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CNF INC. REPORTS EARNINGS FOR THIRD QUARTER

PALO ALTO, California – Oct. 18, 2000 -- CNF Inc. (NYSE:CNF) today reported third-quarter 2000 net income for common shareholders of \$35.8 million, or 66 cents per diluted share, before non-recurring charges, down 15 percent from net income for common shareholders of \$42.1 million, or 77 cents per diluted share, in the same quarter a year ago.

When non-recurring charges are included, third-quarter 2000 net income totaled \$25.6 million, or 48 cents per diluted share. The non-recurring charges amounted to 6 cents per diluted share for the sale of certain assets of Con-Way Truckload Services and 12 cents per diluted share for losses on terminated aircraft leases at Emery Worldwide.

Third-quarter operating income, excluding non-recurring charges, was \$72.8 million in 2000 compared with \$85.8 million in the same quarter a year ago. Third-quarter 2000 operating income including non-recurring charges was \$55.4 million. Revenue for the third quarter of 2000 was \$1.53 billion, up 9 percent from \$1.41 billion.

For the first nine months, net income for common shareholders, excluding non-recurring items, was \$115.3 million, or \$2.12 per diluted share. That compares with net income for common shareholders of \$114.1 million, or \$2.11 per diluted share, in 1999. Non-recurring items in the first nine months of 2000 were: a gain of 3 cents per diluted share from the sale of securities and 18 cents per diluted share of charges noted above. Non-recurring items in the first nine months of 1999 were: a net gain of 17 cents per diluted share from the settlement of a lawsuit and a net gain of 10 cents per diluted share from the sale of a truck parts operation.

Operating income for the first nine months was \$233.7 million in 2000 compared with \$237.1 million in 1999, excluding non-recurring items in both periods. Including non-

recurring items in both periods, nine-months' operating income was \$216.3 million in 2000 and \$263.7 million in 1999. Revenue in the first nine months of 2000 increased 12 percent to \$4.53 billion from \$4.03 billion in the 1999 period.

The effective tax rate for the quarter was 41.5 percent.

"As we expected and announced on September 19, lower operating profits at Emery Worldwide have resulted in reduced earnings for CNF in the third quarter," said Gregory L. Quesnel, CNF president and chief executive officer. "Emery's U.S. domestic business results remain below expectations, more than offsetting good results posted by its international group."

Con-Way Transportation Services reported third-quarter 2000 operating income, before non-recurring charges, of \$57.6 million, up 1 percent from \$56.9 million in the same quarter a year ago. Including the non-recurring charge for the sale of the truckload assets noted above, third-quarter operating income was \$52.2 million. Revenues were a third-quarter record at \$518.1 million, up 6 percent from \$490.7 million in third-quarter 1999.

Total CTS regional carrier tonnage and LTL tonnage in the third quarter were essentially unchanged from the prior year period.

"The Con-Way regional carriers and in particular Con-Way Western Express had very good quarters for earnings," said Quesnel. He noted that Con-Way earnings in the third quarter of 1999 benefited from industry consolidation and inventory build ups for Y2K, making this year's quarterly comparison difficult. "Even with last year's exceptional quarter, Con-Way was able to modestly increase its earnings before the one-time write-down."

Emery Worldwide reported third-quarter operating income, before non-recurring charges, of \$6.1 million compared with \$22.6 million in the third quarter of 1999. Including the non-recurring charges for losses on terminated aircraft leases noted above, Emery Worldwide reported a loss from operations of \$5.8 million. Revenues were \$657.5 million, up 7 percent from \$617.3 million in 1999.

In the third quarter, Emery's North American air freight revenue was down 7 percent while international revenue rose 15 percent. North American air freight tonnage was down 9 percent while international tonnage grew 10 percent.

"Emery's results reflect a slowdown in the U.S. domestic demand for heavy weight air freight shipments and higher-than-normal operating and maintenance costs for its

North American aircraft fleet,” Quesnel said. He noted that while demand remained strong in Emery’s international freight forwarding operations, international results were affected by tight air haul capacity and higher fuel costs, which depressed margins.

“Emery’s new CEO, Chutta Ratnathicam, is focusing on all aspects of the business to achieve sustained profitability,” Quesnel said.

Menlo Logistics reported third-quarter operating income of \$8.6 million, up 37 percent from \$6.3 million in the year ago quarter. Menlo’s revenue in the third quarter was \$225.6 million, up 26 percent from \$178.7 million.

“Menlo’s performance was outstanding again this quarter. Margins improved as relative growth in operating income substantially exceeded Menlo’s impressive 26 percent growth in revenue,” said Quesnel.

CNF’s “Other” operations had operating income of \$380,000 in the third quarter of 2000. This segment includes operating results from the Priority Mail contract and Road Systems, a trailer manufacturing subsidiary. Revenue for the “Other” segment was \$133.7 million in the third quarter of 2000. As explained below, the Priority Mail contract recorded break-even results in the third quarter of 2000 on revenue of \$124.3 million, which was up 5 percent from the same quarter last year.

As previously announced, the company continues to work with the U.S. Postal Service to resolve pricing and operational issues involving the Priority Mail contract. In the third quarter of 1999, Emery Worldwide Airlines 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 has been recognizing unbilled revenues sufficient only to recover costs. No profit has been recognized since the second quarter of 1999. The company recognized \$21.0 million of unbilled revenue in the third quarter of 2000. The total amount recognized by the company as unbilled revenue since the beginning of the contract was \$194.4 million as of September 30, 2000.

As a result of an August 25 decision in a lawsuit filed by Emery Worldwide Airlines against the U.S. Postal Service in the U.S. Court of Claims, the Postal Service has increased its provisional rate paid to EWA for transportation and sortation of Priority Mail for 2000. The Postal Service has also increased the provisional rate paid to EWA for 1999. Based on these rate adjustments, early in the fourth quarter EWA received

payments totaling \$102.1 million from the Postal Service, reducing the total amount recognized by the company as unbilled revenue to approximately \$92.3 million. The company will continue to recognize unbilled revenue until such time as final rates have been determined. The company plans to continue vigorous pursuit of the full compensation it believes it is entitled to under the contract.

Quesnel said that EWA and the Postal Service have had fruitful negotiations toward resolving many issues in dispute and that a settlement may be near.

Outlook

Looking ahead to the fourth quarter, the company expects tonnage growth at Con-Way to be relatively flat when compared with the strong fourth quarter of 1999 that included significant inventory buildup in anticipation of Y2K supply disruptions. Yield at Con-Way is expected to increase in the mid-single-digit range. At Emery, North American tonnage is expected to decline at mid-single-digit rates, while international tonnage is anticipated to increase at low-double-digit rates. North American yield should increase in the mid-single-digit range. Emery's margin is expected to be similar to the third quarter. At Menlo, revenue and operating income are expected to grow at about 20 percent.

CNF's tax rate is expected to be 41.5 percent in the fourth quarter.

This news release contains forward-looking statements, including statements regarding estimated earnings and other anticipated results of operations, which are subject to a number of risks and uncertainties. Forward-looking statements as predictions of future events should not be relied on. In addition to the factors discussed above, factors that could cause actual earnings, results of operations and other matters to differ materially from those discussed in such forward-looking statements include; changes in general business and economic conditions, increasing competition and pricing pressure, changes in fuel prices, uncertainties regarding Emery Worldwide Airline's Priority Mail contract with the United States Postal Service, labor matters, changes in governmental regulation, environmental and tax matters (including claims made by the Internal Revenue Service with respect to aircraft maintenance tax matters), the Department of Transportation investigation relating to Emery Worldwide's handling of hazardous

materials, the February 2000 crash of an EWA aircraft, and matters relating to our 1996 spin-off of Consolidated Freightways Corporation. These and other risk factors are discussed in our 1999 Annual Report on Form 10-K or in other filings with the Securities and Exchange Commission. As a result, no assurance can be given as to future results of operations or financial condition.

CNF will host a conference call for shareholders and the investing community to discuss third-quarter results at 11:00 a.m. Eastern time (8:00 a.m. Pacific) on October 18. The call can be accessed by dialing (800) 230-1085 and is expected to last approximately one hour. Callers are requested to dial in at least five minutes before the start of the call. The call will also be available through live webcasts at www.streetfusion.com and www.streetevents.com. An audio replay will be available for 48 hours following the call at (800) 475-6701, confirmation # 538736. The replay will also be available on demand at the webcasting site providing access to the live call.

CNF (NYSE:CNF) is a \$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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CNF INC.

CONDENSED STATEMENTS OF CONSOLIDATED INCOME
(Dollars in thousands except per share amounts)

	Three Months Ended September 30,	
	2000	1999
REVENUES		
Con-Way Transportation Services	\$ 518,134	\$ 490,658
Emery Worldwide	657,461	617,316
Menlo Logistics	225,639	178,682
Other	133,669	121,735
	<u>\$ 1,534,903</u>	<u>\$1,408,391</u>
OPERATING INCOME (LOSS)		
Con-Way Transportation Services	\$ 52,189 (b)	\$ 56,938
Emery Worldwide	(5,788) (c)	22,551
Menlo Logistics	8,628	6,298
Other	380	(19)
	<u>55,409</u>	<u>85,768</u>
OTHER EXPENSE, NET	<u>8,108</u>	<u>7,566</u>
Income before income taxes	47,301	78,202
Income taxes	19,633	34,018
Net income	<u>27,668</u>	<u>44,184</u>
Preferred stock dividends	<u>2,047</u>	<u>2,037</u>
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 25,621</u>	<u>\$ 42,147</u>
Average Common Shares Outstanding		
Basic	48,511,156	48,306,902
Diluted (a)	56,349,127	56,032,549
Earnings Per Common Share		
Basic	<u>\$ 0.53</u>	<u>\$ 0.87</u>
Diluted (a)	<u>\$ 0.48</u>	<u>\$ 0.77</u>

(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 \$5.5 million loss, \$3.2 million after tax, (\$0.07 per basic share and \$0.06 per diluted share) from the sale of certain assets of Con-Way Truckload Services.

(c) Includes an \$11.9 million loss, \$7.0 million after tax, (\$0.14 per basic share and \$0.12 per diluted share) from the termination of certain aircraft leases.

CNF INC.

CONDENSED STATEMENTS OF CONSOLIDATED INCOME
(Dollars in thousands except per share amounts)

	Nine Months Ended September 30,	
	2000	1999
REVENUES		
Con-Way Transportation Services	\$ 1,557,244	\$1,387,584
Emery Worldwide	1,889,404	1,732,591
Menlo Logistics	674,093	520,844
Other	406,118	384,332
	<u>\$ 4,526,859</u>	<u>\$4,025,351</u>
OPERATING INCOME		
Con-Way Transportation Services	\$ 175,980 (b)	\$ 171,715
Emery Worldwide	14,588 (c)	43,527
Menlo Logistics	24,739	16,127
Other	1,036	32,328 (e)
	<u>216,343</u>	<u>263,697</u>
OTHER EXPENSE, NET	<u>20,663 (d)</u>	<u>24,291</u>
Income before income taxes	195,680	239,406
Income taxes	82,694	104,142
Net income	<u>112,986</u>	<u>135,264</u>
Preferred stock dividends	<u>6,153</u>	<u>6,125</u>
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 106,833</u>	<u>\$ 129,139</u>
Average Common Shares Outstanding		
Basic	48,464,021	48,131,556
Diluted (a)	56,379,755	55,908,199
Earnings Per Common Share		
Basic	<u>\$ 2.20</u>	<u>\$ 2.68</u>
Diluted (a)	<u>\$ 1.96</u>	<u>\$ 2.38</u>

(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 \$5.5 million loss, \$3.2 million after tax, (\$0.07 per basic share and \$0.06 per diluted share) from the sale of certain assets of Con-Way Truckload Services.

(c) Includes an \$11.9 million loss, \$7.0 million after tax, (\$0.14 per basic share and \$0.12 per diluted share) from the termination of certain aircraft leases.

(d) 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.

(e) 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.

CNF INC.

CONDENSED BALANCE SHEETS

(Dollars in thousands)

	September 30, 2000	December 31, 1999
	<u> </u>	<u> </u>
ASSETS		
Current assets	\$ 1,336,321	\$ 1,200,233
Property, plant and equipment, net	1,161,521	1,131,034
Other assets	785,498	781,421
Total Assets	<u>\$ 3,283,340</u>	<u>\$ 3,112,688</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 996,138	\$ 1,029,922
Long-term debt and guarantees	534,658	433,446
Other long-term liabilities and deferred credits	571,948	556,372
Preferred stock - Subsidiary Trust	125,000	125,000
Shareholders' equity	1,055,596	967,948
Total Liabilities and Shareholders' Equity	<u>\$ 3,283,340</u>	<u>\$ 3,112,688</u>