

LETTER TO SHAREHOLDERS



Douglas W. Stotlar, President
and Chief Executive Officer

Con-way Inc. posted improved results in 2011 as our company continued to execute against our business strategy that emphasizes stability, operational discipline and margin expansion. We delivered earnings that were more than triple the earnings produced in 2010, driven by solid revenue growth, efficiency gains and improved margins for freight transportation and logistics services.

OUR MARKETS

Economic activity in the United States began to increase in 2011, and the markets for less-than-truckload and full-truckload freight transportation continued their modest recovery. For the first time in several years, freight demand generally remained in balance with capacity, which resulted in a more stable pricing environment. Rising demand for supply chain outsourcing benefited non-asset based logistics service providers.

Con-way Freight focused on operating discipline and consistent execution in 2011. We delivered gains in network efficiencies, margins and safety. We were particularly pleased with the progress we made in our safety performance, with declines of 14 and 28 percent, respectively, in vehicular accidents and workplace injuries. Our emphasis on safety is based on our commitment to the well-being of our employees, but it also yields financial benefits in the form of reduced workers' compensation and vehicular accident costs. Con-way Freight's on-time service returned to historical benchmarks, and customer satisfaction reached record levels. These improvements were driven, in part, by investments in new technology such as our SafeStack™ trailer-decking systems, which improved exception-free handling and reduced shipment claims to historic lows. We continued our rollout of Lean methodologies and practices, providing expanded opportunities for front-line employees to drive continuous improvement and elimination of waste from operations. With a consistent multi-year strategy in place, Con-way Freight is poised for sustained improvement.

Menlo Worldwide Logistics grew gross revenues and net revenues in 2011 while maintaining operating income consistent with last year's strong results. Effective cost controls coupled with superior execution underscored this year's success. Revenue increased, driven by higher prospect volume, quality and an improved win rate for new projects. Menlo introduced new behavior-based safety training and a five-year global safety plan. The result was a 20 percent reduction in workplace injuries. We also invested in new technologies and expanded our transportation management service portfolio, where we manage over \$1 billion of freight spend for customers. Menlo's proven expertise in Lean practices remained a key differentiator, creating

value for customers. Menlo is well positioned to maintain its growth momentum in revenues and operating income.

Con-way Truckload did an excellent job balancing its network, managing empty miles and recruiting new drivers to keep the fleet fully utilized in 2011. Pricing improved year over year as demand for Con-way Truckload's premium service remained stable. Higher revenue per loaded mile and lower empty miles reflected effective network management and efficient asset utilization. While we did not expand capacity, we did add 1,509 new replacement tractors to the fleet, lowering overall fleet age and reducing maintenance expense. Con-way Truckload's safety performance mirrored the enterprisewide focus on safety as its top priority. Vehicular accidents and workplace injuries declined 18 and 7 percent, respectively. Con-way Truckload also formally launched Lean as its foundation for continuous improvement. With industry capacity remaining relatively stable, Con-way Truckload is positioned well for profitable growth.

OUTLOOK

A relatively slow-growing but stable economy should support improving business conditions in both our trucking and logistics segments. Safety remains our top priority at all business units, with further reduction of accidents and injuries achieved through behavior-based training, education and aggressive risk management. And as we continue to introduce Lean deeper into the company, we expect to capture additional bottom-line benefits.

At Con-way Freight, we intend to continue to drive margin expansion through our emphasis on improving safety, employee engagement, consistent operational execution, and refining our sophistication with costing, data analytics and pricing. Menlo Worldwide Logistics is focused on growth across its core services, increasing its proportion of international business and expanding its margins. Con-way Truckload will maintain aggressive recruiting to keep its trucks rolling, while leveraging new technology to improve fleet efficiency and increase margins.

On behalf of our board of directors, I want to thank our employees for their support and hard work in a year in which we achieved many goals. We move into 2012 with confidence in our strategies, the support of engaged employees, and momentum toward continued growth and margin expansion.

Sincerely,

Douglas W. Stotlar
President and Chief Executive Officer, Con-way Inc.

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