

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
<b>Statements of Consolidated Income</b>				
REVENUES	\$ 998,627	\$ 1,073,958	\$ 4,221,478	\$ 4,115,575
Costs and Expenses				
Operating expenses [a]	813,297	866,359	3,381,044	3,302,414
Selling, general and administrative expenses [b]	83,517	87,339	356,372	328,288
Depreciation [a]	33,082	31,032	129,506	113,927
Gain from sale of equity investment in Vector	(41,041)	-	(41,041)	-
Gain from sale of Con-way Expedite	-	-	(6,231)	-
	<u>888,855</u>	<u>984,730</u>	<u>3,819,650</u>	<u>3,744,629</u>
OPERATING INCOME	<u>109,772</u>	<u>89,228</u>	<u>401,828</u>	<u>370,946</u>
Other Expense, net	<u>3,459</u>	<u>2,523</u>	<u>9,519</u>	<u>18,590</u>
Income Before Taxes	<u>106,313</u>	<u>86,705</u>	<u>392,309</u>	<u>352,356</u>
Income Tax Provision [c]	<u>22,705</u>	<u>31,659</u>	<u>119,978</u>	<u>121,981</u>
Income from Continuing Operations	<u>83,608</u>	<u>55,046</u>	<u>272,331</u>	<u>230,375</u>
Discontinued Operations, net of tax [d]				
Loss from Discontinued Operations	-	(545)	(1,929)	(2,394)
Gain (Loss) from Disposal	<u>580</u>	<u>(2,729)</u>	<u>(4,270)</u>	<u>(6,219)</u>
	<u>580</u>	<u>(3,274)</u>	<u>(6,199)</u>	<u>(8,613)</u>
Net Income	<u>84,188</u>	<u>51,772</u>	<u>266,132</u>	<u>221,762</u>
Preferred Stock Dividends	<u>1,835</u>	<u>1,887</u>	<u>7,154</u>	<u>7,728</u>
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$ 82,353</u>	<u>\$ 49,885</u>	<u>\$ 258,978</u>	<u>\$ 214,034</u>
NET INCOME FROM CONTINUING OPERATIONS (after preferred dividends)	<u>\$ 81,773</u>	<u>\$ 53,159</u>	<u>\$ 265,177</u>	<u>\$ 222,647</u>
Weighted-Average Common Shares Outstanding				
Basic	46,721,894	52,175,586	48,962,382	52,192,539
Diluted	49,904,367	55,879,482	52,280,341	56,213,049
Earnings (Loss) Per Common Share				
Basic				
Net income from Continuing Operations	\$ 1.75	\$ 1.02	\$ 5.42	\$ 4.27
Loss from Discontinued Operations	-	(0.01)	(0.04)	(0.05)
Gain (Loss) from Disposal	<u>0.01</u>	<u>(0.05)</u>	<u>(0.09)</u>	<u>(0.12)</u>
	<u>\$ 1.76</u>	<u>\$ 0.96</u>	<u>\$ 5.29</u>	<u>\$ 4.10</u>
Diluted				
Net income from Continuing Operations	\$ 1.65	\$ 0.96	\$ 5.09	\$ 3.98
Loss from Discontinued Operations	-	(0.01)	(0.03)	(0.04)
Gain (Loss) from Disposal	<u>0.01</u>	<u>(0.05)</u>	<u>(0.08)</u>	<u>(0.11)</u>
	<u>\$ 1.66</u>	<u>\$ 0.90</u>	<u>\$ 4.98</u>	<u>\$ 3.83</u>
<b>Segment Reporting [e]</b>				
REVENUES				
Con-way Freight and Transportation	\$ 679,756	\$ 708,066	\$ 2,866,177	\$ 2,775,901
Menlo Worldwide Logistics	<u>318,871</u>	<u>365,892</u>	<u>1,355,301</u>	<u>1,339,674</u>
	<u>\$ 998,627</u>	<u>\$ 1,073,958</u>	<u>\$ 4,221,478</u>	<u>\$ 4,115,575</u>
OPERATING INCOME (LOSS)				
Con-way Freight and Transportation	\$ 60,083	\$ 76,464	\$ 324,686 [f]	\$ 331,972
Menlo Worldwide				
Logistics	7,909	8,119	25,649	26,672
Vector	<u>41,982 [g]</u>	<u>7,061</u>	<u>55,050 [g]</u>	<u>20,257</u>
	<u>49,891</u>	<u>15,180</u>	<u>80,699</u>	<u>46,929</u>
Con-way Other	<u>39</u>	<u>(583)</u>	<u>(1,106)</u>	<u>(3,759)</u>
	<u>110,013</u>	<u>91,061</u>	<u>404,279</u>	<u>375,142</u>
Reconciliation of segments to consolidated amount:				
Income tax related to Vector, an equity-method investment	<u>(241)</u>	<u>(1,833)</u>	<u>(2,451)</u>	<u>(4,196)</u>
	<u>\$ 109,772</u>	<u>\$ 89,228</u>	<u>\$ 401,828</u>	<u>\$ 370,946</u>

**Diluted EPS Excluding Operating Results of Vector [h]**

Diluted Earnings per Share				
Net income from Continuing Operations, as reported	\$	1.65	\$	0.96
Excluding:				
Gain from sale of equity investment in Vector		(0.82)		-
Equity in earnings of Vector, net of tax		(0.01)		(0.07)
	\$	0.82	\$	0.89
	\$	4.12	\$	3.75

- [a] Effective in the fourth quarter of 2006, Con-way Freight adopted a change in its accounting policy for tires from a capitalize-and-amortize method to an expense-as-incurred method. The change was retrospectively applied to all periods presented.
- [b] 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.
- [c] Includes the effect of net tax credits that were primarily related to the settlement with the IRS of previous tax filings. These net tax credits primarily consisted of accrued tax reversals of \$7.2 million in the second quarter of 2006 and \$7.0 million in the second quarter of 2005. The tax provision in 2006 also benefited from the utilization of capital loss carryforwards, which offset tax of \$2.9 million on the third-quarter sale of Con-way Expedite and \$14.8 million on the fourth-quarter sale of Menlo Worldwide's ("MW") ownership interest in Vector.
- [d] Discontinued operations in the periods presented relate to the closure of Con-way Forwarding in June 2006, the sale of Menlo Worldwide Forwarding ("MWF") in 2004, and the shut-down of Emery Worldwide Airlines ("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] 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] Includes a \$6.2 million third-quarter gain from the sale of assets related to Con-way Expedite.
- [g] Includes a \$41.0 million gain from the sale in December of MW's equity investment in Vector.
- [h] "Diluted EPS Excluding the Operating Results of Vector" is a non-GAAP measure. Con-way includes this measure because it believes that investors are interested in the consolidated comparative results excluding Vector's operating income. The sale of Vector to GM did not qualify Vector as a discontinued operation due to its classification as an equity-method investment.