

LETTER TO SHAREHOLDERS



Douglas W. Stotlar, President
and Chief Executive Officer

The true character of a team is revealed by how it responds to challenge, and in 2009 the Con-way team responded with remarkable focus, strength and resilience as we navigated through the most severe economic downturn in our company's history. The year saw proactive and decisive steps taken to reduce costs and conserve cash.

At the same time, our team kept an eye on the horizon: investments were made to prudently maintain our fleets, new service offerings were developed, advancements were made in technology tools, and our networks became more efficient — all to position ourselves for the future.

Year in Review

The economic reset had far-reaching effects in the freight and logistics markets. Our principal operating companies — Con-way Freight, Con-way Truckload and Menlo Worldwide Logistics — each responded with strategies to address the challenges while maintaining reliable, consistent service.

Con-way Freight: The principal challenge for our less-than-truckload (LTL) company in 2009 was managing through a rapid, severe decline in business volumes driven by the recession. Pricing, already weakened in prior years by increased competition and industry capacity that grew beyond market demand, declined at an accelerated pace, which pressured margins. Con-way Freight responded with diligent cost management and an emphasis on performance improvement for customers, implementing programs to increase network density, velocity, ease of doing business and service reliability. Our LTL company also turned in a superior safety performance in 2009, achieving its lowest accident frequency rate since 2003 and its best-ever showing at the National Truck Driving Championships, in which 88 Con-way Freight state champion drivers competed, with veteran driver Dale Duncan capturing the 2009 Grand Champion title. Going into 2010, Con-way Freight is continuing its aggressive focus on safety and has launched initiatives to optimize its customer mix and improve yield, productivity and margins.

Con-way Truckload: Our full-truckload company battled the economy's headwinds and the most aggressive bid cycle in memory in 2009, delivering a commendable operating profit. A strategic right-sizing of its fleet, coupled with solid operations management, improved fleet utilization and reduced empty miles as the year progressed. Initiatives to expand into regional markets and Canada were launched. The company had its best safety performance in 22 years in 2009, improving its accident frequency rate for the fifth consecutive year and reducing it 34 percent from 2004. With its strong presence in Mexico and premium service reputation, Con-way Truckload is positioned to improve profitable growth as industry overcapacity recedes and pricing continues to firm.

Menlo Worldwide Logistics: Our supply chain and logistics company rode a wave of increasing interest in outsourcing throughout 2009, as more businesses engaged third parties to pursue transportation and logistics cost reductions. Menlo delivered and, in the process, turned the economic downturn to its advantage to achieve a near-record profit year. The company made headway expanding its fourth-party logistics (4PL) services in 2009 and expects to enhance this industry-leading capability going forward, as well as its traditional third-party logistics (3PL) warehousing and transportation management services. Menlo's expertise in Lean tools and practices for reducing waste and improving efficiency continues to provide competitive differentiation.

Outlook

The freight and logistics markets have recovered from the volatility of 2009 and have settled into what seems to be a stable and improving economy, albeit at a much lower level of economic output. The central issue we need to deal with in 2010 is freight industry pricing, which bottomed in 2009 to nearly 10-year lows.

Given the stabilization in the operating environment, we will resume a more typical capital program in 2010. From a platform of financial strength, we are planning to invest more than \$160 million for fleet replacement, technology upgrades and other assets that will improve operations. In addition, with the May repayment of \$200 million of debt, we'll reduce our interest expense and further strengthen our balance sheet.

We're realistic about the future; 2010 will present its own challenges considering that today's freight and logistics markets are reliant on an economy that has not completely shaken off the worst recession in decades. Our strategies and our portfolio of businesses are on target with the services our customers tell us will be most in demand and most valuable to them today and into the future.

We are a resilient and adaptable team, and as long as we keep blocking and tackling, keep costs in check, and focus on consistent, uncompromising service for the customer, our prospects for profitable growth will improve.

On behalf of our management team and board of directors, I want to thank our customers for their continued support and, most importantly, our employees for responding to the challenges of a difficult year with tremendous character, discipline and perseverance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Doug Stotlar', with a long horizontal line extending to the right.

Douglas W. Stotlar, President and CEO

March 26, 2010
