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## **CNF INC. REPORTS FOURTH-QUARTER FINANCIAL RESULTS**

**PALO ALTO, California** – Jan. 29, 2001 -- CNF Inc. (NYSE:CNF) today reported fourth-quarter 2000 net income for common shareholders of \$37.8 million, or 70 cents per diluted share, which includes an increase of 3 cents per diluted share from a change in the way the company accounts for revenue from in-transit freight. This compares with \$53.1 million, or 97 cents per diluted share, in the same quarter a year ago, which included a net gain of 10 cents per diluted share from the sale of securities.

Fourth-quarter operating income was \$76.4 million in 2000 compared with \$95.4 million in the same quarter a year ago. Revenue for the fourth quarter of 2000 was \$1.44 billion, up 5 percent from \$1.37 billion in the prior year period.

All revenue and operating income numbers for the fourth quarter and full year exclude Priority Mail activities, which are now classified as discontinued operations. The effective tax rate for the quarter was 41.5 percent compared to 43.5 percent in the same period last year.

Net income from continuing operations (after preferred dividends) for the full year 2000 was \$143.1 million or \$2.65 per diluted share, compared with \$179.3 million or \$3.29 per diluted share, including unusual items in both periods. The 2000 period included a net charge for unusual items of 16 cents per diluted share while the 1999 period included a net gain of 37 cents per diluted share.

For the full year 2000, net income for common shareholders was \$126.8 million, or \$2.36 per diluted share, compared with \$182.3 million, or \$3.35 per diluted share, in 1999. Net income for common shareholders in 2000 included a charge of 24 cents per diluted share after tax for the loss on discontinuance of the Priority Mail operations described below, and a charge of 5 cents per diluted share from the change in accounting method described above. Net income for common shareholders in 1999 included 6 cents per diluted share of income from discontinued Priority Mail operations.

Operating income for full-year 2000 was \$290.0 million compared with \$354.2 million in 1999. Revenue in 2000 increased 11 percent to \$5.6 billion from \$5.0 billion in the 1999 period.

"Our financial achievements in the fourth quarter and year 2000 were mixed," said Gregory L. Quesnel, CNF president and chief executive officer. "Menlo Logistics had a banner year and Con-Way Transportation Services had another strong year while Emery Worldwide did not meet its financial targets.

"By year end, all of our businesses were feeling the effects of a slowing U.S. economy, indicating 2001 will be a challenge," Quesnel said.

**Con-Way Transportation Services** had fourth-quarter operating income of \$53.4 million compared with \$57.1 million in the same quarter a year ago. Revenue for the fourth quarter was flat at \$490.4 million compared with the fourth quarter of 1999. For the full year 2000, Con-Way reported operating income, before unusual charges, of \$232.8 million, up 2 percent from \$228.8 million in the same period a year ago. Including a charge for the sale of certain truckload assets in the third quarter, operating income was \$227.3 million. Revenues for the full year 2000 were a record \$2.04 billion, surpassing \$2 billion for the first time. This compares with revenues of \$1.88 billion in 1999.

Total CTS regional carrier tonnage per day declined 3 percent in the fourth quarter from the prior-year period, as did LTL tonnage. For the full year 2000, total regional carrier tonnage per day grew 3 percent, as did LTL tonnage. Total yield increased 8 percent in the fourth quarter and rose 7 percent for the full year 2000.

"Con-Way and its people continue to do a great job at executing their strategy of providing the best service in the LTL industry," said Quesnel. "Customers have likewise responded, particularly to Con-Way's movement of freight between regional carriers."

**Emery Worldwide** reported fourth-quarter operating income of \$14.5 million compared with \$32.0 million in the same period a year ago. Revenues were \$723.8 million, up 7 percent from \$675.8 million in the prior-year period. In the fourth quarter, Emery's North American revenue per day was down 4 percent from the same period in 1999, while international revenue per day rose 20 percent. North American tonnage per day was down 11 percent while international tonnage per day grew 9 percent. North American yield increased 9 percent. Tonnage declines are attributable to yield enhancement programs and a slowing economy.

Emery reported full-year operating income, before unusual charges, of \$40.3 million compared with \$75.5 million in 1999. Including a non-recurring charge for losses on terminated aircraft leases in the third quarter, Emery reported operating income of \$28.4 million. Revenues were \$2.6 billion, up 8 percent from \$2.4 billion in 1999.

For the full year 2000, Emery's North American revenue per day was flat while international revenue per day rose 20 percent. North American air freight tonnage per day was down 8 percent while international tonnage per day grew 12 percent. North American yield grew 9 percent.

"Emery's results remain disappointing and were exacerbated by the cooling economy in the U.S. in the fourth quarter. Emery is focusing on service consistency, yield enhancement, market sizing and cost reductions, which are expected to improve results," Quesnel said.

**Menlo Logistics** reported fourth-quarter operating income of \$8.6 million, up 40 percent from \$6.1 million in the year-ago quarter. Menlo's revenue in the fourth quarter was \$216.7 million, up 11 percent from \$195.2 million. For the full year 2000, Menlo's operating income was \$33.3 million, up 50 percent from \$22.3 million a year ago. Full-year revenue was \$890.8 million, up 24 percent from \$716.0 million in 1999.

"Menlo's performance in 2000 was exceptional," said Quesnel. "Its record earnings were impressive and Menlo continues to distinguish itself for providing the best solutions in the industry to complex logistics projects."

CNF's "**Other**" segment includes results from the operations of Road Systems and other corporate activities.

#### Discontinued Operations

In the fourth quarter of 2000, Emery Worldwide Airlines (EWA) and the U.S. Postal Service agreed to terminate their Priority Mail contract. Operations of the 10 Priority Mail Processing Centers designed and built by EWA to service this contract were turned over to the Postal Service on January 7, 2001. EWA will cease operations of its Priority Mail transportation network on April 23. As a result of the termination agreement, results from the Priority Mail operations have been classified as discontinued operations and prior periods have been restated. A \$13.5 million after-tax charge was taken in the third quarter of 2000 to reflect the estimated loss from discontinuance. Due to the previously announced dispute with the Postal Service, the company had been recognizing unbilled revenue sufficient only to recover its costs so no profit had been recognized under the contract since the second quarter of 1999. The company plans to continue vigorous pursuit of the full compensation it believes it is entitled to under the contract.

#### Outlook

Looking ahead to the first quarter of 2001, the company expects volume trends at Con-Way and Emery to be in line with the fourth quarter. The pricing environment at Con-Way and Emery is expected to remain firm. At Menlo, revenue and operating income are expected to continue to increase at about 20 percent year over year. Startup costs for Vector SCM, a joint venture with General Motors formed in December 2000, are expected to be approximately \$6 million in the first quarter.

CNF's tax rate is expected to decline by approximately one percentage point in the first 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 Airlines' claims under its former Priority Mail contract and its existing Express 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.

#### Conference Call

CNF will host a conference call for shareholders and the investing community to discuss fourth-quarter results at 11:00 a.m. Eastern time (8:00 a.m. Pacific) on Jan. 30. The call can be accessed by dialing (800) 230-1059 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.streetevents.com](http://www.streetevents.com), and in the Investor Relations section of the CNF web site at [www.cnf.com](http://www.cnf.com). An audio replay will be available for 48 hours following the call at (800) 475-6701, confirmation # 559997. The replay will also be available for 48 hours on demand at the webcasting sites 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 December 31,	
	2000	1999
<b>REVENUES</b>		
Con-Way Transportation Services	\$ 490,438	\$ 490,632
Emery Worldwide	723,796	675,825
Menlo Logistics	216,707	195,164
Other	8,783	4,923
	<u>\$ 1,439,724</u>	<u>\$1,366,544</u>
 <b>OPERATING INCOME (LOSS)</b>		
Con-Way Transportation Services	\$ 53,373	\$ 57,105
Emery Worldwide	14,539	31,987
Menlo Logistics	8,564	6,128
Other	(50)	183
	<u>76,426 [b]</u>	<u>95,403</u>
 <b>OTHER EXPENSE, NET</b>	<u>(8,107)</u>	<u>2,313 [c]</u>
 Income before income taxes	68,319	97,716
Income taxes	28,376	42,506
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<u>39,943</u>	<u>55,210</u>
 Discontinued Operations, net of tax	-	-
 Preferred stock dividends	<u>2,108</u>	<u>2,093</u>
 <b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	<u>\$ 37,835</u>	<u>\$ 53,117</u>
 Average Common Shares Outstanding		
Basic	48,572,881	48,362,275
Diluted [a]	55,918,030	55,941,613
 Earnings Per Common Share		
Basic		
Net Income from continuing operations	\$ 0.78	\$ 1.10
Discontinued operations, net of tax	-	-
Net income available to common shareholders	<u>\$ 0.78</u>	<u>\$ 1.10</u>
Diluted [a]		
Net Income from continuing operations	\$ 0.70	\$ 0.97
Discontinued operations, net of tax	-	-
Net income available to common shareholders	<u>\$ 0.70</u>	<u>\$ 0.97</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 operating income of \$2.3 million, \$1.4 million net of tax, (\$.03 per basic and diluted share) from a change in the revenue recognition accounting policy for in-transit freight.

[c] Includes a \$9.6 million net gain, \$5.4 million net of tax, (\$.11 per basic share and \$0.10 per diluted share) from the sale of securities in December 1999.

**CNF INC.**

**CONDENSED STATEMENTS OF CONSOLIDATED INCOME**

(Dollars in thousands except per share amounts)

	Year Ended December 31,	
	2000	1999
<b>REVENUES</b>		
Con-Way Transportation Services	\$ 2,044,896	\$ 1,878,216
Emery Worldwide	2,608,142	2,408,416
Menlo Logistics	890,800	716,008
Other	28,539	34,661
	\$ 5,572,377	\$5,037,301
<b>OPERATING INCOME</b>		
Con-Way Transportation Services	\$ 227,312 [b]	\$ 228,820
Emery Worldwide	28,365 [c]	75,514
Menlo Logistics	33,303	22,255
Other	986	27,649 [e]
	289,966	354,238
<b>OTHER EXPENSE, NET</b>	(28,770) [d]	(21,978) [f]
Income before income taxes	261,196	332,260
Income taxes	109,880	144,752
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	151,316	187,508
Discontinued Operations, net of tax	-	2,966
Loss from Discontinuance, net of tax	(13,508)	-
	(13,508)	2,966
Cumulative Effect of Accounting Change, net of tax	(2,744)	-
Net Income	135,064	190,474
Preferred stock dividends	8,261	8,218
<b>NET INCOME AVAILABLE TO COMMON SHAREHOLDERS</b>	\$ 126,803	\$ 182,256
<b>Average Common Shares Outstanding</b>		
Basic	48,490,662	48,189,618
Diluted [a]	55,901,374	56,019,317
<b>Earnings Per Common Share</b>		
<b>Basic</b>		
Net Income from continuing operations	\$ 2.95	\$ 3.72
Discontinued operations, net of tax	-	0.06
Loss from discontinuance, net of tax	(0.28)	-
Cumulative effect of accounting change, net of tax	(0.06)	-
Net income available to common shareholders	\$ 2.61	\$ 3.78
<b>Diluted [a]</b>		
Net Income from continuing operations	\$ 2.65	\$ 3.29
Discontinued operations, net of tax	-	0.06
Loss from discontinuance, net of tax	(0.24)	-
Cumulative effect of accounting change, net of tax	(0.05)	-
Net income available to common shareholders	\$ 2.36	\$ 3.35

[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, \$6.9 million after tax, (\$0.14 per basic share and \$0.12 per diluted share) from the termination of certain aircraft leases in September 2000.
- [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.
- [f] Includes a \$9.6 million net gain, \$5.4 million net of tax, (\$0.11 per basic share and \$0.10 per diluted share) from the sale of securities in December 1999.

**CNF INC.**

**CONDENSED BALANCE SHEETS**

(Dollars in thousands)

	December 31 2000	December 31, 1999
<b>ASSETS</b>		
Current assets [a]	\$ 1,273,008	\$ 1,165,669
Property, plant and equipment, net	1,106,522	1,047,247
Other assets [b]	797,197	846,418
Total Assets	\$ 3,176,727	\$ 3,059,334
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities	\$ 890,695	\$ 995,360
Long-term debt and guarantees	534,649	433,446
Other long-term liabilities and deferred credits	564,461	537,580
Preferred stock - Subsidiary Trust	125,000	125,000
Shareholders' equity	1,061,922	967,948
Total Liabilities and Shareholders' Equity	\$ 3,176,727	\$ 3,059,334

[a] Includes net current assets of discontinued operations of \$32.7 million and \$25.7 million as of December 31, 2000 and 1999, respectively.

[b] Includes net non-current assets of discontinued operations of \$72.6 million and \$90.4 million as of December 31, 2000 and 1999, respectively.