



Pension Cost Allocation Change

Effective Q1 2013

Background

- In 2009, Con-way froze its defined benefit pension plans.
- With frozen plans, service costs are no longer incurred.
- Ongoing pension costs/income are largely a function of discount rates, asset returns and cash contributions. As such, pension costs/income have little to do with the ongoing operating results of our business segments.
- Prior to 2013, Con-way allocated pension costs to its business segments.
- Effective January 1, 2013, Con-way will no longer allocate these costs to each business segment.
- Instead, all defined benefit pension cost/income will be reported in the Corporate and Eliminations section of the financial statements.

Prior Period Defined Benefit Pension Costs

	1Q10	2Q10	3Q10	4Q10	2010
Freight	\$ 772	\$ 1,825	\$ 1,298	\$ 1,298	\$ 5,193
Menlo	455	544	500	500	1,999
Truckload	68	78	73	73	292
Total	<u>\$ 1,295</u>	<u>\$ 2,447</u>	<u>\$ 1,871</u>	<u>\$ 1,871</u>	<u>\$ 7,484</u>

	1Q11	2Q11	3Q11	4Q11	2011
Freight	\$ (169)	\$ (726)	\$ (447)	\$ (446)	\$ (1,788)
Menlo	385	660	522	522	2,089
Truckload	47	-	24	23	94
Total	<u>\$ 263</u>	<u>\$ (66)</u>	<u>\$ 99</u>	<u>\$ 99</u>	<u>\$ 395</u>

	1Q12	2Q12	3Q12	4Q12	2012
Freight	\$ 1,957	\$ 2,077	\$ 2,001	\$ 2,001	\$ 8,036
Menlo	232	242	234	234	942
Truckload	163	161	159	159	642
Total	<u>\$ 2,352</u>	<u>\$ 2,480</u>	<u>\$ 2,394</u>	<u>\$ 2,394</u>	<u>\$ 9,620</u>

Segment Financial Statement Illustration

The following schedule, using a prior period for illustration, shows how the costs will be reported differently in future periods.

Although illustrated with a prior period, because the amounts are immaterial, the Company will not restate prior periods.

Footnote (*) below is intended to show the new caption for what was previously the Other segment.

	Q1 2012		
	As Originally Reported	Costs Adjusted to Corporate	If Adjusted for Change
OPERATING INCOME (LOSS)			
Freight	\$ 34,502	\$ 1,957	\$ 36,459
Logistics	12,294	232	12,526
Truckload	10,550	163	10,713
Corporate and Elimination*	(1,656)	(2,352)	(4,008)
	<u>\$ 55,690</u>	<u>\$ -</u>	<u>\$ 55,690</u>