

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

April 19, 2004

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Date of Report (Date of earliest event reported)

CNF Inc.

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(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

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(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 April 19, 2004, 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.

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(Registrant)

April 19, 2004

/s/Chutta Ratnathicam

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Chutta Ratnathicam  
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
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99	Earnings release issued on April 19, 2004.



3240 HILLVIEW AVENUE, PALO ALTO, CA 94304-1297 (650) 494-2900

## NEWS RELEASE

### Contacts:

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### **CNF INC. REPORTS 53 PERCENT INCREASE IN NET INCOME FOR COMMON SHAREHOLDERS IN FIRST QUARTER OF 2004**

**PALO ALTO, Calif.** – April 19, 2004 -- CNF Inc. (NYSE:CNF) today reported first-quarter net income for common shareholders of \$24.4 million, or 45 cents per diluted share, up 53 percent from the first quarter of 2003. Net income for common shareholders in the first quarter of 2003 was \$15.9 million, or 30 cents per diluted share, and included a \$4.4 million after-tax net gain (8 cents per diluted share) from a payment under the Air Transportation Safety and System Stabilization Act.

Operating income for the first quarter of 2004 was \$52.7 million, up 28 percent from \$41.0 million in the same quarter a year ago, which included the payment noted above. Revenue for the first quarter of 2004 was \$1.35 billion, an increase of 12 percent from \$1.21 billion in first-quarter 2003.

CNF's effective tax rate was 39 percent in both periods.

“With the operating leverage and strong productivity of our operating units, the improving U.S. economy is evident in our bottom line,” said CNF President and Chief Executive Officer Gregory L. Quesnel. “Con-Way’s operating income rose 37 percent from the first quarter of 2003 on revenue growth of 14 percent. Menlo Worldwide’s forwarding and logistics units also produced improved operating results. We’re pleased that the forwarding unit continued its double-digit international revenue growth and that North American air freight revenue increased slightly for the first time in more than three years.”

## **Con-Way Transportation Services**

For the first quarter, Con-Way Transportation Services reported:

- operating income of \$51.1 million, up 37 percent from \$37.2 million in the year-ago period.
- revenue of \$593.8 million, an increase of 14 percent from last year's first-quarter revenue of \$519.1 million,
- regional carrier weight per day that was 11 percent higher than the prior-year period.

## **Menlo Worldwide**

For the first quarter of 2004, Menlo Worldwide reported:

- operating income of \$2.5 million compared with operating income of \$3.6 million in the year-ago period, which included the \$7.2 million (pre-tax) net gain from the payment under the Air Transportation Safety and System Stabilization Act,
- revenue of \$754.3 million, up 10 percent from \$687.1 million in the first quarter of 2003.

For the first quarter of 2004, Menlo Worldwide Forwarding reported:

- an operating loss of \$6.4 million compared with an operating loss of \$5.4 million in the year-ago period, which included the \$7.2 million (pre-tax) net gain from the payment noted above,
- revenue of \$501.5 million, up 13 percent from \$445.6 million a year ago,
- North American air freight revenue per day rose 1 percent on a 7 percent increase in weight per day,
- international air freight revenue per day grew 15 percent on a weight-per-day increase of 20 percent.

For the first quarter of 2004, Menlo Worldwide Logistics reported:

- operating income of \$6.5 million, up 8 percent from operating income of \$6.0 million a year ago,
- revenue of \$252.8 million, up 5 percent from \$241.5 million in the prior-year period.

For the first quarter of 2004, activities at Menlo Worldwide Other, which consists of the results of Vector SCM, reported operating income of \$2.4 million compared with operating income of \$3.0

million in the first quarter of 2003. Vector's new contract with General Motors provides for a management fee with any additional amounts dependent on Vector's ability to help GM attain its annual cost reduction targets. Any additional amounts will therefore not be recognized until earned later in the year.

### **Other**

CNF's "Other" operations, which include the results of Road Systems and corporate activities, reported an operating loss of \$852,000 in the first quarter due to a property sale.

### **Outlook**

Second-quarter diluted earnings per share from continuing operations are expected to be between 52 cents and 60 cents.

### **Conference Call**

CNF will host a conference call for shareholders and the investment community to discuss first-quarter results at 10:00 a.m. Eastern time (7:00 a.m. Pacific) on Tuesday, April 20. The call can be accessed by dialing (888) 423-3281 or (612) 332-0228 (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. Related financial and operating statistics to be discussed on the conference call are available on the company's web site at [www.cnf.com/investor\\_relations/fin\\_highlight.asp](http://www.cnf.com/investor_relations/fin_highlight.asp). The call will also be available through a live webcast at the investor relations section of the CNF web site at [www.cnf.com](http://www.cnf.com) and at [www.streetevents.com](http://www.streetevents.com). An audio replay will be available for one week following the call at (800) 475-6701, access code 723137. The replay will also be available for one week on demand at the web sites providing access to the live call.

CNF (NYSE:CNF) is a \$5.1 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. The company is headquartered in Palo Alto, Calif.

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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 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), and the possibility that CNF may be required to repay certain 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 EWA 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 2003 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 March 31,	
	2004	2003
REVENUES	\$ 1,348,405	\$ 1,206,241
Costs and Expenses		
Operating expenses	1,138,504	1,013,671
Selling, general and administrative expenses	125,074	118,290
Depreciation	32,085	33,232
	1,295,663	1,165,193
OPERATING INCOME	52,742	41,048 [b]
Other expense, net	(9,416)	(11,613)
Income before Taxes	43,326	29,435
Income Tax Provision	16,897	11,480
Net Income	26,429	17,955
Preferred Stock Dividends	2,022	2,026
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 24,407	\$ 15,929
Weighted-Average Common Shares Outstanding		
Basic	49,835,663	49,396,071
Diluted [a]	57,125,185	53,652,665
Earnings Per Common Share		
Basic	\$ 0.49	\$ 0.32
Diluted	\$ 0.45	\$ 0.30

**OPERATING SEGMENTS**

REVENUES		
Con-Way Transportation Services	\$ 593,844	\$ 519,108
Menlo Worldwide		
Forwarding	501,517	445,622
Logistics	252,790	241,502
	754,307	687,124
CNF Other	254	9
	\$ 1,348,405	\$ 1,206,241
OPERATING INCOME (LOSS)		
Con-Way Transportation Services	\$ 51,105	\$ 37,192
Menlo Worldwide		
Forwarding	(6,409)	(5,431) [b]
Logistics	6,506	6,036
Other	2,392	2,976
	2,489	3,581
CNF Other	(852)	275
	\$ 52,742	\$ 41,048

[a] 2004 includes the dilutive effect of stock options, Series B ("TASP") preferred stock, and convertible debentures. 2003 includes the dilutive effect of stock options and Series B ("TASP") preferred stock.

[b] Includes a \$7.2 million net gain (\$0.08 per diluted share) from a payment under the Air Transportation Safety and System Stabilization Act.

**CNF INC.**  
**CONDENSED BALANCE SHEETS**

(Dollars in thousands)

	<u>March 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
<b>ASSETS</b>		
Current assets	\$ 1,404,193	\$ 1,316,695
Property, plant and equipment, net	975,586	997,455
Other assets	435,156	439,584
Total Assets	<u>\$ 2,814,935</u>	<u>\$ 2,753,734</u>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities	\$ 844,802	\$ 809,611
Long-term debt, guarantees and capital leases	651,272	665,180
Other long-term liabilities and deferred credits	467,378	460,135
Shareholders' equity	851,483	818,808
Total Liabilities and Shareholders' Equity	<u>\$ 2,814,935</u>	<u>\$ 2,753,734</u>

Reflects adoption of FASB Interpretation No. 46 ("FIN 46R") effective in the first quarter of 2004, under which CNF deconsolidated a subsidiary trust holding Term Convertible Securities ("TECONS"). As a result, CNF's TECONS are no longer reported as a mezzanine security while CNF's convertible subordinated debentures held by the subsidiary trust are reported as long-term debt. The prior period was restated.