

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

October 17, 2006

Date of Report (Date of earliest event reported)

Con-way Inc.

(Exact name of registrant as specified in its charter)

Delaware	1-5046	94-1444798
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(State of other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2855 Campus Drive, Suite 300, San Mateo, California 94403

(Address of principal executive offices)
(zip code)

Registrant's telephone number, including area code:
(650) 378-5200

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligations of the registrant
under any of the following provisions (see General Instruction A.2
below):

- Written communications pursuant to Rule 425 under the Securities Act (17
CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17
CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the
Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the
Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 17, 2006, Con-way Inc. issued a press release announcing results of operations for the quarter ended September 30, 2006, which is being furnished to the U.S. Securities and Exchange Commission. A copy of the press release is attached hereto as Exhibit 99 and is incorporated herein by reference. The foregoing description of the press release is qualified in its entirety by reference to such exhibit.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No. -----	Description -----
99	Earnings release issued on October 17, 2006

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 hereunto duly authorized.

Con-way Inc.

(Registrant)

October 17, 2006 /s/ Kevin C. Schick

Kevin C. Schick
Chief Financial Officer



NEWS RELEASE

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CON-WAY INC. REPORTS THIRD-QUARTER 2006 RESULTS

SAN MATEO, Calif.—October 17, 2006—Con-way Inc. (NYSE:CNW) today reported net income from continuing operations for the third quarter of 2006 of \$63.0 million (after preferred stock dividends), or \$1.24 per diluted share. The results compare to third-quarter 2005 net income from continuing operations (after preferred stock dividends) of \$63.2 million, or \$1.13 per diluted share. Third quarter earnings per diluted share in 2006 increased 9.7 percent over the 2005 period due to the accretive effect (11 cents per diluted share) of the company's share repurchase program.

Earnings from continuing operations in the 2006 third quarter included a gain of \$6.2 million (8 cents per diluted share) from the sale of Con-way Expedite, and reflected a change in reporting of earnings from Vector SCM, LLC, the logistics joint venture with General Motors Corp. (NYSE:GM). GM has exercised its right to buy Con-way's membership interest in Vector. From June 30, 2006, only profits associated with the settlement of pre-existing business cases will be reported in quarterly results. Any other profits from that date forward will be utilized in the valuation of Con-way's membership interest in Vector.

Operating income in the 2006 third quarter was \$102.3 million, a decrease of 1.4 percent from \$103.8 million earned in the third quarter a year ago. Revenues of \$1.08 billion were essentially flat compared with last year's third-quarter revenues.

Net income available to common shareholders in the 2006 third quarter was \$63.0 million, or \$1.24 per diluted share. This compares to previous-year third-quarter net income of \$66.0 million, or \$1.18 per diluted share. The 2005 third-quarter net income to common shareholders

included the results of discontinued operations and disposals, which were a net gain of 5 cents per diluted share.

As of January 1, 2006 the company adopted SFAS 123R, using the modified prospective method for calculating expense on stock-based compensation. Adoption of SFAS 123R reduced net income in the third quarter by 2 cents per diluted share and operating income by \$1.6 million in the quarter. Under this method, prior-period results are not restated.

Reviewing the quarter, Douglas W. Stotlar, Con-way's president and CEO, commented that, as noted previously, LTL volumes were restrained mostly due to company-specific yield initiatives. At the same time, the company did not see tonnage growth typical of the traditional seasonal surge in the business cycle, which has not been as intense or as early as the previous two years.

"We pushed the lever on yield at a time when the market began to slow, and we paid for that in lower tonnage," Stotlar said. "Managing volume and yield is a shifting dynamic that we work to balance constantly. The key is to find the value point that is compelling for the customer and compensatory for our service. We are working with our customers to achieve this mutual objective."

Stotlar added that the company has a number of targeted sales initiatives under way, which it expects will reinvigorate growth as they are implemented through the remainder of 2006 and into 2007.

"We continue to receive feedback from customers that our service is market-leading," Stotlar said. "Productivity and on-time performance in the LTL operations is the best in five years, measured against the toughest standards we've ever had."

"We're confident that our value proposition – in both freight transportation and logistics -- remains one of the strongest in the industry, and is an excellent foundation that will deliver sustainable, profitable growth," he concluded.

The effective tax rate for the 2006 third quarter was 34.2 percent compared to 35.2 percent in the same period of 2005. The 2006 tax rate was affected by tax benefits of \$2.9 million (6 cents per

diluted share) associated with the utilization of a capital loss carryover that offset the gain from the sale of Con-way Expedite, while the 2005 tax rate was affected by certain tax benefits and credits.

The company continued to make stock repurchases under its \$400 million buyback program, authorized by Con-way's Board in April. In the third quarter of 2006, the company acquired 894,700 shares representing \$44.1 million, for a total value of \$265.4 million repurchased to-date. The company is authorized to make share repurchases under the program through the second quarter of 2007.

CON-WAY FREIGHT AND TRANSPORTATION

For the third quarter of 2006, Con-way Freight, the company's regional less-than-truckload (LTL) operation, and Con-Way Transportation, which consists of the company's full-truckload, brokerage and trailer manufacturing divisions, reported the following results:

- Operating income of \$95.5 million, essentially unchanged from the \$95.3 million earned in the year-ago period. The 2006 third quarter included a \$6.2 million gain from the sale of Con-way Expedite.
- Revenues of \$735.9 million, up 0.9 percent compared to the prior-year third-quarter revenues of \$729.7 million. The 2006 third quarter had 1.5 fewer working days than the previous year period.
- Total tonnage per day handled by Con-way Freight decreased 3.9 percent from the previous-year third quarter.
- Total yield for Con-way Freight was up 6.4 percent from the previous-year third quarter. Excluding the fuel surcharge, yield was up 3.1 percent.
- Con-way Freight achieved an operating ratio of 88.0 in the 2006 third quarter compared to 87.3 in third-quarter 2005.

MENLO WORLDWIDE

For the third quarter of 2006, Menlo Worldwide reported:

- Total segment operating income of \$6.5 million, a 46.5 percent decrease from \$12.1 million in the third quarter of 2005. The previous-year period included \$4.2 million of Vector profits. In the second half of 2005, Menlo Logistics also benefited from a short-term transportation management project for a large retail customer, which provided a one-time boost to revenues and margins.
- Menlo Logistics revenue of \$340.9 million, down 3.9 percent from the previous-year third-quarter revenue of \$354.8 million.
- Operating income from Menlo Logistics of \$5.5 million, a decrease of 30.8 percent from the previous-year third quarter of \$7.9 million. The current-period quarter included additional expenses in excess of \$1 million for investment in a major bid.
- Segment income for Vector SCM of \$1.0 million compared to the \$4.2 million earned in the third quarter of 2005. The 2006 results include only those earnings from existing business cases that were under way prior to June 30.

The company disclosed earlier that GM exercised its call right to purchase Con-way's membership interest in Vector. The companies are continuing discussions toward a valuation agreement and transition terms. As stated previously, Vector profits resulting from activities after the date GM exercised its call option are not reported in quarterly results and will be utilized in the valuation of Con-way's membership interest in Vector. Con-way will continue to be reimbursed by GM for Vector's operating costs through close of the transaction, which is expected by the end of the year.

FOURTH-QUARTER 2006 OUTLOOK

Fourth-quarter 2006 diluted earnings per share from continuing operations are expected to be between \$0.81 and \$0.87, based on an expected average number of diluted shares outstanding of 50.0 million in the quarter. Con-way's effective tax rate is expected to be 38 percent in the fourth quarter.

INVESTOR CONFERENCE CALL

Con-way Inc. will host a conference call to discuss third quarter 2006 results tomorrow, October 18, at 11:00 a.m. Eastern Daylight Time (8:00 a.m. Pacific). The call can be accessed by dialing

(866) 264-3634 or (706) 643-3632 (for international callers) and is expected to last approximately one hour. Callers are requested to dial in at least five minutes before the start of the call. The call will also be available through a live internet web cast at www.con-way.com, at the investor relations page. Related financial and operating statistics to be discussed on the conference call are available on the company's web site at www.con-way.com in the Investor Relations section.

An audio replay will be available for two weeks following the call by dialing (800) 642-1687 or (706) 645-9291 (for international callers) and using access code 5987919. The replay will also be available at the same web-casting site providing access to the live call.

Con-way Inc. (NYSE:CNW) is a \$ 4.2 billion freight transportation and logistics company with businesses in less-than-truckload and full truckload freight services, brokerage, logistics, warehousing, supply chain management and trailer manufacturing. The company and its subsidiaries operate across North America and in 20 countries. Further information about Con-way Inc. and additional press releases are available via the Internet at www.con-way.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this press release constitute "forward-looking statements" 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 and objectives of management for future operations, 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, any statements regarding future economic conditions or performance, any statements of estimates or belief and any statements or assumptions underlying the foregoing. Specific factors that could cause actual results and other matters to differ materially from those discussed in such forward-looking statements include: changes in general business and economic conditions, the creditworthiness of Con-way's customers and their ability to pay for services rendered, increasing competition and pricing pressure, availability of fuel and changes in fuel prices or fuel surcharges, the effects of the cessation of the air carrier operations of Emery Worldwide Airlines, the possibility that Con-way may, from time to time, be required to record impairment charges for long-lived assets, the possibility of defaults under Con-way's \$400 million credit agreement and other debt instruments (including defaults resulting from unusual charges), and the possibility that Con-way may be required to repay certain indebtedness in the event that the ratings assigned to its long-term senior debt by credit rating agencies are reduced, labor matters, enforcement of and changes in governmental regulations, environmental and tax matters, matters relating to the 1996 spin-off of Consolidated Freightways Corporation (CFC), including the possibility that CFC's multi-employer pension plans may assert claims against Con-way, matters relating to the sale of Menlo Worldwide Forwarding, Inc., including Con-way's obligation to indemnify the buyer for certain losses in connection with the sale, matters relating to GM's exercise of its call right to purchase Vector SCM, LLC and matters relating to Con-way's defined benefit pension plans. The factors included herein and in Item 7 of Con-way's 2005 Annual Report on Form 10-K as well as other filings with the Securities and Exchange Commission could cause actual results and other matters to differ materially from those

in such forward-looking statements. As a result, no assurance can be given as to future financial condition, cash flows, or results of operations.

Con-way Inc.
Statements of Consolidated Income
(Dollars in thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
REVENUES	\$ 1,076,807	\$ 1,084,457	\$ 3,222,851	\$ 3,041,617
Costs and Expenses				
Operating expenses	848,024	871,019	2,561,516	2,436,055
Selling, general and administrative expenses [a]	93,868	80,363	272,855	240,949
Depreciation	32,600	29,319	96,424	82,895
	<u>974,492</u>	<u>980,701</u>	<u>2,930,795</u>	<u>2,759,899</u>
OPERATING INCOME	102,315	103,756	292,056	281,718
Other Expense, net	3,873	3,490	6,060	16,067
Income Before Taxes	98,442	100,266	285,996	265,651
Income Tax Provision [b]	33,664	35,244	97,273	90,322
Income from Continuing Operations	<u>64,778</u>	<u>65,022</u>	<u>188,723</u>	<u>175,329</u>
Discontinued Operations, net of tax [d]				
Loss from Discontinued Operations	-	(549)	(1,929)	(1,849)
Gain (Loss) from Disposal	-	3,335	(4,850)	(3,490)
	<u>-</u>	<u>2,786</u>	<u>(6,779)</u>	<u>(5,339)</u>
Net Income	64,778	67,808	181,944	169,990
Preferred Stock Dividends	1,748	1,816	5,319	5,841
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 63,030</u>	<u>\$ 65,992</u>	<u>\$ 176,625</u>	<u>\$ 164,149</u>
NET INCOME FROM CONTINUING OPERATIONS (after preferred dividends)	<u>\$ 63,030</u>	<u>\$ 63,206</u>	<u>\$ 183,404</u>	<u>\$ 169,488</u>
Weighted-Average Common Shares Outstanding				
Basic	47,601,175	52,081,891	49,717,418	52,198,251
Diluted	50,857,496	55,966,289	53,092,636	56,259,541
Earnings (Loss) Per Common Share				
Basic				
Net income from Continuing Operations	\$ 1.32	\$ 1.21	\$ 3.69	\$ 3.25
Loss from Discontinued Operations	-	(0.01)	(0.04)	(0.04)
Gain (Loss) from Disposal	-	0.07	(0.10)	(0.07)
	<u>\$ 1.32</u>	<u>\$ 1.27</u>	<u>\$ 3.55</u>	<u>\$ 3.14</u>
Diluted				
Net income from Continuing Operations	\$ 1.24	\$ 1.13	\$ 3.47	\$ 3.03
Loss from Discontinued Operations	-	(0.01)	(0.04)	(0.04)
Gain (Loss) from Disposal	-	0.06	(0.09)	(0.06)
	<u>\$ 1.24</u>	<u>\$ 1.18</u>	<u>\$ 3.34</u>	<u>\$ 2.93</u>
	Operating Segments [c]			
REVENUES				
Con-way Freight and Transportation	\$ 735,938	\$ 729,660	\$ 2,186,421	\$ 2,067,835
Menlo Worldwide Logistics	340,869	354,797	1,036,430	973,782
	<u>\$ 1,076,807</u>	<u>\$ 1,084,457</u>	<u>\$ 3,222,851</u>	<u>\$ 3,041,617</u>
OPERATING INCOME (LOSS)				
Con-way Freight and Transportation	\$ 95,524 [e]	\$ 95,340	\$ 264,603 [e]	\$ 255,508
Menlo Worldwide				
Logistics	5,462	7,889	17,740	18,553
Vector	1,019	4,220	13,068	13,196
	<u>6,481</u>	<u>12,109</u>	<u>30,808</u>	<u>31,749</u>
Con-way Other	(670)	(2,852)	(1,145)	(3,176)
	<u>101,335</u>	<u>104,597</u>	<u>294,266</u>	<u>284,081</u>
Reconciliation of segments to consolidated amount:				
Income tax related to Vector, an equity-method investment	980	(841)	(2,210)	(2,363)
	<u>\$ 102,315</u>	<u>\$ 103,756</u>	<u>\$ 292,056</u>	<u>\$ 281,718</u>

[a] Periods in 2006 reflect adoption of SFAS 123R, "Share-Based Payment," effective January 1, 2006. Con-way adopted SFAS 123R under the modified prospective method, and accordingly, prior-period financial statements have not been adjusted.

[b] Includes the effect of net tax credits that were primarily related to the settlement with the IRS of previous tax filings. Excluding these items, the effective tax rate in the third quarter and first nine months of 2006 was 37.5% and 37.7%, respectively, and in 2005, was 35.8% and 37.0%, respectively.

[c] Effective January 1, 2006, the results of Road Systems, a trailer manufacturer, are reported in the Con-way Freight and Transportation operating segment rather than the Con-way Other segment. The prior-period segment results have been reclassified.

[d] Discontinued operations in the periods presented relate to the closure of Con-way Forwarding in June 2006, the sale of MWF in 2004, and the shut-down of EWA in 2001. The gain (loss) from disposal in 2006 primarily reflects a \$5.1 million second-quarter loss from the closure of Con-way Forwarding while the prior year primarily reflects disposal-related gains and losses related to MWF and EWA. The loss from discontinued operations in all periods presented consists of the pre-closure operating results of Con-way Forwarding.

[e] Includes a \$6.2 million third-quarter gain (\$0.08 per diluted share) from the sale of assets related to Con-way Expedite.

Con-way Inc.
Condensed Balance Sheets
(Dollars in thousands)

	September 30, 2006	December 31, 2005
ASSETS		
Current assets	\$ 1,147,862	\$ 1,423,047
Current assets of discontinued operations	10,522	21,000
Property, plant and equipment, net	1,095,739	950,998
Other assets	80,294	85,527
Total Assets	<u>\$ 2,334,417</u>	<u>\$ 2,480,572</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$ 628,556	\$ 590,941
Current liabilities of discontinued operations	16,037	40,555
Long-term debt and guarantees	559,038	581,469
Other long-term liabilities and deferred credits	342,003	356,689
Shareholders' equity	788,783	910,918
Total Liabilities and Shareholders' Equity	<u>\$ 2,334,417</u>	<u>\$ 2,480,572</u>