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**CNF TRANSPORTATION REPORTS RECORD FIRST QUARTER EARNINGS;
NET INCOME UP SUBSTANTIALLY**

PALO ALTO, California – April 19, 1999 – CNF Transportation Inc. today reported record first quarter net income for common shareholders of \$40.3 million, or 84 cents per share (74 cents diluted). That compares with net income of \$16.9 million, or 36 cents per share (33 cents diluted) in the first quarter of 1998.

Net income for common shareholders in the first quarter includes a non-recurring gain equal to 16 cents per diluted share for settlement of a lawsuit. Excluding the legal settlement, earnings per diluted share for common shareholders was 58 cents.

First quarter operating income, including the non-recurring gain, was \$82.6 million, up 84 percent, compared with \$44.8 million in the same quarter a year ago. Revenue was a record for a first quarter at \$1.26 billion, up 15 percent, and the effective tax rate was 43.5 percent.

“First quarter results were a record without the special gain related to a legal settlement, with both revenues and operating income growing substantially,” said Gregory L. Quesnel, president and chief executive officer. “Con-Way Transportation Services and Menlo Logistics each achieved notable growth in revenue and profits while Emery Worldwide continued its effort to reposition itself as a premium service carrier. Postal operations were profitable for the third consecutive quarter.”

Con-Way Transportation Services had first quarter operating income of \$53.9 million, up 7 percent from the same quarter a year ago in which it benefited from shippers who diverted freight due to concerns about a possible strike at national carriers. Revenues were \$433.4 million, up 10 percent.

“Con-Way was affected by increased costs due to a harsh winter across most of the nation and start-up expenses related to its new multi-client warehousing and logistics business, Con-Way Integrated Services,” said Quesnel. “Yet it recorded the second-best quarter in its history because of its emphasis on premium service, productivity and cost controls. Con-Way’s results are a testament to its pricing discipline.”

Con-Way regional carrier tonnage increased 4.3 percent in the first quarter while LTL traffic rose 5.0 percent.

Emery Worldwide reported first quarter operating income of \$3.6 million, down 53 percent from the \$7.5 million earned a year ago in the same quarter. Revenues were \$529.4 million, up 1 percent. “Emery has made progress in repositioning itself as a premium service carrier, as has been demonstrated with its improved service and increase in yields. However, air freight revenue and tonnage declined both domestically and internationally. Emery’s affiliated businesses in expedited freight services, ocean freight and customs brokerage continue to do well,” said Quesnel.

North American air freight revenue decreased 6.6 percent in the first quarter and international air freight revenue decreased 3.3 percent. North American air freight tonnage decreased 10 percent while international tonnage decreased 4 percent in the first quarter.

Menlo Logistics reported first quarter operating income of \$4.6 million, up 20 percent, on revenue of \$160.6 million, which was up 34 percent compared to the first quarter of 1998. “New business acquired in 1998 is now coming on line and producing positive results for Menlo,” said Quesnel. “Menlo’s ability to offer astute strategic analysis and creative ideas across the entire supply chain has found acceptance in the marketplace.”

The “Other” operations consist primarily of the results of the Priority Mail contract, and include Road Systems and VantageParts. First quarter operating income of \$20.5 million, which includes a \$16.5 million gain for the legal settlement,

compared with a loss of \$17.0 million in the same period a year ago due to start up expenses related to the Priority Mail contract.

The "Other" segment revenues in the first quarter of 1999 were \$132.0 million compared with \$54.6 million in the first quarter a year ago.

The Priority Mail contract had operating income of \$3.5 million in the first quarter compared with a loss of \$17.6 million in the same quarter a year ago. Revenues were \$118.2 million in the first quarter compared with \$42.9 million a year ago.

First quarter results for the Priority Mail operations reflect pricing that may be subject to retroactive adjustment at a later date. The company has proposed to the Postal Service increased pricing that the company feels is well founded and justifiable based upon its experience of operating the Priority Mail contract in 1998. The Postal Service is reviewing the company's proposal. Consequently, the company has recognized contract revenues in the first quarter based upon the pricing actually paid by the Postal Service.

"We continue to have a constructive relationship with the Postal Service," said Quesnel. "We believe our pricing proposal is well founded and that our expected margins on the contract should ultimately be realized. The first quarter results were encouraging because they were driven by the fundamental business principles of lower than expected costs and higher than expected volume."

CNF Transportation is a diversified holding company with businesses in regional trucking, domestic and international air freight, global logistics management, trailer manufacturing and wholesale truck parts sales.

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Certain statements in this news release, including statements regarding anticipated earnings, constitute "forward looking statements" and are subject to a number of risks and uncertainties, and should not be relied upon as predictions of future events. The factors discussed above and in Item 7 of the company's 1998 Annual Report on Form 10-K as well as other filings with the Securities and Exchange Commission, could cause actual results and other matters to differ materially from those in such forward looking statements. As a result, no assurance can be given as to future results of operations or financial condition.

CNF TRANSPORTATION INC.

CONDENSED STATEMENTS OF CONSOLIDATED INCOME

(Dollars in thousands except per share amounts)

	Three Months Ended March 31	
	1999	1998
REVENUES		
Con-Way Transportation Services	\$ 433,379	\$ 393,605
Emery Worldwide	529,421	521,633
Menlo Logistics	160,559	120,075
Other	131,964	54,553
	<u>\$ 1,255,323</u>	<u>\$ 1,089,866</u>
OPERATING INCOME (LOSS)		
Con-Way Transportation Services	\$ 53,947	\$ 50,501
Emery Worldwide	3,551	7,513
Menlo Logistics	4,556	3,812
Other	20,541	(17,021)
	<u>82,595</u>	<u>44,805</u>
OTHER EXPENSE, NET	<u>7,734</u>	<u>10,728</u>
Income before income taxes	74,861	34,077
Income taxes	32,565	15,164
Net income	<u>42,296</u>	<u>18,913</u>
Preferred stock dividends	<u>2,027</u>	<u>2,007</u>
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 40,269</u>	<u>\$ 16,906</u>
Average Common Shares Outstanding		
Basic	47,925,476	47,509,416
Diluted (1)	55,814,095	55,476,583
Earnings Per Common Share		
Basic	<u>\$ 0.84</u>	<u>\$ 0.36</u>
Diluted (1)	<u>\$ 0.74</u>	<u>\$ 0.33</u>

(1) Includes the dilutive effect of stock options, Series B (TASP) preferred stock and Series A "TECONS", convertible preferred stock of subsidng trust.

CNF TRANSPORTATION INC.
CONDENSED BALANCE SHEET
(Dollars in thousands)

	March 31, 1999	December 31, 1998
ASSETS		
Current assets	\$ 1,071,800	\$ 1,100,361
Property, plant and equipment, net	998,925	984,476
Other assets	625,184	604,575
Total Assets	\$ 2,695,909	\$ 2,689,412
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 870,739	\$ 900,630
Long-term debt and guarantees	461,211	467,635
Other long-term liabilities and deferred credits	421,105	419,792
Preferred stock - Subsidiary Trust	125,000	125,000
Shareholders' equity	817,854	776,355
Total Liabilities and Shareholders' Equity	\$ 2,695,909	\$ 2,689,412