

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

October 20, 2003

Date of Report (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 organization)	(Commission File Number)	(IRS Employer Identification Number)

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 October 20, 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)

October 20, 2003

/s/Chutta Ratnathicam

Chutta Ratnathicam
Chief Financial Officer

EXHIBIT INDEX

Exhibit No. -----	Description -----
99	Earnings release issued on October 20, 2003.



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CNF INC. REPORTS IMPROVED THIRD-QUARTER OPERATING INCOME AND REVENUE

PALO ALTO, Calif. – Oct. 20, 2003 -- CNF Inc. (NYSE:CNF) today reported net income to common shareholders of \$24.8 million, 46 cents per diluted share, including a charge of 11 cents per diluted share for the resolution of a hazardous materials violations case with the U.S. government. This compares with \$33.5 million, 61 cents per diluted share, a year ago. The 2002 third quarter included a net benefit of 22 cents per diluted share consisting of a net loss of 18 cents per diluted share from discontinued operations and, in continuing operations, a tax benefit of 44 cents per diluted share and a 4 cents per diluted share charge for uncollectible non-trade receivables.

Third-quarter operating income was \$57.1 million, up 31 percent from \$43.5 million in the third quarter of 2002. Revenue was \$1.3 billion, up six percent from \$1.2 billion in the prior-year quarter.

“Operating results were substantially improved from a year ago, reflecting the operating leverage in each of our business units driven by an improving economy and excellent productivity from our seasoned work force,” said CNF President and Chief Executive Officer Gregory L. Quesnel. “We expect this improvement to continue in the fourth quarter.”

CNF’s tax provision rate was 44 percent in the third quarter of 2003 due to non-deductibility of the hazardous materials resolution, compared with a 35 percent tax benefit rate in the prior-year quarter due to the reversal of \$25 million of accrued taxes.

For the first nine months of 2003, net income to common shareholders was \$57.0 million, \$1.08 per diluted share, compared with \$71.6 million, \$1.33 per diluted share, in the same period of 2002. Revenue for the first nine months of 2003 was \$3.7 billion compared with \$3.5 billion in the first nine months of 2002.

Con-Way Transportation Services

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

- operating income of \$56.6 million, up 36 percent compared to \$41.6 million in the year-ago period.

- revenue of \$574.6 million, up nine percent from last year's \$527.7 million.
- regional carrier weight per day was up two percent compared to the prior year.
- regional carrier yield increased five percent from the prior year quarter.

"In addition to a very good quarter in its core regional LTL operations, Con-Way also reported improvement in its air freight, logistics and expedited delivery businesses," Quesnel said.

Menlo Worldwide

For the third quarter of 2003, Menlo Worldwide reported:

- operating income of \$1.4 million compared with \$6.0 million in the year-ago period.
- revenue of \$731.7 million compared with \$701.8 million in the third quarter of 2002.

For the third quarter of 2003, Menlo Worldwide Forwarding reported:

- an operating loss of \$14.3 million, which included the \$6.5 million charge for the hazardous materials resolution, compared with an operating loss of \$5.0 million in the year-ago period.
- revenue of \$469.0 million, up five percent from \$446.8 million a year ago.
- international air freight revenue per day grew 14 percent compared with the prior-year period on a weight-per-day increase of 16 percent.
- North American air freight revenue per day declined nine percent on a two percent decrease in weight per day and an eight percent decline in yield that was due primarily to a mix change to more second-day and deferred freight.

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

- operating income of \$6.9 million compared to operating income of \$8.4 million a year ago.
- revenue of \$262.7 million, up three percent from \$255.0 million in the prior-year period.

For the third quarter of 2003, activities at Menlo Worldwide Other, which consists of the results of Vector SCM, reported operating income of \$8.8 million compared with operating income of \$2.6 million in the third quarter of 2002. The 2003 quarter included \$3.5 million of additional revenue and operating income due to finalization of outstanding issues.

"Menlo Worldwide Forwarding's performance in North America continues to be weak compared with its robust international growth. However, an improved economy and sustained cost control efforts enabled Menlo Worldwide Forwarding to improve its core operating results for each month in the third quarter excluding the hazardous materials resolution in September. We are encouraged by the trend." Quesnel said.

Other

CNF's "Other" operations, which include the results of Road Systems and corporate activities, reported an operating loss of \$885,000 in the third quarter.

Fourth-Quarter Outlook

Fourth-quarter diluted earnings per share from continuing operations are expected to be between 42 cents and 50 cents. CNF's tax rate is expected to be 39 percent in the fourth quarter.

Conference Call

CNF will host a conference call for shareholders and the investment community to discuss third-quarter results at 11:00 a.m. Eastern time (8:00 a.m. Pacific) tomorrow, October 21. The call can be accessed by dialing (800) 230-1074 or (612) 288-0318 (for international callers only) 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 698160. 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 \$4.8 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.

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 additional unusual charges and other costs and expenses related to Menlo Worldwide's forwarding operations, the possibility that CNF may, from time to time, be required to record impairment charges for goodwill and other long-lived assets, 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 February 2000 crash of an Emery Worldwide Airlines aircraft and related litigation, matters relating to CNF's 1996 spin-off of Consolidated Freightways Corporation (CFC), including the possibility that CFC's multi-employer pension plans may assert claims against CNF, and matters relating to CNF's defined benefit pension plans. The factors included herein and in Item 7 of CNF's 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		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

CNF INC.
CONDENSED BALANCE SHEETS

(Dollars in thousands)

	<u>September 30,</u> <u>2003</u>	<u>December 31,</u> <u>2002</u>
ASSETS		
Current assets	\$ 1,308,250	\$ 1,268,488
Property, plant and equipment, net	990,605	1,015,354
Other assets	<u>429,581</u>	<u>455,919</u>
Total Assets	<u>\$ 2,728,436</u>	<u>\$ 2,739,761</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 838,050	\$ 873,054
Long-term debt, guarantees and capital leases	542,300	557,610
Other long-term liabilities and deferred credits	451,537	466,099
Preferred stock - subsidiary trust	125,000	125,000
Shareholders' equity	<u>771,549</u>	<u>717,998</u>
Total Liabilities and Shareholders' Equity	<u>\$ 2,728,436</u>	<u>\$ 2,739,761</u>