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

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2008

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

COMMISSION FILE NUMBER 1-5046

Con-way Inc.

Incorporated in the State of Delaware
I.R.S. Employer Identification No. 94-1444798

2855 Campus Drive, Suite 300, San Mateo, California 94403
Telephone Number (650) 378-5200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Number of shares of Common Stock, $.625 par value,
outstanding as of October 31, 2008: 45,824,334

CON-WAY INC.
FORM 10-Q
Quarter Ended September 30, 2008

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CON-WAY INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

ASSETS	**September 30, 2008 (Unaudited)**	**December 31, 2007**
Current Assets		
Cash and cash equivalents	$ 225,703	$ 176,298
Marketable securities	15	30,016
Trade accounts receivable, net	627,315	495,568
Other accounts receivable	53,192	42,664
Operating supplies, at lower of average cost or market	29,158	24,142
Prepaid expenses and other assets	31,510	40,746
Deferred income taxes	36,550	37,672
Total Current Assets	1,003,443	847,106
Property, Plant, and Equipment		
Land	190,273	187,323
Buildings and leasehold improvements	798,271	792,962
Revenue equipment	1,338,443	1,246,816
Other equipment	291,187	265,640
	2,618,174	2,492,741
Accumulated depreciation and amortization	(1,130,362)	(1,033,953)
Net Property, Plant, and Equipment	1,487,812	1,458,788
Other Assets		
Deferred charges and other assets	48,158	33,139
Capitalized software, net	31,301	35,010
Employee benefits	111,178	89,039
Marketable securities	7,500	-
Intangible assets, net	35,456	18,780
Goodwill	520,114	527,446
	753,707	703,414
Total Assets	$ 3,244,962	$ 3,009,308

The accompanying notes are an integral part of these statements.

CON-WAY INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands except per share amounts)

LIABILITIES AND SHAREHOLDERS' EQUITY	September 30, 2008 (Unaudited)	December 31, 2007
Current Liabilities		
Accounts payable	$ 290,289	$ 276,105
Accrued liabilities	312,682	258,253
Self-insurance accruals	95,408	110,986
Short-term borrowings	1,608	5,072
Current maturities of long-term debt	22,700	22,704
Total Current Liabilities	722,687	673,120
Long-Term Liabilities		
Long-term debt and guarantees	928,777	955,722
Self-insurance accruals	146,633	118,854
Employee benefits	193,960	195,145
Other liabilities and deferred credits	52,320	24,639
Deferred income taxes	171,709	132,732
Total Liabilities	2,216,086	2,100,212
Commitments and Contingencies (Notes 4, 8 and 13)		
Shareholders' Equity		
Preferred stock, no par value; authorized 5,000,000 shares: Series B, 8.5% cumulative, convertible, $.01 stated value; designated 1,100,000 shares; issued 534,190 and 560,998 shares, respectively	5	6
Additional paid-in capital, preferred stock	81,245	85,322
Deferred compensation, defined contribution retirement plan	(13,028)	(20,805)
Total Preferred Shareholders' Equity	68,222	64,523
Common stock, $.625 par value; authorized 100,000,000 shares; issued 62,365,014 and 61,914,495 shares, respectively	38,839	38,615
Additional paid-in capital, common stock	586,035	568,190
Retained earnings	1,063,960	972,243
Cost of repurchased common stock (16,577,235 and 16,698,513 shares, respectively)	(715,422)	(720,583)
Total Common Shareholders' Equity	973,412	858,465
Accumulated Other Comprehensive Loss	(12,758)	(13,892)
Total Shareholders' Equity	1,028,876	909,096
Total Liabilities and Shareholders' Equity	$ 3,244,962	$ 3,009,308

The accompanying notes are an integral part of these statements.

CON-WAY INC.
STATEMENTS OF CONSOLIDATED INCOME
(Unaudited)
(Dollars in thousands except per share amounts)

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Revenues	$ 1,370,169	$ 1,111,293	$ 3,911,435	$ 3,187,201
Costs and Expenses				
Salaries, wages and other employee benefits	533,810	486,135	1,580,424	1,393,892
Purchased transportation	348,899	255,587	921,996	781,977
Fuel and fuel-related taxes	163,350	91,226	467,728	236,816
Depreciation and amortization	52,808	42,947	156,016	117,077
Maintenance	33,712	31,762	101,679	85,567
Rents and leases	24,477	20,614	71,007	57,547
Purchased labor	18,620	16,095	54,228	45,906
Other operating expenses	115,576	99,245	330,572	271,297
Loss from equity investment	-	-	-	2,699
	1,291,252	1,043,611	3,683,650	2,992,778
Operating Income	78,917	67,682	227,785	194,423
Other Income (Expense)				
Investment income	1,344	5,118	4,014	16,420
Interest expense	(15,646)	(10,603)	(47,789)	(27,927)
Miscellaneous, net	(867)	(271)	528	(78)
	(15,169)	(5,756)	(43,247)	(11,585)
Income from Continuing Operations before Income Tax Provision	63,748	61,926	184,538	182,838
Income Tax Provision	23,264	22,961	71,136	67,787
Income from Continuing Operations	40,484	38,965	113,402	115,051
Discontinued Operations, net of tax				
Gain from Disposal	-	-	1,609	1,609
	-	-	1,609	1,609
Net Income	40,484	38,965	115,011	116,660
Preferred Stock Dividends	1,655	1,693	5,028	5,172
Net Income Available to Common Shareholders	$ 38,829	$ 37,272	$ 109,983	$ 111,488
Net Income from Continuing Operations Available to Common Shareholders	$ 38,829	$ 37,272	$ 108,374	$ 109,879
Weighted-Average Common Shares Outstanding				
Basic	45,499,208	44,976,482	45,367,459	45,414,155
Diluted	48,336,200	48,007,691	48,256,429	48,492,037
Earnings per Common Share				
Basic				
Net Income from Continuing Operations	$ 0.85	$ 0.83	$ 2.39	$ 2.42
Gain from Disposal	-	-	0.03	0.03
Net Income Available to Common Shareholders	$ 0.85	$ 0.83	$ 2.42	$ 2.45
Diluted				
Net Income from Continuing Operations	$ 0.81	$ 0.78	$ 2.26	$ 2.28
Gain from Disposal	-	-	0.04	0.04
Net Income Available to Common Shareholders	$ 0.81	$ 0.78	$ 2.30	$ 2.32

The accompanying notes are an integral part of these statements.

CON-WAY INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Cash and Cash Equivalents, Beginning of Period	$ 176,298	$ 260,039
Operating Activities		
Net income	115,011	116,660
Adjustments to reconcile net income to net cash provided by operating activities:		
Discontinued operations, net of tax	(1,609)	(1,609)
Depreciation and amortization, net of accretion	151,901	113,465
Increase in deferred income taxes	35,504	5,976
Amortization of deferred compensation	7,777	7,886
Share-based compensation	8,245	8,029
Provision for uncollectible accounts	4,769	2,625
Loss from equity investment	-	2,699
Loss from restructuring activities	-	7,000
Loss (Gain) from sales of property and equipment, net	2,110	(2,079)
Changes in assets and liabilities, net of acquisitions:		
Receivables	(133,324)	(28,325)
Prepaid expenses	9,087	6,743
Accounts payable	10,582	6,296
Accrued incentive compensation	(867)	18,096
Accrued liabilities, excluding accrued incentive compensation and employee benefits	55,478	32,816
Self-insurance accruals	12,201	8,492
Accrued income taxes	(15,120)	38,543
Employee benefits	(20,242)	(9,306)
Deferred charges and credits	(7,021)	1,746
Other	(10,652)	(7,948)
Net Cash Provided by Operating Activities	223,830	327,805
Investing Activities		
Capital expenditures	(197,079)	(93,602)
Software expenditures	(8,334)	(8,242)
Proceeds from sales of property and equipment	6,554	15,993
Proceeds from sale-leaseback transaction	40,380	-
Proceeds from sale of equity investment	-	51,900
Acquisition of CFI, net of cash acquired	-	(739,455)
Acquisition of Cougar Logistics, net of cash acquired	-	(28,218)
Net decrease in marketable securities	22,501	89,500
Net Cash Used in Investing Activities	(135,978)	(712,124)
Financing Activities		
Proceeds from issuance of bridge-loan facility	-	425,000
Repayment of short-term borrowings, long-term debt and guarantees	(26,506)	(18,626)
Proceeds from exercise of stock options	9,569	6,907
Excess tax benefit from stock option exercises	755	577
Payments of common dividends	(13,688)	(13,675)
Payments of preferred dividends	(7,373)	(7,931)
Repurchases of common stock	-	(89,865)
Net Cash Provided by (Used in) Financing Activities	(37,243)	302,387
Net Cash Provided by (Used in) Continuing Operations	50,609	(81,932)
Discontinued Operations		
Net Cash Provided by (Used in) Operating Activities	(1,204)	3,342
Net Cash Provided by (Used in) Discontinued Operations	(1,204)	3,342
Increase (Decrease) in Cash and Cash Equivalents	49,405	(78,590)
Cash and Cash Equivalents, End of Period	$ 225,703	$ 181,449
Supplemental Disclosure		
Cash paid for income taxes, net	$ 48,381	$ 21,458
Cash paid for interest, net of amounts capitalized	$ 36,999	$ 22,161

The accompanying notes are an integral part of these statements.

CON-WAY INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Principal Accounting Policies

Organization

Con-way Inc. and its consolidated subsidiaries ("Con-way") provide transportation and logistics services for a wide range of manufacturing, industrial and retail customers. Con-way's business units operate in regional and transcontinental less-than-truckload and full-truckload freight transportation, contract logistics and supply-chain management, freight brokerage, and trailer manufacturing. As more fully discussed in Note 6, "Segment Reporting," for financial reporting purposes, Con-way is divided into five reporting segments: Freight, Logistics, Truckload, Vector and Other.

Basis of Presentation

These interim financial statements of Con-way have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and Rule 10-01 of Regulation S-X, and should be read in conjunction with Con-way's 2007 Annual Report on Form 10-K. Accordingly, significant accounting policies and other disclosures normally provided have been omitted.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, including normal recurring adjustments, necessary to present fairly Con-way's financial condition, results of operations and cash flows for the interim dates and periods presented. Results for the interim periods presented are not necessarily indicative of annual results.

New Accounting Standards

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which permits an entity to choose to measure many financial instruments and certain other items at fair value at specified election dates. Subsequent unrealized gains and losses on items for which the fair-value option has been elected will be reported in earnings. Con-way's adoption of SFAS 159, effective January 1, 2008, did not have a material effect on Con-way's financial statements.

In December 2007, the FASB issued SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB 51." Under the new statement, noncontrolling interests in the net assets of subsidiaries must be reported in the balance sheet within equity. On the face of the income statement, SFAS 160 requires disclosure of the amounts of consolidated net income attributable to both the parent and to the noncontrolling interest. The effective date of SFAS 160 is the first fiscal year beginning after December 15, 2008, and interim periods within those years, which for Con-way is the first quarter of 2009. Con-way does not expect the adoption of SFAS 160 to have a material effect on its financial statements.

In December 2007, the FASB issued SFAS 141(revised 2007), "Business Combinations" ("SFAS 141R"). The statement changes the acquisition-date and subsequent-period accounting associated with business acquisitions. Several of the changes have the potential to generate greater earnings volatility in connection with and after an acquisition. The most significant provisions of SFAS 141R result in a change in the accounting for transaction costs, contingencies, and acquisition-date accounting estimates. Under the new statement, transaction costs and transaction-related restructuring charges will be expensed as incurred instead of being included in the determination of the purchase price. Under SFAS 141R, certain contingent assets and liabilities will be recognized at fair value. If new information is available after the acquisition, these amounts may be subject to remeasurement. Also, adjustments to acquisition-date accounting estimates will be accounted for as adjustments to prior-period financial statements. The effective date of SFAS 141R is the first fiscal year beginning after December 15, 2008, which for Con-way is 2009. Con-way is evaluating the effect of adopting SFAS 141R, including the effect on any acquisitions consummated in 2009 or thereafter.

In March 2008, the FASB issued SFAS 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of SFAS 133." The statement amends and expands the disclosure requirements in SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," to provide an enhanced understanding of how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations; and how derivative instruments affect an entity's financial condition, results of operations, and cash flows. The effective date of SFAS 161 is for annual and interim periods beginning after November 15, 2008, which for Con-way is the first quarter of 2009. Con-way does not expect the adoption of SFAS 161 to have a material effect on its financial statements.

In May 2008, the FASB issued SFAS 162, "The Hierarchy of Generally Accepted Accounting Principles," which reorganizes the generally accepted accounting principles ("GAAP") hierarchy in order to improve financial reporting by providing a consistent framework for determining what accounting principles should be used when preparing U.S. GAAP financial statements. This statement is effective November 15, 2008. Con-way does not expect the adoption of SFAS 162 to have a material effect on its financial statements.

Also in May 2008, the FASB issued SFAS 163, "Accounting for Financial Guarantee Contracts - an interpretation of SFAS 60." This statement prescribes a recognition approach under which a claim liability is recognized when an insurer of a financial obligation expects that a claim loss will exceed the unearned premium revenue. The effective date of SFAS 163 is for annual and interim periods beginning after December 15, 2008, which for Con-way is the first quarter of 2009. Con-way does not expect the adoption of SFAS 163 to have a material effect on its financial statements.

See Note 7, "Fair-Value Measurements," for information regarding SFAS No. 157, "Fair-Value Measurements."

Earnings per Share ("EPS")

Basic EPS is computed by dividing reported earnings by the weighted-average common shares outstanding. Diluted EPS is calculated as follows:

(Dollars in thousands except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Numerator:				
Continuing operations (after preferred stock dividends), as reported	$ 38,829	$ 37,272	$ 108,374	$ 109,879
Add-backs:				
Dividends on Series B preferred stock, net of replacement funding	256	262	780	795
Continuing operations	39,085	37,534	109,154	110,674
Discontinued operations	-	-	1,609	1,609
Available to common shareholders	$ 39,085	$ 37,534	$ 110,763	$ 112,283
Denominator:				
Weighted-average common shares outstanding	45,499,208	44,976,482	45,367,459	45,414,155
Stock options and nonvested stock	322,040	345,512	374,018	392,185
Series B preferred stock	2,514,952	2,685,697	2,514,952	2,685,697
	48,336,200	48,007,691	48,256,429	48,492,037
Anti-dilutive stock options not included in denominator	871,330	894,298	871,330	831,798
Earnings per Diluted Share:				
Continuing operations	$ 0.81	$ 0.78	$ 2.26	$ 2.28
Discontinued operations	-	-	0.04	0.04
Available to common shareholders	$ 0.81	$ 0.78	$ 2.30	$ 2.32

Drafts Payable

In September 2008, Con-way made a change to banking services that resulted in a change to the classification of drafts from accounts payable to a reduction in cash and cash equivalents. At September 30, 2008, Con-way reported $26.7 million of drafts as a reduction of cash and cash equivalents compared to $31.7 million of drafts reported as accounts payable at December 31, 2007.

Trade Accounts Receivable, net

Con-way reports accounts receivable at net realizable value, and provides an allowance when collection is considered doubtful. Trade accounts receivable are net of allowances for uncollectible accounts of $5.4 million and $3.7 million at September 30, 2008 and December 31, 2007, respectively. Estimates for billing adjustments, including those related to weight- and freight-classification verifications, or pricing discounts, are also reported as a reduction to trade accounts receivable. At September 30, 2008 and December 31, 2007, trade accounts receivable are net of estimated billing adjustments of $13.5 million and $8.4 million, respectively.

Reclassifications and Revisions

Certain amounts in the prior-period financial statements have been reclassified or revised to conform to the current-period presentation.

During the third quarter of 2008, Con-way changed the classification of its estimated billing adjustments, as described above, from accrued liabilities to trade accounts receivable, net.

During the fourth quarter of 2007, Con-way identified certain adjustments related to the first quarter of 2007. Con-way determined that those adjustments were not material to either the first or the fourth quarter. However, for a more accurate presentation, Con-way elected to revise the results of the first quarter of 2007 to reflect those immaterial adjustments, which included an increase in employee benefits expense due to amendments to benefit plans for compensated absences, partially offset by associated decreases in incentive compensation and income tax expense. For the periods presented, the adjustments decreased 2007 year-to-date net income from continuing operations by $4.1 million ($0.09 per diluted share).

2. Acquisitions

Contract Freighters, Inc.

On August 23, 2007, Con-way acquired the outstanding common shares of Transportation Resources, Inc. (“TRI”). TRI is the holding company for Contract Freighters, Inc. and other affiliated companies (collectively, “CFI”). Following the acquisition of CFI, the operating results of CFI are reported with the operating results of Con-way’s former truckload operation in the Truckload reporting segment. In September 2007, Con-way integrated the former truckload operation with the CFI business unit. The name of the CFI business unit was changed to Con-way Truckload in January 2008. The purchase price calculated for CFI was $752.3 million.

Cougar Logistics

On September 5, 2007, Menlo Worldwide, LLC (“MW”) acquired the outstanding common shares of Cougar Holdings Pte Ltd., and its primary subsidiary, Cougar Express Logistics (collectively, “Cougar Logistics”). Following the acquisition, the operating results of Cougar Logistics are reported with the operating results of the Menlo Worldwide Logistics business unit in the Logistics reporting segment. The purchase price calculated for Cougar Logistics was $28.7 million.

Chic Logistics

On October 18, 2007, MW acquired the outstanding common shares of Chic Holdings, Ltd. and its wholly owned subsidiaries, Shanghai Chic Logistics Co. Ltd. and Shanghai Chic Supply Chain Management Co. Ltd. (collectively, “Chic Logistics”). Following the acquisition, the operating results of Chic Logistics are reported with the operating results of the Menlo Worldwide Logistics business unit in the Logistics reporting segment. The purchase price calculated for Chic Logistics was $59.1 million.

See Note 2, “Acquisitions,” of Item 8, “Financial Statements and Supplementary Data,” in Con-way’s 2007 Annual Report on Form 10-K for additional information concerning Con-way’s acquisitions, including the allocation of the purchase prices to the net assets acquired and the discussion of items affecting the determination of the purchase prices.

Goodwill and Intangible Assets

The excess of an acquired entity's purchase price over the amounts assigned to assets acquired (including separately recognized intangible assets) and liabilities assumed is recorded as goodwill. In connection with the acquisitions in 2007, Con-way recognized goodwill. Goodwill is not amortized but is tested for impairment on an annual basis in the fourth quarter, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

During the first nine months of 2008, Con-way finalized the purchase-price accounting and made revisions to the preliminary estimates and evaluations, including valuations of tangible and intangible assets and certain contingencies, as information was received from third parties. Accordingly, Con-way made revisions to the estimated fair value of net assets acquired in connection with the purchase of CFI and Chic, including $20.1 million in increases to the fair values of intangible assets, primarily customer relationships, and a $7.5 million increase related to liabilities assumed for foreign income-tax contingencies. In addition, adjustments were made to deferred taxes relating to the fair value of assets acquired.

The following table shows the changes in the carrying amounts of goodwill attributable to each applicable segment:

(Dollars in thousands)	Logistics	Truckload	Other	Total
Balances at December 31, 2007	$ 55,146	$ 471,573	$ 727	$ 527,446
Adjustment to fair value	(11,020)	(8,814)	--	(19,834)
Liabilities assumed	7,537	--	--	7,537
Adjustment to deferred taxes	2,755	1,839	--	4,594
Direct transaction costs	282	--	--	282
Change in foreign currency exchange rates	89	--	--	89
Balances at September 30, 2008	$ 54,789	$ 464,598	$ 727	$ 520,114

In connection with the acquisitions, Con-way recognized as definite-lived intangible assets the estimated fair value of acquired customer relationships and trademarks. Intangible assets consisted of the following:

		September 30, 2008		December 31, 2007	
(Dollars in thousands)	Weighted-Average Life (Years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	10.9	$ 37,335	$ 3,298	$ 18,046	$ 731
Trademarks	2.0	2,550	1,131	1,710	245
		$ 39,885	$ 4,429	$ 19,756	$ 976

The fair value of intangible assets is amortized on a straight-line basis over the estimated useful life. In the third quarter and first nine months of 2008, amortization expense related to intangible assets was $1.3 million and $3.5 million, respectively, compared to $0.2 million in the third quarter and first nine months of 2007. Estimated amortization expense for the next five years is presented in the following table:

(Dollars in thousands)	
Year ending December 31:	
Remaining three months of 2008	$ 1,600
2009	4,700
2010	3,800
2011	3,800
2012	3,500
2013	3,000

3. Restructuring Activities

In August 2007, Con-way Freight began a business-transformation initiative to combine its three regional operating companies into one centralized operation to improve the customer experience and streamline its processes. The reorganization into a centralized entity was intended to improve customer service and efficiency through the development of uniform pricing and operational processes, implementation of best practices, and fostering of innovation. In the first nine months of 2008, Con-way incurred costs of $5.2 million in connection with the business-transformation initiative, including $2.6 million of restructuring charges, as summarized below, and an additional $2.6 million of other costs, consisting primarily of consulting fees. Con-way Freight completed the reorganization in the first quarter of 2008. In the third quarter and first nine months of 2007, Con-way recognized restructuring-related charges of $5.5 million.

The following table summarizes the effect of restructuring activities for the nine months ended September 30, 2008 and presents total restructuring costs incurred under the initiative since August 2007:

(Dollars in thousands)	Liability at December 31, 2007	Charges Incurred	Cash Payments or Write-offs	Liability at September 30, 2008	Total Costs Incurred to Date
Employee-separation costs	$ 1,785	$ 780	$ (2,515)	$ 50	$ 7,009
Facility and lease-termination costs	2,794	850	(997)	2,647	3,644
Asset-impairment charges	--	--	--	--	2,401
Other	592	962	(1,503)	51	2,786
Total	$ 5,171	$ 2,592	$ (5,015)	$ 2,748	$ 15,840

Con-way reported the employee-separation costs in salaries, wages and other employee benefits, the facility costs in rents and leases and the asset-impairment charges and other charges in other operating expenses in the statements of consolidated income.

4. Discontinued Operations

Discontinued operations in the periods presented relate to (1) the closure of Con-way Forwarding in June 2006, (2) the sale of Menlo Worldwide Forwarding, Inc. and its subsidiaries and Menlo Worldwide Expedite!, Inc. (collectively "MWF") in December 2004, (3) the shut-down of Emery Worldwide Airlines, Inc. ("EWA") in December 2001 and the termination of its Priority Mail contract with the USPS in 2000, and (4) the spin-off of Consolidated Freightways Corporation (“CFC”) in December 1996. The results of operations and cash flows of discontinued operations have been segregated from continuing operations, except where otherwise noted.

Results of discontinued operations are summarized below:

(Dollars in thousands)	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Gain (Loss) from Disposal, net of tax		
Con-way Forwarding	$ --	$ 156
MWF	--	(33)
EWA	1,609	2,706
CFC	--	(1,220)
	$ 1,609	$ 1,609

Con-way Forwarding

In June 2006, Con-way closed the operations of its domestic air freight forwarding business known as Con-way Forwarding. The decision to close the operating unit was made following management’s detailed review of the unit’s competitive position and its prospects in relation to Con-way's long-term strategies. In the periods presented, the results from Con-way Forwarding related to adjustments to loss estimates.

MWF

In October 2004, Con-way and MW entered into a stock purchase agreement with United Parcel Service, Inc. ("UPS") to sell all of the issued and outstanding capital stock of MWF. Con-way completed the sale in December 2004. Con-way agreed to indemnify UPS against certain losses that UPS may incur after the closing of the sale with certain limitations. Any losses related to these indemnification obligations or any other costs, including any future cash expenditures related to the sale that have not been estimated and recognized, will be recognized in future periods as an additional loss from disposal when and if incurred. In the periods presented, the results from MWF related to adjustments to loss estimates.

EWA

In the periods presented, results from EWA relate to adjustments of loss estimates, except for a first-quarter net gain in 2007 of $2.9 million (net of tax of $1.7 million) that relates to a recovery of prior losses. EWA's estimated loss reserves declined to $0.2 million at September 30, 2008, from $3.3 million at December 31, 2007, due primarily to the resolution of labor matters described below.

In connection with the cessation of its air-carrier operations in 2001, EWA terminated the employment of all of its pilots and flight crewmembers. Those pilots and crewmembers were represented by the Air Line Pilots Association ("ALPA") under a collective bargaining agreement. Subsequently, ALPA filed grievances on behalf of the pilots and flight crewmembers protesting the cessation of EWA's air-carrier operations and MWF's use of other air carriers. These matters have been the subject of litigation in U.S. District Court and state court in California, including litigation brought by ALPA and by former EWA pilots and crewmembers no longer represented by ALPA. On June 30, 2006, EWA, for itself and for Con-way Inc. and Menlo Worldwide Forwarding, Inc. ("MWF, Inc."), concluded a final settlement of the California state court litigation. Under the terms of the settlement, plaintiffs received a cash payment of $9.2 million from EWA, and the lawsuit was dismissed with prejudice. On August 8, 2006, EWA paid $10.9 million to settle the U.S. District Court litigation brought by ALPA that finally concluded litigation with former EWA pilots and flight crewmembers still represented by ALPA as of that date. The cash settlements reduced by an equal amount EWA's estimated loss reserve applicable to the grievances filed by ALPA.

Two additional actions were brought by groups of former EWA pilots and flight crewmembers no longer represented by ALPA. One action brought in federal court in Ohio in February 2007 was settled in April 2008 for $627,000. In the second action, which was ordered by the court to binding arbitration, the arbitrator granted EWA's motion to dismiss the arbitration in April 2008. The arbitrator's decision is now final, and accordingly, a $1.6 million second-quarter gain (net of tax of $1.0 million) was recognized to eliminate the previously accrued reserves associated with the contingency.

In October 2008, Con-way and one of its insurers entered into an agreement providing for the settlement of coverage litigation brought by Con-way, seeking reimbursement for amounts Con-way paid in settlement of the actions described above. In connection with this settlement agreement, Con-way received a $10.0 million payment in November 2008 and will recognize a gain from discontinued operations of $6.2 million (net of $3.8 million of tax) in the fourth quarter of 2008.

CFC

The results of CFC relate to Con-way's spin-off of CFC to Con-way's shareholders on December 2, 1996. In connection with the spin-off of CFC, Con-way agreed to indemnify certain states, insurance companies and sureties against the failure of CFC to pay certain workers' compensation, tax and public liability claims that were pending as of September 30, 1996. In the periods presented, Con-way's losses related to CFC were due to revisions of estimated losses related to indemnified workers' compensation liabilities.

In October 2008, Con-way received $3.0 million from the CFC bankruptcy estate relating to Con-way's claims against CFC's Canadian subsidiaries. Con-way will continue to pursue its other claims (including its claims for recovery on account of Con-way's payment obligations to the states, insurance companies, sureties and individual claimants with respect to these workers' compensation, tax, and public liability claims described above) in the CFC bankruptcy proceedings.

5. Sale of Unconsolidated Joint Venture

Vector SCM, LLC ("Vector") was a joint venture formed with General Motors ("GM") in December 2000 for the purpose of providing logistics management services on a global basis for GM, and for customers in addition to GM.

GM Exercise of Call Right

In June 2006, GM exercised its right to purchase Con-way's membership interest in Vector. Con-way in December 2006 recognized a receivable from GM of $51.9 million (an amount equal to the $84.8 million fair value of Con-way's membership interest reduced by Con-way's $32.9 million payable to Vector) and also recognized a $41.0 million gain (an amount equal to the $51.9 million receivable reduced by Con-way's $9.0 million net investment in Vector and $1.9 million of sale-related costs). In January 2007, Con-way received a $51.9 million payment from GM. Following negotiation with GM in the first quarter of 2007, an additional receivable of $2.7 million due from GM could not be collected, and accordingly, a $2.7 million loss was recognized in the Vector reporting segment to write off the outstanding receivable from GM.

Transition and Related Services

Pursuant to a closing agreement, GM and Con-way specified the transition services, primarily accounting assistance, and the compensation amounts for such services, to be provided to GM through December 31, 2008. In addition, GM and Con-way entered into an agreement for Con-way to provide certain information-technology support services at an agreed-upon compensation through at least December 31, 2008. Under these agreements, the Logistics segment reported revenue of $2.7 million in the third quarter and $8.3 million in the first nine months of 2008, compared to $2.8 million and $8.4 million in the same respective periods of 2007, primarily for information-technology services provided to GM.

6. Segment Reporting

Con-way discloses segment information in the manner in which the business units are organized for making operating decisions, assessing performance and allocating resources. For financial reporting purposes, Con-way is divided into the following five reporting segments:

- *Freight*. The Freight segment consists of the operating results of the Con-way Freight business unit, which provides regional, inter-regional, and transcontinental less-than-truckload freight services throughout North America.

- *Logistics*. The Logistics segment consists of the operating results of the Menlo Worldwide Logistics business unit (also referred to as Menlo Logistics), which develops contract-logistics solutions, including the management of complex distribution networks and supply-chain engineering and consulting, and also provides freight brokerage services. The Logistics segment includes the results of Chic Logistics and Cougar Logistics for periods subsequent to their acquisition.

- *Truckload.* The Truckload segment includes the operating results of the Con-way Truckload business unit. Con-way Truckload provides asset-based full-truckload freight services throughout North America, including services into and out of Mexico. Following the acquisition of CFI in August 2007, the operating results of CFI are reported with the operating results of Con-way's former truckload operation in the Truckload reporting segment.

- *Vector.* Prior to its sale, the Vector reporting segment consisted of Con-way's proportionate share of the net income from Vector, a joint venture with GM. GM purchased Con-way's membership interest in Vector in December 2006.

- *Other*. The Other reporting segment consists of the operating results of Road Systems, a trailer manufacturer, and certain corporate activities for which the related income or expense has not been allocated to other reporting segments.

Financial Data

Management evaluates segment performance primarily based on revenue and operating income (loss). Accordingly, interest expense, investment income and other non-operating items are not reported in segment results. Corporate expenses are generally allocated based on measurable services provided to each segment, or for general corporate expenses, based on segment revenue and capital employed. Inter-segment revenue and related operating income have been eliminated to reconcile to consolidated revenue and operating income.

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenues from External Customers				
Freight	$ 808,326	$ 740,769	$ 2,375,654	$ 2,165,381
Logistics	419,896	312,572	1,138,494	956,962
Truckload	140,932	51,991	394,264	54,228
Other	1,015	5,961	3,023	10,630
	$ 1,370,169	$ 1,111,293	$ 3,911,435	$ 3,187,201
Inter-segment Revenues				
Freight	$ 16,622	$ 13,032	$ 41,161	$ 38,367
Logistics	332	64	355	304
Truckload	42,730	21,055	122,073	56,222
Other	11,573	4,234	35,120	21,071
	$ 71,257	$ 38,385	$ 198,709	$ 115,964
Revenues before Inter-segment Eliminations				
Freight	$ 824,948	$ 753,801	$ 2,416,815	$ 2,203,748
Logistics	420,228	312,636	1,138,849	957,266
Truckload	183,662	73,046	516,337	110,450
Other	12,588	10,195	38,143	31,701
Inter-segment Revenue Eliminations	(71,257)	(38,385)	(198,709)	(115,964)
	$ 1,370,169	$ 1,111,293	$ 3,911,435	$ 3,187,201
Operating Income (Loss)				
Freight	$ 61,107	$ 60,029	$ 174,559	$ 179,859
Logistics	3,678	6,188	14,895	19,659
Truckload	15,195	2,975	37,907	6
Vector	--	--	--	(2,699)
Other	(1,063)	(1,510)	424	(2,402)
	$ 78,917	$ 67,682	$ 227,785	$ 194,423

7. Fair-Value Measurements

In September 2006, the FASB issued SFAS No. 157, “Fair-Value Measurements,” which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair-value measurements. SFAS 157 applies to other accounting pronouncements that require or permit fair-value measurements and does not require any new fair-value measurements. In February 2008, the FASB issued FASB Staff Position SFAS 157-2 (“FSP SFAS 157-2”). FSP SFAS 157-2 delays the effective date of the application of SFAS 157 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value on a recurring basis, until fiscal years beginning after November 15, 2008, and interim periods within those years, which for Con-way is the first quarter of 2009. Con-way adopted SFAS 157 effective January 1, 2008, except for the provisions that were delayed by FSP SFAS 157-2. Nonfinancial assets for which Con-way has not applied the provisions of SFAS 157 include those measured at fair value in the impairment testing of goodwill and intangible assets and those initially measured at fair value in a business combination, but not measured at fair value in subsequent periods. In October 2008, the FASB issued FASB Staff Position SFAS 157-3 (“FSP SFAS 157-3”). FSP SFAS 157-3 clarifies the application of SFAS No. 157 when the market for a financial asset is not active. Con-way’s adoption of this FSP did not have a material effect on Con-way’s financial statements for the periods presented.

SFAS 157 requires that assets and liabilities reported at fair value be classified in one of the following three levels:

Level 1: Quoted market prices in active markets for identical assets or liabilities
Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
Level 3: Unobservable inputs that are not corroborated by market data

The following table summarizes the valuation of financial instruments by the SFAS 157 levels:

	September 30, 2008			
(Dollars in thousands)	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 225,703	$ 225,703	$ --	$ --
Marketable securities	7,515	15	--	7,500

Cash and cash equivalents consist of short-term interest-bearing instruments with maturities of three months or less at the date of purchase. The carrying amount of these instruments approximates their fair value due to their short maturity.

At September 30, 2008, Con-way's marketable securities consisted primarily of one auction-rate security with a par value of $7.5 million, which approximates fair value. The liquidity of auction-rate securities has been adversely affected by auction failures that have prevented investors from selling the securities on predetermined auction dates. Accordingly, Con-way reclassified the auction-rate security from current marketable securities to long-term marketable securities. Due to the lack of quoted market prices at September 30, 2008, Con-way's auction-rate security was valued with an income approach that utilized a discounted cash flow model. The assumptions used in preparing the discounted cash flow model included estimates with respect to the amount and timing of future interest and principal payments, forward projections of the interest rate benchmarks, the probability of full repayment of the principal considering the AAA credit rating of the issue, and the rate of return required by investors to purchase the security considering the current liquidity risk associated with auction-rate securities.

8. Employee Benefit Plans

In the periods presented, employees of Con-way and its subsidiaries in the U.S. were covered under several retirement benefit plans, including defined benefit pension plans, defined contribution retirement plans, and a postretirement medical plan. Con-way's defined benefit pension plans include "qualified" plans that are eligible for certain beneficial treatment under the Internal Revenue Code ("IRC"), as well as "non-qualified" plans that do not meet IRC criteria.

Defined Benefit Pension Plans

Con-way's qualified defined benefit pension plans (collectively, the "Qualified Pension Plans") consist mostly of the primary defined benefit pension plan ("Primary DB Plan"), which covers the non-contractual employees and former employees of Con-way's continuing operations as well as former employees of its discontinued operations. No new employees are eligible to participant in the Primary DB Plan after December 31, 2006. Con-way's other qualified defined benefit pension plans cover only the former employees of discontinued operations.

Con-way also sponsors a primary non-qualified supplemental defined benefit pension plan ("Supplemental DB Plan") and several other unfunded non-qualified benefit plans (collectively, the "Non-Qualified Pension Plans"). The Supplemental DB Plan provides additional benefits for certain employees who are affected by IRC limitations on compensation eligible for benefits available under the qualified Primary DB Plan.

The following tables summarize the components of net periodic benefit expense (income) for Con-way's defined benefit pension plans:

(Dollars in thousands)	Qualified Pension Plans Three Months Ended September 30, 2008	2007	Nine Months Ended September 30, 2008	2007
Service cost – benefits earned during the period	$ 18	$ 27	$ 72	$ 82
Interest cost on benefit obligation	18,175	16,411	52,890	50,603
Expected return on plan assets	(24,229)	(23,265)	(72,722)	(71,737)
Net amortization and deferral	(793)	(775)	(2,380)	(2,389)
Net periodic benefit income	$ (6,829)	$ (7,602)	$ (22,140)	$ (23,441)

(Dollars in thousands)	Non-Qualified Pension Plans Three Months Ended September 30, 2008	2007	Nine Months Ended September 30, 2008	2007
Interest cost on benefit obligation	$ 1,148	$ 1,006	$ 3,070	$ 3,316
Net amortization and deferral	670	476	1,311	1,571
Net periodic benefit expense	$ 1,818	$ 1,482	$ 4,381	$ 4,887

Under the Pension Protection Act of 2006, Con-way is required to make annual contributions of approximately $9 million through 2017 to fund increases in plan participants' eligible compensation. To satisfy this requirement, Con-way expects to contribute to the Qualified Pension Plans in the fourth quarter of 2008. Amounts of additional future contributions will depend, in part, on asset returns and interest rates.

Defined Contribution Retirement Plans

Con-way's defined contribution retirement plans consist mostly of the primary defined contribution retirement plan (the "Primary DC Plan"), which covers non-contractual U.S. employees.

Con-way recognized expense of $23.1 million and $70.0 million in the third quarter and first nine months of 2008, respectively, compared to $23.5 million and $67.6 million in the same respective periods of 2007 for its contributions under the Primary DC Plan. At September 30, 2008 and December 31, 2007, Con-way had recognized accrued liabilities of $25.2 million and $21.9 million, respectively, for its contributions related to the Primary DC Plan.

Postretirement Medical Plan

The following table summarizes the components of net periodic benefit expense for the postretirement medical plan:

(Dollars in thousands)	Three Months Ended September 30, 2008	2007	Nine Months Ended September 30, 2008	2007
Service cost – benefits earned during the period	$ 571	$ 690	$ 1,712	$ 2,100
Interest cost on benefit obligation	1,692	1,733	5,078	5,271
Net amortization and deferral	(12)	610	(36)	1,851
Net periodic benefit expense	$ 2,251	$ 3,033	$ 6,754	$ 9,222

9. Comprehensive Income

Comprehensive income, which is a measure of all changes in equity except those resulting from investments by owners and distributions to owners, was as follows:

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net income	$ 40,484	$ 38,965	$ 115,011	$ 116,660
Other comprehensive income (loss):				
Foreign currency translation adjustment	(560)	112	1,134	(123)
Comprehensive income	$ 39,924	$ 39,077	$ 116,145	$ 116,537

10. Share-Based Compensation

Under terms of the share-based compensation plans, Con-way grants various types of share-based compensation awards to employees and directors. The plans provide for various types of awards, including stock options, nonvested stock (also known as restricted stock), and performance-share plan units.

Stock options are granted at prices equal to the market value of the common stock on the date of grant and expire 10 years from the date of grant. Generally, stock options are granted with three- or four-year graded-vesting terms, under which one-third or one-fourth of the award, respectively, vests each year. Stock options granted in and after December 2004 generally have three-year graded-vesting terms, while stock options issued before that date generally have four-year graded-vesting terms. Certain option awards provide for accelerated vesting if there is a change in control (as defined in the stock option plans). Effective September 26, 2006, Con-way established vesting provisions for new option awards that generally provide for immediate vesting of unvested shares upon qualifying retirement. Stock options issued before that date generally provide for continued vesting subsequent to the employee’s retirement.

Shares of nonvested stock are valued at the market price of Con-way’s common stock at the date of award. Awards granted to directors are generally granted with three-year graded-vesting terms, while awards granted to employees generally vest three years from the award date.

Performance-share plan units (“PSPUs”) are valued at the market price of Con-way’s common stock at the date of award and vest three years from the grant date if certain performance criteria are achieved. The total number of shares the award recipients may collectively receive depends upon the achievement of certain performance criteria over a one- to three-year period and can range from zero to 403,526 shares. The 2007 award is subject to forfeiture if an award recipient leaves Con-way during the three-year period, while the 2008 award allows for pro rata vesting if the award recipient leaves Con-way as a result of death, disability or qualifying retirement. Outstanding PSPUs have a weighted-average grant-date fair value of $44.35. The amount of expense recorded each period is based on Con-way’s current estimate of the number of shares that will ultimately vest.

The following expense was recognized for share-based compensation:

(Dollars in thousands)	Three Months Ended September 30, 2008			Three Months Ended September 30, 2007		
	Stock Options	Nonvested Stock and PSPUs	Total	Stock Options	Nonvested Stock and PSPUs	Total
Salaries, wages and other employee benefits	$ 1,268	$ 1,469	$ 2,737	$ 1,599	$ 1,080	$ 2,679
Deferred income tax benefit	(485)	(573)	(1,058)	(607)	(421)	(1,028)
Net share-based compensation expense	$ 783	$ 896	$ 1,679	$ 992	$ 659	$ 1,651

(Dollars in thousands)	Nine Months Ended September 30, 2008			Nine Months Ended September 30, 2007		
	Stock Options	Nonvested Stock and PSPUs	Total	Stock Options	Nonvested Stock and PSPUs	Total
Salaries, wages and other employee benefits	$ 4,183	$ 4,062	$ 8,245	$ 4,955	$ 3,074	$ 8,029
Deferred income tax benefit	(1,594)	(1,584)	(3,178)	(1,890)	(1,199)	(3,089)
Net share-based compensation expense	$ 2,589	$ 2,478	$ 5,067	$ 3,065	$ 1,875	$ 4,940

11. Income Taxes

Con-way's effective tax rate was 36.5% and 38.5% in the third quarter and first nine months of 2008, respectively, and was 37.1% in the same respective periods of last year. Excluding the effect of various discrete tax adjustments, Con-way's third-quarter and year-to-date effective tax rate in 2008 was 39.6% and 39.4%, respectively, and in 2007, was 37.3% and 37.5%, respectively. The discrete tax adjustments in 2008 were due primarily to the utilization of a portion of a capital-loss carryforward in the third quarter, reflecting the pending sale of certain real estate. In 2007, the discrete tax adjustments largely reflect the settlement of issues following completion of an Internal Revenue Service ("IRS") audit and a 2007 first-quarter write-off of a receivable. As more fully discussed in Note 5, "Sale of Unconsolidated Joint Venture," a receivable due from GM could not be collected, and accordingly, a $2.7 million loss was recognized in the first quarter of 2007. As a sale-related receivable, the write-off was a capital loss for tax purposes and was not deductible from ordinary income. Excluding the discrete items, higher effective tax rates in 2008 reflect lower taxable income from foreign subsidiaries, which limited Con-way's ability to utilize foreign tax credits, and a decline in the amount of tax-exempt interest income.

Income tax receivables of $23.8 million and $7.6 million were included in other accounts receivable in Con-way's consolidated balance sheets at September 30, 2008 and December 31, 2007, respectively.

Uncertain Tax Positions

In accordance with FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of SFAS 109," uncertain tax positions that Con-way has taken or expects to take on a tax return are recognized in the financial statements only when it is more likely than not that the position will be sustained upon examination by a taxing authority. If the position meets the more-likely-than-not criteria, it is measured using a probability-weighted approach as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold are derecognized in the first subsequent financial reporting period in which the threshold is no longer met.

At December 31, 2007, Con-way reported gross tax-affected unrecognized tax benefits of $15.2 million, including $5.4 million of accrued interest and penalties related to the unrecognized tax benefits. At September 30, 2008, Con-way's estimate of gross tax-affected unrecognized tax benefits increased to $23.1 million (including $8.2 million of accrued interest and penalties), due primarily to liabilities assumed with Con-way's acquisition of Chic Logistics. At September 30, 2008, Con-way estimated that $10.4 million of the unrecognized tax benefits, if recognized, would change the effective tax rate. During the first nine months of 2008, Con-way recognized $1.3 million in interest and penalties that were included in tax expense. Con-way does not expect the total unrecognized tax benefits to vary significantly in the next 12 months. Con-way classifies interest and penalties expense related to income taxes as a component of income tax expense.

The following summarizes the changes in the unrecognized tax benefits during the year, excluding interest and penalties:

(Dollars in thousands)

Balance at December 31, 2007	$	9,793
Unrecognized tax benefits on acquisitions		5,893
Gross decreases – prior-period tax positions		(58)
Gross increases – current-period tax positions		433
Settlements		(1,106)
Lapse of statute of limitations		(71)
Balance at September 30, 2008	$	14,884

In the normal course of business, Con-way is subject to examination by taxing authorities throughout the world. The years subject to examination in the relevant jurisdictions, include 2005 to 2007 for federal income taxes, 2003 to 2007 for state and local income taxes, and 1999 to 2007 for foreign income taxes. Where no tax return has been filed, no statute of limitations applies. Accordingly, if a tax jurisdiction reaches a conclusion that a filing requirement does exist, then additional years may be reviewed by the tax authority.

12. Sale-Leaseback Transaction

On June 30, 2008, Menlo Worldwide Logistics entered into agreements to sell and lease back two warehouses located in Singapore. In connection with the sale of the warehouses, Menlo Worldwide Logistics received $40.4 million. The resulting $19.0 million gain is classified as a deferred credit in the consolidated balance sheets and will be amortized over the ten-year term of the leases. Each lease contains an option to renew for an additional five-year term. As of September 30, 2008, future minimum payments associated with these leases were as follows:

(Dollars in thousands)

Year ending December 31:		
2008	$	980
2009		3,928
2010		4,002
2011		4,098
2012		4,160
Thereafter (through 2018)		23,912
Total minimum lease payments	$	41,080

13. Commitments and Contingencies

Spin-Off of CFC

On December 2, 1996, Con-way completed the 100% spin-off of Consolidated Freightways Corporation ("CFC") to Con-way's shareholders. CFC was, at the time of the spin-off, a party to certain multiemployer pension plans covering some of its current and former employees. CFC's cessation of its U.S. operations in connection with the filing of bankruptcy in 2002 was deemed to have resulted in CFC's "complete withdrawal" (within the meaning of applicable federal law) from these multiemployer plans, and these plans subsequently assessed claims for such "withdrawal liabilities" against CFC, demanding that CFC pay them for the approximately $400 million that they determined to be CFC's share of unfunded vested benefits obligations under those plans.

Con-way has received requests for information regarding the spin-off of CFC from representatives of some of the pension funds, and Con-way responded to those requests, providing the last of the requested documents in August 2004. In July 2008, nearly four years after Con-way complied with its requests for documents, one of the larger pension funds, Central States, Southeast and Southwest Areas Pension Fund ("Central States") which assessed withdrawal liabilities against CFC of approximately $319 million, advised Con-way that while the pension fund's trustees had not been asked to assess withdrawal liability against Con-way, the pension fund wished to meet with Con-way to discuss the matter. To date, no other pension funds have contacted Con-way.

To resolve uncertainties created by Central States' recent contact, Con-way filed an arbitration demand and a federal lawsuit on August 11, 2008 against the pension fund. In the arbitration, Con-way asked the arbitrator to decide and resolve in Con-way's favor all arbitrable disputes between the parties. In the lawsuit, Con-way Inc. v. Central States, Southeast and Southwest Areas Pension Fund (United States District for the Northern District of California 2008), Con-way asked the court to compel Central States to have all disputes between the parties decided in the arbitration that Con-way filed, or, alternatively, to declare that Con-way is not liable for any of CFC's unpaid withdrawal liabilities, and to enjoin the pension fund from violating applicable statutory and plan requirements.

On October 9, 2008, Con-way received a demand letter from Central States notifying Con-way of the assertion of withdrawal liability against it in the amount of $662 million (payable over a term of approximately 11 years.) Central States contends that this withdrawal liability arose on the date Con-way sold a former subsidiary to UPS in December 2004 (rather than the date that CFC permanently ceased its obligation to contribute to the pension fund in 2002), based on Central States' position that the 2004 sale resulted in a complete withdrawal within the meaning of applicable federal law. As a result, Central States contends that Con-way owes $662 million in withdrawal liability. The higher alleged withdrawal liability calculation primarily reflects the fact that Central States' overall level of underfunding increased substantially from 2002 to 2004. Central States' demand also states that it is without prejudice to a future claim or assertion that Central States' proof of claim filed against CFC in the CFC bankruptcy was effective notice of withdrawal liability to Con-way in 2003, therefore Con-way is in default and the amount of such liability would be a total of approximately $412 million (including $319 of withdrawal liability and accrued interest thereon), less any previous recoveries made by Central States in the CFC bankruptcy. Following receipt of this demand, Con-way amended its lawsuit to assert additional claims against Central States and additional defenses to its demand.

Con-way believes that the amount of Central States' claims against Con-way for CFC's unpaid withdrawal liabilities is material, and a judgment or arbitration award against Con-way for all or a significant part of these claims could have a material adverse effect on Con-way's financial condition, results of operations and cash flows. Con-way also believes that its actions in connection with the CFC spin-off were proper and intends to vigorously defend itself from these claims by Central States and any other claims that may be brought against it in the future by other multiemployer pension funds seeking to hold Con-way responsible for CFC's unpaid withdrawal liabilities. However, there can be no assurance as to the outcome of any such litigation given uncertainties inherent in such proceedings, including the possible application of adverse judicial decisions rendered in unrelated matters not involving Con-way.

As a result of the matters discussed above, Con-way can provide no assurance that matters relating to the spin-off of CFC will not have a material adverse effect on Con-way's financial condition, results of operations or cash flows.

Other

In February 2002, a lawsuit was filed against EWA in the District Court for the Southern District of Ohio, alleging violations of the Worker Adjustment and Retraining Notification Act (the "WARN Act") in connection with employee layoffs and ultimate terminations due to the August 2001 grounding of EWA's airline operations and the shutdown of the airline operations in December 2001. The court subsequently certified the lawsuit as a class action on behalf of affected employees laid off between August 11 and August 15, 2001. The WARN Act generally requires employers to give 60-days notice, or 60-days pay and benefits in lieu of notice, of any shutdown of operations or mass layoff at a site of employment. The estimated range for potential loss on this matter is zero to approximately $9 million, plus accrued interest. Con-way intends to continue to vigorously defend the lawsuit. The case is scheduled for trial in January 2009.

Con-way is a defendant in various other lawsuits incidental to its businesses. It is the opinion of management that the ultimate outcome of these actions will not have a material effect on Con-way's financial condition, results of operations or cash flows.

14. Subsequent Event

On November 3, 2008, Con-way Freight issued a press release announcing plans to restructure its operating network to reduce service exceptions, improve on-time delivery and bring faster transit times while deploying a lower-cost, more efficient service center network better aligned to customer needs and business volumes. This plan will not change Con-way Freight's service coverage as the company is not exiting any markets, but will involve the shutdown of approximately 40 service centers located throughout the network, with shipment volumes from closing locations redistributed and balanced among more than 100 nearby service centers. Tractor and trailer equipment will also be redeployed among remaining service center locations. Approximately 75% of the affected employees are expected to have the opportunity to follow work to new operating locations. The number of employees retained after the network change is completed, as well as the net workforce reduction, will depend on a several factors including how many employees elect to move with the work to nearby operating locations, accept a transfer to another location, or choose to accept a separation package and leave the company. Con-way expects the reorganization to be complete in the fourth quarter of 2008 and estimates that Con-way Freight will recognize total restructuring costs of about $20 million consisting of lease termination costs and asset impairment charges of approximately $8 million, employee separation costs of approximately $9 million and relocation costs of $3 million.

The majority of the employee separation and relocation costs are expected to be paid out in the fourth quarter of 2008 with lease termination costs paid out over the remaining lease terms. The costs and payments Con-way Freight will incur in connection with the plan are subject to a number of assumptions and uncertainties, and as a result the actual results may differ.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

Management's Discussion and Analysis of Financial Condition and Results of Operations (referred to as "Management's Discussion and Analysis") is intended to assist in a historical and prospective understanding of Con-way's financial condition, results of operations, and cash flows, including a discussion and analysis of the following:

- Overview of Business
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates
- New Accounting Standards
- Forward-Looking Statements

Overview of Business

Con-way provides transportation, logistics and supply-chain management services for a wide range of manufacturing, industrial and retail customers. Con-way's business units operate in regional and transcontinental less-than-truckload and full-truckload freight transportation, contract logistics and supply-chain management, freight brokerage, and trailer manufacturing. For financial reporting purposes, Con-way is divided into the following five reporting segments:

- *Freight*. The Freight segment consists of the operating results of the Con-way Freight business unit, which provides regional, inter-regional, and transcontinental less-than-truckload freight services throughout North America.

- *Logistics*. The Logistics segment consists of the operating results of the Menlo Worldwide Logistics business unit (also referred to as Menlo Logistics), which develops contract-logistics solutions, including the management of complex distribution networks and supply-chain engineering and consulting, and also provides freight brokerage services. The Logistics segment includes the results of Chic Logistics and Cougar Logistics for periods subsequent to their acquisition.

- *Truckload.* The Truckload segment includes the operating results of the Con-way Truckload business unit. Con-way Truckload provides asset-based full-truckload freight services throughout North America, including services into and out of Mexico. Following the acquisition of CFI in August 2007, the operating results of CFI are reported with the operating results of Con-way's former truckload operation in the Truckload reporting segment.

- *Vector.* Prior to its sale, the Vector reporting segment consisted of Con-way's proportionate share of the net income from Vector, a joint venture with GM. GM purchased Con-way's membership interest in Vector in December 2006.

- *Other*. The Other reporting segment consists of the operating results of Road Systems, a trailer manufacturer, and certain corporate activities for which the related income or expense has not been allocated to other reporting segments.

Con-way's primary business-unit results generally depend on the number, weight and distance of shipments transported, the prices received on those shipments or services, and the mix of services provided to customers, as well as the fixed and variable costs incurred by Con-way in providing the services and the ability to manage those costs under changing circumstances. Con-way's primary business units are affected by the timing and degree of fluctuations in fuel prices and their ability to recover incremental fuel costs through fuel-surcharge programs.

Con-way Freight transports shipments utilizing a network of freight service centers combined with a fleet of company-operated line-haul and pickup-and-delivery tractors and trailers. Con-way Truckload transports shipments using a fleet of long-haul tractors and trailers. Menlo Logistics manages the logistics functions of its customers and primarily utilizes third-party transportation providers for the movement of customer shipments.

Results of Operations

The overview below provides a high-level summary of Con-way's results from continuing operations for the periods presented and is intended to provide context for the remainder of the discussion on reporting segments. Refer to "Reporting Segment Review" below for more complete and detailed discussion and analysis.

Continuing Operations

(Dollars in thousands except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenues	$ 1,370,169	$ 1,111,293	$ 3,911,435	$ 3,187,201
Operating income	$ 78,917	$ 67,682	$ 227,785	$ 194,423
Other expense	15,169	5,756	43,247	11,585
Income from continuing operations before income tax provision	63,748	61,926	184,538	182,838
Income tax provision	23,264	22,961	71,136	67,787
Income from continuing operations	40,484	38,965	113,402	115,051
Preferred stock dividends	1,655	1,693	5,028	5,172
Net income from continuing operations available to common shareholders	$ 38,829	$ 37,272	$ 108,374	$ 109,879
Diluted earnings per share	$ 0.81	$ 0.78	$ 2.26	$ 2.28
Operating margin	5.8%	6.1%	5.8%	6.1%
Effective tax rate	36.5%	37.1%	38.5%	37.1%

Overview

Con-way's consolidated revenue for the third quarter of 2008 increased 23.3% over the same period of 2007 and, in the first nine months of 2008, increased 22.7% from the same prior-year period due largely to acquisition-related revenue increases from Truckload and Logistics, complemented by organic growth. Excluding revenue from the companies acquired in the second half of 2007, Con-way's third-quarter and year-to-date revenue in 2008 increased 14.3% and 10.1%, respectively, due to increases at Freight and Logistics.

In the third quarter of 2008, consolidated operating income increased 16.6% from the same period last year due primarily to increases at the Truckload and Freight segments, partially offset by lower operating income from the Logistics segment. In the first nine months of 2008, consolidated operating income increased 17.2% due primarily to improved operating results from the Truckload segment, partially offset by lower operating income from the Freight and Logistics segments. Increased operating income for the Truckload segment was due to the acquisition of CFI, while declines in operating income from Logistics were due primarily to losses at its recently acquired companies. Excluding results from the acquired companies, Con-way's third-quarter and year-to-date operating income increased 9.5% and 3.9%, respectively. As more fully discussed in Note 3, "Restructuring Activities," of Item 1, "Financial Statements," the first nine months of 2008 include $5.2 million of first-quarter business-transformation costs while the first nine months of last year include $5.5 million of third-quarter business-transformation costs.

Since the announcement of Con-way's re-branding initiative in April 2006, Con-way recognized total expense of $21.1 million through the second quarter of 2008, when the initiative was substantially completed. Re-branding expenses consisted primarily of the costs to convert Con-way Freight's tractors and trailers to the new Con-way graphic identity. See "Reporting Segment Review – Freight" below for re-branding expenses incurred by the Freight segment in the periods presented. Under separate initiatives, Con-way incurred an immaterial amount of re-branding expenses related to the companies acquired in the second half of 2007 and Con-way does not expect future re-branding costs for these companies to be material.

In the third quarter and first nine months of 2008, non-operating expense increased $9.4 million and $31.7 million, respectively, due primarily to increases in interest expense and declines in investment income. In the third quarter and first nine months of 2008, interest expense increased $5.0 million and $19.9 million, respectively, and investment income declined $3.8 million and $12.4 million, respectively. Variations in interest expense and interest income were due primarily to acquisitions in the second half of 2007, which were financed with existing cash resources and proceeds from new debt financing.

Con-way's effective tax rate was 36.5% and 38.5% in the third quarter and first nine months of 2008, respectively, and was 37.1% in the same respective periods of last year. Excluding the effect of various discrete tax adjustments, Con-way's third-quarter and year-to-date effective tax rate in 2008 was 39.6% and 39.4%, respectively, and in 2007, was 37.3% and 37.5%, respectively. The discrete tax adjustments in 2008 were due primarily to the utilization of a portion of a capital-loss carryforward in the third quarter, reflecting the pending sale of certain real estate. In 2007, the discrete tax adjustments largely reflect the settlement of issues following completion of an Internal Revenue Service ("IRS") audit and a 2007 first-quarter write-off of a receivable. As more fully discussed in Note 5, "Sale of Unconsolidated Joint Venture," a receivable due from GM could not be collected, and accordingly, a $2.7 million loss was recognized in the first quarter of 2007. As a sale-related receivable, the write-off was a capital loss for tax purposes and was not deductible from ordinary income. Excluding the discrete items, higher effective tax rates in 2008 reflect lower taxable income from foreign subsidiaries, which limited Con-way's ability to utilize foreign tax credits, and a decline in the amount of tax-exempt interest income.

Con-way's net income from continuing operations available to common shareholders in the third quarter of 2008 increased 4.2% due to increased operating income and a lower effective tax rate that were partially offset by higher non-operating expenses. In the first nine months of 2008, net income from continuing operations available to common shareholders decreased 1.4% reflecting higher non-operating expense and an increase in the effective tax rate that more than offset higher operating income.

Reporting Segment Review

Freight

The following table compares operating results, operating margins, and the percentage change in selected operating statistics of the Freight reporting segment:

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Summary of Segment Operating Results				
Revenues	$ 808,326	$ 740,769	$ 2,375,654	$ 2,165,381
Operating Income	61,107	60,029	174,559	179,859
Operating Margin	7.6%	8.1%	7.3%	8.3%
	2008 vs. 2007		2008 vs. 2007	
Selected Operating Statistics				
Revenue per day	+9.5%		+10.8%	
Weight per day	+2.3		+2.4	
Revenue per hundredweight (“yield”)	+7.0		+8.1	
Shipments per day (“volume”)	-2.7		-0.4	
Weight per shipment	+5.1		+2.9	

The Freight segment’s revenue in the third quarter and first nine months of 2008 increased 9.1% and 9.7%, respectively, from the same periods in 2007 due to higher revenue per day and to a 1-day increase in the number of working days. Revenue per day for Freight increased 9.5% in the third quarter on a 2.3% increase in weight per day and a 7.0% increase in yield. The 2.3% increase in weight per day was achieved through a 5.1% increase in weight per shipment, partially offset by a 2.7% decline in shipments per day. In the first nine months of 2008, revenue per day increased 10.8% on a 2.4% increase in weight per day and an 8.1% increase in yield. The 2.4% increase in weight per day in the first nine months of 2008 was achieved through a 2.9% increase in weight per shipment, partially offset by a 0.4% decline in shipments per day. Variations in weight per shipment are attributed in part to changes in customers’ shipping practices in response to overall transportation costs. Customers are more likely to consolidate their products into larger shipments when they become more cost conscious and/or transportation costs increase.

Yield increases in 2008 primarily reflect increases in fuel surcharges and average length of haul. Commensurate with higher transportation costs, shipments with longer lengths of haul generally have higher yields. Yields in both periods also reflect general rate increases. Con-way Freight implemented a general rate increase of 5.5% on January 28, 2008 compared to a 4.9% increase on March 19, 2007. These general rate increases were applied to customers with pricing governed by Con-way Freight’s standard tariff; however, the effects of the increases were diminished in part by the competitive pricing environment. Yields in the third quarter and first nine months of 2008 were also adversely affected by an increase in average weight per shipment.

Excluding fuel surcharge, yield in the third quarter of 2008 decreased 1.0% compared to a 0.7% increase in the first nine months of 2008. Like other LTL carriers, Con-way Freight assesses many of its customers with a fuel surcharge. The fuel surcharge is intended to compensate Con-way Freight for higher fuel costs and fuel-related increases in purchased transportation. Fuel surcharges are only one part of the overall rate structure, and the total price received from customers is governed by market forces, as more fully discussed below in Item 3, “Quantitative and Qualitative Disclosures About Market Risk - Fuel.” In the third quarter, Freight’s fuel-surcharge revenue increased to 20.6% of revenue in 2008 from 13.6% in 2007, and in the first nine months, increased to 19.4% of revenue in 2008 from 12.9% in 2007.

Freight’s operating income in the third quarter of 2008 increased 1.8% over the same period of 2007 and, in the first nine months, decreased 2.9% from the same prior-year period. Operating income in the periods presented benefited from revenue growth but was adversely affected by increased costs for fuel and purchased transportation, higher expenses for salaries, wages and other employee benefits, and increases in other operating expenses.

Comparative operating results were affected by business-transformation costs and costs incurred under Con-way Freight’s re-branding initiative. Operating expenses in the first nine months of 2008 include $5.2 million of first-quarter business-transformation costs while the first nine months of last year include $5.5 million of third-quarter business-transformation costs. As more fully discussed in Note 3, “Restructuring Activities,” of Item 1, “Financial Statements,” Con-way Freight announced the reorganization in August 2007 and it was completed at the end of the first quarter of 2008. Under Freight's re-branding initiative, which was completed in the second quarter of 2008, Freight incurred $4.9 million of costs in the first nine months of 2008, compared to $3.2 million and $8.8 million in the third quarter and first nine months of 2007, respectively. The re-branding costs were for expenses related primarily to the conversion of tractors and trailers to the new Con-way graphic identity.

In the third quarter and first nine months of 2008, expenses for fuel and fuel-related taxes increased 42.1% and 43.3%, respectively, due primarily to an increase in the cost of diesel fuel. During the same comparative periods, purchased transportation expense increased 31.8% and 30.1%, respectively, reflecting an increase in freight transported by third-party providers and fuel-related rate increases.

In the third quarter and first nine months of 2008, expenses for salaries, wages and other employee benefits increased 2.2% and 3.0%, respectively, from the same periods in 2007. Base compensation in the third quarter and first nine months of 2008 increased 5.0% and 4.7%, respectively, due primarily to wage and salary rate increases, and increases in over-time pay. Employee benefits expense was flat in the third quarter, but increased 3.1% in the first nine months of 2008 compared to the same period in 2007 due primarily to higher costs associated with workers' compensation claims, partially offset by a decline in expenses for compensated absences. In both nine-month periods presented, expenses for compensated absences include non-recurring first-quarter adjustments for benefit plan changes associated with the business-transformation and operational-restructuring initiatives. In the third quarter of 2008, incentive compensation decreased $5.6 million or 45.4% and, in the first nine months of 2008, decreased $14.6 million or 45.5% based on variations in performance measures relative to incentive-plan targets.

Other operating expenses increased 3.6% and 8.7% in the third quarter and first nine months of 2008, respectively, reflecting increases in cargo-loss and damage expense, increased corporate allocations due to information-technology projects, and higher expenses for sales and marketing activities, including promotional items and the use of consultants.

Con-way Freight's revenue and operating income trends in the third quarter of 2008 reflected increasingly adverse economic conditions. Revenue in the third quarter declined sequentially from July through September as declining economic output contributed to successive monthly declines in freight demand, which resulted in decreasing tonnage. Further, successive monthly declines in fuel prices contributed to decreasing fuel-surcharge revenue and yields. In current market conditions, the sequential monthly declines in fuel-surcharge revenue have not been offset by equivalent increases in base freight-rate revenue. Since its fuel-surcharge program has historically enabled Con-way Freight to more than recover increases in fuel costs and freight-related increases in purchased transportation, these declines in fuel-surcharge revenue have had an adverse effect on operating income. The trends described above have continued through October 2008 and, without improvement in market conditions, can be expected to continue into the remainder of the fourth quarter of 2008.

As more fully discussed in Note 14, "Subsequent Event," of Item 1, "Financial Statements," on November 3, 2008, Con-way Freight announced plans to restructure its operating network to reduce service exceptions, improve on-time delivery and bring faster transit times while deploying a lower-cost, more efficient service center network better aligned to customer needs and business volumes.

Logistics

The table below compares operating results and operating margins of the Logistics reporting segment. The table summarizes the segment's revenue as well as net revenue (revenue less purchased transportation expenses). Carrier-management revenue is attributable to contracts for which Menlo Logistics manages the transportation of freight but subcontracts to third parties the actual transportation and delivery of products, which Menlo Logistics refers to as purchased transportation. Menlo Logistics' management places emphasis on net revenue as a meaningful measure of the relative importance of its principal services since revenue earned on most carrier-management services includes the third-party carriers' charges to Menlo Logistics for transporting the shipments.

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Summary of Segment Operating Results				
Revenues	$ 419,896	$ 312,572	$ 1,138,494	$ 956,962
Purchased Transportation	(291,964)	(203,015)	(757,923)	(637,371)
Net Revenues	127,932	109,557	380,571	319,591
Operating Income	3,678	6,188	14,895	19,659
Operating Margin on Revenue	0.9%	2.0%	1.3%	2.1%
Operating Margin on Net Revenue	2.9%	5.6%	3.9%	6.2%

Logistics' revenue in the third quarter and first nine months of 2008 increased 34.3% and 19.0%, respectively, reflecting organic growth and the contribution from the acquisitions of Chic Logistics and Cougar Logistics in the second half of 2007. Excluding revenue from the acquired companies, Logistics' revenue in the third quarter increased 28.9% due to a 34.7% increase in revenue from carrier-management services and a 13.6% increase in revenue from warehouse-management services, while in the first nine months of 2008, Logistics' revenue increased 12.3% due to a 12.0% increase in revenue from carrier-management services and a 13.7% increase in revenue from warehouse-management services. Increased revenue from carrier-management services includes revenue from the Defense Transportation Coordination Initiative contract, as more fully discussed below.

Logistics' net revenue in the third quarter and first nine months of 2008 increased 16.8% and 19.1%, respectively, partially due to the acquisitions of Chic Logistics and Cougar Logistics. Excluding net revenue from the acquired companies, Logistics' net revenue increased 10.2% and 11.2% in the third quarter and first nine months of 2008, respectively. Higher net revenue in 2008 reflects growth in warehouse-management services, which increases revenue without an associated increase in purchased transportation.

Logistics' operating income in the third quarter and first nine months of 2008 decreased 40.6% and 24.2%, respectively, as higher net revenue was more than offset by collective operating losses of $2.2 million in the third quarter and $5.0 million in the first nine months of 2008 at Chic Logistics and Cougar Logistics. Management expects revenue and operating results at the acquired companies to improve in future periods. The remaining discussion of operating results and percentage changes in expense categories excludes the acquired companies.

Excluding operating losses from the acquired companies, Logistics' operating income in the third quarter of 2008 declined 4.3%, but increased 1.6% in the first nine months of 2008. Operating margins in 2008 were adversely affected by pricing pressures as customers looked to reduce supply-chain costs in response to the economic downturn. In the third quarter and first nine months of 2008, purchased transportation expenses increased 38.9% and 12.9%, respectively, due to increases in carrier-management volumes, fuel surcharges and carrier rates. Other operating expenses; expenses for salaries, wages and other employee benefits; costs for rents and leases; and purchased labor expense increased due primarily to increased warehouse-management volumes associated with new customers and growth with existing customers. Other operating expenses increased 21.8% and 18.9% in the third quarter and first nine months of 2008, respectively, due primarily to increases in the use of professional services, cargo-loss and damage claims, facilities expenses and corporate allocations (primarily related to information-technology projects). In the first nine months of 2008, other operating expenses include two separate customer-specific second-quarter issues that increased expenses for cargo-loss claims and uncollectible accounts. Salaries, wages and other employee benefits increased 0.3% and 5.1% in the third quarter and first nine months of 2008, respectively, due to increases in base compensation and other employee-related costs, partially offset by lower incentive compensation. In the third quarter and first nine months of 2008, base compensation rose 5.5% and 7.6%, respectively, due to increased headcount and wage and salary rate increases. Other employee-related costs increased 19.4% and 21.6% in the third quarter and first nine months of 2008, respectively, due primarily to an increase in acquisition-related travel costs. In the third quarter of 2008, incentive compensation decreased $2.1 million or 80.2% and, in the first nine months of 2008, decreased $2.5 million or 33.2% based on variations in performance measures relative to incentive-plan targets. In the third quarter and first nine months of 2008, expenses for rents and leases increased 27.1% and 23.5%, respectively, and expenses for purchased labor increased 9.3% and 9.0%, respectively.

In August 2007, the Department of Defense (“DOD”) selected Menlo Worldwide Logistics Government Services, LLC (“MWLGS”), a subsidiary of Menlo Logistics, Inc., as the primary contractor for the Defense Transportation Coordination Initiative (“DTCI”), a logistics program directed by the DOD to streamline and improve domestic transportation and distribution operations. Under the contract, MWLGS will be responsible for deploying and operating an integrated logistics solution for shipment planning, shipment execution and overall transportation management for DOD shipments moving into and among DOD facilities in the contiguous United States. The contract, with a potential seven-year life, has a three-year base period with an estimated $525 million in transportation expenditures. Implementation of the initiative is being rolled out at 67 DOD distribution centers over a 25-month period. The first distribution center began operations on March 31, 2008 and there were 11 distribution centers operating as of September 30, 2008. The contract contributed revenue of $21.1 million and $26.0 million in the third quarter and first nine months of 2008, respectively. However, the contract did not have a significant effect on Logistics’ operating income.

Truckload

The following table compares revenues and operating income of the Truckload reporting segment:

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Summary of Segment Operating Results				
Revenues	$ 140,932	$ 51,991	$ 394,264	$ 54,228
Operating Income	15,195	2,975	37,907	6

Increased revenue and operating income at the Truckload reporting segment was due to the acquisition of CFI. For periods prior to the acquisition of CFI in August 2007, the operating results of the Truckload segment consist only of the pre-acquisition truckload business unit, which reported losses of $4.7 million and $7.7 million in the third quarter and first nine months of 2007, respectively. Results include restructuring charges of $0.7 million in the second quarter of 2008 and $1.5 million in the third quarter of 2007 related to the integration of the Truckload business units. Con-way Truckload’s results are affected by the timing and degree of fluctuations in fuel prices, as more fully discussed below in Item 3, “Quantitative and Qualitative Disclosures About Market Risk – Fuel.”

Vector

In December 2006, Con-way recognized the sale to GM of Con-way’s membership interest in Vector. The sale of Vector did not qualify as a discontinued operation due to its classification as an equity-method investment, and accordingly, Vector’s income or losses are reported in net income from continuing operations.

In 2007, segment results reported from Con-way’s equity investment in Vector included a $2.7 million first-quarter loss due to the write-off of a business-case receivable from GM, as more fully discussed in Note 5, “Sale of Unconsolidated Joint Venture,” of Item 1, “Financial Statements.”

Other

The Other reporting segment consists of the operating results of Road Systems, a trailer manufacturer, and certain corporate activities for which the related income or expense has not been allocated to other reporting segments. Results in the third quarter and first nine months of 2008 include expenses related to a variable executive-compensation plan that promotes synergistic inter-segment activities. The table below summarizes the operating results for the Other reporting segment:

(Dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenues				
Road Systems	$ 1,015	$ 5,961	$ 3,023	$ 10,630
Operating Income (Loss)				
Road Systems	$ (97)	$ (171)	$ 732	$ 618
Con-way re-insurance activities	376	(354)	2,347	(1,601)
Con-way corporate properties	(183)	(1,015)	(490)	(1,740)
Variable executive compensation	(964)	--	(2,105)	--
Other	(195)	30	(60)	321
	$ (1,063)	$ (1,510)	$ 424	$ (2,402)

Discontinued Operations

Net income available to common shareholders in the periods presented includes the results of discontinued operations, which relate to the closure of Con-way Forwarding, the sale of MWF, the shut-down of EWA and its terminated Priority Mail contract with the USPS, and the spin-off of CFC, as more fully discussed in Note 4, "Discontinued Operations," of Item 1, "Financial Statements." Results of discontinued operations are presented below.

(Dollars in thousands except per share amounts)	Nine Months Ended September 30,	
	2008	2007
Gain from Disposal, net of tax	$ 1,609	$ 1,609
Gain from Disposal – per diluted share	$ 0.04	$ 0.04

Liquidity and Capital Resources

Cash and cash equivalents rose to $225.7 million at September 30, 2008 from $176.3 million at December 31, 2007, as $223.8 million provided by operating activities exceeded $136.0 million used in investing activities and $37.2 million used in financing activities. In the first nine months of 2008, cash provided by operating activities came primarily from net income before non-cash items while cash used in investing and financing activities primarily reflects capital expenditures and the repayment of debt, respectively.

(Dollars in thousands)	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Operating Activities		
Net income	$ 115,011	$ 116,660
Discontinued operations	(1,609)	(1,609)
Non-cash adjustments (1)	210,306	145,601
Net income before non-cash items	323,708	260,652
Changes in assets and liabilities	(99,878)	67,153
Net Cash Provided by Operating Activities	223,830	327,805
Net Cash Used in Investing Activities	(135,978)	(712,124)
Net Cash Provided by (Used in) Financing Activities	(37,243)	302,387
Net Cash Provided by (Used in) Continuing Operations	50,609	(81,932)
Net Cash Provided by (Used in) Discontinued Operations	(1,204)	3,342
Increase (Decrease) in Cash and Cash Equivalents	$ 49,405	$ (78,590)

(1) "Non-cash adjustments" refer to depreciation, amortization, accretion, deferred income taxes, provision for uncollectible accounts, loss from equity-method investment, and other non-cash income and expenses.

Operating Activities

Cash flow from operating activities in the first nine months of 2008 was $223.8 million, a $104.0 million decrease from the first nine months of 2007, as an increase in net income before non-cash items was offset by a net use of cash due to changes in assets and liabilities. In the first nine months of 2008, changes in receivables, accrued income taxes, and accrued incentive compensation reduced operating cash flow when compared to the prior year, partially offset by an increase in operating cash flow associated with accrued liabilities (excluding employee benefits and incentive compensation).

In the first nine months of 2008, receivables used $133.3 million, compared to $28.3 million used in the same prior-year period, due to increased receivables at the Freight and Logistics segments, reflecting increased revenues and increases in the average collection period for outstanding receivables.

Accrued incentive compensation used $0.9 million in the first nine months of 2008 compared to $18.1 million provided in the same prior-year period. In the first nine months of 2008 and 2007, expense accruals for incentive compensation were $30.5 million and $44.8 million, respectively, while incentive compensation payments in those periods, which relate to the prior year, were $31.4 million and $26.7 million, respectively.

In the first nine months of 2008, accrued income taxes used $15.1 million, compared to $38.5 million provided in the same prior-year period due primarily to tax refunds received in March 2007.

The increase in accrued liabilities provided $55.5 million in the first nine months of 2008 compared to $32.8 million in the first nine months of 2007. Increases in accrued liabilities (excluding employee benefits and incentive compensation) primarily reflect increases in accrued interest on the 7.25% Senior Notes issued in December 2007 and unearned revenue related to a logistics contract.

Accounts payable provided $10.6 million of cash in the first nine months of 2008 after reflecting a $31.7 million decline in drafts payable. The decline in drafts payable was due primarily to a change in banking services that resulted in a change to the classification of drafts from accounts payable to a reduction in cash and cash equivalents.

Investing Activities

Cash used in investing activities decreased to $136.0 million in the first nine months of 2008 from $712.1 million used in the first nine months of 2007 due primarily to $739.5 million used to purchase CFI and $28.2 million used to purchase Cougar Logistics in the third quarter of 2007.

The decrease in cash used in investing activities also reflects an increase in capital expenditures, a decrease in cash provided from the conversion of marketable securities and a decrease in proceeds received from the sale of assets. Capital expenditures in the first nine months of 2008 increased $103.5 million from the same prior-year period due primarily to increased tractor and trailer expenditures at the Truckload segment. Cash provided by changes in marketable securities decreased $67.0 million in the first nine months of 2008, primarily due to the conversion in August 2007 of marketable securities that partially funded the acquisition of CFI. The first nine months of 2008 included $40.4 million of proceeds received from the sale of two Logistics' warehouses, as more fully discussed in Note 12, "Sale-Leaseback Transaction," of Item 1, "Financial Statements," compared to $51.9 million of proceeds received in the first nine months of 2007 from the sale of Con-way's membership interest in Vector.

Financing Activities

Financing activities used cash of $37.2 million in the first nine months of 2008 compared to $302.4 million provided in the same period of 2007. In August 2007, Con-way borrowed $425.0 million under a bridge-loan facility to partially fund the acquisition of CFI. The proceeds received from the bridge loan were partially offset by common stock repurchases of $89.9 million in the first nine months of 2007, which were made under a repurchase program authorized by Con-way's Board of Directors. The repurchase program concluded on June 29, 2007 and no additional authorizations have been made under the program. In both periods presented, financing activities also reflect proceeds from the exercise of stock options, dividend payments and scheduled debt repayments.

Con-way has a $400 million revolving credit facility that matures on September 30, 2011. The revolving credit facility is available for cash borrowings and for the issuance of letters of credit up to $400 million. At September 30, 2008, no borrowings were outstanding under Con-way's revolving credit facility; however, $204.3 million of letters of credit were outstanding, with $195.7 million of available capacity for additional letters of credit or cash borrowings. Con-way had other uncommitted, unsecured credit facilities totaling $66.7 million at September 30, 2008, which are available to support letters of credit, bank guarantees, and overdraft facilities. A total of $20.1 million was outstanding under these facilities at September 30, 2008.

See "– Forward-Looking Statements" below; Item 1A, "Risk Factors," and Note 7, "Debt and Other Financing Arrangements," of Item 8, "Financial Statements and Supplementary Data," in Con-way's 2007 Annual Report on Form 10-K for additional information concerning Con-way's $400 million credit facility and its other debt instruments.

Contractual Cash Obligations

Con-way's contractual cash obligations as of December 31, 2007 are summarized in Con-way's 2007 Annual Report on Form 10-K under Item 7, "Management's Discussion and Analysis – Liquidity and Capital Resources – Contractual Cash Obligations." In the first nine months of 2008, there have been no material changes in Con-way's contractual obligations outside the ordinary course of business, except for the sale-leaseback transaction discussed in Note 12, "Sale-Leaseback Transaction," of Item 1, "Financial Statements."

Other

In 2008, Con-way anticipates net capital and software expenditures of approximately $200 million ($261 million of expenditures net of $61 million of proceeds received from the sale of properties and equipment). Con-way's estimate for capital expenditures primarily includes acquisitions of additional tractor and trailer equipment, land, and development of new and existing facilities. Con-way's actual 2008 net capital expenditures may differ from the estimated amount, depending on factors such as actual and anticipated business volumes, availability and timing of delivery of equipment, the availability of land in desired locations for new facilities, the timing of obtaining permits, environmental studies and other approvals necessary for the development of new and existing facilities, and the timing of asset sales.

At September 30, 2008, Con-way's senior unsecured debt was rated as investment grade by Standard and Poor's (BBB), Fitch Ratings (BBB), and Moody's (Baa3). On October 27, 2008, Standard and Poor's put its ratings of Con-way on review for possible downgrade due to the effect of the economic downturn on the trucking sector.

Con-way believes that its working capital requirements and capital expenditure plans in the foreseeable future will be adequately met with various sources of liquidity and capital, including Con-way's cash and cash equivalents, cash flow from operations, credit facilities and access to capital markets.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the U.S. requires management to adopt accounting policies and make significant judgments and estimates. In many cases, there are alternative policies or estimation techniques that could be used. Con-way maintains a process to evaluate the appropriateness of its accounting policies and estimation techniques, including discussion with and review by the Audit Committee of its Board of Directors and its independent auditors. Accounting policies and estimates may require adjustment based on changing facts and circumstances and actual results could differ from estimates. Con-way believes that the accounting policies that require the most judgment and are material to the financial statements are those related to the following:

- Defined Benefit Pension Plans
- Self-Insurance Accruals
- Income Taxes
- Revenue Recognition
- Property, Plant and Equipment and Other Long-Lived Assets
- Acquisitions
- Disposition and Restructuring Activities

Information concerning Con-way's "Critical Accounting Policies and Estimates" is included in Item 7, "Management's Discussion and Analysis," in Con-way's 2007 Annual Report on Form 10-K. There have been no significant changes to the disclosures of critical accounting policies and estimates reported in Con-way's 2007 Annual Report on Form 10-K, except as noted below.

As more fully discussed in Con-way's annual disclosures of critical accounting policies and estimates, the amount recognized as pension expense and the accrued pension liability for Con-way's defined-benefit pension plans depend on a number of assumptions and factors, the most significant being the discount rate used to measure the present value of pension obligations, and the expected rate of return on plan assets for the funded qualified plans.

Con-way concludes on significant assumptions and recognizes the financial-statement effect of any changes in assumptions at the end-of-year actuarial plan measurement date. However, the recent global financial crisis has significantly increased volatility in equity and credit markets and that volatility can be expected to affect certain plan-related end-of-year assumptions. When compared to the last actuarial plan measurement on December 31, 2007, current market conditions would require Con-way to increase the assumed discount rate, which would decrease the reported plan obligation. Recent declines in equity and credit markets have significantly reduced the fair value of plan assets, which decreases the actual return on plan assets and decreases the expected plan-related income in 2009. If the effect of an increase in the discount rate is more than offset by the effect of a decline in the fair value of plan assets, Con-way would report reductions to the plan's funded status and to equity and would also recognize a decline in plan-related income in 2009.

New Accounting Standards

Refer to Note 1, "Principal Accounting Policies," of Item 1, "Financial Statements," for a discussion of recently issued accounting standards that Con-way has not yet adopted.

Forward-Looking Statements

Certain statements included herein constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to a number of risks and uncertainties, and should not be relied upon as predictions of future events. All statements other than statements of historical fact are forward-looking statements, including:

- any projections of earnings, revenues, weight, yield, volumes, income or other financial or operating items;
- any statements of the plans, strategies, expectations or objectives of Con-way’s management for future operations or other future items;
- any statements concerning proposed new products or services;
- any statements regarding Con-way’s estimated future contributions to pension plans;
- any statements as to the adequacy of reserves;
- any statements regarding the outcome of any claims that may be brought against Con-way by CFC’s multi-employer pension plans;
- any statements regarding future economic conditions or performance;
- any statements regarding the outcome of legal and other claims and proceedings against Con-way;
- any statements regarding strategic acquisitions; and
- any statements of estimates or belief and any statements or assumptions underlying the foregoing.

Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates” or “anticipates” or the negative of those terms or other variations of those terms or comparable terminology or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data and methods that may be incorrect or imprecise and there can be no assurance that they will be realized. In that regard, certain important factors, among others and in addition to the matters discussed elsewhere in this document and other reports and documents filed by Con-way with the Securities and Exchange Commission, could cause actual results and other matters to differ materially from those discussed in such forward-looking statements. A detailed description of certain of these risk factors is included in Item 1A, “Risk Factors,” of Con-way’s 2007 Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Con-way is exposed to a variety of market risks, including the effects of interest rates, fuel prices, and foreign currency exchange rates.

Con-way enters into derivative financial instruments only in circumstances that warrant the hedge of an underlying asset, liability or future cash flow against exposure to some form of interest rate, commodity or currency-related risk. Additionally, the designated hedges should have high correlation to the underlying exposure such that fluctuations in the value of the derivatives offset reciprocal changes in the underlying exposure. Con-way held no material derivative financial instruments at September 30, 2008.

Interest Rates

Con-way is subject to the effect of interest-rate fluctuations on the fair value of its long-term debt and on the amount of interest income earned on cash-equivalent investments and marketable securities, as more fully discussed in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of Con-way's 2007 Annual Report on Form 10-K.

Fuel

Con-way is subject to risks associated with the availability and price of fuel, which are subject to political, economic, and market factors that are outside of Con-way's control.

Con-way would be adversely affected by an inability to obtain fuel in the future. Although historically Con-way has been able to obtain fuel from various sources and in the desired quantities, there can no assurance that this will continue to be the case in the future.

Con-way may also be adversely affected by the timing and degree of fluctuations in fuel prices. Currently, Con-way's business units have fuel-surcharge revenue programs or cost-recovery mechanisms in place with a majority of customers. Con-way's business units in the Freight and Truckload segments maintain fuel-surcharge programs designed to offset or mitigate the adverse effect of rising fuel prices. Menlo Logistics has cost-recovery mechanisms incorporated into most of its customer contracts under which it recognizes fuel-surcharge revenue designed to eliminate the adverse effect of rising fuel prices on purchased transportation.

Although Con-way Freight's competitors in the less-than-truckload ("LTL") market also impose fuel surcharges, there is no LTL industry-standard fuel-surcharge formula. Con-way Freight's fuel-surcharge program, which is based on a published national index, constitutes only part of Con-way Freight's overall rate structure. Con-way Freight generally refers to "base freight rates" as the collective pricing elements that exclude fuel surcharges. Accordingly, changes to base freight rates reflect numerous factors such as length of haul, freight class, and weight per shipment as well as customer-negotiated adjustments to Con-way's fuel-surcharge mechanism. Ultimately, the total amount that Con-way Freight can charge for its services is determined by competitive pricing pressures and market factors.

Historically, its fuel-surcharge program has enabled Con-way Freight to more than recover increases in fuel costs and fuel-related increases in purchased transportation. As a result, Con-way Freight may be adversely affected if fuel prices fall and the resulting decrease in fuel-surcharge revenue is not offset by an equivalent increase in base freight-rate revenue. Although lower fuel surcharges may improve Con-way Freight's ability to increase the freight rates that it would otherwise charge, there can be no assurance in this regard. Con-way Freight may also be adversely affected if fuel prices increase or if fuel prices return to historically high levels. Customers faced with fuel-related increases in transportation costs often seek to negotiate lower rates through reductions in the base rates and/or limitations on the fuel surcharges charged by Con-way Freight, which adversely affect Con-way Freight's ability to offset higher fuel costs with higher revenue.

Con-way Truckload's fuel-surcharge program mitigates the effect of rising fuel prices but does not always result in Con-way Truckload fully recovering the increase in its cost of fuel. In part, this is due to fuel costs that cannot be billed to customers, including costs such as those incurred in connection with empty and out-of-route miles or when engines are being idled during cold or warm weather. As with the LTL industry, there is no truckload industry-standard fuel-surcharge formula.

Con-way would be adversely affected if, due to competitive and market factors, its business units are unable to continue their current fuel-surcharge programs and/or cost-recovery mechanisms. In addition, there can be no assurance that the programs and/or mechanisms utilized by Con-way Freight and Menlo Logistics, as currently maintained or as modified in the future, will be sufficiently effective to offset increases in the price of fuel, or that the programs maintained by Con-way Truckload will enable Con-way Truckload to sufficiently minimize its exposure to fuel-related cost increases.

Foreign Currency

The assets and liabilities of Con-way's foreign subsidiaries are denominated in foreign currencies, which create exposure to changes in foreign-currency exchange rates. Con-way does not currently use derivative financial instruments to manage foreign currency risk.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Con-way's management, with the participation of Con-way's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of Con-way's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, Con-way's Chief Executive Officer and Chief Financial Officer have concluded that Con-way's disclosure controls and procedures are effective as of the end of such period.

(b) Internal Control Over Financial Reporting

Other than as described below, there have not been any changes in Con-way's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, Con-way's internal control over financial reporting.

Con-way acquired CFI on August 23, 2007, Cougar Logistics on September 5, 2007 and Chic Logistics on October 18, 2007. In connection with the acquisition of Chic Logistics, Con-way has implemented changes to its internal controls over financial reporting, including primarily the replacement of certain key staff with better-qualified employees and the establishment of additional authorization and segregation-of-duties controls in the revenue, expenditures, treasury and book-close processes. Management is continuing to evaluate and document the procedures and controls at these acquired companies and, as a result, may make additional changes or identify deficiencies. Con-way will include these acquired companies in Management's Report on Internal Control Over Financial Reporting for the annual period ended December 31, 2008.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Con-way, along with other companies engaged in the LTL trucking business, was named as a defendant in a purported class-action lawsuit filed on July 30, 2007 in the United States District Court for the Southern District of California. The named plaintiffs, Farm Water Technological Services Inc. d/b/a Water Tech. and C.B.J.T. d/b/a Agricultural Supply, allege that the defendants have conspired to fix fuel surcharges for LTL shipments in violation of Federal antitrust laws and are seeking treble damages, injunctive relief, attorneys' fees and costs. After this lawsuit was filed, approximately 50 similar lawsuits were filed by other plaintiffs in various federal district courts, naming as defendants Con-way or Con-way Freight (or both), as well as other companies engaged in the LTL trucking business. In December 2007, these cases were consolidated for litigation in the Federal District Court for the Northern District of Georgia in Atlanta.

In 2003, prior to the sale of MWF to UPS, Con-way became aware of information that Emery Transnational, a Philippines-based joint venture in which MWF, Inc. may be deemed to be a controlling partner, may have made certain payments in violation of the Foreign Corrupt Practices Act. Con-way promptly notified the Department of Justice and the Securities and Exchange Commission of this matter, and MWF, Inc. instituted policies and procedures in the Philippines designed to prevent such payments from being made in the future. Con-way was subsequently advised by the Department of Justice that it is not pursuing an investigation of this matter. Con-way conducted an internal investigation of approximately 40 other MWF, Inc. international locations and has shared the results of the internal investigation with the SEC. The internal investigation revealed that Menlo Worldwide Forwarding (Thailand) Limited, a Thailand-based joint venture, also may have made certain payments in violation of the Foreign Corrupt Practices Act. MWF, Inc. made certain personnel changes and instituted policies and procedures in Thailand designed to prevent such payments from being made in the future. In December 2004, Con-way completed the sale of its air freight forwarding business (including the stock of MWF, Inc., Emery Transnational and Menlo Worldwide Forwarding (Thailand) Limited) to an affiliate of UPS. In connection with that sale, Con-way agreed to indemnify UPS for certain losses resulting from violations of the Foreign Corrupt Practices Act. On August 27, 2008, Con-way Inc. settled this matter with the SEC by agreeing to cease and desist from committing or causing any violations of the books and records and internal controls provisions, specifically sections 13(b)(2)(A), 13(b)(2)(B) and 13(b)(5), of the Securities Exchange Act of 1934, and consenting to the entry of a final judgment requiring Con-way to pay a $300,000 civil penalty. The civil penalty was paid to the SEC in September 2008.

Certain legal proceedings of Con-way are also discussed in Note 4, "Discontinued Operations," and Note 13, "Commitments and Contingencies," of Item 1, "Financial Statements."

ITEM 1A. RISK FACTORS

A detailed description of risk factors is included in Item 1A, "Risk Factors," of Con-way's 2007 Annual Report on Form 10-K. Except for the discussion included herein under "Fuel" of Part 1, Item 3, "Market Risk," there have been no changes to Con-way's risk-factors disclosures.

ITEM 6. EXHIBITS

Exhibit No.

(2) Plan of acquisition, reorganization, arrangement, liquidation, or succession:

2.1 Con-way Plan for reorganization of Con-way Freight, Inc. (Item 2.05 to Con-way's Report on Form 8-K filed on November 3, 2008).*

(10) Material Contracts

10.1 Summary of Certain Compensation Agreements (Item 5.02 to Con-way's Report on Form 8-K filed on August 14, 2008).*#

10.2 Amended Executive Severance Agreements (Item 5.02 to Con-way's Report on Form 8-K filed on September 25, 2008).*

(31) Certification of Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(32) Certification of Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Previously filed with the Securities and Exchange Commission and incorporated herein by reference.
# Designates a contract or compensation plan for Management and Directors.

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 thereunto duly authorized.

Con-way Inc.
(Registrant)

November 7, 2008

/s/ Stephen L. Bruffett
Stephen L. Bruffett
Senior Vice President and
Chief Financial Officer