

CNF TRANSPORTATION INC.

CONDENSED STATEMENTS OF CONSOLIDATED INCOME

(Dollars in thousands except per share amounts)

	Three Months Ended	
	March 31	
	1998	1997
REVENUES		
Con-Way Transportation Services	\$ 393,605	\$ 334,458
Emery Worldwide	521,633	508,552
Other	174,628	99,618
	<u>\$ 1,089,866</u>	<u>\$ 942,628</u>
 OPERATING INCOME (LOSS)		
Con-Way Transportation Services	\$ 50,501	\$ 28,477
Emery Worldwide	7,513	18,507
Other	(13,209)	3,383
	<u>44,805</u>	<u>50,367</u>
 OTHER EXPENSE, NET	<u>10,728</u>	<u>10,195</u>
 Income before income taxes	34,077	40,172
Income taxes	15,164	18,228
Net income	<u>18,913</u>	<u>21,944</u>
 Preferred stock dividends	<u>2,007</u>	<u>1,939</u>
 NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 16,906</u>	<u>\$ 20,005</u>
 Average Common Shares Outstanding (1)		
Basic	47,509,416	45,222,202
Diluted (2)	55,476,583	50,723,977
 EARNINGS PER COMMON SHARE (1)		
BASIC	<u>\$ 0.36</u>	<u>\$ 0.44</u>
DILUTED	<u>\$ 0.33</u>	<u>\$ 0.40</u>

(1) The prior year earnings per share have been restated for the adoption of SFAS No. 128, Earnings Per Share.

(2) Includes the dilutive effect of stock options, Series B (TASP) preferred stock and, in 1998, Series A "TECONS"

CNF TRANSPORTATION INC.

CONDENSED BALANCE SHEETS

(Dollars in thousands)

	March 31,	December 31,
	1998	1997
ASSETS		
Current assets	\$ 1,018,897	\$ 1,009,387
Property, plant and equipment, net	910,494	879,842
Other assets	563,790	532,267
Total Assets	<u>\$ 2,493,181</u>	<u>\$ 2,421,496</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 865,757	\$ 806,138
Long-term debt and guarantees	467,702	473,488
Other long-term liabilities and deferred credits	360,802	358,767
Preferred stock - Subsidiary Trust	125,000	125,000
Shareholders' equity	673,920	658,103
Total Liabilities and Shareholders' Equity	<u>\$ 2,493,181</u>	<u>\$ 2,421,496</u>