

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

June 6, 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
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(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification Number)

3240 Hillview Avenue, Palo Alto, California 94304

(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. Changes to Compensation for David S. McClimon and Bryan M. Millican

In connection with the organizational alignment described below under "Departure of Directors or Principal Officers; Elections of Directors; Appointment of Principal Officers," on June 3, 2005, the Company's Compensation Committee approved the following changes to the compensation paid to David S. McClimon and Bryan M. Millican:

David S. McClimon
Senior Vice President, CNF Inc.
President, Con-Way Transportation Services, Inc.

1. Increase in annual base salary from \$343,096 to \$395,044.
2. Increase in target 2005 incentive compensation award from 60% to 75% of annual base salary (subject to a maximum equal to 150% of annual base salary). Actual payout (i) to be determined based upon actual 2005 pre-tax, pre-incentive income of Con-Way Transportation Services, Inc. and (ii) to be prorated based upon 60% target award for the period from January 1, 2005 until June 4, 2005, and 75% target award for the period from June 5, 2005 through December 31, 2005.
3. Grant of 15,000 stock options.
4. Target Value Management Plan award equal to 115% of annual base salary for three-year cycles commencing after January 1, 2005.

Bryan M. Millican
Senior Vice President of Sales and Marketing, CNF Inc.

1. Increase in annual base salary from \$268,112 to \$295,000.
2. Increase in target 2005 incentive compensation award from 60% to 75% of annual base salary (subject to a maximum equal to 150% of annual base salary). Actual payout to be prorated and determined based upon (i) 60% target award and actual 2005 pre-tax, pre-incentive income of Con-Way Transportation Services, Inc., for the period from January 1, 2005 until June 4, 2005, and (ii) 75% target award and actual 2005 pre-tax, pre-incentive income of CNF Inc., for the period from June 5, 2005 through December 31, 2005, based on 75% factor.
3. Grant of 7,100 stock options.
4. Target Value Management Plan award equal to 115% of annual base salary for three-year cycles commencing after January 1, 2005.

In addition, each of Mr. McClimon and Mr. Millican is entitled to receive severance benefits under agreements to be entered into with the Company, and Mr. McClimon is entitled to receive benefits under an agreement to be entered into with Con-Way Transportation Services, Inc. These severance agreements will replace the existing agreements that these officers have with the Company and with Con-Way Transportation Services, Inc.

Each severance agreement with the Company will 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.

Mr. McClimon's severance agreement with Con-Way Transportation Services, Inc. will provide generally that he will be entitled to receive from that company the payments and benefits described above if his employment is actually or constructively terminated within two years following a sale or other disposition of Con-Way Transportation Services, Inc. by the Company.

B. Employment Agreement with John H. Williford

On April 25, 2005, the Company announced that John H. Williford would no longer serve as President and Chief Executive Officer of Menlo Worldwide, LLC or as Senior Vice President of the Company, but would continue to serve as an advisor to the Company. The press release announcing these events was attached to the Company's Report on Form 8-K that was filed on April 28, 2005.

On June 6, 2005, Mr. Williford entered into an Employment Agreement with the Company, pursuant to which Mr. Williford has agreed to serve as an advisor to the Company until January 6, 2006. The Employment Agreement is effective as of June 4, 2005.

As compensation for his services, Mr. Williford is entitled (i) to receive an annual base salary of \$526,240; (ii) to participate in the incentive compensation plans of Menlo Worldwide, LLC (for the period from January 1, 2005 until June 4, 2005) and of the Company (for the period from June 5, 2005 until December 31, 2005), with a target payout equal to 100% of his 2005 salary (i.e., performance at target levels under both plans would entitle Mr. Williford to receive an aggregate payment under the two plans equal to his 2005 salary); and (iii) to receive certain other benefits, as described in the Employment Agreement.

The Company also agreed to pay to Mr. Williford a lump sum payment equal to \$3,150,000 at the end of the term of the Agreement. Mr. Williford would forfeit his right to this payment if he was to terminate the Employment Agreement prior to the end of its term other than for good reason, or if he breached his obligations under the Employment Agreement. These obligations include non-solicitation of employees of the Company and its subsidiaries for a period of one year, commencing on the date of the Employment Agreement.

Mr. Williford currently holds approximately 130,000 stock options and 86,500 restricted stock grants that are not vested. Under the terms of the applicable award agreements, approximately 93,000 of the unvested stock options and 55,500 shares of the unvested restricted stock will vest on or before January 1, 2006, provided Mr. Williford remains an employee of the Company. The balance of the unvested stock options and restricted stock grants will be forfeited when the Employment Agreement terminates on January 6, 2006, unless such grants have vested pursuant to their terms for other reasons (e.g., death, disability, change in control).

The Employment Agreement also provides that the Company's Board of Directors may, in its sole discretion, release Mr. Williford from his obligations under the Employment Agreement in order to obtain employment with another company, provided that the Board determines that such other company does not compete with the Company or its affiliates. If this were to occur, Mr. Williford would be entitled to the lump sum payment of \$3,150,000, but would forfeit any other ongoing benefits available to him under the Employment Agreement.

A copy of the Employment Agreement is filed with this report as Exhibit 99.1 and is incorporated herein by reference. The foregoing description of the Employment Agreement is qualified in its entirety by reference to such exhibit.

C. Mortgage Subsidy for Kevin C. Schick

On January 24, 2005, Kevin C. Schick was appointed Senior Vice President and Chief Financial Officer of the Company, effective March 31, 2005. On March 1, 2005, the Company's Compensation Committee approved Mr. Schick's compensation, including an annual base salary of \$310,000, a target incentive compensation award equal to 75% of base salary, and stock option grants. These events were reported in the Company's Reports on Form 8-K filed on January 28, 2005 and March 4, 2005.

On June 3, 2005, the Company's Compensation Committee approved a mortgage subsidy to be provided by the Company to Mr. Schick, who is relocating from

Michigan to California in connection with his promotion to Senior Vice President and Chief Financial Officer. The mortgage subsidy was established for a period of six years, as follows:

Years 1 and 2	\$ 8,000 per month
Years 3 and 4	\$ 6,000 per month
Years 5 and 6	\$ 4,000 per month

The mortgage subsidy will likely commence in 2006, at which time Mr. Schick expects to acquire a residence in California. It is expected that the mortgage subsidy will be paid annually in advance to Mr. Schick's mortgage lender, on a present value basis. For example, in year 1 the Company will pay to the mortgage lender the present value of 12 monthly payments of \$8,000 each. The value of the mortgage subsidy will be includable in Mr. Schick's gross income for tax purposes.

Item 1.02 Termination of a Material Definitive Agreement

A. Severance Agreement Between Con-Way Transportation Services, Inc. and Douglas W. Stotlar

On June 3, 2005, the Severance Agreement dated March 1, 2005 between Con-Way Transportation Services, Inc. and Douglas W. Stotlar was terminated, since Mr. Stotlar is no longer employed by that company. The Severance Agreement dated March 1, 2005 between the Company and Mr. Stotlar remains in effect.

B. Employment Agreement with Gerald L. Detter

On December 6, 2004, Gerald L. Detter retired from his position as President and Chief Executive Officer of Con-Way Transportation Services, Inc. and entered into an Employment Agreement with the Company, pursuant to which Mr. Detter agreed to serve as an advisor to the Company until January 31, 2006. These events were reported in, and a copy of the Employment Agreement was filed as an exhibit to, the Company's Report on Form 8-K filed on December 8, 2004.

Mr. Detter subsequently elected to retire from the Company, effective May 31, 2005. Effective upon his retirement, Mr. Detter's obligation to serve as an advisor ceased, as did the Company's obligation to pay Mr. Detter the salary specified in the Employment Agreement.

In addition, effective upon Mr. Detter's retirement:

- (1) under the terms of his restricted stock agreements with the Company, all of his restricted stock grants that were unvested as of May 31, 2005 lapsed;
- (2) under the terms of his stock option agreements with the Company, and because he retired pursuant to the terms of the Company's defined benefit pension plan, all of his outstanding stock options that were unvested as of May 31, 2005 vested, and Mr. Detter will have a period of three years following his retirement in which to exercise his stock options;
- (3) under the terms of the Company's incentive compensation plan, and because he retired pursuant to the terms of the Company's defined benefit pension plan, Mr. Detter is entitled to receive a pro rata portion of the 2005 incentive compensation award payment (if any) that he would have received had he remained employed by the Company for all of 2005;
- (4) under the terms of the Company's value management plan, and because he retired pursuant to the terms of the Company's defined benefit pension plan, Mr. Detter is entitled to receive, for each of the 2003 and 2004 value management award cycles, the payment (if any) called for under the value management plan based on the performance of Con-Way Transportation Services, Inc. from the beginning of the

applicable award cycle through the end of 2005; and

- (5) under the terms of the Employment Agreement, Mr. Detter received title to his Company automobile.

Item 5.02 Departure of Directors or Principal Officers; Elections of Directors; Appointment of Principal Officers.

On June 3, 2005, the Company's Board of Directors approved an organizational alignment pursuant to which David S. McClimon was named Senior Vice President of the Company and President of Con-Way Transportation Services, Inc., and Bryan M. Millican was named Senior Vice President, Sales and Marketing of the Company.

Mr. McClimon, 49, will have management responsibility for Con-Way Transportation Services, Inc.'s three regional, less-than-truckload motor carriers, Con-Way Central Express, Con-Way Southern Express and Con-Way Western Express. He joined Con-Way Central Express as one of its first employees in 1983 as an account manager in Cincinnati and has more than 25 years experience in transportation. Mr. McClimon is a graduate of Miami University in Oxford, Ohio and will work from Con-Way's headquarters in Ann Arbor, Michigan.

Mr. Millican, 55, will have overall responsibility for the Company's sales performance, strategic sales planning and training, branding, marketing, public relations and communications. Mr. Millican joined the Company in 1983 as general sales manager for Con-Way Central Express, and served as Executive President of Sales and Marketing for Con-Way Transportation Services, Inc. since 1997. He will be based at Con-Way headquarters in Ann Arbor, Michigan. He is a graduate of the University of Waterloo in Ontario, Canada and holds an MBA from the University of Western Ontario.

A copy of the press release announcing the organizational alignment is filed with this report as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit No.	Description
99.1	Employment Agreement with John H. Williford effective June 4, 2005.
99.2	Press release dated June 6, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CNF Inc.

(Registrant)

June 6, 2005

/s/ Jennifer W. Pileggi

Jennifer W. Pileggi
Senior Vice President,
General Counsel & Secretary

EMPLOYMENT AGREEMENT

John H. Williford ("Executive") and CNF Inc. ("Company"), for and in consideration of the mutual promises and covenants hereinafter set forth, do hereby enter into this Employment Agreement ("Agreement") as of June 4, 2005 (hereinafter, the "Effective Date").

1. Employment, Duties, and Responsibilities

1.1 Employment

Company hereby employs Executive and Executive accepts employment and agrees to serve as Executive Advisor to the Chairman of the Board of Company ("Chairman").

1.2 Duties and Responsibilities

Executive shall report directly to the Chairman and shall have such duties and responsibilities as may be assigned to him from time to time by the Chairman.

1.3 Term

This Agreement shall be effective from June 4, 2005 through January 6, 2006.

1.4 Location of Employment

Company shall provide Executive with use of an office at Company's headquarters when Executive's duties require that he discharge his assignments at that location. At other times, Company agrees that Executive may discharge his duties in a location that is mutually acceptable to Executive and the Chairman.

1.5 Travel and Expense Reports

Executive shall be eligible to engage in business travel, as requested by the Chairman, in accordance with Company's travel policies applicable to executive officers of Company as of the date such business travel is requested, and shall submit expense reports for approval by the Chairman.

2. Compensation and Benefits

2.1 Base Salary

Executive's annual base salary shall be Five Hundred Twenty Six Thousand Two Hundred Forty dollars, payable weekly through Company's payroll system, less withholdings required by law or otherwise authorized by Executive.

2.2 Incentive Compensation

For the period commencing on June 5, 2005 and ending on December 31, 2005, Executive shall be entitled to participate in Company's standard annual Incentive Compensation Plan. For the period from January 1, 2005 through June 4, 2005, Executive was entitled to participate in the standard annual Incentive Compensation Plan established for Menlo Worldwide, LLC. Executive's payment of incentive compensation for 2005, if any, shall be pro rated between Company's ICP plan and the ICP plan for Menlo Worldwide,

LLC, at his participation factor for 2005 of 100% of his annual base salary, based on the number of weeks he was eligible to participate under each such plan.

2.3 Lump Sum Payment

Not later than ten (10) days following the end of the term of this Agreement, Company shall pay Executive a lump sum payment in the gross amount of Three Million One Hundred Fifty Thousand dollars, less withholdings required by law. The parties expressly agree that this lump sum payment shall not be counted as basic compensation for purposes of calculating any pension benefit for Executive pursuant to Company's defined benefit pension plan or Company's supplemental excess retirement plan.

2.4 Benefits

During the term of this Agreement, Executive shall remain eligible to participate in each of Company's qualified and non-qualified benefit plans in which he was an eligible participant immediately preceding the effective date of this Agreement, including Company's health plan, retirement plans, supplemental excess retirement plans, life insurance plans, long term care insurance plan, and deferred compensation plans; provided, however, that nothing in this Agreement shall be construed to limit Company's right to modify, amend or terminate any such plans according to their terms.

2.5 Other Benefit Provisions

The parties agree that, except as expressly provided herein, nothing in this Agreement shall be construed to limit, diminish, enlarge, or otherwise modify any vested or accrued rights Executive has, as of the date immediately preceding the Effective Date of this Agreement, under Company's vacation and/or PTO policies as well as Company's retirement plans, supplemental excess retirement plans, health plan, life insurance plans, long term care insurance plan (or discontinued plans in which Executive was a participant, but as to which Executive retains rights), including Company's: Value Management Plan for the three-year cycle ending on December 31, 2005; Deferred Compensation Plan for the years 2001 and 2002; and 1997 Equity and Incentive Plan, and equity grants thereunder. For avoidance of doubt, the parties agree that absent a termination by Executive without good reason, as provided in Section 4.1.2, below, or a termination by Executive to accept other employment, as provided in Section 4.1.3, below, all of Executive's outstanding stock options and restricted stock will continue to vest according to the time-based vesting schedule specified in each of Executive's stock option agreements or restricted stock award agreements.

2.6 Company Automobile

During the term of this Agreement, Executive shall continue to have the use of the Company-provided automobile available to him for his use immediately preceding the Effective Date of this Agreement, or, in the discretion of Company, a comparable replacement vehicle. Upon expiration of the term of this Agreement, or termination prior to the end of the term of this Agreement for any of the reasons provided in Section 4, below, Executive shall return to the Company any Company-provided vehicle available for his use at that time.

2.7 Gross-Up Payment

The parties agree that none of the payments or benefits to be received by Executive in connection with this Agreement will be subject to an Excise Tax and, accordingly, Executive agrees not to

file a tax return reporting an Excise Tax with respect to such payments or benefits. If the Internal Revenue Service asserts such an Excise Tax, Company shall have the right to participate in the defense. If the Internal Revenue Service prevails, Company shall pay to 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 of any federal, state, and local income and employment taxes and Excise Taxes upon the Gross-Up Payment, shall be equal to the total payments. For purposes of this Agreement, "Excise Tax" shall mean any excise tax imposed under *4999 of the Internal Revenue Code or its successors, specifically excluding without limitation (i) any federal, state, or local income tax or employment tax and (ii) any additional income tax payable pursuant to *409A of the Internal Revenue Code or its successors.

3. Covenants and Commitments By Executive

3.1 Resignations

Executive agrees that he shall, as of the Effective Date of this Agreement and in a form acceptable to Company, resign as an officer and/or director of CNF Inc. and each and every CNF Inc. subsidiary and affiliate as to which he was an officer and/or director as of the date immediately preceding the Effective Date of this Agreement. The parties agree that the foregoing resignations shall not adversely affect Executive's continued eligibility, level of benefits, or vesting in any benefit plan or program of Company to which Executive would have been entitled absent such resignations.

3.2 Mutual Non-Disparagement

Executive agrees that he shall not make, participate in the making of, or encourage any other person to make, any statements, written or oral, which criticize or disparage the goodwill or reputation of Company, any of its subsidiaries or affiliates or any of their respective past or present directors, officers, executives or employees. Company agrees that it shall use its best reasonable efforts to assure that none of its officers or directors make, participate in the making of, or encourage any other person to make, any statements, written or oral, which criticize or disparage Executive.

3.3 Public Statements

Executive agrees that during the term of this Agreement, he shall, only when requested in writing by the Chairman, make such public statements or comments about Company, its performance, or its business operations as may be requested by the Chairman, including but not limited to written or oral communications with any of Company's current or potential investors or any analysts of Company's publicly traded securities.

3.4 Trade Associations

Executive agrees that during the term of this Agreement, he shall, only when and as requested in writing by the Chairman, attend or participate in meetings, seminars, symposia or other functions sponsored by business or trade associations.

3.5 Sales Events

Executive agrees that during the term of this Agreement, he shall, only when and as requested in writing by the Chairman, attend or

participate in sales events sponsored by Company or any of its subsidiaries or affiliates.

3.6 Cooperation

Executive agrees that during the term of this Agreement, he will comply fully with each and every reasonable request or instruction by the Chairman pertaining directly or indirectly to Executive's assigned duties.

3.7 Protection of Confidential Information

Executive agrees that he will not at any time, without the prior written consent of an authorized officer of Company, either directly or indirectly use, divulge or communicate to any person or entity, in any manner, any privileged, confidential, or proprietary information of any kind concerning any matters affecting or relating to Company's or its subsidiaries' or affiliates' business, except if the disclosure (i) is required by law, (ii) involves information which had been lawfully revealed to Executive by a third party having no

attorney-client or other confidentiality obligation to Company, or (iii) involves information which is otherwise publicly available. This prohibition against disclosure includes, but is not limited to, Company's and its subsidiaries' and affiliates' legal matters, technical data, systems and programs, financial and planning data, business development or strategic plans or data, marketing or branding strategies, software development, product development, pricing, customer information, trade secrets, personnel information, and other privileged or confidential business information. Executive agrees to take every reasonable step to protect such privileged, confidential, or proprietary information from being disclosed to third parties. If Executive is required, or believes he may be required to disclose such privileged, confidential, or proprietary information pursuant to subpoena or other legal process, he will give Company prompt notice so that Company may object or take steps to prevent such disclosure.

3.8 Cooperation Following Termination

Executive agrees that he will, during the term of this Agreement and for so long thereafter as Company may require, fully cooperate with Company in handling its legal and other matters in which he was involved or about which he has knowledge, such as answering inquiries from Company or its counsel, testifying in depositions, hearings, and trials, and engaging in other efforts on behalf of Company and its subsidiaries and affiliates. Executive agrees that following the term of this Agreement, he will make himself available upon reasonable notice at reasonable times and places in order to prepare for giving testimony, and to testify at deposition, trial or other legal proceedings, without Company having to serve him with a subpoena. Executive further expressly agrees that following the term of this Agreement, he will not be entitled to compensation, of any type or in any amount, for any of this time expended in such proceedings; provided, however, that Company agrees to reimburse Executive for reasonable out-of-pocket costs and expenses he incurs as a result of his obligation to cooperate with Company as provided herein.

3.9 Non-Solicitation

Executive agrees that during the term of this Agreement and for one year following the Effective Date of this Agreement, he will (i) refrain from encouraging any employee of Company or any of its

subsidiaries or affiliates to leave employment with Company, (ii) refrain from soliciting any employee of Company or any of its subsidiaries or affiliates to accept employment with any other business enterprise, (iii) refrain from encouraging or assisting any other person or entity in soliciting any employee of Company or any of its subsidiaries or affiliates to accept employment with any other business enterprise, and (iv) refrain from taking any other action that would cause any employee of Company or any of its subsidiaries or affiliates to leave their employment with Company, whether to work for or with Executive in some other business enterprise or otherwise.

4. Termination

4.1 Termination By Executive

4.1.1 For Good Reason

Company agrees that during the term of this Agreement, any material failure by Company to comply with its obligations as specified in Section 2, above, that is not corrected within ten (10) days of receipt of written notice by Executive, shall constitute good reason for Executive to terminate this Agreement. The Parties further agree that termination for good reason by Executive shall entitle Executive to a lump sum payment in an amount equal to the sum of any and all amounts to which he would otherwise be entitled if this Agreement continued in full force and effect through its term, including without limitation the value of his base salary, incentive compensation, and the lump sum payment set forth in Section 2.3 above, the value of all benefits, and the value of any stock options or restricted stock grants that otherwise would vest on or prior to the end of the term of this Agreement, according to the time-based vesting schedule specified in each of Executive's stock option agreements or restricted stock award agreements, as if Executive continued his employment through the term of this Agreement.

4.1.2 Without Good Reason

Executive agrees that should he terminate this Agreement prior to the end of its term for any reason other than good reason, as specified above, including but not limited to his acceptance of employment by any other business enterprise without the prior consent of Company's board of directors, as provided in Section 4.1.3, below, Company shall have no obligation whatsoever to pay him any further amount under this Agreement and further agrees that any stock options or restricted stock grants that have not vested according to the time-based vesting schedule specified in each of Executive's stock option agreements or restricted stock award agreements, by the date of such termination, shall lapse.

4.1.3 Acceptance of Other Employment

In the event that Executive elects to terminate this Agreement by accepting employment with any other business enterprise, and provided that Company's board of directors has first determined, in its sole discretion, that such business enterprise is a non-competing business and therefore consents to Executive's termination prior to the end of the term of this Agreement, Executive shall be entitled to receive the lump sum payment specified in Section 2.3, above, not later than ten (10) days following receipt of written notice from Executive of his decision to accept such other employment. In the event that Executive elects to terminate this Agreement by accepting such other employment, Executive agrees that from and after the date of receipt by Company of his written notice to Company of such decision, Company shall have no obligation whatsoever to pay him any further amount under this Agreement (save only the lump sum

payment as provided herein), and further agrees that any stock options or restricted stock grants that have not vested according to the time-based vesting schedule specified in each of Executive's stock option agreements or restricted stock award agreements, by the date of written notice from Executive of his decision to accept such other employment, shall lapse.

4.2 Termination By Company

4.2.1 For Cause

Executive agrees that Company may terminate Executive's employment, and this Agreement, at any time during the Term of this Agreement for cause. For purposes of this Agreement, "cause" shall mean: (i) an intentional act of fraud or dishonesty by Executive in connection with his employment; (ii) Executive's conviction of any felony, or a misdemeanor involving dishonesty; (iii) an act of gross misconduct by Executive that is injurious or potentially injurious to Company; (iv) wrongful disclosure by Executive of confidential information, in contravention of his obligations in Section 3.7, above; (v) failure by Executive to refrain from acting as a consultant, agent or employee for any other business enterprise; and/or (vi) a willful failure by Executive to substantially perform his duties under this Agreement, provided that such failure results in significant harm to Company's business operations or impairment to Company's strategic plans, but excluding a failure resulting from Executive's complete or partial incapacity due to physical or mental illness or impairment, if such incapacity, illness or impairment is supported by documentation provided to Company by a licensed medical practitioner. Prior to terminating Executive's employment pursuant to clause (vi) herein, Company shall provide Executive written notice of his failure to perform his duties, stating specific examples of such failure, the nature of the harm to Company's business operations or impairment of Company's strategic plans, and specific corrective actions Executive must take to be in compliance. Further, prior to terminating Executive's employment pursuant to clause (vi) herein, Executive shall have a reasonable opportunity, not exceeding thirty (30) days from receipt of such notice to correct his failure. Any termination by Company for cause shall first be approved by Company's board of directors. In the event of termination by Company for cause, Executive agrees that Company's obligations shall be identical to its obligations as specified in Section 4.1.2, above.

4.2.2 Without Cause

Company agrees that in the event Company terminates this Agreement other than for cause, as specified above, Executive shall be entitled to the same payments and benefits as specified in Section 4.1.1, above.

4.3 Severance

Executive agrees that this Agreement shall supersede and extinguish any current or prior agreements with Company and/or its subsidiaries or affiliates for compensation or benefits that might otherwise be payable to Executive in the event of a change in control, including his Severance Agreement with Company and his Severance Agreement with Menlo Worldwide, LLC. Executive expressly waives any rights he may have under such agreements, including but not limited to any claim that any stock options or restricted stock awards are or were subject to accelerated vesting as a result of any change in control, or otherwise.

5. General Release and Waiver of Unknown Claims

5.1 General Release

In consideration of the foregoing benefits, and for other valuable consideration, Executive and his representatives, heirs, successors, and assigns do hereby completely release and forever discharge Company and any present or past subsidiaries and affiliates, and its and their present and former shareholders, officers, directors, agents, employees, attorneys, insurers, successors, and assigns (collectively, "Released Parties") from all claims, rights, demands, actions, obligations, liabilities, and causes of action of every kind and character, known or unknown, mature or unmatured, which Executive may now have or has ever had, whether based on tort, contract (express or implied), or any federal, state, or local law, statute, public policy, or regulation (collectively, "Released Claims"). By way of example and not in limitation of the foregoing, Released Claims shall include any claims arising under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act and any and all other federal, state and local equal employment opportunity laws; any claims for benefits or payments under his executive Severance Agreements with CNF Inc. and Menlo Worldwide, LLC, or any prior such agreements, including any claim that any stock options or restricted stock awards are or were subject to accelerated vesting as a result of any change in control, or otherwise; any statutory or common law claims asserting breach of contract, breach of the covenant of good faith and fair dealing, infliction of emotional distress, misrepresentation, interference with contract or prospective economic advantage, defamation, invasion of privacy, claims of retaliation, wrongful discharge, or wrongful termination; and any claims for benefits arising under welfare plans sponsored or adopted by Company and/or any affiliate. Executive likewise releases the Released Parties from any and all obligations for attorneys' fees incurred in regard to the above claims, or otherwise. Notwithstanding the foregoing, Released Claims shall not include (i) any claims based on obligations created by or reaffirmed in this Agreement; (ii) any obligation Company may have for any compensation earned by and due Executive for work performed on or prior to the Effective Date of this Agreement; and (iii) any claims for indemnification under Company's and/or its affiliates' By-laws or insurance contracts attributable to Executive's service as a director, officer or employee of Company and/or its affiliates (including indemnification for attorney's fees); (iv) claims arising out of acts or omissions on or after the date of Executive's execution of this Agreement; and (v) claims for industrial injury or illness arising under any workers' compensation law.

5.2 Waiver of Unknown Claims

The parties understand and agree that Released Claims include not only claims presently known to Executive, but also include all unknown or unanticipated claims, rights, demands, actions, obligations, liabilities, and causes of action of every kind and character that would otherwise come within the scope of Released Claims as described in Section 5.1 above. Executive understands that he may hereafter discover facts different from what he now believes to be true, which if known, could have materially affected this Agreement, but he nonetheless waives any claims or rights based on different or additional facts. Therefore, Executive waives any and all rights or benefits which he may now have, or in the future may have, under the terms of Section 1542 of the California Civil Code which provides as follows:

A general release does not extend to claims which the Creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

6. Covenant Not to Sue

Executive shall not sue or initiate against any Released Party any compliance review, action, or proceeding, or participate in the same, individually or as a member of a class, under any contract (express or implied), or any federal, state or local law, statute, or regulation pertaining in any manner to Released Claims. Executive agrees that in the event he brings any action or proceeding against Company in contravention of this Section 6, Company shall be entitled to recover its costs and reasonable attorney's fees incurred in defense of such action or proceeding.

7. Nonadmission

The parties understand that this Agreement is, in part, a compromise settlement of disputed claims and that the furnishing of the consideration for this Agreement shall not be deemed or construed at any time or for any purpose as an admission of liability by Company. The liability for any and all claims is expressly denied by Company.

8. Integration

This Agreement is final, complete, exclusive, unambiguous, and fully integrated with respect to its subject matter, such that no parol or other evidence shall be admissible to contradict, explain, or supplement this Agreement. All prior employment agreements, severance agreements, settlement agreements, negotiations, drafts, representations, stipulations, summaries, notices, and proposals by either party with respect to the subject matter of this Agreement are merged herein, extinguished, and superseded, except to the extent that the same have been expressly referred to in this Agreement as having continued effect.

The parties understand and agree that this Agreement recites the sole consideration to be provided by Company to Executive and Executive's commitments and obligations to Company. Executive stipulates and agrees that no representation or promise has been made to Executive by Company, or any person or entity, except as recited expressly in this Agreement. All agreements and understandings between the parties concerning compensation, fees and benefits to be provided to Executive are embodied and expressed in this Agreement.

9. Assignment, Successors and Assigns

Executive agrees that he will not assign, sell, transfer, delegate, or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law, any rights or obligations under this Agreement. Any such purported assignment, transfer, or delegation shall be null and void. Executive represents that he has not previously assigned or transferred any rights or obligations under this Agreement. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective heirs, successors, and permitted assigns. In the event of Executive's death prior to the end of the term of this Agreement, or prior to Executive's receipt of the payments and benefits to which he would be entitled by remaining employed through the term of this Agreement but for his death, Executive's estate shall be entitled to receive the same payments and benefits as provided in Section 4.1.1, above, provided, however, that Executive's estate shall not be entitled to (i) continued use of Executive's company car, (ii) payment of Executive's salary from the date of his death through the end of the term of this Agreement, (iii) payment of annual incentive compensation in excess of the amount prorated for Executive's employment prior to Executive's death, (iv) vesting of any restricted stock that would not, by the terms of any restricted stock award agreement, vest upon Executive's death, or (v) benefits in excess of benefits available pursuant to the terms of Company's benefits plans. This Agreement shall not benefit any other person or entity except as specifically enumerated in this Agreement.

10. Severability

If any provision of this Agreement, or its application to any person, place, or circumstance, is held by an arbitrator or a court of competent jurisdiction to be invalid, unenforceable, or void, such provision shall be enforced to the greatest extent permitted by law, and the remainder of this Agreement and such provision as applied to other persons, places, and circumstances shall remain in full force and effect.

11. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12. Interpretation

This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. By way of example and not in limitation, this Agreement shall not be construed in favor of the party receiving a benefit or against the party responsible for any particular language in this Agreement. Captions are used for reference purposes only and should be ignored in the interpretation of this Agreement.

13. Attorneys Fees and Costs

The parties agree that in the event of a breach of this Agreement or any provision thereof, the party who is found not to be in breach shall be entitled to recover costs and reasonable attorney's fees.

14. Arbitration of Disputes/Venue

In the event of any controversy arising from or concerning the interpretation or application of this Agreement, including the arbitrability of such controversy, whether such controversy is grounded in common or statutory law, the parties agree that such controversy shall be resolved exclusively through binding arbitration in Santa Clara County, California before a single neutral arbitrator selected jointly by the parties. The parties agree that this Section 14 establishes a post-dispute arbitration agreement and stipulate, with the advice of counsel or the opportunity to obtain such advice, that the same is not an adhesive or unconscionable contract. The parties to the arbitration shall have all rights, remedies, and defenses available to them in a civil action for the issues in controversy. The Company shall be unconditionally responsible for the fees and expenses of the arbitrator. If, for any legal reason, a controversy subject to this Section 14 cannot be arbitrated as provided above, the parties agree that any civil action shall be brought in the United States District Court for the Northern District of California, San Jose Division, or, only if there is no basis for federal jurisdiction, in the Superior Court of the State of California in and for the County of Santa Clara, and that the prevailing party in any such action shall be entitled to recover costs and reasonable attorney's fees. The parties further agree that any such civil action shall be tried to the court, sitting without a jury. The parties knowingly and voluntarily waive trial by jury.

15. Representation by Counsel

The parties acknowledge that (i) they have had the opportunity to consult with counsel in regard to this Agreement, (ii) they have read

and understand the Agreement and they are fully aware of its legal effect, and (iii) they are entering into this Agreement freely and voluntarily, and based on each party's own judgment and not on any representations or promises made by the other party, other than those contained in this Agreement.

16. Notice

Any written notice that Executive is required to provide by the terms of this Agreement shall be addressed to the Chairman of the Board of Company. Any written notice that Company is required to provide by the terms of this Agreement shall be addressed to Executive.

The parties have duly executed this Agreement as of the dates set forth below.

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

NEWS RELEASE

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CNF NAMES NEW EXECUTIVES

PALO ALTO, California - June 6, 2005 -- CNF Inc. (NYSE: CNF) announced today the naming of two new senior vice presidents and three new vice presidents as part of an organizational alignment that focuses the company on operational excellence. Leadership changes at Con-Way, the company's regional less-than-truckload motor carrier, were also announced.

Douglas W. Stotlar, president and chief executive officer, said in making the personnel announcements that CNF was moving from its traditional holding company model to an operating organization.

"It's important that our strategic direction be focused on providing our customers with great service and innovative products in freight transportation, logistics and supply chain management," Stotlar said. "This organizational change will allow us to do that by eliminating duplication, leveraging existing company resources and focusing every employee directly on the customer."

David S. McClimon, 49, was named senior vice president of CNF and the president of Con-Way. In his new position, McClimon will have management responsibility for Con-Way's three regional, less-than-truckload motor carriers, Con-Way Central Express, Con-Way Western Express and Con-Way Southern Express. McClimon joined Con-Way Central Express as one of its first employees in 1983 as an account manager in Cincinnati and has more than 25 years of experience in transportation. He was most recently president of that

company. McClimon is a graduate of Miami University in Oxford, Ohio and will work from Con-Way's headquarters in Ann Arbor, Mich.

In another Con-Way appointment, David L. Miller, 49, was named president of Con-Way Central Express, succeeding McClimon. As president, Miller will have management responsibility for the company's largest trucking unit, which provides LTL services in 25 states in the Midwest and East, as well as nine Canadian provinces through Con-Way Canada Express. A 30-year veteran of the trucking industry, Miller most recently was president of Con-Way Southern Express in Fort Worth, Texas. A native of Cincinnati, Ohio, he attended the University of Cincinnati and will be based in Ann Arbor, Mich.

Also, James P. Worthington, 52, was named president of Con-Way Southern Express, succeeding Miller. Worthington will have management responsibility for the LTL carrier, which has 102 service centers directly serving more than 25,000 cities in the southern United States and Puerto Rico. He joined Con-Way in 1987 as a member of the Con-Way Southern Express start-up team, working as the service center manager in Macon, Ga. A 20-year veteran of the transportation industry, Worthington earned a bachelor's degree and Juris Doctorate from the University of Georgia.

Being promoted to CNF senior vice president of sales and marketing is Bryan Millican, 55. In his new CNF position, he will have overall responsibility for sales performance, strategic sales planning and training, branding, marketing, public relations, and communications. Millican joined the company in 1983 as general sales manager for Con-Way Central Express, being named executive president of sales and marketing for Con-Way in 1997. He will be based at Con-Way headquarters in Ann Arbor, Mich. He is a graduate of the University of Waterloo in Ontario, Canada and holds an MBA from the University of Western Ontario.

Robert Bianco, 40, has been named a CNF vice president and president of Menlo Worldwide, the company's third-party logistics and supply chain services company. As president, Bianco will be responsible for Menlo's United States and international logistics activities in the automotive, consumer products, technology, manufacturing, food and beverage, chemical, and retail industries. He previously served as president of Menlo Logistics. He joined the CNF organization in 1989 as a management trainee and joined Menlo in 1992

as a logistics manager. He will be based at Menlo's headquarters in Redwood City, Calif. He is a graduate of the University of California at Santa Barbara and earned a master's degree from the University of San Francisco.

John G. Labrie, 38, has been named a CNF vice president and president of Con-Way Supply Chain Solutions. In his new position Labrie will have management responsibility for Con-Way Truckload, Con-Way Truckload Brokerage, Con-Way NOW expedited delivery and Con-Way Air Express. Additionally, Labrie will be responsible for the company's global expansion strategy, trailer manufacturing and purchasing. He most recently was executive vice president of operations for Con-Way and previously served as president of Con-Way Western Express. He joined the Con-Way organization in 1990 as an account manager. He is based at Con-Way's headquarters in Ann Arbor, Mich. and earned a bachelor's degree in finance from Central Michigan University. He holds an MBA from Indiana Wesleyan University.

Julia P. "Pat" Jannausch, 50, has been named CNF vice president of culture and training with responsibility for management of the company's culture development initiatives, training and a new company-wide leadership development program. She most recently was vice president of human resources for Con-Way, which she first joined in 1983 as an account manager. She is based in Ann Arbor, Mich. and earned a bachelor's degree and master's degree from Rhode Island College.

"Each of these managers is a career employee of our organization who has collectively worked in virtually every skill within the company," said Stotlar. "I look forward to working with each of them as we progress on our goal of total focus on growth, providing the very best service for customers and bringing more value to our company for shareholders."

CNF is a \$4.0 billion freight transportation, logistics and supply chain services company with businesses in LTL motor carriage, truckload carriage, air freight and ocean forwarding, logistics, supply chain services, warehousing and trailer manufacturing.

Photos available on request.