

# BNSF's Fourth Quarter 2024 Financial Performance

## Earnings Overview

Fourth quarter results include a \$290 million charge related to an agreement that was finalized with the SMART-TD labor union in December 2024. The finalization of this agreement allows BNSF the ability to redeploy brakepersons to conductors and engineers. This will allow the company to meet short-term hiring demands and provide our employees an expedited path to their new roles.

Fourth quarter earnings benefited from higher volumes, improved productivity and cost controls. Excluding the one-time charge, operating income in the fourth quarter was \$2.2 billion, an increase of \$237 million (12%) compared to the same period in 2023. The adjusted fourth quarter operating ratio of 64.6% decreased 4.1% compared to the same period in 2023.

In addition to the fourth quarter labor charge, full year results also included a significant charge related to a judgement in an ongoing legal case, which BNSF has appealed. Including the impact of these items, operating income of \$7.5 billion increased \$73 million (1%) compared to 2023 and our operating ratio improved 0.4% to 68.0%.

Statement of Income (in millions)	Adjusted Q4 - 2024 (b)	Q4 - 2024	Q4 - 2023	Adjusted Q/Q % Change (b)	Q/Q % Change	2024 YTD	2023 YTD	Y/Y % Change
Total revenues	6,134	\$ 6,134	\$ 6,182	(1)%	(1)%	\$ 23,437	\$ 23,876	(2)%
Operating expenses	3,970	4,260	4,255	(7)%	— %	15,965	16,477	(3)%
Operating income	2,164	1,874	1,927	12 %	(3)%	7,472	7,399	1 %
Income tax expense and other	666	596	572	16 %	4 %	2,441	2,312	6 %
Net income	\$ 1,498	\$ 1,278	\$ 1,355	11 %	(6)%	\$ 5,031	\$ 5,087	(1)%
Operating ratio (a)	64.6 %	69.4 %	68.7 %			68.0 %	68.4 %	

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, 2024 and September 30, 2024, respectively. Fourth-quarter amounts are calculated as the difference between YTD December and YTD September amounts.

(a) Operating ratio excludes impacts of BNSF Logistics.

(b) GAAP financial results are adjusted to exclude the impact of a one-time payment included in the finalized SMART-TD labor agreement. The company uses these non-GAAP financial measures internally and believes this information is useful in assessing period-to-period performance.

## Volumes and Revenues

Total revenues for the fourth quarter and full year 2024 decreased 1% and 2%, respectively, compared with the same periods in 2023. Average revenue per car/unit declined 7% in both the fourth quarter and full year 2024 compared with the same periods in 2023, resulting from lower fuel surcharge revenue and business mix changes. Volumes increased 7% in both the fourth quarter and full year 2024 compared with the same periods in 2023. Revenue changes also resulted from the following:

- Consumer Products volumes increased 14% and 16%, respectively, for the fourth quarter and full year 2024 compared with the same periods in 2023. The volume increases were primarily due to higher intermodal shipments from west coast imports and volumes from a new intermodal customer.
- Industrial Products volumes increased 2% and decreased 1% for the fourth quarter and full year 2024, respectively, compared with the same periods in 2023. The full year decrease was primarily due to lower

aggregates, taconite, minerals, and waste shipments, partially offset by higher volumes in plastics and petroleum products. The fourth quarter increase was primarily due to higher plastics, aggregates, and petroleum products, partially offset by lower volumes of taconite and minerals.

- Agricultural Products volumes increased 2% and 7%, respectively, for the fourth quarter and full year 2024 compared with the same periods in 2023. The full year increase was primarily due to higher grain shipments, renewable fuels and fertilizer shipments. The volume increase during the fourth quarter was primarily due to soybean shipments and oilseeds and meals, partially offset by lower volumes of non-soybean related grains.
- Coal volumes decreased 10% and 18%, respectively, for the fourth quarter and the full year 2024 compared with the same periods in 2023. The volume decreases were 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	Q4 - 2024	Q4 - 2023	Q/Q % Change	2024 YTD	2023 YTD	Y/Y % Change
<b>Revenues (in millions)</b>						
Consumer Products	\$ 2,222	\$ 2,135	4 %	\$ 8,435	\$ 7,879	7 %
Industrial Products	1,383	1,405	(2)%	5,619	5,690	(1)%
Agricultural Products	1,589	1,595	— %	5,836	5,583	5 %
Coal	775	898	(14)%	2,943	3,795	(22)%
<b>Total Freight Revenues</b>	<b>\$ 5,969</b>	<b>\$ 6,033</b>	<b>(1)%</b>	<b>\$ 22,833</b>	<b>\$ 22,947</b>	<b>— %</b>
Other Revenues	165	149	11 %	604	929	(35)%
<b>Total Operating Revenues</b>	<b>\$ 6,134</b>	<b>\$ 6,182</b>	<b>(1)%</b>	<b>\$ 23,437</b>	<b>\$ 23,876</b>	<b>(2)%</b>
<b>Volumes (in thousands)</b>						
Consumer Products	1,493	1,306	14 %	5,537	4,765	16 %
Industrial Products	399	393	2 %	1,596	1,605	(1)%
Agricultural Products	324	319	2 %	1,251	1,165	7 %
Coal	327	363	(10)%	1,205	1,468	(18)%
<b>Total Volumes</b>	<b>2,543</b>	<b>2,381</b>	<b>7 %</b>	<b>9,589</b>	<b>9,003</b>	<b>7 %</b>
<b>Average Revenue per Car/Unit</b>						
Consumer Products	\$ 1,488	\$ 1,635	(9)%	\$ 1,523	\$ 1,654	(8)%
Industrial Products	3,466	3,575	(3)%	3,521	3,545	(1)%
Agricultural Products	4,904	5,000	(2)%	4,665	4,792	(3)%
Coal	2,370	2,474	(4)%	2,442	2,585	(6)%
<b>Total Freight Revenues per Car/Unit</b>	<b>\$ 2,347</b>	<b>\$ 2,534</b>	<b>(7)%</b>	<b>\$ 2,381</b>	<b>\$ 2,549</b>	<b>(7)%</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, 2024 and September 30, 2024. Fourth-quarter revenues and volumes are calculated as the difference between YTD December and YTD September amounts.

## Expenses

Operating expenses increased slightly for the fourth quarter and decreased 3% for the full year 2024 compared with the same periods in 2023. A significant portion of the changes are due to the following factors:

- Fuel expense decreased 23% and 11% in the fourth quarter and full year 2024, respectively, compared with the same periods in 2023. The decreases were primarily due to lower average fuel prices, partially offset by higher volumes. Locomotive fuel price per gallon decreased 26% and 14% in the fourth quarter and full year 2024, respectively, compared to the same periods in 2023.
- Compensation and benefits expense increased 22% and 6% in the fourth quarter and full year 2024, respectively, compared to the same periods in 2023. Excluding the impact of the aforementioned brakeperson charge, compensation and benefits expense increased slightly by 1% in the fourth quarter of 2024 compared to the same period in 2023.
- Purchased services expense decreased slightly and by 13% in the fourth quarter and full year 2024, respectively, compared with the same periods in 2023. The decrease during the full year 2024 was primarily due to lower purchased transportation driven by the sale of brokerage operations of BNSF Logistics, LLC and lower purchased services expense from Montana Rail Link, Inc. (MRL). Changes were not significant for fourth quarter compared to the same period in 2023.
- Materials and other expense decreased 15% and 9% in the fourth quarter and full year 2024, respectively, compared to the same periods in 2023. The decrease during the full year 2024 was primarily due to cost reductions across various spend categories and lower property taxes, partially offset by increased litigation costs related to an ongoing legal case with the Swinomish Tribe, which the Company has appealed. The fourth quarter decrease was primarily due to cost reductions across various spend categories and lower property taxes.
- There were no significant changes in depreciation and amortization or equipment rents.

There were no significant changes in interest expense or other (income) expense, net.

Operating Expenses (in millions)	Adjusted Q4 - 2024 (a)	Q4 - 2024	Q4 - 2023	Adjusted Q/Q % Change (a)	Q/Q % Change	2024 YTD	2023 YTD	Y/Y % Change
Compensation and benefits	\$ 1,442	\$ 1,732	\$ 1,422	1 %	22 %	\$ 5,872	\$ 5,551	6 %
Fuel	\$ 792	\$ 792	\$ 1,024	(23)%	(23)%	\$ 3,267	\$ 3,684	(11)%
Purchased services	\$ 558	\$ 558	\$ 560	— %	— %	\$ 2,086	\$ 2,396	(13)%
Depreciation and amortization	\$ 660	\$ 660	\$ 668	(1)%	(1)%	\$ 2,635	\$ 2,625	— %
Equipment rents	\$ 183	\$ 183	\$ 188	(3)%	(3)%	\$ 715	\$ 699	2 %
Materials and other	\$ 335	\$ 335	\$ 393	(15)%	(15)%	\$ 1,390	\$ 1,522	(9)%
<b>Total Operating Expenses</b>	<b>\$ 3,970</b>	<b>\$ 4,260</b>	<b>\$ 4,255</b>	<b>(7)%</b>	<b>— %</b>	<b>\$ 15,965</b>	<b>\$ 16,477</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, 2024 and September 30, 2024, respectively. Fourth-quarter amounts are calculated as the difference between YTD December and YTD September amounts.

(a) GAAP financial results are adjusted to exclude the impact of a one-time payment included in the finalized SMART-TD labor agreement. The company uses these non-GAAP financial measures internally and believes this information is useful in assessing period-to-period performance.

## Capital Activities

BNSF's 2024 capital program was \$3.7 billion, which included activities that supported our efficiency and long-term growth objectives while ensuring we maintained a safe and reliable railroad.

The 2025 planned capital program is \$3.8 billion. The 2025 capital program continues to focus on projects supporting our customers' growth while operating a safe, efficient, and reliable railroad.

The largest component of the 2025 capital program, \$2.84 billion, is devoted to maintenance which ensures BNSF's network remains in top condition. Investing in BNSF's existing infrastructure results in fewer unscheduled service outages that can slow down the rail network and reduce capacity. Maintenance projects include replacing and upgrading rail, track infrastructure like ballast and rail ties, and maintaining rolling stock. It will consist of 11,400 miles of track surfacing and/or undercutting work and the replacement of approximately 2.5 million rail ties and 410 miles of rail.

\$535 million of the 2025 capital program will be for expansion and efficiency projects, adding to the more than \$2.6 billion invested in expansion projects over the past five years. The expansion plans support BNSF customer growth by continuing to invest in facility and line expansion projects that will increase network capacity. Major facility projects include: completing a multi-year intermodal facility expansion project at BNSF's Cicero Intermodal Facility in Chicago; continuing property acquisitions and development activities for the planned Barstow International Gateway project in California; and starting development activities for a future intermodal facility in the Phoenix, Arizona area. Major line expansion projects include: continuing a multi-year project to construct approximately 20 miles of third main line track near Needles, California to increase capacity and improve service recoverability on its Southern Transcon route between Southern California and the Midwest and increasing siding capacity on BNSF's mainline track near Phoenix, Arizona.

\$429 million of the 2025 capital program is for equipment acquisitions.

## Reconciliation of Non-GAAP Financial Measures

Our fourth quarter 2024 non-GAAP financial results exclude the effects of the brakeperson agreement. The following table adjusts our fourth quarter 2024 GAAP financial results to exclude the effects of those items. The income tax effects of the non-GAAP adjustments were calculated based on the applicable tax rates to which the non-GAAP adjustments related. Non-GAAP financial measures should be considered in addition to, not as a substitute for, the financial measures reported in accordance with U.S. generally accepted accounting principles (GAAP). We use these non-GAAP financial measures internally and believe this information provides useful supplemental information to investors to facilitate making period-to-period comparisons by excluding these costs. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant to be considered in isolation from, or as a substitute for, the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similar measures presented by other companies. Information about the adjustments that are not currently available to us could have a potentially unpredictable and significant impact on future GAAP results.

Line Item (in millions)	Adjusted Q4 - 2024
Operating expenses	\$ 4,260
Effect of brakeperson agreement	\$ (290)
<b>Adjusted operating expenses</b>	<b>\$ 3,970</b>
Operating income	\$ 1,874
Effect of brakeperson agreement	\$ 290
<b>Adjusted operating income</b>	<b>\$ 2,164</b>
Income tax expense and other	\$ 596
Effect of brakeperson agreement	\$ 70
<b>Adjusted income tax expense and other</b>	<b>\$ 666</b>
Net income	\$ 1,278
Effect of brakeperson agreement	\$ 220
<b>Adjusted net income</b>	<b>\$ 1,498</b>
Operating ratio	69.4 %
Effect of brakeperson agreement	(4.8)%
<b>Adjusted operating ratio</b>	<b>64.6 %</b>
Compensation and benefits expense	\$ 1,732
Effect of brakeperson agreement	\$ (290)
<b>Adjusted compensation and benefits expense</b>	<b>\$ 1,442</b>