

OLD DOMINION FREIGHT LINE INC/VA

Form 10-Q

May 07, 2010

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2010

or

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

For the transition period from            to            .

Commission File Number: 0-19582

**OLD DOMINION FREIGHT LINE, INC.**

(Exact name of registrant as specified in its charter)

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**VIRGINIA**  
(State or other jurisdiction of  
incorporation or organization)

**56-0751714**  
(I.R.S. Employer  
Identification No.)

**500 Old Dominion Way**  
**Thomasville, NC 27360**

(Address of principal executive offices)

(Zip Code)

**(336) 889-5000**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

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

As of May 7, 2010 there were 37,284,675 shares of the registrant's Common Stock (\$0.10 par value) outstanding.

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****OLD DOMINION FREIGHT LINE, INC.****CONDENSED BALANCE SHEETS**

<b>(In thousands, except share and per share data)</b>	<b>March 31, 2010 (Unaudited)</b>	<b>December 31, 2009</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,469	\$ 4,171
Customer receivables, less allowances of \$10,411 and \$11,444, respectively	148,041	136,822
Other receivables	2,381	4,096
Prepaid expenses	16,221	12,842
Deferred income taxes	17,895	16,244
 Total current assets	 194,007	 174,175
Property and equipment:		
Revenue equipment	684,924	668,427
Land and structures	625,417	619,477
Other fixed assets	158,803	156,687
Leasehold improvements	4,161	4,137
 Total property and equipment	 1,473,305	 1,448,728
Accumulated depreciation	(529,053)	(509,233)
 Net property and equipment	 944,252	 939,495
Intangible assets, net	24,406	24,635
Other assets	30,304	20,973
 Total assets	 \$ 1,192,969	 \$ 1,159,278

Note: The Condensed Balance Sheet at December 31, 2009 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

*The accompanying notes are an integral part of these condensed financial statements.*

**Table of Contents****OLD DOMINION FREIGHT LINE, INC.****CONDENSED BALANCE SHEETS****(CONTINUED)**

	March 31, 2010 (Unaudited)	December 31, 2009
<b>(In thousands, except share and per share data)</b>		
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 31,503	\$ 33,468
Compensation and benefits	48,815	31,928
Claims and insurance accruals	30,338	30,689
Other accrued liabilities	17,174	15,364
Income taxes payable	7,286	
Current maturities of long-term debt	36,480	36,676
<b>Total current liabilities</b>	<b>171,596</b>	<b>148,125</b>
Long-term liabilities:		
Long-term debt	272,857	268,856
Other non-current liabilities	70,465	68,575
Deferred income taxes	77,350	80,722
<b>Total long-term liabilities</b>	<b>420,672</b>	<b>418,153</b>
<b>Commitments and contingent liabilities</b>		
<b>Total liabilities</b>	<b>592,268</b>	<b>566,278</b>
Shareholders' equity:		
Common stock - \$0.10 par value, 70,000,000 shares authorized, 37,284,675 shares outstanding	3,728	3,728
Capital in excess of par value	90,893	90,893
Retained earnings	506,080	498,379
<b>Total shareholders' equity</b>	<b>600,701</b>	<b>593,000</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,192,969</b>	<b>\$ 1,159,278</b>

Note: The Condensed Balance Sheet at December 31, 2009 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

*The accompanying notes are an integral part of these condensed financial statements.*

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**OLD DOMINION FREIGHT LINE, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**

(Unaudited)

(In thousands, except share and per share data)	Three Months Ended March 31,	
	2010	2009
Revenue from operations	\$ 317,795	\$ 295,143
Operating expenses:		
Salaries, wages and benefits	180,801	176,725
Operating supplies and expenses	52,680	40,586
General supplies and expenses	9,985	9,321
Operating taxes and licenses	13,003	11,919
Insurance and claims	5,425	6,898
Communications and utilities	3,775	3,960
Depreciation and amortization	21,551	22,999
Purchased transportation	9,224	7,988
Building and office equipment rents	3,462	3,372
Miscellaneous expenses, net	1,514	1,314
<b>Total operating expenses</b>	<b>301,420</b>	<b>285,082</b>
Operating income	16,375	10,061
Non-operating expense (income):		
Interest expense	3,518	3,254
Interest income	(52)	(26)
Other expense, net	73	284
<b>Total non-operating expense</b>	<b>3,539</b>	<b>3,512</b>
Income before income taxes	12,836	6,549
Provision for income taxes	5,135	2,576
Net income	\$ 7,701	\$ 3,973
Basic and diluted earnings per share	\$ 0.21	\$ 0.11
Weighted average shares outstanding:		
Basic and diluted	37,284,675	37,284,675

*The accompanying notes are an integral part of these condensed financial statements.*

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## OLD DOMINION FREIGHT LINE, INC.

## CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)	Common Stock		Capital in		Total
	Shares	Amount	Excess of Par Value	Retained Earnings	
Balance as of December 31, 2009	37,285	\$ 3,728	\$ 90,893	\$ 498,379	\$ 593,000
Net income (Unaudited)				7,701	7,701
<b>Balance as of March 31, 2010 (Unaudited)</b>	<b>37,285</b>	<b>\$ 3,728</b>	<b>\$ 90,893</b>	<b>\$ 506,080</b>	<b>\$ 600,701</b>

Note: The Condensed Statements of Changes in Shareholders' Equity includes information derived from the audited financial statements as of December 31, 2009, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

*The accompanying notes are an integral part of these condensed financial statements.*

**Table of Contents****OLD DOMINION FREIGHT LINE, INC.****CONDENSED STATEMENTS OF CASH FLOWS****(Unaudited)**

<b>(In thousands)</b>	<b>Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 7,701	\$ 3,973
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	21,551	22,999
Gain on sale of property and equipment	(171)	(703)
Deferred income taxes	(5,023)	1,247
Changes in assets and liabilities, net	10,984	5,115
<b>Net cash provided by operating activities</b>	<b>35,042</b>	<b>32,631</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(27,453)	(77,576)
Proceeds from sale of property and equipment	354	209
Proceeds from sale of short-term investment securities		4,861
Other investing activities, net	(6,450)	
<b>Net cash used in investing activities</b>	<b>(33,549)</b>	<b>(72,506)</b>
<b>Cash flows from financing activities:</b>		
Principal payments under long-term debt agreements	(11,148)	(11,197)
Net proceeds from short-term revolving line of credit	14,953	30,583
<b>Net cash provided by financing activities</b>	<b>3,805</b>	<b>19,386</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>5,298</b>	<b>(20,489)</b>
Cash and cash equivalents at beginning of period	4,171	24,104
<b>Cash and cash equivalents at end of period</b>	<b>\$ 9,469</b>	<b>\$ 3,615</b>
<b>Supplemental disclosure of noncash investing and financing activities:</b>		
Fair value of property exchanged	\$ 1,191	\$ 1,277

*The accompanying notes are an integral part of these condensed financial statements.*

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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**

**Note 1. Significant Accounting Policies**

***Basis of Presentation***

The accompanying unaudited, interim condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and, in management's opinion, contain all adjustments (consisting of normal recurring items) necessary for a fair presentation, in all material respects, of the financial position and results of operations for the periods presented. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The preparation of condensed financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The results of operations for the interim period ended March 31, 2010 are not necessarily indicative of the results that may be expected for subsequent quarterly periods or the year ending December 31, 2010.

The condensed financial statements should be read in conjunction with the financial statements and related footnotes, which appear in our Annual Report on Form 10-K for the year ended December 31, 2009.

There have been no significant changes in the accounting principles and policies, long-term contracts or estimates inherent in the preparation of the condensed financial statements of Old Dominion Freight Line, Inc. as previously described in our Annual Report on Form 10-K for the year ended December 31, 2009, other than the changes to certain estimated useful lives and salvage values in our property and equipment policy described in this quarterly report.

Unless the context requires otherwise, references in these Notes to Old Dominion, the Company, we, us and our refer to Old Dominion Freight Line, Inc.

***Property and Equipment***

Property and equipment are stated at cost. Major additions and improvements are capitalized, while maintenance and repairs that do not improve or extend the lives of the respective assets are charged to expense as incurred. We capitalize the cost of tires mounted on purchased revenue equipment as a part of the total equipment cost. Subsequent replacement tires are expensed at the time those tires are placed in service.

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the related assets. The following table provides the estimated useful lives by asset type:

Structures	7 to 30 years
Revenue equipment	4 to 15 years
Other equipment	