

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2003	2002	2003	2002
REVENUES	\$ 1,354,814	\$ 1,278,625	\$ 5,104,332	\$ 4,762,119
Costs and Expenses				
Operating expenses	1,136,486	1,075,529	4,283,489	3,979,137
Selling, general and administrative expenses	129,873	115,974	496,784	461,807
Depreciation	32,444	33,100	132,622	139,355
	<u>1,298,803</u>	<u>1,224,603</u>	<u>4,912,895</u>	<u>4,580,299</u>
OPERATING INCOME	56,011	54,022	191,437	181,820
Other expense, net	<u>(7,668)</u>	<u>(10,727)</u>	<u>(35,421)</u>	<u>(35,576)</u>
Income before Taxes	48,343	43,295	156,016	146,244
Income Tax Provision	<u>19,464</u>	<u>16,885</u>	<u>63,992</u> [c]	<u>32,035</u> [d]
Income from Continuing Operations	28,879	26,410	92,024	114,209
Loss from Discontinuance, net of tax	-	<u>(2,259)</u> [b]	-	<u>(12,398)</u>
Net Income	28,879	24,151	92,024	101,811
Preferred Stock Dividends	<u>2,114</u>	<u>2,200</u>	<u>8,239</u>	<u>8,250</u>
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 26,765</u>	<u>\$ 21,951</u>	<u>\$ 83,785</u>	<u>\$ 93,561</u>
Weighted-Average Common Shares Outstanding				
Basic	49,709,146	49,327,589	49,537,945	49,139,134
Diluted [a]	57,109,665	56,741,862	56,725,667	56,655,570
Earnings per Common Share				
Basic				
Net income from continuing operations	\$ 0.54	\$ 0.49	\$ 1.69	\$ 2.16
Loss from discontinuance, net of tax	-	<u>(0.04)</u>	-	<u>(0.26)</u>
Net Income Available to Common Shareholders	<u>\$ 0.54</u>	<u>\$ 0.45</u>	<u>\$ 1.69</u>	<u>\$ 1.90</u>
Diluted [a]				
Net income from continuing operations	\$ 0.49	\$ 0.45	\$ 1.57	\$ 1.96
Loss from discontinuance, net of tax	-	<u>(0.04)</u>	-	<u>(0.22)</u>
Net Income Available to Common Shareholders	<u>\$ 0.49</u>	<u>\$ 0.41</u>	<u>\$ 1.57</u>	<u>\$ 1.74</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 \$2.9 million net-of-tax third-quarter gain on final Priority Mail settlement and third-quarter and fourth-quarter net-of-tax losses of \$13.0 million and \$2.3 million, respectively, related to the business failure of CFC.

[c] Excludes tax impact on a third-quarter non-deductible loss for the resolution of a hazardous materials violation case with the U.S. government.

[d] Includes tax provision of \$57.0 million for the twelve months ended December 31, 2002, partially offset by a \$25.0 million third-quarter reversal of accrued taxes related to the settlement with the IRS of aircraft maintenance issues.

OPERATING SEGMENTS

REVENUES				
Con-Way Transportation Services	\$ 577,472	\$ 525,089	\$ 2,212,597	\$ 2,011,477
Menlo Worldwide				
Forwarding	524,405	497,367	1,881,496	1,778,712
Logistics	<u>252,775</u>	<u>255,947</u>	<u>1,009,952</u>	<u>969,089</u>
	<u>777,180</u>	<u>753,314</u>	<u>2,891,448</u>	<u>2,747,801</u>
CNF Other	<u>162</u>	<u>222</u>	<u>287</u>	<u>2,841</u>
	<u>\$ 1,354,814</u>	<u>\$ 1,278,625</u>	<u>\$ 5,104,332</u>	<u>\$ 4,762,119</u>
OPERATING INCOME (LOSS)				
Con-Way Transportation Services	\$ 58,011	\$ 36,700	\$ 195,343	\$ 147,154
Menlo Worldwide				
Forwarding	(14,026)	4,620	(47,579)	(11,980)
Logistics	6,101	8,644	25,312	31,827
Other	<u>5,360</u>	<u>4,921</u>	<u>20,718</u>	<u>18,188</u>
	<u>(2,565)</u>	<u>18,185</u>	<u>(1,549)</u>	<u>38,035</u>
CNF Other	<u>565</u>	<u>(863)</u>	<u>(2,357)</u>	<u>(3,369)</u>
	<u>\$ 56,011</u>	<u>\$ 54,022</u>	<u>\$ 191,437</u>	<u>\$ 181,820</u>

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

Con-Way Transportation Services -				
Net gain from the sale of a property	\$ -	\$ -	\$ -	\$ 8,675
Menlo Worldwide -				
Forwarding -				
Restructuring charge	(7,800)	-	(7,800)	-
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)	-
Express Mail settlement	-	5,715	-	5,715
Logistics -				
Net gain from a contract termination	-	-	-	1,850
CNF Other -				
Loss from uncollectible non-trade receivables	-	-	-	(3,595)
Net gain from the sale of a property	-	-	-	2,367
Total	<u>\$ (7,800)</u>	<u>\$ 5,715</u>	<u>\$ (7,070)</u>	<u>\$ 24,907</u>