

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
REVENUES	\$ 1,100,052	\$ 1,021,565	\$ 2,146,044	\$ 1,957,160
Costs and Expenses				
Operating expenses	867,039	807,348	1,713,492	1,565,036
Selling, general and administrative expenses [a]	89,428	82,926	178,987	160,586
Depreciation	31,752	27,179	63,824	53,576
	<u>988,219</u>	<u>917,453</u>	<u>1,956,303</u>	<u>1,779,198</u>
OPERATING INCOME	111,833	104,112	189,741	177,962
Other Expense, net	1,463	5,646	2,187	12,577
Income Before Taxes	110,370	98,466	187,554	165,385
Income Tax Provision	34,418 [c]	29,622 [d]	63,609 [c]	55,078 [d]
Income from Continuing Operations	<u>75,952</u>	<u>68,844</u>	<u>123,945</u>	<u>110,307</u>
Discontinued Operations, net of tax [f]				
Gain (Loss) from Disposal	(4,044)	2,951	(4,850)	(6,825)
Loss from Discontinued Operations	(1,176)	(688)	(1,929)	(1,300)
	<u>(5,220)</u>	<u>2,263</u>	<u>(6,779)</u>	<u>(8,125)</u>
Net Income	70,732	71,107	117,166	102,182
Preferred Stock Dividends	1,808	2,036	3,571	4,025
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 68,924</u>	<u>\$ 69,071</u>	<u>\$ 113,595</u>	<u>\$ 98,157</u>
NET INCOME FROM CONTINUING OPERATIONS (after preferred dividends)	<u>\$ 74,144</u>	<u>\$ 66,808</u>	<u>\$ 120,374</u>	<u>\$ 106,282</u>
Weighted-Average Common Shares Outstanding				
Basic	49,676,912	52,166,814	50,793,078	52,257,396
Diluted [b]	53,104,005	56,016,513	54,228,769	56,333,732
Earnings (Loss) Per Common Share				
Basic				
Net income from Continuing Operations	\$ 1.49	\$ 1.28	\$ 2.37	\$ 2.03
Gain (Loss) from Disposal	(0.08)	0.05	(0.09)	(0.13)
Loss from Discontinued Operations	(0.02)	(0.01)	(0.04)	(0.02)
	<u>\$ 1.39</u>	<u>\$ 1.32</u>	<u>\$ 2.24</u>	<u>\$ 1.88</u>
Diluted [b]				
Net income from Continuing Operations	\$ 1.40	\$ 1.20	\$ 2.23	\$ 1.90
Gain (Loss) from Disposal	(0.08)	0.05	(0.09)	(0.13)
Loss from Discontinued Operations	(0.02)	(0.01)	(0.04)	(0.02)
	<u>\$ 1.30</u>	<u>\$ 1.24</u>	<u>\$ 2.10</u>	<u>\$ 1.75</u>
<b>Operating Segments [e] [f]</b>				
REVENUES				
Con-way Freight and Transportation	\$ 754,353	\$ 704,529	\$ 1,450,483	\$ 1,338,175
Menlo Worldwide Logistics	345,699	317,036	695,561	618,985
	<u>\$ 1,100,052</u>	<u>\$ 1,021,565</u>	<u>\$ 2,146,044</u>	<u>\$ 1,957,160</u>
OPERATING INCOME (LOSS)				
Con-way Freight and Transportation	\$ 102,276	\$ 96,014	\$ 169,079	\$ 160,168
Menlo Worldwide				
Logistics	6,093	5,634	12,278	10,664
Vector	6,777	4,941	12,049	8,976
	<u>12,870</u>	<u>10,575</u>	<u>24,327</u>	<u>19,640</u>
Con-way Other	(1,201)	(955)	(475)	(324)
	<u>113,945</u>	<u>105,634</u>	<u>192,931</u>	<u>179,484</u>
Reconciliation of segments to consolidated amount:				
Income tax related to Vector, an equity-method investment	(2,112)	(1,522)	(3,190)	(1,522)
	<u>\$ 111,833</u>	<u>\$ 104,112</u>	<u>\$ 189,741</u>	<u>\$ 177,962</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 reclassified.

[b] Includes the dilutive effect of restricted stock, stock options and Series B preferred stock. In 2006, dilution associated with stock options was calculated in accordance with SFAS 123R, "Share-Based Payment."

[c] Includes a \$6.9 million second-quarter tax credit (\$0.13 per diluted share) related to the settlement with the IRS of previous tax filings.

[d] Includes a \$7.0 million second-quarter tax benefit (\$0.12 per diluted share) from the reversal of accrued taxes related to the settlement with the IRS of previous tax filings.

[e] 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.

[f] In June 2006, Con-way closed its domestic air freight forwarding subsidiary, Con-way Forwarding, and recorded a \$5.1 million second-quarter loss from disposal, which is reported as discontinued operations. Effective in the second quarter of 2006, the results of Con-way Forwarding are reported as discontinued operations rather than in the Con-way Freight and Transportation segment. The prior-period results have been reclassified to conform to the current-period presentation.