

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, 2006

Date of Report (Date of earliest event reported)

CNF Inc.

(Exact name of registrant as specified in its charter)

Delaware

1-5046

94-1444798

(State of other
jurisdiction of
incorporation)

(Commission
File Number)

(IRS Employer
Identification
No.)

2855 Campus Drive, Suite 300, San Mateo, California 94403

(Address of principal executive offices)
(zip code)

Registrant's telephone number, including area code:
(650) 378-5200

(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, 2006, CNF Inc. issued a press release announcing results of operations for the quarter ended December 31, 2005, 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 -----
99	Earnings release issued on January 24, 2006.

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)

January 24, 2006

/s/ Kevin Schick

Kevin Schick
Chief Financial Officer



NEWS RELEASE

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CNF INC. REPORTS RECORD NET INCOME

Full-Year Revenues, Operating Income Also Reach New Milestone

SAN MATEO, Calif.—January 24, 2006—CNF Inc. (NYSE:CNF) today reported record fourth-quarter 2005 net income from continuing operations of \$53.9 million (after preferred stock dividends), or 97 cents per diluted share, up 30.9 percent. The results compare with fourth-quarter 2004 net income from continuing operations of \$41.1 million, or 74 cents per diluted share.

Net income to common shareholders in the 2005 fourth quarter was \$51.2 million, or 92 cents per diluted share. This included a loss of 5 cents per diluted share related to discontinued operations. The 2005 result compares to 2004 fourth-quarter net income to common shareholders of \$32.2 million, or 58 cents per diluted share. The 2004 result includes a net loss of 16 cents per diluted share related to discontinued operations.

Total revenues in the 2005 fourth quarter were \$1.09 billion, an increase of 12.6 percent from \$967.5 million in the fourth quarter of 2004. Operating income grew 15.0 percent to \$90.9 million compared with operating income of \$79.0 million in the same period a year ago.

For the full-year 2005, CNF reported net income from continuing operations of \$221.5 million (after preferred stock dividends), or \$3.96 per diluted share. This compares with 2004 net income from continuing operations of \$142.2 million, or \$2.57 per diluted share.

Including the effect of discontinued operations, net income to common shareholders for the full-year 2005 was \$215.3 million, or \$3.85 per diluted share, compared to a 2004 net loss to common shareholders of \$124.1 million, or a loss per diluted share of \$2.15. The 2004 net loss to common shareholders included a loss of \$266.3 million primarily from the disposition of the company's former forwarding unit, which was sold in December 2004.

Revenues for the full-year 2005 rose to \$4.17 billion, a 12.3 percent increase over 2004's revenues of \$3.71 billion. Operating income was \$370.7 million, an increase of 30.5 percent from \$284.2 million in 2004.

"The CNF organization generated record revenues and income in 2005 by providing exemplary products to the market, effective cost control and maintaining financial discipline," said Douglas W. Stotlar, president and CEO. "In a year that saw our organization accomplish a major transition in executive management, the focus of our people on service excellence and superior quality for our customers never wavered. These impressive results are a testament to that focus, the strength and determination of our team and the robust nature of our business model."

The effective tax rate for the fourth quarter was approximately 37 percent and for the full-year 2005 was approximately 35 percent, compared to 39 percent in the same periods of 2004.

CON-WAY TRANSPORTATION SERVICES

For the fourth quarter of 2005, Con-Way reported:

- Operating income of \$77.8 million, a fourth-quarter record, which was 22.1 percent above the \$63.7 million earned in the year-ago period.
- Revenue of \$721.0 million, up 11.5 percent compared to the prior-year revenues of \$646.7 million.
- Total tonnage handled by the regional carriers increased 10.7 percent over the previous-year quarter.

- Total yield for the regional carriers increased 2.0 percent from the prior-year quarter. Without fuel surcharge yield declined 1.6%.
- The regional carrier group achieved an operating ratio of 89.3 in the 2005 fourth quarter compared to 90.0 in fourth-quarter 2004.

For the full-year 2005, Con-Way reported:

- Record operating income of \$331.1 million, up 34.0 percent from \$247.2 million in 2004.
- Record revenue of \$2.82 billion, up 11.2 percent from \$2.53 billion in 2004.
- Total regional carrier tonnage per day increased 7.9 percent over the previous year.
- Total yield increased 4.2 percent over last year, essentially unchanged absent fuel surcharge.
- The regional carrier group achieved an operating ratio of 88.1 for 2005 compared to 89.9 in 2004.

MENLO WORLDWIDE

For the fourth quarter of 2005, Menlo Worldwide reported:

- Total segment operating income of \$15.2 million, a 9.9 percent decrease from \$16.8 million in the fourth quarter of 2004. The 2004 fourth quarter benefited from additional performance-based bonus payments earned by Vector SCM.
- Menlo Logistics revenue of \$365.9 million, up 14.8 percent from fourth-quarter 2004 revenue of \$318.6 million.
- Operating income from Menlo Logistics of \$8.1 million, an increase of 21.7 percent over the previous-year quarter of \$6.7 million, primarily due to higher business volumes from the retail sector.
- Operating income for Vector SCM of \$7.1 million compared with \$10.2 million in the fourth quarter of 2004. Vector SCM's fourth-quarter 2004 results included \$8.0 million of additional operating income from revenues received as bonus payments for achieving annual contract performance goals. No such comparable

performance-based revenues were earned in the 2005 fourth quarter or previous quarters in the year.

For the full-year 2005, Menlo Worldwide reported:

- Total segment operating income of \$46.9 million, up 14.5 percent from \$41.0 million in 2004.
- Menlo Logistics revenues of \$1.34 billion, up 14.0 percent from \$1.17 billion in 2004.
- Operating income for Menlo Logistics of \$26.7 million, up 17.4 percent from the \$22.7 million earned in 2004
- Operating income for Vector SCM of \$20.3 million, up 11.0 percent compared with \$18.3 million for the full-year 2004.

OTHER OPERATIONS

CNF's "other" operations, which includes the results of Road Systems and corporate activities, reported an operating loss of \$270,000 in the fourth quarter of 2005 compared with a \$1.6 million loss in fourth-quarter 2004.

STOCK REPURCHASE PROGRAM

In its stock repurchase program, the company acquired \$37.5 million in common shares during the 2005 fourth quarter, bringing the full-year 2005 repurchase amount to \$149.1 million, representing 3,054,700 shares. The program, approved last year, authorizes CNF to repurchase up to \$300 million in stock through 2006. The company expects to purchase approximately \$37.5 million in common shares during the first quarter of 2006.

FIRST-QUARTER 2006 OUTLOOK

First-quarter 2006 diluted earnings per share from continuing operations are expected to be between 71 cents and 77 cents. CNF's effective tax rate is expected to be 38 percent in the first quarter.

CONFERENCE CALL

The company plans to host a conference call for the investment community on Wednesday, January 25 at 11:00 a.m., Eastern Standard Time (8:00 a.m. Pacific). On the call management will review results of the quarter and year ending on December 31.

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. The call will also be available through live internet webcast, which can be accessed at www.cnf.com, at the investor relations page. 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.

An audio replay will be available for two weeks following the call by dialing 800-642-1687 or 706-645-9291 (for international callers) and using access code 3296494. The replay will also be available at the same webcasting site providing access to the live call.

CNF is a \$ 4.2 billion freight transportation and logistics company with businesses in less-than-truckload motor carriage, truckload carriage, air freight, logistics, warehousing, 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 concerning proposed new products or services, any statements regarding CNF's estimated future contributions to pension plans, any statements as to the adequacy of reserves, any statements regarding the outcome of any claims that may be 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 or fuel surcharges, 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 record impairment charges for long-lived assets, the possibility of defaults under CNF's \$400 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, 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, matters relating to the sale of Menlo Worldwide Forwarding, Inc., including CNF's obligation to indemnify the buyer for certain losses in connection the sale, and matters relating to CNF's defined benefit pension plans. The factors included herein and in Item 7 of CNF's 2004 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,	
	2005	2004	2005	2004
REVENUES	\$ 1,088,881	\$ 967,458	\$ 4,169,590	\$ 3,712,379
Costs and Expenses				
Operating expenses	878,417	782,223	3,349,972	3,014,143
Selling, general and administrative expenses	89,476	80,756	335,671	311,644
Depreciation	30,095	25,474	113,205	102,425
	<u>997,988</u>	<u>888,453</u>	<u>3,798,848</u>	<u>3,428,212</u>
OPERATING INCOME	90,893	79,005	370,742	284,167
Other Expense, net	(2,523)	(7,884)	(19,621)	(37,344)
Income Before Taxes	88,370	71,121	351,121	246,823
Income Tax Provision	32,602	27,854	121,873 [b]	96,378
Income from Continuing Operations	<u>55,768</u>	<u>43,267</u>	<u>229,248</u>	<u>150,445</u>
Discontinued Operations, net of tax				
Loss from Disposal	(2,729)	(18,259)	(6,219)	(278,749)
Income from Discontinued Operations	-	9,301	-	12,415
	<u>(2,729)</u>	<u>(8,958)</u>	<u>(6,219)</u>	<u>(266,334)</u>
Net Income (Loss)	53,039	34,309	223,029	(115,889)
Preferred Stock Dividends	1,887	2,120	7,728	8,239
NET INCOME (LOSS) APPLICABLE TO COMMON SHAREHOLDERS	<u>\$ 51,152</u>	<u>\$ 32,189</u>	<u>\$ 215,301</u>	<u>\$ (124,128)</u>
Weighted-Average Common Shares Outstanding				
Basic	52,175,586	51,363,137	52,192,539	50,455,006
Diluted [a]	55,879,482	56,208,868	56,213,049	56,452,629
Earnings (Loss) Per Common Share				
Basic				
Net income from Continuing Operations	\$ 1.03	\$ 0.80	\$ 4.24	\$ 2.82
Loss from Disposal, net of tax	(0.05)	(0.35)	(0.11)	(5.53)
Income from Discontinued Operations, net of tax	-	0.18	-	0.25
	<u>\$ 0.98</u>	<u>\$ 0.63</u>	<u>\$ 4.13</u>	<u>\$ (2.46)</u>
Diluted [a]				
Net income from Continuing Operations	\$ 0.97	\$ 0.74	\$ 3.96	\$ 2.57
Loss from Disposal, net of tax	(0.05)	(0.33)	(0.11)	(4.94)
Income from Discontinued Operations, net of tax	-	0.17	-	0.22
	<u>\$ 0.92</u>	<u>\$ 0.58</u>	<u>\$ 3.85</u>	<u>\$ (2.15)</u>
OPERATING SEGMENTS				
REVENUES				
Con-Way Transportation Services	\$ 721,017	\$ 646,717	\$ 2,816,647	\$ 2,532,201
Menlo Worldwide Logistics	365,892	318,597	1,339,674	1,174,831
CNF Other	1,972	2,144	13,269	5,347
	<u>\$ 1,088,881</u>	<u>\$ 967,458</u>	<u>\$ 4,169,590</u>	<u>\$ 3,712,379</u>
OPERATING INCOME (LOSS)				
Con-Way Transportation Services	\$ 77,816	\$ 63,718	\$ 331,104	\$ 247,169
Menlo Worldwide				
Logistics	8,119	6,673	26,672	22,718
Vector	7,061	10,174	20,257	18,253
	<u>15,180</u>	<u>16,847</u>	<u>46,929</u>	<u>40,971</u>
CNF Other	(270)	(1,560)	(3,095)	(3,973)
	<u>92,726</u>	<u>79,005</u>	<u>374,938</u>	<u>284,167</u>
Reconciliation of segments to consolidated amount:				
Income tax related to Vector, an equity-method investment	(1,833)	-	(4,196)	-
	<u>\$ 90,893</u>	<u>\$ 79,005</u>	<u>\$ 370,742</u>	<u>\$ 284,167</u>

[a] The periods ended December 31, 2005 include the dilutive effect of restricted stock, stock options and Series B preferred stock. The twelve-month period ended December 31, 2004 also includes the dilutive effect of convertible subordinated debentures, which were redeemed on June 1, 2004.

[b] Includes a \$7.0 million second-quarter tax benefit from the reversal of accrued taxes related to the settlement with the IRS of previous tax filings.

CNF INC.
CONDENSED BALANCE SHEETS
(Dollars in thousands)

	December 31, 2005	December 31, 2004
	<u> </u>	<u> </u>
ASSETS		
Current assets	\$ 1,430,906	\$ 1,509,767
Current assets of discontinued operations	13,141	5,128
Property, plant and equipment, net	951,542	859,321
Other assets	84,983	106,965
Non-current assets of discontinued operations	-	15,220
Total Assets	<u>\$ 2,480,572</u>	<u>\$ 2,496,401</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 597,367	\$ 678,126
Current liabilities of discontinued operations	34,129	34,705
Long-term debt and guarantees	581,469	601,344
Other long-term liabilities and deferred credits	356,689	397,997
Long-term liabilities of discontinued operations	-	6,862
Shareholders' equity	910,918	777,367
Total Liabilities and Shareholders' Equity	<u>\$ 2,480,572</u>	<u>\$ 2,496,401</u>