

**CNF INC.**  
**STATEMENTS OF CONSOLIDATED OPERATIONS**  
(Dollars in thousands except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
REVENUES	\$ 1,278,625	\$ 1,142,699	\$ 4,762,119	\$ 4,862,731
Costs and Expenses				
Operating expenses	1,075,529	1,014,625	3,979,137	4,224,023
General and administrative expenses	115,974	115,618	461,807	481,916
Depreciation	33,100	37,768	139,355	165,202
Restructuring charges	-	311,710	-	652,241
	<u>1,224,603</u>	<u>1,479,721</u>	<u>4,580,299</u>	<u>5,523,382</u>
OPERATING INCOME (LOSS)	54,022	(337,022)	181,820	(660,651)
Other expense, net	(10,727)	(11,964)	(35,576)	(35,282)
Income (Loss) before Taxes	43,295	(348,986)	146,244	(695,933)
Income Tax Benefit (Provision)	(16,885)	133,997	(32,035) [b]	262,367
Income (Loss) from Continuing Operations	26,410	(214,989)	114,209	(433,566)
Gain (Loss) from discontinuance, net of tax	(2,259) [c]	-	(12,398) [c]	38,975
Net Income (Loss)	24,151	(214,989)	101,811	(394,591)
Preferred Stock Dividends	2,200	2,112	8,250	8,283
NET INCOME (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	<u>\$ 21,951</u>	<u>\$ (217,101)</u>	<u>\$ 93,561</u>	<u>\$ (402,874)</u>
Weighted-Average Common Shares Outstanding				
Basic	49,327,589	48,825,287	49,139,134	48,752,480
Diluted [a]	56,741,862	48,825,287	56,655,570	48,752,480
Earnings (Loss) per Common Share				
Basic				
Income (Loss) from continuing operations	\$ 0.49	\$ (4.45)	\$ 2.16	\$ (9.06)
Gain (Loss) from discontinuance, net of tax	(0.04)	-	(0.26)	0.80
Net Income (Loss) Applicable to Common Shareholders	<u>\$ 0.45</u>	<u>\$ (4.45)</u>	<u>\$ 1.90</u>	<u>\$ (8.26)</u>
Diluted [a]				
Income (Loss) from continuing operations	\$ 0.45	\$ (4.45)	\$ 1.96	\$ (9.06)
Gain (Loss) from discontinuance, net of tax	(0.04)	-	(0.22)	0.80
Net Income (Loss) Applicable to Common Shareholders	<u>\$ 0.41</u>	<u>\$ (4.45)</u>	<u>\$ 1.74</u>	<u>\$ (8.26)</u>

[a] 2002 includes the dilutive effect of stock options, Series B (TASP) preferred stock, and Series A "TECONS," convertible preferred stock of subsidiary trust.

[b] Includes tax provision of \$58.2 million for the twelve months ended December 31, 2002, offset by a \$25.0 million third-quarter reversal of accrued taxes related to the settlement with the IRS of aircraft maintenance issues.

[c] 2002 includes a \$2.9 million net-of-tax third-quarter gain on final Priority Mail settlement and third-quarter and fourth-quarter net-of-tax losses of \$13.0 million and \$2.3 million, respectively, from the business failure of CFC. 2001 includes a \$39.0 million third-quarter net-of-tax gain from a partial Priority Mail settlement.

**OPERATING SEGMENTS**

REVENUES				
Con-Way Transportation Services	\$ 525,089	\$ 462,999	\$ 2,011,477	\$ 1,912,313
Menlo Worldwide				
Emery Forwarding	497,367	459,953	1,778,712	2,044,794
Menlo Worldwide Logistics	255,947	219,366	969,089	898,182
Menlo Worldwide Other	-	-	-	-
	<u>753,314</u>	<u>679,319</u>	<u>2,747,801</u>	<u>2,942,976</u>
CNF Other	222	381	2,841	7,442
	<u>\$ 1,278,625</u>	<u>\$ 1,142,699</u>	<u>\$ 4,762,119</u>	<u>\$ 4,862,731</u>
OPERATING INCOME (LOSS)				
Con-Way Transportation Services	\$ 36,700	\$ 35,684	\$ 147,154	\$ 157,467
Menlo Worldwide				
Emery Forwarding	4,620	(366,381)	(11,980)	(790,345)
Menlo Worldwide Logistics	8,644	(2,740)	31,827	(15,818)
Menlo Worldwide Other	4,921	(3,237)	18,188	(9,415)
	<u>18,185</u>	<u>(372,358)</u>	<u>38,035</u>	<u>(815,578)</u>
CNF Other	(863)	(348)	(3,369)	(2,540)
	<u>\$ 54,022</u>	<u>\$ (337,022)</u>	<u>\$ 181,820</u>	<u>\$ (660,651)</u>

UNUSUAL AND/OR NON-RECURRING ITEMS INCLUDED IN OPERATING INCOME (LOSS) FOR THE PERIODS PRESENTED:

Con-Way Transportation Services -				
Net gain from the sale of property	\$ -	\$ -	\$ 8,675	\$ -
Menlo Worldwide -				
Emery Forwarding				
Net gain from a payment under the Air Transportation Safety and System Stabilization Act	-	-	9,895	-
Gain (Loss) from restructuring charge	-	(311,710)	-	(652,241)
Loss from a legal settlement on returned aircraft	-	-	-	(4,696)
Duplicate airhaul costs	-	(38,800)	-	(55,800)
Goodwill amortization	-	(2,155)	-	(10,210)
Express Mail operating income	-	891	-	6,324
Express Mail settlement	5,715	-	5,715	-
Menlo Worldwide Logistics				
Net gain from a contract termination	-	-	1,850	-
Loss from the business failure of a customer	-	(9,549)	-	(47,454)
CNF Other				
Loss from the business failure of a customer	-	-	(3,595)	-
Net gain from the sale of property	-	-	2,367	-