CNF INC
Form DEF 14A
March 17, 2006

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.   )

Filed by the Registrant þ
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

CNF INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

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Notice of Annual Meeting
and
Proxy Statement
Annual Meeting of Shareholders
APRIL 18, 2006
CNF INC.

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CNF INC.

2855 CAMPUS DRIVE, SUITE 300
TELEPHONE: 650/378-5200
SAN MATEO, CALIFORNIA 94403

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Tuesday, April 18, 2006
9:00 A.M., local time
Knowles Room, Hotel du Pont, 11th and Market Streets, Wilmington, Delaware

FELLOW SHAREHOLDER:

The Annual Meeting of Shareholders of CNF Inc. will be held at 9:00 A.M., local time, on Tuesday, April 18, 2006, to:

1. Elect five Class III directors for a three-year term.
2. Act upon a proposal to amend the Company s Certificate of Incorporation, changing the Company s name from CNF Inc. to Con-way Inc.
3. Act upon a proposal to approve the Company s 2006 Equity and Incentive Plan.
4. Ratify the appointment of auditors.
5. Transact any other business properly brought before the meeting.

Shareholders of record at the close of business on March 1, 2006, are entitled to notice of and to vote at the meeting.

Your vote is important. Whether or not you plan to attend, I urge you to **SIGN, DATE AND RETURN THE ENCLOSED WHITE PROXY CARD IN THE ENVELOPE PROVIDED,** in order that as many shares as possible will be represented at the meeting. If you attend the meeting and prefer to vote in person, you will be able to do so and your vote at the meeting will revoke any proxy you may submit.

Sincerely,

JENNIFER W. PILEGGI
Secretary

March 20, 2006

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CNF INC.

2855 CAMPUS DRIVE, SUITE 300
SAN MATEO, CALIFORNIA 94403
TELEPHONE: 650/378-5200

PROXY STATEMENT

March 20, 2006

The Annual Meeting of Shareholders of CNF Inc. (the Company) will be held on Tuesday, April 18, 2006. Shareholders of record at the close of business on March 1, 2006 will be entitled to vote at the meeting. This proxy statement and accompanying proxy are first being sent to shareholders on or about March 20, 2006.

Board of Directors Recommendations

The Board of Directors of the Company is soliciting your proxy for use at the meeting and any adjournment or postponement of the meeting. The Board recommends a vote for the election of the nominees for directors described below, for approval of the proposed amendment to the Company s Certificate of Incorporation, for approval of the Company s 2006 Equity and Incentive Plan, and for ratification of the appointment of KPMG LLP as independent auditors.

Proxy Voting Procedures

To be effective, properly signed proxies must be returned to the Company prior to the meeting. The shares represented by your proxy will be voted in accordance with your instructions. However, if no instructions are given, your shares will be voted in accordance with the recommendations of the Board.

Voting Requirements

A majority of the votes attributable to all voting shares must be represented in person or by proxy at the meeting to establish a quorum for action at the meeting. Directors are elected by a plurality of the votes cast, and the five nominees who receive the greatest number of votes cast for election of directors at the meeting will be elected directors for a three-year term. Approval of the proposed amendment to the Company s Certificate of Incorporation requires a favorable vote of the holders of a majority of the voting power entitled to vote thereon. Approval of all other matters expected to come before the meeting requires a favorable vote of the holders of a majority of the voting power represented at the meeting.

In the election of directors, broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote. With respect to the proposed amendment to the Certificate of Incorporation, abstentions and broker non-votes will have the same effect as voting against the proposal. With respect to all other matters, abstentions from voting will have the same effect as voting against such matter and broker non-votes, if any, will be disregarded and have no effect on the outcome of such vote.

Voting Shares Outstanding

At the close of business on March 1, 2006, the record date for the Annual Meeting, there were outstanding and entitled to vote 51,973,679 shares of Common Stock and 636,882 shares of Series B Cumulative Convertible Preferred Stock (Series B Preferred Stock). Each share of Common Stock has the right to one non-cumulative vote and each share of Series B Preferred

Stock has the right to 6.1 non-cumulative votes. Therefore, an aggregate of 55,858,659 votes are eligible to be cast at the meeting.

Proxy Voting Convenience

You are encouraged to exercise your right to vote by returning to the Company a properly executed **WHITE** proxy in the enclosed envelope, whether or not you plan to attend the meeting. This will ensure that your votes are cast.

You may revoke or change your proxy at any time prior to its use at the meeting. There are three ways you may do so: (1) give the Company a written direction to revoke your proxy; (2) submit a later dated proxy; or (3) attend the meeting and vote in person.

Attendance at the Meeting

All shareholders are invited to attend the meeting. Persons who are not shareholders may attend only if invited by the Board of Directors. **If you are a shareholder but do not own shares in your name, you must bring proof of ownership (e.g., a current broker s statement) in order to be admitted to the meeting.**

ELECTION OF DIRECTORS

The Board of Directors Recommends a Vote For All Nominees.

The Board of Directors of the Company, pursuant to the Bylaws, has determined that the number of directors of the Company shall be fourteen. Unless you withhold authority to vote, your proxy will be voted for election of the nominees named below.

The following persons are the nominees of the Board of Directors for election as Class III directors to serve for a three-year term until the 2009 Annual Meeting of Shareholders and until their successors are duly elected and qualified:

William R. Corbin
Margaret G. Gill
Robert Jaunich II
Admiral Henry H. Mauz, Jr.
Robert P. Wayman

If a nominee becomes unable or unwilling to serve, proxy holders are authorized to vote for election of such person or persons as shall be designated by the Board of Directors; however, the management knows of no reason why any nominee should be unable or unwilling to serve.

The Company has three classes of directors, each of which is elected for a three-year term. Class I directors will be elected in 2007 and Class II directors will be elected in 2008. All directors have previously been elected by the shareholders, except John J. Anton, who was appointed as a Class I director in March 2005, William R. Corbin, who was appointed as a Class III director in March 2005, Admiral Henry H. Mauz, Jr., who was appointed as a Class III director in March 2005, and Douglas W. Stotlar, who was appointed as a Class I director in April 2005. Mr. Anton, Mr. Corbin, and Admiral Mauz were recommended to the Company s Director Affairs Committee by non-management directors of the Company.

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CLASS III DIRECTORS

WILLIAM R. CORBIN Director since 2005

Retired Executive Vice President,
Weyerhaeuser Company,
a diversified forest products company

Mr. Corbin joined Weyerhaeuser in 1992 as Executive Vice President, Wood Products. He retired from Weyerhaeuser February 17, 2006. His most recent assignment was to oversee Weyerhaeuser Industrial Wood Products and International Business Groups including Weyerhaeuser Forest Products International, Weyerhaeuser Asia and Europe, Appearance Wood, Composites and BC Coastal Business Groups. From 1995 to 1999 he served as Executive Vice President, Timberlands and Distribution and from 1999 to 2004 again as Executive Vice President, Wood Products. Prior to joining Weyerhaeuser, Mr. Corbin held senior positions at Crown Zellerbach Corporation, International Paper Company and other firms during a 35-year career in wood products manufacturing and timberlands management. Mr. Corbin, 65, received his B.S. degree (forest products) from the University of Washington in 1964. He received a master of forestry degree emphasizing industrial administration from Yale University in 1965. He serves on various boards including University of Washington s College of Fisheries and Oceanography, and the University of Washington Foundation. Mr. Corbin is a member of the Compensation and Director Affairs Committees of the Board.

MARGARET G. GILL Director since 1995

Former Senior Vice President-Legal, External Affairs and Secretary,
AirTouch Communications
a wireless communications company

Mrs. Gill served as Senior Vice President-Legal, External Affairs and Secretary of AirTouch Communications from January 1994 until July 1999, when AirTouch was acquired by Vodafone PLC. Prior to joining AirTouch she was, for 20 years, a partner in the law firm of Pillsbury, Madison & Sutro (now Pillsbury Winthrop) in San Francisco. From 1983 to 1993, she served as practice group manager and senior partner for the firm s corporate securities group. Mrs. Gill earned her law degree in 1965 from Boalt Hall Law School, University of California at Berkeley, and holds a Bachelor of Arts degree from Wellesley College. Mrs. Gill, age 66, manages the Stephen and Margaret Gill Family Foundation, of which she is Board Chair and President. She is also President of the Board of Directors of the Episcopal Diocese of California, a Director of

Episcopal Charities, and a trustee and executive committee member of the San Francisco Ballet. Mrs. Gill is a member of the Audit and Director Affairs Committees of the Board.

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ROBERT JAUNICH II Director since 1992

Managing Director,
The Fremont Group
a private investment corporation

Mr. Jaunich joined The Fremont Group, a private investment corporation managing $3.9 billion, in January 1991. He is a member of the Boards of Directors for Fremont s principal entities, Fremont Group, L.L.C. and Fremont Investors Inc. He is also Managing Partner of Fremont Partners, L.P., which manages $1.8 billion targeted to make and oversee majority equity investments in operating companies representing a broad spectrum of industries. Additionally, he is a Director of Fremont Capital, Inc., an SEC/NASD registered broker/dealer. Mr. Jaunich serves as Chairman of Software Architects Inc. and Nellson Nutraceutical Inc. He is President of the non-profit National Recreation Foundation and serves on the President s Advisory Council of Boys and Girls Clubs of the Peninsula as well as the Board of the Palo Alto Medical Foundation (PAMF). He is a life member of the World President s Organization and was a member of the Young President s Organization (1980-1990). Mr. Jaunich, age 66, received a BA from Wesleyan University, Middletown, Connecticut and an MBA from Wharton Graduate School, University of Pennsylvania. He is Chairman of the Director Affairs Committee of the Board.

ADMIRAL HENRY H. MAUZ, JR. Director since 2005

U.S. Navy (Retired)
Pebble Beach, California

Admiral Mauz retired from active duty in 1994 after 35 years in the Navy, the last two-and-a-half of which were spent as Commander-in-Chief of the U.S. Atlantic Fleet, Norfolk, Virginia. As the Fleet s top officer, Admiral Mauz oversaw an operating budget of $4.7 billion and an organization of 150,000 sailors, marines and civilians serving on 27 bases, 230 ships and 2,000 aircraft, representing over half of the Navy s force structure. Admiral Mauz served between 1990 and 1992 as Deputy Chief of Naval Operations for Program Planning, where he was responsible for development of the Navy s $75 billion budget and related strategic planning. Admiral Mauz, 69, graduated from the U.S. Naval Academy, Annapolis, Maryland, in 1959. He holds a postgraduate degree in electrical engineering from the Naval Postgraduate School and a master s degree in business administration from Auburn University. Admiral Mauz also attended the Naval War College and the Air Force Command and Staff College. He serves on the Board of Directors of Texas Industries, Inc., a cement, concrete and aggregates company. He serves on the Northrop Grumman Ship Systems Advisory Council. He is the President of the Naval Postgraduate School Foundation. Admiral Mauz is a member of the Compensation and Finance Committees of the Board.

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ROBERT P. WAYMAN Director since 1994

Chief Financial Officer,
Hewlett-Packard Company
a computer-manufacturing company

Mr. Wayman joined Hewlett-Packard Company in 1969. After serving in several accounting management positions, he was elected Vice-President and Chief Financial Officer in 1984. He became a Senior Vice President in 1987 and an Executive Vice President in 1992. He was named Interim CEO of Hewlett-Packard in February 2005 and served in that position through March 2005. Mr. Wayman, age 60, holds a bachelor s degree in science engineering and a master s degree in business administration from Northwestern University. He is a member of the Board of Directors of Hewlett-Packard Company and Sybase Inc. He is a member of the Policy Council of the Tax Foundation, the Financial Executives Institute, the Council of Financial Executives of the Conference Board, and the Advisory Board to the Northwestern University School of Business. He is Chairman of the Audit Committee of the Board.

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CLASS I DIRECTORS

JOHN J. (JACK) ANTON Director since 2005

Private Investor

Mr. Anton, 63, is a private investor in food, consumer products, and specialty ingredient companies. From 2001 through 2004 he was a Senior Advisory Director with Fremont Partners, a private equity management firm, and was instrumental in the acquisition and successful divesture of Specialty Brands Inc. Mr. Anton served on the Board of SBI. Prior to Fremont, Mr. Anton was Chairman, CEO and co-owner of Ghirardelli Chocolate Company. He led the acquisition of Ghirardelli in 1992 and was responsible for revitalizing the company s brand, marketing programs and growth prior to transitioning Ghirardelli to its new ownership. Mr. Anton served from 1983 to 1990 as Chairman and co-owner of Carlin Foods Corporation, a food ingredient company serving the dairy, baking and food service industries; and from 1990 to 1992 as Chairman of Carlin Investment Corporation, which was created to invest in food and specialty chemical firms. Prior to forming Carlin Foods, he spent nearly twenty years in management and executive roles at Ralston Purina and Nabisco Brands Corporations. During a leave of absence from Ralston Purina, Mr. Anton served as a combat officer in Vietnam, earning a Bronze Star. Mr. Anton received a BS degree (chemistry) from the University of Notre Dame. He serves on the Advisory Boards of Notre Dame s College of Science and the University of San Francisco s Business School, as a Trustee to the Schools of the Sacred Heart, San Francisco; and as a past Trustee to the Allendale Association, a Chicago-based school for abused children. He also is a member of the World Presidents Organization. Mr. Anton is a member of the Audit and Finance Committees of the Board.

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W. KEITH KENNEDY, JR. Director since 1996

Chairman of the Board,
CNF Inc.

Dr. Kennedy was named Chairman of CNF Inc. in January 2004. He served as Interim Chief Executive Officer from July 2004 to April 2005. From April 2002 to January 2004 he was the Vice Chairman of CNF. In January 2000 he retired as President and Chief Executive Officer of Watkins-Johnson Company, a manufacturer of equipment and electronic products for the telecommunications and defense industries. He had held that position since January of 1988. He joined Watkins-Johnson in 1968 and was a Division Manager, Group Vice President, and Vice President of Planning Coordination and Shareowner Relations prior to becoming President. Dr. Kennedy, age 62, is a graduate of Cornell University from which he holds B.S.E.E., M.S., and Ph.D. degrees. He is the past Chairman of Joint Venture: Silicon Valley Network, a non-profit regional organization, and he serves on the Board of Lytton Gardens, a non-profit senior community. He had previously held Board and/or officer positions with Boy Scouts of America (Pacific Skyline Council), California State Chamber of Commerce, Silicon Valley Manufacturing Group and the Superschools Foundation of Fremont Union School District. Dr. Kennedy is a senior member of the Institute of Electrical and Electronics Engineers.

JOHN C. POPE Director since 2003

Chairman,
PFI Group, LLC,
a financial management firm

Mr. Pope is Chairman of PFI Group, LLC, a financial management firm that invests primarily in venture capital opportunities and is also Chairman of the Board of Waste Management, Inc., a NYSE-listed waste collection and disposal firm. From December 1995 to November 1999, Mr. Pope was Chairman of the Board of MotivePower Industries, Inc., a NYSE-listed manufacturer and remanufacturer of locomotives and locomotive components until it merged with Westinghouse Air Brake. Prior to joining MotivePower Industries, Mr. Pope spent six and one-half years with United Airlines and UAL Corporation in various roles, including President and Chief Operating Officer and a member of the Board of Directors. Mr. Pope also spent 11 years with American Airlines and its parent, AMR Corporation, serving as Senior Vice President of Finance, Chief Financial Officer and Treasurer. He was employed by General Motors Corporation prior to entering the airline industry. Mr. Pope is a member of the Board of Directors of Dollar

Thrifty Automotive Group, Federal-Mogul Corporation, Kraft Foods, Inc., R.R. Donnelley & Sons Company and Waste Management, Inc.
Mr. Pope holds a master s degree from the Harvard Graduate School of Business Administration and a bachelor s degree in engineering and applied science from Yale University. Mr. Pope, age 57, is a member of the Audit and Director Affairs Committees of the Board.

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DOUGLAS W. STOTLAR Director since 2005

President and Chief Executive Officer
CNF Inc.

Mr. Stotlar, 45, is president and chief executive officer of CNF Inc. As the company s top executive, Mr. Stotlar is responsible for the overall management and performance of the company. He was named to his current position in April, 2005. Mr. Stotlar previously served as president and chief executive officer of Con-Way Transportation Services, CNF s $2.6 billion regional trucking subsidiary. Before being named head of Con-Way, Mr. Stotlar served as executive vice president and chief operating officer of that company, a position he had held since June 2002. From 1999 to 2002, he was executive vice president of operations for Con-Way. Prior to joining Con-Way s corporate office, Mr. Stotlar served as vice president and general manager of Con-Way NOW after drafting and executing the strategic business plan for the company in 1996. Mr. Stotlar joined the Con-Way organization in 1985 as a freight operations supervisor for Con-Way Central Express (CCX), one of the company s regional trucking subsidiaries. He subsequently advanced to management posts in Columbus, Ohio, and Fort Wayne, Ind., where he was named northwest regional manager for CCX responsible for 12 service centers. A native of Newbury, Ohio, Mr. Stotlar earned his bachelor s degree in transportation and logistics from The Ohio State University. He serves as vice president at large and is a member of the executive committee of the American Trucking Associations. He is also a member of the board of directors for the American Transportation Research Institute (ATRI).

PETER W. STOTT Director since 2004

President
Columbia Investments, Ltd.
an investment company
Vice Chairman and Principal
ScanlanKemperBard Companies
a real estate merchant banking company

Mr. Stott is the president of Columbia Investments, Ltd. since 2004 and vice chairman and principal of ScanlanKemperBard Companies, a real estate merchant banking company, since 2005. He was formerly President and CEO of Crown Pacific from 1988 to 2004. Crown Pacific filed for bankruptcy in 2003. Prior to Crown Pacific, Mr. Stott founded Market Transport, Ltd. in 1969, now the largest asset-based transportation and logistics services company headquartered in Oregon. He continues as Market Transport s Board Chairman Emeritus.

Mr. Stott also serves on the board of directors for Liberty Northwest Insurance. Additionally, he is a member of the President s Advisory Board for Athletics at Portland State University, member of the Portland State University *Building Our Future* Campaign Cabinet, a trustee of the Oregon Chapter of the National Football Foundation Hall of Fame, the Chairman of the Founder s Circle of SOLV, founding board member of the Crater Lake Park National Trust, and trustee of the Portland Art Museum. Mr. Stott, 61, is a member of the Director Affairs and Compensation Committees of the Board.

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CLASS II DIRECTORS

MICHAEL J. MURRAY Director since 1997

Retired President, Global Corporate and Investment Banking,
Bank of America Corporation
a financial institution

Mr. Murray retired in July 2000 as president of Global Corporate and Investment Banking at Bank of America Corporation and as a member of the corporation s Policy Committee. From March 1997 to the BankAmerica-Nations Bank merger in September 1998, Mr. Murray headed BankAmerica Corporation s Global Wholesale Bank and was responsible for its business with large corporate, international, and government clients around the world. Mr. Murray was named a BankAmerica vice chairman and head of the U.S. and International Groups in September 1995. He had been responsible for BankAmerica s U.S. Corporate Group since BankAmerica s merger with Continental Bank Corporation in September 1994. Prior to the BankAmerica-Continental merger, Mr. Murray was vice chairman and head of Corporate Banking for Continental Bank, which he joined in 1969. Mr. Murray is a member of the Board of Directors of the eLoyalty Corporation in Lake Forest, Illinois and Neoforma, Inc. in San Jose, California. Mr. Murray is on the Board of the California Academy of Sciences in San Francisco and is a member of the Advisory Council for the College of Business of the University of Notre Dame. Mr. Murray, age 61, received his BBA from the University of Notre Dame in 1966 and his MBA from the University of Wisconsin in 1968. He is the Chairman of the Compensation Committee of the Board.

ROBERT D. ROGERS Director since 1990

Chairman of the Board
Texas Industries, Inc.
a producer of steel, cement, aggregates and concrete

Mr. Rogers joined Texas Industries, Inc. in 1963 as General Manager/ European Operations. In 1964, he was named Vice President-Finance; in 1968, Vice President-Operations; and in 1970, he became President and Chief Executive Officer. He retired as President/ CEO of Texas Industries in May 2004 and was elected Chairman of the Board in October 2004. Mr. Rogers is a graduate of Yale University and earned an MBA from the Harvard Graduate School of Business. He is a member of the Executive Board for Southern Methodist University Cox School of Business and serves on the Board of Adams Golf.
Mr. Rogers, age 69, served as Chairman of the Federal Reserve Bank

of Dallas from 1984 to 1986 and was Chairman of the Greater Dallas Chamber of Commerce from 1986 to 1988. He is Chairman of the Finance Committee of the Board.

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WILLIAM J. SCHROEDER Director since 1996

Retired Electronics Entrepreneur

From October 2004 until June 2005, Mr. Schroeder served as the Executive Chair of the Cornice, Inc. Board of Directors to assist that company through a CEO transition and search process. Prior to joining the Cornice Board, Mr. Schroeder served as President and CEO of Vormetric, Inc., an enterprise data storage security firm, from 2002 through 2004. During 2000, Mr. Schroeder was President and CEO of CyberIQ Systems, Inc., an Internet traffic switch company, which filed for bankruptcy in 2001. He was previously employed by Diamond Multimedia Systems, Inc. as President and CEO (1994-1999) and before that by Conner Peripherals, Inc., initially as President and Chief Operating Officer (1986-1989) and later as Vice Chairman (1989-1994). Earlier, Mr. Schroeder was the founder and CEO (1978-1986) of Priam Corporation. Mr. Schroeder also served in various management or technical positions at Memorex Corporation, McKinsey & Co., and Honeywell, Inc. and currently serves on the Board of Directors of WatchGuard Technologies, Inc., as well as three private companies. Mr. Schroeder, age 61, holds the MBA degree with High Distinction from the Harvard Business School and M.S.E.E. and B.E.E. degrees from Marquette University. He is a member of the Audit and Finance Committees of the Board.

CHELSEA C. WHITE III Director since 2004

H. Milton and Carolyn J. Stewart School Chair
Schneider National Chair of Transportation and Logistics
School of Industrial and Systems Engineering
Georgia Institute of Technology
an institute of higher learning

Professor White, 60, is H. Milton and Carolyn J. Stewart School Chair for the School of Industrial and Systems Engineering, the Director of the Trucking Industry Program, and the Schneider National Chair of Transportation and Logistics at the Georgia Institute of Technology. He has served as editor of several of the Transactions of the Institute of Electrical and Electronics Engineers (IEEE), was founding editor of the IEEE Transactions on Intelligent Transportation Systems (ITS), and has served as the ITS Series book editor for Artech House Publishing Company. Professor White serves on the boards of directors for ITS America and the ITS World Congress and on the executive committee for The Logistics Institute Asia Pacific. He is the former chair of the ITS Michigan board of directors. His research interests include the impact of real-time information for improved supply chain productivity and risk mitigation, with special focus on international supply chains. Professor White is a member of the Compensation and Finance Committees of the Board.

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STOCK OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information regarding beneficial ownership of the Company s Common Stock and Series B Preferred Stock, as of February 1, 2006, by the directors, the executive officers identified in the Summary Compensation Table below and by the directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
John J. Anton	2,961 Common	
	0 Series B Preferred	*
William R. Corbin	1,480 Common	
	0 Series B Preferred	*
Margaret G. Gill	22,665 Common	
	0 Series B Preferred	*
Robert Jaunich II	40,974 Common	
	0 Series B Preferred	*
W. Keith Kennedy, Jr.	62,253 Common	
	0 Series B Preferred	*
John G. Labrie (2)	16,670 Common	
	103 Series B Preferred	*
Henry H. Mauz, Jr.	1,480 Common	
	0 Series B Preferred	*
David S. McClimon (3)	21,837 Common	
	255 Series B Preferred	*
David L. Miller (4)	26,601 Common	
	232 Series B Preferred	*
Michael J. Murray	34,832 Common	
	0 Series B Preferred	*
Jennifer W. Pileggi (5)	13,554 Common	
	72 Series B Preferred	*
John C. Pope	17,291 Common	
	0 Series B Preferred	*
Robert D. Rogers	37,880 Common	
	0 Series B Preferred	*
Kevin C. Schick (6)	29,985 Common	
	261 Series B Preferred	*
William J. Schroeder	26,713 Common	
	0 Series B Preferred	*
Douglas W. Stotlar (7)	119,551 Common	
	231 Series B Preferred	*
Peter W. Stott	10,021 Common	
	0 Series B Preferred	*
Robert P. Wayman	22,612 Common	
	0 Series B Preferred	*
Chelsea C. White III	5,251 Common	
	0 Series B Preferred	*
John H. Williford	0 Common	

	208 Series B Preferred	*
All directors and executive officers as a group (24 persons)(8)	560,704 Common	1.1%
	1,773 Series B Preferred	

* Less than one percent of the Company s outstanding shares of Common Stock.

(1) Represents shares as to which the individual has sole voting and investment power (or shares such power with his or her spouse). The shares shown for non-employee directors include the following number of shares of restricted stock and number of shares which the non-employee director has the right to acquire within 60 days of February 1, 2006 because of vested stock options: Mr. Anton, 2,961 and 0; Mr. Corbin, 1,480 and 0; Mrs. Gill, 3,368 and 16,943; Mr. Jaunich, 3,368 and 17,479; Dr. Kennedy, 22,888 and 31,000; Admiral Mauz, 1,480 and 0; Mr. Murray, 6,329 and 16,697; Mr. Pope, 4,853 and 10,438; Mr. Rogers, 6,329 and 21,424; Mr. Schroeder, 6,329 and 9,332; Mr. Stott, 3,771 and 6,250; Mr. Wayman, 3,368 and 16,301; and Dr. White 5,251 and 0. The restricted stock and stock options were awarded under and are governed by the Amended and Restated Equity Incentive Plan for Non-Employee Directors and the 2003 Equity Incentive Plan for Non-Employee Directors. The shares shown for Dr. Kennedy include (i) 16,000 shares of restricted stock which were awarded under and are governed by the terms of the CNF Inc. 1997 Equity and Incentive Plan, as amended, (ii) 6,888 shares of restricted stock which were awarded under and are governed by the 2003 Equity Incentive Plan for Non-Employee Directors or the Amended and Restated Equity Incentive Plan for Non-Employee Directors, and (iii) 31,000 shares which Dr. Kennedy has the right to acquire within 60 days of February 1, 2006 because of vested stock options which were awarded under and are governed by the 2003 Equity Incentive Plan for Non-Employee Directors or the Amended and Restated Equity Incentive Plan for Non-Employee Directors.

(2) The shares shown include 13,425 shares which Mr. Labrie has the right to acquire within 60 days of February 1, 2006 because of vested stock options. In addition to the holdings described in the above table, Mr. Labrie holds 1,840 phantom stock units under the Company s Deferred Compensation Plan for Executives.

(3) The shares shown include 20,800 shares which Mr. McClimon has the right to acquire within 60 days of February 1, 2006 because of vested stock options.

(4) The shares shown include 22,800 shares which Mr. Miller has the right to acquire within 60 days of February 1, 2006 because of vested stock options. In addition to the holdings described in the above table, Mr. Miller holds 338 phantom stock units under the Company s Deferred Compensation Plan for Executives.

(5) The shares shown include 11,016 shares which Ms. Pileggi has the right to acquire within 60 days of February 1, 2006 because of vested stock options.

(6) The shares shown include 25,983 shares which Mr. Schick has the right to acquire within 60 days of February 1, 2006 because of vested stock options.

(7) The shares shown include 58,583 shares which Mr. Stotlar has the right to acquire within 60 days of February 1, 2006 because of vested stock options. In addition to the holdings described in the above table, Mr. Stotlar holds 5,365 phantom stock units under the Company s Deferred Compensation Plan for Executives.

(8) The shares shown include 336,652 shares which all directors and executive officers as a group have the right to acquire within 60 days of February 1, 2006 because of vested stock options.

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INFORMATION ABOUT THE BOARD OF DIRECTORS AND CERTAIN BOARD COMMITTEES

Director Independence

The Board of Directors has determined that each incumbent director, other than Douglas W. Stotlar, is an independent director under the New York Stock Exchange listing standards. In making such determination as to Robert P. Wayman, the Board considered all of the relevant facts and circumstances relating to the services provided by the Company and its subsidiaries to Hewlett-Packard Company, of which Mr. Wayman is Chief Financial Officer and was Interim Chief Executive Officer from February 2005 through March 2005, and concluded that such services do not constitute a material relationship between Mr. Wayman and the Company.

Board Meetings; Executive Sessions of Non-Management Directors

During 2005, the Board of Directors held eleven meetings. Each incumbent director attended at least 75% of all meetings of the Board and the committees of the Board on which he or she served.

Non-management members of the Board of Directors meet in executive session on a regularly scheduled basis. Neither the Chief Executive Officer nor any other member of management attends such meetings of non-management directors. The Chairman of the Board of Directors of the Company, W. Keith Kennedy, Jr., has been chosen as the Lead Non-Management Director to preside at such executive sessions. For information regarding how to communicate with the Lead Non-Management Director and other members of the Company s Board of Directors, see Communications with Directors on page 15.

Standing Committees

The Board of Directors currently has the following standing committees: Audit Committee, Compensation Committee, Director Affairs Committee and Finance Committee, the members of which are shown in the table below. Each of the Audit, Compensation and Directors Affairs Committees is governed by a charter, current copies of which are available on the Company s corporate website at www.cnf.com under the headings Investor Relations/ Corporate Governance. Copies of the charters are also available in print to shareholders upon request, addressed to the Corporate Secretary at 2855 Campus Drive, Suite 300, San Mateo, California 94403. In addition, a copy of the Audit Committee charter is attached as Appendix A to the Company s 2004 Proxy Statement.

Director	Audit	Compensation	Director Affairs	Finance
John J. Anton	X			X
William R. Corbin		X	X	
Margaret G. Gill	X		X	
Robert Jaunich II			X*	
W. Keith Kennedy, Jr.				
Henry H. Mauz, Jr.		X		X
Michael J. Murray		X*		
John C. Pope	X		X	
Robert D. Rogers				X*

Director	Audit	Compensation	Director Affairs	Finance
William J. Schroeder	X			X
Douglas W. Stotlar				
Peter W. Stott		X	X	
Robert P. Wayman	X*			
Chelsea C. White III		X		X

X = current member

* = chair

Descriptions of the Audit, Compensation and Director Affairs Committees follow:

Audit Committee: The Audit Committee assists the Board in its oversight of matters involving the accounting, auditing, financial reporting, and internal control functions of the Company. The Committee receives reports on the work of the Company s outside auditors and internal auditors, and reviews with them the adequacy and effectiveness of the Company s accounting and internal control policies and procedures. Pursuant to Board policy, the Company s Chief Executive Officer, Chief Financial Officer, Controller and General Counsel are required to promptly notify the Chair of the Audit Committee upon receiving complaints regarding accounting, internal control and auditing matters involving the Company.

Each Committee member has been determined to be an independent director under the New York Stock Exchange listing standards. The Board has determined that each of Mr. Wayman and Mr. Pope qualifies as an audit committee financial expert as such term is defined in rules adopted by the Securities and Exchange Commission. The Board has determined that Mr. Pope s service on the audit committees of more than three public companies does not impair his ability to effectively serve on the Company s Audit Committee. The Committee met thirteen times during 2005.

Compensation Committee: The Compensation Committee approves the salary and other compensation of the Chief Executive Officer of the Company and of certain other executive officers. The Committee also oversees the administration of the Company s short-term and long-term incentive compensation plans, oversees grants of stock options and other awards under the Company s Equity and Incentive Plans, and reviews the retirement and benefit plans of the Company and its domestic subsidiaries for non-contractual employees. Each Committee member has been determined to be an independent director under the New York Stock Exchange listing standards. The Committee met six times during 2005.

Director Affairs Committee: The functions of the Director Affairs Committee include the following:

- identifying and recommending to the Board individuals qualified to serve as directors of the Company;

- recommending to the Board directors to serve on committees of the Board;

- advising the Board with respect to matters of Board composition and procedures;

- developing and recommending to the Board a set of corporate governance principles applicable to the Company and overseeing corporate governance matters generally; and

- overseeing the annual evaluation of the Board and the Company s management.

Each Committee member has been determined to be an independent director under the New York Stock Exchange listing standards. The Director Affairs Committee met four times during 2005.

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The Director Affairs Committee will consider director candidates recommended by shareholders. In considering candidates submitted by shareholders, the Director Affairs Committee will take into consideration the needs of the Board and the qualifications of the candidate. To have a candidate considered by the Director Affairs Committee, a shareholder must submit the recommendation in writing and must include the following information:

- the name of the shareholder and evidence of the person s ownership of Company stock; and

- the name of the candidate, the candidate s resume or a listing of his or her qualifications to be a director of the Company and the person s consent to be named as a director if selected by the Director Affairs Committee and nominated by the Board.

The shareholder recommendation and information described above must be sent to the Corporate Secretary at 2855 Campus Drive, Suite 300, San Mateo, California 94403. The Director Affairs Committee will accept recommendations of director candidates throughout the year; however, in order for a recommended director candidate to be considered for nomination to stand for election at an upcoming annual meeting of shareholders, the recommendation must be received by the Corporate Secretary not less than 120 days prior to the anniversary date of the Company s most recent annual meeting of shareholders.

The Director Affairs Committee believes that the minimum qualifications for serving as a director of the Company are that a nominee demonstrate, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board s oversight of the business and affairs of the Company and have a reputation for honest and ethical conduct in both his or her professional and personal activities. In addition, the Director Affairs Committee examines a candidate s specific experiences and skills, time availability in light of other commitments, potential conflicts of interest and independence from management and the Company. The Director Affairs Committee also seeks to have the Board represent a diversity of backgrounds and experience.

The Director Affairs Committee identifies potential nominees by asking current directors and executive officers to notify the Committee if they become aware of persons, meeting the criteria described above, who would be good candidates for service on the Board. The Director Affairs Committee also, from time to time, may engage firms that specialize in identifying director candidates. As described above, the Committee will also consider candidates recommended by shareholders.

Once a person has been identified by the Director Affairs Committee as a potential candidate, the Committee may collect and review publicly available information regarding the person to assess whether the person should be considered further. If the Director Affairs Committee determines that the candidate warrants further consideration, the Chairman or another member of the Committee contacts the person. Generally, if the person expresses a willingness to be considered and to serve on the Board, the Director Affairs Committee requests information from the candidate, reviews the person s accomplishments and qualifications, including in light of any other candidates that the Committee might be considering, and conducts one or more interviews with the candidate. In certain instances, Committee members may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate s accomplishments. The Committee s evaluation process does not vary based on whether or not a candidate is recommended by a shareholder.

Communications with Directors

Any shareholder or other interested party desiring to communicate with any director (including the Lead Non-Management Director and the other non-management directors) regarding the Company may directly contact any director or group of directors by submitting such communications in writing to the director or directors in care of the Corporate Secretary, 2855 Campus Drive, Suite 300, San Mateo, California 94403.

All communications received as set forth in the preceding paragraph will be opened by the Corporate Secretary for the sole purpose of determining whether the contents represent a message to the Company s directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the Board or any group of directors, the Corporate Secretary will make sufficient copies of the contents to send to each director who is a member of the group to which the envelope is addressed.

Policy Regarding Director Attendance at Annual Meetings of Shareholders

The Company s policy regarding director attendance at the Annual Meeting of Shareholders is for the Chairman of the Board of Directors and the Chief Executive Officer (if different from the Chairman) to attend in person, and for other directors to attend in person or electronically. The Chairman of the Board, who at the time was also serving as the Company s interim Chief Executive Officer, attended the Company s 2005 Annual Meeting of Shareholders in person and eleven of twelve other Directors attended telephonically.

Authority to Retain Advisors

The Board of Directors and each Committee of the Board is authorized, as it determines necessary to carry out its duties, to engage independent counsel and other advisors. The Company compensates, or provides adequate funding to the Board or the applicable Committee for the payment of compensation to, any such independent counsel or other advisor.

Code of Ethics; Corporate Governance Guidelines

The Board of Directors has adopted a Code of Ethics for Chief Executive and Senior Financial Officers, including the Chief Financial Officer and Controller. The Board of Directors has also adopted a Directors Code of Business Conduct and Ethics applicable to all directors, a Code of Business Conduct applicable to all officers and employees, and Corporate Governance Guidelines. Current copies of each of these documents are available on the Company s corporate website at www.cnf.com under the headings Investor Relations/ Corporate Governance. Copies are also available in print to shareholders upon request, addressed to the Corporate Secretary at 2855 Campus Drive, Suite 300, San Mateo, California 94403. The Company intends to satisfy any disclosure requirements regarding an amendment to, or waiver from, the Code of Ethics by posting such information on the Company s website at www.cnf.com.

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COMPENSATION OF DIRECTORS

Dr. Kennedy, who served as Chairman of the Company s Board of Directors in 2005 and who continues to serve in that capacity, also served as interim Chief Executive Officer during the period from July 1, 2004 until April 25, 2005, at which time Mr. Stotlar was appointed President and Chief Executive Officer of the Company. During the period from January 1, 2005 until April 25, 2005, Dr. Kennedy did not receive any compensation in his capacity as Chairman of the Board. However, as discussed under CEO Compensation in the Compensation Committee Report on Executive Compensation commencing on page 25, during this period Dr. Kennedy received $233,669 in salary (based on an annualized salary of $750,000) for serving as interim Chief Executive Officer. In 2005 he also received two $1,000,000 cash bonuses, one in recognition of his contributions as interim Chief Executive Officer during 2004 and the other in recognition of his contributions as interim Chief Executive Officer during 2005.

During the period from April 26, 2005 through the end of 2005, Dr. Kennedy received $516,355 as a retainer (based on an annualized retainer of $750,000) for serving as Chairman of the Board, in recognition of his increased responsibilities and time commitment as Chair in ensuring a smooth transition as the Board s strategic direction was communicated to and embraced by the new Chief Executive Officer, Mr. Stotlar, during the first few months following his assumption of such executive responsibilities. Dr. Kennedy did not receive any other compensation in his capacity as Chairman during that period. In January 2006, the Board of Directors established an annualized retainer of $270,000 as compensation for Dr. Kennedy s service as Chairman in 2006. In April 2006, as a transition grant described below, Dr. Kennedy will also receive a grant of restricted stock having a value at the time of grant of $65,000.

In January 2005, the Board of Directors, based upon advice from an outside compensation consultant and the recommendation of the Director Affairs Committee, revised the compensation payable to non-employee directors (other than Dr. Kennedy). Commencing in 2005, each such director began receiving an annual cash retainer of $70,000. The chair of the Company s Audit Committee also receives an annual chair cash retainer of $15,000, and the chairs of the Compensation, Director Affairs and Finance Committees each receive an annual chair cash retainer of $8,000. Each member of the Audit Committee, other than the chair, also receives an additional committee retainer of $5,000. Each of the retainers described above are payable quarterly in advance. Directors no longer receive any fees for attending Board or Committee meetings.

Directors may elect to defer payment of their fees. Payment of any deferred amount and interest equivalents accrued thereon will be paid in a lump sum or in installments beginning no later than the year following the director s final year on the Board. Interest is credited quarterly to amounts deferred at the prime rate and, as a result, in 2005 Dr. Kennedy and Mr. Rogers earned $661 and $3,747, respectively, in interest on their deferred account balances above 120% of the applicable federal rate. Dr. Kennedy s compensation as interim Chief Executive Officer is discussed in the Summary Compensation Table on page 19.

Each director also receives grants of restricted stock having a notional value of $65,000 per year for each year of the director s three-year term. Except during a transition period, each director receives a grant of restricted stock having a value at the time of grant of $195,000 (3 years at $65,000 per year) in the year that the director is elected or re-elected to the Board, and does not receive a restricted stock grant under this program in the subsequent two years. Each such grant of restricted stock is granted in April (following election or re-election to the Board) and vests one-third per year, commencing on the anniversary date of the grant, or earlier upon the occurrence of certain events such as death, disability, retirement or a Change in Control.

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In April 2005, following their re-election to the Board of Directors at the Annual Meeting of Shareholders, Messrs. Murray, Rogers, Schroeder and White received grants of restricted stock having a value at the time of grant of $195,000. At the same time, Ms. Gill and Messrs. Corbin, Jaunich, Mauz and Wayman, who are standing for election or re-election (as applicable) at this year s Annual Meeting of Shareholders, received grants of restricted stock having a value at the time of grant of $65,000, and Messrs. Anton, Pope and Stott, who are scheduled to stand for re-election at the Company s 2007 Annual Meeting of Shareholders, received grants of restricted stock having a value at the time of grant of $130,000. The grants of restricted stock described in the preceding sentence are transition grants designed to compensate those directors until they are next scheduled to stand for election or reelection.

Directors are also provided with certain insurance coverages and, in addition, are reimbursed for travel expenses incurred for attending Board and Committee meetings. The Company has a policy pursuant to which it will match, on a dollar-for-dollar basis up to $5,000 for all contributions during a calendar year, qualifying charitable contributions made by employees and members of the Company s Board of Directors. During 2005, the Company made matching contributions of $5,000 on behalf of Admiral Mauz, Mr. Jaunich and Dr. Kennedy.

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COMPENSATION OF EXECUTIVE OFFICERS
I. SUMMARY COMPENSATION TABLE

The following table sets forth the compensation received by the Company s Chief Executive Officer, Chief Financial Officer and the other current or former executive officers for whom disclosure is required, for the three fiscal years ended December 31, 2005. As used in this Proxy Statement, Named Executives means the officers identified in this Summary Compensation Table.

		Annual Compensation			Long-Term Compensation			
					Awards		Payouts	
Name and Principal Position(s)	Year	Salary ($)	Bonus (9)($)	Other Annual Compen-sation (10)($)	Restricted Stock Awards (11)($)	Securities Underlying Options/ SAR s(#)	LTIP Payouts (12)($)	All Other Compen-sation (13)($)
Douglas W. Stotlar(1)	2005	$ 584,650	$ 481,483	$ 158,772	$ 1,039,991	79,673/0	$ 323,336	$ 4,717
President and Chief Executive	2004	339,451	301,070	0	1,481,100	40,000/0	235,413	97,604
Officer	2003	322,984	125,448	6,976	0	13,500/0	0	3,364
W. Keith Kennedy, Jr. (2)	2005	$ 233,669	$ 1,000,000	$ 0	$ 0	0/0	$ 0	$ 1,104
Chairman of the Board and	2004	187,500	$ 1,000,000	0	799,200	0/0	0	0
Interim Chief Executive Officer	2003	0	0	0	0	0/0	0	0
John G. Labrie(3)	2005	$ 301,546	$ 174,123	$ 50,165	$ 0	15,000/0	$ 243,048	$ 3,748
Vice President	2004	264,778	201,976	0	0	0/0	97,834	3,592
	2003	242,701	103,135	0	0	9,500/0	0	3,345
David S. McClimon(4)	2005	$ 369,580	$ 222,494	$ 1,545	$ 0	23,400/0	$ 318,084	$ 5,041
Senior Vice President	2004	336,084	263,841	0	0	0/0	249,237	4,174
	2003	317,390	125,702	0	0	20,500/0	0	3,750
	2005	$ 324,904	$ 151,785	$ 93,982	$ 0	8,400/0	$ 106,517	$ 4,557

David L. Miller(5)								
(see note below)	2004	292,398	221,387	0	0	0/0	79,216	4,493
	2003	266,318	101,216	0	0	19,500/0	0	3,648
Jennifer W. Pileggi (6)	2005	$ 304,061	$ 186,642	$ 0	$ 0	15,500/0	$ 0	$ 3,820
Senior Vice President, General	2004	203,891	173,817	0	0	0/0	0	3,502
Counsel and Secretary	2003	176,486	13,726	0	0	5,600/0	0	3,284
Kevin C. Schick (7)	2005	$ 302,458	$ 170,379	$ 52,401	$ 0	15,500/0	$ 174,993	$ 4,681
Senior Vice President and	2004	241,382	152,451	0	0	0/0	167,078	4,273
Chief Financial Officer	2003	233,172	67,894	12,604	0	5,600/0	0	3,840
John H. Williford(8)	2005	$ 523,600	$ 322,185	$ 0	$ 0	35,500/0	$ 0	$ 4,944
Senior Vice President	2004	508,376	337,080	0	1,413,000	0/0	0	4,814
	2003	498,784	0	4,515	723,140	0/0	0	4,247

(1) Mr. Stotlar was elected President and Chief Executive Officer on April 25, 2005. Prior to that time, he was President and Chief Executive Officer of Con-Way Transportation Services, Inc., the Company s regional full-service less-than-truckload trucking subsidiary.

(2) Dr. Kennedy served as interim Chief Executive Officer from July 1, 2004 through April 25, 2005. In addition to the compensation set forth in the table above, in 2005 Dr. Kennedy received a cash retainer of $516,355 (based upon an annualized retainer of $750,000) for the period from April 26, 2005 through December 31, 2005 and certain other compensation in his capacity as Chairman of the Board of Directors. See Compensation of Directors, commencing on page 17.

(3) Mr. Labrie is also President of Con-Way Supply Chain Services, LLC, the Company s truckload, air freight forwarding and expedited delivery subsidiary.

(4) Mr. McClimon is also President of Con-Way Transportation Services, Inc., the Company s regional full-service less-than-truckload trucking company.

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(5) Mr. Miller is not an officer of the Company but is President of Con-Way Central Express, a division of Con-Way Transportation Services, Inc.

(6) Ms. Pileggi was appointed Senior Vice President and General Counsel on December 28, 2004. Prior to that time, she served as Vice President and Corporate Counsel at Menlo Worldwide, LLC, a subsidiary of the Company.

(7) Mr. Schick was appointed Senior Vice President and Chief Financial Officer on April 1, 2005. Prior to that time, he was Vice President and Controller of Con-Way Transportation Services, Inc.

(8) Mr. Williford served as President and Chief Executive Officer of Menlo Worldwide, LLC, the Company s supply chain management company, until June 5, 2005.

(9) The amounts shown in this column reflect payments under the Company s short-term incentive compensation plans in which all regular, full-time, non-contractual employees of the Company are eligible to participate. For 2004, they also reflect, in the case of Mr. Williford, special incentive compensation payments made under the Company s short-term incentive compensation plans in which, of the Named Executives, only Mr. Williford was eligible to participate; and in the case of Ms. Pileggi a $50,000 bonus awarded upon completion of the sale of Menlo Forwarding to UPS.

(10) Amounts shown for 2005 in this column include (a) interest earned on deferred compensation account balances above 120% of the applicable federal rate for Messrs. Stotlar, Labrie, McClimon, Miller, and Schick of $3,827, $747, $1,045, $808, and $3,036, respectively; (b) mortgage subsidy for Mr. Stotlar of $50,709 which includes a tax gross-up of $735; (c) taxable relocation payments for Messrs. Stotlar, Labrie, Miller, and Schick of $104,128, $49,418, $92,707, and $49,365, respectively, which in the case of Messrs. Stotlar and Schick includes tax gross-ups of $44,202 and $20,955, respectively, for taxes payable on the value of the relocation expenses and (d) miscellaneous gifts given to Messrs. Stotlar, McClimon, and Miller worth $108, $500, and $467, respectively. In addition, Messrs. Stotlar, Labrie, and Miller were reimbursed in the amount of $4,434, $108,796, and $90,445, respectively, for costs incurred in moving household items, selling a primary residence and similar relocation expenses. These non-taxable payments are not included in the Summary Compensation Table.

In addition to the compensation set forth in the Summary Compensation Table above, the Company offers the following perquisites to the Named Executives (other than Dr. Kennedy): (1) use of a company car; (2) a Company-paid annual physical examination; (3) annual tax planning and preparation services in an amount of up to $4,500; (4) lifetime financial and estate planning services of up to $6,000; (5) matching charitable contributions of up to $5,000 annually; and (6) base Long-Term Care Insurance benefits. The table below reflects the benefits the Named Executives received in 2005.

	Auto Taxable Value	Value of Annual Physical	Tax Preparation	Estate Planning	Matching Charitable Contributions	Long-Term Care Premium
Douglas W. Stotlar	$ 11,197	$ 0	$ 3,550	$ 0	$ 0	$ 1,354
John G. Labrie	5,560	1,118	520	0	5,000	1,150
David S. McClimon	7,706	0	1,495	0	0	1,246
David L. Miller	5,456	0	0	0	0	1,700
Jennifer W. Pileggi	4,310	0	205	1,000	0	929
Kevin C. Schick	10,710	2,295	3,900	0	0	1,383
John H. Williford	14,210	847	3,000	6,000	0	1,166

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(11) At the end of 2005, based upon the closing price of the Company s common stock on December 31, 2005 ($55.89), Dr. Kennedy held 22,888 restricted shares valued at $1,279,210; Mr. Stotlar held 63,690 restricted shares valued at $3,559,634; and Mr. Williford held 86,500 restricted shares valued at $4,834,485. Of the shares held by Mr. Williford on December 31, 2005, 31,000 were forfeited upon his termination of employment on January 7, 2006.

In 2004, Dr. Kennedy received non-performance restricted stock grants of 737 shares and 5,000 shares under the 2003 Equity Incentive Plan for Non-Employee Directors that are scheduled to vest on January 1, 2009 and March 22, 2009, respectively. Following his appointment as interim Chief Executive Officer in July 2004, he also received a non-performance restricted stock grant of 20,000 shares under the 1997 Equity and Incentive Plan that was scheduled to vest 20% per year beginning on September 27, 2005 and annually thereafter through September 27, 2009.

In 2004, Mr. Stotlar received a non-performance restricted stock grant of 30,000 shares that is scheduled to vest one-third per year beginning on January 1, 2007 and annually thereafter through January 1, 2009. In 2005, Mr. Stotlar received a grant of 23,690 shares of non-performance restricted stock that is scheduled to vest one-third per year beginning April 25, 2006 and continuing on April 25 of each of the following two years.

In 2003, Mr. Williford received a grant of 22,000 shares of non-performance restricted stock that was scheduled to vest 25% per year beginning January 1, 2005 and continuing on January 1 of each of the following three years. Upon Mr. Williford s termination of employment on January 7, 2006, 11,000 of these shares of restricted stock that were unvested as of that date were forfeited. In 2004, Mr. Williford received a non-performance restricted stock grant of 30,000 shares that was scheduled to vest one-third per year beginning on January 1, 2006 and annually thereafter through January 1, 2008. Upon Mr. Williford s termination of employment on January 7, 2006, 20,000 of these shares of restricted stock that were unvested as of that date were forfeited.

(12) Amounts shown in this column reflect awards earned by the Named Executives under the Company s Value Management Plans. Awards shown for Messrs. Stotlar, Labrie, McClimon, Miller, and Schick for 2005 are for the three-year Value Management award cycle commencing January 1, 2003 and ending December 31, 2005.

(13) Amounts shown for 2005 in this column include:

(a) Payments by the Company for premiums for taxable basic and/or supplemental group life insurance on behalf of Messrs. Stotlar, Labrie, McClimon, Miller, Schick, and Williford, Dr. Kennedy, and Ms. Pileggi of $1,567, $598, $1,891, $1,407, $1,531, $1,794, $1,104, and $670, respectively.

(b) Company contributions to the Thrift and Stock Plan accounts of each of the Named Executives (other than Dr. Kennedy) of $3,150 each.

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II. OPTION/ SAR GRANTS TABLE
Option/ SAR Grants in Last Fiscal Year

Individual Grants(1)

Name	Numbers of Securities Underlying Options/SAR s Granted (#)(2)	% of Total Options/SAR s Granted to Employees in Fiscal Year(3)	Exercise or Base Price ($/Shares)	Expiration Date	Grant Date Present Value (3)($)
Douglas W. Stotlar	79,673/0	19.14%	$ 43.93	04/25/15	$ 1,394,278
W. Keith Kennedy, Jr.	00/0	0.00%	NA	NA	$ 0
John G. Labrie	15,000/0	3.60%	$ 46.02	01/24/15	$ 274,350
David S. McClimon	8,400/0	2.02%	$ 46.02	01/24/15	$ 153,636
	15,000/0	3.60%	$ 44.90	06/03/15	$ 268,350
David L. Miller	8,400/0	2.02%	$ 46.02	01/24/15	$ 153,636
Jennifer W. Pileggi	15,500/0	3.72%	$ 46.02	01/24/15	$ 283,495
Kevin C. Schick	4,000/0	0.96%	$ 46.02	01/24/15	$ 73,160
	11,500/0	2.76%	$ 46.79	04/01/15	$ 214,360
John H. Williford	35,500/0	8.53%	$ 46.02	04/07/06	$ 649,295

(1) No SARs were issued in 2005.

(2) All options become exercisable at the times described below, or earlier upon a change in control of the Company: options granted to Mr. Stotlar on April 25, 2005 become exercisable one-third per year, commencing on April 25, 2006 and on the first and second anniversaries of that date; options granted to Mr. McClimon on June 3, 2005 become exercisable one-third per year, commencing on June 3, 2006 and on the first and second anniversaries of that date; options granted to Mr. Schick on April 1, 2005 become exercisable one-third per year, commencing on April 1, 2006 and on the first and second anniversaries of that date; and the options granted to a number of the executives on January 24, 2005 become exercisable one-third per year, commencing on January 1, 2006 and on the first and second anniversaries of that date.

(3) Present value based on modified Black-Scholes option pricing model which includes assumptions for the following variables: (i) option exercise prices equal the fair market values on the dates of grant; (ii) option term equals 5.55 years for options granted January 24, 2005 and 5.50 years for all other options (based on historical option exercise experience, rather than actual option term of 10 years); (iii) volatility equals 0.4212 for options granted January 24, 2005 and .4092 for all other options; (iv) weighted average risk-free interest rate equals 3.76% for options granted January 24, 2005 and 3.96% for all other options; and (v) estimated future average dividend yield equals 1.18% for options granted January 24, 2005 and 1.20% for all other options.

The Company s use of this model should not be construed as an endorsement of its accuracy in valuing options. The Company s executive stock options are not transferable so the present value shown is not currently realizable by the executive. Future compensation resulting from option grants will ultimately depend on the amount by which the market price of the stock exceeds the exercise price on the date of exercise.

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III. OPTION/ SAR EXERCISES AND YEAR-END VALUE TABLE
Aggregated Option/ SAR Exercises in Last Fiscal Year and Fiscal-Year End Option/ SAR Values

The following table provides information on option/ SAR exercises in 2005 by the Named Executives and the value of such officers unexercised options/ SARs at December 31, 2005.

Name	Shares Acquired on Exercise (#)(1)	Value Realized($)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options/SARs at FY-End ($)(2)(3)(4) Exercisable/Unexercisable
Douglas W. Stotlar	28,800	$ 723,256	33,625/142,048	