

CNF TRANSPORTATION INC.

CONDENSED STATEMENTS OF CONSOLIDATED INCOME

(Dollars in thousands except per share amounts)

	Three Months Ended September 30	
	1997	1996
REVENUES		
Con-Way Transportation Services	\$ 387,975	\$ 331,090
Emery Worldwide	599,830	497,860
Other	139,557	106,840
	<u>\$ 1,127,362</u>	<u>\$ 935,790</u>
OPERATING INCOME		
Con-Way Transportation Services	\$ 41,159	\$ 29,185
Emery Worldwide	36,219	21,530
Other	4,469	3,701
	<u>81,847</u>	<u>54,416</u>
OTHER EXPENSE, NET	<u>9,104</u>	<u>12,351</u>
Income from continuing operations before income taxes	72,743	42,065
Income taxes	33,098	18,766
Net income from continuing operations	<u>39,645</u>	<u>23,299</u>
Loss from discontinued operations net of income tax benefits	-	(3,445)
Preferred stock dividends	<u>1,951</u>	<u>2,141</u>
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 37,694</u>	<u>\$ 17,713</u>
Average Common Shares Outstanding		
Primary (1)	51,208,607	44,659,341
Fully Diluted (2)	55,572,402	49,235,498
PRIMARY EARNINGS (LOSS) PER COMMON SHARE:		
Continuing Operations	\$ 0.75	\$ 0.47
Discontinued Operations	-	(0.07)
Total	<u>\$ 0.75</u>	<u>\$ 0.40</u>
FULLY DILUTED EARNINGS (LOSS) PER COMMON SHARE:		
Continuing Operations	\$ 0.70	\$ 0.44
Discontinued Operations	-	(0.07)
Total	<u>\$ 0.70</u>	<u>\$ 0.37</u>

(1) Includes the dilutive effect of stock options and, in 1997, Series A convertible preferred stock of subsidiary trust "TECONS"

(2) Includes the dilutive effect of stock options, Series B (TASP) preferred stock and, in 1997, Series A "TECONS"

CNF TRANSPORTATION INC.

CONDENSED STATEMENTS OF CONSOLIDATED INCOME

(Dollars in thousands except per share amounts)

	Nine Months Ended September 30	
	1997	1996
REVENUES		
Con-Way Transportation Services	\$ 1,087,838	\$ 949,584
Emery Worldwide	1,627,332	1,420,788
Other	357,383	307,627
	<u>\$ 3,072,553</u>	<u>\$ 2,677,999</u>
OPERATING INCOME		
Con-Way Transportation Services	\$ 109,717	\$ 79,574
Emery Worldwide	76,827	51,680
Other	12,537	11,033
	<u>199,081</u>	<u>142,287</u>
OTHER EXPENSE, NET	<u>31,139</u>	<u>33,216</u>
Income from continuing operations before income taxes	167,942	109,071
Income taxes	76,364	48,391
Net income from continuing operations	<u>91,578</u>	<u>60,680</u>
Loss from discontinued operations net of income tax benefits	<u>-</u>	<u>(26,890)</u>
Preferred stock dividends	<u>5,861</u>	<u>6,458</u>
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 85,717</u>	<u>\$ 27,332</u>
Average Common Shares Outstanding		
Primary (1)	48,442,376	44,846,589
Fully Diluted (2)	53,074,224	49,204,549
PRIMARY EARNINGS (LOSS) PER COMMON SHARE:		
Continuing Operations	\$ 1.79	\$ 1.21
Discontinued Operations	-	(0.60)
Total	<u>\$ 1.79</u>	<u>\$ 0.61</u>
FULLY DILUTED EARNINGS (LOSS) PER COMMON SHARE:		
Continuing Operations	\$ 1.65	\$ 1.13
Discontinued Operations	-	(0.54)
Total	<u>\$ 1.65</u>	<u>\$ 0.59</u>

(1) Includes the dilutive effect of stock options and, in 1997, Series A convertible preferred stock of subsidiary trust "TECONS"

(2) Includes the dilutive effect of stock options, Series B (TASP) preferred stock and, in 1997, Series A "TECONS"

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

	September 30, 1997	December 31, 1996
ASSETS		
Current assets	\$ 1,000,756	\$ 815,895
Property, plant and equipment, net	809,020	752,649
Other assets	525,198	513,322
Total Assets	\$ 2,334,974	\$ 2,081,866
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 824,624	\$ 815,086
Long-term debt and guarantees	473,508	477,201
Other long-term liabilities and deferred credits	302,447	281,300
Preferred stock - Subsidiary Trust	125,000	-
Shareholders' equity	609,395	508,279
Total Liabilities and Shareholders' Equity	\$ 2,334,974	\$ 2,081,866