Con-way Inc.
Form DEF 14A
March 09, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

CON-WAY INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

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Notice of Annual Meeting

and

Proxy Statement

Annual Meeting of Shareholders

APRIL 17, 2007

CON-WAY INC.

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CON-WAY INC.

2855 CAMPUS DRIVE, SUITE 300
SAN MATEO, CALIFORNIA 94403

TELEPHONE: 650/378-5200

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
Tuesday, April 17, 2007
9:00 A.M., local time
Greenville Suite, Hotel du Pont, 11th and Market Streets, Wilmington, Delaware

FELLOW SHAREHOLDER:

The Annual Meeting of Shareholders of Con-way Inc. will be held at 9:00 A.M., local time, on Tuesday, April 17, 2007, to:

1. Elect five Class I directors for a three-year term.

2. Ratify the appointment of auditors.

3. Transact any other business properly brought before the meeting.

Shareholders of record at the close of business on March 1, 2007, are entitled to notice of and to vote at the meeting.

Your vote is important. Whether or not you plan to attend, I urge you to **SIGN, DATE AND RETURN THE ENCLOSED WHITE PROXY CARD IN THE ENVELOPE PROVIDED,** in order that as many shares as possible will be represented at the meeting. If you attend the meeting and prefer to vote in person, you will be able to do so and your vote at the meeting will revoke any proxy you may submit.

Sincerely,

JENNIFER W. PILEGGI
Secretary

March 9, 2007

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CON-WAY INC.
2855 CAMPUS DRIVE, SUITE 300
SAN MATEO, CALIFORNIA 94403
TELEPHONE: 650/378-5200

PROXY STATEMENT

March 9, 2007

The Annual Meeting of Shareholders of Con-way Inc. (the Company) will be held on Tuesday, April 17, 2007. Shareholders of record at the close of business on March 1, 2007 will be entitled to vote at the meeting. This proxy statement and accompanying proxy are first being sent to shareholders on or about March 9, 2007.

Board of Directors Recommendations

The Board of Directors of the Company is soliciting your proxy for use at the meeting and any adjournment or postponement of the meeting. The Board recommends a vote for the election of the nominees for directors described below and for ratification of the appointment of KPMG LLP as independent auditors.

Proxy Voting Procedures

To be effective, properly signed proxies must be returned to the Company prior to the meeting. The shares represented by your proxy will be voted in accordance with your instructions. However, if no instructions are given, your shares will be voted in accordance with the recommendations of the Board.

Voting Requirements

A majority of the votes attributable to all voting shares must be represented in person or by proxy at the meeting to establish a quorum for action at the meeting. Directors are elected by a plurality of the votes cast, and the five nominees who receive the greatest number of votes cast for election of directors at the meeting will be elected directors for a three-year term. The ratification of the appointment of auditors requires a favorable vote of the holders of a majority of the voting power represented at the meeting.

In the election of directors, broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote. With respect to the ratification of the appointment of auditors, abstentions from voting will have the same effect as voting against such matter and broker non-votes, if any, will be disregarded and have no effect on the outcome of such vote.

Voting Shares Outstanding

At the close of business on March 1, 2007, the record date for the Annual Meeting, there were outstanding and entitled to vote 46,063,229 shares of Common Stock and 594,411 shares of Series B Cumulative Convertible Preferred Stock (Series B Preferred Stock). Each share of Common Stock has the right to one non-cumulative vote and each share of Series B Preferred Stock has the right to 6.1 non-cumulative votes. Therefore, an aggregate of 49,689,136 votes are eligible to be cast at the meeting.

Proxy Voting Convenience

You are encouraged to exercise your right to vote by returning to the Company a properly executed **WHITE** proxy in the enclosed envelope, whether or not you plan to attend the meeting. This will ensure that your votes are cast.

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You may revoke or change your proxy at any time prior to its use at the meeting. There are three ways you may do so: (1) give the Company a written direction to revoke your proxy; (2) submit a later dated proxy; or (3) attend the meeting and vote in person.

Attendance at the Meeting

All shareholders are invited to attend the meeting. Persons who are not shareholders may attend only if invited by the Board of Directors. **If you are a shareholder but do not own shares in your name, you must bring proof of ownership (e.g., a current broker s statement) in order to be admitted to the meeting.**

ELECTION OF DIRECTORS

The Board of Directors Recommends a Vote For All Nominees.

The Board of Directors of the Company, pursuant to the Bylaws, has determined that the number of directors of the Company shall be fourteen. Unless you withhold authority to vote, your proxy will be voted for election of the nominees named below.

The following persons are the nominees of the Board of Directors for election as Class I directors to serve for a three-year term until the 2010 Annual Meeting of Shareholders and until their successors are duly elected and qualified:

John J. Anton
W. Keith Kennedy, Jr.
John C. Pope
Douglas W. Stotlar
Peter W. Stott

If a nominee becomes unable or unwilling to serve, proxy holders are authorized to vote for election of such person or persons as shall be designated by the Board of Directors; however, the Board of Directors knows of no reason why any nominee should be unable or unwilling to serve.

The Company has three classes of directors, each of which is elected for a three-year term. Class II directors will be elected in 2008 and Class III directors will be elected in 2009. All directors have previously been elected by the shareholders, except John J. Anton, who was appointed as a Class I director in March 2005, and Douglas W. Stotlar, who was appointed as a Class I director in April 2005. Mr. Anton was recommended to the Company s Director Affairs Committee by non-management directors of the Company, and Mr. Stotlar is the Company s President and Chief Executive Officer.

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CLASS I DIRECTORS

JOHN J. (JACK) ANTON Director since 2005

Operating Director
Fox Paine and Company, LLC
a private equity management firm

Mr. Anton, age 64, is an operating director with Fox Paine and Company, LLC, a private equity management firm. From 2005 to 2006, he was a private investor in food, consumer products and specialty ingredient companies. From 2001 through 2004, he was a Senior Advisory Director with Fremont Partners, another private equity management firm, and was instrumental in the acquisition and successful divesture of Specialty Brands Inc. (SBI). Mr. Anton served on the Board of SBI. Prior to Fremont, Mr. Anton was Chairman, CEO and co-owner of Ghirardelli Chocolate Company. He led the acquisition of Ghirardelli in 1992 and was responsible for revitalizing the company s brand, marketing programs and growth prior to transitioning Ghirardelli to its new ownership. Mr. Anton served from 1983 to 1990 as Chairman and co-owner of Carlin Foods Corporation, a food ingredient company serving the dairy, baking and food service industries; and from 1990 to 1992 as Chairman of Carlin Investment Corporation, which was created to invest in food and specialty chemical firms. Prior to forming Carlin Foods, he spent nearly twenty years in management and executive roles at Ralston Purina and Nabisco Brands Corporations. During a leave of absence from Ralston Purina, Mr. Anton served as a combat officer in Vietnam, earning a Bronze Star. Mr. Anton received a BS degree (chemistry) from the University of Notre Dame. Mr. Anton serves on the Board of Directors of Basic American Inc., the country s largest potato dehydrator; on the Advisory Boards of Notre Dame s College of Science and the University of San Francisco s Business School, as a past Trustee of the Schools of the Sacred Heart, San Francisco; and as a past Trustee of the Allendale Association, a Chicago-based school for abused children. He also is a member of the World Presidents Organization. Mr. Anton is a member of the Audit and Finance Committees of the Board.

W. KEITH KENNEDY, JR. Director since 1996

Chairman of the Board
Con-way Inc.

Dr. Kennedy, age 63, was named Chairman of Con-way Inc. in January 2004. He served as Interim Chief Executive Officer from July 2004 to April 2005. From April 2002 to January 2004 he was the Vice Chairman of Con-way. In January 2000 he retired as President and Chief Executive Officer of Watkins-Johnson Company, a manufacturer of equipment and electronic products for the telecommunications and defense industries. He had held that position since January of 1988. He joined Watkins-Johnson in 1968 and was a Division Manager, Group Vice President, and Vice President of Planning Coordination and Shareowner Relations prior to becoming President. Dr. Kennedy is a graduate of Cornell University from which he holds BSEE, MS, and PhD degrees. He serves on both the Cornell University Council as well as Cornell s College of Engineering Council. He is the past Chairman of Joint Venture: Silicon Valley Network, a non-profit regional organization. He previously held Board and/or officer positions with Boy Scouts of America (Pacific Skyline Council), California State Chamber of Commerce, and Silicon Valley Leadership Group. Dr. Kennedy is a senior member of the Institute of Electrical and Electronics Engineers.

JOHN C. POPE Director since 2003

Chairman
PFI Group, LLC
a financial management firm

Mr. Pope, age 58, is Chairman of PFI Group, LLC, a financial management firm that invests primarily in private equity opportunities, and is also Chairman of the Board of Waste Management, Inc., a NYSE-listed waste collection and disposal firm. From December 1995 to November 1999 Mr. Pope was Chairman of the Board of MotivePower Industries, Inc., a NYSE-listed manufacturer and remanufacturer of locomotives and locomotive components until it merged with Westinghouse Air Brake. Prior to joining MotivePower Industries, Mr. Pope spent six and one-half years with United Airlines and UAL Corporation in various roles, including President and Chief Operating Officer and a member of the Board of Directors. Mr. Pope also spent 11 years with American Airlines and its parent, AMR Corporation, serving as Senior Vice President of Finance, Chief Financial Officer and Treasurer. He was employed by General Motors Corporation prior to entering the airline industry. Mr. Pope is a member of the Board of Directors of Dollar Thrifty Automotive Group, Federal-Mogul Corporation, Kraft Foods, Inc., R.R. Donnelley & Sons Company and Waste Management, Inc. Mr. Pope holds a master s degree in finance from the Harvard Graduate School of Business Administration and a bachelor s degree in engineering and applied science from Yale University. Mr. Pope is the Chairman of the Audit Committee of the Board.

DOUGLAS W. STOTLAR Director since 2005

President and Chief Executive Officer
Con-way Inc.

Mr. Stotlar, age 46, is president and chief executive officer of Con-way Inc. As the company s top executive, Mr. Stotlar is responsible for the overall management and performance of the company. He was named to his current position in April, 2005. Mr. Stotlar previously served as president and chief executive officer of Con-way Freight (formerly Con-Way Transportation Services), Con-way s $2.8 billion regional trucking subsidiary. Before being named head of Con-Way Freight, Mr. Stotlar served as executive vice president and chief operating officer of that company, a position he had held since June 2002. From 1999 to 2002, he was executive vice president of operations for Con-Way Freight. Prior to joining Con-way Freight s corporate office, Mr. Stotlar served as vice president and general manager of Con-Way NOW after drafting and executing the strategic business plan for the company in 1996. Mr. Stotlar joined the Con-way organization in 1985 as a freight operations supervisor for Con-Way Central Express (CCX), one of the company s regional trucking subsidiaries. He subsequently advanced to management posts in Columbus, Ohio, and Fort Wayne, Indiana, where he was named northwest regional manager for CCX responsible for 12 service centers. A native of Newbury, Ohio, Mr. Stotlar earned his bachelor s degree in transportation and logistics from The Ohio State University. He serves as vice president at large and is a member of the executive committee of the American Trucking Association. He serves on the board of directors for the American Transportation Research Institute (ATRI) and is a member of The Business Roundtable.

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PETER W. STOTT Director since 2004

Vice Chairman and Principal
ScanlanKemperBard Companies
a real estate merchant banking company

President
Columbia Investments, Ltd.
an investment company

Mr. Stott, age 62, has been the vice chairman and a principal of ScanlanKemperBard Companies, a real estate merchant banking company, since 2005, and president of Columbia Investments, Ltd., since 2004. He was formerly President and CEO of Crown Pacific from 1988 to 2004. Crown Pacific filed for bankruptcy in 2003. Prior to Crown Pacific, Mr. Stott founded Market Transport, Ltd. in 1969, now the largest asset-based transportation and logistics services company headquartered in Oregon. He is a member of the President s Advisory Board for Athletics at Portland State University, a member of the Portland State University Building *Our Future Campaign* Cabinet, a member of the board of directors of the Portland State University Foundation, a trustee of the Oregon Chapter of the National Football Foundation Hall of Fame, the Chairman of the Founder s Circle of SOLV, a founding board member of the Crater Lake Park National Trust, and a trustee of the Portland Art Museum. Mr. Stott is a member of the Director Affairs and Compensation Committees of the Board.

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CLASS II DIRECTORS

MICHAEL J. MURRAY Director since 1997

Retired President, Global Corporate and Investment Banking
Bank of America Corporation
a financial institution

Mr. Murray, age 62, retired in July 2000 as president of Global Corporate and Investment Banking at Bank of America Corporation and as a member of the corporation s Policy Committee. From March 1997 to the BankAmerica-Nations Bank merger in September 1998, Mr. Murray headed BankAmerica Corporation s Global Wholesale Bank and was responsible for its business with large corporate, international, and government clients around the world. Mr. Murray was named a BankAmerica vice chairman and head of the U.S. and International Groups in September 1995. He had been responsible for BankAmerica s U.S. Corporate Group since BankAmerica s merger with Continental Bank Corporation in September 1994. Prior to the BankAmerica-Continental merger, Mr. Murray was vice chairman and head of Corporate Banking for Continental Bank, which he joined in 1969. Mr. Murray is a member of the Board of Directors of the eLoyalty Corporation in Lake Forest, Illinois. He is past Chairman of the United Way of the Bay Area. Mr. Murray is also on the Board of the California Academy of Sciences in San Francisco and is a member of the Advisory Council for the College of Business of the University of Notre Dame. Mr. Murray received his BBA from the University of Notre Dame in 1966 and his MBA from the University of Wisconsin in 1968. He is the Chairman of the Compensation Committee of the Board.

ROBERT D. ROGERS Director since 1990

Chairman of the Board
Texas Industries, Inc.
a producer of cement, aggregates and concrete

Mr. Rogers, age 70, joined Texas Industries, Inc. in 1963 as General Manager/European Operations. In 1964, he was named Vice President-Finance; in 1968, Vice President-Operations; and in 1970, he became President and Chief Executive Officer. He retired as President/CEO of Texas Industries in May 2004 and was elected Chairman of the Board in October 2004. Mr. Rogers is a graduate of Yale University and earned an MBA from the Harvard Graduate School of Business. He is a member of the Executive Board for Southern Methodist University Cox School of Business, serves on the Board of Adams Golf and is a member of the Board of Trustees of the National Recreation Foundation. Mr. Rogers served as Chairman of the Federal Reserve Bank of Dallas from 1984 to 1986 and was Chairman of the Greater Dallas Chamber of Commerce from 1986 to 1988. He is the Chairman of the Finance Committee of the Board.

WILLIAM J. SCHROEDER Director since 1996

Executive Chairman
Oxford Semiconductor, Inc.
a private semiconductor firm

Mr. Schroeder, age 62, has served as the Chairman of Oxford Semiconductor since July 2006 and Executive Chairman since February 2007. From October 2004 until June 2005, Mr. Schroeder served as the Executive Chair of Cornice, Inc. to assist that company through a CEO transition and search process. Prior to joining the Cornice Board, Mr. Schroeder served as President and CEO of Vormetric, Inc., an enterprise data storage security firm from 2002 through 2004. During 2000, Mr. Schroeder was President and CEO of CyberIQ Systems, Inc., an Internet traffic switch company. He was previously employed by Diamond Multimedia Systems, Inc. as President and CEO (1994-1999) and before that by Conner Peripherals, Inc., initially as President and Chief Operating Officer (1986-1989) and later as Vice Chairman (1989-1994). Earlier, Mr. Schroeder was the founder and CEO (1978-1986) of Priam Corporation. Mr. Schroeder also served in various management or technical positions at Memorex Corporation, McKinsey & Co., and Honeywell, Inc. and currently serves on the Board of Directors of Omneon Video Networks, Inc. and three private companies. Mr. Schroeder holds the MBA degree with High Distinction from the Harvard Business School and MSEE and BEE degrees from Marquette University. He is a member of the Audit and Finance Committees of the Board.

CHELSEA C. WHITE III Director since 2004

H. Milton and Carolyn J. Stewart School Chair
Schneider National Chair of Transportation and Logistics
School of Industrial and Systems Engineering
Georgia Institute of Technology
an institute of higher learning

Professor White, age 61, is the H. Milton and Carolyn J. Stewart School Chair for the School of Industrial and Systems Engineering, the Director of the Trucking Industry Program, and the Schneider National Chair of Transportation and Logistics at the Georgia Institute of Technology. He has served as editor-in-chief of several of the Transactions of the Institute of Electrical and Electronics Engineers (IEEE), was founding editor-in-chief of the IEEE Transactions on Intelligent Transportation Systems (ITS), and has served as the ITS Series book editor for Artech House Publishing Company. Professor White serves on the boards of directors of the ITS World Congress and the Bobby Dodd Institute and is a member of the executive committee for The Logistics Institute Asia Pacific and of the Mobility Project Advisory Board for the Reason Foundation. He is the former chair of the ITS Michigan board of directors and a former member of the ITS America board of directors. His research interests include the impact of real-time information for improved supply chain productivity and risk mitigation, with special focus on international supply chains. Professor White is a member of the Compensation and Finance Committees of the

Board.

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CLASS III DIRECTORS

WILLIAM R. CORBIN Director since 2005

Retired Executive Vice President
Weyerhaeuser Company
a diversified forest products company

Mr. Corbin, age 66, joined Weyerhaeuser in 1992 as Executive Vice President, Wood Products. He retired from Weyerhaeuser in February 2006. His most recent assignment was to oversee Weyerhaeuser Industrial Wood Products and International Business Groups, including Weyerhaeuser Forest Products International, Weyerhaeuser Asia and Europe, Appearance Wood, Composites and BC Coastal Business Groups. From 1995 to 1999 he served as Executive Vice President, Timberlands and Distribution and from 1999 to 2004 again as Executive Vice President, Wood Products. Prior to joining Weyerhaeuser, Mr. Corbin held senior positions at Crown Zellerbach Corporation, International Paper Company and other firms during a 35-year career in wood products manufacturing and timberlands management. Mr. Corbin received his BS degree (forest products) from the University of Washington in 1964. He received a master of forestry degree emphasizing industrial administration from Yale University in 1965. He serves on various boards including University of Washington s College of Fisheries and Oceanography and the University of Washington Foundation. Mr. Corbin is a member of the Compensation and Director Affairs Committees of the Board.

MARGARET G. GILL Director since 1995

Former Senior Vice President-Legal, External Affairs and Secretary
AirTouch Communications
a wireless communications company

Mrs. Gill, age 67, served as Senior Vice President-Legal, External Affairs and Secretary of AirTouch Communications from January 1994 until July 1999, when AirTouch was acquired by Vodafone PLC. Prior to joining AirTouch she was, for 20 years, a partner in the law firm of Pillsbury, Madison & Sutro (now Pillsbury Winthrop) in San Francisco. From 1983 to 1993, she served as practice group manager and senior partner for the firm s corporate securities group. Mrs. Gill earned her law degree in 1965 from Boalt Hall Law School, University of California at Berkeley, and holds a Bachelor of Arts degree from Wellesley College. Mrs. Gill manages the Stephen and Margaret Gill Family Foundation, of which she is Board Chair and President. She is also President of the Board of Directors of the Episcopal Diocese of California, and a Trustee and Executive Committee member of the San Francisco Ballet. Mrs. Gill is a member of the Audit and Director Affairs Committees of the Board.

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ROBERT JAUNICH II Director since 1992

Managing Partner
Calera Capital
a private investment corporation

Mr. Jaunich, age 67, is Managing Partner of Calera Capital, formerly Fremont Partners, which manages $1.8 billion targeted to make and oversee majority equity investments in operating companies representing a broad spectrum of industries. Calera Capital was spun out from Fremont Group, a private investment corporation that manages assets of $4.0 billion, which Mr. Jaunich joined in 1991 and where he served as a member of the Board of Directors. Mr. Jaunich serves as Chairman of Software Architects Inc. and Nellson Nutraceutical Inc. He is trustee of the non-profit National Recreation Foundation and serves on the President s Advisory Council of Boys and Girls Clubs of the Peninsula as well as the Board of the Palo Alto Medical Foundation (PAMF). He is a life member of the World Presidents Organization and was a member of Young Presidents Organization (1980-1990). Mr. Jaunich received a BA from Wesleyan University, Middletown, Connecticut and an MBA from Wharton Graduate School, University of Pennsylvania. He is Chairman of the Director Affairs Committee of the Board.

ADMIRAL HENRY H. MAUZ, JR. Director since 2005

U.S. Navy (Retired)
Pebble Beach, California

Admiral Mauz, age 70, retired from active duty in 1994 after 35 years in the Navy, the last two-and-a-half of which were spent as Commander-in-Chief of the U.S. Atlantic Fleet, Norfolk, Virginia. As the Fleet s top officer, Admiral Mauz oversaw an operating budget of $4.7 billion and an organization of 150,000 sailors, marines and civilians serving on 27 bases, 230 ships and 2,000 aircraft, representing over half of the Navy s force structure. Admiral Mauz served between 1990 and 1992 as Deputy Chief of Naval Operations for Program Planning, where he was responsible for development of the Navy s $75 billion budget and related strategic planning. Admiral Mauz graduated from the U.S. Naval Academy, Annapolis, Maryland, in 1959. He holds a postgraduate degree in electrical engineering from the Naval Postgraduate School and a master s degree in business administration from Auburn University. Admiral Mauz also attended the Naval War College and the Air Force Command and Staff College. He serves on the Board of Directors of Texas Industries, Inc., a cement, concrete and aggregates company. He serves on the Northrop Grumman Ship Systems Advisory Board. He served as President of the Naval Postgraduate School Foundation from 1997 to 2006. Admiral Mauz is a member of the Compensation and Finance Committees of the Board.

ROBERT P. WAYMAN Director since 1994

Retired Executive VP and Chief Financial Officer
Hewlett-Packard Company

Mr. Wayman, age 61, served as Chief Financial Officer of Hewlett-Packard from 1984 to 2006. He joined Hewlett-Packard in 1969 after receiving a Bachelors of Science Degree in Engineering in 1967 and an MBA in 1969 from Northwestern University. He served in a variety of accounting and financial management roles within Hewlett-Packard until being named Corporate Controller and Chief Financial Officer in 1984. He served as CEO on a transitional basis in early 2005. He was a Director of Hewlett-Packard from 1993 to 2002 and again from 2005 until March of 2007. He is also a Director of Sybase, Inc. Mr. Wayman is a member of the Audit and Director Affairs Committees of the Board.

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STOCK OWNERSHIP BY DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information regarding beneficial ownership of the Company s Common Stock and Series B Preferred Stock, as of February 1, 2007, by the directors, the executive officers identified in the Summary Compensation Table below and by the directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
John J. Anton	2,961 Common	
	0 Series B Preferred	*
Robert L. Bianco (2)	31,529 Common	
	172 Series B Preferred	*
William R. Corbin	5,292 Common	
	0 Series B Preferred	*
Margaret G. Gill	26,504 Common	
	0 Series B Preferred	*
Robert Jaunich II	39,259 Common	
	0 Series B Preferred	*
W. Keith Kennedy, Jr.	63,514 Common	
	0 Series B Preferred	*
John G. Labrie (3)	38,020 Common	
	119 Series B Preferred	*
Henry H. Mauz, Jr.	5,265 Common	
	0 Series B Preferred	*
David S. McClimon (4)	51,948 Common	
	284 Series B Preferred	*
Michael J. Murray	34,832 Common	
	0 Series B Preferred	*
John C. Pope	17,291 Common	
	0 Series B Preferred	*
Robert D. Rogers	37,880 Common	
	0 Series B Preferred	*
Kevin C. Schick (5)	47,511 Common	
	290 Series B Preferred	*
William J. Schroeder	26,713 Common	
	0 Series B Preferred	*
Douglas W. Stotlar (6)	177,868 Common	
	258 Series B Preferred	*
Peter W. Stott	10,021 Common	
	0 Series B Preferred	*
Robert P. Wayman	24,581 Common	*
	0 Series B Preferred	
Chelsea C. White III	5,251 Common	

	0 Series B Preferred	*
All directors and executive officers as a group (22 persons)(7)	718,034 Common	1.2%
	1,507 Series B Preferred	

* Less than one percent of the Company s outstanding shares of Common Stock.

(1) Represents shares as to which the individual has sole voting and investment power (or shares such power with his or her spouse). None of these shares has been pledged as security. The shares shown for non-employee directors include the following number of shares of restricted stock and number of shares which the non-employee director has the right to acquire within 60 days of February 1, 2007 because of vested stock options: Mr. Anton, 1,974 and 0; Mr. Corbin, 4,772 and 0; Mrs. Gill, 6,288 and 15,943; Mr. Jaunich, 6,288 and 17,479; Dr. Kennedy, 19,777 and 31,000;

Admiral Mauz, 4,772 and 0; Mr. Murray, 4,477 and 16,697; Mr. Pope, 3,866 and 10,438; Mr. Rogers, 4,477 and 20,424; Mr. Schroeder, 4,477 and 9,332; Mr. Stott, 2,784 and 6,250; Mr. Wayman, 6,288 and 15,301; and Dr. White 3,771 and 0. The restricted stock and stock options were awarded under and are governed by the Amended and Restated Equity Incentive Plan for Non-Employee Directors and the 2003 Equity Incentive Plan for Non-Employee Directors. The restricted shares shown for Dr. Kennedy include (i) 12,000 shares of restricted stock which were awarded under and are governed by the terms of the Con-way Inc. 1997 Equity and Incentive Plan, and (ii) 7,777 shares of restricted stock which were awarded under and are governed by the 2003 Equity Incentive Plan for Non-Employee Directors or the Amended and Restated Equity Incentive Plan for Non-Employee Directors.

(2) The shares shown include 23,983 shares which Mr. Bianco has the right to acquire within 60 days of February 1, 2007 because of vested stock options.

(3) The shares shown include 27,200 shares which Mr. Labrie has the right to acquire within 60 days of February 1, 2007 because of vested stock options. In addition to the holdings described in the above table, Mr. Labrie holds 2,917.004 phantom stock units under the Company s Deferred Compensation Plan for Executives.

(4) The shares shown include 43,356 shares which Mr. McClimon has the right to acquire within 60 days of February 1, 2007 because of vested stock options.

(5) The shares shown include 43,464 shares which Mr. Schick has the right to acquire within 60 days of February 1, 2007 because of vested stock options.

(6) The shares shown include 124,180 shares which Mr. Stotlar has the right to acquire within 60 days of February 1, 2007 because of vested stock options. In addition to the holdings described in the above table, Mr. Stotlar holds 13,396.923 phantom stock units under the Company s Deferred Compensation Plan for Executives.

(7) The shares shown include 471,977 shares which all directors and executive officers as a group have the right to acquire within 60 days of February 1, 2007 because of vested stock options.

INFORMATION ABOUT THE BOARD OF DIRECTORS AND CERTAIN BOARD COMMITTEES; CORPORATE GOVERNANCE

Director Independence

The Board of Directors has determined that each incumbent director, other than Douglas W. Stotlar, is an independent director under the New York Stock Exchange listing standards. In making this determination as to Robert P. Wayman, the Board considered all of the relevant facts and circumstances relating to services provided by the Company and its subsidiaries to Hewlett-Packard Company, of which Mr. Wayman served as Executive Vice President and Chief Financial Officer until his retirement in December 2006. The bulk of these services constitute supply chain management services provided by the Company s Menlo Logistics subsidiary under various contracts with Hewlett Packard. Payments received by the Company from Hewlett Packard for services provided in each of the last three fiscal years constituted less than 0.25% of Hewlett Packard s consolidated gross revenues for those fiscal years. The Board concluded that such services do not constitute a material relationship between Mr. Wayman and the Company.

Board Meetings; Executive Sessions of Non-Management Directors

During 2006, the Board of Directors held seven meetings. Each incumbent director attended at least 75% of all meetings of the Board and the committees of the Board on which he or she served.

Non-management members of the Board of Directors meet in executive session on a regularly scheduled basis. Neither the Chief Executive Officer nor any other member of management attends such meetings of non-management directors. The Chairman of the Board of Directors of the Company, W. Keith Kennedy, Jr., has been chosen as the Lead Non-Management Director to preside at such executive sessions. For information regarding how to communicate with the Lead Non-Management Director and other members of the Company s Board of Directors, see Communications with Directors on page 18.

Standing Committees

The Board of Directors currently has the following standing committees: Audit Committee, Compensation Committee, Director Affairs Committee and Finance Committee, the members of which are shown in the table below. Each of the Audit, Compensation and Directors Affairs Committees is governed by a charter, current copies of which are available on the Company s corporate website at www.con-way.com under the headings Investor Relations/Corporate Governance. Copies of the charters are also available in print to shareholders upon request, addressed to the Corporate Secretary at 2855 Campus Drive, Suite 300, San Mateo, California 94403.

Director	Audit	Compensation	Director Affairs	Finance
John J. Anton	X			X
William R. Corbin		X	X	
Margaret G. Gill	X		X	
Robert Jaunich II			X*	
W. Keith Kennedy, Jr.				
Henry H. Mauz, Jr.		X		X
Michael J. Murray		X*		

John C. Pope	X*	
Robert D. Rogers		X*

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Director	Audit	Compensation	Director Affairs	Finance
William J. Schroeder	X			X
Douglas W. Stotlar				
Peter W. Stott		X	X	
Robert P. Wayman	X		X	
Chelsea C. White III		X		X

X = current member

* = chair

Descriptions of the Audit, Compensation and Director Affairs Committees follow:

Audit Committee: Under its charter, the Audit Committee assists the Board in its oversight of matters involving the accounting, auditing, financial reporting, and internal control functions of the Company. The Committee receives reports on the work of the Company s outside auditors and internal auditors, and reviews with them the adequacy and effectiveness of the Company s accounting and internal control policies and procedures. Pursuant to Board policy, the Company s Chief Executive Officer, Chief Financial Officer, Controller and General Counsel are required to promptly notify the Chair of the Audit Committee upon receiving complaints regarding accounting, internal control and auditing matters involving the Company.

Each Committee member has been determined to be an independent director under the New York Stock Exchange listing standards. The Board has determined that each of Mr. Pope and Mr. Wayman qualifies as an audit committee financial expert as such term is defined in rules adopted by the Securities and Exchange Commission. The Board has also determined that Mr. Pope s service on the audit committees of more than three public companies does not impair his ability to effectively serve on the Company s Audit Committee. The Committee met twelve times during 2006.

Compensation Committee: The Compensation Committee s authority is established in its charter. The Compensation Committee approves the annual base salaries paid to the Chief Executive Officer, the Company s other policy-making officers and certain other corporate officers. The Company s Chief Executive Officer approves the annual base salaries for the Company s other executives. The Compensation Committee also approves, for all executives, the short-term and long-term incentive compensation award opportunities and performance goals applicable to these awards, and annual grants of stock options to all executives made under the Company s equity and incentive plan. In determining the compensation paid to the Chief Executive Officer, it is the practice of the Compensation Committee to consult with and obtain the concurrence of the other independent members of the Board of Directors. Management has no role in recommending or setting compensation for the Chief Executive Officer. The Committee also reviews the retirement and benefit plans of the Company and its domestic subsidiaries for non-contractual employees.

Each Committee member has been determined to be an independent director under the New York Stock Exchange listing standards. The Committee met five times during 2006.

The Compensation Committee engages an independent compensation consultant to assist the Committee in its annual review and approval of executive compensation. In 2006, Mercer Human Resource Consulting was engaged directly by the Compensation Committee to serve as executive compensation consultant. However, because Mercer also provides other services to the Company, for 2007 the Compensation Committee retained Hewitt Associates as its executive compensation consultant. Hewitt does not provide services to the Company, other than executive compensation consulting services to the Compensation Committee and director compensation consulting services to the Director Affairs Committee.

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Each year the Chief Executive Officer presents to the Compensation Committee for consideration his recommendations with respect to the compensation of Company executives (other than himself). These recommendations include:

- annual base salaries of the Company s policy-making officers and certain other corporate officers;
- annual stock option grants to all executives;
- the performance goals applicable to short-term and long-term incentive compensation awards;
- the particular levels of performance at which executives receive threshold, target and maximum payouts on annual performance bonus and long-term incentive awards; and
- the amounts to be paid under these awards at various performance levels.

In developing his recommendations, the Chief Executive Officer takes into account the report prepared for the Compensation Committee by the independent compensation consultant. The Chief Executive Officer develops compensation recommendations for officers reporting directly to him after consultation with others as he deems appropriate. Recommendations for compensation paid to more junior executives are typically developed by the executive to whom the junior executive reports and are subject to review and adjustment by the Chief Executive Officer.

The independent compensation consultant is available for consultation with the Committee (without executive officers present) prior to and at the Committee meeting at which executive compensation is approved. The Compensation Committee also meets with the Chief Executive Officer (without other executive officers present) to discuss his executive compensation recommendations. The Committee then meets in an executive session without management and exercises its independent judgment in deciding whether to accept or revise the Chief Executive Officer s recommendations.

The Committee charter provides that the Compensation Committee may delegate its duties and responsibilities to one or more agents (which may include officers or employees of the Company or third party agents), to the extent permitted under applicable law and New York Stock Exchange rules. However, the Compensation Committee has exercised its authority to delegate only in limited circumstances, as described below.

The Compensation Committee has delegated to the Employee Recognition Committee, a committee made up of the Company s Chief Executive Officer, Chief Financial Officer and General Counsel, the authority to grant stock options and other long-term incentive awards and to award discretionary cash bonuses, subject to certain conditions and limitations. The Employee Recognition Committee has no authority to grant stock options and other long-term incentive awards or to award discretionary cash bonuses to the Chief Executive Officer, to any officer who reports directly to the Chief Executive Officer, or to any other policy-making executive officer. However, other officers and employees of the Company are eligible to receive stock option grants and/or discretionary bonus awards from the Employee Recognition Committee. Only officers who are hired or promoted during the year are entitled to receive other long-term incentive awards. These awards are permitted only for the cycle that begins in the year that the officers are hired or promoted, must be made within three months after the beginning of the award cycle, and are intended to provide these officers with the same long-term incentive awards that they would have received had they been in their current positions at the beginning of the award cycle (subject to pro rata adjustment based on the portion of the cycle in which they are employed).

The aggregate amount of all discretionary cash bonuses awarded in any fiscal year by the Employee Recognition Committee to eligible officers of the Company and by management to non-executive employees cannot exceed $3 million. The aggregate amount of discretionary cash bonuses that the Employee Recognition Committee awards to any eligible officer in any fiscal year cannot exceed an amount equal to the sum of the officer s base annual salary and target annual performance bonus. The aggregate number of stock options granted by the Employee Recognition Committee in any fiscal year

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cannot exceed 100,000 and the number of stock options that can be granted to any eligible officer or other employee in any single grant in a fiscal year cannot exceed 20,000. The Employee Recognition Committee provides annual reports to the Compensation Committee, identifying awards made.

In addition, the Compensation Committee charter identifies the Compensation Committee as the Committee with the responsibility to administer the 2006 Equity and Incentive Plan and the short-term and long-term incentive compensation awards made under the Plan. The Committee has delegated to management the authority to administer the plans on a day-to-day basis. However, the Committee retains sole authority to make awards, establish award terms (including performance goals) and determine whether or not modifications to performance goals are to be made.

The Compensation Committee has also delegated to the Employee Benefits Review Committee, a committee made up of Company employees and chaired by the Company s Vice President Human Resources, the authority to approve amendments to the Company s tax-qualified and other non-executive benefit plans which are required to comply with applicable law or which are ministerial or clarifying in nature.

Director Affairs Committee: The functions of the Director Affairs Committee, which are set forth in the Committee s charter, include the following:

- identifying and recommending to the Board individuals qualified to serve as directors of the Company;
- recommending to the Board directors to serve on committees of the Board;
- advising the Board with respect to matters of Board composition and procedures;
- developing and recommending to the Board a set of corporate governance principles applicable to the Company and overseeing corporate governance matters generally;
- overseeing the Company s policies and procedures with respect to related person transactions;
- overseeing the annual evaluation of the Board and the Company s management; and
- periodically reviewing and recommending to the Board the appropriate forms and levels of compensation for Board and Committee service by non-employee members of the Board (including the Chairman of the Board, if he or she is not an employee of the Company).

Each Committee member has been determined to be an independent director under the New York Stock Exchange listing standards. The Director Affairs Committee met three times during 2006.

Not less often than every three years, the Director Affairs Committee engages an independent compensation consultant to review the Company s director compensation. Typically, the Committee engages the same consultant that the Compensation Committee engages to provide advice regarding executive compensation. The Committee instructs the consultant to include in its review prevalent director compensation practices, including compensation in cash, stock and options. In 2006, the Committee retained Hewitt Associates and based on Hewitt s advice modified director compensation. The Committee does not delegate any of its duties regarding director compensation, and executive officers of the Company have no role in determining or recommending the amount or form of director compensation.

The Director Affairs Committee will consider director candidates recommended by shareholders. In considering candidates submitted by shareholders, the Director Affairs Committee will take into consideration the needs of the Board and the qualifications of the candidate. To have a candidate considered by the Director Affairs Committee, a shareholder must submit the recommendation in writing and must include the following information:

the name of the shareholder and evidence of the person s ownership of Company stock; and the name of the candidate, the candidate s resume or a listing of his or her qualifications to be a director of the Company and the person s consent to be named as a director if selected by the Director Affairs Committee and nominated by the Board.

The shareholder recommendation and information described above must be sent to the Corporate Secretary at 2855 Campus Drive, Suite 300, San Mateo, California 94403. The Director Affairs Committee will accept recommendations of director candidates throughout the year; however, in order for a recommended director candidate to be considered for nomination to stand for election at an upcoming annual meeting of shareholders, the recommendation must be received by the Corporate Secretary not less than 120 days prior to the anniversary date of the Company s most recent annual meeting of shareholders.

The Director Affairs Committee believes that the minimum qualifications for serving as a director of the Company are that a nominee demonstrate, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board s oversight of the business and affairs of the Company and have a reputation for honest and ethical conduct in both his or her professional and personal activities. In addition, the Director Affairs Committee examines a candidate s specific experiences and skills, time availability in light of other commitments, potential conflicts of interest and independence from management and the Company. The Director Affairs Committee also seeks to have the Board represent a diversity of backgrounds and experience.

The Director Affairs Committee identifies potential nominees by asking current directors and executive officers to notify the Committee if they become aware of persons, meeting the criteria described above, who would be good candidates for service on the Board. The Director Affairs Committee also, from time to time, may engage firms that specialize in identifying director candidates. As described above, the Committee will also consider candidates recommended by shareholders.

Once a person has been identified by the Director Affairs Committee as a potential candidate, the Committee may collect and review publicly available information regarding the person to assess whether the person should be considered further. If the Director Affairs Committee determines that the candidate warrants further consideration, the Chairman or another member of the Committee contacts the person. Generally, if the person expresses a willingness to be considered and to serve on the Board, the Director Affairs Committee requests information from the candidate, reviews the person s accomplishments and qualifications, including in light of any other candidates that the Committee might be considering, and conducts one or more interviews with the candidate. In certain instances, Committee members may contact one or more references provided by the candidate or may contact other members of the business community or other persons that may have greater first-hand knowledge of the candidate s accomplishments. The Committee s evaluation process does not vary based on whether or not a candidate is recommended by a shareholder.

Policies and Procedures Regarding Related Person Transactions

The Company has written policies and procedures for the review, approval or ratification of related person transactions. A transaction is subject to the policies and procedures if the transaction involves in excess of $120,000, the Company is a participant in the transaction and any executive officer, director or 5% shareholder, or any of their immediate family members, has a direct or indirect interest in the transaction. The Director Affairs Committee of the Board of Directors is responsible for applying these policies and procedures. It is the Company s policy to enter into or ratify related person transactions only when the Director Affairs Committee determines that the transaction in question is in, or is not inconsistent with, the best interests of the Company and its stockholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or

services to related persons on an arm s length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally.

Since January 1, 2006, the Company was not a participant in any transaction involving more than $120,000 in which a related person had a direct or indirect material interest, nor is any such transaction currently proposed.

Communications with Directors

Any shareholder or other interested party desiring to communicate with any director (including the Lead Non-Management Director and the other non-management directors) regarding the Company may directly contact any director or group of directors by submitting such communications in writing to the director or directors in care of the Corporate Secretary, 2855 Campus Drive, Suite 300, San Mateo, California 94403.

All communications received as set forth in the preceding paragraph will be opened by the Corporate Secretary for the sole purpose of determining whether the contents represent a message to the Company s directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the Board or any group of directors, the Corporate Secretary will make sufficient copies of the contents to send to each director who is a member of the group to which the envelope is addressed.

Policy Regarding Director Attendance at Annual Meetings of Shareholders

The Company s policy regarding director attendance at the Annual Meeting of Shareholders is for the Chairman of the Board of Directors and the Chief Executive Officer (if different from the Chairman) to attend in person, and for other directors to attend in person or electronically. The Chairman of the Board and the Company s Chief Executive Officer attended the Company s 2006 Annual Meeting of Shareholders in person and eleven of the twelve other Directors attended telephonically.

Authority to Retain Advisors

The Board of Directors and each Committee of the Board is authorized, as it determines necessary to carry out its duties, to engage independent counsel and other advisors. The Company compensates any independent counsel or other advisor retained by the Board or any Committee.

Code of Ethics; Corporate Governance Guidelines

The Board of Directors has adopted a Code of Ethics for Chief Executive and Senior Financial Officers, including the Chief Financial Officer and Controller. The Board of Directors has also adopted a Directors Code of Business Conduct and Ethics applicable to all directors, a Code of Business Conduct applicable to all officers and employees, and Corporate Governance Guidelines. Current copies of each of these documents are available on the Company s corporate website at www.con-way.com under the headings Investor Relations/Corporate Governance. Copies are also available in print to shareholders upon request, addressed to the Corporate Secretary at 2855 Campus Drive, Suite 300, San Mateo, California 94403. The Company intends to satisfy any disclosure requirements regarding an amendment to, or waiver from, the Code of Ethics by posting such information on the Company s website at www.con-way.com.

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2006 DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($)
John J. Anton	75,000	43,290				6,295	124,585
William R. Corbin	70,035	66,287				6,987	143,309
Margaret G. Gill	75,035	78,811				2,742	156,588
Robert Jaunich II	78,035	78,811				7,742	164,588
W. Keith Kennedy, Jr.	270,046	244,534			2,761	14,540	531,881
Henry H. Mauz, Jr.	70,035	66,287				6,987	143,309
Michael J. Murray	78,000	77,451				2,495	157,946
John C. Pope	81,667	55,810				7,052	144,529
Robert D. Rogers	78,000	77,451			15,665	2,495	173,611
William J. Schroeder	75,000	77,451				2,495	154,946
Peter W. Stott	70,000	48,282				6,619	124,901
Robert P. Wayman	81,285	78,811				7,742	167,838
Chelsea C. White III	70,000	69,920				2,063	141,983

(1) Each non-employee director received a cash retainer of $70,000 in 2006. For his service as Chairman of the Board, Dr. Kennedy received an additional cash retainer of $200,000. Messrs. Jaunich, Murray, and Rogers received $8,000 each for serving as Chairs of the Director Affairs, Compensation, and Finance Committees, respectively. Mr. Wayman received $11,250 for serving as Chair of the Audit Committee for part of 2006 and for serving as a member of the Audit Committee for the balance of the year. Mr. Pope, who succeeded Mr. Wayman as Chair, received $11,667 for serving as Chair for part of 2006 and for serving as an Audit Committee member prior to becoming Chair. Mrs. Gill and Messrs. Anton and Schroeder received additional cash retainers of $5,000 for serving on the Audit Committee.

Amounts shown in this column include, for Mrs. Gill, Admiral Mauz, and Messrs. Corbin, Jaunich and Wayman, a cash payment of $35, and for Dr. Kennedy, a cash payment of $46 for partial shares of restricted stock granted during 2006.

Mr. Stotlar is not included in the table because he does not receive compensation in his capacity as a member of the Board of Directors. His compensation as President and Chief Executive Officer is included in the Summary Compensation Table on page 40.

(2) Amounts shown in this column reflect the 2006 compensation expense of restricted stock for financial reporting purposes under FAS 123R for all outstanding stock awards made to non-employee directors. The FAS 123R

value as of the grant date is spread over the number of months of service required for the grant to become non-forfeitable. As of December 31, 2006, non-employee directors held the following number of shares of restricted stock: Mr. Anton, 1,974; Mr. Corbin, 4,772; Mrs. Gill, 6,660; Mr. Jaunich, 6,660; Dr. Kennedy, 20,149; Admiral Mauz, 4,772; Mr. Murray, 4,849; Mr. Pope, 3,866; Mr. Rogers, 4,849; Mr. Schroeder, 4,849; Mr. Stott, 2,784; Mr. Wayman, 6,660; and Dr. White, 3,771. Dr. Kennedy s restricted stock balance includes 12,000 shares awarded to him in September 2004 during his tenure as interim Chief Executive Officer.

(3) No option awards were granted to non-employee directors in 2006, and all outstanding stock options have been fully expensed. As of December 31, 2006, non-employee directors held the following number of stock options: Mrs. Gill, 15,943; Mr. Jaunich, 17,479; Dr. Kennedy, 31,000; Mr. Murray, 16,697; Mr. Pope, 10,438; Mr. Rogers, 20,424; Mr. Schroeder, 9,332; Mr. Stott, 6,250; and Mr. Wayman, 15,301. Dr. Kennedy s total stock option balance includes 26,000 options awarded to him in March 2004 during his tenure as interim Chief Executive Officer.

(4) The Company does not maintain any non-equity incentive compensation plans for non-employee directors.

(5) Amounts shown in this column reflect above-market interest on deferred compensation account balances. (See discussion below.) The Company does not maintain any pension or other retirement plan for non-employee directors.

(6) Includes $5,700 ($407 per director) for the annual insurance premium paid for all directors; contributions of $5,000 each made to accredited colleges or universities on behalf of Admiral Mauz, Dr. Kennedy, and Messrs. Anton, Corbin, Jaunich, Pope, Stott and Wayman under the Company s education matching gifts program; and dividends paid on

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unvested restricted stock, as follows: Mr. Anton, $888; Mr. Corbin, $1,580; Mrs. Gill, $2,335; Mr. Jaunich, $2,335; Dr. Kennedy, $9,134; Admiral Mauz, $1,580; Mr. Murray, $2,088; Mr. Pope, $1,645; Mr. Rogers, $2,088; Mr. Schroeder, $2,088; Mr. Stott, $1,212; Mr. Wayman, $2,335; and Dr. White, $1,656.

Each non-employee member of the Board of Directors receives an annual cash retainer of $70,000. The Chairman of the Board of Directors receives an additional annual cash retainer in recognition of his increased responsibilities and time commitment as Chair. In January 2006, the Board of Directors established an additional annualized retainer of $200,000 as compensation for Dr. Kennedy s service as Chairman of the Board in 2006. In addition to the annual cash retainers, the chair of the Company s Audit Committee also receives an annual chair cash retainer of $15,000, and the chairs of the Compensation, Director Affairs and Finance Committees each receive an annual chair cash retainer of $8,000. Each member of the Audit Committee, other than the chair, also receives a committee retainer of $5,000. Each of the retainers described above are payable quarterly in advance. Directors do not receive any fees for attending Board or Committee meetings.

Directors may elect to defer payment of their fees under the Company s deferred compensation plans for directors. Payment of any deferred compensation account balances will be paid in a lump sum or in installments beginning no later than the year following the director s final year on the Board. In 2006 (as in previous years), interest was credited quarterly to amounts deferred at the Bank of America prime rate and, as a result, in 2006, Dr. Kennedy and Mr. Rogers earned $2,761 and $15,665, respectively, in interest on their deferred account balances above 120% of the applicable federal rate. Recently, the Company s deferred compensation plans for directors were amended to provide that balances on amounts deferred in 2007 and subsequent years will not be credited with a fixed rate of interest but instead will fluctuate based on the value on one of more funds selected by the director from a list of available funds. In addition, directors may elect to have some or all of their pre-2007 account balances treated in the same manner as post-2006 deferrals. Directors may also elect to convert some or all of their deferred compensation account balances into phantom stock units that track the performance of the Company s common stock.

In 2005, director compensation was revised to provide that each director also receives grants of restricted stock having a specified notional value for each year of the director s three-year term. The notional value was set at $65,000 per year during 2005 and 2006. In December 2006, the Board of Directors approved an increase in the notional value to $85,000 per year, effective with grants to be made in April 2007.

Except during a transition period, each director receives a grant of restricted stock in the year that the director is elected or re-elected to the Board and does not receive a restricted stock grant under this program in the subsequent two years. The value at the time of grant is equal to three times the specified annual notional value, so that directors elected or re-elected to the Board in April 2007 will receive grants with a value at the time of grant of $255,000 (three times $85,000). Each such grant of restricted stock is made in April (following election or re-election to the Board) and vests one-third per year, commencing on the anniversary date of the grant, or earlier upon the occurrence of certain events such as death, disability, retirement or a change in control. In April 2006, Dr. Kennedy received a transition grant of restricted stock having a value at the time of grant of $65,000.

Directors are also provided with certain insurance coverages and, in addition, are reimbursed for travel expenses incurred for attending Board and Committee meetings. The Company also maintains an Education Matching Gifts Program, pursuant to which the Company will match donations made to an accredited college or university by executives, certain other employees or members of the Company s Board of Directors. The matching contributions made by the Company in any year on behalf of any executive, employee or Board member are limited to $5,000.

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COMPENSATION OF EXECUTIVE OFFICERS

I. COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis describes the Company s executive compensation objectives, policies and practices as in effect for the 2006 fiscal year.

In 2005, the Company began moving from its historic holding company approach to an operating company approach. The Company is now in the early stages of a systematic review of its compensation objectives, policies and practices, in part to ensure that they are properly aligned with the objectives of the new operating company approach. Changes to the Company s executive compensation programs that result from this review will not be reflected in executive compensation before 2008.

Objectives

The objectives of the Company s executive compensation programs are to: (a) align the Company s rewards strategy with its business objectives to provide increased shareholder value; (b) support a strong performance culture; and (c) attract, retain and motivate highly talented executives.

A. *Aligning Reward Strategies with Business Objectives to Provide Increased Shareholder Value; Supporting a Culture of Strong Performance*. The Company s executive compensation programs are designed to reward performance that carries out the Company s strategies and meets its business goals. In doing so, the Company ties a significant portion of an executive s compensation to achievement of the Company s business objectives, putting compensation at risk and providing a strong incentive for its executives to produce superior results. By aligning reward strategies with its business objectives in this manner, the Company believes that it encourages executive behavior that will provide increased shareholder value.

In 2006, at target levels of performance, the at risk compensation (that is, the short-term and long-term incentive compensation) was approximately 5 times annual base salary for the Chief Executive Officer, approximately 3 times annual base salary for the Chief Financial Officer and the President of Con-way Freight, and approximately 1.85 times annual base salary for the other executives listed in the Summary Compensation Table on page 40 (the Named Executives). Of those amounts, short-term incentive compensation was targeted at 1 times annual base salary for the Chief Executive Officer, 0.75 times base salary for the Chief Financial Officer and the President of Con-way Freight and 0.6 times base salary for the other Named Executives, and long-term incentive compensation was targeted at 4 times annual base salary for the Chief Executive Officer, 2.25 times base salary for the Chief Financial Officer and the President of Con-way Freight and 1.25 times base salary for the other Named Executives. These ratios were selected so as to target pay at the levels described below under Compensation Relative to Peers.

As discussed in greater detail below, in 2006 at risk compensation consisted of:

- short-term incentive compensation tied to the achievement of performance goals that were primarily based on the short-term objectives of the business unit that employs the executive. For executives employed by the parent Company, performance goals were tied to the short-term objectives of the Company as a whole and historically have been based on income of the Company before taxes, incentive compensation and certain other adjustments to income.

long-term incentive compensation that was tied to a combination of earnings, return on capital employed and performance of the Company s common stock.

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As discussed under Long-Term Incentive Compensation on page 26, in 2007 the Company introduced a new form of long-term incentive award tied to revenue growth with a profitability modifier, to encourage profitable growth of the Company.

In designing its incentive compensation programs, the Company seeks to establish an appropriate balance between short-term and long-term incentives so that executives are properly motivated to consider both the Company s short-term and long-term objectives when making business decisions. In 2006, at target performance levels, long-term incentive compensation was approximately 4 times short-term incentive compensation for the Chief Executive Officer, approximately 3 times short-term incentive compensation for the Chief Financial Officer and the President of Con-way Freight, and approximately 2 times short-term incentive compensation for the other Named Executives. Overall this balance of compensation, including a higher weighting of long-term compensation for the CEO, is consistent with compensation of peer group companies, as discussed below.

B. *Attracting, Retaining and Motivating Highly Talented Executives*. The Company s ability to attract, retain and motivate highly talented executives depends on providing compensation that is competitive with compensation paid to executives at companies that are likely to try to recruit the Company s executives and with compensation paid to executives whom the Company may seek to hire. Historically, the Company has viewed its Chief Executive Officer, Chief Financial Officer and the President of its Con-way Freight subsidiary as being more likely to be recruited by other companies within the transportation industry than by companies in general industry. Similarly, the Company has been more likely to consider executives at transportation companies if the Company was trying to fill any of these senior executive positions. As a result, the Company has been comparing the annual base salary, short-term incentive compensation and long-term incentive compensation of these officers to the same elements of compensation paid to their counterparts by the companies that comprise the Dow Jones Transportation Average (DJTA).

The Company has been comparing the annual base salary, short-term incentive compensation and long-term incentive compensation paid to the Company s other executives against surveys of the same elements of compensation paid to similar executives in general industry (taking into account the Company s relative size). The Company has viewed this general industry peer group, rather than the DJTA companies, as better reflecting the Company s most direct competitors for executive talent in these roles. An independent compensation consultant retained by the Company s Compensation Committee provides the comparative compensation data for all Company executives. In 2006, Mercer Human Resource Consulting served as executive compensation consultant to the Compensation Committee. Mercer was engaged to provide a market and competitive analysis using the peer groups described above and the percentile rankings of 50% for base salaries, 60% for short-term incentive compensation and 50% for long-term incentive compensation. As part of its analysis, Mercer was asked to review 2005 annual base salaries, short-term incentive compensation target factors and long-term incentive compensation target payouts for each of the Named Executives and other officers of the parent Company, recommend any modifications for 2006, and provide a report of its analysis to the Compensation Committee and the Company.

Company Performance versus Individual Performance; Absolute versus Relative Company Performance.

The Company s executive compensation program takes into account both individual performance and Company performance. Individual performance is taken into account when making adjustments to annual base salaries and when making annual stock option grants to executives. Short-term and long-term incentive compensation awards (other than stock options) take into account performance of the Company, and/or performance of the Con-way company that employs the executive, but typically do not take into account individual performance.

Short-term incentive compensation measures performance of the Company, and/or the Con-way company that employs the executive, against internally-set goals, and does not measure performance against that of peer companies. Long-term incentive compensation measures the Company s common stock performance (through stock option grants), total shareholder return relative to peer companies (relative TSR) (through the relative TSR portion of Value Management Plan awards described below), and performance against internally-set goals (through the remaining portion of Value Management Plan awards).

Compensation Relative to Peers

The Company s current policy is generally to target executives annual base salary, short-term incentive compensation and long-term incentive compensation so that:

- base salaries are at the 50th percentile of salaries paid by companies in the applicable compensation peer group.

- short-term incentive compensation, at target performance levels, is at the 60th percentile of short-term incentive compensation paid by companies in the applicable compensation peer group.

- long-term incentive compensation, at target performance levels, is at the 50th percentile of long-term incentive compensation paid by companies in the applicable compensation peer group.

The Compensation Committee has elected to target annual base salary at the 50% percentile to put more emphasis on the Company s incentive compensation programs while at the same time offering competitive salaries. Short-term incentive compensation has been targeted at the 60% percentile in recognition of the fact that performance goals are typically set as stretch goals so that executives receive target payouts only if actual performance exceeds expected performance as reflected in the Company s financial plan. Long-term incentive compensation has been targeted at the 50% percentile so that our executives receive compensation that is competitive with peer group companies if target performance is achieved and higher payouts if targets are exceeded.

In the aggregate, the targeted compensation for our executives is consistent with the current compensation policy. However, these guidelines may not always be strictly applied on an individual basis, but rather, for any particular executive, our Compensation Committee may determine to target some elements of compensation at levels that are more or less than the amounts determined under these guidelines. These variations reflect our Compensation Committee s and the Company s view of the executive s individual performance, as well as the executive s experience and time spent in his or her position in the Company.

Our Compensation Committee, in consultation with an independent compensation consultant retained by the Committee, reviews this policy periodically to determine whether adjustments should be made to the percentile levels. The Company also conducts periodic comparisons of its post-employment compensation and perquisites. A market comparison of post-employment compensation was conducted in 2005 and of perquisites in 2006. See the discussions below on page 31 (Retirement), page 33 (Perquisites) and page 31 (Termination of Employment Following a Change in Control.)

Elements of Compensation

Executive compensation consists of five components:

- annual base salary;

short-term incentive compensation;

long-term incentive compensation;

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post-employment compensation; and

perquisites.

A. *Annual Base Salary*. The Company pays annual base salary to ensure that an executive has a level of income each year on which he or she can rely without regard to Company performance during the year. Base salaries are reviewed each year for all executives and adjusted as deemed appropriate, taking into account the executive s individual performance as well as salary levels of similar executives at peer group companies. As discussed under Compensation Committee commencing on page 14, the Compensation Committee reviews and approves the annual base salaries and other compensation for the Chief Executive Officer (in consultation with the other independent Board members), the Company s other policy making officers and certain other corporate officers, and the Chief Executive Officer approves the annual base salaries for the Company s other executives.

Adjustments are also made during the year, primarily to reflect promotions. These adjustments tend to be larger than the annual adjustments because the promotions are generally to new positions that carry increased responsibility. In some cases, the annual base salaries of Company executives who are promoted to new positions are increased gradually over time to market level, rather than through a single step increase upon promotion. For example, this was the case with the March 2005 promotion of Mr. Schick to Chief Financial Officer, who received salary increases of 11.4% and 10.7% in 2005 and 12.9% in 2006.

In 2006 and 2007, the Named Executives received the percentage increases in annual base salary shown in the table below.

Named Executive	**2006 (%)**	**2007 (%)**
Douglas W. Stotlar, President and Chief Executive Officer	3.85%	2.96%
Kevin C. Schick, Senior Vice President and Chief Financial Officer	12.90%	2.00%
Robert L. Bianco, Senior Vice President and President, Menlo Worldwide, LLC	6.00%	3.50%
John G. Labrie, Senior Vice President, Strategy and Enterprise Operations	5.00%	2.00%