

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

January 24, 2005

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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

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(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On January 24, 2005, CNF Inc. issued a press release announcing results of operations for the quarter ended December 31, 2004, which is being furnished to the U.S. Securities and Exchange Commission. A copy of the press release is attached hereto as Exhibit 99 and is incorporated herein by reference. The foregoing description of the press release is qualified in its entirety by reference to such exhibit.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

Exhibit No.	Description
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99	Earnings release issued on January 24, 2005.

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)

January 24, 2005

/s/Chutta Ratnathicam  
-----  
Chutta Ratnathicam  
Chief Financial Officer

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

NEWS RELEASE

Contacts:

Media - James R. Allen  
(650) 813-5335

Investors - Patrick Fossenier  
(650)- 813 -5353

CNF INC. REPORTS 19 PERCENT INCREASE IN  
INCOME FROM CONTINUING OPERATIONS

COMPANY AUTHORIZES \$300 MILLION SHARE REPURCHASE

PALO ALTO, Calif. - Jan. 24, 2005 -- CNF Inc. (NYSE:CNF) today reported fourth-quarter 2004 after-tax income from continuing operations of \$41.1 million (after preferred stock dividends), or 74 cents per diluted share, up 19 percent. This compares with fourth-quarter 2003 after-tax income from continuing operations of \$34.5 million, or 63 cents per diluted share.

The company also announced that its Board of Directors had approved a plan to repurchase up to \$300 million in common stock within the next two years in open market purchases and privately negotiated transactions.

In the fourth quarter, the company reported in discontinued operations an after-tax loss of \$18.3 million, or 33 cents per diluted share, consisting of \$15.8 million related to the Dec. 19 sale of Menlo Worldwide Forwarding and a \$2.4 million after-tax charge related to insurance claims reserves. After-tax income from the discontinued Menlo Worldwide Forwarding operations was \$9.3 million, or 17 cents per diluted share.

Including the discontinued operations, CNF reported fourth-quarter net income for shareholders of common stock of \$32.2 million, or 58 cents per diluted share, compared with net income for common stock shareholders of \$26.8 million, or 49 cents per diluted share in the same period a year ago.

On Oct. 5, 2004, CNF announced an agreement to sell its Menlo Worldwide Forwarding unit to UPS for \$150 million in cash and assumption of \$110 million of debt. The transaction closed on Dec. 19, 2004. CNF is reporting the results of its Forwarding operations as discontinued operations in both 2003 and 2004. The impairment charge of \$260.5 million recognized in the third quarter of 2004 increased by \$15.8 million to a loss of \$276.3 million as a result of adjustments at closing in the fourth quarter. The amount of these charges is subject to further adjustment pending audits by both parties.

Income from continuing operations in the fourth quarter includes CNF corporate expense previously allocated to the Forwarding unit of \$5.9 million.

Total revenues in the fourth quarter were \$967.5 million, up 16.5

percent from \$830.4 million in the fourth quarter of 2003. Operating income increased 21 percent to \$79.0 million compared with operating income of \$65.3 million in the same period of 2003.

For the full-year 2004, CNF reported after-tax income from continuing operations of \$142.2 million (after preferred stock dividends), or \$2.57 per diluted share, up 27 percent, and after-tax income from discontinued operations of \$12.4 million, or 22 cents per diluted share. This compares with 2003 after-tax income from continuing operations of \$112.2 million, or \$2.07 per diluted share, and an after-tax loss from discontinued operations of \$28.5 million, or 50 cents per diluted share.

The net loss for common stock shareholders for the full-year 2004 totaled \$124.1 million, or \$2.15 per diluted share, compared with net income of \$83.8 million, or \$1.57 per diluted share in 2003. For common stock shareholders, 2004 year-end results included after-tax charges of \$278.7 million, or \$4.94 per diluted share, primarily from the disposition of Menlo Worldwide Forwarding and, in the fourth quarter, adjustments to insurance claims reserves.

Revenue from continuing operations in 2004 totaled \$3.7 billion, up 15 percent from \$3.2 billion in 2003. Operating income totaled \$284.2 million, up 26 percent from \$224.9 million in 2003.

The company substantially improved its balance sheet in 2004, completing the year with \$833 million in cash, from which the share repurchase program, scheduled debt retirement and general corporate purposes will be funded. CNF's effective tax rate for continuing operations was approximately 39 percent for both the fourth quarter and the full year.

"The CNF organization had a very good year in 2004 because of the strengthened economy, our attention to costs and service, and the effort of our employees," said W. Keith Kennedy, chairman of the Board of Directors and interim chief executive officer. "The Con-Way less-than-truckload regional motor carriers had an exceptional year, helping Con-Way to increase its overall operating profits by 34 percent. Menlo Logistics achieved a modest increase in earnings while Vector SCM, our supply chain service provider, reported a slight decline in profits.

"The sale of Menlo Worldwide Forwarding in December was an important event that, along with cash flow increases from each of our profitable businesses, allowed the company to complete 2004 in its best financial condition in more than a decade," Kennedy said.

#### CON-WAY TRANSPORTATION SERVICES

For the fourth quarter of 2004, Con-Way Transportation Services reported:

- \* Operating income of \$63.8 million, up 18.4 percent from \$53.9 million in the year-ago period and a record for a fourth quarter. Operating income in the quarter included an additional allocation of CNF corporate expenses of \$5.1 million that was previously allocated to Menlo

Worldwide Forwarding.

- \* Revenue of \$667.8 million, up 15.6 percent compared to the prior-year quarter.
- \* Regional carrier yield increased 5.6 percent from the prior-year quarter.
- \* The regional carrier group achieved an operating ratio of 89.0 excluding the additional corporate expense, compared to 88.9 in fourth-quarter 2003.

For the full -year 2004, Con-Way reported:

- \* Record operating income of \$245.5 million, up 34 percent from \$183.1 million in 2003.
- \* Record revenue of \$2.6 billion, up 17.7 percent from \$2.2 billion in 2003.
- \* The regional carrier group achieved an operating ratio of 89.1 for 2004.

#### MENLO WORLDWIDE

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

- \* Operating income of \$6.6 million compared to \$5.5 million in the fourth quarter of 2003. Operating income includes an additional allocation of CNF corporate expenses of \$700,000 in the fourth quarters of 2004 and 2003 that was previously allocated to Menlo Worldwide Forwarding.
- \* Revenue of \$297.5 million, up 17.7 percent from fourth quarter of 2003.

For the full-year 2004, Menlo Worldwide Logistics reported:

- \* Operating income of \$24.4 million, up 4 percent from \$23.5 million in 2003.
- \* Revenues of \$1.1 billion, up 8.8 percent from \$1.0 billion in 2003.

Menlo Worldwide Other, which consists of the results of Vector SCM, reported operating income of \$10.2 million compared with \$5.4 million in the fourth quarter of 2003. Fourth-quarter results included \$8.0 million of additional operating income due to attainment of contract performance goals.

#### OTHER OPERATIONS

CNF's "other" operations, which includes the results of Road Systems and corporate activities, reported an operating loss of \$1.6 million in the fourth quarter 2004.

#### FIRST QUARTER 2005 OUTLOOK

First quarter 2005 diluted earnings per share from continuing operations are expected to be between 57 cents and 65 cents. CNF's tax rate is expected to be 39 percent in the first quarter.

## Conference Call

CNF will host a conference call for shareholders and the investment community to discuss fourth-quarter results at 12:00 p.m. Eastern time (9:00 a.m. Pacific) on Tuesday, Jan. 25. The call can be accessed by dialing (866) 264-3634 or (706) 643-3632 (for international callers) 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) 642-1687 or (706) 645-9291 (for international callers), using access code 2914419. The replay will also be available for one week on demand at the same web casting sites providing access to the live call.

CNF is a \$3.7 billion management company of supply chain service providers. It has businesses in less-than-truckload motor carriage, truckload carriage, air freight, logistics and supply chain 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 that CNF may, from time to time, be required to pay indemnification claims in connection with the sale of Menlo Worldwide Forwarding, or to record impairment charges for 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.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
REVENUES	\$967,458	\$830,446	\$3,712,379	\$3,226,966
Costs and Expenses				
Operating expenses	767,947	649,145	2,953,665	2,549,467
Selling, general and administrative expenses	95,032	91,202	372,122	351,507
Depreciation	25,474	24,804	102,425	101,044
	888,453	765,151	3,428,212	3,002,018
OPERATING INCOME	79,005	65,295	284,167	224,948
Other Expense, net	(7,884)	(5,247)	(37,344)	(27,431)
Income Before Taxes	71,121	60,048	246,823	197,517
Income Tax Provision	27,854	23,419	96,378	77,032
Income from Continuing Operations	43,267	36,629	150,445	120,485
Discontinued Operations, net of tax				
Loss from Disposal	(18,259)	-	(278,749)	-
Income (Loss) from Discontinued Operations	9,301	(7,750)	12,415	(28,461)
	(8,958)	(7,750)	(266,334)	(28,461)
Net Income (Loss)	34,309	28,879	(115,889)	92,024
Preferred Stock Dividends	2,120	2,114	8,239	8,239
NET INCOME (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	\$32,189	\$26,765	\$(124,128)	\$83,785
Weighted-Average Common Shares Outstanding				
Basic	51,363,137	49,709,146	50,455,006	49,537,945
Diluted [a]	56,208,868	57,109,665	56,452,629	56,725,667
Earnings (Loss) Per Common Share				
Basic				
Net income from Continuing Operations	\$0.80	\$0.69	\$2.82	\$2.27
Loss from Disposal, net of tax	(0.35)	-	(5.53)	-

Income (Loss) from Discontinued Operations, net of tax	0.18	(0.15)	0.25	(0.58)
	-----	-----	-----	-----
	\$0.63	\$0.54	\$(2.46)	\$1.69
	=====	=====	=====	=====
Diluted [a]				
Net income from Continuing Operations	\$0.74	\$0.63	\$2.57	\$2.07
Loss from Disposal, net of tax	(0.33)	-	(4.94)	-
Income (Loss) from Discontinued Operations, net of tax	0.17	(0.14)	0.22	(0.50)
	-----	-----	-----	-----
	\$0.58	\$0.49	\$(2.15)	\$1.57
	=====	=====	=====	=====
OPERATING SEGMENTS				
REVENUES				
Con-Way Transportation Services	\$667,780	\$577,509	\$2,604,004	\$2,212,692
Menlo Worldwide Logistics	297,534	252,775	1,103,028	1,013,987
Logistics	2,144	162	5,347	287
CNF Other				
	-----	-----	-----	-----
	\$967,458	\$830,446	\$3,712,379	\$3,226,966
	=====	=====	=====	=====
OPERATING INCOME (LOSS)				
Con-Way Transportation Services	\$63,786	\$53,882	\$245,488	\$183,095
Menlo Worldwide Logistics	6,605	5,488	24,399	23,492
Other	10,174	5,360	18,253	20,718
	-----	-----	-----	-----
	16,779	10,848	42,652	44,210
	-----	-----	-----	-----
CNF Other	(1,560)	565	(3,973)	(2,357)
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	\$79,005	\$65,295	\$284,167	\$224,948
	=====	=====	=====	=====

[a] The three months ended December 31, 2004 include the dilutive effect of restricted stock, stock options and Series B preferred stock. All other periods presented also include the dilutive effect of convertible subordinated debentures, which were redeemed on June 1, 2004.

CNF INC.  
CONDENSED BALANCE SHEETS  
(Dollars in thousands)

	December 31, 2004	December 31, 2003
	-----	-----
ASSETS		
Current assets	\$1,411,019	\$850,846
Current assets of discontinued operations	105,497	478,388
Property, plant and equipment, net	859,321	817,951
Other assets	106,965	176,854
Non-current assets of discontinued operations	3,609	442,234
	-----	-----
Total Assets	\$2,486,411	\$2,766,273
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$671,593	\$513,266
Current liabilities of discontinued operations	38,804	308,884
Long-term debt and guarantees	601,344	554,981
Other long-term liabilities and deferred credits	337,514	365,112
Long-term liabilities of discontinued operations	59,789	205,222
Shareholders' equity	777,367	818,808
	-----	-----
Total Liabilities and Shareholders' Equity	\$2,486,411	\$2,766,273
	=====	=====