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**CNF INC. REPORTS CONTINUOUS INCREASE IN EARNINGS  
FOR SECOND QUARTER**

**PALO ALTO, California** -- July 19, 2000 -- CNF Inc. (NYSE:CNF) today reported second-quarter net income for common shareholders of \$43.9 million, or 80 cents per diluted share, up 7 percent from net income for common shareholders of \$41.0 million, or 76 cents per diluted share, excluding non-recurring gains in the same quarter a year ago.

When non-recurring gains are included, net income in second-quarter 1999 was \$46.7 million, or 86 cents per diluted share, which included 10 cents per diluted share from the sale of a truck parts operation.

Second-quarter operating income was \$87.5 million, compared with \$85.2 million in the same quarter a year ago excluding non-recurring gains of \$10.1 million in the 1999 quarter. Revenue for the second quarter of 2000 was \$1.53 billion, up 12 percent.

Net income for common shareholders for the first six months of 2000 was \$81.2 million, or \$1.49 per diluted share, including 3 cents of a non-recurring gain in the first quarter from the sale of securities. These results compare to net income for common shareholders in the first six months of 1999 of \$87.0 million, or \$1.60 per diluted share, which included 17 cents of non-recurring gains from the settlement of a lawsuit in the first quarter and the 10 cents from the second-quarter truck parts sale. Excluding these non-recurring gains in both periods, operating income in the first six months of 2000 was \$160.9 million, up 6 percent from \$151.4 million for the same period a year ago. Revenue in the first six months of 2000 increased 14 percent to \$3.0 billion from \$2.6 billion in the 1999 period.

“Our overall results were strong and in line with expectations,” said Gregory L. Quesnel, CNF president and chief executive officer. “We are extremely pleased with the

results at Con-Way and Menlo, though we remain disappointed with Emery's performance. Improving results at Emery continues to be a focus of management."

Con-Way Transportation Services reported second-quarter 2000 operating income of \$65.7 million, up 8 percent from \$60.8 million in the same quarter a year ago. Revenues were \$528.6 million, up 14 percent from \$463.5 million.

Total CTS regional carrier tonnage increased 7 percent in the second quarter and LTL tonnage also grew 7 percent.

"In addition to its record operating income, Con-Way achieved double-digit revenue growth, which was strong in all regions," said Quesnel. He noted that Con-Way's western division reported improved performance and Con-Way NOW had significant revenue and profit growth. Con-Way Integrated Services continued to experience planned startup costs while signing several new clients in the quarter as the pace of its business growth accelerates.

Emery Worldwide reported second-quarter operating income of \$13.0 million compared with \$17.4 million in the second quarter of 1999. Revenues were \$630.7 million, up 8 percent from \$585.9 million in 1999.

In the second quarter, Emery's North American air freight revenue was down 3 percent and international revenue rose by 14 percent. North American air freight tonnage was down 5 percent while international tonnage grew 10 percent.

"In its international freight forwarding operations, Emery's current business levels are strong, having recovered from weakness early in the quarter. Growth in premium international services remains strong," Quesnel said. Emery experienced margin squeeze due to tighter capacity and higher fuel costs, especially in Asian markets. Emery is taking steps to ensure that margins are protected by renegotiating airhaul rates and/or passing price increases through to customers.

In its North American integrated operations, Emery incurred higher than normal transportation costs. As previously announced, these high maintenance costs are aimed at improving fleet productivity. North American yields were up 2 percent from the second quarter of 1999.

"To reduce overall expenses at Emery, we've taken the following steps," Quesnel said. "We are doing some streamlining in North America and tightening capacity while making higher-yielding premium and guaranteed shipments a larger percentage of our

volume. We also have DC-10s that will be delivered during the second half of the year and the number of aircraft in heavy maintenance has returned to expected levels. These actions will enable us to lower costs by reducing the number of higher cost contract aircraft we use.”

Menlo Logistics reported second quarter operating income of \$8.5 million, up 61 percent from \$5.3 million in the year ago quarter. Menlo’s revenue in the second quarter was \$238.6 million, up 31 percent from \$181.6 million.

“Menlo’s performance this quarter was exceptional, driven by the ramp up of several large projects that, under Menlo’s business model, entail professional services fees in the startup phase,” said Quesnel. “Menlo is showing significant strength in its engineering and information technology consulting business and has successfully built a new business line in designing distribution networks for several Internet- and e-commerce-driven companies.”

CNF’s “Other” operations had operating income of \$345,000 in the second quarter of 2000. This segment includes operating results from the Priority Mail contract and Road Systems, a trailer manufacturing subsidiary. Second-quarter 1999 operating income included the \$10.1 million net gain from the sale of VantageParts and \$1.3 million of operating income from Priority Mail. Revenue for the “Other” segment was \$131.4 million in the second quarter of 2000. As explained below, the Priority Mail contract recorded break-even results in the second quarter of 2000 on revenue of \$126.8 million, which was up 7 percent from the same quarter a year ago.

As previously announced, the company continues negotiations with the U.S. Postal Service to resolve pricing and operational issues involving the Priority Mail contract. Beginning in the third quarter of 1999, the company began being paid a provisional rate for its services that is below its cost of operating under the contract. Therefore, in accordance with generally accepted accounting principles, the company is recognizing unbilled revenues sufficient only to recover costs. No profit has been recognized since the second quarter of 1999. The company recognized \$29.3 million of unbilled revenue in the second quarter of 2000 and has recognized \$173.4 million in unbilled revenue since the beginning of the contract.

The effective tax rate for CNF in the second quarter of 2000 was 42.5 percent compared to 43.5 percent in second-quarter 1999.

CNF (NYSE:CNF) is a \$5.6 billion management company of global supply chain services with businesses in regional trucking, air freight, ocean freight, customs brokerage, global logistics management and trailer manufacturing.

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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 1999 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 INC.**

**CONDENSED STATEMENTS OF CONSOLIDATED INCOME**

(Dollars in thousands except per share amounts)

	Three Months Ended June 30,	
	2000	1999
<b>REVENUES</b>		
Con-Way Transportation Services	\$ 528,594	\$ 463,547
Emery Worldwide	630,705	585,854
Menlo Logistics	238,551	181,603
Other	131,353	130,633
	\$ 1,529,203	\$1,361,637
<b>OPERATING INCOME</b>		
Con-Way Transportation Services	\$ 65,675	\$ 60,830
Emery Worldwide	13,024	17,425
Menlo Logistics	8,473	5,273
Other	345	11,806 (b)
	87,517	95,334
<b>OTHER EXPENSE, NET</b>	7,542	8,991
Income before income taxes	79,975	86,343
Income taxes	33,989	37,559
Net income	45,986	48,784
Preferred stock dividends	2,072	2,061
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	\$ 43,914	\$ 46,723 (b)
<b>Average Common Shares Outstanding</b>		
Basic	48,463,040	48,158,898
Diluted (a)	56,361,884	55,951,658
<b>Earnings Per Common Share</b>		
Basic	\$ 0.91	\$ 0.97 (b)
Diluted (a)	\$ 0.80	\$ 0.86 (b)

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

(b) Includes a \$10.1 million net gain, \$5.7 million after tax, (\$0.12 per basic share and \$0.10 per diluted share) from the sale of a truck parts operation in May 1999.

**CNF INC.**

**CONDENSED STATEMENTS OF CONSOLIDATED INCOME**

(Dollars in thousands except per share amounts)

	Six Months Ended June 30,	
	2000	1999
REVENUES		
Con-Way Transportation Services	\$ 1,039,110	\$ 896,926
Emery Worldwide	1,231,943	1,115,275
Menlo Logistics	448,454	342,162
Other	272,449	262,597
	\$ 2,991,956	\$2,616,960
OPERATING INCOME		
Con-Way Transportation Services	\$ 123,791	\$ 114,777
Emery Worldwide	20,376	20,976
Menlo Logistics	16,111	9,829
Other	656	32,347 (b)
	160,934	177,929
OTHER EXPENSE, NET	12,555 (c)	16,725
Income before income taxes	148,379	161,204
Income taxes	63,061	70,124
Net income	85,318	91,080
Preferred stock dividends	4,106	4,088
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 81,212 (c)	\$ 86,992 (b)
Average Common Shares Outstanding		
Basic	48,440,350	48,042,740
Diluted (a)	56,377,108	55,897,549
Earnings Per Common Share		
Basic	\$ 1.68 (c)	\$ 1.81 (b)
Diluted (a)	\$ 1.49 (c)	\$ 1.60 (b)

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

(b) Includes a \$16.5 million net gain, \$9.3 million after tax, (\$0.19 per basic share and \$0.17 per diluted share) on a lawsuit settled in January 1999, and a \$10.1 million net gain, \$5.7 million after tax, (\$0.12 per basic share and \$0.10 per diluted share) from the sale of a truck parts operation in May 1999.

(c) Includes a \$2.6 million net gain, \$1.5 million after tax, (\$0.03 per basic and diluted share) on the sale of securities in March 2000.

**CNF INC.**

**CONDENSED BALANCE SHEETS**

(Dollars in thousands)

	June 30, 2000	December 31, 1999
<b>ASSETS</b>		
Current assets	\$ 1,343,184	\$ 1,200,233
Property, plant and equipment, net	1,151,881	1,131,034
Other assets	774,867	781,421
Total Assets	<u>\$ 3,269,932</u>	<u>\$ 3,112,688</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities	\$ 1,013,453	\$ 1,029,922
Long-term debt and guarantees	534,667	433,446
Other long-term liabilities and deferred credits	560,052	556,372
Preferred stock - Subsidiary Trust	125,000	125,000
Shareholders' equity	1,036,760	967,948
Total Liabilities and Shareholders' Equity	<u>\$ 3,269,932</u>	<u>\$ 3,112,688</u>