

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

July 21, 2003

(Date of earliest event reported)

CNF Inc.

(Exact name of registrant as specified in its charter)

Delaware	1-5046	94-1444798
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(State or other jurisdiction of incorporation or	(Commission File Number)	(IRS Employer Identification Number)
organization)		

3240 Hillview Avenue, Palo Alto, California 94304

(Address of principal executive offices)
(zip code)

Registrant's telephone number, including area code:
(650) 494-2900

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 21, 2003 CNF Inc. issued the press release attached hereto, which is being furnished to the U.S. Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CNF Inc.

(Registrant)

July 21, 2003

/s/Chutta Ratnathicam

Chutta Ratnathicam
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
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99	Earnings release issued on July 21, 2003.



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NEWS RELEASE

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CNF INC. REPORTS SECOND-QUARTER RESULTS

PALO ALTO, Calif. – July 21, 2003 -- CNF Inc. (NYSE:CNF) today reported second-quarter net income for common shareholders of \$16.3 million, or 31 cents per diluted share. This compares with \$19.8 million, or 37 cents per diluted share, in the second quarter of 2002.

Second-quarter operating income was \$37.3 million compared with \$43.9 million for the 2002 second quarter. Revenue for the second quarter of 2003 was \$1.24 billion compared with \$1.19 billion in second-quarter 2002.

For the first six months of 2003, net income for common shareholders was \$32.2 million, or 61 cents per diluted share. This compares with \$38.1 million, or 72 cents per diluted share, in the same period of 2002. The first quarters of both years included after-tax net gains from special items: \$4.4 million (8 cents per diluted share) in 2003 and \$13.9 million (25 cents per diluted share) in 2002. The 2003 first-quarter after-tax gain was from a payment under the Air Transportation Safety and System Stabilization Act. The 2002 first quarter included a \$6.0 million after-tax net gain (11 cents per diluted share) under the Act plus \$6.7 million of after-tax net gains (12 cents per diluted share) on the sale of excess properties and a \$1.1 million after-tax net gain (2 cents per diluted share) from the early termination of a contract.

Operating income for the first six months of 2003 was \$78.4 million compared with \$84.3 million in the same period a year ago. Revenue for the first six months of 2003 was \$2.44 billion compared with \$2.25 billion in the first half of 2002.

“Revenue growth continued in the second quarter despite weakness in our primary markets,” said Gregory L. Quesnel, CNF president and chief executive officer. “Tonnage levels were flat in our trucking operations and North American air freight volumes declined.

“Menlo Worldwide Forwarding’s quarterly losses have increased due to a steep fall-off in demand for next-day heavy air freight services in North America. Accordingly, we have broadened our efforts to fix the problem and are aggressively pursuing a variety of alternatives. We do not accept the status quo in regard to these losses,” Quesnel said. “Results at Menlo Worldwide Logistics are driven to a large extent by transaction volumes at its customers, who are also seeing reduced demand during this lingering economic cycle. Vector remains on track and is meeting our expectations in a period of dampened automotive activity.

“Con-Way continues to perform well in this economic cycle. It has achieved five consecutive quarters of year-over-year revenue growth and operating income increased 24 percent this quarter from a year ago,” Quesnel said.

Con-Way Transportation Services

For the second quarter of 2003, Con-Way Transportation Services reported:

- operating income of \$43.6 million, up 24 percent from \$35.1 million in the year-ago period,
- revenue of \$541.4 million, up 7 percent from \$504.0 million in the second quarter of 2002,
- regional carrier tonnage per day was essentially flat with the prior-year period.

Menlo Worldwide

For the second quarter of 2003, Menlo Worldwide reported:

- an operating loss of \$3.9 million compared with operating income of \$10.5 million in the year-ago period,
- revenue of \$695.4 million, up 2 percent from \$681.4 million in the second quarter of 2002.

For the second quarter of 2003, Menlo Worldwide Forwarding (formerly known as Emery Forwarding) reported:

- an operating loss of \$13.8 million compared with an operating loss of \$5.9 million in the year-ago period,
- revenue of \$442.4 million, compared with \$439.8 million a year ago,
- North American air freight revenue per day declined 13 percent on a 3 percent drop in tonnage per day and an 11 percent decline in yield that was due primarily to a planned product mix change to more second-day and deferred freight,
- international air freight revenue per day grew 10 percent from the prior-year period on a 4 percent increase in tonnage-per-day.

For the second quarter of 2003, Menlo Worldwide Logistics reported:

- operating income of \$6.3 million compared to \$7.1 million a year ago,
- revenue of \$253 million compared to \$241.6 million in the prior-year period.

For the second quarter of 2003, activities at Menlo Worldwide Other, which includes the results of Vector SCM, resulted in a profit of \$3.6 million compared with \$9.3 million in the second quarter of 2002. Vector's 2002 second-quarter profits were higher because it was the last quarter in which CNF was entitled to receive all of Vector's profits as repayment of its startup costs. In subsequent quarters, profits began to be split with Vector's joint-venture partner, General Motors.

Other

CNF's "Other" operations, which include the results of Road Systems and corporate activities, reported an operating loss of \$2.3 million in the second quarter primarily due to a \$1.1 million loss on the sale of a property.

Outlook

Third-quarter diluted earnings per share from continuing operations are expected to be between 25 cents and 30 cents. At this time, the company is providing no guidance for the full year due to lack of visibility in the current economic environment.

CNF's tax rate is expected to be 40 percent in the third quarter compared to 39 percent in the first and second quarters of 2003.

Conference Call

CNF will host a conference call for shareholders and the investment community to discuss second-quarter results at 12:00 p.m. Eastern Daylight Time (9:00 a.m. Pacific Daylight Time) on Tuesday, July 22. 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 a live web cast at the investor relations section of the CNF web site at www.cnf.com and at www.streetevents.com. An audio replay will be available for one week following the call at (800) 475-6701, access code 687408. The replay will also be available for one week on demand at the web sites providing access to the live call.

Investors may obtain additional operating data from CNF's Consolidated Financial Summaries, which will be posted on the investor relations section of the CNF web site at www.cnf.com later today.

CNF (NYSE:CNF) is a \$4.9 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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Forward-Looking Statements

Certain statements in this press release constitute "forward-looking statements" and are subject to a number of risks and uncertainties and should not be relied upon as predictions of future events. All statements other than statements of historical fact are forward-looking statements, including any projections and objectives of management for future operations, any statements regarding contributions to pension plans, any statements as to the adequacy of reserves, any statements regarding the possible outcome of claims brought against CNF, any statements regarding future economic conditions or performance, any statements of estimates or belief and any statements or assumptions underlying the foregoing. Specific factors that could cause actual results and other matters to differ materially from those discussed in such forward-looking statements include: changes in general business and economic conditions, the creditworthiness of CNF's customers and their ability to pay for services rendered, increasing competition and pricing pressure, changes in fuel prices, the effects of the cessation of the air carrier operations of Emery Worldwide Airlines, the possibility of defaults under CNF's \$385 million credit agreement and other debt instruments (including defaults resulting from additional unusual charges or from CNF's failure to perform in accordance with management's expectations), and the possibility that CNF may be required to pledge collateral to secure some of its indebtedness or to repay other indebtedness in the event that the ratings assigned to its long-term senior debt by credit rating agencies are reduced, labor matters, enforcement of and changes in governmental regulations, environmental and tax matters, the ongoing investigation relating to Emery Worldwide's handling of hazardous materials, the February 2000 crash of an EWA aircraft and related investigation and litigation, and matters relating to CNF's 1996 spin-off of CFC, including the possibility that CFC's multi-employer pension plans may assert claims against CNF. The factors included herein and in Item 7 of our 2002 Annual Report on Form 10-K as well as other filings with the Securities and Exchange Commission could cause actual results and other matters to differ materially from those in such forward-looking statements. As a result, no assurance can be given as to future financial condition, cash flows, or results of operations.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
REVENUES	\$ 1,236,905	\$ 1,186,273	\$ 2,443,146	\$ 2,253,347
Costs and Expenses				
Operating expenses	1,042,036	993,667	2,055,707	1,873,372
General and administrative expenses	124,053	113,060	242,343	224,221
Depreciation	<u>33,496</u>	<u>35,637</u>	<u>66,728</u>	<u>71,481</u>
	1,199,585	1,142,364	2,364,778	2,169,074
OPERATING INCOME	<u>37,320</u>	<u>43,909</u>	<u>78,368</u>	<u>84,273</u>
Other expense, net	<u>(7,207)</u>	<u>(8,025)</u>	<u>(18,820)</u>	<u>(15,167)</u>
Income before Taxes	30,113	35,884	59,548	69,106
Income Tax Provision	<u>(11,744)</u>	<u>(13,995)</u>	<u>(23,224)</u>	<u>(26,951)</u>
Net Income	18,369	21,889	36,324	42,155
Preferred Stock Dividends	<u>2,069</u>	<u>2,043</u>	<u>4,095</u>	<u>4,048</u>
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 16,300</u>	<u>\$ 19,846</u>	<u>\$ 32,229</u>	<u>\$ 38,107</u>
Weighted-Average Common Shares Outstanding				
Basic	49,494,145	49,074,627	49,445,348	49,001,489
Diluted [a]	57,127,187	56,713,022	54,004,772	56,610,935
Earnings per Common Share				
Basic	<u>\$ 0.33</u>	<u>\$ 0.40</u>	<u>\$ 0.65</u>	<u>\$ 0.78</u>
Diluted [a]	<u>\$ 0.31</u>	<u>\$ 0.37</u>	<u>\$ 0.61</u>	<u>\$ 0.72</u>

[a] The three months ended June 30, 2003 and the three and six months ended June 30, 2002 included the dilutive effect of stock options, Series B (TASP) preferred stock, and Series A "TECONs" convertible preferred stock of subsidiary trust. The six months ended June 30, 2003 included the dilutive effect of stock options and Series B preferred stock.

OPERATING SEGMENTS

REVENUES				
Con-Way Transportation Services	\$ 541,446	\$ 503,968	\$ 1,060,554	\$ 958,699
Menlo Worldwide				
Forwarding	442,421	439,787	888,043	834,548
Logistics	<u>253,012</u>	<u>241,611</u>	<u>494,514</u>	<u>458,120</u>
	695,433	681,398	1,382,557	1,292,668
CNF Other	<u>26</u>	<u>907</u>	<u>35</u>	<u>1,980</u>
	<u>\$ 1,236,905</u>	<u>\$ 1,186,273</u>	<u>\$ 2,443,146</u>	<u>\$ 2,253,347</u>
OPERATING INCOME (LOSS)				
Con-Way Transportation Services	\$ 43,575	\$ 35,115	\$ 80,767	\$ 68,836
Menlo Worldwide				
Forwarding	(13,818)	(5,908)	(19,249)	(11,621)
Logistics	6,303	7,059	12,339	14,812
Other	<u>3,572</u>	<u>9,320</u>	<u>6,548</u>	<u>10,629</u>
	(3,943)	10,471	(362)	13,820
CNF Other	<u>(2,312)</u>	<u>(1,677)</u>	<u>(2,037)</u>	<u>1,617</u>
	<u>\$ 37,320</u>	<u>\$ 43,909</u>	<u>\$ 78,368</u>	<u>\$ 84,273</u>

UNUSUAL AND/OR NON-RECURRING ITEMS INCLUDED IN 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
Logistics -				
Net gain from a contract termination	-	-	-	1,850
CNF Other -				
Net gain from the sale of property	-	-	-	2,367

CNF INC.
CONDENSED BALANCE SHEETS
(Dollars in thousands)

	<u>June 30,</u> <u>2003</u>	<u>December 31,</u> <u>2002</u>
ASSETS		
Current assets	\$ 1,250,676	\$ 1,268,488
Property, plant and equipment, net	1,007,700	1,015,354
Other assets	430,147	455,919
Total Assets	<u>\$ 2,688,523</u>	<u>\$ 2,739,761</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 806,076	\$ 873,054
Long-term debt, guarantees and capital leases	543,450	557,610
Other long-term liabilities and deferred credits	463,252	466,099
Preferred stock - Subsidiary Trust	125,000	125,000
Shareholders' equity	750,745	717,998
Total Liabilities and Shareholders' Equity	<u>\$ 2,688,523</u>	<u>\$ 2,739,761</u>