

## Income Statement

	Years ended December 31.		
	2004	2003	2002
	(\$ in millions, except earnings per share)		
<b>RAILWAY OPERATING REVENUES</b>	\$ 7,312	\$ 6,468	\$ 6,270
<b>RAILWAY OPERATING EXPENSES</b>			
Compensation and benefits	2,272	2,275	2,022
Materials, services and rents	1,601	1,427	1,457
Conrail rents and services	319	419	412
Depreciation	598	513	515
Diesel fuel	449	380	342
Casualties and other claims	151	181	171
Other	220	209	193
Total railway operating expenses	5,610	5,404	5,112
Income from railway operations	1,702	1,064	1,158
Other income — net	89	19	66
Interest expense on debt	(489)	(497)	(518)
Income from continuing operations before income taxes and accounting changes	1,302	586	706
Provision for income taxes	379	175	246
Income from continuing operations before accounting changes	923	411	460
Discontinued operations — gain on sale of motor carrier, net of taxes	—	10	—
Cumulative effect of changes in accounting principles, net of taxes	—	114	—
<b>NET INCOME</b>	\$ 923	\$ 535	\$ 460
<b>EARNINGS PER SHARE</b>			
Income from continuing operations before accounting changes			
Basic	\$ 2.34	\$ 1.05	\$ 1.18
Diluted	\$ 2.31	\$ 1.05	\$ 1.18
Net income			
Basic	\$ 2.34	\$ 1.37	\$ 1.18
Diluted	\$ 2.31	\$ 1.37	\$ 1.18

See Form 10-K report beginning on page K1 for full financial statements and footnotes