 2023 compared to the same period in 2022.
- Compensation and benefits expense increased 7% in the first quarter of 2023 compared to the same period in 2022 primarily due to increased headcount, wage inflation, and lower productivity.
- Purchase services expense decreased 6% in the first quarter of 2023 compared to the same period in 2022 primarily due to lower purchased transportation by our logistics services business, partially offset by general inflation.
- Materials and other expense increased 22% in the first quarter of 2023 compared to the same period in 2022 primarily due to general inflation, increased casualty and litigation costs, and higher property and other miscellaneous taxes.
- There were no significant changes in depreciation and amortization or equipment rents or interest expense.

<b>Operating Expenses (in millions)</b>	<b>Q1 - 2023</b>	<b>Q1 - 2022</b>	<b>Q/Q % Change</b>
Compensation and benefits	\$ 1,330	\$ 1,241	7 %
Purchased services	625	668	(6)%
Depreciation and amortization	647	627	3 %
Fuel	964	861	12 %
Equipment rents	169	179	(6)%
Materials and other	428	351	22 %
<b>Total Operating Expenses</b>	<b>\$ 4,163</b>	<b>\$ 3,927</b>	<b>6 %</b>

Source: Amounts derived from the GAAP results in the Burlington Northern Santa Fe, LLC Form 10-Q for the period ended March 31, 2023.