

LETTER TO SHAREHOLDERS



Douglas W. Stotlar, President
and Chief Executive Officer

When you examine the characteristics of successful, enduring companies, they have a common thread: They change, adjust and adapt, especially during difficult times. In 2010, Con-way demonstrated these qualities distinctly through a year that had its share of adversity. Our primary operating companies overcame challenges unique to their businesses, implemented improvement strategies in response, and continued to deliver a quality service experience to our customers.

YEAR IN REVIEW

The market for freight and global logistics services in 2010 saw a tepid and intermittent recovery. Con-way Freight's and Con-way Truckload's segments recovered somewhat from the recession's lows, with cyclical surges early in the year. Menlo Worldwide Logistics grew internationally, yet faced soft demand in North America for outsourced logistics and large-scale transformative supply chain projects. By year's end, the balance of supply and demand was improving, leading to better freight pricing, while logistics opportunities in North America began to rebound.

Con-way Freight: Following a leadership change, Con-way Freight in August 2010 implemented a "back to basics" strategy to improve operating balance and business fundamentals. Since then, meaningful progress has been made to trim costs, manage network volumes to more efficient levels, and increase yield. Against this challenging backdrop, our employees did a superb job raising productivity, on-time performance and service quality to near-record levels. Two major technology initiatives were successfully launched: the rollout of our MobileSCO hand-held computers for drivers; and the installation of the SafeStack™ load securement system in our trailer fleet. These are driving operating efficiencies through better load planning and trailer utilization while also enhancing customer satisfaction.

These improvements provide an excellent foundation for continued progress in 2011. Con-way Freight's focus is on cost discipline, refining the business mix, and improving yield to drive further margin expansion.

Menlo Worldwide Logistics: Menlo Worldwide Logistics turned in a record operating income performance in 2010. Menlo is recognized for the value it creates through industry-leading third-party logistics (3PL) services. Its consultative "4PL" practice has become a major strategic advantage enabling its customers to transform their supply chains, and Con-way Multimodal remains on a rapid growth trajectory. In October, Menlo successfully completed its initial three-year contract as program manager for the Defense Transportation Coordination Initiative (DTCI) and was awarded a contract extension and increased scope. Menlo also launched several improvement initiatives, moving into startup and deployment of its next-generation transportation management platform and streamlining

its sales-to-startup process. Menlo's proven expertise in Lean remains a key differentiator that reduces waste and drives continuous supply chain improvement for customers.

Con-way Truckload: Con-way Truckload completed several strategic initiatives in 2010, concluding the year with a rebalanced network and more efficient fleet operations. With demand firming and pricing strengthening, capacity was shifted from internal affiliate to external business to take advantage of this key inflection point in the market. By year's end, asset utilization improved, empty miles declined and revenue per load increased. Early returns from first quarter 2011 bid activity foreshadow continued price improvement. Balancing levels of affiliate Con-way business, which provides internal synergy benefits, with higher-margin market-based loads in 2011 is a key strategy. Con-way Truckload's premium service should increasingly be in demand as industry capacity is absorbed. Growth plans for Mexico, along with expansion of regional operations, complete a cohesive strategy designed to accelerate improvement.

OUTLOOK

Con-way provides a unique business model in transportation. No other enterprise offers a combination of reliable, industry-leading LTL, global logistics and truckload services that are complementary on so many levels.

Solid operating discipline, engaged and motivated employees, and a strong financial foundation underscore the positive momentum Con-way carries into 2011. Con-way Freight has regained its balance. Its priorities are margin expansion, increasing return on capital and continuous operations improvement while delivering consistent, exception-free, on-time service against the industry's toughest standards. Menlo Worldwide Logistics' focus is on organic growth in 3PL services, consultative 4PL services and primary industry verticals, while strategically expanding into adjacent verticals and complementary services. Con-way Truckload will focus on renewing its fleet, optimizing its network and sustaining its position in the premium-service segment of the truckload market.

On behalf of our management team and board of directors, I want to thank our employees for a tremendous effort in a challenging year. We look to 2011 with confidence in our people and their ability to demonstrate to our customers and shareholders the enduring value that sets Con-way apart.

Sincerely,

Douglas W. Stotlar
President and Chief Executive Officer

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