

Consolidated Statements of Income

	Years ended December 31,		
	2005	2004	2003
	<i>(\$ in millions, except earnings per share)</i>		
RAILWAY OPERATING REVENUES	\$ 8,527	\$ 7,312	\$ 6,468
RAILWAY OPERATING EXPENSES			
Compensation and benefits	2,493	2,272	2,275
Materials, services and rents	1,809	1,601	1,427
Conrail rents and services	129	319	419
Depreciation	774	598	513
Diesel fuel	727	449	380
Casualties and other claims	224	151	181
Other	254	220	209
Total railway operating expenses	6,410	5,610	5,404
Income from railway operations	2,117	1,702	1,064
Other income — net	74	89	19
Interest expense on debt	494	489	497
Income from continuing operations before income taxes and accounting changes	1,697	1,302	586
Provision for income taxes	416	379	175
Income from continuing operations before accounting changes	1,281	923	411
Discontinued operations — gain on sale of motor carrier, net of taxes	—	—	10
Cumulative effect of changes in accounting principles, net of taxes	—	—	114
NET INCOME	\$ 1,281	\$ 923	\$ 535
EARNINGS PER SHARE			
Income from continuing operations before accounting changes			
Basic	\$ 3.17	\$ 2.34	\$ 1.05
Diluted	\$ 3.11	\$ 2.31	\$ 1.05
Net income			
Basic	\$ 3.17	\$ 2.34	\$ 1.37
Diluted	\$ 3.11	\$ 2.31	\$ 1.37

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