

CNF INC.
STATEMENTS OF CONSOLIDATED INCOME
(Dollars in thousands except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2003	2002	2003	2002
REVENUES	\$ 1,306,372	\$ 1,230,147	\$ 3,749,518	\$ 3,483,494
Costs and Expenses				
Operating expenses	1,091,296	1,030,236	3,147,003	2,903,608
General and administrative expenses	124,568	121,612	366,911	345,833
Depreciation	33,450	34,774	100,178	106,255
	<u>1,249,314</u>	<u>1,186,622</u>	<u>3,614,092</u>	<u>3,355,696</u>
OPERATING INCOME	57,058	43,525	135,426	127,798
Other expense, net	(8,933)	(9,682)	(27,753)	(24,849)
Income before Taxes	48,125	33,843	107,673	102,949
Income Tax Benefit (Provision)	(21,304) [b]	11,801 [c]	(44,528) [b]	(15,150) [c]
Income from Continuing Operations	26,821	45,644	63,145	87,799
Loss from discontinuance, net of tax	-	(10,139) [d]	-	(10,139) [d]
Net Income	26,821	35,505	63,145	77,660
Preferred Stock Dividends	2,030	2,002	6,125	6,050
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 24,791</u>	<u>\$ 33,503</u>	<u>\$ 57,020</u>	<u>\$ 71,610</u>
Weighted-Average Common Shares Outstanding				
Basic	49,549,338	49,226,241	49,480,305	49,077,089
Diluted [a]	56,641,421	56,755,010	56,634,040	56,700,280
Earnings per Common Share				
Basic				
Income from continuing operations	\$ 0.50	\$ 0.89	\$ 1.15	\$ 1.67
Loss from discontinuance, net of tax	-	(0.21)	-	(0.21)
Net Income Available to Common Shareholders	<u>\$ 0.50</u>	<u>\$ 0.68</u>	<u>\$ 1.15</u>	<u>\$ 1.46</u>
Diluted [a]				
Income from continuing operations	\$ 0.46	\$ 0.79	\$ 1.08	\$ 1.51
Loss from discontinuance, net of tax	-	(0.18)	-	(0.18)
Net Income Available to Common Shareholders	<u>\$ 0.46</u>	<u>\$ 0.61</u>	<u>\$ 1.08</u>	<u>\$ 1.33</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] Excludes tax impact on non-deductible loss for the resolution of a hazardous materials violation case with the U.S. government.

[c] Includes tax provision of \$13.2 million for the three months ended September 30, 2002 and tax provision of \$40.2 million for the nine months ended September 30, 2002, offset by a \$25.0 million third-quarter reversal of accrued taxes related to the settlement with the IRS of aircraft maintenance issues.

[d] Includes a \$2.9 million net-of-tax gain on final Priority Mail settlement and a \$13.0 million net-of-tax loss related to the business failure of CFC.

OPERATING SEGMENTS

REVENUES				
Con-Way Transportation Services	\$ 574,571	\$ 527,689	\$ 1,635,125	\$ 1,486,388
Menlo Worldwide				
Forwarding	469,048	446,797	1,357,091	1,281,345
Logistics	262,663	255,022	757,177	713,142
	<u>731,711</u>	<u>701,819</u>	<u>2,114,268</u>	<u>1,994,487</u>
CNF Other	90	639	125	2,619
	<u>\$ 1,306,372</u>	<u>\$ 1,230,147</u>	<u>\$ 3,749,518</u>	<u>\$ 3,483,494</u>
OPERATING INCOME (LOSS)				
Con-Way Transportation Services	\$ 56,565	\$ 41,618	\$ 137,332	\$ 110,454
Menlo Worldwide				
Forwarding	(14,304)	(4,979)	(33,553)	(16,600)
Logistics	6,872	8,371	19,211	23,183
Other	8,810	2,638	15,358	13,267
	<u>1,378</u>	<u>6,030</u>	<u>1,016</u>	<u>19,850</u>
CNF Other	(885)	(4,123)	(2,922)	(2,506)
	<u>\$ 57,058</u>	<u>\$ 43,525</u>	<u>\$ 135,426</u>	<u>\$ 127,798</u>

ITEMS AFFECTING COMPARABILITY OF OPERATING INCOME (LOSS) FOR THE PERIODS PRESENTED:

Con-Way Transportation Services -				
Net gain from the sale of property	\$ -	\$ -	\$ -	\$ 8,675
Menlo Worldwide -				
Forwarding -				
Net gains from payments under the Air Transportation Safety and System Stabilization Act	-	-	7,230	9,895
Loss for the resolution of a hazardous materials violation case	(6,500)	-	(6,500)	-
Logistics -				
Net gain from a contract termination	-	-	-	1,850
CNF Other -				
Loss from the business failure of CFC	-	(3,595)	-	(3,595)
Net gain from the sale of property	-	-	-	2,367