

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

March 4, 2005

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 or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3240 Hillview Avenue, Palo Alto, California 94304

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(650) 494-2900

(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 1.01 Entry into a Material Definitive Agreement

A. Severance Agreements. On March 1, 2005, the Company's Compensation Committee approved the following agreements (collectively, the "Agreements"):

1. Severance Agreement between the Company and Douglas W. Stotlar, Senior Vice President of the Company and President and Chief Executive Officer of Con-Way Transportation Services, Inc., a subsidiary of the Company ("CTS"), effective as of March 1, 2005;
2. Severance Agreement between the Company and Kevin C. Schick, Vice President, Controller and Treasurer of CTS, effective as of March 31, 2005 (at which time Mr. Schick will become Senior Vice President and Chief Financial Officer of the Company); and
3. Severance Agreement between the Company and Jennifer W. Pileggi, Senior Vice President, General Counsel and Secretary of the Company, effective as of March 1, 2005.

These Severance Agreements provide that if such officer's employment is actually or constructively terminated within two years of a change in control (as defined in the severance agreement) of the Company or prior to a change in control at the direction of a person or entity which subsequently acquires control of the Company, the officer generally will receive from the Company, among other things, (i) a lump sum cash payment equal to three times the officer's base salary as of the date of termination (or as of the change of

control, if higher); (ii) a lump sum cash payment equal to three times the officer's average annual bonus over the three years prior to the termination of employment; and (iii) life, disability, health, dental, and accidental insurance benefits for three years. The Severance Agreement between the Company and Ms. Pileggi, and the Severance Agreement between the Company and Mr. Schick, also provide that a sale or other disposition of certain business units of the Company will also constitute a change in control for purposes of the Agreement.

In addition to his Severance Agreement with the Company, Mr. Stotlar also entered into a Severance Agreement with CTS, effective March 1, 2005. This Severance Agreement generally provides that Mr. Stotlar will be entitled to receive from CTS the payments and benefits described above if his employment is actually or constructively terminated with two years following a sale or other disposition of CTS by the Company.

Copies of the Severance Agreements referred to above are filed with this report as Exhibits 99.1, 99.2, 99.3 and 99.4 and are incorporated herein by reference. The foregoing description of the Severance Agreements is qualified in its entirety by reference to such exhibits.

B. Form of Restricted Stock Award Agreement and Stock Option Agreement

On March 1, 2005, the Company's Compensation Committee approved the material terms of restricted stock and stock option grants made to executives under the Company's 1997 Equity and Incentive Plan, as amended. These terms, which are set forth below, will apply to all such grants unless the Committee affirmatively determines that different or additional terms should apply. A form Restricted Stock Award Agreement which incorporates the material terms applicable to restricted stock awards is attached hereto as Exhibit 99.5, and a form Stock Option Agreement which incorporates the material terms applicable to stock option awards is attached hereto as Exhibit 99.6.

Standard Terms for Restricted Stock Awards.

1. Standard Vesting Schedule. Restricted shares vest in equal annual installments over 3 years, commencing on the first anniversary of the grant date.
2. Effect of Retirement. Unvested shares are forfeited upon retirement, whether prior to, at or after normal retirement age.
3. Effect of Change in Control. Restricted shares become fully vested upon the occurrence of a Change in Control (as defined in the Plan), except that in the case of a Change in Control resulting from the sale or other disposition of two of the Company's three primary business units, restricted stock held by CNF executives vests at the earlier of termination of employment or one year following the Change in Control.
4. Other Circumstances Affecting Vesting. Restricted shares become fully vested upon death or termination of employment as a result of a disability.
5. Forfeiture of Unvested Shares. Unvested shares are forfeited automatically, if the executive ceases to be an active full-time employee of the Company or of a subsidiary or affiliate of the Company for any reason other than death, disability or in connection with a Change in Control.
6. Withholding of Shares to Satisfy Tax Obligations. Upon vesting, executives may elect to have restricted shares withheld by the Company to the extent necessary to satisfy applicable withholding tax obligations. Number of shares to be withheld is determined by dividing tax liability by closing price of Company stock on the vesting date.

Standard Terms for Stock Option Awards.

1. Standard Schedule for Options Becoming Exercisable. In equal annual installments over 3 years, commencing on January 1 of the calendar year immediately following the grant date.
2. Effect of Retirement. Any portion of an option award that has not yet become exercisable will continue to do so in accordance with the standard schedule if the executive retires at or after normal retirement age, or retires early pursuant to the "Rule of 85"; otherwise, unexercisable options are forfeited upon retirement.
3. Effect of Change in Control. Options become fully exercisable upon the occurrence of a Change in Control (as defined in the Plan), except that in the case of a Change in Control resulting from the sale or other disposition of two of the Company's three primary business units, options held by CNF executives become exercisable at the earlier of termination of employment or one year following the Change in Control.
4. Other Circumstances Affecting Exercisability. Options become fully

exercisable upon death or termination of employment as a result of a disability.

5. Forfeiture. Options are forfeited automatically if executive ceases to be an active full-time employee of the Company or of a subsidiary or affiliate of the Company for any reason other than death, disability, in connection with a Change in Control, or upon retirement as described in 2) above.
6. Exercise Periods for Options. An executive has specified time periods to exercise stock options based on specified events, as summarized in the table below (in any event, the exercise period expires at end of the 10-year option term).

Event	Period Following Event in Which to Exercise
Cease to be an active full-time employee (other than for cause, on account of Retirement, following a Change in Control, or as a result of death or disability)	3 months following ceasing to be an active full-time employee
Termination for Cause	None (all options terminate, whether or not previously exercisable)
Retirement prior to, at or after normal retirement age	For option grants that are fully exercisable at retirement, 1 year from the date of retirement (to the extent option grants are not fully exercisable at retirement, the options are forfeited upon retirement, except as provided below)
Retirement at or after normal retirement age, or pursuant to rule of 85	For each option grant that is not fully exercisable at retirement, 1 year after final installment of that option grant becomes exercisable (with the 1 year period determined separately for each option grant)
Change in Control	Later of 1 year following Change in Control or 3 months after ceasing to be an active full-time employee
Disability	1 year following disability
Death	1 year from date of death

C. Compensation for Senior Vice President and Chief Financial Officer. On March 1, 2005, the Company's Compensation Committee approved the following compensation for Kevin C. Schick, effective upon his promotion to Senior Vice President and Chief Executive Officer of the Company on March 31, 2005.

1. Increase in annual base salary from \$251, 472 to \$310,000.
2. Target incentive compensation award equal to 75% of annual base salary (subject to a maximum equal to 150% of annual base salary), with actual payout to be determined based upon the Company's actual 2005 pre-tax, pre-incentive income versus target.
3. Grant of 11,500 stock options.
4. Target Value Management Plan award equal to 115% of annual base salary for the three-year cycle commencing on January 1, 2005.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit No.	Description
99.1	Severance Agreement between the Company and Douglas W. Stotlar
99.2	Severance Agreement between the Company and Kevin C. Schick
99.3	Severance Agreement between the Company and Jennifer W. Pileggi
99.4	Severance Agreement between CTS and Douglas W. Stotlar
99.5	Form of Restricted Stock Award Agreement
99.6	Form of Stock Option Agreement

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.

March 4, 2005

CNF Inc.
(Registrant)

/s/ Chutta Ratnathicam

Chutta Ratnathicam
Senior Vice President and Chief Financial Officer

</TEXT>

</DOCUMENT>

SEVERANCE AGREEMENT

THIS AGREEMENT is made as of March 1, 2005 by and between CNF Inc., a Delaware corporation (the "Company"), and Douglas W. Stotlar (the "Executive").

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continued employment of key management personnel; and

WHEREAS, the Board recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.
2. Term of Agreement. The Term of this Agreement shall commence on March 1, 2005 (the "Effective Date") and shall continue in effect through December 31, 2006; provided, however, that commencing on January 1, 2006, and each January 1 thereafter, the Term shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Company or the Executive shall have given notice not to extend the Term; and further provided, however, that if a Change in Control shall have occurred during the Term, the Term shall expire no earlier than twenty-four (24) months beyond the month in which such Change in Control occurred.
3. Company's Covenants Summarized. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Section 4 hereof, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described herein. Except as provided in Section 9.1 hereof, no Severance Payments shall be payable under this Agreement unless there shall have been (or, under the terms of the second paragraph of Section 6.1 hereof, there shall be deemed to have been) a termination of the Executive's employment with the Company following a Change in Control and during the Term. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive (i) shall not have any right to be retained in the employ of the Company, and (ii) shall remain subject to discharge to the same extent as if this Agreement had not been entered into by the Company and the Executive.
4. Executive's Covenants. The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the Term, the Executive will remain in the employ of the Company until the earliest of (i) a date which is six (6) months from the date of such Potential Change in Control, (ii) the date of a Change in Control, (iii) the date of termination by the Executive of the Executive's employment for Good Reason or by reason of death, Disability or Retirement or (iv) the termination by the Company of the Executive's employment for any reason.
5. Compensation Other Than Severance Payments.
 - 5.1 Following a Change in Control and during the Term, during any period that the Executive fails to perform the Executive's full-time duties with the Company as a result of incapacity due to disability, including physical or mental illness, the Company shall pay the Executive's full salary to the Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period (other than any disability plan), until the Executive's employment is terminated by the Company for Disability.
 - 5.2 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect immediately prior to the Date of Termination or, if higher, the rate in effect immediately prior to the Change in Control, together with all compensation and

benefits payable to the Executive through the Date of Termination under the terms of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the Change in Control.

- 5.3 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay to the Executive the Executive's normal post termination compensation and benefits as such payments become due (other than severance payments under any severance plan as in effect immediately prior to the Date of Termination). Such post termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the Change in Control.

6. Severance Payments.

- 6.1 If the Executive's employment is terminated following a Change in Control and during the Term, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits, described in this Section 6.1 ("Severance Payments") and Section 6.2, in addition to any payments and benefits to which the Executive is entitled under Section 5 hereof; provided, however, that the Executive shall not be entitled to the Severance Payments unless and until the Executive (or, in the event of the Executive's death, the executor, personal representative or administrator of the Executive's estate) has signed a written waiver and release substantially in the form set forth on Exhibit A hereto.

For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason, if (i) during the Term the Executive's employment is terminated by the Company without Cause following a Potential Change in Control but prior to a Change in Control (whether or not a Change in Control ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control, (ii) during the Term the Executive terminates his employment for Good Reason following a Potential Change in Control but prior to a Change in Control (whether or not a Change in Control ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person or (iii) during the Term the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs).

An Executive will not be considered to have been terminated by reason of the divestiture of a facility, sale or other disposition of a business or business unit, or the outsourcing of a business activity with which the Executive is affiliated, notwithstanding the fact that such divestiture, sale or outsourcing takes place within two years following a Change in Control, if the Executive is offered comparable employment by the successor company and such successor company agrees to assume the Company's obligations to the Executive under this Agreement.

- (A) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to the Executive, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to three times the sum of (i) the Executive's annual base salary as in effect immediately prior to the Date of Termination or, if higher, in effect immediately prior to the Change in Control and (ii) the average annual bonus earned by the Executive pursuant to any annual bonus or incentive plan maintained by the Company in respect of the three fiscal years ending immediately prior to the fiscal year in which occurs the Change in Control.
- (B) For the thirty-six (36) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents life, disability and accident benefits substantially similar to those provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the Change in Control, at no greater cost to the Executive than the cost to the Executive immediately prior to such Date of Termination or Change in Control; provided, however, that any across the board changes to life, disability or accident benefits similarly affecting all or substantially all employees of the Company and any entity in control of the

Company shall not be deemed a breach of this Section 6.1(B). Benefits otherwise receivable by the Executive pursuant to this Section 6.1(B) shall be reduced to the extent benefits of the same type are received by or made available to the Executive during the thirty-six (36) month period following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. If the Executive dies during the thirty-six (36) month period following the Date of Termination, life, disability and accident benefit coverage of the Executive's dependents shall continue for the remainder of the thirty-six (36) month period.

- (C) For the thirty-six (36) month period immediately following the Date of Termination, the Company shall provide health and dental benefits to the Executive and his dependents under the terms of the Company's health and dental plan as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. Benefits otherwise receivable by the Executive pursuant to this Section 6.1(C) shall be reduced to the extent benefits of the same type are received by or made available to the Executive following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. If the Executive dies at a time when health and dental benefits are being provided under this Section 6.1(C) to the Executive's dependents, the Company shall continue to provide the dependents with health and dental benefits for the remainder of the thirty-six (36) month period on the same basis as if the Executive had survived throughout that period.

- 6.2 (A) Whether or not the Executive becomes entitled to the Severance Payments, if any of the payments or benefits received or to be received by the Executive in connection with a Change in Control or the Executive's termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Change in Control or any Person affiliated with the Company or such Person) (such payments or benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, the Company shall pay to the Executive an additional amount (the "Gross Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

- (B) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change in Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) should not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or should otherwise not be subject to the Excise Tax and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 6.2), net of the maximum reduction in federal income taxes which could be

obtained from deduction of such state and local taxes.

(C) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross Up Payment attributable to such reduction (plus that portion of the Gross Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross Up Payment being repaid by the Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes). In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross Up Payment), the Company shall make an additional Gross Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

6.3 The payments provided in subsection (A) of Section 6.1 hereof and in subsections (A) and (B) of Section 6.2 hereof shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company or, in the case of payments under Section 6.2 hereof, in accordance with Section 6.2 hereof, of the minimum amount of such payments to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall be paid by the Executive to the Company not later than the fifth (5th) business day after demand by the Company. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6.4 The Company also shall pay to the Executive all legal fees and expenses incurred by the Executive in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

7. Termination Procedures and Compensation During Dispute.

7.1 Notice of Termination. After a Change in Control and during the Term, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 10 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarter (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

7.2 Date of Termination. "Date of Termination," with respect to any

purported termination of the Executive's employment after a Change in Control and during the Term, shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8. No Mitigation. The Company agrees that, if the Executive's employment with the Company terminates during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 6 hereof. Further, the amount of any payment or benefit provided for in this Agreement (other than to the extent provided in Section 6.1(B) and 6.1(C) hereof) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.
9. Successors; Binding Agreement.
 - 9.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.
 - 9.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.
10. Notices. All notices and other communications provided for in this Agreement (i) shall be in writing, (ii) shall be hand delivered, sent by overnight courier or by United States registered mail, return receipt requested and postage prepaid, addressed, in the case of the Executive, to the address inserted below the Executive's signature on the final page hereof and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, and (iii) shall be effective only upon actual receipt.

To the Company:

CNF Inc.
3240 Hillview Avenue
Palo Alto, CA 94304
Attention: General Counsel

11. Miscellaneous. Except as otherwise expressly provided herein, no provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party; provided, however, that this Agreement shall supersede any written agreement setting forth the terms and conditions of the Executive's employment with the Company only in the event that the Executive's employment with the Company is terminated on or following a Change in Control, by the Company other than for Cause or by the Executive for Good Reason. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California. All references to

sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 6 and 7 hereof) shall survive such expiration.

12. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.
13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
14. Settlement of Disputes; Arbitration.
 - 14.1 All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.
 - 14.2 Any further dispute or controversy arising under or in connection with this Agreement shall be finally settled exclusively by arbitration in Palo Alto, California, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction.
15. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:
 - (A) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
 - (B) "Auditor" shall have the meaning set forth in Section 6.2 hereof.
 - (C) "Base Amount" shall have the meaning set forth in Section 280G(b)(3) of the Code.
 - (D) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
 - (E) "Board" shall mean the Board of Directors of the Company.
 - (F) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to disability, including physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 7.1 hereof) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company. In the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board and, in the event of an arbitration as contemplated by Section 14.2, to the arbitrator, by clear and convincing evidence that Cause exists.
 - (G) "Change in Control" means the occurrence of an event described in any one of the following clauses (1) through (5):
 - (1) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company or its Affiliates, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or its Affiliates, and (C) any corporation owned, directly or indirectly, by the stockholders of the Company in

substantially the same proportions as their ownership of the Common Stock), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its Affiliates) representing 25% or more of the combined voting power of the Company's then outstanding voting securities;

- (2) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the Effective Date, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended;
 - (3) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as hereinabove defined), directly or indirectly, acquired 25% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its Affiliates); or
 - (4) the stockholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of assets having an aggregate book value at the time of such sale or disposition of more than 75% of the total book value of the Company's assets on a consolidated basis (or any transaction having a similar effect), other than any such sale or disposition by the Company (including by way of spin-off or other distribution) to an entity, at least 50% of the combined voting power of the voting securities of which are owned immediately following such sale or disposition by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale or disposition; provided, however, that a Change in Control shall be deemed not to have occurred under this clause (4) if, immediately prior to the consummation of any sale or disposition of a business unit that is taken into account in determining whether a Change in Control has occurred, the Executive is employed by, and is party to a severance agreement with, such business unit.
- (H) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (I) "Company" shall mean CNF Inc. and, except in determining under Section 15(G) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise. In addition, when used in the context of the Executive's employment, "Company" shall mean the Company or any of its subsidiaries.
- (J) "Common Stock" shall mean the common stock, par value \$0.625 per share, of the Company.
- (K) "Date of Termination" shall have the meaning set forth in Section 7.2 hereof.
- (L) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to disability, including physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties.

- (M) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (N) "Excise Tax" shall mean any excise tax imposed under Section 4999 of the Code.
- (O) "Executive" shall mean the individual named in the first paragraph of this Agreement.
- (P) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) after any Change in Control and during the Term of any one of the following acts by the Company, or failures by the Company to act, unless such act or failure to act is corrected within 30 days of receipt by the Company of notice of the Executive's intent to terminate for Good Reason hereunder:
- (I) the failure of the successor company, following the Change in Control, to assume this Agreement and all obligations hereunder, as of the date of such Change in Control;
- (II) the assignment to the Executive of any duties inconsistent with the Executive's status as an executive of the Company or a substantial adverse alteration in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control;
- (III) a reduction by the Company in the Executive's annual base salary (except for across-the-board salary reductions similarly affecting all executives of the Company and all executives of any Person in control of the Company) or incentive compensation opportunity (both short-term and long-term, valued in a manner consistent with the valuation methodology used by the Company prior to the Change in Control), each as in effect immediately prior to the Change in Control or as the same may thereafter be increased from time to time;
- (IV) the relocation of the Executive's principal place of employment to a location that results in an increase in the Executive's one way commute of at least 50 miles more than the Executive's one way commute immediately prior to the Change in Control, except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control;
- (V) the failure by the Company to pay to the Executive when due any portion of the Executive's current compensation;
- (VI) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's pension, savings, life insurance, medical, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control (except for across the board changes similarly affecting all or substantially all employees of the Company and any entity in control of the Company), the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive immediately prior to the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled.
- The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to disability, including physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.
- (Q) "Gross Up Payment" shall have the meaning set forth in Section 6.2 hereof.
- (R) "Notice of Termination" shall have the meaning set forth in Section 7.1 hereof.
- (S) "Pension Plan" shall mean any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive with supplemental retirement benefits.
- (T) "Person" shall mean any person, as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company or its Affiliates, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or its Affiliates, and (C) any corporation owned, directly or indirectly,

by the stockholders of the Company in substantially the same proportions as their ownership of the Common Stock)

- (U) "Potential Change in Control" shall be deemed to have occurred if:
- (I) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;
 - (II) the Company or any Person publicly announces an intention to take or to consider taking actions, including but not limited to proxy contests or consent solicitations, which, if consummated, would constitute a Change in Control;
 - (III) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates); or
 - (IV) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.
- (V) "Retirement" shall be deemed the reason for the termination by the Executive of the Executive's employment if such employment is terminated in accordance with the Company's retirement policy, including early retirement, generally applicable to its salaried employees.
- (W) "Severance Payments" shall have the meaning set forth in Section 6.1 hereof.
- (X) "Tax Counsel" shall have the meaning set forth in Section 6.2 hereof.
- (Y) "Term" shall mean the period of time described in Section 2 hereof (including any extension, continuation or termination described therein).
- (Z) "Total Payments" shall mean those payments so described in Section 6.2 hereof.

CNF INC.

By: /s/ Chutta Ratnathicam

Name: Chutta Ratnathicam
Title: Senior Vice President and Chief Financial Officer

EXECUTIVE

/s/ Douglas W. Stotlar

Name: Douglas W. Stotlar
Address: 8400 Cedar Hills Drive
Dexter, MI 48130-9347

Severance Agreement Stotlar CNF 2005

1

EXHIBIT A

WAIVER AND RELEASE OF CLAIMS

In consideration of, and subject to, the payment to be made to me by CNF Inc. (the "Company") of the "Severance Payments" (as defined in the Severance Agreement, dated as of March 1, 2005, entered into between me and the Company (the "Agreement")), I hereby waive any claims I may have for employment or re-employment by the Company or any subsidiary of the Company after the date hereof, and I further agree to and do release and forever discharge the Company or any subsidiary of the Company, and their respective past and present officers, directors, shareholders, insurers, employees and agents from any and all claims and causes of action, known or unknown, arising out of or relating to my employment with the Company or any subsidiary of the Company, or the termination thereof, including, but not limited to, wrongful discharge, breach of contract, tort, fraud, the Civil Rights Acts, Age Discrimination in Employment Act, Employee Retirement Income Security Act of 1974, Americans with Disabilities Act, or any other federal, state or local legislation or common law relating to employment or discrimination in employment or otherwise.

Notwithstanding the foregoing or any other provision hereof, nothing in this Waiver and Release of Claims shall adversely affect (i) my rights under the

Agreement; (ii) my rights to benefits other than severance benefits under plans, programs and arrangements of the Company or any subsidiary or parent of the Company which are accrued but unpaid as of the date of my termination; or (iii) my rights to indemnification under any indemnification agreement, applicable law and the certificates of incorporation and bylaws of the Company and any subsidiary or parent of the Company, and my rights under any director's and officers' liability insurance policy covering me.

I acknowledge that I have signed this Waiver and Release of Claims voluntarily, knowingly, of my own free will and without reservation or duress, and that no promises or representations have been made to me by any person to induce me to do so other than the promise of payment set forth in the first paragraph above and the Company's acknowledgment of my rights reserved under the second paragraph above.

I understand that this release will be deemed to be an application for benefits under the Agreement and that my entitlement thereto shall be governed by the terms and conditions of the Agreement and any applicable plan. I expressly hereby consent to such terms and conditions.

I acknowledge that I have been given not less than forty-five (45) days to review and consider this Waiver and Release of Claims (unless I have signed a written waiver of such review and consideration period), and that I have had the opportunity to consult with an attorney or other advisor of my choice and have been advised by the Company to do so if I choose. I may revoke this Waiver and Release of Claims seven days or less after its execution by providing written notice to the Company.

I acknowledge that it is my intention and the intention of the Company in executing this Waiver and Release of Claims that the same shall be effective as a bar to each and every claim, demand and cause of action hereinabove specified. In furtherance of this intention, I hereby expressly waive any and all rights and benefits conferred upon me by the provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE, to the extent applicable to me, and expressly I consent that this Waiver and Release of Claims shall be given full force and effect according to each and all of its express terms and provisions, including as well those related to unknown and unsuspected claims, demands and causes of action, if any, as well as those relating to any other claims, demands and causes of action hereinabove specified. SECTION 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

I acknowledge that I may hereafter discover claims or facts in addition to or different from those which I now know or believe to exist with respect to the subject matter of this Waiver and Release of Claims and which, if known or suspected at the time of executing this Waiver and Release of Claims, may have materially affected this settlement.

Finally, I acknowledge that I have read this Waiver and Release of Claims and understand all of its terms.

/s/ Douglas W. Stotlar

Signature of Executive

Douglas W. Stotlar

Print Name

March 4, 2005

Date Signed

</TEXT>
</DOCUMENT>

SEVERANCE AGREEMENT

THIS AGREEMENT is made as of March 31, 2005 by and between CNF Inc., a Delaware corporation (the "Company"), and Kevin C. Schick (the "Executive").

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continued employment of key management personnel; and

WHEREAS, the Board recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.
2. Term of Agreement. The Term of this Agreement shall commence on March 31, 2005 (the "Effective Date") and shall continue in effect through December 31, 2006; provided, however, that commencing on January 1, 2006, and each January 1 thereafter, the Term shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Company or the Executive shall have given notice not to extend the Term; and further provided, however, that if a Change in Control shall have occurred during the Term, the Term shall expire no earlier than twenty-four (24) months beyond the month in which such Change in Control occurred.
3. Company's Covenants Summarized. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Section 4 hereof, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described herein. Except as provided in Section 9.1 hereof, no Severance Payments shall be payable under this Agreement unless there shall have been (or, under the terms of the second paragraph of Section 6.1 hereof, there shall be deemed to have been) a termination of the Executive's employment with the Company following a Change in Control and during the Term. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive (i) shall not have any right to be retained in the employ of the Company, and (ii) shall remain subject to discharge to the same extent as if this Agreement had not been entered into by the Company and the Executive.
4. Executive's Covenants. The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the Term, the Executive will remain in the employ of the Company until the earliest of (i) a date which is six (6) months from the date of such Potential Change in Control, (ii) the date of a Change in Control, (iii) the date of termination by the Executive of the Executive's employment for Good Reason or by reason of death, Disability or Retirement or (iv) the termination by the Company of the Executive's employment for any reason.
5. Compensation Other Than Severance Payments.
 - 5.1 Following a Change in Control and during the Term, during any period that the Executive fails to perform the Executive's full-time duties with the Company as a result of incapacity due to disability, including physical or mental illness, the Company shall pay the Executive's full salary to the Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period (other than any disability plan), until the Executive's employment is terminated by the Company for Disability.
 - 5.2 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect immediately prior to the Date of Termination or, if higher, the rate in effect immediately prior to the Change in Control, together with all compensation and benefits payable to the Executive through the Date of Termination

under the terms of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the Change in Control.

- 5.3 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay to the Executive the Executive's normal post termination compensation and benefits as such payments become due (other than severance payments under any severance plan as in effect immediately prior to the Date of Termination). Such post termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the Change in Control.

6. Severance Payments.

- 6.1 If the Executive's employment is terminated following a Change in Control and during the Term, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits, described in this Section 6.1 ("Severance Payments") and Section 6.2, in addition to any payments and benefits to which the Executive is entitled under Section 5 hereof; provided, however, that the Executive shall not be entitled to the Severance Payments unless and until the Executive (or, in the event of the Executive's death, the executor, personal representative or administrator of the Executive's estate) has signed a written waiver and release substantially in the form set forth on Exhibit A hereto.

For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason, if (i) during the Term the Executive's employment is terminated by the Company without Cause following a Potential Change in Control but prior to a Change in Control (whether or not a Change in Control ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control, (ii) during the Term the Executive terminates his employment for Good Reason following a Potential Change in Control but prior to a Change in Control (whether or not a Change in Control ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person or (iii) during the Term the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs).

An Executive will not be considered to have been terminated by reason of the divestiture of a facility, sale or other disposition of a business or business unit, or the outsourcing of a business activity with which the Executive is affiliated, notwithstanding the fact that such divestiture, sale or outsourcing takes place within two years following a Change in Control, if the Executive is offered comparable employment by the successor company and such successor company agrees to assume the Company's obligations to the Executive under this Agreement.

- (A) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to the Executive, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to three times the sum of (i) the Executive's annual base salary as in effect immediately prior to the Date of Termination or, if higher, in effect immediately prior to the Change in Control and (ii) the average annual bonus earned by the Executive pursuant to any annual bonus or incentive plan maintained by the Company in respect of the three fiscal years ending immediately prior to the fiscal year in which occurs the Change in Control.
- (B) For the thirty-six (36) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents life, disability and accident benefits substantially similar to those provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the Change in Control, at no greater cost to the Executive than the cost to the Executive immediately prior to such Date of Termination or Change in Control; provided, however, that any across the board changes to life, disability or accident benefits similarly affecting all or substantially all employees of the Company and any entity in control of the Company shall not be deemed a breach of this Section 6.1(B).

Benefits otherwise receivable by the Executive pursuant to this Section 6.1(B) shall be reduced to the extent benefits of the same type are received by or made available to the Executive during the thirty-six (36) month period following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. If the Executive dies during the thirty-six (36) month period following the Date of Termination, life, disability and accident benefit coverage of the Executive's dependents shall continue for the remainder of the thirty-six (36) month period.

- (C) For the thirty-six (36) month period immediately following the Date of Termination, the Company shall provide health and dental benefits to the Executive and his dependents under the terms of the Company's health and dental plan as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. Benefits otherwise receivable by the Executive pursuant to this Section 6.1(C) shall be reduced to the extent benefits of the same type are received by or made available to the Executive following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. If the Executive dies at a time when health and dental benefits are being provided under this Section 6.1(C) to the Executive's dependents, the Company shall continue to provide the dependents with health and dental benefits for the remainder of the thirty-six (36) month period on the same basis as if the Executive had survived throughout that period.

- 6.2 (A) Whether or not the Executive becomes entitled to the Severance Payments, if any of the payments or benefits received or to be received by the Executive in connection with a Change in Control or the Executive's termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Change in Control or any Person affiliated with the Company or such Person) (such payments or benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, the Company shall pay to the Executive an additional amount (the "Gross Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

- (B) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change in Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) should not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or should otherwise not be subject to the Excise Tax and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 6.2), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(C) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross Up Payment attributable to such reduction (plus that portion of the Gross Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross Up Payment being repaid by the Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes). In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross Up Payment), the Company shall make an additional Gross Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

6.3 The payments provided in subsection (A) of Section 6.1 hereof and in subsections (A) and (B) of Section 6.2 hereof shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company or, in the case of payments under Section 6.2 hereof, in accordance with Section 6.2 hereof, of the minimum amount of such payments to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall be paid by the Executive to the Company not later than the fifth (5th) business day after demand by the Company. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6.4 The Company also shall pay to the Executive all legal fees and expenses incurred by the Executive in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

7. Termination Procedures and Compensation During Dispute.

7.1 Notice of Termination. After a Change in Control and during the Term, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 10 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarter (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

7.2 Date of Termination. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change

in Control and during the Term, shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8. No Mitigation. The Company agrees that, if the Executive's employment with the Company terminates during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 6 hereof. Further, the amount of any payment or benefit provided for in this Agreement (other than to the extent provided in Section 6.1(B) and 6.1(C) hereof) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.
9. Successors; Binding Agreement.
 - 9.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.
 - 9.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.
10. Notices. All notices and other communications provided for in this Agreement (i) shall be in writing, (ii) shall be hand delivered, sent by overnight courier or by United States registered mail, return receipt requested and postage prepaid, addressed, in the case of the Executive, to the address inserted below the Executive's signature on the final page hereof and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, and (iii) shall be effective only upon actual receipt.

To the Company:

CNF Inc.
3240 Hillview Avenue
Palo Alto, CA 94304
Attention: General Counsel

11. Miscellaneous. Except as otherwise expressly provided herein, no provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party; provided, however, that this Agreement shall supersede any written agreement setting forth the terms and conditions of the Executive's employment with the Company only in the event that the Executive's employment with the Company is terminated on or following a Change in Control, by the Company other than for Cause or by the Executive for Good Reason. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California. All references to sections of the Exchange Act or the Code shall be deemed also to refer

to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 6 and 7 hereof) shall survive such expiration.

12. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.
13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
14. Settlement of Disputes; Arbitration.
 - 14.1 All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.
 - 14.2 Any further dispute or controversy arising under or in connection with this Agreement shall be finally settled exclusively by arbitration in Palo Alto, California, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction.
15. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:
 - (A) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
 - (B) "Auditor" shall have the meaning set forth in Section 6.2 hereof.
 - (C) "Base Amount" shall have the meaning set forth in Section 280G(b)(3) of the Code.
 - (D) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
 - (E) "Board" shall mean the Board of Directors of the Company.
 - (F) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to disability, including physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 7.1 hereof) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company. In the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board and, in the event of an arbitration as contemplated by Section 14.2, to the arbitrator, by clear and convincing evidence that Cause exists.
 - (G) "Change in Control" means the occurrence of an event described in any one of the following clauses (1) through (5):
 - (1) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company or its Affiliates, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or its Affiliates, and (C) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the

Common Stock), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its Affiliates) representing 25% or more of the combined voting power of the Company's then outstanding voting securities;

- (2) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the Effective Date, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended;
- (3) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as hereinabove defined), directly or indirectly, acquired 25% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its Affiliates);
- (4) the stockholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of assets having an aggregate book value at the time of such sale or disposition of more than 75% of the total book value of the Company's assets on a consolidated basis (or any transaction having a similar effect), other than any such sale or disposition by the Company (including by way of spin-off or other distribution) to an entity, at least 50% of the combined voting power of the voting securities of which are owned immediately following such sale or disposition by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale or disposition; provided, however, that a Change in Control shall be deemed not to have occurred under this clause (4) if, immediately prior to the consummation of any sale or disposition of a business unit that is taken into account in determining whether a Change in Control has occurred, the Executive is employed by, and is party to a severance agreement with, such business unit; or
- (5) there is consummated the sale or other disposition by the Company, however effected, of at least two of the three primary business units of the Company, whether in a single transaction or in a series of transactions occurring within an 18-month period, and whether or not one or both of such business units constitute part of a larger enterprise at the time of the sale or other disposition; provided, however, that the Board of Directors of the Company may, upon notice to the Executive given at any time, terminate this clause (5) without the consent of the Executive, except that any such notice shall not be effective to terminate this clause (5) if a Change in Control occurs pursuant to this clause (5) within ninety (90) days after such notice is given.

As used in clause (5) above:

- (A) "primary business units" means Con-Way Transportation Services, Inc., Emery Air Freight Corporation and Menlo Logistics, Inc., and
- (B) a "sale" or other disposition of a business unit includes:
 - (i) a sale by the Company of the then outstanding shares of capital stock of the business unit having more than 50% of the then existing voting power of all outstanding securities of the business unit, whether by merger, consolidation or otherwise;

- (ii) the sale of all or substantially all of the assets of the business unit; and
- (iii) any other transaction or course of action (including, without limitation, a spin-off or other distribution) engaged in, directly or indirectly, by the Company or the business unit that has a substantially similar effect as the transactions of the type referred to in clause (i) or (ii) above;

it being the intent that a sale or other disposition of a business unit occurs even if (x) such business unit constitutes part of a larger enterprise at the time of the relevant sale or disposition transaction and (y) such sale or disposition transaction involves such larger enterprise (such as, by way of example and without limitation, when one or more business units are subsidiaries of a common parent and either (I) the common parent is spun-off or (II) there is consummated a sale of the stock or other equity interests in the common parent having more than 50% of the then existing voting power of all outstanding securities of the common parent).

The foregoing notwithstanding, a sale or other disposition of a business unit shall not be deemed to have occurred for purposes of clause (5) above (x) except in the case of a transaction described in clause (ii) above, so long as the Company or any of its Affiliates (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended), individually or collectively, own the then outstanding shares of capital stock of the business unit having 50% or more of the then existing voting power of all outstanding securities of the business unit, or (y) in the event of the sale of shares of capital stock of the business unit (or the sale of shares or other equity interests in any parent company of such business unit) to any trustee or other fiduciary holding securities under an employee benefit plan of the Company, the business unit or any other Affiliate of the Company.

- (H) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (I) "Company" shall mean CNF Inc. and, except in determining under Section 15(G) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise. In addition, when used in the context of the Executive's employment, "Company" shall mean the Company or any of its subsidiaries.
- (J) "Common Stock" shall mean the common stock, par value \$0.625 per share, of the Company.
- (K) "Date of Termination" shall have the meaning set forth in Section 7.2 hereof.
- (L) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to disability, including physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties.
- (M) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (N) "Excise Tax" shall mean any excise tax imposed under Section 4999 of the Code.
- (O) "Executive" shall mean the individual named in the first paragraph of this Agreement.
- (P) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) after any Change in Control and during the Term of any one of the following acts by the Company, or failures by the Company to act, unless such act or failure to act is corrected within 30 days of receipt by the Company of notice of the Executive's intent to terminate for Good Reason hereunder:
 - (I) the failure of the successor company, following the Change in Control, to assume this Agreement and all obligations hereunder, as of the date of such Change in Control;

- (II) the assignment to the Executive of any duties inconsistent with the Executive's status as an executive of the Company or a substantial adverse alteration in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control;
- (III) a reduction by the Company in the Executive's annual base salary (except for across-the-board salary reductions similarly affecting all executives of the Company and all executives of any Person in control of the Company) or incentive compensation opportunity (both short-term and long-term, valued in a manner consistent with the valuation methodology used by the Company prior to the Change in Control), each as in effect immediately prior to the Change in Control or as the same may thereafter be increased from time to time;
- (IV) the relocation of the Executive's principal place of employment to a location that results in an increase in the Executive's one way commute of at least 50 miles more than the Executive's one way commute immediately prior to the Change in Control, except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control;
- (V) the failure by the Company to pay to the Executive when due any portion of the Executive's current compensation;
- (VI) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's pension, savings, life insurance, medical, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control (except for across the board changes similarly affecting all or substantially all employees of the Company and any entity in control of the Company), the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive immediately prior to the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to disability, including physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- (Q) "Gross Up Payment" shall have the meaning set forth in Section 6.2 hereof.
- (R) "Notice of Termination" shall have the meaning set forth in Section 7.1 hereof.
- (S) "Pension Plan" shall mean any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive with supplemental retirement benefits.
- (T) "Person" shall mean any person, as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company or its Affiliates, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or its Affiliates, and (C) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the Common Stock)
- (U) "Potential Change in Control" shall be deemed to have occurred if:
 - (I) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;
 - (II) the Company or any Person publicly announces an intention to take or to consider taking actions, including but not limited to proxy contests or consent solicitations, which, if consummated, would constitute a Change in Control;
 - (III) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates); or
 - (IV) the Board adopts a resolution to the effect that, for purposes

of this Agreement, a Potential Change in Control has occurred.

- (V) "Retirement" shall be deemed the reason for the termination by the Executive of the Executive's employment if such employment is terminated in accordance with the Company's retirement policy, including early retirement, generally applicable to its salaried employees.
- (W) "Severance Payments" shall have the meaning set forth in Section 6.1 hereof.
- (X) "Tax Counsel" shall have the meaning set forth in Section 6.2 hereof.
- (Y) "Term" shall mean the period of time described in Section 2 hereof (including any extension, continuation or termination described therein).
- (Z) "Total Payments" shall mean those payments so described in Section 6.2 hereof.

CNF INC.

By: /s/ Chutta Ratnathicam

Name: Chutta Ratnathicam
Title: Senior Vice President and Chief Financial

Officer

EXECUTIVE

/s/ Kevin C. Schick

Name: Kevin C. Schick
Address: 372 Crestway Ct.
Saline, MI 48176

Severance Agreement Schick CNF 2005

EXHIBIT A

WAIVER AND RELEASE OF CLAIMS

In consideration of, and subject to, the payment to be made to me by CNF Inc. (the "Company") of the "Severance Payments" (as defined in the Severance Agreement, dated as of March 31, 2005, entered into between me and the Company (the "Agreement")), I hereby waive any claims I may have for employment or re-employment by the Company or any subsidiary of the Company after the date hereof, and I further agree to and do release and forever discharge the Company or any subsidiary of the Company, and their respective past and present officers, directors, shareholders, insurers, employees and agents from any and all claims and causes of action, known or unknown, arising out of or relating to my employment with the Company or any subsidiary of the Company, or the termination thereof, including, but not limited to, wrongful discharge, breach of contract, tort, fraud, the Civil Rights Acts, Age Discrimination in Employment Act, Employee Retirement Income Security Act of 1974, Americans with Disabilities Act, or any other federal, state or local legislation or common law relating to employment or discrimination in employment or otherwise.

Notwithstanding the foregoing or any other provision hereof, nothing in this Waiver and Release of Claims shall adversely affect (i) my rights under the Agreement; (ii) my rights to benefits other than severance benefits under plans, programs and arrangements of the Company or any subsidiary or parent of the Company which are accrued but unpaid as of the date of my termination; or (iii) my rights to indemnification under any indemnification agreement, applicable law and the certificates of incorporation and bylaws of the Company and any subsidiary or parent of the Company, and my rights under any director's and officers' liability insurance policy covering me.

I acknowledge that I have signed this Waiver and Release of Claims voluntarily, knowingly, of my own free will and without reservation or duress, and that no promises or representations have been made to me by any person to induce me to do so other than the promise of payment set forth in the first paragraph above and the Company's acknowledgment of my rights reserved under the second paragraph above.

I understand that this release will be deemed to be an application for benefits under the Agreement and that my entitlement thereto shall be governed by the terms and conditions of the Agreement and any applicable plan. I expressly hereby consent to such terms and conditions.

I acknowledge that I have been given not less than forty-five (45) days to review and consider this Waiver and Release of Claims (unless I have signed a

written waiver of such review and consideration period), and that I have had the opportunity to consult with an attorney or other advisor of my choice and have been advised by the Company to do so if I choose. I may revoke this Waiver and Release of Claims seven days or less after its execution by providing written notice to the Company.

I acknowledge that it is my intention and the intention of the Company in executing this Waiver and Release of Claims that the same shall be effective as a bar to each and every claim, demand and cause of action hereinabove specified. In furtherance of this intention, I hereby expressly waive any and all rights and benefits conferred upon me by the provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE, to the extent applicable to me, and expressly I consent that this Waiver and Release of Claims shall be given full force and effect according to each and all of its express terms and provisions, including as well those related to unknown and unsuspected claims, demands and causes of action, if any, as well as those relating to any other claims, demands and causes of action hereinabove specified. SECTION 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

I acknowledge that I may hereafter discover claims or facts in addition to or different from those which I now know or believe to exist with respect to the subject matter of this Waiver and Release of Claims and which, if known or suspected at the time of executing this Waiver and Release of Claims, may have materially affected this settlement.

Finally, I acknowledge that I have read this Waiver and Release of Claims and understand all of its terms.

/s/ Kevin C. Schick

Signature of Executive

Kevin C. Schick

Print Name

March 4, 2005

Date Signed

</TEXT>
</DOCUMENT>

SEVERANCE AGREEMENT

THIS AGREEMENT is made as of March 1, 2005 by and between CNF Inc., a Delaware corporation (the "Company"), and Jennifer W. Pileggi (the "Executive").

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continued employment of key management personnel; and

WHEREAS, the Board recognizes that, as is the case with many publicly held corporations, the possibility of a Change in Control exists and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. **Defined Terms.** The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.
2. **Term of Agreement.** The Term of this Agreement shall commence on March 1, 2005 (the "Effective Date") and shall continue in effect through December 31, 2006; provided, however, that commencing on January 1, 2006, and each January 1 thereafter, the Term shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Company or the Executive shall have given notice not to extend the Term; and further provided, however, that if a Change in Control shall have occurred during the Term, the Term shall expire no earlier than twenty-four (24) months beyond the month in which such Change in Control occurred.
3. **Company's Covenants Summarized.** In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Section 4 hereof, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described herein. Except as provided in Section 9.1 hereof, no Severance Payments shall be payable under this Agreement unless there shall have been (or, under the terms of the second paragraph of Section 6.1 hereof, there shall be deemed to have been) a termination of the Executive's employment with the Company following a Change in Control and during the Term. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive (i) shall not have any right to be retained in the employ of the Company, and (ii) shall remain subject to discharge to the same extent as if this Agreement had not been entered into by the Company and the Executive.
4. **Executive's Covenants.** The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control during the Term, the Executive will remain in the employ of the Company until the earliest of (i) a date which is six (6) months from the date of such Potential Change in Control, (ii) the date of a Change in Control, (iii) the date of termination by the Executive of the Executive's employment for Good Reason or by reason of death, Disability or Retirement or (iv) the termination by the Company of the Executive's employment for any reason.
5. **Compensation Other Than Severance Payments.**
 - 5.1 Following a Change in Control and during the Term, during any period that the Executive fails to perform the Executive's full-time duties with the Company as a result of incapacity due to disability, including physical or mental illness, the Company shall pay the Executive's full salary to the Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period (other than any disability plan), until the Executive's employment is terminated by the Company for Disability.
 - 5.2 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect immediately prior to the Date of Termination or, if higher, the rate in effect immediately prior to the Change in Control, together with all compensation and benefits payable to the Executive through the Date of Termination

under the terms of the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the Change in Control.

- 5.3 If the Executive's employment shall be terminated for any reason following a Change in Control and during the Term, the Company shall pay to the Executive the Executive's normal post termination compensation and benefits as such payments become due (other than severance payments under any severance plan as in effect immediately prior to the Date of Termination). Such post termination compensation and benefits shall be determined under, and paid in accordance with, the Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the Change in Control.

6. Severance Payments.

- 6.1 If the Executive's employment is terminated following a Change in Control and during the Term, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits, described in this Section 6.1 ("Severance Payments") and Section 6.2, in addition to any payments and benefits to which the Executive is entitled under Section 5 hereof; provided, however, that the Executive shall not be entitled to the Severance Payments unless and until the Executive (or, in the event of the Executive's death, the executor, personal representative or administrator of the Executive's estate) has signed a written waiver and release substantially in the form set forth on Exhibit A hereto.

For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason, if (i) during the Term the Executive's employment is terminated by the Company without Cause following a Potential Change in Control but prior to a Change in Control (whether or not a Change in Control ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control, (ii) during the Term the Executive terminates her employment for Good Reason following a Potential Change in Control but prior to a Change in Control (whether or not a Change in Control ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person or (iii) during the Term the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Change in Control (whether or not a Change in Control ever occurs).

An Executive will not be considered to have been terminated by reason of the divestiture of a facility, sale or other disposition of a business or business unit, or the outsourcing of a business activity with which the Executive is affiliated, notwithstanding the fact that such divestiture, sale or outsourcing takes place within two years following a Change in Control, if the Executive is offered comparable employment by the successor company and such successor company agrees to assume the Company's obligations to the Executive under this Agreement.

- (A) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to the Executive, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to three times the sum of (i) the Executive's annual base salary as in effect immediately prior to the Date of Termination or, if higher, in effect immediately prior to the Change in Control and (ii) the average annual bonus earned by the Executive pursuant to any annual bonus or incentive plan maintained by the Company in respect of the three fiscal years ending immediately prior to the fiscal year in which occurs the Change in Control.
- (B) For the thirty-six (36) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and her dependents life, disability and accident benefits substantially similar to those provided to the Executive and her dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and her dependents immediately prior to the Change in Control, at no greater cost to the Executive than the cost to the Executive immediately prior to such Date of Termination or Change in Control; provided, however, that any across the board changes to life, disability or accident benefits similarly affecting all or substantially all employees of the Company and any entity in control of the Company shall not be deemed a breach of this Section 6.1(B).

Benefits otherwise receivable by the Executive pursuant to this Section 6.1(B) shall be reduced to the extent benefits of the same type are received by or made available to the Executive during the thirty-six (36) month period following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. If the Executive dies during the thirty-six (36) month period following the Date of Termination, life, disability and accident benefit coverage of the Executive's dependents shall continue for the remainder of the thirty-six (36) month period.

- (C) For the thirty-six (36) month period immediately following the Date of Termination, the Company shall provide health and dental benefits to the Executive and her dependents under the terms of the Company's health and dental plan as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. Benefits otherwise receivable by the Executive pursuant to this Section 6.1(C) shall be reduced to the extent benefits of the same type are received by or made available to the Executive following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. If the Executive dies at a time when health and dental benefits are being provided under this Section 6.1(C) to the Executive's dependents, the Company shall continue to provide the dependents with health and dental benefits for the remainder of the thirty-six (36) month period on the same basis as if the Executive had survived throughout that period.

- 6.2 (A) Whether or not the Executive becomes entitled to the Severance Payments, if any of the payments or benefits received or to be received by the Executive in connection with a Change in Control or the Executive's termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Change in Control or any Person affiliated with the Company or such Person) (such payments or benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, the Company shall pay to the Executive an additional amount (the "Gross Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

- (B) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change in Control, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) should not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or should otherwise not be subject to the Excise Tax and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 6.2), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(C) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross Up Payment attributable to such reduction (plus that portion of the Gross Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross Up Payment being repaid by the Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes). In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross Up Payment), the Company shall make an additional Gross Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

6.3 The payments provided in subsection (A) of Section 6.1 hereof and in subsections (A) and (B) of Section 6.2 hereof shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company or, in the case of payments under Section 6.2 hereof, in accordance with Section 6.2 hereof, of the minimum amount of such payments to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall be paid by the Executive to the Company not later than the fifth (5th) business day after demand by the Company. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

6.4 The Company also shall pay to the Executive all legal fees and expenses incurred by the Executive in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.

7. Termination Procedures and Compensation During Dispute.

7.1 Notice of Termination. After a Change in Control and during the Term, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 10 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarter (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.

7.2 Date of Termination. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change

in Control and during the Term, shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8. No Mitigation. The Company agrees that, if the Executive's employment with the Company terminates during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 6 hereof. Further, the amount of any payment or benefit provided for in this Agreement (other than to the extent provided in Section 6.1(B) and 6.1(C) hereof) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.
9. Successors; Binding Agreement.
 - 9.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.
 - 9.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.
10. Notices. All notices and other communications provided for in this Agreement (i) shall be in writing, (ii) shall be hand delivered, sent by overnight courier or by United States registered mail, return receipt requested and postage prepaid, addressed, in the case of the Executive, to the address inserted below the Executive's signature on the final page hereof and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, and (iii) shall be effective only upon actual receipt.

To the Company:

CNF Inc.
3240 Hillview Avenue
Palo Alto, CA 94304
Attention: General Counsel

11. Miscellaneous. Except as otherwise expressly provided herein, no provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party; provided, however, that this Agreement shall supersede any written agreement setting forth the terms and conditions of the Executive's employment with the Company only in the event that the Executive's employment with the Company is terminated on or following a Change in Control, by the Company other than for Cause or by the Executive for Good Reason. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California. All references to sections of the Exchange Act or the Code shall be deemed also to refer

to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 6 and 7 hereof) shall survive such expiration.

12. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.
13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
14. Settlement of Disputes; Arbitration.
 - 14.1 All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.
 - 14.2 Any further dispute or controversy arising under or in connection with this Agreement shall be finally settled exclusively by arbitration in Palo Alto, California, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction.
15. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:
 - (A) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
 - (B) "Auditor" shall have the meaning set forth in Section 6.2 hereof.
 - (C) "Base Amount" shall have the meaning set forth in Section 280G(b)(3) of the Code.
 - (D) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
 - (E) "Board" shall mean the Board of Directors of the Company.
 - (F) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to disability, including physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 7.1 hereof) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company. In the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board and, in the event of an arbitration as contemplated by Section 14.2, to the arbitrator, by clear and convincing evidence that Cause exists.
 - (G) "Change in Control" means the occurrence of an event described in any one of the following clauses (1) through (5):
 - (1) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company or its Affiliates, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or its Affiliates, and (C) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the

Common Stock), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its Affiliates) representing 25% or more of the combined voting power of the Company's then outstanding voting securities;

- (2) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the Effective Date, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended;
- (3) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as hereinabove defined), directly or indirectly, acquired 25% or more of the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such person any securities acquired directly from the Company or its Affiliates);
- (4) the stockholders of the Company approve a plan of complete liquidation of the Company or there is consummated an agreement for the sale or disposition by the Company of assets having an aggregate book value at the time of such sale or disposition of more than 75% of the total book value of the Company's assets on a consolidated basis (or any transaction having a similar effect), other than any such sale or disposition by the Company (including by way of spin-off or other distribution) to an entity, at least 50% of the combined voting power of the voting securities of which are owned immediately following such sale or disposition by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale or disposition; provided, however, that a Change in Control shall be deemed not to have occurred under this clause (4) if, immediately prior to the consummation of any sale or disposition of a business unit that is taken into account in determining whether a Change in Control has occurred, the Executive is employed by, and is party to a severance agreement with, such business unit; or
- (5) there is consummated the sale or other disposition by the Company, however effected, of at least two of the three primary business units of the Company, whether in a single transaction or in a series of transactions occurring within an 18-month period, and whether or not one or both of such business units constitute part of a larger enterprise at the time of the sale or other disposition; provided, however, that the Board of Directors of the Company may, upon notice to the Executive given at any time, terminate this clause (5) without the consent of the Executive, except that any such notice shall not be effective to terminate this clause (5) if a Change in Control occurs pursuant to this clause (5) within ninety (90) days after such notice is given.

As used in clause (5) above:

- (A) "primary business units" means Con-Way Transportation Services, Inc., Emery Air Freight Corporation and Menlo Logistics, Inc., and
- (B) a "sale" or other disposition of a business unit includes:
 - (i) a sale by the Company of the then outstanding shares of capital stock of the business unit having more than 50% of the then existing voting power of all outstanding securities of the business unit, whether by merger, consolidation or otherwise;

(ii) the sale of all or substantially all of the assets of the business unit; and

(iii) any other transaction or course of action (including, without limitation, a spin-off or other distribution) engaged in, directly or indirectly, by the Company or the business unit that has a substantially similar effect as the transactions of the type referred to in clause (i) or (ii) above;

it being the intent that a sale or other disposition of a business unit occurs even if (x) such business unit constitutes part of a larger enterprise at the time of the relevant sale or disposition transaction and (y) such sale or disposition transaction involves such larger enterprise (such as, by way of example and without limitation, when one or more business units are subsidiaries of a common parent and either (I) the common parent is spun-off or (II) there is consummated a sale of the stock or other equity interests in the common parent having more than 50% of the then existing voting power of all outstanding securities of the common parent).

The foregoing notwithstanding, a sale or other disposition of a business unit shall not be deemed to have occurred for purposes of clause (5) above (x) except in the case of a transaction described in clause (ii) above, so long as the Company or any of its Affiliates (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended), individually or collectively, own the then outstanding shares of capital stock of the business unit having 50% or more of the then existing voting power of all outstanding securities of the business unit, or (y) in the event of the sale of shares of capital stock of the business unit (or the sale of shares or other equity interests in any parent company of such business unit) to any trustee or other fiduciary holding securities under an employee benefit plan of the Company, the business unit or any other Affiliate of the Company.

- (H) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (I) "Company" shall mean CNF Inc. and, except in determining under Section 15(G) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise. In addition, when used in the context of the Executive's employment, "Company" shall mean the Company or any of its subsidiaries.
- (J) "Common Stock" shall mean the common stock, par value \$0.625 per share, of the Company.
- (K) "Date of Termination" shall have the meaning set forth in Section 7.2 hereof.
- (L) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to disability, including physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties.
- (M) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (N) "Excise Tax" shall mean any excise tax imposed under Section 4999 of the Code.
- (O) "Executive" shall mean the individual named in the first paragraph of this Agreement.
- (P) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) after any Change in Control and during the Term of any one of the following acts by the Company, or failures by the Company to act, unless such act or failure to act is corrected within 30 days of receipt by the Company of notice of the Executive's intent to terminate for Good Reason hereunder:
- (I) the failure of the successor company, following the Change in Control, to assume this Agreement and all obligations hereunder, as of the date of such Change in Control;

- (II) the assignment to the Executive of any duties inconsistent with the Executive's status as an executive of the Company or a substantial adverse alteration in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control;
- (III) a reduction by the Company in the Executive's annual base salary (except for across-the-board salary reductions similarly affecting all executives of the Company and all executives of any Person in control of the Company) or incentive compensation opportunity (both short-term and long-term, valued in a manner consistent with the valuation methodology used by the Company prior to the Change in Control), each as in effect immediately prior to the Change in Control or as the same may thereafter be increased from time to time;
- (IV) the relocation of the Executive's principal place of employment to a location that results in an increase in the Executive's one way commute of at least 50 miles more than the Executive's one way commute immediately prior to the Change in Control, except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control;
- (V) the failure by the Company to pay to the Executive when due any portion of the Executive's current compensation;
- (VI) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of the Company's pension, savings, life insurance, medical, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control (except for across the board changes similarly affecting all or substantially all employees of the Company and any entity in control of the Company), the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive immediately prior to the Change in Control, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to disability, including physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- (Q) "Gross Up Payment" shall have the meaning set forth in Section 6.2 hereof.
- (R) "Notice of Termination" shall have the meaning set forth in Section 7.1 hereof.
- (S) "Pension Plan" shall mean any tax-qualified, supplemental or excess benefit pension plan maintained by the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive with supplemental retirement benefits.
- (T) "Person" shall mean any person, as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company or its Affiliates, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or its Affiliates, and (C) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the Common Stock)
- (U) "Potential Change in Control" shall be deemed to have occurred if:
 - (I) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;
 - (II) the Company or any Person publicly announces an intention to take or to consider taking actions, including but not limited to proxy contests or consent solicitations, which, if consummated, would constitute a Change in Control;
 - (III) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates); or

(IV) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

- (V) "Retirement" shall be deemed the reason for the termination by the Executive of the Executive's employment if such employment is terminated in accordance with the Company's retirement policy, including early retirement, generally applicable to its salaried employees.
- (W) "Severance Payments" shall have the meaning set forth in Section 6.1 hereof.
- (X) "Tax Counsel" shall have the meaning set forth in Section 6.2 hereof.
- (Y) "Term" shall mean the period of time described in Section 2 hereof (including any extension, continuation or termination described therein).
- (Z) "Total Payments" shall mean those payments so described in Section 6.2 hereof.

CNF INC.

By: /s/ Chutta Ratnathicam

Name: Chutta Ratnathicam

Title: Senior Vice President and Chief Financial

Officer

EXECUTIVE

/s/ Jennifer W. Pileggi

Name: Jennifer W. Pileggi

Address: 1463 Greenwood Avenue
San Carlos, CA 94070

Severance Agreement Pileggi CNF 2005

1

EXHIBIT A

WAIVER AND RELEASE OF CLAIMS

In consideration of, and subject to, the payment to be made to me by CNF Inc. (the "Company") of the "Severance Payments" (as defined in the Severance Agreement, dated as of March 1, 2005, entered into between me and the Company (the "Agreement")), I hereby waive any claims I may have for employment or re-employment by the Company or any subsidiary of the Company after the date hereof, and I further agree to and do release and forever discharge the Company or any subsidiary of the Company, and their respective past and present officers, directors, shareholders, insurers, employees and agents from any and all claims and causes of action, known or unknown, arising out of or relating to my employment with the Company or any subsidiary of the Company, or the termination thereof, including, but not limited to, wrongful discharge, breach of contract, tort, fraud, the Civil Rights Acts, Age Discrimination in Employment Act, Employee Retirement Income Security Act of 1974, Americans with Disabilities Act, or any other federal, state or local legislation or common law relating to employment or discrimination in employment or otherwise.

Notwithstanding the foregoing or any other provision hereof, nothing in this Waiver and Release of Claims shall adversely affect (i) my rights under the Agreement; (ii) my rights to benefits other than severance benefits under plans, programs and arrangements of the Company or any subsidiary or parent of the Company which are accrued but unpaid as of the date of my termination; or (iii) my rights to indemnification under any indemnification agreement, applicable law and the certificates of incorporation and bylaws of the Company and any subsidiary or parent of the Company, and my rights under any director's and officers' liability insurance policy covering me.

I acknowledge that I have signed this Waiver and Release of Claims voluntarily, knowingly, of my own free will and without reservation or duress, and that no promises or representations have been made to me by any person to induce me to do so other than the promise of payment set forth in the first paragraph above and the Company's acknowledgment of my rights reserved under the second paragraph above.

I understand that this release will be deemed to be an application for benefits under the Agreement and that my entitlement thereto shall be governed by the terms and conditions of the Agreement and any applicable plan. I expressly hereby consent to such terms and conditions.

I acknowledge that I have been given not less than forty-five (45) days to

review and consider this Waiver and Release of Claims (unless I have signed a written waiver of such review and consideration period), and that I have had the opportunity to consult with an attorney or other advisor of my choice and have been advised by the Company to do so if I choose. I may revoke this Waiver and Release of Claims seven days or less after its execution by providing written notice to the Company.

I acknowledge that it is my intention and the intention of the Company in executing this Waiver and Release of Claims that the same shall be effective as a bar to each and every claim, demand and cause of action hereinabove specified. In furtherance of this intention, I hereby expressly waive any and all rights and benefits conferred upon me by the provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE, to the extent applicable to me, and expressly I consent that this Waiver and Release of Claims shall be given full force and effect according to each and all of its express terms and provisions, including as well those related to unknown and unsuspected claims, demands and causes of action, if any, as well as those relating to any other claims, demands and causes of action hereinabove specified. SECTION 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

I acknowledge that I may hereafter discover claims or facts in addition to or different from those which I now know or believe to exist with respect to the subject matter of this Waiver and Release of Claims and which, if known or suspected at the time of executing this Waiver and Release of Claims, may have materially affected this settlement.

Finally, I acknowledge that I have read this Waiver and Release of Claims and understand all of its terms.

/s/ Jennifer W. Pileggi

Signature of Executive

Jennifer W. Pileggi

Print Name

March 4, 2005

Date Signed

</TEXT>
</DOCUMENT>

SEVERANCE AGREEMENT

THIS AGREEMENT is made as of March 1, 2005 by and between Con-Way Transportation Services, Inc. (the "Company"), a wholly owned subsidiary of CNF Inc., a Delaware corporation ("CNF"), and Douglas W. Stotlar (the "Executive").

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control of the Company;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in the last Section hereof.
2. Term of Agreement. The Term of this Agreement shall commence on March 1, 2005 and shall continue in effect through December 31, 2006; provided, however, that commencing on January 1, 2006, and each January 1 thereafter, the Term shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Company or the Executive shall have given notice not to extend the Term; and further provided, however, that if a Change in Control of the Company shall have occurred during the Term, the Term shall expire no earlier than twenty-four (24) months beyond the month in which such Change in Control of the Company occurred.

Notwithstanding anything in this Agreement to the contrary, unless a Change in Control of the Company has previously occurred, this Agreement shall terminate, and be of no further force or effect, upon the occurrence of a "Change in Control" of CNF (within the meaning of Section 15 of the severance agreement between the Executive and CNF dated as of March 1, 2005 (the "CNF Severance Agreement")), provided that the CNF Severance Agreement remains in effect at the time of such Change in Control of CNF.

3. Company's Covenants Summarized. In order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's covenants set forth in Section 4 hereof, the Company agrees, under the conditions described herein, to pay the Executive the Severance Payments and the other payments and benefits described herein. Except as provided in Section 9.1 hereof, no Severance Payments shall be payable under this Agreement unless there shall have been (or, under the terms of the second paragraph of Section 6.1 hereof, there shall be deemed to have been) a termination of the Executive's employment with the Company following a Change in Control of the Company and during the Term. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the Company, the Executive (i) shall not have any right to be retained in the employ of the Company, and (ii) shall remain subject to discharge to the same extent as if this Agreement had not been entered into by the Company and the Executive.
4. Executive's Covenants. The Executive agrees that, subject to the terms and conditions of this Agreement, in the event of a Potential Change in Control of the Company during the Term, the Executive will remain in the employ of the Company until the earliest of (i) a date which is six (6) months from the date of such Potential Change in Control of the Company, (ii) the date of a Change in Control of the Company, (iii) the date of termination by the Executive of the Executive's employment for Good Reason or by reason of death, Disability or Retirement or (iv) the termination by the Company of the Executive's employment for any reason.
5. Compensation Other Than Severance Payments.
 - 5.1 Following a Change in Control of the Company and during the Term, during any period that the Executive fails to perform the Executive's full-time duties with the Company as a result of incapacity due to disability, including physical or mental illness, the Company shall pay the Executive's full salary to the Executive at the rate in effect at the commencement of any such period, together with all compensation and benefits payable to the Executive under the terms of any compensation or benefit plan, program or arrangement maintained by the Company during such period (other than any disability plan), until the Executive's employment is terminated by the Company for Disability.
 - 5.2 If the Executive's employment shall be terminated for any reason following a Change in Control of the Company and during the Term, the Company shall pay the Executive's full salary to the Executive through the Date of Termination at the rate in effect immediately prior to the Date of Termination or, if higher, the rate in effect immediately prior to the Change in Control of the Company, together

with all compensation and benefits payable to the Executive through the Date of Termination under the terms of CNF's or the Company's compensation and benefit plans, programs or arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the Change in Control of the Company.

- 5.3 If the Executive's employment shall be terminated for any reason following a Change in Control of the Company and during the Term, the Company shall pay, or shall make satisfactory arrangements with CNF to pay, to the Executive the Executive's normal post-termination compensation and benefits as such payments become due (other than severance payments under any severance plan as in effect immediately prior to the Date of Termination). Such post-termination compensation and benefits shall be determined under, and paid in accordance with, the CNF's or Company's retirement, insurance and other compensation or benefit plans, programs and arrangements as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as in effect immediately prior to the Change in Control of the Company.

6. Severance Payments.

- 6.1 If the Executive's employment is terminated following a Change in Control of the Company and during the Term, other than (A) by the Company for Cause, (B) by reason of death or Disability, or (C) by the Executive without Good Reason, then the Company shall pay the Executive the amounts, and provide the Executive the benefits, described in this Section 6.1 ("Severance Payments") and Section 6.2, in addition to any payments and benefits to which the Executive is entitled under Section 5 hereof; provided, however, that the Executive shall not be entitled to the Severance Payments unless and until the Executive (or, in the event of the Executive's death, the executor, personal representative or administrator of the Executive's estate) has signed a written waiver and release substantially in the form set forth on Exhibit A hereto.

For purposes of this Agreement, the Executive's employment shall be deemed to have been terminated following a Change in Control of the Company by the Company without Cause or by the Executive with Good Reason, if (i) during the Term the Executive's employment is terminated by the Company without Cause following a Potential Change in Control of the Company but prior to a Change in Control of the Company (whether or not a Change in Control of the Company ever occurs) and such termination was at the request or direction of a Person who has entered into an agreement with the Company the consummation of which would constitute a Change in Control of the Company, (ii) during the Term the Executive terminates his employment for Good Reason following a Potential Change in Control of the Company but prior to a Change in Control of the Company (whether or not a Change in Control of the Company ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Person or (iii) during the Term the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason and such termination or the circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Change in Control of the Company (whether or not a Change in Control of the Company ever occurs).

- (A) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to the Executive, the Company shall pay to the Executive a lump sum severance payment, in cash, equal to three times the sum of (i) the Executive's annual base salary as in effect immediately prior to the Date of Termination or, if higher, in effect immediately prior to the Change in Control and (ii) the average annual bonus earned by the Executive pursuant to any annual bonus or incentive plan maintained by the Company in respect of the three fiscal years ending immediately prior to the fiscal year in which occurs the Change in Control.
- (B) For the thirty-six (36) month period immediately following the Date of Termination, the Company shall arrange to provide the Executive and his dependents life, disability and accident benefits substantially similar to those provided to the Executive and his dependents immediately prior to the Date of Termination or, if more favorable to the Executive, those provided to the Executive and his dependents immediately prior to the Change in Control, at no greater cost to the Executive than the cost to the Executive immediately prior to such Date of Termination or Change in Control; provided, however, that any across the board changes to life, disability or accident benefits similarly affecting all or substantially all employees of the Company and any entity in control of the Company shall not be deemed a breach of this Section 6.1(B). Benefits otherwise receivable by the Executive pursuant to this Section 6.1(B) shall be reduced to the extent benefits of the same type are received by or made available to the Executive during the thirty-six (36) month period following

the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. If the Executive dies during the thirty-six (36) month period following the Date of Termination, life, disability and accident benefit coverage of the Executive's dependents shall continue for the remainder of the thirty-six (36) month period.

(C) For the thirty-six (36) month period immediately following the Date of Termination, the Company shall provide health and dental benefits to the Executive and his dependents under the terms of the Company's health and dental plan as in effect immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. Benefits otherwise receivable by the Executive pursuant to this Section 6.1(C) shall be reduced to the extent benefits of the same type are received by or made available to the Executive following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the Date of Termination or, if more favorable to the Executive, immediately prior to the Change in Control. If the Executive dies at a time when health and dental benefits are being provided under this Section 6.1(C) to the Executive's dependents, the Company shall continue to provide the dependents with health and dental benefits for the remainder of the thirty-six (36) month period on the same basis as if the Executive had survived throughout that period.

6.2 (A) Whether or not the Executive becomes entitled to the Severance Payments, if any of the payments or benefits received or to be received by the Executive in connection with a Change in Control of the Company or the Executive's termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any Person whose actions result in a Change in Control of the Company or any Person affiliated with the Company or such Person) (such payments or benefits, excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the Excise Tax, the Company shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, shall be equal to the Total Payments.

(B) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Executive and selected by the accounting firm which was, immediately prior to the Change in Control of the Company, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) should not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the Base Amount allocable to such reasonable compensation, or should otherwise not be subject to the Excise Tax and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Date of Termination (or if there is no Date of Termination, then the date on which the Gross-Up Payment is calculated for purposes of this Section 6.2), net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(C) In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in

calculating the Gross-Up Payment, the Executive shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Executive, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Executive's taxable income and wages for purposes of federal, state and local income and employment taxes). In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Executive with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Executive and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

- 6.3 The payments provided in subsection (A) of Section 6.1 hereof and in subsections (A) and (B) of Section 6.2 hereof shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company or, in the case of payments under Section 6.2 hereof, in accordance with Section 6.2 hereof, of the minimum amount of such payments to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall be paid by the Executive to the Company not later than the fifth (5th) business day after demand by the Company. At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).
 - 6.4 The Company also shall pay to the Executive all legal fees and expenses incurred by the Executive in seeking in good faith to obtain or enforce any benefit or right provided by this Agreement or in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within five (5) business days after delivery of the Executive's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require.
7. Termination Procedures and Compensation During Dispute.
 - 7.1 Notice of Termination. After a Change in Control of the Company and during the Term, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Section 10 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Further, a Notice of Termination for Cause is required to include a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board which was called and held for the purpose of considering such termination (after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel, to be heard before the Board) finding that, in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clause (i) or (ii) of the definition of Cause herein, and specifying the particulars thereof in detail.
 - 7.2 Date of Termination. "Date of Termination," with respect to any purported termination of the Executive's employment after a Change in Control of the Company and during the Term, shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that the

Executive shall not have returned to the full-time performance of the Executive's duties during such thirty (30) day period), and (ii) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by the Executive, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8. No Mitigation. The Company agrees that, if the Executive's employment with the Company terminates during the Term, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to Section 6 hereof. Further, the amount of any payment or benefit provided for in this Agreement (other than to the extent provided in Section 6.1(B) and 6.1(C) hereof) shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

9. Successors; Binding Agreement.

9.1 In addition to any obligations imposed by law upon any successor to the Company, CNF and the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of CNF and the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change in Control of the Company, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination.

9.2 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

10. Notices. All notices and other communications provided for in this Agreement (i) shall be in writing, (ii) shall be hand delivered, sent by overnight courier or by United States registered mail, return receipt requested and postage prepaid, addressed, in the case of the Executive, to the address inserted below the Executive's signature on the final page hereof and, if to the Company, to the address set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, and (iii) shall be effective only upon actual receipt.

To the Company:

Con-Way Transportation Services, Inc.
110 Parkland Plaza
Ann Arbor, MI 48103
Attention: Vice President and Corporate Counsel

11. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of any lack of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof which have been made by either party; provided, however, that this Agreement shall supersede any written agreement setting forth the terms and conditions of the Executive's employment with the Company only in the event that the Executive's employment with the Company is terminated on or following a Change in Control of the Company, by the Company other than for Cause or by the Executive for Good Reason. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law

and any additional withholding to which the Executive has agreed. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 6 and 7 hereof) shall survive such expiration.

12. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.
13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
14. Settlement of Disputes; Arbitration.
 - 14.1 All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board and shall be in writing. Any denial by the Board of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim and shall further allow the Executive to appeal to the Board a decision of the Board within sixty (60) days after notification by the Board that the Executive's claim has been denied.
 - 14.2 Any further dispute or controversy arising under or in connection with this Agreement shall be finally settled exclusively by arbitration in Ann Arbor, Michigan, in accordance with the rules of the American Arbitration Association then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. Judgment may be entered on the arbitrator's award in any court having jurisdiction.
15. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:
 - (A) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
 - (B) "Auditor" shall have the meaning set forth in Section 6.2 hereof.
 - (C) "Base Amount" shall have the meaning set forth in Section 280G(b)(3) of the Code.
 - (D) "Board" shall mean the Board of Directors of the Company.
 - (E) "Cause" for termination by the Company of the Executive's employment shall mean (i) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to disability, including physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 7.1 hereof) after a written demand for substantial performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or (ii) the willful engaging by the Executive in conduct which is demonstrably and materially injurious to the Company or its subsidiaries, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's act, or failure to act, was in the best interest of the Company. In the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board and, in the event of an arbitration as contemplated by Section 14.2, to the arbitrator, by clear and convincing evidence that Cause exists.
 - (F) A "Change in Control of the Company" means the occurrence of any one of the following events:
 - (I) a sale by CNF of the then outstanding shares of capital stock of the Company having more than 50% of the then existing voting power of all outstanding securities of the Company, whether by merger, consolidation or otherwise;
 - (II) the sale of all or substantially all of the assets of the Company; or
 - (III) any other transaction or course of action engaged in, directly or indirectly, by the Company or CNF that has a substantially similar effect as the transactions of the type referred to in clause (I) or (II) above.

The foregoing notwithstanding, a Change in Control of the Company shall not be deemed to have occurred (A) by reason of the occurrence of a "Change in Control" of CNF (within the meaning of Section 15 of the CNF Severance Agreement), (B) except in the case of a transaction described in clause (II) above, so long as CNF or any of its Affiliates, individually or collectively, own the then outstanding shares of capital stock of the Company having 50% or more of the then existing voting power of all outstanding securities of the Company, (C) in the event of the sale of shares of capital stock of the Company to any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any other Affiliate of CNF, or (D) in the event of the sale or distribution of shares of capital stock of the Company to shareholders of CNF, or the sale of assets of the Company to any corporation or other entity owned, directly or indirectly, by the shareholders of CNF, in either case in substantially the same proportions as their ownership of stock in CNF.

- (G) "CNF" shall mean CNF Inc. and any successor to its business and/or assets.
- (H) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.
- (I) "Company" shall mean Con-Way Transportation Services, Inc. and, except in determining under Section 15(F) hereof whether or not any Change in Control of the Company has occurred, shall include any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise. In addition, when used in the context of the Executive's employment, "Company" shall mean the Company or any of its subsidiaries.
- (J) "Common Stock" shall mean the common stock, par value \$1.00 per share, of the Company.
- (K) "Date of Termination" shall have the meaning set forth in Section 7.2 hereof.
- (L) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of the Executive's incapacity due to disability, including physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for a period of six (6) consecutive months, the Company shall have given the Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Executive shall not have returned to the full-time performance of the Executive's duties.
- (M) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (N) "Excise Tax" shall mean any excise tax imposed under Section 4999 of the Code.
- (O) "Executive" shall mean the individual named in the first paragraph of this Agreement.
- (P) "Good Reason" for termination by the Executive of the Executive's employment shall mean the occurrence (without the Executive's express written consent) after any Change in Control of the Company and during the Term of any one of the following acts by the Company, or failures by the Company to act, unless such act or failure to act is corrected within 30 days of receipt by the Company of notice of the Executive's intent to terminate for Good Reason hereunder:
 - (I) the failure of the successor company, following the Change in Control of the Company, to assume this Agreement and all obligations hereunder, as of the date of such Change in Control of the Company;
 - (II) the assignment to the Executive of any duties inconsistent with the Executive's status as an executive of the Company or a substantial adverse alteration in the nature or status of the Executive's responsibilities from those in effect immediately prior to the Change in Control of the Company;
 - (III) a reduction by the Company in the Executive's annual base salary (except for across-the-board salary reductions similarly affecting all executives of the Company and all executives of any Person in control of the Company) or incentive compensation opportunity (both short-term and long-term, valued in a manner consistent with the valuation methodology used by the Company prior to the Change in Control of the Company), each as in effect immediately prior to the Change in Control of the Company or as the same may thereafter be increased from time to time;
 - (IV) the relocation of the Executive's principal place of employment to a location that results in an increase in the

Executive's one way commute of at least 50 miles more than the Executive's one way commute immediately prior to the Change in Control of the Company, except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations immediately prior to the Change in Control of the Company;

- (V) the failure by the Company to pay to the Executive when due any portion of the Executive's current compensation;
- (VI) the failure by the Company to continue to provide the Executive with benefits substantially similar to those enjoyed by the Executive under any of CNF's or the Company's pension, savings, life insurance, medical, health and accident, or disability plans in which the Executive was participating immediately prior to the Change in Control of the Company (except for across the board changes similarly affecting all or substantially all employees of the Company and any entity in control of the Company), the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Executive of any material fringe benefit enjoyed by the Executive immediately prior to the Change in Control of the Company, or the failure by the Company to provide the Executive with the number of paid vacation days to which the Executive is entitled.

The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to disability, including physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

- (Q) "Gross-Up Payment" shall have the meaning set forth in Section 6.2 hereof.
- (R) "Notice of Termination" shall have the meaning set forth in Section 7.1 hereof.
- (S) "Pension Plan" shall mean any tax-qualified, supplemental or excess benefit pension plan maintained by CNF or the Company and any other plan or agreement entered into between the Executive and the Company which is designed to provide the Executive with supplemental retirement benefits.
- (T) "Person" shall mean any person, as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company or its Affiliates, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or its Affiliates, and (C) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the Common Stock).
- (U) "Potential Change in Control of the Company" shall be deemed to have occurred if:
 - (I) CNF or the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; or
 - (II) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control of the Company has occurred.
- (W) "Retirement" shall be deemed the reason for the termination by the Executive of the Executive's employment if such employment is terminated in accordance with the Company's retirement policy, including early retirement, generally applicable to its salaried employees.
- (X) "Severance Payments" shall have the meaning set forth in Section 6.1 hereof.
- (Y) "Tax Counsel" shall have the meaning set forth in Section 6.2 hereof.
- (Z) "Term" shall mean the period of time described in Section 2 hereof (including any extension, continuation or termination described therein).
- (AA) "Total Payments" shall mean those payments so described in Section 6.2 hereof.

CON-WAY TRANSPORTATION SERVICES, INC.

By: /s/ Kevin C. Schick

Name: Kevin C. Schick

Title: Vice President, Controller and Treasurer

EXECUTIVE

/s/ Douglas W. Stotlar

Name: Douglas W. Stotlar
Address: 8400 Cedar Hills Drive
Dexter, MI 48130-9347

Severance Agreement Stotlar CTS 2005

EXHIBIT A

WAIVER AND RELEASE OF CLAIMS

In consideration of, and subject to, the payment to be made to me by Con-Way Transportation Services, Inc. (the "Company") of the "Severance Payments" (as defined in the Severance Agreement, dated as of March 1, 2005, entered into between me and the Company (the "Agreement")), I hereby waive any claims I may have for employment or re-employment by the Company or any subsidiary of the Company after the date hereof, and I further agree to and do release and forever discharge the Company or any subsidiary of the Company, and their respective past and present officers, directors, shareholders, insurers, employees and agents from any and all claims and causes of action, known or unknown, arising out of or relating to my employment with the Company or any subsidiary of the Company, or the termination thereof, including, but not limited to, wrongful discharge, breach of contract, tort, fraud, the Civil Rights Acts, Age Discrimination in Employment Act, Employee Retirement Income Security Act of 1974, Americans with Disabilities Act, or any other federal, state or local legislation or common law relating to employment or discrimination in employment or otherwise.

Notwithstanding the foregoing or any other provision hereof, nothing in this Waiver and Release of Claims shall adversely affect (i) my rights under the Agreement; (ii) my rights to benefits other than severance benefits under plans, programs and arrangements of the Company or any subsidiary or parent of the Company which are accrued but unpaid as of the date of my termination; or (iii) my rights to indemnification under any indemnification agreement, applicable law and the certificates of incorporation and bylaws of the Company and any subsidiary or parent of the Company, and my rights under any director's and officers' liability insurance policy covering me.

I acknowledge that I have signed this Waiver and Release of Claims voluntarily, knowingly, of my own free will and without reservation or duress, and that no promises or representations have been made to me by any person to induce me to do so other than the promise of payment set forth in the first paragraph above and the Company's acknowledgment of my rights reserved under the second paragraph above.

I understand that this release will be deemed to be an application for benefits under the Agreement and that my entitlement thereto shall be governed by the terms and conditions of the Agreement and any applicable plan. I expressly hereby consent to such terms and conditions.

I acknowledge that I have been given not less than forty-five (45) days to review and consider this Waiver and Release of Claims (unless I have signed a written waiver of such review and consideration period), and that I have had the opportunity to consult with an attorney or other advisor of my choice and have been advised by the Company to do so if I choose. I may revoke this Waiver and Release of Claims seven days or less after its execution by providing written notice to the Company.

I acknowledge that it is my intention and the intention of the Company in executing this Waiver and Release of Claims that the same shall be effective as a bar to each and every claim, demand and cause of action hereinabove specified. In furtherance of this intention, I hereby expressly waive any and all rights and benefits conferred upon me by the provisions of SECTION 1542 OF THE CALIFORNIA CIVIL CODE, to the extent applicable to me, and expressly I consent that this Waiver and Release of Claims shall be given full force and effect according to each and all of its express terms and provisions, including as well those related to unknown and unsuspected claims, demands and causes of action, if any, as well as those relating to any other claims, demands and causes of action hereinabove specified. SECTION 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

I acknowledge that I may hereafter discover claims or facts in addition to or different from those which I now know or believe to exist with respect to the subject matter of this Waiver and Release of Claims and which, if known or suspected at the time of executing this Waiver and Release of Claims, may have materially affected this settlement.

Finally, I acknowledge that I have read this Waiver and Release of Claims and understand all of its terms.

/s/ Douglas W. Stotlar

Signature of Executive

Douglas W. Stotlar

Print Name

March 4, 2005

Date Signed

</TEXT>
</DOCUMENT>

CNF INC.

RESTRICTED STOCK AWARD AGREEMENT

THIS AGREEMENT, entered into as of the ____ day of _____, ____ , between CNF Inc., a Delaware corporation (hereinafter called "Company"), [Name of Executive] (hereinafter called "Recipient"), and the Secretary of the Company (hereinafter called "Escrow Holder").

WITNESSETH:

WHEREAS, the Company has adopted the CNF Inc. 1997 Equity and Incentive Plan, as amended (as so amended, the "Plan"), which Plan is incorporated into this Agreement by reference;

WHEREAS, the Company encourages its executive officers to own shares of the Company's stock and thereby to align their interests more closely with the interests of the other stockholders of the Company, and desires to motivate Recipient by providing Recipient with a direct interest in the Company's attainment of its financial goals, and desires to provide a financial incentive that will help attract and retain the most qualified executive officers; and

WHEREAS, the Company has determined that it would be to the advantage and interest of the Company and its stockholders to issue to Recipient the restricted stock provided for in this Agreement as an incentive for increased efforts and successful achievements;

NOW, THEREFORE, in consideration of the foregoing premises, and the mutual covenants herein contained, the parties hereto agree with each other as follows:

1. Defined Terms. Except as otherwise indicated herein, all capitalized terms used in this Agreement without definition shall have the meanings given to such terms in the Plan.
2. Restricted Stock Award. As of the date of this Agreement, the Company has issued to Recipient _____ shares of its Common Stock (hereinafter called the "Stock") as a restricted stock award ("Restricted Stock Award"). Stock certificates evidencing the Stock will be delivered to Escrow Holder, accompanied by blank stock powers executed by Recipient, to be held by Escrow Holder as provided herein, for the use and benefit of, and subject to the rights of and limitations upon Recipient as the owner thereof as herein set forth. Subject to Paragraphs 3, 4 and 5 below, Recipient shall have all rights of a stockholder with respect to shares of Stock issued hereunder, including the right to vote, to receive dividends (including stock dividends), to participate in stock splits or other recapitalizations, and to exchange such shares in a merger, consolidation or other reorganization. The Company shall pay the costs and charges of Escrow Holder and any applicable stock transfer taxes. Recipient hereby acknowledges that Recipient is acquiring the Stock issued hereunder for investment and not with a view to the distribution thereof, and that Recipient does not intend to subdivide Recipient's interest in the Stock with any other person.
3. Restrictions. Until such time as a share of Stock vests or is forfeited in accordance with Paragraph 4 below, such share shall be classified as a "Restricted Security" and shall be subject to the following:

- (a) All Restricted Securities shall be evidenced by one or more certificates which are held by Escrow Holder and which bear the following legend:

"These shares are subject to the restrictions enumerated in the CNF Inc. 1997 Equity and Incentive Plan and in the Restricted Stock Award Agreement dated as of _____, ____ between CNF Inc. and the registered holder of these shares."

Upon vesting of any shares of Stock, the Company shall cause new stock certificates to be issued to evidence the Stock. All shares of Stock that have vested, and that therefore are no longer classified as Restricted Securities, shall be evidenced by a new certificate which does not bear the legend referred to above, which certificate shall be delivered by Escrow Holder to Recipient.

All shares (if any) of Stock which remain unvested at such time, and which therefore continue to be classified as Restricted Securities, shall be evidenced by a new certificate bearing the legend referred to above, which certificate shall be delivered to and held by Escrow Holder.

- (b) All Restricted Securities shall be subject to the limitations on transferability set forth in Section 8(a) of the Plan, except that the Committee may, in its discretion, (i) pursuant to rules adopted by the Committee, permit transfer(s) of Restricted Securities in connection with Recipient's estate planning, and

(ii) permit transfers upon divorce or marital dissolution other than pursuant to a Qualified Domestic Relations Order.

- (c) All distributions on or in respect of any Restricted Securities (including dividends on any Restricted Securities, whether payable in cash, stock or other property) shall be subject to the provisions of Paragraph 5 below.

4. Vesting; Forfeiture.

- (a) Subject to subparagraph (b) of this Paragraph 4, the shares of Stock shall vest in three (3) equal installments, commencing on _____, _____ and continuing on each _____ thereafter to and including _____, _____, provided that Recipient has been an active full-time employee of the Company, a Subsidiary, or an Affiliate at all times during the period from the date of this Agreement until such date.
- (b) All shares of Stock (if any) which have not vested shall vest upon the earliest to occur of the following, provided that Recipient has been an active full-time employee of the Company, a Subsidiary or an Affiliate at all times during the period from the date of this Agreement until the date of such occurrence:
- (1) Recipient's death;
 - (2) Termination of Recipient's employment with the Company, a Subsidiary or an Affiliate as a result of a Disability; or
 - (3) Upon a "Change in Control" (as defined in the Plan) applicable to Recipient (whether or not Recipient remains an employee of the Company, a Subsidiary or Affiliate following such Change in Control), except that if clause (v) of the definition of the term "Change in Control" applies to Recipient and a Change in Control occurs pursuant to said clause (v), then the shares of Stock shall vest at the same time and in the same manner as "Option Awards" (as defined in the Plan) vest, as provided in the last paragraph of Section 7 of the Plan.

As used herein, "Disability" means a substantial mental or physical disability, as determined by the Committee in its sole discretion.

- (c) All shares of Stock (if any) which have not vested shall be automatically, immediately and irrevocably forfeited if Recipient ceases to be an active full-time employee of the Company, a Subsidiary or an Affiliate for any reason other than as a result of an occurrence described in subparagraph (b) above. For avoidance of doubt, all shares of Stock (if any) which have not vested shall be automatically, immediately and irrevocably forfeited if Recipient retires, whether prior to, at or after normal retirement age. Upon forfeiture of any shares of Stock, all right, title and interest of Recipient in such Stock, and in any distributions contemplated by Paragraph 5 (other than cash dividends received by Recipient pursuant to Paragraph 5 prior to such forfeiture), shall thereupon cease; and all right, title and interest in and to such Stock and distributions shall vest in the Company, with no compensation or consideration to Recipient.

5. Distributions on Restricted Securities.

- (a) Any securities or other property (other than cash) received as the result of ownership of Restricted Securities ("Additional Securities") including, but not by way of limitation, warrants and securities received as a stock dividend or stock split, or as a result of a recapitalization or reorganization, shall be held by Escrow Holder in the same manner and subject to the same restrictions as the Restricted Securities with respect to which they were issued. Recipient shall be entitled to direct Escrow Holder to exercise any warrant or option received as Additional Securities upon supplying the funds necessary to do so, in which event the securities so purchased shall constitute Additional Securities, or Recipient may direct Escrow Holder to sell any such warrant or option, in which case the proceeds shall be held by Escrow Holder in accordance with the provisions of subparagraph (b) below.

In the event any Restricted Securities or Additional Securities consist of a security that is by its terms or otherwise convertible into or exchangeable for another security at the election of the holder thereof, Recipient may exercise any such right of conversion or exchange in the event the failure to exercise or delay in exercising such right would result in its loss or diminution in value, and any securities so acquired shall constitute Additional Securities. In the event of any change in certificates evidencing Restricted Securities or Additional Securities by reason of any recapitalization, reorganization or other transaction which results in the creation of Additional Securities, Escrow Holder is authorized to deliver to the issuer the certificates evidencing Restricted Securities or Additional

Securities in exchange for the certificates which they replace, which shall be deemed to be Additional Securities.

- (b) All cash dividends payable in respect of any Restricted Securities shall be paid to Recipient on the dividend payment date on which such cash dividends are paid to other registered holders of the Company's Common Stock. The Company shall deliver to Escrow Holder for the account of Recipient all distributions, other than cash dividends on the Restricted Securities, paid or made in cash with respect to Restricted Securities and Additional Securities ("Cash Distributions"). Escrow Holder shall hold all such Cash Distributions until deliverable to Recipient in accordance with subparagraph (c) below.
- (c) Concurrently with the delivery to Recipient, pursuant to Paragraph 3 above, of certificates evidencing any shares of Stock that have vested and therefore are no longer Restricted Securities, Escrow Holder shall also deliver to Recipient (i) one or more certificates evidencing all shares of Additional Securities distributed to Escrow Holder in respect of such Stock (which certificate(s) shall not contain the legend referred to in Paragraph 3 above) and (ii) all Cash Distributions received by Escrow Holder in respect of such Stock and Additional Securities, less any applicable federal or state withholding taxes.

6. Taxes

- (a) Recipient agrees to make appropriate arrangements for the satisfaction of any applicable federal, state or local income, employment or other tax withholding requirements (collectively, the "Taxes") applicable to the receipt of Stock hereunder upon the lapse of restrictions with respect thereto or upon the exercise of an election by Recipient under Section 83(b) of the Internal Revenue Code.
- (b) Upon demand, Recipient shall promptly pay to the Company the amount of all applicable Taxes that the Company is required to withhold and pay on behalf of Recipient with respect to the shares of Stock issued hereunder. At its discretion, the Company may withhold any distribution under this Agreement in whole or in part until such payment is made to the Company. In lieu thereof, the Company or an Affiliate may withhold such amounts as are necessary to pay such Taxes from any fees, salary, bonus or other amounts payable by the Company or an Affiliate to Recipient, or the Company may withhold a number of shares of Stock having a market value not exceeding the amount of such Taxes and cancel (in whole or in part) any such shares in order to satisfy the payment of such Taxes. Alternatively, the Recipient may elect to have the Company withhold a number of shares of Stock having a market value not exceeding the amount of such Taxes. In determining the market value of shares of Stock for purposes of paying Taxes pursuant to this subparagraph (b), the Company shall use (i) in the case of Taxes arising as a result of the lapse of restrictions with respect to shares of Stock, the closing price of a share of Stock on the New York Stock Exchange on the date that such restrictions lapse, and (ii) in the case of Taxes arising as a result of a timely and valid exercise by Recipient of an election under Section 83(b) of the Internal Revenue Code, the closing price of a share of Stock on the New York Stock Exchange on the date of issuance of the shares of Stock subject to such election.

7. Committee Decisions Conclusive. All decisions of the Committee upon any question arising under the Plan or under this Agreement shall be final and binding on all parties.

8. No Right to Continued Employment, etc. Nothing in this Agreement, the Restricted Stock Award granted hereunder or any other agreement entered into pursuant hereto (i) shall confer upon Recipient the right to continue in the employ of the Company, any Subsidiary or any Affiliate or to be entitled to any remuneration or benefits not set forth herein or in any such other agreement or

(ii) interfere with or limit in any way the right of the Company or any such Subsidiary or Affiliate to terminate Recipient's employment.

9. Notice. Any notice or other paper required to be given or sent pursuant to the terms of this Agreement shall be sufficiently given or served hereunder to any party when transmitted by registered or certified mail, postage prepaid, addressed to the party to be served as follows:

Company: CNF Inc., 3240 Hillview Avenue, Palo Alto, California 94304
Attn.: Corporate Secretary

Recipient: At Recipient's address as it appears under Recipient's signature to this Agreement, or to such other address as Recipient may specify in writing to Escrow Holder

Any party may designate another address for receipt of notices so long as notice is given in accordance with this Paragraph 9.

10. Amendment; Modification. This Agreement may not be modified or amended, and any provision hereof may not be waived, except pursuant to a written agreement signed by the Company and Recipient. Any such modification, amendment or waiver signed by, or binding upon, Recipient, shall be valid and binding upon any and all persons or entities who may, at any time, have or claim any rights under or pursuant to this Agreement.
11. Severability. If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other severable provision of this Agreement, and this Agreement shall be carried out as if such invalid or unenforceable provision were not contained herein.
12. Successors. Except as otherwise expressly provided herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.
13. Governing Law. The interpretation and enforcement of this Agreement shall be governed by the internal laws of the State of California without regard to principles of conflicts of laws.
14. Counterparts. This Agreement may be executed in counterparts, all of which taken together shall be deemed one original.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

EXECUTIVE OFFICER

CNF INC.

By: _____

By: _____

Address:

Escrow Holder

By: _____

</TEXT>
</DOCUMENT>

STOCK OPTION AGREEMENT

The Compensation Committee of the Board of Directors of CNF Inc. has awarded you, as Optionee, the following option ("Option") to purchase shares of CNF common stock:

Award effective date: _____, ____
Non-qualified stock options: _____ shares
Grant price per share: \$_____
Vesting: One-third on January 1, ____; an additional one-third on January 1, ____; and an additional one-third on January 1, ____
Fully vested: January 1, ____
Expiration date: _____, _____ [ten years from grant date]

Please refer to the enclosed Highlights of Your Stock Options brochure for information about how stock options work.

This Option is subject to the provisions of the CNF Inc. 1997 Equity and Incentive Plan, and the attached Terms and Conditions which are part of this Stock Option Agreement. These documents and any documents that may be issued in the future constitute part of a Prospectus under the Securities Act of 1933, as amended, covering the securities issuable to you upon exercise of your options.

I accept the Option described above and the attached Terms and Conditions of the Stock Option Agreement. I also accept the provisions of the CNF Inc. 1997 Equity and Incentive Plan.

Signature _____

Date _____

If you have questions regarding your options, or you wish to take action with respect to your options, please call Jennifer W. Pileggi, Senior Vice President, General Counsel and Secretary at 650-813-5326 or Gary S. Cullen, Deputy General Counsel at 650-813-5371.

For your convenience a return envelope is included with this packet.

This document constitutes part of a prospectus of CNF Inc. covering securities that have been registered under the Securities Act of 1933.

Except as otherwise stated in the Stock Option Agreement (the 'Agreement') to which these Terms and Conditions are attached and form a part, and subject to the terms and conditions of the CNF Inc. 1997 Equity and Incentive Plan (the 'Plan'), which Plan is incorporated herein by reference, the following apply to the Option (as defined below). (Capitalized terms used herein without definition shall have the meanings given to such terms in the Plan.)

- 1. The Company grants to Optionee (the person designated in the Agreement as the grantee thereof) the right and option to purchase (the 'Option'), on the terms and conditions of the Agreement and as hereinafter set forth, shares of the presently authorized but unissued Common Stock (\$0.625 par value) of the Company (hereinafter called the 'Stock'), or shares of authorized and issued Stock reacquired by the Company and held in its treasury. The purchase price of the Stock subject to the Option shall be as set forth in the Agreement but shall not be less than the Fair Market Value of a share of Common Stock on the grant date (award effective date) of the Option.
2. In consideration of the Option, Optionee agrees to remain an active full-time employee of the Company or of a Subsidiary or Affiliate (a 'Regular Employee') at all times during the period beginning with the date on which the Option was granted and ending on January 1, _____ or at the time of Normal Retirement, whichever occurs first, and, except to the extent that the Option becomes exercisable and continues to be exercisable pursuant to Paragraphs 3 and 4 below, if Optionee ceases to be a Regular Employee within said period the Option shall become null and void.

As used herein:

Retirement means retirement under the Company's established retirement plan as in effect on the date of Optionee's termination of employment.

Normal Retirement means Retirement on or after age 65 (Normal Retirement

Date) or after attaining age 55 with combined age in whole or partial years (rounded to the nearest whole month) plus years of service (as defined in such plan) equal to at least 85 (the Rule of 85). As of the date hereof, the Company's retirement plan provides that an employee who at the time of his termination of employment is eligible to receive benefits under a qualified defined benefit plan of the Company or a Subsidiary or an Affiliate shall be deemed to have retired only if such employee elects within sixty (60) days from his last day of employment to commence receiving monthly benefits under such plan. The Company may, in its sole discretion, revise such plan at any time or from time to time.

3. Except as otherwise provided in Paragraph 4, the period for exercising the Option (the 'Option Period') shall be the period, which will commence when the Option becomes exercisable (as specified below) and will end on the tenth anniversary of the date on which the Option was granted (referred to herein as the 'Terminal Date' of the Option).

One third of the Option will become exercisable on January 1, ____; an additional one-third shall become exercisable on January 1, ____; and an additional one-third shall become exercisable on January 1, _____. If the Option consists of incentive stock options ("ISOs") and non-qualified stock options ("NQSOs"), the ISOs and NQSOs will become exercisable on a pro rata basis on such anniversaries.

4. In the following circumstances, the Option Period specified in Paragraph 3 shall not apply, and the Option shall be exercisable as set forth below:

- (a) If Optionee ceases to be a Regular Employee during the Option Period (other than (i) for Cause (as defined below), (ii) on account of Retirement, (iii) following a Change in Control applicable to Optionee or (iv) as a result of Optionee's death or Disability), the Option shall thereafter be exercisable only to the extent exercisable at the time Optionee ceases to be a Regular Employee and only prior to the end of the 3-month period commencing with such cessation or prior to the Terminal Date of the Option, whichever shall first occur (except as otherwise provided in subparagraph (g) in the case of subsequent death).

If Optionee is absent from work with the Company, a Subsidiary or an Affiliate because of his Disability or if he is on leave of absence for the purpose of serving the government of the country in which the principal place of employment of Optionee is located, either in a military or civilian capacity, or for such other purpose or reason as the Committee may approve, Optionee shall not be deemed during the period of any such absence, by virtue of such absence alone, to have ceased to be a Regular Employee, except as the Committee may otherwise expressly provide.

As used herein:

Disability means a substantial mental or physical disability, as determined by the Committee in its sole discretion.

- (b) If the employment of Optionee is terminated for Cause, the Option (including any portion of the Option that may have become exercisable) shall terminate on the date of such termination of employment and shall thereupon not be exercisable to any extent whatsoever. As used herein, 'Cause' means (i) the failure or refusal by Optionee to perform, or neglect in the performance of, his duties, functions or responsibilities, (ii) Optionee's commission of such acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude, or (iii) such other acts or omissions of Optionee, as the Committee, in the exercise of its sole discretion, considers to constitute Cause.
- (c) If the Optionee ceases to be a Regular Employee on account of Normal Retirement and the Option has not yet become fully exercisable at such time, the Option shall continue to become exercisable in installments under Paragraph 3, and the Option shall continue to be exercisable until one year after the final installment has become exercisable, or on or prior to the Terminal Date of the Option, whichever shall first occur.
- (d) If the Optionee ceases to be a Regular Employee on account of Retirement and subparagraph (c) does not apply, the Option, to the extent exercisable at Retirement, shall continue to be exercisable until one year after Retirement, or on or prior to the Terminal Date of the Option, whichever shall first occur.
- (e) Except as otherwise provided in Section 7 of the Plan, in the event of a Change in Control applicable to Optionee, the Option shall become fully exercisable and shall continue to be exercisable until three months after Optionee ceases to be a Regular Employee or one year after the date of the Change in Control, whichever occurs later, but not beyond the Terminal Date of the Option.
- (f) If Optionee ceases to be a Regular Employee as a result of Optionee's Disability, the Option may be exercised by Optionee within one year after Optionee ceases to be a Regular Employee, or on or prior to the Terminal Date of the Option, whichever shall first occur.
- (g) If Optionee should die while the Option is exercisable, the Option may be exercised by Optionee's executor or administrator, or by the person or

persons to whom Optionee's rights under the Option shall pass by will or by the applicable laws of descent and distribution, within one year from date of death of Optionee (or one year after the final installment has become exercisable, if later), or the Terminal Date of the Option, whichever shall first occur.

1. Optionee may exercise the Option, to the extent exercisable and with respect to all or part of the shares of Stock then subject to such exercise, by giving the Company written notice of such exercise, specifying the number of shares as to which the Option is so exercised and tendering either (i) cash or a certified check, bank draft or postal or express money order payable to the order of the Company for an amount in lawful money of the United States equal to the Grant price of such shares, or (ii) properly endorsed or transferable shares of Stock with a value equal to the Grant price of such shares, or (iii) a combination of (i) and (ii) above having an aggregate value equal to the Grant price of such shares. In addition, if administratively feasible Optionee may effect a 'cashless' exercise of the Option by immediately selling a part of the Option shares and using the proceeds therefrom to pay the Grant price of all of the Option Shares. For a cashless exercise, Optionee shall be responsible for all brokerage commissions, transaction fees and other charges of the executing broker. No partial exercise of the Option may be for less than 100 shares unless fewer than 100 shares are outstanding under the Option, in which case the Option may be exercised as to the total of such shares. In no event shall the Company be required to issue fractional shares.

As soon as practicable after receipt of such notice, the Company shall, without transfer or issue tax and (except for withholding tax arrangements contemplated by paragraph 14 hereof) without other incidental expense to Optionee, deliver to Optionee at the office of the Company, 3240 Hillview Avenue, Palo Alto, California 94304, or such other place as may be mutually acceptable to the Company and Optionee, a certificate or certificates for such shares; provided, however, that the time of such delivery may be postponed by the Company for such period as may be required for it with reasonable diligence to comply with applicable requirements under the Federal securities acts, as amended, any applicable listing requirements of any national securities exchange, and requirements under any other law or regulation applicable to the issuance or transfer of such shares. If Optionee fails to pay for or accept delivery of all or any part of the number of shares specified in the notice of exercise, his right to purchase such undelivered shares may be terminated by the Company at its election.

2. In the event that a corporate transaction or event described in the last paragraph of Section 5 of the Plan shall occur, the terms of such last paragraph of Section 5 of the Plan shall govern.
3. The Option shall, during Optionee's lifetime, be exercisable only by him or her, and neither the Option nor any right hereunder shall be transferable by Optionee by operation of law or otherwise, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order ('QDRO'); provided, however, the Committee may, in its discretion, (i) pursuant to rules adopted by the Committee, permit transfer(s) of all or part of the Option in connection with Optionee's estate planning, and (ii) permit transfers upon divorce or marital dissolution other than pursuant to a QDRO. In the event of an attempt by Optionee to alienate, assign, pledge, hypothecate, or otherwise dispose of the Option or of any right hereunder, except as provided for herein, or in the event of the levy of any attachment, execution, or similar process upon the rights or interest hereby conferred, the Company at its election may terminate the Option by notice to Optionee and the Option shall thereupon become null and void.
4. Neither Optionee nor any person entitled to exercise Optionee's Option in the event of his or her death shall have any of the rights of a shareholder with respect to the shares of stock subject to the Option except to the extent that shares of stock are issued upon such person's proper exercise of the Option.
5. Optionee agrees to promptly notify the Company of the sale of any shares that were initially issued upon exercise of ISOs and held, in order for the Company to be able to comply with applicable federal and state tax withholding laws.
6. Any notice required to be given by Optionee under the terms of the Option shall be addressed to the Company in care of its General Counsel at 3240 Hillview Avenue, Palo Alto, California 94304, and any notice to be given to Optionee shall be addressed to him or her at his or her last known address as shown on the Company's records or such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered or certified and deposited (postage or registration or certification fee prepaid) in a post office or branch post office regularly maintained by the United States.
7. All decisions of the Committee upon any question arising under the Plan or any Stock Option Agreement shall be conclusive.
8. Nothing herein contained shall affect Optionee's right to participate in

and receive benefits from and in accordance with the then current provisions of any pension, insurance, or other employment welfare plan or program of the Company.

9. Nothing in the Stock Option Agreement (including these Terms and Conditions) or any other agreement entered into pursuant hereto (i) shall confer upon Optionee the right to continue in the employ of the Company, any Subsidiary or any Affiliate or to be entitled to any remuneration or benefits not set forth herein or in any such other agreement or (ii) interfere with or limit in any way the right of the Company or any such Subsidiary or Affiliate to terminate Optionee's employment.
10. Optionee agrees, in connection with the Option, to make appropriate arrangements with the Company or his employer for satisfaction of any applicable federal, state or local income tax withholding requirements or social security requirements.
11. The Agreement and these Terms and Conditions shall be binding upon and inure to the benefit of any successor or successors of the Company.
12. The interpretation, performance, and enforcement of the Stock Option Agreement and these Terms and Conditions shall be governed by the laws of the State of Delaware.

</TEXT>
</DOCUMENT>