

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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Con-way Inc.

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from N/A to N/A

COMMISSION FILE NUMBER 1-5046

Con-way Inc.

Incorporated in the State of Delaware
I.R.S. Employer Identification No. 94-1444798

2211 Old Earhart Road, Suite 100, Ann Arbor, Michigan 48105
Telephone Number (734) 994-6600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of Common Stock, \$0.625 par value,
outstanding as of October 31, 2011: 55,588,740

CON-WAY INC.
FORM 10-Q
Quarter Ended September 30, 2011

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CON-WAY INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	September 30, 2011	December 31, 2010
	(Unaudited)	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 439,084	\$ 421,420
Marketable securities	11,230	-
Trade accounts receivable, net	635,972	539,849
Other accounts receivable	51,356	79,065
Operating supplies, at lower of average cost or market	24,397	23,868
Prepaid expenses	30,995	47,345
Deferred income taxes	50,174	8,530
Total Current Assets	1,243,208	1,120,077
Property, Plant and Equipment		
Land	194,818	194,818
Buildings and leasehold improvements	822,398	817,599
Revenue equipment	1,543,321	1,480,561
Other equipment	312,158	306,215
	2,872,695	2,799,193
Accumulated depreciation	(1,437,167)	(1,394,608)
Net Property, Plant and Equipment	1,435,528	1,404,585
Other Assets		
Deferred charges and other assets	37,993	39,107
Capitalized software, net	20,329	19,083
Marketable securities	5,568	6,039
Intangible assets, net	14,818	17,191
Goodwill	338,188	337,650
	416,896	419,070
Total Assets	\$ 3,095,632	\$ 2,943,732

The accompanying notes are an integral part of these statements.

CON-WAY INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands except per share amounts)

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	September 30, 2011	December 31, 2010
	(Unaudited)	
Current Liabilities		
Accounts payable	\$ 363,525	\$ 304,176
Accrued liabilities	232,500	203,231
Self-insurance accruals	100,726	105,857
Short-term borrowings	15,439	18,552
Current maturities of long-term debt and capital leases	19,623	20,074
Total Current Liabilities	731,813	651,890
Long-Term Liabilities		
Long-term debt	718,305	718,215
Long-term obligations under capital leases	61,232	75,735
Self-insurance accruals	162,472	169,311
Employee benefits	348,773	418,731
Other liabilities and deferred credits	39,594	41,789
Deferred income taxes	135,171	48,529
Total Liabilities	2,197,360	2,124,200
Commitments and Contingencies (Note 10)		
Shareholders' Equity		
Common stock, \$0.625 par value; authorized 100,000,000 shares; issued 63,057,046 and 62,750,994 shares, respectively	39,389	39,143
Additional paid-in capital, common stock	594,346	580,008
Retained earnings	861,794	821,187
Cost of repurchased common stock (7,468,659 and 7,884,597 shares, respectively)	(322,454)	(340,912)
Total Common Shareholders' Equity	1,173,075	1,099,426
Accumulated Other Comprehensive Loss	(274,803)	(279,894)
Total Shareholders' Equity	898,272	819,532
Total Liabilities and Shareholders' Equity	\$ 3,095,632	\$ 2,943,732

The accompanying notes are an integral part of these statements.

CON-WAY INC.
STATEMENTS OF CONSOLIDATED OPERATIONS
(Unaudited)

(Dollars in thousands except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenues	\$ 1,377,079	\$ 1,270,183	\$ 3,971,255	\$ 3,738,357
Costs and Expenses				
Salaries, wages and employee benefits	516,083	517,221	1,516,597	1,530,630
Purchased transportation	365,306	331,137	1,030,822	952,817
Fuel and fuel-related taxes	142,185	112,863	428,322	349,547
Other operating expenses	145,298	137,563	417,998	411,505
Depreciation and amortization	50,814	50,568	151,668	143,532
Maintenance	35,711	30,640	97,692	94,141
Rents and leases	30,423	29,622	86,944	88,673
Purchased labor	30,134	31,654	83,226	85,998
Loss from impairment of goodwill and other intangible assets	-	16,414	-	19,181
	<u>1,315,954</u>	<u>1,257,682</u>	<u>3,813,269</u>	<u>3,676,024</u>
Operating Income	<u>61,125</u>	<u>12,501</u>	<u>157,986</u>	<u>62,333</u>
Other Income (Expense)				
Investment income	163	352	712	1,059
Interest expense	(13,909)	(13,818)	(41,751)	(44,906)
Miscellaneous, net	227	(568)	(2,536)	(2,622)
	<u>(13,519)</u>	<u>(14,034)</u>	<u>(43,575)</u>	<u>(46,469)</u>
Income (Loss) before Income Tax Provision	47,606	(1,533)	114,411	15,864
Income Tax Provision	18,478	6,695	48,939	14,266
Net Income (Loss) Applicable to Common Shareholders	<u>\$ 29,128</u>	<u>\$ (8,228)</u>	<u>\$ 65,472</u>	<u>\$ 1,598</u>
Weighted-Average Common Shares Outstanding				
Basic	55,535,074	54,286,677	55,331,170	51,780,610
Diluted	56,117,334	54,286,677	56,054,059	52,410,846
Earnings (Loss) per Common Share				
Basic				
Net Income (Loss) Applicable to Common Shareholders	<u>\$ 0.52</u>	<u>\$ (0.15)</u>	<u>\$ 1.18</u>	<u>\$ 0.03</u>
Diluted				
Net Income (Loss) Applicable to Common Shareholders	<u>\$ 0.52</u>	<u>\$ (0.15)</u>	<u>\$ 1.17</u>	<u>\$ 0.03</u>

The accompanying notes are an integral part of these statements.

CON-WAY INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Nine Months Ended	
	September 30,	
	2011	2010
Cash and Cash Equivalents, Beginning of Period	\$ 421,420	\$ 476,575
Operating Activities		
Net income	65,472	1,598
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, net of accretion	150,905	140,619
Non-cash compensation and employee benefits	17,668	15,746
Increase in deferred income taxes	42,049	33,163
Provision for uncollectible accounts	4,973	5,519
Loss from impairment of goodwill and other intangible assets	-	19,181
Loss (Gain) from sales of property and equipment, net	(1,923)	972
Changes in assets and liabilities:		
Receivables	(104,658)	(108,590)
Prepaid expenses	16,350	4,628
Accounts payable	53,788	57,052
Accrued variable compensation	12,806	7,873
Accrued liabilities, excluding accrued variable compensation and employee benefits	15,172	(5,347)
Self-insurance accruals	(11,970)	29,596
Accrued income taxes	31,218	(31,021)
Employee benefits	(51,430)	(70,701)
Deferred charges and credits	1,508	(1,075)
Other	(5,878)	(3,940)
Net Cash Provided by Operating Activities	236,050	95,273
Investing Activities		
Capital expenditures	(176,677)	(119,989)
Software expenditures	(7,280)	(7,015)
Proceeds from sales of property and equipment	6,083	3,258
Purchases of marketable securities	(11,230)	(54,260)
Proceeds from sales of marketable securities	525	28,460
Net Cash Used in Investing Activities	(188,579)	(149,546)
Financing Activities		
Repayment of long-term debt and capital leases	(14,884)	(207,704)
Net proceeds from (repayments of) short-term borrowings	(3,732)	8,154
Payment of debt issuance costs	(661)	-
Proceeds from issuance of common stock	-	143,325
Proceeds from exercise of stock options	5,374	1,148
Excess tax benefit from stock-option exercises	713	150
Payments of common dividends	(16,617)	(15,367)
Net Cash Used in Financing Activities	(29,807)	(70,294)
Increase (Decrease) in Cash and Cash Equivalents	17,664	(124,567)

Cash and Cash Equivalents, End of Period	<u>\$ 439,084</u>	<u>\$ 352,008</u>
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Supplemental Disclosures

Cash paid (refunded) for income taxes, net	<u>\$ (28,005)</u>	<u>\$ 16,988</u>
Cash paid for interest, net of amounts capitalized	<u>\$ 43,765</u>	<u>\$ 51,878</u>

Non-cash Investing and Financing Activities

Capital lease incurred to acquire revenue equipment	<u>\$ -</u>	<u>\$ 35,104</u>
Revenue equipment acquired through partial non-monetary exchanges	<u>\$ 25,708</u>	<u>\$ -</u>
Repurchased common stock issued under defined contribution plan	<u>\$ 17,307</u>	<u>\$ 27,383</u>

The accompanying notes are an integral part of these statements.

CON-WAY INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Principal Accounting Policies

Organization

Con-way Inc. and its consolidated subsidiaries (“Con-way”) provide transportation, logistics and supply-chain management services for a wide range of manufacturing, industrial and retail customers. Con-way’s business units operate in regional and transcontinental less-than-truckload and full-truckload freight transportation, contract logistics and supply-chain management, multimodal freight brokerage, and trailer manufacturing. As more fully discussed in Note 4, “Segment Reporting,” for financial reporting purposes, Con-way is divided into four reporting segments: Freight, Logistics, Truckload and Other.

Basis of Presentation

These interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and Rule 10-01 of Regulation S-X, and should be read in conjunction with Con-way’s 2010 Annual Report on Form 10-K. Accordingly, significant accounting policies and other disclosures normally provided have been omitted.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, including normal recurring adjustments, necessary to present fairly Con-way’s financial position, results of operations and cash flows for the periods presented. Results for the interim periods presented are not necessarily indicative of annual results.

Earnings (Loss) per Share (“EPS”)

Basic EPS is computed by dividing reported earnings by the weighted-average common shares outstanding. Diluted EPS is calculated as follows:

<i>(Dollars in thousands except per share data)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Numerator:				
Net income (loss) applicable to common shareholders, as reported	\$ 29,128	\$ (8,228)	\$ 65,472	\$ 1,598
Denominator:				
Weighted-average common shares outstanding	55,535,074	54,286,677	55,331,170	51,780,610
Stock options and nonvested stock	582,260	--	722,889	630,236
	56,117,334	54,286,677	56,054,059	52,410,846
Diluted earnings (loss) per share	\$ 0.52	\$ (0.15)	\$ 1.17	\$ 0.03
Antidilutive securities excluded from the computation of diluted EPS	2,070,672	3,582,653	1,838,289	1,707,718

New Accounting Standards

In June 2011, the FASB issued Accounting Standards Update (“ASU”) 2011-05, “Presentation of Comprehensive Income.” This ASU, codified in the “Comprehensive Income” topic of the FASB Accounting Standards Codification, eliminates the option to present the components of other comprehensive income as part of the statement of shareholders’ equity. Instead, entities are required to present net income and other comprehensive income in either a single continuous statement or in two separate, but consecutive statements. In addition, items that are reclassified from other comprehensive income to net income must be presented on the face of the financial

statements. The accounting guidance in ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and requires full retrospective application. Con-way currently reports other comprehensive income in the statement of shareholders' equity. Upon adoption, Con-way will be required to reclassify prior-period reported amounts and present net income, other comprehensive income and comprehensive income in accordance with the amended standards.

In September 2011, the FASB issued ASU 2011-08, "Testing Goodwill for Impairment." This ASU, codified in the "Intangibles – Goodwill and Other" topic of the FASB Accounting Standards Codification, allows an entity to first perform a qualitative assessment to determine whether it is necessary to perform the two-step goodwill impairment test required by the previous standard. An entity no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments are to be applied prospectively and will be effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption for fiscal year 2011 annual tests is permitted. Con-way does not believe that the standard will have a material effect on its financial statements.

Reclassifications

Certain amounts in the prior-period financial statements have been reclassified to conform to the current-period presentation.

2. Goodwill and Intangible Assets

Goodwill

The following table shows the changes in the gross carrying amounts of goodwill attributable to each applicable segment:

<i>(Dollars in thousands)</i>	<u>Logistics</u>	<u>Truckload</u>	<u>Other</u>	<u>Total</u>
Balances at December 31, 2009				
Goodwill	\$ 54,968	\$ 464,598	\$ 727	\$ 520,293
Accumulated impairment losses	(31,822)	(134,813)	--	(166,635)
	<u>23,146</u>	<u>329,785</u>	<u>727</u>	<u>353,658</u>
Impairment charge	(16,414)	--	--	(16,414)
Change in foreign currency exchange rates	406	--	--	406
Balances at December 31, 2010				
Goodwill	55,374	464,598	727	520,699
Accumulated impairment losses	(48,236)	(134,813)	--	(183,049)
	<u>7,138</u>	<u>329,785</u>	<u>727</u>	<u>337,650</u>
Change in foreign currency exchange rates	538	--	--	538
Balances at September 30, 2011				
Goodwill	55,912	464,598	727	521,237
Accumulated impairment losses	(48,236)	(134,813)	--	(183,049)
	<u>\$ 7,676</u>	<u>\$ 329,785</u>	<u>\$ 727</u>	<u>\$ 338,188</u>

In the third quarter of 2010, Con-way evaluated the goodwill associated with Chic Logistics due primarily to continued operating losses and lower-than-forecasted operating results at the Chic Logistics reporting unit. Con-way determined that the goodwill related to Chic Logistics was impaired and, as a result, Menlo Worldwide Logistics recognized a \$16.4 million impairment charge to reduce the carrying amount of the goodwill to zero. The impairment was primarily due to a decrease in projected operating income in future years. For the valuation of Chic Logistics, Con-way utilized a discounted cash flow model.

Intangible Assets

The fair value of intangible assets is amortized on a straight-line basis over their estimated useful lives. In the third quarter and first nine months of 2011, amortization expense related to intangible assets was \$0.9 million and \$2.5 million, respectively, compared to \$0.8 million and \$2.5 million in the same respective periods of 2010. Intangible assets consisted of the following:

	September 30, 2011		December 31, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<i>(Dollars in thousands)</i>				
Customer relationships	\$ 27,863	\$ 13,045	\$ 27,530	\$ 10,339

In the first quarter of 2010, Con-way evaluated the fair value of Chic Logistics' customer-relationship intangible asset due to lower projected revenues from customers comprising the customer relationship intangible asset. As a result, Menlo Worldwide Logistics recognized a \$2.8 million impairment loss to reduce the carrying amount of the intangible asset to zero.

Estimated amortization expense for the next five years is presented in the following table:

(Dollars in thousands)

Year ending December 31:

Remaining three months of 2011	\$ 800
2012	2,600
2013	2,400
2014	2,400
2015	2,400
2016	2,400

3. Restructuring Activities

As more fully discussed below, Con-way recognized restructuring charges of \$0.1 million and \$1.8 million in the third quarter and first nine months of 2011, respectively, and expects to recognize \$0.3 million of additional expense in the last three months of 2011. In the third quarter and first nine months of 2010, Con-way recognized restructuring charges of \$2.4 million and \$3.8 million, respectively. Con-way reported the employee-separation costs in salaries, wages and employee benefits and all other costs in other operating expenses. Con-way's remaining liability for amounts expensed but not yet paid was \$0.1 million at September 30, 2011. The remaining liability relates to employee-separation costs that are expected to be paid through 2011.

Outsourcing Initiative

In 2009, as part of an ongoing effort to reduce costs and improve efficiencies, Con-way initiated a project to outsource a significant portion of its information-technology infrastructure function and a small portion of its administrative and accounting functions. Con-way does not expect to incur additional restructuring charges for the outsourcing initiative. There was not a remaining liability at September 30, 2011.

Consolidation of Executive Offices

In the third quarter of 2010, in an effort to more closely align corporate functions and better support the business, Con-way initiated a project to consolidate its executive offices located in San Mateo, California and Ann Arbor, Michigan. The consolidation was substantially completed in the second quarter of 2011 when the executive office in San Mateo closed. The remaining liability and expenses are expected to be settled in 2011.

The following table summarizes the effect of the initiative:

<i>(Dollars in thousands)</i>	Employee- Separation Costs	Relocation and Other Costs	Total
Balance at December 31, 2010	\$ 2,496	\$ --	\$ 2,496
2011 charges	1,054	774	1,828
Cash payments	(3,493)	(774)	(4,267)
Balance at September 30, 2011	\$ 57	\$ --	\$ 57
Total expense recognized to date	\$ 3,550	\$ 774	\$ 4,324
Expected remaining expenses	\$ --	\$ 276	\$ 276

4. Segment Reporting

Con-way discloses segment information in the manner in which the business units are organized for making operating decisions, assessing performance and allocating resources. For the periods presented, Con-way is divided into the following four reporting segments:

- *Freight.* The Freight segment consists of the operating results of the Con-way Freight business unit, which provides regional, inter-regional and transcontinental less-than-truckload freight services throughout North America.
- *Logistics.* The Logistics segment consists of the operating results of the Menlo Worldwide Logistics business unit, which develops contract-logistics solutions, including the management of complex distribution networks and supply-chain engineering and consulting, and also provides multimodal freight brokerage services.
- *Truckload.* The Truckload segment consists of the operating results of the Con-way Truckload business unit, which provides asset-based full-truckload freight services throughout North America.
- *Other.* The Other reporting segment consists of the operating results of Road Systems, a trailer manufacturer, and certain corporate activities for which the related income or expense has not been allocated to other reporting segments.

Financial Data

Management evaluates segment performance primarily based on revenue and operating income (loss). Accordingly, investment income, interest expense, and other non-operating items are not reported in segment results. Corporate expenses are generally allocated based on measurable services provided to each segment, or for general corporate expenses, based on segment revenue. Inter-segment revenue and related operating income (loss) have been eliminated to reconcile to consolidated revenue and operating income (loss). Transactions between segments are generally based on negotiated prices.

<i>(Dollars in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenues before Inter-segment Eliminations				
Freight	\$ 843,300	\$ 797,078	\$ 2,450,870	\$ 2,339,046
Logistics	417,142	370,049	1,181,129	1,111,007
Truckload	158,705	140,655	459,371	426,725
Other	12,160	10,416	36,454	36,274
Inter-segment Revenue Eliminations	(54,228)	(48,015)	(156,569)	(174,695)
	<u>\$ 1,377,079</u>	<u>\$ 1,270,183</u>	<u>\$ 3,971,255</u>	<u>\$ 3,738,357</u>
Inter-segment Revenue Eliminations				
Freight	\$ 13,205	\$ 12,741	\$ 36,931	\$ 38,123
Logistics	9,411	5,447	24,216	13,977
Truckload	20,921	20,854	63,291	90,640
Other	10,691	8,973	32,131	31,955
	<u>\$ 54,228</u>	<u>\$ 48,015</u>	<u>\$ 156,569</u>	<u>\$ 174,695</u>
Revenues from External Customers				
Freight	\$ 830,095	\$ 784,337	\$ 2,413,939	\$ 2,300,923
Logistics	407,731	364,602	1,156,913	1,097,030
Truckload	137,784	119,801	396,080	336,085
Other	1,469	1,443	4,323	4,319
	<u>\$ 1,377,079</u>	<u>\$ 1,270,183</u>	<u>\$ 3,971,255</u>	<u>\$ 3,738,357</u>
Operating Income (Loss)				
Freight	\$ 40,721	\$ 13,062	\$ 100,220	\$ 27,135

Logistics	12,679	(6,282)	33,420	19,582
Truckload	7,867	5,475	25,273	13,582
Other	(142)	246	(927)	2,034
	<u>\$ 61,125</u>	<u>\$ 12,501</u>	<u>\$ 157,986</u>	<u>\$ 62,333</u>

5. Fair-Value Measurements

Assets and liabilities reported at fair value are classified in one of the following three levels within the fair-value hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

The following table summarizes the valuation of financial instruments within the fair-value hierarchy:

<i>(Dollars in thousands)</i>	September 30, 2011			
	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 402,306	\$ 89,532	\$ 312,774	\$ --
Current marketable securities	11,230	--	11,230	--
Other marketable securities	5,568	--	--	5,568

<i>(Dollars in thousands)</i>	December 31, 2010			
	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 388,053	\$ 118,763	\$ 269,290	\$ --
Other marketable securities	6,039	--	--	6,039

Cash equivalents consist of short-term interest-bearing instruments (primarily commercial paper, certificates of deposit and money-market funds) with maturities of three months or less at the date of purchase. Current marketable securities consist of variable-rate demand notes.

Money-market funds reflect their published net asset value and are classified as Level 1 instruments. Commercial paper, certificates of deposit and variable-rate demand notes are generally valued using published interest rates for instruments with similar terms and maturities, and accordingly, are classified as Level 2 instruments. At September 30, 2011, the weighted-average remaining maturity of the cash equivalents was less than one month. Based on their short maturities, the carrying amount of the cash equivalents approximates their fair value.

Con-way holds one auction-rate security, which is valued with an income approach that utilizes a discounted cash flow model. The following table summarizes the change in fair values of Con-way's auction-rate security, which was valued using Level 3 inputs:

<i>(Dollars in thousands)</i>	Auction-rate security
Balance at December 31, 2009	\$ 6,691
Unrealized gain	48
Partial redemption	(700)
Balance at December 31, 2010	\$ 6,039
Unrealized gain	54
Partial redemption	(525)
Balance at September 30, 2011	\$ 5,568

6. Employee Benefit Plans

In the periods presented, employees of Con-way and its subsidiaries in the U.S. were covered under several retirement benefit plans, including defined benefit pension plans, defined contribution retirement plans, a postretirement medical plan and a long-term disability plan. See Note 11, "Employee Benefit Plans," of Item 8, "Financial Statements and Supplementary Data," in Con-way's 2010 Annual Report on Form 10-K for additional information concerning its employee benefit plans. See "Cost-Reduction Actions" below for a discussion of employee benefits changes that were effective in April 2009.

Defined Benefit Pension Plans

As a result of plan amendments in previous years, no additional benefits accrue under these plans and already-accrued benefits will not be adjusted for future increases in compensation. The following table summarizes the components of net periodic benefit expense (income) for Con-way's domestic defined benefit pension plans:

	Qualified Pension Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<i>(Dollars in thousands)</i>				
Interest cost on benefit obligation	\$ 17,827	\$ 17,284	\$ 53,482	\$ 51,852
Expected return on plan assets	(21,483)	(18,760)	(64,451)	(56,279)
Amortization of net loss	2,636	2,268	7,909	6,803
Net periodic benefit expense (income)	\$ (1,020)	\$ 792	\$ (3,060)	\$ 2,376

	Non-Qualified Pension Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<i>(Dollars in thousands)</i>				
Interest cost on benefit obligation	\$ 946	\$ 969	\$ 2,840	\$ 2,909
Amortization of net loss	170	113	509	339
Net periodic benefit expense	\$ 1,116	\$ 1,082	\$ 3,349	\$ 3,248

Con-way has made \$62.6 million in contributions to its Qualified Pension Plans in 2011, including \$3.5 million contributed in October 2011. Con-way does not anticipate making any further contributions to the plans in 2011.

Defined Contribution Retirement Plans

Con-way's defined contribution retirement plans consist mostly of the primary defined contribution retirement plan (the "Primary DC Plan"). Con-way's expense under the Primary DC Plan was \$8.5 million and \$26.2 million in the third quarter and first nine months of 2011, respectively, compared to \$9.1 million and \$28.3 million in the same periods of 2010. In the first nine months of 2011 and 2010, Con-way used 461,151 shares and 826,504 shares, respectively, of repurchased common stock (also referred to as treasury stock), to fund \$17.3 million and \$27.4 million, respectively, of contributions to the Primary DC Plan. Effective in July 2011, Con-way's contributions to the Primary DC Plan were in the form of cash, rather than in treasury stock.

Postretirement Medical Plan

The following table summarizes the components of net periodic benefit expense for the postretirement medical plan:

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Service cost	\$ 360	\$ 351	\$ 1,081	\$ 1,054
Interest cost on benefit obligation	1,123	1,208	3,369	3,624
Amortization of prior service credit	(303)	(301)	(909)	(902)
Net periodic benefit expense	<u>\$ 1,180</u>	<u>\$ 1,258</u>	<u>\$ 3,541</u>	<u>\$ 3,776</u>

Cost-Reduction Actions

In response to economic conditions, in March 2009, Con-way announced several measures to reduce costs and conserve cash, as detailed below. The measures announced in March 2009 consisted of the suspension or curtailment of employee benefits and a reduction in salaries and wages.

Salaries and Wages

Effective in March 2009, the salaries and wages of certain employees were reduced by 5%, including corporate and shared-services employees and those at the Con-way Freight and Road Systems business units. Effective in January 2010, Con-way restored one-half of the salary and wage reductions. Con-way restored the remaining one-half of salary and wage reductions effective in January 2011.

Compensated Absences

Effective in April 2009, a compensated-absences benefit was suspended at Con-way Freight. During the period of suspension, no compensated-absences benefits were earned for current-year service; however, employees could use previously vested benefits. Also, effective in March 2009, Menlo Worldwide Logistics reduced its compensated-absences benefit by 25%. Effective in April 2010, Con-way Freight and Menlo Worldwide Logistics reinstated their compensated-absences benefits.

Defined Contribution Plan

Effective in April 2009, employer contributions to Con-way's Primary DC Plan were suspended or limited. The "matching" and "transition" contributions were suspended and the "basic" contribution was limited to no more than 3% of an employee's eligible compensation. Effective from the fourth quarter of 2011, Con-way prospectively reinstated the "basic" and "transition" contributions to their prior levels. The reinstated contributions, which are based on employees' years of service, will consist of a "basic" contribution that ranges from 3% to 5% of eligible compensation and a "transition" contribution that ranges from 1% to 3% of eligible compensation. The "matching" contributions have not been reinstated.

7. Shareholders' Equity

Comprehensive Income

Comprehensive income, which is a measure of all changes in equity except those resulting from investments by owners and distributions to owners, was as follows:

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income (loss)	\$ 29,128	\$ (8,228)	\$ 65,472	\$ 1,598
Other comprehensive income (loss):				
Foreign currency translation adjustment	(1,226)	799	477	(1,639)
Unrealized gain (loss) on available-for-sale security, net of deferred tax of \$7, \$5, \$21, and \$17, respectively	12	(8)	33	26
Employee benefit plans, net of deferred tax of \$976, \$812, \$2,928, and \$4,699, respectively	1,527	1,268	4,581	6,058
Comprehensive income (loss)	\$ 29,441	\$ (6,169)	\$ 70,563	\$ 6,043

Common Stock Offering

In May 2010, Con-way sold 4,300,000 shares of repurchased common stock in an underwritten public offering at a price of \$35.00 per share. The net proceeds from the offering were \$143.3 million after deducting the underwriting discount and direct costs. The \$42.8 million difference between the net proceeds and the \$186.1 million historical cost of the repurchased common stock was recorded as a reduction to retained earnings in common shareholders' equity.

8. Share-Based Compensation

Under terms of its share-based compensation plans, Con-way grants various types of share-based compensation awards to employees and directors. The plans provide for awards in the form of stock options, nonvested stock (also known as restricted stock), performance-share plan units and stock appreciation rights ("SARs"). See Note 12, "Share-Based Compensation," of Item 8, "Financial Statements and Supplementary Data," in Con-way's 2010 Annual Report on Form 10-K for additional information concerning its share-based compensation awards.

The following expense was recognized for share-based compensation:

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Salaries, wages and employee benefits	\$ 316	\$ 4,224	\$ 9,485	\$ 11,119
Deferred income tax benefit	(89)	(1,632)	(3,665)	(4,289)
Net share-based compensation expense	\$ 227	\$ 2,592	\$ 5,820	\$ 6,830

The SARs are liability-classified awards and, as a result, Con-way re-measures the fair value of the awards each reporting period until the awards are settled. The decline in share-based compensation expense for 2011 reflects a decline in the fair value per SAR. At September 30, 2011 and December 31, 2010, Con-way had recognized accrued liabilities for cash-settled SARs of \$1.7 million and \$2.9 million, respectively, using a fair value per SAR of \$6.11 and \$16.41, respectively.

9. Income Taxes

Con-way recognized a tax provision of \$18.5 million in the third quarter of 2011 and \$6.7 million in the same quarter of 2010. In the first nine months, Con-way recognized a tax provision of \$48.9 million in 2011 and \$14.3 million in 2010. The tax provision in 2011 included a \$1.1 million second-quarter income-tax benefit associated with the reversal of a portion of Con-way's accrued liability for uncertain tax positions and a \$5.9 million first-quarter charge due to the matter discussed below under "Uncertain Tax Positions." In 2010, the effective tax rate was affected by the non-deductible goodwill impairment charge in the third quarter of 2010. Excluding these items and other discrete adjustments, the third-quarter and year-to-date effective tax rates in 2011 were 37.4% and 37.5%, respectively, compared to 42.6% in both periods of 2010. The rates in 2011 declined from 2010 due primarily to a benefit associated with a fuel-related tax credit that was not in effect during 2010 until legislation was enacted in December 2010.

Other accounts receivable in the consolidated balance sheets include income tax receivables of \$8.3 million and \$41.2 million at September 30, 2011 and December 31, 2010, respectively.

Uncertain Tax Positions

Con-way is subject to examination for federal income taxes for 2005 to 2010. The Internal Revenue Service ("IRS") issued a Revenue Agent's Report for tax years 2005 through 2007 proposing certain adjustments, one of which related primarily to the treatment of certain payments to retirees and former employees of Menlo Worldwide Forwarding, Inc. and its subsidiaries and Menlo Worldwide Expedite!, Inc. (collectively "MWF") by Con-way after the sale of MWF to United Parcel Service, Inc. in 2004. Con-way contested this proposed adjustment through the IRS administrative appeals process. Con-way met with the IRS Appeals Division, and following negotiations, the IRS requested an offer from Con-way in July 2011 to settle. In July 2011, the IRS accepted Con-way's offer to settle at an amount approximating the liability recognized in the first quarter of 2011.

Due primarily to the matter discussed above, Con-way's estimated liability for unrecognized tax benefits increased to \$18.7 million (including \$6.9 million of accrued interest and penalties) at September 30, 2011 from \$15.9 million (including \$6.1 million of accrued interest and penalties) at December 31, 2010.

10. Commitments and Contingencies

Purchase Obligations

In connection with its outsourcing initiative, Con-way entered into agreements with third-party service providers in the first quarter of 2010. Payments to the third-party providers are estimated to be \$240 million between 2011 and 2016, when the agreements are expected to expire. The payments under the terms of the agreements are subject to change depending on the quantities and types of services consumed. The estimated payments reflect amounts based on projections of services expected to be consumed. The contracts also contain provisions that allow Con-way to terminate the contract at any time; however, Con-way would be required to pay additional fees if termination is for causes other than the failure of the service providers to perform. If Con-way had elected, for convenience, to terminate the contract for the outsourced information-technology services at December 31, 2010, the termination fee would have been approximately \$39 million, compared to approximately \$34 million if Con-way elects to terminate the contract on December 31, 2011.

Menlo Worldwide, LLC

Menlo Worldwide, LLC ("MW") has asserted claims against the sellers of Chic Holdings, which MW acquired in 2007, alleging inaccurate books and records, misstatement of revenue, and other similar matters related to the pre-sale financial performance of the Chic businesses. On October 17, 2011, MW and the sellers entered into an agreement in which the sellers agreed to pay MW \$10.0 million as an adjustment of the original purchase price to settle this dispute. In the fourth quarter of 2011, MW received essentially the entire settlement amount and will recognize a corresponding gain in the fourth quarter of 2011.

Emery Worldwide Airlines, Inc.

In February 2002, a lawsuit was filed against Emery Worldwide Airlines, Inc. ("EWA") in the District Court for the Southern District of Ohio, alleging violations of the Worker Adjustment and Retraining Notification Act (the "WARN Act") in connection with employee layoffs and ultimate terminations due to the August 2001 grounding of EWA's airline operations and the shutdown of the airline operations in December 2001. The court subsequently certified the lawsuit as a class action on behalf of affected employees laid off between August 11 and August 15, 2001. The WARN Act generally requires employers to give 60-days notice, or 60-days pay and

benefits in lieu of notice, of any shutdown of operations or mass layoff at a site of employment. The lawsuit was tried in early January 2009, and on September 28, 2009, the court issued its decision in favor of EWA. The Plaintiffs appealed the judgment and the District Court's decision was affirmed on February 16, 2011. Plaintiffs' petitions for rehearing of the appellate court's decision were denied by orders dated March 4, 2011 and March 9, 2011. Plaintiffs filed a petition with the Supreme Court on June 7, 2011 arguing that the lower courts were wrong in ruling that there is no right to a jury trial in a WARN Act case. Plaintiffs contended that there was a split in the circuit courts on the issue and that the Supreme Court should review the case to resolve that split. Con-way filed its opposition to the petition on July 14, 2011. On October 3, 2011, the Supreme Court denied the plaintiff's petition and this case has now been completed.

Con-way is a defendant in various other lawsuits incidental to its businesses. It is the opinion of management that the ultimate outcome of these actions will not have a material effect on Con-way's financial position, results of operations or cash flows.

11. Debt and Other Financing Arrangements

On August 2, 2011, Con-way amended its \$325 million revolving credit facility to extend the maturity date from November 4, 2014 to August 2, 2016. The amended facility also includes revised pricing that lowers Con-way's cost of utilizing the facility. The financial covenants and available credit provided to Con-way under the facility are unchanged by the amendment. See Note 7, "Debt and Other Financing Arrangements," of Item 8, "Financial Statements and Supplementary Data," in Con-way's 2010 Annual Report on Form 10-K for additional information concerning Con-way's \$325 million credit facility and its other debt instruments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

Management's Discussion and Analysis of Financial Condition and Results of Operations (referred to as "Management's Discussion and Analysis") is intended to assist in a historical and prospective understanding of Con-way's financial condition, results of operations and cash flows, including a discussion and analysis of the following:

- Overview of Business
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates
- Forward-Looking Statements

Overview of Business

Con-way provides transportation, logistics and supply-chain management services for a wide range of manufacturing, industrial and retail customers through three primary business units: Con-way Freight, Menlo Worldwide Logistics and Con-way Truckload. These business units operate in regional and transcontinental less-than-truckload and full-truckload freight transportation, contract logistics and supply-chain management, and multimodal freight brokerage. For financial reporting purposes, Con-way is divided into four reporting segments:

- *Freight.* The Freight segment consists of the operating results of the Con-way Freight business unit, which provides regional, inter-regional and transcontinental less-than-truckload freight services throughout North America.
- *Logistics.* The Logistics segment consists of the operating results of the Menlo Worldwide Logistics business unit, which develops contract-logistics solutions, including the management of complex distribution networks and supply-chain engineering and consulting, and also provides multimodal freight brokerage services.
- *Truckload.* The Truckload segment consists of the operating results of the Con-way Truckload business unit, which provides asset-based full-truckload freight services throughout North America.
- *Other.* The Other reporting segment consists of the operating results of Road Systems, a trailer manufacturer, and certain corporate activities for which the related income or expense has not been allocated to other reporting segments.

Con-way's primary business-unit results generally depend on the number, weight and distance of shipments transported, the prices received on those shipments or services and the mix of services provided to customers, as well as the fixed and variable costs incurred by Con-way in providing the services and the ability to manage those costs under changing circumstances. Con-way's primary business units are affected by the timing and degree of fluctuations in fuel prices and their ability to recover incremental fuel costs through fuel-surcharge programs and/or cost-recovery mechanisms, as more fully discussed in Item 3, "Quantitative and Qualitative Disclosures About Market Risk – Fuel."

Con-way Freight primarily transports shipments utilizing a network of freight service centers combined with a fleet of company-operated line-haul and pickup-and-delivery tractors and trailers. Menlo Worldwide Logistics manages the logistics functions of its customers and primarily utilizes third-party transportation providers for the movement of customer shipments. Con-way Truckload primarily transports shipments using a fleet of company-operated long-haul tractors and trailers.

Results of Operations

The overview below provides a high-level summary of Con-way's results of operations for the periods presented and is intended to provide context for the remainder of the discussion on reporting segments. Refer to "Reporting Segment Review" below for more complete and detailed discussion and analysis.

(Dollars in thousands except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenues	\$ 1,377,079	\$ 1,270,183	\$ 3,971,255	\$ 3,738,357
Costs and expenses				
Other costs and expenses	1,315,954	1,241,268	3,813,269	3,656,843
Loss from impairment of intangible assets	---	16,414	---	19,181
	<u>1,315,954</u>	<u>1,257,682</u>	<u>3,813,269</u>	<u>3,676,024</u>
Operating income	61,125	12,501	157,986	62,333
Other non-operating expense	13,519	14,034	43,575	46,469
Income (loss) before income tax provision	47,606	(1,533)	114,411	15,864
Income tax provision	18,478	6,695	48,939	14,266
Net income (loss) applicable to common shareholders	<u>\$ 29,128</u>	<u>\$ (8,228)</u>	<u>\$ 65,472</u>	<u>\$ 1,598</u>
Diluted earnings (loss) per share	\$ 0.52	\$ (0.15)	\$ 1.17	\$ 0.03

Overview

Con-way's consolidated revenue for the third quarter of 2011 increased 8.4% from the third quarter of 2010 and, in the first nine months of 2011, increased 6.2% from the same prior-year period. The increases in revenue reflect higher revenue at all reporting segments.

Con-way's third-quarter consolidated operating income increased to \$61.1 million in 2011 from \$12.5 million in 2010. In the year-to-date periods, operating income increased to \$158.0 million in 2011 from \$62.3 million in 2010. With respect to both the third-quarter and year-to-date periods, the increases in operating income were due to improved operating results at Freight, Logistics and Truckload. Higher operating income at Freight and Truckload reflect increased pricing and improved operating efficiencies. Results at Logistics in the prior-year periods were adversely affected by a \$16.4 million goodwill-impairment charge in the third quarter of 2010.

Non-operating expense in the third quarter of 2011 decreased \$0.5 million from the third quarter of 2010 and, in the first nine months of 2011, decreased \$2.9 million from the same prior-year period. Lower non-operating expense in the third quarter of 2011 was due primarily to gains on certain financial instruments. Lower non-operating expense in the first nine months of 2011 was due primarily to lower interest expense, reflecting the repayment in the second quarter of 2010 of the \$200 million outstanding under Con-way's 8 7/8% Notes Due 2010.

Con-way recognized a tax provision of \$18.5 million in the third quarter of 2011 and \$6.7 million in the same quarter of 2010. In the first nine months, Con-way recognized a tax provision of \$48.9 million in 2011 and \$14.3 million in 2010. The tax provision in 2011 included a \$1.1 million second-quarter income-tax benefit associated with the reversal of a portion of Con-way's accrued liability for uncertain tax positions and a \$5.9 million first-quarter charge due to the uncertain tax position discussed in Note 9, "Income Taxes," of Item 1, "Financial Statements." In 2010, the effective tax rate was affected by the non-deductible goodwill impairment charge in the third quarter of 2010. Excluding these items and other discrete adjustments, the third-quarter and year-to-date effective tax rates in 2011 were 37.4% and 37.5%, respectively, compared to 42.6% in both periods of 2010. The rates in 2011 declined from 2010 due primarily to a benefit associated with a fuel-related tax credit that was not in effect during 2010 until legislation was enacted in December 2010.

Cost-Reduction Actions

In response to economic conditions, in March 2009, Con-way announced several employee-related measures to reduce costs and conserve cash, as detailed in Note 6, "Employee Benefit Plans," of Item 1, "Financial Statements." Effective in January 2010, Con-way restored one-half of the salary and wage reductions, and effective in April 2010, Con-way reinstated the compensated-absences benefits. Con-way restored the remaining one-half of salary and wage reductions effective in January 2011. Effective from the fourth quarter of 2011, Con-way prospectively reinstated the "basic" and "transition" contributions to the defined contribution retirement plan to their prior levels. The "matching" contributions have not been reinstated. Any potential reinstatement of Con-way's "matching" contributions to the defined contribution retirement plan is based on a number of factors.

The table below compares the estimated cost savings from employee-related cost-reduction measures. The predominant amount of the reported cost savings relate to the Freight segment. Actual results may differ from the estimated amounts depending on factors such as employee count and turnover and assumptions related to employee retirement plan contributions.

(Dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Salaries and wages	\$ --	\$ 7	\$ --	\$ 22
Compensated absences	--	--	--	15
Defined contribution plan				
Matching	9	9	26	26
Basic and transition	5	5	17	17
Total estimated cost savings	\$ 14	\$ 21	\$ 43	\$ 80

Reporting Segment Review

For the discussion and analysis of segment operating results, management utilizes revenue before inter-segment eliminations. Management believes that revenue before inter-segment eliminations, combined with the detailed operating expense information, provides the most meaningful analysis of segment results. Revenue before inter-segment eliminations is reconciled to revenue from external customers in Note 4, "Segment Reporting," of Item 1, "Financial Statements."

Freight

The following table compares operating results, operating margins, and the percentage change in selected operating statistics of the Freight reporting segment:

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue before inter-segment eliminations	\$ 843,300	\$ 797,078	\$ 2,450,870	\$ 2,339,046
Salaries, wages and employee benefits	382,545	380,441	1,120,203	1,126,366
Purchased transportation	138,520	134,599	396,761	392,923
Fuel and fuel-related taxes	96,549	76,995	293,003	238,805
Other operating expenses	113,294	119,213	336,789	350,565
Depreciation and amortization	27,562	27,082	82,729	75,341
Maintenance	25,546	22,602	70,779	66,473
Rents and leases	12,460	13,078	35,235	38,172
Purchased labor	6,103	10,006	15,151	23,266
Total operating expenses	802,579	784,016	2,350,650	2,311,911
Operating income	\$ 40,721	\$ 13,062	\$ 100,220	\$ 27,135
Operating margin	4.8%	1.6%	4.1%	1.2%
	2011 vs. 2010		2011 vs. 2010	
Selected Operating Statistics				
Revenue per hundredweight ("yield")		+12.0%		+10.9%
Weight per day		-5.5%		-6.3%
Shipments per day ("volume")		-4.0%		-7.5%
Weight per shipment		-1.5%		+1.3%

Freight's revenue in the third quarter of 2011 increased 5.8% from the third quarter of 2010 and, in the first nine months of 2011, increased 4.8% from the same prior-year period. Revenue increased in the third quarter due to a 12.0% increase in yield, partially offset by a 5.5% decline in weight per day. The 5.5% decline in weight per day reflects a 4.0% decrease in shipments per day and a 1.5% decrease in weight per shipment. In the first nine months of 2011, revenue increased due to a 10.9% increase in yield, partially offset by a 6.3% decline in weight per day. The 6.3% decline in weight per day reflects a 7.5% decrease in shipments per day and a 1.3% increase in weight per shipment.

Yield excluding fuel surcharges increased 6.7% in the third quarter and 6.1% for the first nine months of 2011. In the third quarter, Freight's fuel-surcharge revenue increased to 17.2% of revenue in 2011 from 13.0% in 2010, and in the first nine months, increased to 17.0% of revenue in 2011 from 13.0% in 2010. The fuel surcharge is intended to compensate Con-way Freight for the adverse effects of higher fuel costs and fuel-related increases in purchased transportation. Fuel surcharges are only one part of Con-way Freight's overall rate structure, and the total price that Con-way Freight receives from customers for its services is governed by market forces, as more fully discussed below in Item 3, "Quantitative and Qualitative Disclosures About Market Risk – Fuel."

Con-way Freight's management believes that the variations in yield and weight per day were due in part to sales and pricing initiatives implemented in 2010 that increased base freight rates and moderated the amount of freight transported, and reflect improved pricing conditions in the less-than-truckload market.

Freight reported third-quarter operating income of \$40.7 million in 2011 compared to \$13.1 million in 2010 and, in the first nine months, \$100.2 million in 2011 compared to \$27.1 million in 2010. Improved operating results in 2011 were due largely to higher revenue on improved yields and reflect strategic efforts in the second and third quarters of 2010 to moderate the amount of freight transported to improve network efficiency and efforts to control costs. Operating results in the periods presented include the effect of the cost-reduction measures announced in March 2009; however, the 2011 periods included higher expenses than the 2010 periods due to the reinstatement in 2010 and 2011 of certain benefits previously curtailed under the cost-reductions measures. Results in 2010 were adversely affected by \$4.4 million of third-quarter expense for employee severance and the planned consolidation of Con-way's executive offices.

In the third quarter of 2011, expenses for salaries, wages and employee benefits increased 0.6% from the same period of 2010. Variable compensation expense increased \$6.8 million. Employee benefits expense increased 1.4%, reflecting higher expenses for employee medical claims, partially offset by lower expenses for workers' compensation claims. Higher expense for employee medical claims is due to an increase in the cost per claim, partially offset by a reduction in the number of claims. Salaries and wages, excluding variable compensation, decreased 2.3%.

In the first nine months of 2011, expenses for salaries, wages and employee benefits declined 0.5% from the same period of 2010. Salaries and wages, excluding variable compensation, decreased 2.3%. Employee benefits expense decreased 0.9% due primarily to decreases in expenses for workers' compensation claims and defined-benefit pension plans, partially offset by higher expenses for compensated absences, which increased \$17.9 million. The increase in the year-to-date expense for compensated-absences benefits was primarily due to the reinstatement of the benefit effective in April 2010. Variable compensation expense increased \$15.6 million.

In the periods presented, lower expense for salaries and wages, excluding variable compensation, was due primarily to a lower average employee count, partially offset by the restoration of salary and wage reductions, while higher variable compensation expense was based on variations in performance measures relative to variable-compensation plan targets. Lower expense for workers' compensation claims reflects a decrease in the number of claims, partially offset by an increase in the expense per claim.

Purchased transportation expense increased 2.9% in the third quarter of 2011 and 1.0% in the first nine months of 2011 due primarily to fuel-related rate increases, which were partially offset by declines in freight transported by third-party providers.

Expenses for fuel and fuel-related taxes increased 25.4% in the third quarter of 2011 and 22.7% in the first nine months of 2011 due primarily to the increase in the cost per gallon of diesel fuel, partially offset by lower fuel consumption due to fewer miles driven as a result of a moderation in shipment volumes.

Other operating expenses declined 5.0% and 3.9% in the third quarter and first nine months of 2011, respectively, due largely to decreases in self-insurance expense, particularly cargo claims, and lower marketing costs, partially offset by higher administrative corporate allocations for information-technology services. The decrease in cargo-claims expense reflects lower shipment volumes and improved freight handling, which was due in part to increased investment in training as well as the utilization of the SafeStack™ cargo loading system for trailers that was deployed during 2010.

Logistics

The table below compares operating results and operating margins of the Logistics reporting segment. The table summarizes Logistics' revenue as well as net revenue (revenue less purchased transportation expense). Carrier-management revenue is attributable to contracts for which Menlo Worldwide Logistics manages the transportation of freight but subcontracts to third parties the actual transportation and delivery of products, which Menlo Worldwide Logistics refers to as purchased transportation. Menlo Worldwide Logistics' management places emphasis on net revenue as a meaningful measure of the relative importance of its principal services since revenue earned on most carrier-management services consists largely of the third-party carriers' charges to Menlo Worldwide Logistics for transporting the shipments. The table also includes operating income and operating margin excluding the loss from impairment of intangible assets. Management believes these measures are relevant to evaluate its on-going operations.

<i>(Dollars in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenue before inter-segment eliminations	\$ 417,142	\$ 370,049	\$ 1,181,129	\$ 1,111,007
Purchased transportation expense	(262,477)	(229,320)	(737,159)	(683,232)
Net revenue	154,665	140,729	443,970	427,775
Salaries, wages and employee benefits	58,913	54,770	168,883	161,287
Fuel and fuel-related taxes	267	187	808	616
Other operating expense	38,928	35,624	115,907	108,837
Depreciation and amortization	2,637	3,168	8,273	9,432
Maintenance	788	642	2,209	1,807
Rents and leases	17,067	15,391	48,454	47,142
Purchased labor	23,386	20,815	66,016	59,891
Loss from impairment of intangible assets	--	16,414	--	19,181
Total operating expenses excluding purchased transportation	141,986	147,011	410,550	408,193
Operating income (loss)	\$ 12,679	\$ (6,282)	\$ 33,420	\$ 19,582
Operating income excluding impairment	\$ 12,679	\$ 10,132	\$ 33,420	\$ 38,763
Operating margin on revenue	3.0%	(1.7%)	2.8%	1.8%
Operating margin on net revenue	8.2%	(4.5%)	7.5%	4.6%
Operating margin on revenue excluding impairment	3.0%	2.7%	2.8%	3.5%
Operating margin on net revenue excluding impairment	8.2%	7.2%	7.5%	9.1%

Logistics' revenue in the third quarter and first nine months of 2011 increased 12.7% and 6.3%, respectively, due to increases in revenue from both carrier-management and warehouse-management services. In 2011, revenue from carrier-management services in the third quarter and first nine months increased 15.1% and 7.8%, respectively, while revenue from warehouse-management services increased 7.0% and 2.8%, respectively. Higher revenue from carrier-management services was due primarily from growth at existing customers and increased freight-brokerage volumes. Increased revenue from warehouse-management services was due primarily to the addition of new customers.

Logistics' net revenue in the third quarter and first nine months of 2011 increased 9.9% and 3.8%, respectively, when compared to the prior-year periods. Purchased transportation expense increased 14.5% and 7.9% in the third quarter and first nine months of 2011, respectively, due primarily to increased carrier-management volumes.

Logistics reported operating income in the third quarter and first nine months of 2011 of \$12.7 million and \$33.4 million, respectively, compared to an operating loss of \$6.3 million in the third quarter of 2010 and operating income of \$19.6 million in the first nine months of 2010. As discussed more fully in Note 2, "Goodwill and Intangible Assets," of Item 1, "Financial Statements," Logistics recognized a \$16.4 million goodwill-impairment charge in the third quarter of 2010 and a \$2.8 million charge in the first quarter of 2010 for the impairment of a customer-relationship intangible asset. Excluding the impairments, Logistics' operating income in the third quarter of 2011 increased 25.1% and in the first nine months of 2011 declined 13.8%. Higher operating income in the third quarter of 2011 was due primarily to the growth in net revenue and improved margins from carrier-management services. Higher margins on carrier-

management services were due largely to increased volumes on higher margin freight-brokerage services. The decline in operating income in the first nine months of 2011 primarily reflects lower margins on warehouse-management services. Lower margins on warehouse-management services were due largely to increased start-up costs associated with new customer contracts.

revenue. The 0.9% decline in freight revenue reflects a 5.0% decline in loaded miles, partially offset by a 4.3% increase in revenue per loaded mile. In the periods presented, higher fuel-surcharge revenue was due primarily to higher fuel prices in 2011 compared to 2010. The decrease in loaded miles was due primarily to a decline in the number of tractors operated by two-person teams, which resulted in lower miles per tractor, and a slightly smaller fleet.

For the third quarter, Truckload reported operating income of \$7.9 million in 2011 compared to \$5.5 million in 2010 and, in the first nine months, \$25.3 million in 2011 compared to \$13.6 million in 2010. Higher operating income includes the effect of improved fuel-surcharge recovery rates.

Salaries, wages and employee benefits increased 1.8% in the third quarter of 2011, reflecting a 23.2% increase in costs for employee benefits, partially offset by a 2.5% decline in salaries and wages, excluding variable compensation, and a \$0.3 million or 27.4% decline in variable compensation.

In the first nine months of 2011, salaries wages and employee benefits declined 1.4%, reflecting a 5.0% decline in salaries and wages, excluding variable compensation, partially offset by a \$2.5 million increase in variable compensation and a 5.5% increase in employee benefits. Salaries and wages, excluding variable compensation, declined 5.0%.

In the periods presented, lower expense for salaries and wages, excluding variable compensation, was due primarily to fewer miles driven. Changes in variable compensation expense were based on variations in performance measures relative to variable-compensation plan targets. Higher expense for employee benefits reflects increased costs for employee medical and workers' compensation claims due primarily to an increase in the severity of claims, partially offset by a decline in the number of claims.

Expenses for fuel and fuel-related taxes increased 26.9% and 22.0% in the third quarter and first nine months of 2011, respectively, due primarily to a higher fuel cost per gallon, partially offset by a decrease in miles driven.

Other operating expenses increased 3.2% in the third quarter of 2011 and decreased 11.5% in the first nine months of 2011. The increase in other operating expense in the third quarter of 2011 was due in part to an increase in vehicular self-insurance expense. The 11.5% decrease in other operating expenses in the first nine months of 2011 was due primarily to declines in vehicular self-insurance expense resulting from declines in the severity and number of claims. Vehicular self-insurance expense decreased \$5.9 million in the first nine months of 2011.

Depreciation and amortization expense increased 7.0% and 9.1% in the third quarter and first nine months of 2011, respectively, reflecting a tractor replacement program initiated in 2010.

Other

The Other reporting segment consists of the operating results of Road Systems, a trailer manufacturer, and certain corporate activities for which the related income or expense has not been allocated to other reporting segments. The table below summarizes the operating results for the Other reporting segment:

<i>(Dollars in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenue				
Road Systems	\$ 12,160	\$ 10,416	\$ 36,454	\$ 36,274
Operating income (loss)				
Road Systems	\$ 56	\$ 101	\$ (23)	\$ 83
Con-way re-insurance activities	24	782	60	3,200
Con-way corporate properties	(351)	(412)	(1,081)	(996)
Other	129	(225)	117	(253)
	<u>\$ (142)</u>	<u>\$ 246</u>	<u>\$ (927)</u>	<u>\$ 2,034</u>

Liquidity and Capital Resources

Cash and cash equivalents increased to \$439.1 million at September 30, 2011 from \$421.4 million at December 31, 2010, as \$236.1 million provided by operating activities exceeded \$188.6 million used in investing activities and \$29.8 million used in financing activities. Cash provided by operating activities came primarily from net income after adjustment for non-cash items. Cash used in investing activities primarily reflects capital expenditures. Cash used in financing activities primarily reflects the payment of common dividends and repayment of capital leases.

(Dollars in thousands)

	Nine Months Ended September 30,	
	2011	2010
Operating Activities		
Net income	\$ 65,472	\$ 1,598
Non-cash adjustments (1)	213,672	215,200
Changes in assets and liabilities	(43,094)	(121,525)
Net Cash Provided by Operating Activities	236,050	95,273
Net Cash Used in Investing Activities	(188,579)	(149,546)
Net Cash Used in Financing Activities	(29,807)	(70,294)
Increase (Decrease) in Cash and Cash Equivalents	\$ 17,664	\$ (124,567)

(1) "Non-cash adjustments" refer to depreciation, amortization, impairment charges, deferred income taxes, provision for uncollectible accounts, and other non-cash income and expenses.

Operating Activities

The most significant items affecting the comparison of Con-way's operating cash flows for the periods presented are summarized below:

In the first nine months of 2011, net income and non-cash adjustments collectively increased \$62.3 million from the same period of 2010.

Cash used from changes in assets and liabilities decreased \$78.4 million in the first nine months of 2011 compared to the same period of 2010. Comparative changes were primarily from accrued income taxes, accrued liabilities, employee benefits, and self-insurance accruals.

Accrued income taxes provided \$31.2 million in the first nine months of 2011, compared to \$31.0 million used in the same prior-year period due primarily to variations in income tax refunds and payments. In the first nine months of 2011, Con-way received \$28.0 million of net refunds, and in the first nine months of 2010, Con-way made net payments of \$17.0 million. During 2011, Con-way's cash flows related to income taxes benefited from capital expenditure-related tax legislation enacted in December 2010. As a result of the legislation, Con-way will be able to deduct a substantial portion of its 2011 capital expenditures in the 2011 tax year.

Accrued liabilities provided \$15.2 million in the first nine months of 2011 compared to \$5.3 million used in 2010, due primarily to changes in the liability for compensated absences. As more fully discussed in Note 6, "Employee Benefit Plans," of Item 1, "Financial Statements," a compensated-absence benefit was suspended at Con-way Freight from April 2009 through April 2010. During the period of suspension, no compensated-absences benefits were earned. This suspension was not in effect at any point during 2011, resulting in increased compensated-absence benefits for the first nine months of 2011 compared to the first nine months of 2010.

Employee benefits used \$51.4 million in the first nine months of 2011, compared to \$70.7 million used in the same prior-year period due primarily to a decrease in funding contributions. In the first nine months of 2011, Con-way contributed \$59.1 million to its qualified pension plans, compared to \$92.6 million in the first nine months of 2010. The level of Con-way's annual contributions to its qualified pension plans is subject to variations in interest rates, asset returns, Pension Protection Act requirements and other factors.

Self-insurance accruals used \$12.0 million in the first nine months of 2011, compared to \$29.6 million provided in the first nine months of 2010. The cash used in the first nine months of 2011 was due primarily to decreases in the liabilities for vehicular and workers' compensation claims. The cash provided in the first nine months of 2010 was due primarily to increases in the liabilities for vehicular and cargo claims.

Investing Activities

The most significant items affecting the comparison of Con-way's investing cash flows for the periods presented are summarized below:

In the first nine months, capital expenditures were \$176.7 million in 2011, compared to \$120.0 million in 2010. Increased capital expenditures in 2011 were due primarily to the acquisition of tractor equipment at Con-way Truckload. Higher capital expenditures at Con-way Truckload in the first nine months of 2011 reflect an accelerated fleet replacement program that was implemented in June 2010.

Proceeds from sales of property and equipment increased to \$6.1 million in the first nine months of 2011 compared to \$3.3 million in the first nine months of 2010 due primarily to the sale of tractors in connection with the tractor replacement program at Con-way Truckload.

Cash used as the result of the net investment in marketable securities declined to \$10.7 million in the first nine months of 2011 from \$25.8 million in the first nine months of 2010.

Financing Activities

The most significant items affecting the comparison of Con-way's financing cash flows for the periods presented are summarized below:

Financing activities used cash of \$29.8 million in the first nine months of 2011, compared to \$70.3 million used in the same period of 2010. The first nine months of both 2011 and 2010 reflect payments of dividends and the repayment of capital leases, while the first nine months of 2010 also includes the \$200.0 million repayment of the amount outstanding under the 8 7/8% Notes Due 2010 and proceeds from the issuance of common stock. In the second quarter of 2010, Con-way issued repurchased common stock (also referred to as treasury stock) in a public offering and received net proceeds of \$143.3 million, as discussed more fully in Note 7, "Shareholders' Equity," of Item 1, "Financial Statements."

Contractual Cash Obligations

Con-way's contractual cash obligations as of December 31, 2010 are summarized in Item 7, "Management's Discussion and Analysis – Liquidity and Capital Resources – Contractual Cash Obligations," of Con-way's 2010 Annual Report on Form 10-K. In the first nine months of 2011, there have been no material changes in Con-way's contractual obligations outside the ordinary course of business.

Capital Resources and Liquidity Outlook

Con-way's capital requirements relate primarily to the acquisition of revenue equipment to support growth and/or replacement of older equipment with newer equipment. In funding these capital expenditures and meeting working-capital requirements, Con-way utilizes various sources of liquidity and capital, including cash and cash equivalents, cash flow from operations, credit facilities and access to capital markets. Con-way may also manage its liquidity requirements and cash-flow generation by varying the timing and amount of capital expenditures and by implementing cost-reduction initiatives, as more fully discussed under "Results of Operations – Overview."

Con-way has a \$325 million unsecured revolving credit facility that matures on August 2, 2016. The revolving facility is available for cash borrowings and issuance of letters of credit. At September 30, 2011, no cash borrowings were outstanding under the credit facility; however, \$179.4 million of letters of credit were outstanding, leaving \$145.6 million of available capacity for additional letters of credit or cash borrowings. The revolving facility is guaranteed by certain of Con-way's material domestic subsidiaries and contains two financial covenants: (i) a leverage ratio and (ii) a fixed-charge coverage ratio. At September 30, 2011, Con-way was in compliance with the revolving credit facility's financial covenants and expects to remain in compliance through December 31, 2011 and thereafter.

Con-way had other uncommitted unsecured credit facilities totaling \$64.3 million at September 30, 2011, which are available to support short-term borrowings, letters of credit, bank guarantees and overdraft facilities. At September 30, 2011, \$15.4 million of cash borrowings and \$27.6 million of other credit commitments were outstanding leaving \$21.3 million of available capacity.

See Item 1A, "Risk Factors," in Con-way's 2010 Annual Report on Form 10-K and Note 11, "Debt and Other Financing Arrangements," of Item 1, "Financial Statements," for additional information concerning Con-way's \$325 million credit facility.

In 2011, Con-way anticipates capital and software expenditures of approximately \$285 million, net of asset dispositions, primarily for the acquisition of tractor equipment. Con-way's actual 2011 capital expenditures may differ from the estimated amount depending on factors such as availability and timing of delivery of equipment.

In the first nine months of 2011 and 2010, Con-way used treasury stock to fund \$17.3 million and \$27.4 million, respectively, of contributions to the defined contribution retirement plan. Effective in July 2011, the contributions were in the form of cash contributed by Con-way, rather than in treasury stock.

At September 30, 2011, Con-way's senior unsecured debt was rated as investment grade by Standard and Poor's (BBB-), Fitch Ratings (BBB-), and Moody's (Baa3). Moody's assigned an outlook of "negative," while Standard and Poor's and Fitch Ratings assigned an outlook of "stable."

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the U.S. requires management to adopt accounting policies and make significant judgments and estimates. In many cases, there are alternative policies or estimation techniques that could be used. Con-way maintains a process to evaluate the appropriateness of its accounting policies and estimation techniques, including discussion with and review by the Audit Committee of its Board of Directors and its independent auditors. Accounting policies and estimates may require adjustment based on changing facts and circumstances and actual results could differ from estimates. Con-way believes that the accounting policies that are most judgmental and material to the financial statements are those related to the following:

- Defined Benefit Pension Plans
- Goodwill
- Income Taxes
- Property, Plant and Equipment and Other Long-Lived Assets
- Revenue Recognition
- Self-Insurance Accruals

There have been no significant changes to the critical accounting policies and estimates disclosed in Con-way's 2010 Annual Report on Form 10-K.

Forward-Looking Statements

Certain statements included herein constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, 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 of earnings, revenues, weight, yield, volumes, income or other financial or operating items;
- any statements of the plans, strategies, expectations or objectives of Con-way's management for future operations or other future items;
- 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 legal and other claims and proceedings that may be brought against Con-way;
- any statements regarding future economic conditions or performance;
- any statements regarding strategic acquisitions; and
- any statements of estimates or belief and any statements or assumptions underlying the foregoing.

Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or "anticipates" or the negative of those terms or other variations of those terms or comparable terminology or by discussions of strategy, plans or intentions. Such forward-looking statements are necessarily dependent on assumptions, data and methods that may be incorrect or imprecise and there can be no assurance that they will be realized. In that regard, certain important factors, among others and in addition to the matters discussed elsewhere in this document and other reports and documents filed by Con-way with the Securities and Exchange Commission, could cause actual results and other matters to differ materially from those discussed in such forward-looking statements. A detailed description of certain of these risk factors is included in Item 1A, "Risk Factors," of Con-way's 2010 Annual Report on Form 10-K. Any forward-looking statements speak only as of the date the statement is made, and Con-way does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Con-way is exposed to a variety of market risks, including the effects of interest rates, fuel prices and foreign currency exchange rates.

Con-way enters into derivative financial instruments only in circumstances that warrant the hedge of an underlying asset, liability or future cash flow against exposure to some form of interest rate, commodity or currency-related risk. Additionally, the designated hedges should have high correlation to the underlying exposure such that fluctuations in the value of the derivatives offset reciprocal changes in the underlying exposure. Con-way held no derivative financial instruments at September 30, 2011.

Interest Rates

Con-way is subject to the effect of interest-rate fluctuations on the fair value of its long-term debt and on the amount of interest income earned on cash-equivalent investments and marketable securities, as more fully discussed in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of Con-way's 2010 Annual Report on Form 10-K.

Fuel

Con-way is subject to risks associated with the availability and price of fuel, which are subject to political, economic and market factors that are outside of Con-way's control.

Con-way would be adversely affected by an inability to obtain fuel in the future. Although historically Con-way has been able to obtain fuel from various sources and in the desired quantities, there can be no assurance that this will continue to be the case in the future.

Con-way may also be adversely affected by the timing and degree of fluctuations in fuel prices. Currently, Con-way's business units have fuel-surcharge revenue programs or cost-recovery mechanisms in place with a majority of customers. Con-way Freight and Con-way Truckload maintain fuel-surcharge programs designed to offset or mitigate the adverse effect of rising fuel prices. Menlo Worldwide Logistics has cost-recovery mechanisms incorporated into most of its customer contracts under which it recognizes fuel-surcharge revenue designed to eliminate the adverse effect of rising fuel prices on purchased transportation.

Con-way's competitors in the less-than-truckload ("LTL") and truckload markets also impose fuel surcharges. Although fuel surcharges are generally based on a published national index, there is no industry-standard fuel-surcharge formula. As a result, fuel-surcharge revenue constitutes only part of the overall rate structure. Revenue excluding fuel surcharges (sometimes referred to as base freight rates) represents the collective pricing elements that exclude fuel surcharges. In the LTL market, changes in base freight rates reflect numerous factors such as length of haul, freight class, weight per shipment and customer-negotiated adjustments. In the truckload market, changes in base freight rates primarily reflect differences in origin and destination location and customer-negotiated adjustments. Ultimately, the total amount that Con-way Freight and Con-way Truckload can charge for their services is determined by competitive pricing pressures and market factors.

Historically, Con-way Freight's fuel-surcharge program has enabled it to more than recover increases in fuel costs and fuel-related increases in purchased transportation. As a result, Con-way Freight may be adversely affected if fuel prices fall and the resulting decrease in fuel-surcharge revenue is not offset by an equivalent increase in base freight-rate revenue. Although lower fuel surcharges may improve Con-way Freight's ability to increase the freight rates that it would otherwise charge, there can be no assurance in this regard. Con-way Freight may also be adversely affected if fuel prices increase or return to historically high levels. Customers faced with fuel-related increases in transportation costs often seek to negotiate lower rates through reductions in the base freight rates and/or limitations on the fuel surcharges charged by Con-way Freight, which adversely affect Con-way Freight's ability to offset higher fuel costs with higher revenue.

Con-way Truckload's fuel-surcharge program mitigates the effect of rising fuel prices but does not always result in Con-way Truckload fully recovering increases in its cost of fuel. The extent of recovery may vary depending on the amount of customer-negotiated adjustments and the degree to which Con-way Truckload is not compensated due to empty and out-of-route miles or from engine idling during cold or warm weather.

Con-way would be adversely affected if, due to competitive and market factors, its business units are unable to continue their current fuel-surcharge programs and/or cost-recovery mechanisms. In addition, there can be no assurance that these programs, as currently maintained or as modified in the future, will be sufficiently effective to offset increases in the price of fuel.

Foreign Currency

The assets and liabilities of Con-way's foreign subsidiaries are denominated in foreign currencies, which create exposure to changes in foreign currency exchange rates. Con-way does not currently use derivative financial instruments to manage foreign currency risk.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Con-way's management, with the participation of Con-way's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of Con-way's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, Con-way's Chief Executive Officer and Chief Financial Officer have concluded that Con-way's disclosure controls and procedures are effective as of the end of such period.

(b) Internal Control Over Financial Reporting

There have not been any changes in Con-way's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, Con-way's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Certain legal proceedings of Con-way are discussed in Note 10, "Commitments and Contingencies," of Item 1, "Financial Statements."

ITEM 1A. RISK FACTORS

There are no material changes to the risk factors previously disclosed in Item 1A, "Risk Factors," of Con-way's 2010 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Con-way has nothing to report under this Item.

Issuer Purchases of Equity Securities

The following table provides information about Con-way's purchases of its common stock for each month during the quarterly period covered by this report:

Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July	--	--	-	-
August	--	--	-	-
September	2,156	25.13	-	-
Total	2,156	25.13	-	-

(1) The shares were withheld to satisfy tax withholding obligations in connection with the vesting of restricted shares granted to Con-way employees.

ITEM 6. EXHIBITS

Exhibit No.

- (4) Instruments defining the rights of security holders, including debentures:
 - 4.1 First Amendment to Credit Agreement and Subsidiary Guaranty Agreement dated August 2, 2011 (Exhibit 10.1 to Con-way's Report on Form 8-K filed on August 2, 2011).*
- (31) Certification of Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- (32) Certification of Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- (101) The following financial statements from Con-way's Form 10-Q for the quarter ended September 30, 2011, filed on November 7, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Statements of Consolidated Operations, (iii) Statements of Consolidated Cash Flows, and (iv) Notes to Consolidated Financial Statements.

* Previously filed with the Securities and Exchange Commission and incorporated herein by reference.

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 thereunto duly authorized.

November 7, 2011

Con-way Inc.
(Registrant)

/s/ Stephen L. Bruffett
Stephen L. Bruffett
Executive Vice President and
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas W. Stotlar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Con-way Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7,
2011

W. Stotlar
Executive Officer

/s/ Douglas W. Stotlar
Douglas
Chief

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen L. Bruffett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Con-way Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7, 2011
Stephen L. Bruffett

/s/

Stephen L. Bruffett
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Con-way Inc. (the "Company") for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas W. Stotlar, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

/s/ Douglas W. Stotlar

Name: Douglas W. Stotlar

Title: Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Con-way Inc. (the "Company") for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen L. Bruffett, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

/s/ Stephen L. Bruffett

Name: Stephen L. Bruffett

Title: Chief Financial Officer

**Consolidated Balance Sheets
(Parenthetical) (USD \$)**

Sep. 30, 2011 Dec. 31, 2010

Consolidated Balance Sheets [Abstract]

<u>Common stock, par value</u>	\$ 0.625	\$ 0.625
<u>Common stock, shares authorized</u>	100,000,000	100,000,000
<u>Common stock, shares issued</u>	63,057,046	62,750,994
<u>Repurchased common stock, shares</u>	7,468,659	7,884,597

Statements Of Consolidated Operations (USD \$) In Thousands, except Share data	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
<u>Statements Of Consolidated Operations [Abstract]</u>				
<u>Revenues</u>	\$ 1,377,079	\$ 1,270,183	\$ 3,971,255	\$ 3,738,357
<u>Costs and Expenses</u>				
<u>Salaries, wages and employee benefits</u>	516,083	517,221	1,516,597	1,530,630
<u>Purchased transportation</u>	365,306	331,137	1,030,822	952,817
<u>Fuel and fuel-related taxes</u>	142,185	112,863	428,322	349,547
<u>Other operating expenses</u>	145,298	137,563	417,998	411,505
<u>Depreciation and amortization</u>	50,814	50,568	151,668	143,532
<u>Maintenance</u>	35,711	30,640	97,692	94,141
<u>Rents and leases</u>	30,423	29,622	86,944	88,673
<u>Purchased labor</u>	30,134	31,654	83,226	85,998
<u>Loss from impairment of goodwill and other intangible assets</u>		16,414		19,181
<u>Total Costs and Expenses</u>	1,315,954	1,257,682	3,813,269	3,676,024
<u>Operating Income</u>	61,125	12,501	157,986	62,333
<u>Other Income (Expense)</u>				
<u>Investment income</u>	163	352	712	1,059
<u>Interest expense</u>	(13,909)	(13,818)	(41,751)	(44,906)
<u>Miscellaneous, net</u>	227	(568)	(2,536)	(2,622)
<u>Total Other Income (Expense)</u>	(13,519)	(14,034)	(43,575)	(46,469)
<u>Income (Loss) before Income Tax Provision</u>	47,606	(1,533)	114,411	15,864
<u>Income Tax Provision</u>	18,478	6,695	48,939	14,266
<u>Net Income (Loss) Applicable to Common Shareholders</u>	\$ 29,128	\$ (8,228)	\$ 65,472	\$ 1,598
<u>Weighted-Average Common Shares Outstanding</u>				
<u>Basic</u>	55,535,074	54,286,677	55,331,170	51,780,610
<u>Diluted</u>	56,117,334	54,286,677	56,054,059	52,410,846
<u>Basic</u>				
<u>Net Income (Loss) Applicable to Common Shareholders</u>	\$ 0.52	\$ (0.15)	\$ 1.18	\$ 0.03
<u>Diluted</u>				
<u>Net Income (Loss) Applicable to Common Shareholders</u>	\$ 0.52	\$ (0.15)	\$ 1.17	\$ 0.03

**Employee Benefit Plans
(Tables)**

**9 Months Ended
Sep. 30, 2011**

Pension Plans, Defined Benefit [Member]
[Defined Benefit Plan Disclosure \[Line Items\]](#)
[Components Of Net Periodic Benefit Expense
\(Income\)](#)

	Qualified Pension Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<i>(Dollars in thousands)</i>				
Interest cost on benefit obligation	\$ 17,827	\$ 17,284	\$ 53,482	\$ 51,852
Expected return on plan assets	(21,483)	(18,760)	(64,451)	(56,279)
Amortization of net loss	2,636	2,268	7,909	6,803
Net periodic benefit expense (income)	\$ (1,020)	\$ 792	\$ (3,060)	\$ 2,376

	Non-Qualified Pension Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<i>(Dollars in thousands)</i>				
Interest cost on benefit obligation	\$ 946	\$ 969	\$ 2,840	\$ 2,909
Amortization of net loss	170	113	509	339
Net periodic benefit expense	\$ 1,116	\$ 1,082	\$ 3,349	\$ 3,248

Postretirement Medical Plan [Member]
[Defined Benefit Plan Disclosure \[Line Items\]](#)
[Components Of Net Periodic Benefit Expense
\(Income\)](#)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<i>(Dollars in thousands)</i>				
Service cost	\$ 360	\$ 351	\$ 1,081	\$ 1,054
Interest cost on benefit obligation	1,123	1,208	3,369	3,624
Amortization of prior service credit	(303)	(301)	(909)	(902)
Net periodic benefit expense	\$ 1,180	\$ 1,258	\$ 3,541	\$ 3,776

**Document And Entity
Information**

**9 Months Ended
Sep. 30, 2011 Oct. 31, 2011**

[Document And Entity Information \[Abstract\]](#)

<u>Document Type</u>	10-Q	
<u>Amendment Flag</u>	false	
<u>Document Period End Date</u>	Sep. 30, 2011	
<u>Document Fiscal Period Focus</u>	Q3	
<u>Document Fiscal Year Focus</u>	2011	
<u>Entity Registrant Name</u>	Con-way Inc.	
<u>Trading Symbol</u>	cnw	
<u>Entity Central Index Key</u>	0000023675	
<u>Current Fiscal Year End Date</u>	--12-31	
<u>Entity Filer Category</u>	Large Accelerated Filer	
<u>Entity Common Stock, Shares Outstanding</u>		55,588,740

Shareholders' Equity

9 Months Ended
Sep. 30, 2011

[Shareholders' Equity](#)

[\[Abstract\]](#)

[Shareholders' Equity](#)

7. Shareholders' Equity

Comprehensive Income

Comprehensive income, which is a measure of all changes in equity except those resulting from investments by owners and distributions to owners, was as follows:

<i>(Dollars in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Net income (loss)	\$ 29,128	\$ (8,228)	\$ 65,472	\$ 1,598
Other comprehensive income (loss):				
Foreign currency translation adjustment	(1,226)	799	477	(1,639)
Unrealized gain (loss) on available-for-sale security, net of deferred tax of \$7, \$5, \$21, and \$17, respectively	12	(8)	33	26
Employee benefit plans, net of deferred tax of \$976, \$812, \$2,928, and \$4,699, respectively	1,527	1,268	4,581	6,058
Comprehensive income (loss)	<u>\$ 29,441</u>	<u>\$ (6,169)</u>	<u>\$ 70,563</u>	<u>\$ 6,043</u>

Common Stock Offering

In May 2010, Con-way sold 4,300,000 shares of repurchased common stock in an underwritten public offering at a price of \$35.00 per share. The net proceeds from the offering were \$143.3 million after deducting the underwriting discount and direct costs. The \$42.8 million difference between the net proceeds and the \$186.1 million historical cost of the repurchased common stock was recorded as a reduction to retained earnings in common shareholders' equity.

Goodwill And Intangible Assets (Narrative) (Details) (USD \$)	3 Months Ended		9 Months Ended		12 Months Ended		3 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010	Dec. 31, 2009	Dec. 31, 2010	Sep. 30, 2010 Menlo Worldwide Logistics [Member]	Mar. 31, 2010 Menlo Worldwide Logistics [Member]	Mar. 31, 2010 Chic Logistics' [Member]
Amortization expense	\$ 900,000	\$ 800,000	\$ 2,500,000	\$ 2,500,000					
Impairment loss/charge					16,414,000	16,400,000	16,400,000	2,800,000	
Carrying amount of goodwill	338,188,000		338,188,000		353,658,000	337,650,000	0		
Carrying amount of intangible assets									\$ 0

**Debt And Other Financing
Arrangements (Details)
(USD \$)
In Millions**

9 Months Ended

Aug. 02, 2011	Sep. 30, 2011	Sep. 30, 2011
	Initial [Member]	Extended [Member]

[Unsecured revolving credit facility](#) \$ 325

[Credit facility, maturity date](#)

November 4, 2014 August 2, 2016

Shareholders' Equity (Narrative) (Details) (USD \$)	1 Months Ended May 31, 2010	9 Months Ended Sep. 30, 2010
<u>Shareholders' Equity [Abstract]</u>		
<u>Sale of repurchased common stock</u>	4,300,000	
<u>Repurchased common stock price per share</u>	\$ 35.00	
<u>Proceeds from issuance of common stock</u>	\$ 143,300,000	\$ 143,325,000
<u>Reduction to retained earnings</u>	42,800,000	
<u>Historical cost of stock issued</u>	\$ 186,100,000	

**Share-Based Compensation
(Tables)**

**9 Months Ended
Sep. 30, 2011**

[Share-Based Compensation \[Abstract\]](#)

[Share-Based Compensation Arrangement Expenses
Recognized](#)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	<i>(Dollars in thousands)</i>			
Salaries, wages and employee benefits	\$ 316	\$ 4,224	\$ 9,485	\$11,119
Deferred income tax benefit	(89)	(1,632)	(3,665)	(4,289)
Net share-based compensation expense	<u>\$ 227</u>	<u>\$ 2,592</u>	<u>\$ 5,820</u>	<u>\$ 6,830</u>

**Principal Accounting
Policies (Policy)**

**9 Months Ended
Sep. 30, 2011**

[Principal Accounting
Policies \[Abstract\]
Basis Of Presentation](#)

Basis of Presentation

These interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and Rule 10-01 of Regulation S-X, and should be read in conjunction with Con-way's 2010 Annual Report on Form 10-K. Accordingly, significant accounting policies and other disclosures normally provided have been omitted.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, including normal recurring adjustments, necessary to present fairly Con-way's financial position, results of operations and cash flows for the periods presented. Results for the interim periods presented are not necessarily indicative of annual results.

[Earnings Per Share \("EPS"\)](#)

Earnings (Loss) per Share ("EPS")

Basic EPS is computed by dividing reported earnings by the weighted-average common shares outstanding. Diluted EPS is calculated as follows:

<i>(Dollars in thousands except per share data)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Numerator:				
Net income (loss) applicable to common shareholders, as reported	\$ 29,128	\$ (8,228)	\$ 65,472	\$ 1,598
Denominator:				
Weighted-average common shares outstanding	55,535,074	54,286,677	55,331,170	51,780,610
Stock options and nonvested stock	582,260	--	722,889	630,236
	<u>56,117,334</u>	<u>54,286,677</u>	<u>56,054,059</u>	<u>52,410,846</u>
Diluted earnings (loss) per share	\$ 0.52	\$ (0.15)	\$ 1.17	\$ 0.03
Antidilutive securities excluded from the computation of diluted EPS	<u>2,070,672</u>	<u>3,582,653</u>	<u>1,838,289</u>	<u>1,707,718</u>

[Reclassifications](#)

Reclassifications

Certain amounts in the prior-period financial statements have been reclassified to conform to the current-period presentation.

Restructuring Activities

9 Months Ended
Sep. 30, 2011

[Restructuring Activities](#)

[\[Abstract\]](#)

[Restructuring Activities](#)

3. Restructuring Activities

As more fully discussed below, Con-way recognized restructuring charges of \$0.1 million and \$1.8 million in the third quarter and first nine months of 2011, respectively, and expects to recognize \$0.3 million of additional expense in the last three months of 2011. In the third quarter and first nine months of 2010, Con-way recognized restructuring charges of \$2.4 million and \$3.8 million, respectively. Con-way reported the employee-separation costs in salaries, wages and employee benefits and all other costs in other operating expenses. Con-way's remaining liability for amounts expensed but not yet paid was \$0.1 million at September 30, 2011. The remaining liability relates to employee-separation costs that are expected to be paid through 2011.

Outsourcing Initiative

In 2009, as part of an ongoing effort to reduce costs and improve efficiencies, Con-way initiated a project to outsource a significant portion of its information-technology infrastructure function and a small portion of its administrative and accounting functions. Con-way does not expect to incur additional restructuring charges for the outsourcing initiative. There was not a remaining liability at September 30, 2011.

Consolidation of Executive Offices

In the third quarter of 2010, in an effort to more closely align corporate functions and better support the business, Con-way initiated a project to consolidate its executive offices located in San Mateo, California and Ann Arbor, Michigan. The consolidation was substantially completed in the second quarter of 2011 when the executive office in San Mateo closed. The remaining liability and expenses are expected to be settled in 2011.

The following table summarizes the effect of the initiative:

<i>(Dollars in thousands)</i>	Relocation		Total
	Employee- Separation Costs	and Other Costs	
Balance at December 31, 2010	\$ 2,496	\$ --	\$ 2,496
2011 charges	1,054	774	1,828
Cash payments	(3,493)	(774)	(4,267)
Balance at September 30, 2011	\$ 57	\$ --	\$ 57
Total expense recognized to date	\$ 3,550	\$ 774	\$ 4,324
Expected remaining expenses	\$ --	\$ 276	\$ 276

**Fair-Value Measurements
(Changes In Fair Value Of
Auction-Rate Security)
(Details) (USD \$)
In Thousands**

9 Months Ended 12 Months Ended

Sep. 30, 2011 Dec. 31, 2010

[Fair-Value Measurements \[Abstract\]](#)

<u>Beginning balance</u>	\$ 6,039	\$ 6,691
<u>Unrealized gain</u>	54	48
<u>Partial redemption</u>	(525)	(700)
<u>Ending balance</u>	\$ 5,568	\$ 6,039

Income Taxes

**9 Months Ended
Sep. 30, 2011**

[Income Taxes \[Abstract\]](#)

[Income Taxes](#)

9. Income Taxes

Con-way recognized a tax provision of \$18.5 million in the third quarter of 2011 and \$6.7 million in the same quarter of 2010. In the first nine months, Con-way recognized a tax provision of \$48.9 million in 2011 and \$14.3 million in 2010. The tax provision in 2011 included a \$1.1 million second-quarter income-tax benefit associated with the reversal of a portion of Con-way's accrued liability for uncertain tax positions and a \$5.9 million first-quarter charge due to the matter discussed below under "Uncertain Tax Positions." In 2010, the effective tax rate was affected by the non-deductible goodwill impairment charge in the third quarter of 2010. Excluding these items and other discrete adjustments, the third-quarter and year-to-date effective tax rates in 2011 were 37.4% and 37.5%, respectively, compared to 42.6% in both periods of 2010. The rates in 2011 declined from 2010 due primarily to a benefit associated with a fuel-related tax credit that was not in effect during 2010 until legislation was enacted in December 2010.

Other accounts receivable in the consolidated balance sheets include income tax receivables of \$8.3 million and \$41.2 million at September 30, 2011 and December 31, 2010, respectively.

Uncertain Tax Positions

Con-way is subject to examination for federal income taxes for 2005 to 2010. The Internal Revenue Service ("IRS") issued a Revenue Agent's Report for tax years 2005 through 2007 proposing certain adjustments, one of which related primarily to the treatment of certain payments to retirees and former employees of Menlo Worldwide Forwarding, Inc. and its subsidiaries and Menlo Worldwide Expedite!, Inc. (collectively "MWF") by Con-way after the sale of MWF to United Parcel Service, Inc. in 2004. Con-way contested this proposed adjustment through the IRS administrative appeals process. Con-way met with the IRS Appeals Division, and following negotiations, the IRS requested an offer from Con-way in July 2011 to settle. In July 2011, the IRS accepted Con-way's offer to settle at an amount approximating the liability recognized in the first quarter of 2011.

Due primarily to the matter discussed above, Con-way's estimated liability for unrecognized tax benefits increased to \$18.7 million (including \$6.9 million of accrued interest and penalties) at September 30, 2011 from \$15.9 million (including \$6.1 million of accrued interest and penalties) at December 31, 2010.

**Goodwill And Intangible
Assets (Tables)**

**9 Months Ended
Sep. 30, 2011**

Goodwill And Intangible Assets

[Abstract]

**Schedule Of Changes In Gross Carrying
Amounts Of Goodwill**

(Dollars in thousands)

	<u>Logistics</u>	<u>Truckload</u>	<u>Other</u>	<u>Total</u>
Balances at December 31, 2009				
Goodwill	\$ 54,968	\$ 464,598	\$ 727	\$ 520,293
Accumulated impairment losses	(31,822)	(134,813)	--	(166,635)
	23,146	329,785	727	353,658
Impairment charge	(16,414)	--	--	(16,414)
Change in foreign currency exchange rates	406	--	--	406
Balances at December 31, 2010				
Goodwill	55,374	464,598	727	520,699
Accumulated impairment losses	(48,236)	(134,813)	--	(183,049)
	7,138	329,785	727	337,650
Change in foreign currency exchange rates	538	--	--	538
Balances at September 30, 2011				
Goodwill	55,912	464,598	727	521,237
Accumulated impairment losses	(48,236)	(134,813)	--	(183,049)
	<u>\$ 7,676</u>	<u>\$ 329,785</u>	<u>\$ 727</u>	<u>\$ 338,188</u>

Schedule Of Intangible Assets

	<u>September 30, 2011</u>		<u>December 31, 2010</u>	
	Gross	Gross	Gross	Gross
	Carrying	Accumulated	Carrying	Accumulated
	Amount	Amortization	Amount	Amortization
Customer relationships	\$ 27,863	\$ 13,045	\$ 27,530	\$ 10,339

**Schedule Of Estimated Amortization
Expense**

(Dollars in thousands)

Year ending December 31:	
Remaining three months of 2011	\$ 800
2012	2,600
2013	2,400
2014	2,400
2015	2,400
2016	2,400

Commitments And Contingencies

9 Months Ended
Sep. 30, 2011

[Commitments And
Contingencies \[Abstract\]](#)

[Commitments And
Contingencies](#)

10. Commitments and Contingencies

Purchase Obligations

In connection with its outsourcing initiative, Con-way entered into agreements with third-party service providers in the first quarter of 2010. Payments to the third-party providers are estimated to be \$240 million between 2011 and 2016, when the agreements are expected to expire. The payments under the terms of the agreements are subject to change depending on the quantities and types of services consumed. The estimated payments reflect amounts based on projections of services expected to be consumed. The contracts also contain provisions that allow Con-way to terminate the contract at any time; however, Con-way would be required to pay additional fees if termination is for causes other than the failure of the service providers to perform. If Con-way had elected, for convenience, to terminate the contract for the outsourced information-technology services at December 31, 2010, the termination fee would have been approximately \$39 million, compared to approximately \$34 million if Con-way elects to terminate the contract on December 31, 2011.

Menlo Worldwide, LLC

Menlo Worldwide, LLC ("MW") has asserted claims against the sellers of Chic Holdings, which MW acquired in 2007, alleging inaccurate books and records, misstatement of revenue, and other similar matters related to the pre-sale financial performance of the Chic businesses. On October 17, 2011, MW and the sellers entered into an agreement in which the sellers agreed to pay MW \$10.0 million as an adjustment of the original purchase price to settle this dispute. In the fourth quarter of 2011, MW received essentially the entire settlement amount and will recognize a corresponding gain in the fourth quarter of 2011.

Emery Worldwide Airlines, Inc.

In February 2002, a lawsuit was filed against Emery Worldwide Airlines, Inc. ("EWA") in the District Court for the Southern District of Ohio, alleging violations of the Worker Adjustment and Retraining Notification Act (the "WARN Act") in connection with employee layoffs and ultimate terminations due to the August 2001 grounding of EWA's airline operations and the shutdown of the airline operations in December 2001. The court subsequently certified the lawsuit as a class action on behalf of affected employees laid off between August 11 and August 15, 2001. The WARN Act generally requires employers to give 60-days notice, or 60-days pay and benefits in lieu of notice, of any shutdown of operations or mass layoff at a site of employment. The lawsuit was tried in early January 2009, and on September 28, 2009, the court issued its decision in favor of EWA. The Plaintiffs appealed the judgment and the District Court's decision was affirmed on February 16, 2011. Plaintiffs' petitions for rehearing of the appellate court's decision were denied by orders dated March 4, 2011 and March 9, 2011. Plaintiffs filed a petition with the Supreme Court on June 7, 2011 arguing that the lower courts were wrong in ruling that there is no right to a jury trial in a WARN Act case. Plaintiffs contended that there was a split in the circuit courts on

the issue and that the Supreme Court should review the case to resolve that split. Con-way filed its opposition to the petition on July 14, 2011. On October 3, 2011, the Supreme Court denied the plaintiff's petition and this case has now been completed.

Con-way is a defendant in various other lawsuits incidental to its businesses. It is the opinion of management that the ultimate outcome of these actions will not have a material effect on Con-way's financial position, results of operations or cash flows.

Restructuring Activities (Schedule Of Effects Of The Restructuring Initiatives) (Details) (USD \$) In Thousands	3	9 Months Ended		
	Months Ended Dec. 31, 2011	Sep. 30, 2011 Consolidation Of Executive Offices [Member]	Sep. 30, 2011 Consolidation Of Executive Offices [Member] Employee-Separation Costs [Member]	Sep. 30, 2011 Consolidation Of Executive Offices [Member] Relocation And Other Costs [Member]
<u>Restructuring Cost and Reserve [Line Items]</u>				
<u>Beginning balance</u>	\$ 100	\$ 2,496	\$ 2,496	
<u>2011 charges</u>		1,828	1,054	774
<u>Cash payments</u>		(4,267)	(3,493)	(774)
<u>Ending balance</u>		57	57	
<u>Total expense recognized to date</u>		4,324	3,550	774
<u>Expected remaining expenses</u>	\$ 300	\$ 276		\$ 276

Share-Based Compensation

9 Months Ended
Sep. 30, 2011

[Share-Based Compensation](#)

[\[Abstract\]](#)

[Share-Based Compensation](#)

8. Share-Based Compensation

Under terms of its share-based compensation plans, Con-way grants various types of share-based compensation awards to employees and directors. The plans provide for awards in the form of stock options, nonvested stock (also known as restricted stock), performance-share plan units and stock appreciation rights ("SARs"). See Note 12, "Share-Based Compensation," of Item 8, "Financial Statements and Supplementary Data," in Con-way's 2010 Annual Report on Form 10-K for additional information concerning its share-based compensation awards.

The following expense was recognized for share-based compensation:

<i>(Dollars in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Salaries, wages and employee benefits	\$ 316	\$ 4,224	\$ 9,485	\$ 11,119
Deferred income tax benefit	(89)	(1,632)	(3,665)	(4,289)
Net share-based compensation expense	<u>\$ 227</u>	<u>\$ 2,592</u>	<u>\$ 5,820</u>	<u>\$ 6,830</u>

The SARs are liability-classified awards and, as a result, Con-way re-measures the fair value of the awards each reporting period until the awards are settled. The decline in share-based compensation expense for 2011 reflects a decline in the fair value per SAR. At September 30, 2011 and December 31, 2010, Con-way had recognized accrued liabilities for cash-settled SARs of \$1.7 million and \$2.9 million, respectively, using a fair value per SAR of \$6.11 and \$16.41, respectively.

**Principal Accounting
Policies**

**9 Months Ended
Sep. 30, 2011**

[Principal Accounting
Policies \[Abstract\]](#)

[Principal Accounting Policies](#) **1. Principal Accounting Policies**

Organization

Con-way Inc. and its consolidated subsidiaries ("Con-way") provide transportation, logistics and supply-chain management services for a wide range of manufacturing, industrial and retail customers. Con-way's business units operate in regional and transcontinental less-than-truckload and full-truckload freight transportation, contract logistics and supply-chain management, multimodal freight brokerage, and trailer manufacturing. As more fully discussed in Note 4, "Segment Reporting," for financial reporting purposes, Con-way is divided into four reporting segments: Freight, Logistics, Truckload and Other.

Basis of Presentation

These interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and Rule 10-01 of Regulation S-X, and should be read in conjunction with Con-way's 2010 Annual Report on Form 10-K. Accordingly, significant accounting policies and other disclosures normally provided have been omitted.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, including normal recurring adjustments, necessary to present fairly Con-way's financial position, results of operations and cash flows for the periods presented. Results for the interim periods presented are not necessarily indicative of annual results.

Earnings (Loss) per Share ("EPS")

Basic EPS is computed by dividing reported earnings by the weighted-average common shares outstanding. Diluted EPS is calculated as follows:

<i>(Dollars in thousands except per share data)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Numerator:				
Net income (loss) applicable to common shareholders, as reported	\$ 29,128	\$ (8,228)	\$ 65,472	\$ 1,598
Denominator:				
Weighted-average common shares outstanding	55,535,074	54,286,677	55,331,170	51,780,610
Stock options and nonvested stock	582,260	--	722,889	630,236
	<u>56,117,334</u>	<u>54,286,677</u>	<u>56,054,059</u>	<u>52,410,846</u>
Diluted earnings (loss) per share	<u>\$ 0.52</u>	<u>\$ (0.15)</u>	<u>\$ 1.17</u>	<u>\$ 0.03</u>

Antidilutive securities excluded from the computation of diluted EPS	2,070,672	3,582,653	1,838,289	1,707,718
--	-----------	-----------	-----------	-----------

New Accounting Standards

In June 2011, the FASB issued Accounting Standards Update ("ASU") 2011-05, "Presentation of Comprehensive Income." This ASU, codified in the "Comprehensive Income" topic of the FASB Accounting Standards Codification, eliminates the option to present the components of other comprehensive income as part of the statement of shareholders' equity. Instead, entities are required to present net income and other comprehensive income in either a single continuous statement or in two separate, but consecutive statements. In addition, items that are reclassified from other comprehensive income to net income must be presented on the face of the financial statements. The accounting guidance in ASU 2011-05 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and requires full retrospective application. Con-way currently reports other comprehensive income in the statement of shareholders' equity. Upon adoption, Con-way will be required to reclassify prior-period reported amounts and present net income, other comprehensive income and comprehensive income in accordance with the amended standards.

In September 2011, the FASB issued ASU 2011-08, "Testing Goodwill for Impairment." This ASU, codified in the "Intangibles – Goodwill and Other" topic of the FASB Accounting Standards Codification, allows an entity to first perform a qualitative assessment to determine whether it is necessary to perform the two-step goodwill impairment test required by the previous standard. An entity no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. The amendments are to be applied prospectively and will be effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption for fiscal year 2011 annual tests is permitted. Con-way does not believe that the standard will have a material effect on its financial statements.

Reclassifications

Certain amounts in the prior-period financial statements have been reclassified to conform to the current-period presentation.

Segment Reporting

9 Months Ended
Sep. 30, 2011

[Segment Reporting](#)

[\[Abstract\]](#)

[Segment Reporting](#)

4. Segment Reporting

Con-way discloses segment information in the manner in which the business units are organized for making operating decisions, assessing performance and allocating resources. For the periods presented, Con-way is divided into the following four reporting segments:

- Freight.* The Freight segment consists of the operating results of the Con-way Freight business unit, which provides regional, inter-regional and transcontinental less-than-truckload freight services throughout North America.
- Logistics.* The Logistics segment consists of the operating results of the Menlo Worldwide Logistics business unit, which develops contract-logistics solutions, including the management of complex distribution networks and supply-chain engineering and consulting, and also provides multimodal freight brokerage services.
- Truckload.* The Truckload segment consists of the operating results of the Con-way Truckload business unit, which provides asset-based full-truckload freight services throughout North America.
- Other.* The Other reporting segment consists of the operating results of Road Systems, a trailer manufacturer, and certain corporate activities for which the related income or expense has not been allocated to other reporting segments.

Financial Data

Management evaluates segment performance primarily based on revenue and operating income (loss). Accordingly, investment income, interest expense, and other non-operating items are not reported in segment results. Corporate expenses are generally allocated based on measurable services provided to each segment, or for general corporate expenses, based on segment revenue. Inter-segment revenue and related operating income (loss) have been eliminated to reconcile to consolidated revenue and operating income (loss). Transactions between segments are generally based on negotiated prices.

<i>(Dollars in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues before Inter-segment Eliminations				
Freight	\$ 843,300	\$ 797,078	\$2,450,870	\$2,339,046
Logistics	417,142	370,049	1,181,129	1,111,007
Truckload	158,705	140,655	459,371	426,725
Other	12,160	10,416	36,454	36,274
Inter-segment Revenue Eliminations	(54,228)	(48,015)	(156,569)	(174,695)
	\$1,377,079	\$1,270,183	\$3,971,255	\$3,738,357
Inter-segment Revenue Eliminations				
Freight	\$ 13,205	\$ 12,741	\$ 36,931	\$ 38,123
Logistics	9,411	5,447	24,216	13,977

Truckload	20,921	20,854	63,291	90,640
Other	10,691	8,973	32,131	31,955
	<u>\$ 54,228</u>	<u>\$ 48,015</u>	<u>\$ 156,569</u>	<u>\$ 174,695</u>

Revenues from External Customers

Freight	\$ 830,095	\$ 784,337	\$ 2,413,939	\$ 2,300,923
Logistics	407,731	364,602	1,156,913	1,097,030
Truckload	137,784	119,801	396,080	336,085
Other	1,469	1,443	4,323	4,319
	<u>\$1,377,079</u>	<u>\$1,270,183</u>	<u>\$3,971,255</u>	<u>\$3,738,357</u>

Operating Income (Loss)

Freight	\$ 40,721	\$ 13,062	\$ 100,220	\$ 27,135
Logistics	12,679	(6,282)	33,420	19,582
Truckload	7,867	5,475	25,273	13,582
Other	(142)	246	(927)	2,034
	<u>\$ 61,125</u>	<u>\$ 12,501</u>	<u>\$ 157,986</u>	<u>\$ 62,333</u>

Share-Based Compensation (Details) (USD \$)	3 Months Ended		9 Months Ended		
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010	Dec. 31, 2010
<u>Share-Based Compensation [Abstract]</u>					
<u>Salaries, wages and employee benefits</u>	\$ 316,000	\$ 4,224,000	\$ 9,485,000	\$ 11,119,000	
<u>Deferred income tax benefit</u>	(89,000)	(1,632,000)	(3,665,000)	(4,289,000)	
<u>Net share-based compensation expense</u>	227,000	2,592,000	5,820,000	6,830,000	
<u>Accrued liabilities for cash-settled</u>	\$ 1,700,000		\$ 1,700,000		\$ 2,900,000
<u>Fair value per SAR</u>	\$ 6.11		\$ 6.11		\$ 16.41

Restructuring Activities (Narrative) (Details) (USD \$) In Millions	3 Months Ended			9 Months Ended	
	Dec. 31, 2011	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
<u>Restructuring Activities [Abstract]</u>					
<u>Restructuring charges</u>		\$ 0.1	\$ 2.4	\$ 1.8	\$ 3.8
<u>Expected additional restructuring cost</u>	0.3				
<u>Remaining liability for amounts expensed but not yet paid</u>		\$ 0.1		\$ 0.1	

Fair-Value Measurements

9 Months Ended
Sep. 30, 2011

[Fair-Value Measurements](#)

[\[Abstract\]](#)

[Fair-Value Measurements](#)

5. Fair-Value Measurements

Assets and liabilities reported at fair value are classified in one of the following three levels within the fair-value hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

The following table summarizes the valuation of financial instruments within the fair-value hierarchy:

<i>(Dollars in thousands)</i>	September 30, 2011			
	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 402,306	\$ 89,532	\$ 312,774	\$ --
Current marketable securities	11,230	--	11,230	--
Other marketable securities	5,568	--	--	5,568

<i>(Dollars in thousands)</i>	December 31, 2010			
	Total	Level 1	Level 2	Level 3
Cash equivalents	\$ 388,053	\$ 118,763	\$ 269,290	\$ --
Other marketable securities	6,039	--	--	6,039

Cash equivalents consist of short-term interest-bearing instruments (primarily commercial paper, certificates of deposit and money-market funds) with maturities of three months or less at the date of purchase. Current marketable securities consist of variable-rate demand notes.

Money-market funds reflect their published net asset value and are classified as Level 1 instruments. Commercial paper, certificates of deposit and variable-rate demand notes are generally valued using published interest rates for instruments with similar terms and maturities, and accordingly, are classified as Level 2 instruments. At September 30, 2011, the weighted-average remaining maturity of the cash equivalents was less than one month. Based on their short maturities, the carrying amount of the cash equivalents approximates their fair value.

Con-way holds one auction-rate security, which is valued with an income approach that utilizes a discounted cash flow model. The following table summarizes the change in fair values of Con-way's auction-rate security, which was valued using Level 3 inputs:

<i>(Dollars in thousands)</i>	Auction-rate security
Balance at December 31, 2009	\$ 6,691
Unrealized gain	48

Partial redemption	<u>(700)</u>
Balance at December 31, 2010	\$ 6,039
Unrealized gain	54
Partial redemption	<u>(525)</u>
Balance at September 30, 2011	<u>\$ 5,568</u>

Commitments And Contingencies (Details) (USD \$) In Millions	0 Months Ended	3 Months Ended	12 Months Ended	
	Oct. 17, 2011	Mar. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Commitments And Contingencies [Abstract]				
Estimated payments to the third-party providers		\$ 240		
Significant purchase commitment termination fee			34	39
Settlement for the dispute	\$ 10.0			

**Goodwill And Intangible
Assets (Schedule Of Changes
In Gross Carrying Amounts
Of Goodwill) (Details) (USD
\$)**

12 Months Ended

Dec. 31, 2010 Dec. 31, 2009 Sep. 30, 2011

In Thousands

Goodwill [Line Items]

<u>Goodwill</u>	\$ 520,699	\$ 520,293	\$ 521,237
<u>Accumulated impairment losses</u>	(183,049)	(166,635)	(183,049)
<u>Total Goodwill</u>	337,650	353,658	338,188
<u>Impairment charge</u>		(16,414)	
<u>Change in foreign currency exchange rates</u>	538	406	

Logistics [Member]

Goodwill [Line Items]

<u>Goodwill</u>	55,374	54,968	55,912
<u>Accumulated impairment losses</u>	(48,236)	(31,822)	(48,236)
<u>Total Goodwill</u>	7,138	23,146	7,676
<u>Impairment charge</u>		(16,414)	
<u>Change in foreign currency exchange rates</u>	538	406	

Truckload [Member]

Goodwill [Line Items]

<u>Goodwill</u>	464,598	464,598	464,598
<u>Accumulated impairment losses</u>	(134,813)	(134,813)	(134,813)
<u>Total Goodwill</u>	329,785	329,785	329,785
<u>Impairment charge</u>			
<u>Change in foreign currency exchange rates</u>			

Other [Member]

Goodwill [Line Items]

<u>Goodwill</u>	727	727	727
<u>Accumulated impairment losses</u>			
<u>Total Goodwill</u>	727	727	727
<u>Impairment charge</u>			
<u>Change in foreign currency exchange rates</u>			

**Segment Reporting
(Operating Income(Loss))
(Details) (USD \$)
In Thousands**

3 Months Ended 9 Months Ended
Sep. 30, 2011 Sep. 30, 2010 Sep. 30, 2011 Sep. 30, 2010

Segment Reporting Information [Line Items]

<u>Revenues</u>	\$ 1,377,079	\$ 1,270,183	\$ 3,971,255	\$ 3,738,357
<u>Inter-segment Revenue Eliminations</u>	54,228	48,015	156,569	174,695
<u>Revenue from External Customers</u>	1,377,079	1,270,183	3,971,255	3,738,357
<u>Operating Income (Loss)</u>	61,125	12,501	157,986	62,333

Other [Member]

Segment Reporting Information [Line Items]

<u>Revenues</u>	12,160	10,416	36,454	36,274
<u>Inter-segment Revenue Eliminations</u>	10,691	8,973	32,131	31,955
<u>Revenue from External Customers</u>	1,469	1,443	4,323	4,319
<u>Operating Income (Loss)</u>	(142)	246	(927)	2,034

Inter-Segment Eliminations [Member]

Segment Reporting Information [Line Items]

<u>Revenues</u>	(54,228)	(48,015)	(156,569)	(174,695)
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Freight [Member]

Segment Reporting Information [Line Items]

<u>Revenues</u>	843,300	797,078	2,450,870	2,339,046
<u>Inter-segment Revenue Eliminations</u>	13,205	12,741	36,931	38,123
<u>Revenue from External Customers</u>	830,095	784,337	2,413,939	2,300,923
<u>Operating Income (Loss)</u>	40,721	13,062	100,220	27,135

Logistics [Member]

Segment Reporting Information [Line Items]

<u>Revenues</u>	417,142	370,049	1,181,129	1,111,007
<u>Inter-segment Revenue Eliminations</u>	9,411	5,447	24,216	13,977
<u>Revenue from External Customers</u>	407,731	364,602	1,156,913	1,097,030
<u>Operating Income (Loss)</u>	12,679	(6,282)	33,420	19,582

Truckload [Member]

Segment Reporting Information [Line Items]

<u>Revenues</u>	158,705	140,655	459,371	426,725
<u>Inter-segment Revenue Eliminations</u>	20,921	20,854	63,291	90,640
<u>Revenue from External Customers</u>	137,784	119,801	396,080	336,085
<u>Operating Income (Loss)</u>	\$ 7,867	\$ 5,475	\$ 25,273	\$ 13,582

Income Taxes (Details) (USD \$)	3 Months Ended			9 Months Ended		Dec. 31, 2010
	Sep. 30, 2011	Jun. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010	
<u>Income Taxes [Abstract]</u>						
<u>Recognized income tax provision</u>	\$ 18,478,000		\$ 6,695,000	\$ 48,939,000	\$ 14,266,000	
<u>Unrecognized tax benefits resulting in the reversal of accrued liability</u>		1,100,000				
<u>Effective tax rate excluding discrete items</u>	37.40%		42.60%	37.50%	42.60%	
<u>Charge due to the matter discussed</u>	5,900,000			5,900,000		
<u>Income tax receivables</u>	8,300,000			8,300,000		41,200,000
<u>Liability for unrecognized tax benefits</u>	18,700,000			18,700,000		15,900,000
<u>Accrued interest and penalties</u>	\$ 6,900,000			\$ 6,900,000		\$ 6,100,000

**Goodwill And Intangible
Assets (Schedule Of
Estimated Amortization
Expense) (Details) (USD \$)
In Thousands**

**9 Months Ended
Sep. 30, 2011**

Goodwill And Intangible Assets [Abstract]

<u>Remaining three months of 2011</u>	\$ 800
<u>2012</u>	2,600
<u>2013</u>	2,400
<u>2014</u>	2,400
<u>2015</u>	2,400
<u>2016</u>	\$ 2,400

**Principal Accounting
Policies (Tables)**

**9 Months Ended
Sep. 30, 2011**

Principal Accounting Policies [Abstract]
Calculation Of Numerator And Denominator In
Earnings Per Share

*(Dollars in
thousands except per
share data)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Numerator:				
Net income (loss) applicable to common shareholders, as reported	\$ 29,128	\$ (8,228)	\$ 65,472	\$ 1,598
Denominator:				
Weighted-average common shares outstanding	55,535,074	54,286,677	55,331,170	51,780,610
Stock options and nonvested stock	582,260	--	722,889	630,236
	<u>56,117,334</u>	<u>54,286,677</u>	<u>56,054,059</u>	<u>52,410,846</u>
Diluted earnings (loss) per share	\$ 0.52	\$ (0.15)	\$ 1.17	\$ 0.03
Antidilutive securities excluded from the computation of diluted EPS	<u>2,070,672</u>	<u>3,582,653</u>	<u>1,838,289</u>	<u>1,707,718</u>

Employee Benefit Plans

9 Months Ended
Sep. 30, 2011

[Employee Benefit Plans](#)

[\[Abstract\]](#)

[Employee Benefit Plans](#)

6. Employee Benefit Plans

In the periods presented, employees of Con-way and its subsidiaries in the U.S. were covered under several retirement benefit plans, including defined benefit pension plans, defined contribution retirement plans, a postretirement medical plan and a long-term disability plan. See Note 11, "Employee Benefit Plans," of Item 8, "Financial Statements and Supplementary Data," in Con-way's 2010 Annual Report on Form 10-K for additional information concerning its employee benefit plans. See "Cost-Reduction Actions" below for a discussion of employee benefits changes that were effective in April 2009.

Defined Benefit Pension Plans

As a result of plan amendments in previous years, no additional benefits accrue under these plans and already-accrued benefits will not be adjusted for future increases in compensation. The following table summarizes the components of net periodic benefit expense (income) for Con-way's domestic defined benefit pension plans:

	Qualified Pension Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<i>(Dollars in thousands)</i>				
Interest cost on benefit obligation	\$ 17,827	\$ 17,284	\$ 53,482	\$ 51,852
Expected return on plan assets	(21,483)	(18,760)	(64,451)	(56,279)
Amortization of net loss	2,636	2,268	7,909	6,803
Net periodic benefit expense (income)	\$ (1,020)	\$ 792	\$ (3,060)	\$ 2,376
	Non-Qualified Pension Plans			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010

Con-way has made \$62.6 million in contributions to its Qualified Pension Plans in 2011, including \$3.5 million contributed in October 2011. Con-way does not anticipate making any further contributions to the plans in 2011.

Defined Contribution Retirement Plans

Con-way's defined contribution retirement plans consist mostly of the primary defined contribution retirement plan (the "Primary DC Plan").

Con-way's expense under the Primary DC Plan was \$8.5 million and \$26.2 million in the third quarter and first nine months of 2011, respectively, compared to \$9.1 million and \$28.3 million in the same periods of 2010. In the first nine months of 2011 and 2010, Con-way used 461,151 shares and 826,504 shares, respectively, of repurchased common stock (also referred to as treasury stock), to fund \$17.3 million and \$27.4 million, respectively, of contributions to the Primary DC Plan. Effective in July 2011, Con-way's contributions to the Primary DC Plan were in the form of cash, rather than in treasury stock.

Postretirement Medical Plan

The following table summarizes the components of net periodic benefit expense for the postretirement medical plan:

<i>(Dollars in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Service cost	\$ 360	\$ 351	\$ 1,081	\$ 1,054
Interest cost on benefit obligation	1,123	1,208	3,369	3,624
Amortization of prior service credit	(303)	(301)	(909)	(902)
Net periodic benefit expense	\$ 1,180	\$ 1,258	\$ 3,541	\$ 3,776

Cost-Reduction Actions

In response to economic conditions, in March 2009, Con-way announced several measures to reduce costs and conserve cash, as detailed below. The measures announced in March 2009 consisted of the suspension or curtailment of employee benefits and a reduction in salaries and wages.

Salaries and Wages

Effective in March 2009, the salaries and wages of certain employees were reduced by 5%, including corporate and shared-services employees and those at the Con-way Freight and Road Systems business units. Effective in January 2010, Con-way restored one-half of the salary and wage reductions. Con-way restored the remaining one-half of salary and wage reductions effective in January 2011.

Compensated Absences

Effective in April 2009, a compensated-absences benefit was suspended at Con-way Freight. During the period of suspension, no compensated-absences benefits were earned for current-year service; however, employees could use previously vested benefits. Also, effective in March 2009, Menlo Worldwide Logistics reduced its compensated-absences benefit by 25%. Effective in April 2010, Con-way Freight and Menlo Worldwide Logistics reinstated their compensated-absences benefits.

Defined Contribution Plan

Effective in April 2009, employer contributions to Con-way's Primary DC Plan were suspended or limited. The "matching" and "transition" contributions were suspended and the "basic" contribution was limited to no more than 3% of an employee's eligible compensation. Effective from the fourth quarter of 2011, Con-way prospectively reinstated the "basic" and "transition" contributions to their prior levels. The reinstated contributions, which are based on employees' years of service, will consist of a "basic" contribution that ranges from 3% to 5% of eligible compensation and a "transition" contribution that ranges from 1% to 3% of eligible compensation. The "matching" contributions have not been reinstated.

Segment Reporting (Tables)

9 Months Ended
Sep. 30, 2011

[Segment Reporting \[Abstract\]](#)

[Operating Income \(Loss\)](#)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
<i>(Dollars in thousands)</i>				
Revenues before Inter-segment Eliminations				
Freight	\$ 843,300	\$ 797,078	\$2,450,870	\$2,339,046
Logistics	417,142	370,049	1,181,129	1,111,007
Truckload	158,705	140,655	459,371	426,725
Other	12,160	10,416	36,454	36,274
Inter-segment Revenue Eliminations	(54,228)	(48,015)	(156,569)	(174,695)
	<u>\$1,377,079</u>	<u>\$1,270,183</u>	<u>\$3,971,255</u>	<u>\$3,738,357</u>
Inter-segment Revenue Eliminations				
Freight	\$ 13,205	\$ 12,741	\$ 36,931	\$ 38,123
Logistics	9,411	5,447	24,216	13,977
Truckload	20,921	20,854	63,291	90,640
Other	10,691	8,973	32,131	31,955
	<u>\$ 54,228</u>	<u>\$ 48,015</u>	<u>\$ 156,569</u>	<u>\$ 174,695</u>
Revenues from External Customers				
Freight	\$ 830,095	\$ 784,337	\$2,413,939	\$2,300,923
Logistics	407,731	364,602	1,156,913	1,097,030
Truckload	137,784	119,801	396,080	336,085
Other	1,469	1,443	4,323	4,319
	<u>\$1,377,079</u>	<u>\$1,270,183</u>	<u>\$3,971,255</u>	<u>\$3,738,357</u>
Operating Income (Loss)				
Freight	\$ 40,721	\$ 13,062	\$ 100,220	\$ 27,135
Logistics	12,679	(6,282)	33,420	19,582
Truckload	7,867	5,475	25,273	13,582
Other	(142)	246	(927)	2,034
	<u>\$ 61,125</u>	<u>\$ 12,501</u>	<u>\$ 157,986</u>	<u>\$ 62,333</u>

**Shareholders' Equity
(Schedule Of Changes In
Equity) (Details) (USD \$)
In Thousands**

**3 Months Ended 9 Months Ended
Sep. 30, Sep. 30, Sep. 30, Sep. 30,
2011 2010 2011 2010**

Shareholders' Equity [Abstract]

<u>Net income (loss)</u>	\$ 29,128	\$ (8,228)	\$ 65,472	\$ 1,598
<u>Foreign currency translation adjustment</u>	(1,226)	799	477	(1,639)
<u>Unrealized gain (loss) on available-for-sale security, net of deferred tax of \$7, \$5, \$21, and \$17, respectively</u>	12	(8)	33	26
<u>Employee benefit plans, net of deferred tax of \$976, \$812, \$2,928, and \$4,699 respectively</u>	1,527	1,268	4,581	6,058
<u>Comprehensive income (loss)</u>	29,441	(6,169)	70,563	6,043
<u>Unrealized gain (loss) on available-for-sale security, deferred tax</u>	7	5	21	17
<u>Employee benefit plans, deferred tax</u>	\$ 976	\$ 812	\$ 2,928	\$ 4,699

**Goodwill And Intangible
Assets (Schedule Of
Intangible Assets) (Details)
(Customer Relationships
[Member], USD \$)
In Thousands**

Sep. 30, 2011 Dec. 31, 2010

Customer Relationships [Member]

Finite-Lived Intangible Assets [Line Items]

Gross Carrying Amount \$ 27,863 \$ 27,530

Accumulated Amortization \$ 13,045 \$ 10,339

**Statements Of Consolidated
Cash Flows (USD \$)
In Thousands**

**9 Months Ended
Sep. 30, Sep. 30,
2011 2010**

Statements Of Consolidated Cash Flows [Abstract]

<u>Cash and Cash Equivalents, Beginning of Period</u>	\$ 421,420	\$ 476,575
<u>Operating Activities</u>		
<u>Net income</u>	65,472	1,598
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>		
<u>Depreciation and amortization, net of accretion</u>	150,905	140,619
<u>Non-cash compensation and employee benefits</u>	17,668	15,746
<u>Increase in deferred income taxes</u>	42,049	33,163
<u>Provision for uncollectible accounts</u>	4,973	5,519
<u>Loss from impairment of goodwill and other intangible assets</u>		19,181
<u>Loss (Gain) from sales of property and equipment, net</u>	(1,923)	972
<u>Changes in assets and liabilities:</u>		
<u>Receivables</u>	(104,658)	(108,590)
<u>Prepaid expenses</u>	16,350	4,628
<u>Accounts payable</u>	53,788	57,052
<u>Accrued variable compensation</u>	12,806	7,873
<u>Accrued liabilities, excluding accrued variable compensation and employee benefits</u>	15,172	(5,347)
<u>Self-insurance accruals</u>	(11,970)	29,596
<u>Accrued income taxes</u>	31,218	(31,021)
<u>Employee benefits</u>	(51,430)	(70,701)
<u>Deferred charges and credits</u>	1,508	(1,075)
<u>Other</u>	(5,878)	(3,940)
<u>Net Cash Provided by Operating Activities</u>	236,050	95,273
<u>Investing Activities</u>		
<u>Capital expenditures</u>	(176,677)	(119,989)
<u>Software expenditures</u>	(7,280)	(7,015)
<u>Proceeds from sales of property and equipment</u>	6,083	3,258
<u>Purchases of marketable securities</u>	(11,230)	(54,260)
<u>Proceeds from sales of marketable securities</u>	525	28,460
<u>Net Cash Used in Investing Activities</u>	(188,579)	(149,546)
<u>Financing Activities</u>		
<u>Repayment of long-term debt and capital leases</u>	(14,884)	(207,704)
<u>Net proceeds from (repayments of) short-term borrowings</u>	(3,732)	8,154
<u>Payment of debt issuance costs</u>	(661)	
<u>Proceeds from issuance of common stock</u>		143,325
<u>Proceeds from exercise of stock options</u>	5,374	1,148
<u>Excess tax benefit from stock-option exercises</u>	713	150
<u>Payments of common dividends</u>	(16,617)	(15,367)
<u>Net Cash Used in Financing Activities</u>	(29,807)	(70,294)

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	17,664	(124,567)
<u>Cash and Cash Equivalents, End of Period</u>	439,084	352,008
<u>Supplemental Disclosures</u>		
<u>Cash paid (refunded) for income taxes, net</u>	(28,005)	16,988
<u>Cash paid for interest, net of amounts capitalized</u>	43,765	51,878
<u>Non-cash Investing and Financing Activities</u>		
<u>Capital lease incurred to acquire revenue equipment</u>		35,104
<u>Revenue equipment acquired through partial non-monetary exchanges</u>	25,708	
<u>Repurchased common stock issued under defined contribution plan</u>	\$ 17,307	\$ 27,383

**Fair-Value Measurements
(Tables)**

**9 Months Ended
Sep. 30, 2011**

[Fair-Value Measurements \[Abstract\]](#)

[Summary Of Valuation Of Financial Instruments At Fair-Value](#)

	September 30, 2011			
	Total	Level 1	Level 2	Level 3
<i>(Dollars in thousands)</i>				
Cash equivalents	\$402,306	\$89,532	\$312,774	\$ --
Current marketable securities	11,230	--	11,230	--
Other marketable securities	5,568	--	--	5,568

	December 31, 2010			
	Total	Level 1	Level 2	Level 3
<i>(Dollars in thousands)</i>				
Cash equivalents	\$388,053	\$118,763	\$269,290	\$ --
Other marketable securities	6,039	--	--	6,039

[Changes In Fair Values Of Auction-Rate Security](#)

	Auction-rate security
<i>(Dollars in thousands)</i>	
Balance at December 31, 2009	\$ 6,691
Unrealized gain	48
Partial redemption	(700)
Balance at December 31, 2010	\$ 6,039
Unrealized gain	54
Partial redemption	(525)
Balance at September 30, 2011	\$ 5,568

**Shareholders' Equity
(Tables)**

**9 Months Ended
Sep. 30, 2011**

Shareholders' Equity [Abstract]
Schedule Of Changes In Equity

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<i>(Dollars in thousands)</i>				
Net income (loss)	\$ 29,128	\$ (8,228)	\$ 65,472	\$ 1,598
Other comprehensive income (loss):				
Foreign currency translation adjustment	(1,226)	799	477	(1,639)
Unrealized gain (loss) on available-for-sale security, net of deferred tax of \$7, \$5, \$21, and \$17, respectively	12	(8)	33	26
Employee benefit plans, net of deferred tax of \$976, \$812, \$2,928, and \$4,699, respectively	1,527	1,268	4,581	6,058
Comprehensive income (loss)	<u>\$ 29,441</u>	<u>\$ (6,169)</u>	<u>\$ 70,563</u>	<u>\$ 6,043</u>

**Goodwill And Intangible
Assets**

**9 Months Ended
Sep. 30, 2011**

[Goodwill And Intangible
Assets \[Abstract\]](#)

[Goodwill And Intangible
Assets](#)

2. Goodwill and Intangible Assets

Goodwill

The following table shows the changes in the gross carrying amounts of goodwill attributable to each applicable segment:

<i>(Dollars in thousands)</i>	<u>Logistics</u>	<u>Truckload</u>	<u>Other</u>	<u>Total</u>
Balances at December 31, 2009				
Goodwill	\$ 54,968	\$ 464,598	\$ 727	\$ 520,293
Accumulated impairment losses	(31,822)	(134,813)	--	(166,635)
	<u>23,146</u>	<u>329,785</u>	<u>727</u>	<u>353,658</u>
Impairment charge	(16,414)	--	--	(16,414)
Change in foreign currency exchange rates	406	--	--	406
Balances at December 31, 2010				
Goodwill	55,374	464,598	727	520,699
Accumulated impairment losses	(48,236)	(134,813)	--	(183,049)
	<u>7,138</u>	<u>329,785</u>	<u>727</u>	<u>337,650</u>
Change in foreign currency exchange rates	538	--	--	538
Balances at September 30, 2011				
Goodwill	55,912	464,598	727	521,237
Accumulated impairment losses	(48,236)	(134,813)	--	(183,049)
	<u>\$ 7,676</u>	<u>\$ 329,785</u>	<u>\$ 727</u>	<u>\$ 338,188</u>

In the third quarter of 2010, Con-way evaluated the goodwill associated with Chic Logistics due primarily to continued operating losses and lower-than-forecasted operating results at the Chic Logistics reporting unit. Con-way determined that the goodwill related to Chic Logistics was impaired and, as a result, Menlo Worldwide Logistics recognized a \$16.4 million impairment charge to reduce the carrying amount of the goodwill to zero. The impairment was primarily due to a decrease in projected operating income in future years. For the valuation of Chic Logistics, Con-way utilized a discounted cash flow model.

Intangible Assets

The fair value of intangible assets is amortized on a straight-line basis over their estimated useful lives. In the third quarter and first nine months of 2011, amortization expense related to intangible assets was \$0.9 million and \$2.5 million, respectively, compared to \$0.8 million and \$2.5 million in the same respective periods of 2010. Intangible assets consisted of the following:

<i>(Dollars in thousands)</i>	<u>September 30, 2011</u>		<u>December 31, 2010</u>	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization

Customer relationships	\$ 27,863	\$ 13,045	\$ 27,530	\$ 10,339
------------------------	-----------	-----------	-----------	-----------

In the first quarter of 2010, Con-way evaluated the fair value of Chic Logistics' customer-relationship intangible asset due to lower projected revenues from customers comprising the customer relationship intangible asset. As a result, Menlo Worldwide Logistics recognized a \$2.8 million impairment loss to reduce the carrying amount of the intangible asset to zero.

Estimated amortization expense for the next five years is presented in the following table:

(Dollars in thousands)

Year ending December 31:

Remaining three months of 2011	\$ 800
2012	2,600
2013	2,400
2014	2,400
2015	2,400
2016	2,400

**Debt And Other Financing
Arrangements**

**9 Months Ended
Sep. 30, 2011**

[Debt And Other Financing
Arrangements \[Abstract\]](#)

[Debt And Other Financing
Arrangements](#)

11. Debt and Other Financing Arrangements

On August 2, 2011, Con-way amended its \$325 million revolving credit facility to extend the maturity date from November 4, 2014 to August 2, 2016. The amended facility also includes revised pricing that lowers Con-way's cost of utilizing the facility. The financial covenants and available credit provided to Con-way under the facility are unchanged by the amendment. See Note 7, "Debt and Other Financing Arrangements," of Item 8, "Financial Statements and Supplementary Data," in Con-way's 2010 Annual Report on Form 10-K for additional information concerning Con-way's \$325 million credit facility and its other debt instruments.

**Fair-Value Measurements
(Summary Of Valuation Of
Financial Instruments At
Fair-Value) (Details) (USD \$)
In Thousands**

**Sep. 30,
2011 Dec. 31,
2010**

Fair Value, Assets And Liabilities Measured On Recurring And Nonrecurring Basis [Line Items]

<u>Cash equivalents</u>	\$ 402,306	\$ 388,053
<u>Current marketable securities</u>	11,230	
<u>Other marketable securities</u>	5,568	6,039

Fair Value, Inputs, Level 1 [Member]

Fair Value, Assets And Liabilities Measured On Recurring And Nonrecurring Basis [Line Items]

<u>Cash equivalents</u>	89,532	118,763
<u>Current marketable securities</u>		
<u>Other marketable securities</u>		

Fair Value, Inputs, Level 2 [Member]

Fair Value, Assets And Liabilities Measured On Recurring And Nonrecurring Basis [Line Items]

<u>Cash equivalents</u>	312,774	269,290
<u>Current marketable securities</u>	11,230	
<u>Other marketable securities</u>		

Fair Value, Inputs, Level 3 [Member]

Fair Value, Assets And Liabilities Measured On Recurring And Nonrecurring Basis [Line Items]

<u>Cash equivalents</u>		
<u>Current marketable securities</u>		
<u>Other marketable securities</u>	\$ 5,568	\$ 6,039

**Restructuring Activities
(Tables) (Consolidation Of
Executive Offices [Member])**

**9 Months Ended
Sep. 30, 2011**

Consolidation Of Executive Offices [Member]

[Restructuring Cost and Reserve \[Line
Items\]](#)

[Schedule Of Effects Of The Restructuring
Initiatives](#)

	Employee- Separation Costs	Relocation and Other Costs	Total
<i>(Dollars in thousands)</i>			
Balance at December 31, 2010	\$ 2,496	\$ --	\$ 2,496
2011 charges	1,054	774	1,828
Cash payments	(3,493)	(774)	(4,267)
Balance at September 30, 2011	\$ 57	\$ --	\$ 57
Total expense recognized to date	\$ 3,550	\$ 774	\$ 4,324
Expected remaining expenses	\$ --	\$ 276	\$ 276

Consolidated Balance Sheets
(USD \$)
In Thousands

	Sep. 30,	Dec. 31,
	2011	2010
ASSETS		
<u>Cash and cash equivalents</u>	\$ 439,084	\$ 421,420
<u>Marketable securities</u>	11,230	
<u>Trade accounts receivable, net</u>	635,972	539,849
<u>Other accounts receivable</u>	51,356	79,065
<u>Operating supplies, at lower of average cost or market</u>	24,397	23,868
<u>Prepaid expenses</u>	30,995	47,345
<u>Deferred income taxes</u>	50,174	8,530
<u>Total Current Assets</u>	1,243,208	1,120,077
Property, Plant and Equipment		
<u>Land</u>	194,818	194,818
<u>Buildings and leasehold improvements</u>	822,398	817,599
<u>Revenue equipment</u>	1,543,321	1,480,561
<u>Other equipment</u>	312,158	306,215
<u>Total Property, Plant and Equipment</u>	2,872,695	2,799,193
<u>Accumulated depreciation</u>	(1,437,167)	(1,394,608)
<u>Net Property, Plant and Equipment</u>	1,435,528	1,404,585
Other Assets		
<u>Deferred charges and other assets</u>	37,993	39,107
<u>Capitalized software, net</u>	20,329	19,083
<u>Marketable securities</u>	5,568	6,039
<u>Intangible assets, net</u>	14,818	17,191
<u>Goodwill</u>	338,188	337,650
<u>Total Noncurrent Assets</u>	416,896	419,070
<u>Total Assets</u>	3,095,632	2,943,732
LIABILITIES AND SHAREHOLDERS' EQUITY		
<u>Accounts payable</u>	363,525	304,176
<u>Accrued liabilities</u>	232,500	203,231
<u>Self-insurance accruals</u>	100,726	105,857
<u>Short-term borrowings</u>	15,439	18,552
<u>Current maturities of long-term debt and capital leases</u>	19,623	20,074
<u>Total Current Liabilities</u>	731,813	651,890
Long-Term Liabilities		
<u>Long-term debt</u>	718,305	718,215
<u>Long-term obligations under capital leases</u>	61,232	75,735
<u>Self-insurance accruals</u>	162,472	169,311
<u>Employee benefits</u>	348,773	418,731
<u>Other liabilities and deferred credits</u>	39,594	41,789
<u>Deferred income taxes</u>	135,171	48,529
<u>Total Liabilities</u>	2,197,360	2,124,200

Commitments and Contingencies (Note 10)

Shareholders' Equity

<u>Common stock, \$0.625 par value; authorized 100,000,000 shares; issued 63,057,046 and 62,750,994 shares, respectively</u>	39,389	39,143
<u>Additional paid-in capital, common stock</u>	594,346	580,008
<u>Retained earnings</u>	861,794	821,187
<u>Cost of repurchased common stock (7,468,659 and 7,884,597 shares, respectively)</u>	(322,454)	(340,912)
<u>Total Common Shareholders' Equity</u>	1,173,075	1,099,426
<u>Accumulated Other Comprehensive Loss</u>	(274,803)	(279,894)
<u>Total Shareholders' Equity</u>	898,272	819,532
<u>Total Liabilities and Shareholders' Equity</u>	\$	\$
	3,095,632	2,943,732

Employee Benefit Plans (Narrative) (Details) (USD \$)	0	3	9 Months Ended		12	3 Months Ended		9 Months Ended		
	Months Ended	Months Ended	Sep. 30, 2011	Sep. 30, 2010	Months Ended	Dec. 31, 2011	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
	Apr. 30, 2009	Mar. 31, 2009			Maximum	Qualified Pension Plans	Defined Contribution Retirement Plans	Defined Contribution Retirement Plans	Defined Contribution Retirement Plans	Defined Contribution Retirement Plans
					[Member]	[Member]	[Member]	[Member]	[Member]	[Member]
Discretionary contributions					\$	3,500,000				
Defined benefit plan expense							8,500,000	9,100,000	26,200,000	28,300,000
Repurchased common stock issued under defined contribution plan			17,307,000	27,383,000					461,151	826,504
Defined benefit plan employer contribution					\$	62,600,000			\$ 17,300,000	\$ 27,400,000
Percentage of reduction in salaries and wages		5.00%								
Reduction in compensated-absences benefit		25.00%								
Limited basic contribution in percentage	3.00%			5.00%	3.00%					
Limited transition contribution in percentage				3.00%	1.00%					

**Employee Benefit Plans
(Summary Of Components
Of Net Periodic Benefit
Expense (Income)) (Details)
(USD \$)
In Thousands**

3 Months Ended

9 Months Ended

Sep. 30, 2011 Sep. 30, 2010 Sep. 30, 2011 Sep. 30, 2010

Qualified Pension Plans [Member]

Defined Benefit Plan Disclosure [Line Items]

<u>Interest cost on benefit obligation</u>	\$ 17,827	\$ 17,284	\$ 53,482	\$ 51,852
<u>Expected return on plan assets</u>	(21,483)	(18,760)	(64,451)	(56,279)
<u>Amortization of net loss</u>	2,636	2,268	7,909	6,803
<u>Net periodic benefit expense (income)</u>	(1,020)	792	(3,060)	2,376

Non-Qualified Pension Plans [Member]

Defined Benefit Plan Disclosure [Line Items]

<u>Interest cost on benefit obligation</u>	946	969	2,840	2,909
<u>Amortization of net loss</u>	170	113	509	339
<u>Net periodic benefit expense (income)</u>	1,116	1,082	3,349	3,248

Postretirement Medical Plan [Member]

Defined Benefit Plan Disclosure [Line Items]

<u>Service cost</u>	360	351	1,081	1,054
<u>Interest cost on benefit obligation</u>	1,123	1,208	3,369	3,624
<u>Amortization of prior service credit</u>	(303)	(301)	(909)	(902)
<u>Net periodic benefit expense (income)</u>	\$ 1,180	\$ 1,258	\$ 3,541	\$ 3,776