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CNF INC
Form 11-K
June 27, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR
PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES AND
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

 TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from N/A to N/A
 --- ---

COMMISSION FILE NUMBER 1-5046

CNF INC. EWW SAVINGS PLAN

CNF INC.
Incorporated in the State of Delaware
I.R.S. Employer Identification No. 94-1444798
3240 Hillview Avenue, Palo Alto, California 94304
Telephone Number (650) 494-2900

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,
the trustees (or other persons administering the employee benefit
plan) have duly caused this annual report to be signed on its behalf
by the undersigned hereunto duly authorized.

CNF Inc. EWW Savings Plan

June 27, 2003

/s/ Mark C. Thickpenny

Mark C. Thickpenny
Chairman, CNF Inc. Benefits
Administrative Committee

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CNF INC. EWW SAVINGS PLAN

FINANCIAL STATEMENTS AND SCHEDULE
AS OF DECEMBER 31, 2002 AND 2001
AND FOR THE YEAR ENDED DECEMBER 31, 2002
TOGETHER WITH AUDITORS' REPORT

Independent Auditors' Report

To the Compensation Committee of the
CNF Inc. Board of Directors:

We have audited the accompanying statements of net assets available for benefits of the CNF Inc. EWW Savings Plan as of December 31, 2002 and 2001, and the related statement of changes in net assets available for benefits for the year ended December 31, 2002. These financial statements are the responsibility of the plan administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2002 and 2001, and the changes in its net assets available for benefits for the year ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic

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financial statements taken as a whole.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The fund information in the statements of net assets available for benefits and statement of changes in net assets available for benefits is presented for purposes of additional analysis rather than to present the net assets available for benefits and changes in net assets available for benefits of each fund. The fund information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Portland, Oregon,
June 20, 2003

CNF INC. EWW SAVINGS PLAN
DECEMBER 31, 2002 AND 2001

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CNF INC. EWW SAVINGS PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

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AS OF DECEMBER 31, 2002

	Participant Directed	Non-Participant Directed		Total
		Restricted CNF Common Stock Fund	CNF Preferred Stock Fund	
ASSETS:				
Investments, at fair value-				
Shares in registered investment companies	\$ 9,479,974	\$ -	\$ -	\$ 9,479,974
Common trust funds	4,488,288	-	-	4,488,288
Participant loans	520,735	-	-	520,735
CNF equity	589,779	678,423	1,348,819	2,617,021
Total investments	\$ 15,078,776	\$ 678,423	1,348,819	17,106,018
Participant contributions receivable	10,332	-	-	10,332
Cash	197	83	-	280
NET ASSETS AVAILABLE FOR BENEFITS	\$ 15,089,305	\$ 678,506	\$ 1,348,819	\$ 17,116,630

See accompanying notes to financial statements.

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CNF INC. EWW SAVINGS PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2001

	Participant Directed	Non-Participant Directed		Total
		Restricted CNF Common Stock Fund	CNF Preferred Stock Fund	
ASSETS:				
Investments, at fair value-				
Shares in registered investment companies	\$ 17,854,028	\$ -	\$ -	\$ 17,854,028

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Common trust funds	6,943,956	-	-	6,943,956
Participant loans	1,463,142	-	-	1,463,142
CNF equity	1,178,447	1,217,867	2,062,085	4,458,399
	-----	-----	-----	-----
Total investments	27,439,573	1,217,867	2,062,085	30,719,525
Participant contributions receivable	19,958	-	-	19,958
Cash	-	-	16,843	16,843
	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 27,459,531	\$ 1,217,867	\$ 2,078,928	\$ 30,756,326
	=====	=====	=====	=====

See accompanying notes to financial statements.

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CNF INC. EWW SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Participant Directed	Non-Participant Directed		Total
	-----	-----	-----	-----
		Restricted CNF Common Stock Fund	CNF Preferred Stock Fund	
		-----	-----	
ADDITIONS/(DEDUCTIONS):				
Participant contributions	\$ 606,964	\$ -	\$ -	\$ 606,964
Dividend income (Note 1)	-	-	103,182	103,182
Interest income	80,405	9,617	-	90,022
Transfers in from other plans	377,228	19,997	37,021	434,246
Net depreciation in fair value of investments (Note 3)	(3,910,829)	(28,666)	(243,651)	(4,183,146)
Distributions to participants (Note 1)	(9,560,192)	(1,130,772)	-	(10,690,964)
	-----	-----	-----	-----
Total deductions	(12,406,424)	(1,129,824)	(103,448)	(13,639,696)

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INTERFUND TRANSFERS, net	36,198	590,463	(626,661)	-
	-----	-----	-----	-----
Net decrease	(12,370,226)	(539,361)	(730,109)	(13,639,696)
NET ASSETS AVAILABLE FOR BENEFITS, December 31, 2001	27,459,531	1,217,867	2,078,928	30,756,326
	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS, December 31, 2002	\$ 15,089,305	\$ 678,506	\$ 1,348,819	\$ 17,116,630
	=====	=====	=====	=====

See accompanying notes to financial statements.

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CNF INC. EWW SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS AND SCHEDULE

1. Description of Plan

The following description of the CNF Inc. EWW Savings Plan ("the Plan") is provided for general information purposes only. Participants should refer to the Employee Benefits Handbook or the Plan document for more complete information.

General: The Plan is a defined contribution plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Overall responsibility for administering the Plan rests with the CNF Inc. ("CNF") Administrative Committee ("the Committee"), which is appointed by the Chief Executive Officer of CNF. The Committee reports directly to the Compensation Committee of CNF's Board of Directors. The Plan's trustee, T. Rowe Price Trust Company ("the Trustee"), is responsible for the management and control of the Plan's assets.

In connection with CNF's announcement of the cessation of Emery Worldwide Airlines' ("EWA") air carrier operations on December 5, 2001, EWA terminated the employment of all of its pilots and crewmembers, bringing the total number of terminated employees in 2001 to 800. Distributions to participants in 2002 of \$10,690,964, as reported in the Statement of Changes in Net Assets Available for Benefits, reflects these employee terminations.

Amendments: During 2000, CNF amended the CNF Thrift and Stock Plan ("TASP") and the Plan. Effective September 19, 2000, the pilots of EWA ceased participation in the TASP and their elective deferrals

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began being contributed to the Plan. The EWW pilots' vested balance in the TASP was transferred to the Plan effective December 20, 2000.

In December 2002, the Plan was amended to reflect certain provisions of the Economic Growth and Tax Relief and Reconciliation Act of 2001 ("EGTRRA"), and to reflect compliance with final regulations under Internal Revenue Code ("Code") section 401(a)(9) by adoption of the Internal Revenue Service ("IRS") model amendment pursuant to Rev. Proc. 2002-29. The changes made in this amendment were effective generally January 1, 2002, except for the changes made with respect to Code section 401(a)(9) which are effective January 1, 2003.

Eligibility: The Plan covers all eligible employees of CNF who are covered by a collective bargaining unit that specifically provides for participation in the Plan. Employees become eligible to participate in the Plan upon hire if they are regular full-time employees. Supplemental or part-time employees become eligible upon completion of 750 hours and one year of service.

Contributions: Participants may contribute up to 50% of their compensation into the Plan, as defined by the Plan and subject to certain limitations. Each participating employee may direct contributions in any one or more of the investment funds established under the Plan. CNF makes no matching contributions for participants of the Plan.

Participants who formerly participated in the TASP, as discussed under "-Amendments" above, are awarded Preferred Stock as a substitute for cash dividends. For 2002, these participants received Preferred Stock with a historical cost of \$103,182, as shown on the Statement of Changes in Net Assets Available for Benefits.

The Plan allows for a supplemental employer contribution of up to 10 days of unused forfeited vacation and sick days for those participants whose collective bargaining agreements provide for such contributions.

Participant Accounts: A separate account is maintained for each participant of the Plan. Each account is credited with the participant's and employer contributions, if any, and an allocation of the Plan's net earnings. The Plan's net earnings are allocated to the separate funds in each participant's account based upon the value of the individual's account fund balance in relation to the Plan's total fund balance.

Vesting: Participants are fully vested at all times in all contributions made to the Plan plus net earnings thereon.

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Participant Loans: The Plan has a loan provision allowing participants access to funds on a tax-free basis. Each participant may borrow from a minimum of \$1,000 up to a maximum of \$50,000 from the participant's fund account, reduced by the excess of the participant's highest outstanding loan balance during the one-year period on the day before the loan is made over the participant's current outstanding loan balance on the date of the loan. Loans may not exceed 50% of a participant's vested account balance. The loans are secured by the vested balance in the participant's account. Loans

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must be repaid within 4 1/2 years and bear interest at a rate determined by the loan committee (the prime rate plus 1% in 2002). Loans outstanding at December 31, 2002 bear interest at rates ranging from 5.75% to 10.50%. Principal and interest are paid ratably through payroll deductions.

Distribution to Participants: Employees become eligible for distribution upon termination of employment, disability, retirement or death. Distributions are payable in the form of lump sum payments or in a series of substantially equal annual installments.

Plan Termination: Although it has not expressed any intent to do so, CNF has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, CNF shall direct the Trustee with respect to the distribution of accounts to or for the exclusive benefit of participants or their beneficiaries.

2. Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements have been prepared using the accrual method of accounting.

Financial Instruments: The investments in the accompanying financial statements are stated at quoted market prices, which approximate fair value as of December 31, 2002 and 2001 except for (1) participant loans outstanding that are valued at cost, which approximates fair value and (2) Preferred Stock, which does not have a quoted market value, and is stated at fair value as determined by an annual independent appraisal.

Investments: The Plan invests in various investments. Investment securities are generally exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect amounts reported in the Statements of Net Assets Available for Benefits.

Income Recognition: The difference in market value from one period to the next is included in net depreciation in fair value of investments in the accompanying Statement of Changes in Net Assets Available for Benefits. The net depreciation in fair value of investments also includes realized gains and losses.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on the trade-date basis.

The Plan is charged a wrap fee for each investment transaction recorded in the Trust. Accordingly, these costs result in an overall reduction in the investment returns recorded by each underlying asset.

Operating Expenses: During 2002, all administrative expenses of the Plan were paid by CNF.

Payment of Benefits: Benefits paid to participants are recorded upon distribution.

Estimates: Management makes estimates and assumptions when preparing the financial statements in conformity with accounting principles

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generally accepted in the United States of America. These estimates and assumptions affect the amounts reported in the accompanying financial statements and notes thereto. Actual results could differ from those estimates.

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3. Investments

The investment options available to participants were revised during 2002. A fund with shares in registered investment companies was added as a participant-directed investment option while a common trust fund was removed from the plan.

The following presents investments that represent 5 percent or more of the Plan's net assets as of December 31, 2002 and 2001.

	December 31, 2002	2001
	-----	-----
Participant Directed Investments:		
Shares in Registered Investment Companies:		
T. Rowe Price Growth Stock Fund, 175,802 and 242,540 shares, respectively	\$ 3,266,398	\$ 5,864,629
T. Rowe Price Science and Technology Fund, 210,428 and 289,852 shares, respectively	2,615,616	6,063,702
T. Rowe Price Equity Income Fund, 99,769 and 137,544 shares, respectively	1,974,431	3,252,920
Common Trust Funds:		
T. Rowe Price US Treasury Money Market Trust, 3,051,871 and 4,311,262 shares, respectively	3,051,871	4,311,262
Non-Participant Directed Investments:		
CNF Preferred Stock, 6,332 and 9,331 shares, respectively	1,348,819	2,062,085

During 2002, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value as follows:

Shares in registered investment companies	\$ (3,623,969)
Common trust funds	(276,558)
CNF Common stock	(38,968)
CNF Preferred stock	(243,651)

	\$ (4,183,146)
	=====

4. Income Tax Status

The Internal Revenue Service has determined and informed CNF by a

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letter dated October 3, 2001, that the Plan and related trust are designed in accordance with applicable sections of the Code. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code. Therefore, the plan administrator believes that the Plan was qualified and the related trust was tax exempt as of the financial statement date.

5. Related Party Transactions

Certain Plan investments are shares in funds managed by T. Rowe Price Trust Company, the trustee as defined by the Plan. Therefore, these investments and investment transactions qualify as party-in-interest.

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SCHEDULE I

CNF INC. EWW SAVINGS PLAN
 EIN 94-1444798
 PLAN NO. 112
 SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
 AS OF DECEMBER 31, 2002

Identity of Issue Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
-----	-----	-----	-----
	Shares in Registered Investment Companies:		
*T. Rowe Price	Growth Stock Fund (175,801.816 shares)	\$ 4,515,289	\$ 3,266,398
*T. Rowe Price	Equity Income Fund (99,769.104 shares)	2,390,658	1,974,431
*T. Rowe Price	Science and Technology Fund (210,427.679 shares)	5,913,040	2,615,616
*T. Rowe Price	International Stock Fund (80,338.461 shares)	1,050,782	713,406
*T. Rowe Price	Small-Cap Stock Fund (11,414.975 shares)	275,320	245,422
*T. Rowe Price	PIMCO Total Return Fund (61,871.598 shares)	660,071	660,170
*T. Rowe Price	Undiscovered Managers Small Cap Growth Fund (740.381 shares)	4,439	4,531
	Common Trust Funds:		
*T. Rowe Price	Equity Index Trust (22,902.396 shares)	742,800	550,116
*T. Rowe Price	Bond Index Trust (10,742.573 shares)	200,020	217,430
*T. Rowe Price	U.S. Treasury Money Market Fund (3,051,871.070 shares)	3,051,871	3,051,871
*T. Rowe Price	Retirement Strategy Trust - Balanced (35,129.758 shares)	752,784	668,871

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*Plan participants	Participant Loans with interest from 5.75% to 10.50% and maturity dates from 2003 to 2007	-	520,735
Common Stock:			
*CNF Inc.	Unrestricted CNF Common Stock (17,743.051 shares)	513,833	589,779
*CNF Inc.	Restricted CNF Common Stock Fund (20,409.845 shares)	552,788	678,423
Preferred Stock:			
*CNF Inc.	CNF Preferred Stock - Allocated (6,332.484 shares)	962,920	1,348,819
	Total Investments		----- \$17,106,018 =====

*Represents a party-in-interest transaction as of December 31, 2002.

NOTE: Cost is calculated using the historical rolling-average-cost method.

See accompanying independent auditors' report.