

CNF TRANSPORTATION INC.

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

	Three Months Ended December 31	
	1997	1996
REVENUES		
Con-Way Transportation Services	\$ 385,350	\$ 342,498
Emery Worldwide	644,743	547,270
Other	164,155	94,416
	<u>\$ 1,194,248</u>	<u>\$ 984,184</u>
OPERATING INCOME (LOSS)		
Con-Way Transportation Services	\$ 37,438	\$ 21,475
Emery Worldwide	32,507	26,735
Other	(4,159)	1,651
	<u>65,786</u>	<u>49,861</u>
OTHER EXPENSE, NET	<u>(11,914)</u>	<u>(11,800)</u>
Income from continuing operations before income taxes	53,872	38,061
Income taxes	24,561	18,560
Net income from continuing operations	<u>29,311</u>	<u>19,501</u>
Loss from discontinued operations net of income tax benefits	-	(9,496)
Loss from disposal of discontinued operations net of income tax benefits	-	(16,247)
	<u>-</u>	<u>(25,743)</u>
Preferred stock dividends	<u>2,025</u>	<u>2,134</u>
NET INCOME (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	<u>\$ 27,286</u>	<u>\$ (8,376)</u>
Average Common Shares Outstanding (1)		
Basic	47,068,269	44,187,187
Diluted (2)	55,614,216	49,677,129
BASIC EARNINGS (LOSS) PER COMMON SHARE (1):		
Continuing Operations	\$ 0.58	\$ 0.39
Discontinued Operations		
Loss from operations	-	(0.21)
Loss from disposal	-	(0.37)
Total	<u>\$ 0.58</u>	<u>\$ (0.19)</u>
DILUTED EARNINGS (LOSS) PER COMMON SHARE (1):		
Continuing Operations	\$ 0.51	\$ 0.36
Discontinued Operations		
Loss from operations	-	(0.19)
Loss from disposal	-	(0.33)
Total	<u>\$ 0.51</u>	<u>\$ (0.16)</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 1997, Series A "TECONS"

CNF TRANSPORTATION INC.

CONDENSED STATEMENTS OF CONSOLIDATED INCOME

(Dollars in thousands except per share amounts)

	Twelve Months Ended December 31	
	1997	1996
REVENUES		
Con-Way Transportation Services	\$ 1,473,188	\$ 1,292,082
Emery Worldwide	2,272,075	1,968,058
Other	521,538	402,043
	<u>\$ 4,266,801</u>	<u>\$ 3,662,183</u>
OPERATING INCOME		
Con-Way Transportation Services	\$ 147,155	\$ 101,049
Emery Worldwide	109,334	78,415
Other	8,378	12,684
	<u>264,867</u>	<u>192,148</u>
OTHER EXPENSE, NET	<u>(43,053)</u>	<u>(45,016)</u>
Income from continuing operations before income taxes	221,814	147,132
Income taxes	100,925	66,951
Net income from continuing operations	<u>120,889</u>	<u>80,181</u>
Loss from discontinued operations net of income tax benefits	-	(36,386)
Loss from disposal of discontinued operations net of income tax benefits	<u>-</u>	<u>(16,247)</u>
	<u>-</u>	<u>(52,633)</u>
Preferred stock dividends	7,886	8,592
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 113,003</u>	<u>\$ 18,956</u>
Average Common Shares Outstanding (1)		
Basic	46,236,688	44,041,159
Diluted (2)	53,077,468	49,531,101
BASIC EARNINGS (LOSS) PER COMMON SHARE (1):		
Continuing Operations	\$ 2.44	\$ 1.63
Discontinued Operations		
Loss from operations	-	(0.83)
Loss from disposal	-	(0.37)
Total	<u>\$ 2.44</u>	<u>\$ 0.43</u>
DILUTED EARNINGS (LOSS) PER COMMON SHARE (1):		
Continuing Operations	\$ 2.19	\$ 1.48
Discontinued Operations		
Loss from operations	-	(0.73)
Loss from disposal	-	(0.33)
Total	<u>\$ 2.19</u>	<u>\$ 0.42</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 1997, Series A "TECONS"

CNF TRANSPORTATION INC.

CONDENSED BALANCE SHEETS
(Dollars in thousands)

	December 31, 1997	December 31, 1996
ASSETS		
Current assets	\$ 1,009,387	\$ 815,895
Property, plant and equipment, net	879,842	752,649
Other assets	532,267	513,322
Total Assets	<u>\$ 2,421,496</u>	<u>\$ 2,081,866</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 806,138	\$ 815,086
Long-term debt and guarantees	473,488	477,201
Other long-term liabilities and deferred credits	358,767	281,300
Preferred stock - Subsidiary Trust	125,000	-
Shareholders' equity	658,103	508,279
Total Liabilities and Shareholders' Equity	<u>\$ 2,421,496</u>	<u>\$ 2,081,866</u>