

OLD DOMINION FREIGHT LINE INC/VA
Form 10-K
February 29, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2011

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock (\$0.10 par value)

Name of each exchange on which registered
The NASDAQ Stock Market LLC
(NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of voting stock held by non-affiliates of the registrant as of June 30, 2011 was \$1,567,488,262, based on the closing sales price as reported on the NASDAQ Global Select Market.

As of February 28, 2012, the registrant had 57,443,324 outstanding shares of Common Stock (\$0.10 par value).

DOCUMENTS INCORPORATED BY REFERENCE

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Certain portions of the Company's Proxy Statement for the 2012 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.

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FORWARD-LOOKING INFORMATION

Forward-looking statements appear in this Annual Report, including but not limited to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in other written and oral statements made by or on behalf of us. These forward-looking statements include, but are not limited to, statements relating to our goals, strategies, expectations, competitive environment, regulation, availability of resources, future events and future financial performance. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements typically can be identified by such words as anticipate, estimate, forecast, project, intend, expect, believe, should, could, may, or other similar words or expressions. We caution that such forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied herein, including, but not limited to, the risk factors detailed in this Annual Report.

Our forward-looking statements are based on our beliefs and assumptions using information available at the time the statements are made. We caution the reader not to place undue reliance on our forward-looking statements as (i) these statements are neither a prediction nor a guarantee of future events or circumstances and (ii) the assumptions, beliefs, expectations and projections about future events may differ materially from actual results. We undertake no obligation to publicly update any forward-looking statement to reflect developments occurring after the statement is made.

PART I

ITEM 1. BUSINESS

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

Overview

Old Dominion is a leading, less-than-truckload (LTL), union-free motor carrier providing regional, inter-regional and national LTL service and value-added logistics services from a single integrated organization. We are the seventh largest LTL motor carrier in the United States, as measured by 2010 revenue, according to *Transport Topics*. In addition to our core LTL services, we offer our customers a broad range of logistics services including ground and air expedited transportation, supply chain consulting, transportation management, truckload brokerage, container delivery and warehousing services. Additionally in 2012, we expanded our logistics services to include consumer household moving services, which provide customers with a self-service moving option for their household goods. Through marketing and carrier relationships, we also offer door-to-door international freight services to and from all of North America, Central America, South America and the Far East. Our services are complemented by our technological capabilities, which we believe provide the tools to improve the efficiency of our operations while empowering our customers to manage their shipping needs.

We have grown our revenue and customer base through both organic growth and strategic acquisitions and provide our domestic LTL services throughout the entire continental United States. Our infrastructure allows us to provide next-day and second-day service within each of our six regions, as well as inter-regional and national service between these regions. To support our ongoing expansion, we added 34 new service centers in the past five years for a total of 216 at December 31, 2011.

We believe our growth can be attributed to our focus on meeting our customers' complete supply chain needs from a single point of contact with a high level of customer service supported by ongoing investment in our employees, service center network and technology. Our integrated structure allows us to offer our customers consistent high-quality service from origin to destination. We believe our operating structure and proprietary information systems also enable us to efficiently manage our operating costs, which allows us to provide this high-quality service at a fair and equitable price.

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We were organized in 1934 and incorporated in Virginia in 1950. Our principal executive offices are located at 500 Old Dominion Way, Thomasville, North Carolina 27360. Please refer to the Balance Sheets and Statements of Operations included in Item 8, Financial Statements and Supplementary Data of this report for information regarding our total assets, revenue from operations and net income.

Our Industry

Trucking companies provide transportation services to virtually every industry operating in the United States and generally offer higher levels of reliability and faster transit times than other surface transportation options. The trucking industry is comprised principally of two types of motor carriers: LTL and truckload. LTL carriers typically pick up multiple shipments from multiple customers on a single truck and then route that freight for delivery through service centers where the freight may be transferred to other trucks with similar destinations. In contrast, truckload carriers generally dedicate an entire trailer to one customer from origin to destination.

According to the American Trucking Associations, total U.S. freight transportation revenue in 2010 was \$694.2 billion, of which the trucking industry accounted for 81.2%. The LTL sector had revenue in 2010 of \$40.4 billion, which represented 5.8% of total U.S. freight transportation revenue. In contrast to truckload carriers, LTL motor carriers require expansive networks of local pickup and delivery (P&D) service centers, as well as larger breakbulk, or hub, facilities. Significant capital is required of LTL motor carriers to create and maintain a network of service centers and a fleet of tractors and trailers. The high fixed costs and capital spending requirements for LTL motor carriers makes it difficult for new start-up or small operators to effectively compete with established companies. In addition, successful LTL motor carriers generally employ, and continuously update, a high level of technology to provide information to customers and to reduce operating costs.

The LTL industry is highly competitive on the basis of service and price and has consolidated significantly since the industry was deregulated in 1980. Based on 2010 revenue as reported in *Transport Topics*, the top 25 LTL motor carriers accounted for approximately 67% of the total LTL market. Consolidation has accelerated in recent years due to an increase in customer demand for single transportation providers offering both national and regional LTL service and complex supply chain services. Smaller regional carriers with lesser financial resources are generally unable to meet this demand. As a result, we believe consolidation in our industry will continue.

Competition

We compete with regional, inter-regional and national LTL carriers and, to a lesser extent, with truckload carriers, small package carriers, airfreight carriers and railroads. Competition is based primarily on service, price and business relationships. We believe we are able to compete effectively in our markets by providing high-quality and timely service at competitive prices.

At all levels of our organization, we seek to continuously improve customer service by maximizing on-time performance while reducing transit times and minimizing cargo claims. We believe our transit times are generally faster than those of our principal national competitors, in part because of our more efficient service center network, use of team drivers and proprietary technology. In addition, we provide greater geographic coverage than most of our regional competitors. Our diversified mix and scope of regional, inter-regional and national service, combined with our value-added service offerings, enables us to provide our customers with a single source to meet their shipping and logistics needs. We believe this provides us with a distinct advantage over our regional, multi-regional and national competition.

We utilize flexible scheduling and train our union-free employees to perform multiple tasks, which we believe allows us to achieve greater productivity and higher levels of customer service than our competitors. We believe our focus on employee communication, continued education, development and motivation strengthens the relationships and trust among our employees.

We compete with several larger transportation service providers, each of which may have more equipment, a broader global network and a wider range of services than we have. Our larger competitors may also have greater financial resources and, in general, the ability to reduce prices to gain business, especially during times of reduced growth rates in the economy.

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Service Center Operations

At December 31, 2011, we conducted operations through 216 service center locations, of which we owned 139 and leased 77. We operate ten major breakbulk facilities in Rialto, California; Atlanta, Georgia; Chicago, Illinois; Indianapolis, Indiana; Greensboro, North Carolina; Harrisburg, Pennsylvania; Memphis and Morristown, Tennessee; Dallas, Texas; and Salt Lake City, Utah, while using other service centers for limited breakbulk activity in order to serve our next-day markets. Our service centers are strategically located in six regions of the country to provide the highest quality service and minimize freight rehandling costs.

Each of our service centers is responsible for the pickup and delivery of freight within its service area. Each service center loads outbound freight by destination the day it is picked up. All inbound freight received by the service center in the evening or during the night is scheduled for local delivery the next business day, unless a customer requests a different delivery schedule. Our management reviews the productivity and service performance of each service center on a daily basis to help ensure quality service and efficient operations.

While we have established primary responsibility for customer service at the local service center level, our customers may access information and initiate transactions through our centralized customer service department located at our corporate office or through several other gateways, such as our website, electronic data interchange (EDI), email and fax notification systems and automated voice response systems. Our systems offer direct access to information such as freight tracking, shipping documents, rate quotes, rate databases and account activity. These centralized systems and our customer service department provide our customers with a single point of contact to access information across all areas of our operations and for each of our service products.

Linehaul Transportation

Linehaul dispatchers control the movement of freight among service centers through integrated freight movement systems. We also utilize load-planning software to optimize efficiencies in our linehaul operations. Our senior management monitors freight movements, transit times, load factors and other productivity measurements to ensure that we maintain our highest levels of service and efficiency.

We utilize scheduled routes, and additional linehaul dispatches as necessary, to meet our published service standards. In addition, we lower our cost structure by maintaining flexible workforce rules and by primarily using twin 28-foot trailers in our linehaul operations. The use of twin 28-foot trailers permits us to transport freight directly from its point of origin to destination with minimal unloading and reloading, which also reduces cargo loss and damage expenses. We utilize long-combination vehicles, such as triple 28-foot trailers and combinations of 48-foot and 28-foot trailers, in states where permitted. Twin trailers and long-combination vehicles permit more freight to be hauled behind a tractor than could otherwise be hauled by one large trailer.

Tractors, Trailers and Maintenance

At December 31, 2011, we owned 5,830 tractors. We generally use new tractors in linehaul operations for approximately three to five years and then transfer those tractors to P&D operations for the remainder of their useful lives. In many of our service centers, tractors perform P&D functions during the day and linehaul functions at night to maximize tractor utilization.

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At December 31, 2011, we owned 22,685 trailers. We primarily purchase new trailers for our operations; however, we occasionally purchase pre-owned equipment that meets our specifications. The purchase of pre-owned equipment can provide an excellent value but also can increase our fleet's average age. The table below reflects, as of December 31, 2011, the average age of our tractors, trucks and trailers:

Type of Equipment	Number of Units	Average Age (in years)
(Categorized by primary use)		
Linehaul tractors	3,668	3.4
P&D tractors	2,162	8.7
P&D trucks	109	5.4
Linehaul trailers	16,302	7.6
P&D trailers	6,383	13.0

We develop certain specifications for tractors and trailers and then negotiate the production and purchase of this equipment with several manufacturers. These purchases are planned well in advance of anticipated delivery dates in order to accommodate manufacturers' production schedules. We believe there is sufficient capacity among suppliers to ensure an uninterrupted supply of equipment to support our operations.

The table below sets forth our capital expenditures for tractors and trailers for the years ended December 31, 2011, 2010 and 2009. For more information concerning our capital expenditures, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations *Liquidity and Capital Resources* of this report.

(In thousands)	Year Ended December 31,		
	2011	2010	2009
Tractors	\$ 69,837	\$ 35,777	\$ 33,072
Trailers	62,326	5,020	32,639
Total	\$ 132,163	\$ 40,797	\$ 65,711

At December 31, 2011, we had major maintenance operations at our service centers in Rialto, California; Denver, Colorado; Atlanta, Georgia; Indianapolis, Indiana; Kansas City and Parsons, Kansas; Greensboro, North Carolina; Columbus, Ohio; Harrisburg, Pennsylvania; Morristown and Memphis, Tennessee; Dallas, Texas; and Salt Lake City, Utah. In addition, 19 other service center locations are equipped to perform routine and preventive maintenance and repairs on our equipment.

We adhere to established maintenance policies and procedures to help ensure our fleet is properly maintained. Linehaul tractors are routed to appropriate maintenance facilities at designated intervals, depending upon how the equipment has been utilized. P&D tractors and trailers are scheduled for maintenance every 90 days.

Marketing and Customers

At December 31, 2011, we had a sales staff of 496 employees. We compensate our sales force, in part, based upon certain operating metrics to help motivate our sales employees to achieve our service, growth and profitability objectives.

We utilize an integrated freight-costing system to determine the price level at which a particular shipment of freight will be profitable. We can modify elements of this freight-costing model to simulate the actual conditions under which the freight will be moved. We also compete for business by participating in bid solicitations. Customers generally solicit bids for relatively large numbers of shipments for a period of one to two years, and typically choose to enter into contractual arrangements with a limited number of motor carriers based upon price and service.

Revenue is generated by customers dispersed primarily throughout the United States and North America. In 2011, our largest customer accounted for approximately 2.6% of our revenue and our largest 5, 10 and 20 customers accounted for approximately 9.1%, 14.3% and 21.4% of our revenue, respectively. For each of the previous three years, approximately 90% of our revenue was derived from transporting LTL shipments for our customers and less than 5% of our revenue was generated from international services. We believe the diversity of our customer base helps protect our business from adverse developments in a single geographic region and the reduction or loss of business from a single customer.

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Our operations are subject to seasonal trends common in the trucking industry. Our operating margins in the first quarter are normally lower due to reduced demand during the winter months. Harsh weather can also adversely affect our performance by reducing demand and reducing our ability to transport freight, which could result in decreased revenue and increased operating expenses.

Technology

We continually upgrade our technological capabilities, and we provide access to our systems through multiple gateways that offer our customers maximum flexibility and immediate access to information. We employ vehicle safety systems, on-board and hand-held computer systems, freight handling systems and logistics technology to reduce costs and transit times. We continue to focus on the development and enhancement of the technology used in our operations in order to improve the efficiency and effectiveness of our services.

Insurance

We carry a significant amount of insurance with third-party insurance carriers, but we are exposed to the risk of loss on claims up to the limit for which we are self-insured. We are currently self-insured for bodily injury and property damage (BIPD) claims up to \$2.75 million per occurrence. Cargo loss and damage claims are self-insured up to \$100,000 per occurrence. We are exposed to workers' compensation claims up to \$1.0 million per occurrence, through either self-insurance or insurance deductibles. Effective January 1, 2012, our group health claims are self-insured up to \$400,000 per occurrence, an increase from \$375,000 in 2011, plus an aggregate \$200,000 over our retention level.

We believe that our policy of self-insuring a portion of our risks, supported by our safety and loss prevention programs, is an effective means of managing insurance costs. We also believe that our current insurance coverage is adequate to cover our liability risks.

Diesel Fuel Availability and Cost

Our industry depends heavily upon the availability of diesel fuel. Although we maintained fuel storage and pumping facilities at 47, or 22%, of our service center locations at December 31, 2011, we may experience shortages at certain locations and may be forced to incur additional expense to help ensure adequate supply on a timely basis to prevent a disruption to our service schedules. We implemented a fuel surcharge program in August 1999, which has remained in effect since that time and is one of many components that we use to determine the overall price for our transportation services. Our fuel surcharges are generally indexed to fuel prices published by the U.S. Department of Energy (the DOE) that reset each week. Our management believes that our operations and financial condition are susceptible to the same diesel fuel price increases or shortages as those of our competitors. Diesel fuel costs, including fuel taxes, totaled 15.0%, 13.1% and 11.4% of revenue in 2011, 2010 and 2009, respectively.

Employees

As of December 31, 2011, we employed 12,022 individuals on a full-time basis, none of which were represented under a collective bargaining agreement. Our full-time employees work in the following roles:

Category	Number of Employees
Drivers	6,361
Platform	1,856
Fleet technicians	411
Sales	496
Salaried, clerical and other	2,898
Total	12,022

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As of December 31, 2011, we employed 3,150 linehaul drivers and 3,211 P&D drivers on a full-time basis. We select our drivers primarily based upon safe driving records and experience. Each of our drivers is required to pass a drug test, have a current U.S. Department of Transportation (DOT) physical and have a valid commercial driver's license prior to employment. Once employed, drivers are required to obtain and maintain hazardous materials endorsements to their commercial driver's licenses. Drivers, as well as all employees, are required to take pre-employment drug and alcohol tests and are randomly selected for periodic additional testing.

To help fulfill driver needs, we offer qualified employees the opportunity to become drivers through the Old Dominion Driver Training Program. Since its inception in 1988, 2,994 individuals have graduated from this program. Of the program graduates, we have experienced an annual turnover rate of approximately 7.1%, which is below our Company-wide average turnover rate of approximately 12.5% for drivers. We believe our driver training and qualification programs have been important factors in improving our safety record and retaining our qualified drivers. Drivers with safe driving records are rewarded with bonuses of up to \$3,000 payable each year. Driver safety bonuses paid during 2011 and 2010 were \$2.3 million and \$2.1 million, respectively.

Governmental Regulation

We are subject to regulation by the Federal Motor Carrier Safety Administration (the FMCSA), the Pipeline and Hazardous Materials Safety Agency and the Surface Transportation Board, which are agencies within the DOT, as well as the regulations of various state agencies. These regulatory authorities have broad powers, generally governing matters such as authority to engage in motor carrier operations, motor carrier registration, driver hours of service, safety and fitness of transportation equipment and drivers, certain mergers, consolidations and acquisitions, and periodic financial reporting. In addition, we are subject to compliance with cargo-security and transportation regulations issued by the Transportation Security Administration within the U.S. Department of Homeland Security.

In October 2009, the U.S. Court of Appeals for the District of Columbia Circuit ordered the FMCSA to review and re-issue rules governing hours of service for commercial truck drivers by July 26, 2011. This deadline was extended and on December 22, 2011, the FMCSA issued its final rule, which requires compliance by July 1, 2013. The final rule reduces the maximum number of hours a truck driver can work each week to 70 hours from the current 82-hour limit. The rule maintains the current maximum 11-hour daily driving limit, but requires drivers to take a 30-minute break prior to driving beyond eight hours. The rule also includes a 34-hour restart provision that allows drivers to restart the clock on their work week by taking at least 34 consecutive hours off-duty, provided these 34 off-duty hours includes two periods between 1:00 a.m. and 5:00 a.m. and occurs only once during a seven-day period. We do not believe this new rule, when implemented, will have a significant impact on our operating procedures and will not significantly impact our costs. We are, however, subject to future rulemaking by the FMCSA, which could be more stringent, require changes to our operations, increase our operating costs and otherwise adversely impact our results of operations.

The trucking industry is subject to regulatory and legislative changes from a variety of other governmental authorities, which address matters such as: (i) increasingly stringent environmental and occupational safety and health regulations; (ii) limits on vehicle weight and size; (iii) ergonomics; (iv) port security; and (v) hours of service. These changes may affect our business or the economics of our industry by requiring changes in operating practices, or by influencing the demand for and increasing the costs of providing our services.

Environmental Regulation

We are subject to various federal, state and local environmental laws and regulations that focus on, among other things: the emission and discharge of hazardous materials into the environment or their presence on or in our properties and vehicles; fuel storage tanks; transportation of certain materials; and the discharge or retention of storm water. Under specific environmental laws, we could also be held responsible for any costs relating to contamination at our past or present facilities and at third-party waste disposal sites, as well as costs associated with clean-up of accidents involving our vehicles. We do not believe that the cost of future compliance with current environmental laws or regulations will have a material adverse effect on our operations, financial condition, competitive position or capital expenditures for the remainder of fiscal year 2012 or fiscal year 2013. However, future changes to laws or regulations may adversely affect our operations and could result in unforeseen costs to our business.

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Available Information

Through our website, <http://www.odfl.com>, we make available, free of charge, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after we electronically file the material with or furnish it to the U.S. Securities and Exchange Commission (the "SEC"). The public may read or copy any document we file with the SEC at the SEC's website, <http://www.sec.gov> (File No. 0-19582), or at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The SEC can be reached at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Information contained on our website is neither part of nor incorporated by reference into this Form 10-K or any other report we file with or furnish to the SEC.

ITEM 1A. RISK FACTORS

Various factors exist that could cause our actual results to differ materially from those projected in any forward-looking statement. In addition to the factors discussed elsewhere in this report, we believe the following are some of the important risks and uncertainties that could materially affect our business, financial condition or results of operations:

We operate in a highly competitive industry, and our business will suffer if we are unable to adequately address potential downward pricing pressures and other factors that may adversely affect our operations and profitability.

Numerous competitive factors could impair our ability to maintain our current profitability. These factors include, but are not limited to, the following:

we compete with many other transportation service providers of varying sizes, some of which may have more equipment, a broader global network, a wider range of services, greater capital resources or other competitive advantages;

some of our competitors periodically reduce their prices to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase prices or maintain revenue;

we may be unable to continue to collect fuel surcharges or our fuel surcharge program may become ineffective in mitigating the impact of fluctuating costs for fuel and other petroleum-based products;

many customers reduce the number of carriers they use by selecting "core carriers" as approved transportation service providers and we may not be selected;

many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress prices or result in the loss of some business to competitors;

some customers may choose to operate their own private trucking fleet or may choose to increase the volume of freight they transport if they have an existing private trucking fleet;

the trend towards consolidation in the ground transportation industry may create other large carriers with greater financial resources and other competitive advantages relating to their size;

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advances in technology require increased investments to remain competitive, and our customers may not be willing to accept higher prices to cover the cost of these investments; and

competition from non-asset-based logistics and freight brokerage companies may adversely affect our customer relationships and ability to maintain sufficient pricing.

If we are unable to effectively compete with other LTL carriers, whether on the basis of price, service or otherwise, we may be unable to retain existing customers or attract new customers, either of which could have a material adverse effect on our business, financial condition and results of operations.

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If our employees were to unionize, our operating costs would increase and our ability to compete would be impaired.

None of our employees are currently represented under a collective bargaining agreement. However, from time to time there have been efforts to organize our employees at various service centers. Further, Congress or one or more states could approve legislation significantly affecting our business and our relationship with our employees, such as the proposed federal legislation referred to as the Employee Free Choice Act, which would substantially liberalize the procedures for union organization. In addition, we can offer no assurance that the Department of Labor will not adopt new regulations or interpret existing regulations in a manner that would favor the agenda of unions, or that our employees will not unionize in the future, particularly if regulatory changes occur that facilitate unionization.

The unionization of our employees could have a material adverse effect on our business, financial condition and results of operations because:

some shippers have indicated that they intend to limit their use of unionized trucking companies because of the threat of strikes and other work stoppages;

restrictive work rules could hamper our efforts to improve and sustain operating efficiency;

restrictive work rules could impair our service reputation and limit our ability to provide next-day services;

a strike or work stoppage would negatively impact our profitability and could damage customer and employee relationships; and

an election and bargaining process could divert management's time and attention from our overall objectives and impose significant expenses.

If we are unable to successfully execute our growth strategy, our business and future results of operations may suffer.

Our growth strategy includes increasing the volume of freight moving through our existing service center network, selectively expanding our geographic footprint and broadening the scope of our service offerings. In connection with our growth strategy, at various times, we have made selective acquisitions, purchased additional equipment, expanded and upgraded service centers and increased our sales and marketing efforts, and we expect to continue to do so. Our growth strategy exposes us to a number of risks, including the following:

geographic expansion requires start-up costs that could expose us to temporary losses;

growth and geographic expansion are dependent on the availability of real estate, and shortages of suitable real estate may limit our geographic expansion and might cause congestion in our service center network, which could result in increased operating expenses;

growth may strain our management, capital resources, information systems and customer service;

hiring new employees may increase training costs and may result in temporary inefficiencies until those employees become proficient in their jobs; and

expanding our service offerings may require us to enter into new markets and encounter new competitive challenges.

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We cannot assure that we will overcome the risks associated with our growth strategy. If we fail to overcome those risks, we may not realize additional revenue or profits from our efforts, we may incur additional expenses and, therefore, our financial position and results of operations could be materially and adversely affected.

We may be unable to successfully consummate and integrate acquisitions as part of our growth strategy.

Growth through acquisitions has been a key component of our LTL growth strategy throughout our history. In the future, we may seek to acquire other LTL carriers as well as other complementary businesses. Exploration of potential acquisitions requires significant attention from our senior management team. In addition, we expect to compete for acquisition opportunities with other companies, some of which may have greater financial and other resources than we do. We cannot assure that we will

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have sufficient cash with which to consummate an acquisition or otherwise be able to obtain financing for any acquisition. If we are unable to access sufficient funding for potential acquisitions, we may not be able to complete transactions that we otherwise find advantageous.

Any subsequent acquisition will entail numerous risks, including:

we may not achieve anticipated levels of revenue, efficiency, cash flows and profitability;

we may experience difficulties managing businesses that are outside our historical core competency and markets;

we may underestimate the resources required to support acquisitions, which could disrupt our ongoing business and distract our management;

we may incur unanticipated costs to our infrastructure to support new business lines or separate legal entities;

we may be required to temporarily match existing customer pricing in the acquiree's markets, which may be lower than the rates that we would typically charge for our services;

liabilities we assume could be greater than our original estimates or not disclosed to us at the time of acquisition;

we may incur additional indebtedness or we may issue additional shares of stock to finance future acquisitions, which could be dilutive to our shareholders;

potential loss of key employees and customers of the acquired company; and

an inability to recognize projected cost savings and economies of scale.

In addition, we may have difficulty integrating any acquired business and its operations, services and personnel into our existing operations, and such integration may require a significant amount of time and effort by our management team. To the extent we do not successfully avoid or overcome the risks or problems resulting from any acquisitions we undertake, there could be a material adverse effect on our business, financial condition and results of operations.

Our customers and suppliers' business may be impacted by a downturn in the economy and/or a disruption of financial markets.

Adverse economic conditions can negatively affect our customers' business levels, the amount of transportation services they need, their ability to pay for our services and overall freight levels, all of which might impair our asset utilization. Customers encountering adverse economic conditions may be unable to obtain additional financing, or financing under acceptable terms, due to disruptions in the capital and credit markets. These customers represent a greater potential for bad debt losses, which may require us to increase our reserve for bad debt. Economic conditions resulting in bankruptcies of one or more of our large customers could have a significant impact on our financial position, results of operations or liquidity in a particular year or quarter. Further, when adverse economic times arise customers may bid out freight or select competitors that offer lower rates from among existing choices in an attempt to lower their costs and we might be forced to lower our rates or lose freight.

Our suppliers' business levels also may be negatively affected by adverse economic conditions or financial constraints, which could lead to disruptions in the supply and availability of equipment, parts and services critical to our operations. A significant interruption in our normal

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supply chain could disrupt our operations, increase our costs and negatively impact our ability to serve our customers.

We also are subject to cost increases outside our control that could materially reduce our profitability if we are unable to increase our rates sufficiently. Such cost increases include, but are not limited to, increases in fuel prices, driver wages, interest rates, taxes, tolls, license and registration fees, insurance, revenue equipment and healthcare for our employees.

Increases in driver compensation or other difficulties attracting and retaining qualified drivers could adversely affect our profitability and ability to maintain or grow our fleet.

From time to time we have experienced difficulty in attracting and retaining sufficient numbers of qualified drivers and such shortages may recur in the future. Because of the intense competition for drivers, we may face difficulty maintaining or increasing our number of drivers. The compensation we offer our drivers is subject to market conditions that may require increases in driver compensation, which

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becomes more likely as economic conditions improve. If we are unable to attract and retain a sufficient number of drivers, we could be required to adjust our compensation packages, or operate with fewer trucks and face difficulty meeting shipper demands, all of which could adversely affect our profitability and ability to maintain our size or grow.

Insurance and claims expenses could significantly reduce our profitability.

We are exposed to claims related to cargo loss and damage, property damage, personal injury, workers' compensation, long-term disability, group health and dental. We have insurance coverage with third-party insurance carriers, but self-insure for a significant portion of the risk associated with these claims. Our operating results would be adversely affected if any of the following were to occur: (i) the number or severity of claims for which we are self-insured increases; (ii) we are required to accrue or pay additional amounts because the claims prove to be more severe than our original assessment; or (iii) claims exceed our excess coverage amounts. If claims exceed our retention levels or insurance market conditions change, insurers could raise premiums for excess coverage to cover their expenses and anticipated future losses. In addition, insurance companies require us to obtain letters of credit to collateralize our self-insured retention. If these requirements increase, our borrowing capacity could be adversely affected.

We have significant ongoing cash requirements that could limit our growth and affect our profitability if we are unable to obtain sufficient capital.

Our business is highly capital intensive. We generally finance our capital expenditures and planned growth with existing cash, cash flow from operations, issuance of debt and through available borrowings under our existing senior unsecured credit agreement. We may require additional capital to finance long-term real estate purchase opportunities and acquisitions, which we may fund through additional debt or through equity offerings. If we are unable in the future to generate sufficient cash from our operations or raise capital by accessing the debt and equity markets, we may be forced to limit our growth and operate our equipment for longer periods of time, which could have a material adverse effect on our operating results.

Our business also has significant ongoing operating cash requirements. If our cash requirements are high or our cash flow from operations is low during particular periods, we may need to seek additional financing, which may be costly or difficult to obtain.

Limited supply and increased prices for new equipment may adversely affect our earnings and cash flow.

We may face difficulty in purchasing new equipment due to decreased supply and increased costs. Investment in new equipment is a significant part of our annual capital expenditures and we require an available supply of tractors and trailers from equipment manufacturers to operate and grow our business. We are also subject to shortages in raw materials that are required for the production of critical operating equipment and supplies, such as shortages in rubber or steel.

The price of our equipment may also be adversely affected in the future by regulations on newly manufactured tractors and diesel engines. We have incurred significant increases in the cost of tractors due to the U.S. Environmental Protection Agency's (the "EPA") regulations that require progressive reductions in exhaust emissions from diesel engines. Beginning in October 2002, new diesel engines were required to meet these new emission limits. Some of the regulations required reductions in the sulfur content of diesel fuel beginning in June 2006 and the introduction of emissions after-treatment devices on newly-manufactured engines and vehicles beginning with model-year 2007. The final phase of these regulations required reduced nitrogen and non-methane hydrocarbon emissions beginning with model-year 2010. These regulations have resulted in higher prices for tractors and diesel engines and increased operating and maintenance costs, and there can be no assurance that continued increases in pricing or costs will not have an adverse effect on our business and results of operations.

A decrease in the demand and value of used equipment may impact our results of operations.

As we purchase new tractors as part of our normal replacement cycle each year, we rely on the used equipment market to dispose of our older equipment. Oversupply in the transportation industry as well as

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adverse domestic and foreign economic conditions can negatively impact the demand for used tractors and, therefore, reduce the value we can obtain on our used equipment. If we are unable to sell our older equipment at or above salvage value, the resulting losses could have a significant impact on our results of operations.

We may be adversely impacted by fluctuations in the availability and price of diesel fuel.

Diesel fuel is a critical component of our operations and a significant operating expense for our business. Diesel fuel prices and fuel availability can be impacted by factors beyond our control, such as natural or man-made disasters, political events, price and supply decisions by oil producing countries and cartels, terrorist activities, armed conflict and world supply and demand imbalances. We maintain fuel storage and pumping facilities at many of our service center locations; however, we may experience shortages in the availability of diesel fuel at certain locations and may be forced to incur additional expense to ensure adequate supply on a timely basis to prevent a disruption to our service schedules. An interruption in the supply of diesel fuel could have a material adverse effect on our operating results.

We do not hedge against the risk of diesel fuel price increases. An increase in diesel fuel prices or diesel fuel taxes, or any change in federal or state regulations that results in such an increase, could have a material adverse effect on our operating results. We have fuel surcharge programs in place with a majority of our customers, which have helped us offset the majority of the negative impact of the increased cost of diesel fuel and other petroleum-based products. However, we also incur fuel costs that cannot be recovered even with respect to customers with which we maintain fuel surcharge programs, such as those costs associated with empty miles, deadhead miles or the time when our engines are idling. Because our fuel surcharge recovery lags behind changes in fuel prices, our fuel surcharge recovery may not capture the increased costs we pay for fuel, especially when prices are rising, leading to fluctuations in our levels of reimbursement. We regularly monitor the components of our pricing, including fuel surcharges, and address individual account profitability issues with our customers when necessary; however, there can be no assurance that fuel surcharges can be maintained indefinitely or will be sufficiently effective in offsetting increases in diesel fuel prices.

We are subject to various environmental laws and regulations, and costs of compliance with, liabilities under, or violations of, existing or future environmental laws or regulations could adversely affect our business.

We are subject to various federal, state and local environmental laws and regulations that govern, among other things, the emission and discharge of hazardous materials into the environment, the presence of hazardous materials at our properties or in our vehicles, fuel storage tanks, the transportation of certain materials and the discharge or retention of storm water. Under certain environmental laws, we could also be held responsible for any costs relating to contamination at our past or present facilities and at third-party waste disposal sites, as well as costs associated with the clean-up of accidents involving our vehicles. Environmental laws have become and are expected to continue to be increasingly more stringent over time, and there can be no assurance that our costs of complying with current or future environmental laws or liabilities arising under such laws will not have a material adverse effect on our business, operations or financial condition.

In addition to the EPA regulations on exhaust emissions with which we must comply, there is an increased regulatory focus on climate change and greenhouse gas emissions in the United States. As a result, we may become subject to additional legislation or rulemaking that could adversely impact our business. Any future limitations on the emission of greenhouse gases or other environmental legislation could increase our future capital expenditures and have an adverse impact on our financial condition, results of operations and liquidity.

We operate in a highly regulated industry, and increased costs of compliance with, or liability for violation of, existing or future regulations could have a material adverse effect on our business.

We are regulated by the DOT and by various state agencies. These regulatory authorities have broad powers, generally governing matters such as authority to engage in motor carrier operations, as well as motor carrier registration, driver hours of service, safety and fitness of transportation equipment and drivers, transportation of hazardous materials, certain mergers and acquisitions and periodic financial reporting. In addition, the trucking industry is subject to regulatory and legislative changes from a variety

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of other governmental authorities, which address matters such as: (i) increasingly stringent environmental, occupational safety and health regulations; (ii) limits on vehicle weight and size; (iii) ergonomics; (iv) port security; and (v) hours of service. In addition, we are subject to compliance with cargo-security and transportation regulations issued by the Transportation Security Administration within the U.S. Department of Homeland Security. Regulatory requirements, and changes in regulatory requirements, may affect our business or the economics of the industry by requiring changes in operating practices or by influencing the demand for and increasing the costs of providing transportation services.

In October 2009, the U.S. Court of Appeals for the District of Columbia Circuit ordered the FMCSA to review and re-issue rules governing hours of service for commercial truck drivers by July 26, 2011. This deadline was extended and on December 22, 2011, the FMCSA issued its final rule, which requires compliance by July 1, 2013. The final rule reduces the maximum number of hours a truck driver can work each week to 70 hours from the current 82-hour limit. The rule maintains the current maximum 11-hour daily driving limit, but requires drivers to take a 30-minute break prior to driving beyond eight hours. The rule also includes a 34-hour restart provision that allows drivers to restart the clock on their work week by taking at least 34 consecutive hours off-duty, provided these 34 off-duty hours includes two periods between 1:00 a.m. and 5:00 a.m. and occurs only once during a seven-day period. We do not believe this new rule, when implemented, will have a significant impact on our operating procedures and will not significantly impact our costs. We are, however, subject to future rulemaking by the FMCSA and other regulatory agencies, which could be more stringent, require changes to our operations, increase our operating costs and otherwise adversely impact our results of operations.

The implementation of FMCSA's Compliance, Safety, Accountability initiative (CSA) could adversely impact our ability to hire qualified drivers, meet our growth projections and maintain our customer relationships, each of which could adversely impact our results of operations.

In December 2010, the FMCSA began implementation of CSA, a new compliance and enforcement initiative designed to monitor and improve commercial motor vehicle safety. CSA measures both the safety record of the motor carrier and the driver. These measurements are scored and used by the FMCSA to identify potential safety risks and to direct enforcement action. CSA scores for transportation companies are currently available on the FMCSA's website and will eventually replace SafeStat, the FMCSA's former safety measurement system.

Our CSA scores are dependent upon our safety and compliance experience, which could change at any time. In addition, the safety standards prescribed in CSA could change and our ability to maintain an acceptable score could be adversely impacted. If we receive an unacceptable CSA score, our relationships with our customers could be damaged, which could result in a loss of business.

The implementation of CSA could also shrink the industry's pool of drivers as those with unfavorable scores could leave the industry. As a result, the costs to attract, train and retain qualified drivers could increase. In addition, a shortage of qualified drivers could increase driver turnover, decrease asset utilization, limit growth and adversely impact our results of operations.

Our results of operations may be affected by seasonal factors and harsh weather conditions.

Our operations are subject to seasonal trends common in the trucking industry. Our operating margins in the first quarter are normally lower due to reduced demand during the winter months. Harsh weather can also adversely affect our performance by reducing demand and reducing our ability to transport freight, which could result in decreased revenue and increased operating expenses.

If we are unable to retain our key employees, our financial condition, results of operations and liquidity could be adversely affected.

Our success will continue to depend upon the experience and leadership of our key employees and executive officers. In that regard, the loss of the services of any of our key personnel could have a material adverse effect on our financial condition, results of operations and liquidity.

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Our principal shareholders control a large portion of our outstanding common stock.

Earl E. Congdon, David S. Congdon, John R. Congdon and members of their respective families beneficially own an aggregate of approximately 27% of the outstanding shares of our common stock. As long as the Congdon family controls a large portion of our voting stock, they may be able to significantly influence the election of the entire Board of Directors and the outcome of all matters involving a shareholder vote. The Congdon family's interests may differ from the interests of other shareholders and the status of their ownership could change at their discretion.

Our financial results may be adversely impacted by potential future changes in accounting practices.

Future changes in accounting standards or practices, and related legal and regulatory interpretations of those changes, may adversely impact public companies in general, the transportation industry or our operations specifically. New accounting standards or requirements, such as a conversion from U.S. generally accepted accounting principles to International Financial Reporting Standards, could change the way we record revenues, expenses, assets and/or liabilities or could be costly to implement. These types of regulations could have a negative impact on our financial position, liquidity, results of operations and/or access to capital.

Our information technology systems are subject to certain risks that we cannot control.

We have become increasingly reliant on our information systems for our operations as well as providing a value-added service to our customers. Our information systems, including our accounting systems, are dependent upon third-party software, global communications providers, data network systems and other aspects of technology and Internet infrastructure that are susceptible to failure or an adverse cyber incident. Although we have implemented redundant systems and network security measures, our information technology remains susceptible to outages, computer viruses, break-ins and similar disruptions. Such an event could inhibit our ability to provide services to our customers and the ability of our customers to access our systems. In addition, there could be a loss of confidential information, corruption of data and damage to our brand image. This may result in a reduction in demand for our services or the loss of customers that could have a negative impact on our financial condition, results of operations and liquidity.

If we raise additional capital in the future, your ownership in us could be diluted.

Any issuance of equity we may undertake in the future to raise additional capital could cause the price of our common stock to decline, or require us to issue shares at a price that is lower than that paid by holders of our common stock in the past, which would result in those newly issued shares being dilutive. If we obtain funds through a credit facility or through the issuance of debt or preferred securities, these obligations and securities would likely have rights senior to your rights as a common shareholder, which could impair the value of our common stock.

The market value of our common stock may fluctuate and could be substantially affected by various factors.

The price of our common stock on the NASDAQ Global Select Market, or Nasdaq, constantly changes. We expect that the market price of our common stock will continue to fluctuate. Our share price may fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include, among others:

Actual or anticipated variations in earnings, financial or operating performance or liquidity;

Changes in analysts' recommendations or projections;

Failure to meet analysts' projections;

General economic and capital market conditions;

Announcements of developments related to our business;

Operating and stock performance of other companies deemed to be peers;

Actions by government regulators; and

News reports of trends, concerns and other issues related to us or our industry, including changes in regulations.

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Our common stock price may fluctuate significantly in the future, and these fluctuations may be unrelated to our performance. General market price declines or market volatility in the future could adversely affect the price of our common stock, and the current market price of our common stock may not be indicative of future market prices.

Our articles of incorporation, our bylaws and Virginia law contain provisions that could discourage, delay or prevent a change in our control or our management.

Provisions of our articles of incorporation, bylaws and the laws of Virginia, the state in which we are incorporated, may discourage, delay or prevent a change in control of us or a change in management that shareholders may consider favorable. These provisions:

limit who may call a special meeting of shareholders;

require shareholder action by written consent to be unanimous;

establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon at shareholder meetings;

may make it difficult to merge with or otherwise absorb a Virginia corporation acquired in a tender offer for the three years after the acquisition; and

may make an unsolicited attempt to gain control of us more difficult by restricting the right of specified shareholders to vote newly acquired large blocks of stock.

These provisions could discourage proxy contests and make it more difficult for you and other shareholders to take certain corporate actions. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own our general office located in Thomasville, North Carolina, consisting of a two-story office building of approximately 160,000 square feet on 30.1 acres of land. At December 31, 2011, we operated 216 service centers, of which 139 were owned and 77 were leased. Our service centers that are owned include most of our larger facilities and account for 79.8% of the total door capacity in our network. With the exception of our Chicago, Illinois facility, which has a lease that expires in 2021, we own our major breakbulk facilities. Each of our breakbulk facilities is listed below with the number of doors as of December 31, 2011.

Service Center	Doors
Harrisburg, Pennsylvania	305
Rialto, California	265
Morristown, Tennessee	247
Dallas, Texas	234
Atlanta, Georgia	227
Indianapolis, Indiana	223
Greensboro, North Carolina	219
Memphis, Tennessee	169

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Chicago, Illinois

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Salt Lake City, Utah

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Our 216 facilities are strategically dispersed over the states in which we operate. At December 31, 2011, the terms of our leased properties ranged from month-to-month to a lease that expires in 2023. We believe that as current leases expire, we will be able to renew them or find comparable facilities without incurring any material negative impact on service to our customers or our operating results.

We also own 21 non-operating properties, all of which are held for lease or are planned for future use. Seven of these properties are leased with lease terms that range from month-to-month to a lease that expires in 2013.

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We believe that all of our properties are in good repair and are capable of providing the level of service required by current business levels and customer demands. In addition, we believe we have sufficient capacity in our service center network to accommodate a substantial increase in demand for our services.

ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings and claims that have arisen in the ordinary course of our business that have not been fully adjudicated. Many of these are covered in whole or in part by insurance. Our management does not believe that these actions, when finally concluded and determined, will have a material adverse effect upon our financial position, liquidity or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Table of Contents**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Common Stock and Dividend Information**

Our common stock is traded on the NASDAQ Global Select Market, which we refer to as the Nasdaq, under the symbol ODFL. At February 17, 2012, there were approximately 20,766 holders of our common stock, including 174 shareholders of record. We did not pay any dividends on our common stock during fiscal year 2011 or 2010, and we have no current plans to declare or pay any dividends on our common stock during fiscal year 2012. For information concerning restrictions on our ability to make dividend payments, see *Liquidity and Capital Resources* in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 2 in Item 8, Financial Statements and Supplementary Data of this report.

On July 30, 2010, our Board of Directors approved a three-for-two common stock split for shareholders of record as of the close of business on August 9, 2010. On August 23, 2010, those shareholders received one additional share of common stock for every two shares owned. In lieu of fractional shares, shareholders received a cash payment based on the average of the high and low sales prices of the common stock on the record date.

The following table sets forth the high and low sales price of our common stock for the periods indicated, as reported by the Nasdaq and as adjusted to give effect to the three-for-two stock split effected in August 2010:

	2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	\$ 35.31	\$ 38.47	\$ 40.12	\$ 41.60
Low	\$ 28.37	\$ 33.62	\$ 27.75	\$ 27.40

	2010			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	\$ 23.07	\$ 25.89	\$ 27.29	\$ 32.24
Low	\$ 17.56	\$ 21.02	\$ 22.45	\$ 24.36

Table of Contents**Performance Graph**

The following graph compares the total shareholder cumulative returns, assuming the reinvestment of all dividends, of \$100 invested on December 31, 2006, in (i) our common stock, (ii) the NASDAQ Trucking & Transportation Stocks and (iii) The NASDAQ Stock Market (US) for the five-year period ended December 31, 2011:

Cumulative Total Return

	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11
Old Dominion Freight Line, Inc.....	\$ 100	\$ 96	\$ 118	\$ 128	\$ 199	\$ 253
NASDAQ Trucking & Transportation Stocks.....	\$ 100	\$ 107	\$ 69	\$ 81	\$ 111	\$ 94
The NASDAQ Stock Market (US).....	\$ 100	\$ 108	\$ 66	\$ 95	\$ 113	\$ 114

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<i>(In thousands, except per share amounts and operating statistics)</i>	Year Ended December 31,				
	2011	2010	2009	2008	2007
Operating Data:					
Revenue from operations	\$ 1,882,541	\$ 1,480,998	\$ 1,245,005	\$ 1,537,724	\$ 1,401,542
Depreciation and amortization expense ⁽¹⁾	90,820	80,362	94,784	87,083	79,863
Total operating expenses	1,648,469	1,343,259	1,174,614	1,408,654	1,271,605
Operating income	234,072	137,739	70,391	129,070	129,937
Interest expense, net ⁽²⁾	13,887	12,465	12,998	13,012	12,960
Provision for income taxes	80,614	48,775	22,294	43,989	43,963
Net income	139,470	75,651	34,871	68,677	71,832
Per Share Data:					
Diluted earnings per share ⁽³⁾	2.44	1.35	0.62	1.23	1.28
Balance Sheet Data:					
Cash, cash equivalents and short-term investments	75,850	5,450	4,171	28,965	30,703
Current assets	331,852	222,582	174,175	209,230	216,277
Total assets	1,513,074	1,239,881	1,159,278	1,074,905	981,048
Current liabilities	204,810	170,046	148,125	142,190	127,723
Long-term debt (including current maturities)	269,185	271,217	305,532	251,989	263,754
Shareholders' equity	856,519	668,649	593,000	558,129	489,452
Operating Statistics:					
Operating ratio	87.6%	90.7%	94.3%	91.6%	90.7%
Revenue per hundredweight	\$ 14.72	\$ 13.09	\$ 12.70	\$ 13.88	\$ 13.30
Revenue per intercity mile	\$ 4.83	\$ 4.38	\$ 4.16	\$ 4.60	\$ 4.31
Intercity miles <i>(in thousands)</i>	389,588	338,504	299,330	334,219	325,268
Total tons <i>(in thousands)</i>	6,397	5,656	4,902	5,545	5,271
Total shipments <i>(in thousands)</i>	7,256	6,327	5,750	6,691	6,765
Average length of haul ⁽⁴⁾ <i>(miles)</i>	952	948	928	901	926

(1) Our 2010 results reflect reductions in our depreciation and amortization expenses of approximately \$12.7 million, due to changes in the estimated useful lives and salvage values of certain equipment, which are described further under "Critical Accounting Policies" below.

(2) For the purpose of this table, interest expense is presented net of interest income.

(3) Per share data has been restated retroactively for the three-for-two stock split effected in August 2010.

(4) We refined our average length of haul in 2008 by excluding miles driven by our agent carriers. As a result, our average length of haul is restated for the year ended December 31, 2007.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**Overview**

We are a leading, less-than-truckload (LTL), union-free motor carrier providing regional, inter-regional and national LTL service and value-added logistics services from a single integrated organization. In addition to our core LTL services, we offer our customers a broad range of logistics services including ground and air expedited transportation, supply chain consulting, transportation management, truckload brokerage, container delivery and warehousing services, as well as consumer household moving services. Through marketing and carrier relationships, we also offer door-to-door international freight services to and from all of North America, Central America, South America and the Far East. Approximately 90% of our revenue has historically been derived from transporting LTL shipments for our customers, whose demand for our services is generally tied to industrial production and the overall health of the U.S. domestic economy.

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In analyzing the components of our revenue, we monitor changes and trends in the following key metrics:

Revenue Per Hundredweight This measurement reflects our pricing policies, which are influenced by competitive market conditions and our growth objectives. Generally, freight is rated by a class system, which is established by the National Motor Freight Traffic Association, Inc. Light, bulky freight typically has a higher class and is priced at higher revenue per hundredweight than dense, heavy freight. Changes in the class, packaging of the freight and length of haul of the shipment can also affect this average. Fuel surcharges, accessorial charges, revenue adjustments and revenue for undelivered freight are included in this measurement. Revenue for undelivered freight is deferred for financial statement purposes in accordance with our revenue recognition policy; however, we believe including it in our revenue per hundredweight measurements results in a better indicator of changes in our yields by matching total billed revenue with the corresponding weight of those shipments.

Weight Per Shipment Fluctuations in weight per shipment can indicate changes in the class, or mix, of freight we receive from our customers, as well as changes in the number of units included in a shipment. Generally, increases in weight per shipment indicate higher demand for our customers' products and overall increased economic activity.

Average Length of Haul We consider lengths of haul less than 500 miles to be regional traffic, lengths of haul between 500 miles and 1,000 miles to be inter-regional traffic, and lengths of haul in excess of 1,000 miles to be national traffic. By analyzing this metric, we can determine the success and growth potential of our service products in these markets.

Revenue Per Shipment This measurement is primarily determined by the three metrics listed above and is used, in conjunction with the number of shipments we receive, to calculate total revenue, excluding adjustments for undelivered freight.

Our primary revenue focus is to increase shipment and tonnage growth within our existing infrastructure, generally referred to as increasing density, thereby maximizing asset utilization and labor productivity. We measure density over many different functional areas of our operations including revenue per service center, linehaul load factor, P&D stops per hour, P&D shipments per hour, platform pounds handled per hour and platform shipments per hour. In addition to our focus on density, it is critical for us to obtain an appropriate yield on the shipments we handle. We manage our yields by focusing on individual account profitability. We believe yield management and improvements in density are key components in our ability to produce profitable growth.

Our primary cost elements are direct wages and benefits associated with the movement of freight; operating supplies and expenses, which includes fuel and equipment repair costs; and depreciation of our equipment fleet and service center facilities. We gauge our overall success in managing these costs by monitoring our operating ratio, a measure of profitability calculated by dividing total operating expenses by revenue, which also allows industry-wide comparisons with our competition.

We continually upgrade our technological capabilities to improve our customer service and lower our operating costs. Our technology provides our customers with visibility of their shipments throughout our network, increases the productivity of our workforce and provides key metrics from which we can monitor our processes.

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The following table sets forth, for the years indicated, expenses and other items as a percentage of revenue from operations:

	2011	2010	2009
Revenue from operations	100.0%	100.0%	100.0%
Operating expenses:			
Salaries, wages and benefits	50.8	54.6	57.7
Operating supplies and expenses	18.9	16.5	14.6
General supplies and expenses	2.6	2.8	2.8
Operating taxes and licenses	3.4	3.8	4.0
Insurance and claims	1.5	1.7	1.8
Communication and utilities	1.0	1.0	1.2
Depreciation and amortization	4.8	5.4	7.6
Purchased transportation	3.4	3.4	2.7
Building and office equipment rents	0.7	1.0	1.2
Miscellaneous expenses, net	0.5	0.5	0.7
Total operating expenses	87.6	90.7	94.3
Operating income	12.4	9.3	5.7
Interest expense, net ⁽¹⁾	0.7	0.8	1.1
Other expense, net	0	0.1	0
Income before income taxes	11.7	8.4	4.6
Provision for income taxes	4.3	3.3	1.8
Net income	7.4%	5.1%	2.8%

⁽¹⁾ For the purpose of this table, interest expense is presented net of interest income.

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Key financial and operating metrics for 2011 and 2010 are presented below:

	2011	2010	Change	% Change
Work days	254	253	1	0.4
Revenue (<i>in thousands</i>)	\$ 1,882,541	\$ 1,480,998	\$ 401,543	27.1
Operating ratio	87.6%	90.7%	(3.1)%	(3.4)
Net income (<i>in thousands</i>)	\$ 139,470	\$ 75,651	\$ 63,819	84.4
Diluted earnings per share	\$ 2.44	\$ 1.35	\$ 1.09	80.7
Total tons (<i>in thousands</i>)	6,397	5,656	741	13.1
Total shipments (<i>in thousands</i>)	7,256	6,327	929	14.7
Weight per shipment (<i>lbs.</i>)	1,763	1,788	(25)	(1.4)
Revenue per hundredweight	\$ 14.72	\$ 13.09	\$ 1.63	12.5
Revenue per shipment	\$ 259.50	\$ 234.09	\$ 25.41	10.9
Average length of haul (<i>miles</i>)	952	948	4	0.4

Our financial results for 2011 were the best we have produced in our 20 years as a public company and extended the momentum we built in 2010. We experienced strong growth in both tonnage and revenue per hundredweight, and we improved our productivity, all of which led to significant margin improvement. Tonnage growth in 2011 was primarily the result of our ability to win market share as well as a slight improvement in the overall U.S. economy. We believe our consistent strategy of providing best-in-class on-time and claims-free service at a fair and equitable price resonates with shippers and will continue to help us win market share and fuel our growth. Our ability to win market share is supported by our belief that shippers are making decisions based more on the overall value of the service they receive than focusing simply on prices. This change in philosophy occurred as many of our competitors implemented significant rate increases in 2011 and 2010. While we implemented a modest rate increase in 2011, we do not believe we have the headwinds that many of our competitors will face in making pricing decisions in 2012. As a result, we believe the quality of our service and the consistency of our pricing is a winning strategy that will continue to provide opportunities for us to increase tonnage and market share in 2012.

The increase in revenue during 2011, as well as productivity improvements, enabled us to leverage our fixed cost network and generate significant improvement in our operating results. Our net income increased in 2011 by \$63.8 million, or 84.4%, to \$139.5 million and our operating ratio decreased by 310 basis points to 87.6%, which is the best annual operating ratio produced in our Company's history.

Revenue

The 27.1% increase in revenue during 2011 was the result of increases in both tonnage and revenue per hundredweight. Tonnage increased 13.1% due to a 14.7% increase in shipments that was partially offset by a 1.4% decrease in weight per shipment. While a decrease in weight per shipment has historically been an indicator of weakness in the economy, we believe the decrease we experienced in 2011 was due to a decline in the number of heavier non-traditional LTL shipments, such as full-container load and truckload shipments, as a percent of our total shipments.

Revenue per hundredweight increased 12.5% to \$14.72 in 2011. This change reflects a much improved LTL pricing environment that supported our rate increases, as well as an increase in fuel surcharges. Our fuel surcharges are designed to offset fluctuations in the cost of petroleum-based products and are one of many components included in the overall price for our services. Revenue per hundredweight is a good indicator of pricing trends, but this metric is influenced by many other factors, such as changes in fuel surcharges, weight per shipment, length of haul and mix of freight; therefore, changes in revenue per hundredweight do not necessarily indicate actual changes in underlying rates. Our revenue per hundredweight, excluding fuel surcharges, increased 7.1% in 2011 but was positively influenced by the decrease in weight per shipment and an increase in length of haul.

Fuel surcharge revenue increased to 16.4% of revenue from 12.3% in 2010 due to the increased price of diesel fuel during 2011. Most of our tariffs and contracts provide for a fuel surcharge, which is recorded as additional revenue, as diesel fuel prices increase above stated levels. These levels are

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generally indexed to the DOE's published fuel prices that reset each week. The fuel surcharge is one of many components included in the overall negotiated price for our transportation services with our customers, although it is generally considered to be a measure of the increase in cost of all petroleum products we use. We regularly monitor the components of our pricing, including base freight rates and fuel surcharges. We also address any individual account profitability issues with our customers as part of our effort to minimize the negative impact on our profitability that would likely result from a rapid and significant change in any of our operating expenses.

Operating Costs and Other Expenses

Salaries, wages and benefits increased \$147.3 million or 18.2% in 2011, which compares favorably with our revenue growth of 27.1%. As a result, our salaries, wages and benefits improved to 50.8% of revenue from 54.6% in 2010. Salaries and wages, excluding benefits, increased \$109.9 million due to a 7.6% increase in the total number of full-time employees and the impact from salary and wage increases provided to our employees in September 2011 and 2010. In addition, there was an increase in performance-based compensation due to the improvement in our financial and operational results. These increases were partially offset by the improved productivity of our linehaul, P&D and platform operations that resulted from increased density and a continued focus on efficiency. Our linehaul laden load average, P&D shipments per hour and platform pounds handled per hour improved 0.3%, 1.1% and 0.1%, respectively.

Employee benefit costs increased \$37.3 million primarily due to an increase in the number of full-time employees, increased costs related to our group health plan and higher payroll-related taxes. As a percentage of salaries and wages, employee benefit costs increased slightly to 31.9% in 2011 from 31.5% in 2010. Our group health plan requires a 90-day waiting period before newly hired employees are eligible to enroll. A significant number of employees were hired in the second half 2010, and as a result, our group health costs increased as these new employees began to enroll in our plan in 2011. In addition, our group health costs increased due to changes required by the 2010 Patient Protection and Affordable Care Act, which required us to provide dependant coverage until the age of 26.

Operating supplies and expenses increased to 18.9% of revenue in 2011 from 16.5% in 2010. This increase is primarily due to the increase in diesel fuel costs, excluding fuel taxes, which is the largest component of operating supplies and expenses. These costs increased 52.8% during the year as a result of the combined effect of a 29.7% increase in our average price per gallon and a 12.7% increase in gallons consumed. The increase in fuel consumption is primarily due to a 14.7% year-over-year increase in overall miles driven that was partially offset by an improvement in our average miles per gallon. Our increased fuel consumption also resulted in an increase in our fuel tax expenses and was the principal driver of the \$7.9 million increase in Operating taxes and licenses. We do not use diesel fuel hedging instruments and are therefore subject to market price fluctuations.

Depreciation and amortization expense decreased to 4.8% of revenue in 2011 as compared to 5.4% in 2010. Although our capital expenditure requirements increased in 2011, we were able to offset the cost of these additions by utilizing the available capacity of our fleet and service center network to create operating leverage on the 13.1% increase in tonnage. Our capital expenditure plan for 2012 is projected to be higher than 2011 and, as a result, our depreciation costs will likely increase in future periods.

We purchase linehaul transportation and P&D services from other motor carriers and railroads. We also utilize independent contractors for our container operations. We utilize these services when it is economically beneficial or when there are imbalances of freight flow within our service center network. Purchased transportation expense remained consistent at 3.4% of revenue in 2011 and 2010. As it is typically more efficient and profitable for us to utilize our own personnel and equipment, we expect to continue to focus on balancing our internal resources with freight demand in an effort to reduce our use of purchased transportation in future periods.

Our effective tax rate for 2011 was 36.6% as compared to 39.2% in 2010. Our effective tax rates in 2011 and 2010 were favorably impacted by alternative fuel tax credits for the use of propane in our operations. These fuel tax credits were originally scheduled to expire on December 31, 2009; however, they were extended to December 31, 2011 with the passage of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. Our 2011 rate also includes the favorable impact of tax credits related to our investment in alternative energy-producing assets.

Table of Contents**2010 Compared to 2009**

Key financial and operating metrics for 2010 and 2009 are presented below:

	2010	2009	Change	% Change
Work days	253	253	0	0
Revenue (<i>in thousands</i>)	\$ 1,480,998	\$ 1,245,005	\$ 235,993	19.0
Operating ratio	90.7%	94.3%	(3.6)%	(3.8)
Net income (<i>in thousands</i>)	\$ 75,651	\$ 34,871	\$ 40,780	116.9
Diluted earnings per share	\$ 1.35	\$ 0.62	\$ 0.73	117.7
Total tons (<i>in thousands</i>)	5,656	4,902	754	15.4
Total shipments (<i>in thousands</i>)	6,327	5,750	577	10.0
Weight per shipment (<i>lbs.</i>)	1,788	1,705	83	4.9
Revenue per hundredweight	\$ 13.09	\$ 12.70	\$ 0.39	3.1
Revenue per shipment	\$ 234.09	\$ 216.49	\$ 17.60	8.1
Average length of haul (<i>miles</i>)	948	928	20	2.2

During 2010 we achieved significant increases in our shipments and tonnage, which accelerated during the second half of the year. We believe these increases were the result of our ability to gain market share during the year as well as general growth in U.S. industrial production and manufacturing. As industry capacity tightened in 2010, many of our competitors implemented significant rate increases. This reversed an industry trend of several years in which many of our competitors had discounted prices. While we implemented a modest general rate increase in November 2010, our pricing philosophy remained consistent with our strategy throughout the recession, which was to provide best-in-class on-time and claims-free service at a fair and equitable price.

The significant growth in our tonnage resulted in increased density in our network that generally resulted in increased efficiency and productivity. The overall improvement in our pricing during 2010, combined with the increased density, resulted in improvements in our operating results. Net income increased in 2010 by \$40.8 million, or 116.9%, to \$75.7 million and our operating ratio decreased by 360 basis points to 90.7%. Our 2010 results also reflect reductions in our depreciation and amortization expenses of approximately \$12.7 million, due to changes in the estimated useful lives and salvage values of certain equipment, which are described further under Critical Accounting Policies below.

Revenue

The 19.0% increase in revenue during 2010 was the result of increases in tonnage and revenue per hundredweight. Tonnage increased 15.4% for the year ended December 31, 2010, due to the combination of a 10.0% increase in shipments and a 4.9% increase in weight per shipment. The growth in tonnage per day and shipments per day accelerated during the second half of the year, which we believe reflects our gain in market share as well as general economic improvement. We believe the increase in our weight per shipment during this time indicated an improving economy, although we also continued to gain market share with large national shippers that typically have heavier shipments.

Revenue per hundredweight increased 3.1% to \$13.09 from \$12.70 in 2009. This increase primarily reflects an increase in fuel surcharges, which are designed to offset fluctuations in the cost of petroleum-based products and are one of many components included in the overall price for our services. Excluding fuel surcharges, revenue per hundredweight remained consistent between 2010 and 2009 despite the negative effect on this metric from the increase in weight per shipment. This consistency reflects our ability to initiate price increases during 2010. As industry conditions improved during the year, our ability to obtain price increases strengthened. We experienced improvement in the year-over-year change in revenue per hundredweight, excluding fuel surcharges, for each month during the second half of 2010 and also implemented a general rate increase on certain of our tariffs effective November 15, 2010.

Fuel surcharge revenue increased to 12.3% of revenue from 9.6% in 2009, as a result of the increased price of diesel fuel during 2010. Most of our tariffs and contracts provide for a fuel surcharge, which is recorded as additional revenue, as diesel fuel prices increase above stated levels. These levels are generally indexed to the DOE's published fuel prices that reset each week. The fuel surcharge is one

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of many components included in the overall negotiated price for our transportation services with our customers, although it is generally considered to be a measure of the increase in cost of all petroleum products we use. We regularly monitor the components of our pricing, including base freight rates and fuel surcharges. We also address individual account profitability issues with our customers when necessary as part of our effort to minimize the negative impact on our profitability that would likely result from a rapid and significant change in any of our operating expenses.

Operating Costs and Other Expenses

Salaries, wages and benefits increased \$90.1 million or 12.5 % in 2010, which compares favorably with our revenue and tonnage growth of 19.0% and 15.4%, respectively. As a result, and due to our increased reliance on purchased transportation in 2010, our salaries, wages and benefits improved to 54.6% of revenue from 57.7% in 2009. Salaries and wages increased \$76.1 million due to a 16.4% increase in the total number of full-time employees and an increase in the number of hours worked by existing employees, which was in direct response to the increase in tonnage during the year. In addition, we implemented a 2% salary and wage increase for all employees on September 3, 2010.

The increased density within our network allowed us to leverage the additional volumes at lower unit costs. Driver wages as a percentage of revenue improved to 21.7% from 23.1% in 2009 and platform wages improved to 6.6% of revenue from 6.8% in 2009. The increased density also allowed us to maintain efficient operations, although we did not experience improvement in all of our productivity measures due to the costs of hiring and training new employees. In our linehaul operations, our laden load average increased 1.5%. P&D shipments per hour remained consistent with 2009, but our P&D stops per hour decreased 0.7%.

We benefited from a decrease in employee benefit costs as a percentage of salaries and wages to 31.5% in 2010 from 33.4% in 2009. Much of this improvement is attributable to the improvement in our group health and dental costs as a percent of salaries and wages. Our group health costs were favorably impacted by a decrease in the number of claims paid for participants under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and an overall decrease in the average severity of health insurance claims. There is also a 90-day wait period before newly hired employees are eligible to enroll in our health plan and the majority of the employees hired in 2010 were hired during the second half of the year. As a result, our group health costs are likely to increase in future periods as these new employees begin to enroll in our plan.

Operating supplies and expenses increased to 16.5% of revenue in 2010 from 14.6% in 2009. This increase is primarily due to the increase in diesel fuel costs, excluding fuel taxes, which is the largest component of operating supplies and expenses. These costs increased 44.5% during the year as a result of the combined effect of a 22.7% increase in our average price per gallon and a 12.1% increase in gallons consumed. The increase in fuel consumption is primarily due to the year-over-year increase in overall miles. Our increased consumption also resulted in the increase to our fuel tax expenses and was the principal driver of the \$5.2 million increase in Operating taxes and licenses. We do not use diesel fuel hedging instruments and are therefore subject to market price fluctuations.

Depreciation and amortization expense decreased to 5.4% of revenue in 2010 as compared to 7.6% in 2009. Our capital expenditure requirements were reduced for 2010 due to the available capacity throughout the year in our fleet and service center network. The operating leverage created by our reduced capital expenditures and the 15.4% increase in tonnage contributed to the decrease in depreciation and amortization expense as a percent of revenue. The improvement as a percent of revenue also reflects the approximate \$12.7 million decrease in depreciation expense that resulted from changes in the estimated useful lives and salvage values of certain equipment, effective January 1, 2010. The changes we made are described in more detail under Critical Accounting Policies below.

We purchase linehaul transportation and P&D services from other motor carriers and railroads. We also utilize independent contractors for our container operations. We utilize these services when it is economically beneficial or when there are imbalances of freight flow within our service center network. Purchased transportation expense increased to 3.4% of revenue in 2010 from 2.7% in 2009. These costs increased primarily because of certain imbalances of freight flow within our network, which is attributable to the significant increase in our tonnage. In response to our tonnage growth, we increased our full-time headcount during 2010, the majority of which were drivers and platform employees. As we begin to balance our internal resources with freight demand, we intend to reduce our use of purchased transportation, as it is more efficient and profitable to utilize our own personnel and equipment.

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Our effective tax rate for 2010 was 39.2% as compared to 39.0% in 2009. Our effective tax rates in 2010 and 2009 were favorably impacted by alternative fuel tax credits for the use of propane in our operations. These fuel tax credits were originally scheduled to expire on December 31, 2009; however, they were extended to December 31, 2011 with the passage of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 in December 2010. Our effective tax rate exceeded the federal statutory rate of 35% primarily due to the impact of state taxes and certain non-deductible items.

Liquidity and Capital Resources

A summary of our cash flows is presented below:

<i>(In thousands)</i>	2011	2010	2009
Cash and cash equivalents at beginning of year	\$ 5,450	\$ 4,171	\$ 24,104
Cash flows provided by (used in):			
Operating activities	277,380	141,076	130,716
Investing activities	(244,778)	(104,297)	(203,724)
Financing activities	37,798	(35,500)	53,075
Increase (decrease) in cash and cash equivalents	70,400	1,279	(19,933)
Cash and cash equivalents at end of year	\$ 75,850	\$ 5,450	\$ 4,171

The changes in our cash flows provided by operating activities for the periods presented above are due primarily to the significant improvement in our results of operations, which are described above in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations *Results of Operations*. Changes in cash flows used in investing activities are primarily due to a significant increase in our capital expenditures for 2011 following a reduction of capital outlays during the uncertain economic environment in 2010. These changes in our capital expenditure program are more fully described in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations *Capital Expenditures*. Changes in cash flows provided by or used in financing activities consist of fluctuations in our senior unsecured revolving line of credit, scheduled principal payments, and debt and equity issuances during 2011. In January 2011, we completed a \$95.0 million private placement of senior notes and in March 2011 we received net proceeds of \$48.4 million resulting from the issuance of our common stock, as discussed in more detail below. A portion of the proceeds from these transactions was used to satisfy the outstanding balance on our senior unsecured revolving line of credit. Please refer to the Statements of Cash Flows included in Item 8, Financial Statements and Supplementary Data of this report for additional information regarding the changes in our cash and cash equivalents.

We have three primary sources of available liquidity: cash and cash equivalents, cash flows from operations and available borrowings under our senior unsecured revolving credit agreement, which is described below. We believe we also have sufficient access to debt and equity markets to provide another source of liquidity, if needed.

On January 3, 2011, we entered into a Note Purchase Agreement pursuant to which we issued \$95.0 million of privately-placed senior notes. We entered into this Note Purchase Agreement to fund planned capital expenditures and for general corporate purposes. We used a portion of the proceeds to refinance existing indebtedness, including paying down the outstanding balance on our senior unsecured revolving credit agreement.

To facilitate our access to the equity market, we filed an automatic shelf registration statement with the Securities and Exchange Commission (the SEC) during the fourth quarter of 2009 that provides us with the opportunity to offer and sell shares of common stock on a delayed or continuous basis at indeterminate prices from time to time. Pursuant to this automatic shelf registration, we filed a prospectus supplement and entered into an At-The-Market Equity Offering Sales Agreement on February 2, 2011 with Stifel, Nicolaus & Company, Incorporated (Stifel Nicolaus Weisel) pursuant to which we had the ability to issue and sell, from time to time over a 12-month period through or to Stifel Nicolaus Weisel,

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shares of our common stock having an aggregate offering price of up to \$100.0 million (the ATM program). From February 2, 2011 through December 31, 2011, we issued 1,516,379 shares of common stock at an average price of \$32.69 per share pursuant to the ATM program for aggregate gross proceeds of \$49.6 million and aggregate net proceeds of \$48.4 million, after deducting commissions and other transaction costs of \$1.2 million. There were no subsequent issuances pursuant to the ATM program through February 2, 2012, which was the date on which the ATM program expired.

Capital Expenditures

The table below sets forth our net capital expenditures for property and equipment, including those obtained through capital leases, for the years ended December 31, 2011, 2010 and 2009:

<i>(In thousands)</i>	Year Ended December 31,		
	2011	2010	2009
Land and structures	\$ 73,463	\$ 49,867	\$ 120,569
Tractors	69,837	35,777	33,072
Trailers	62,326	5,020	32,639
Technology	24,767	11,866	7,413
Other	28,391	5,000	17,663
Less: Proceeds from sale	(5,436)	(2,050)	(2,303)
Total	\$ 253,348	\$ 105,480	\$ 209,053

Our capital expenditure requirements are generally based upon the projected increase in the number and size of service center facilities to support our plan for long-term growth, our planned tractor and trailer replacement cycle and forecasted revenue growth. Our capital expenditures for tractors and trailers increased in 2011, as we needed equipment for anticipated growth as well as to replace equipment being retired through our normal replacement cycle. In comparison, we made use of available equipment capacity in 2010 and 2009 and were able to limit our purchases of these assets. The increase in our expenditures for other assets increased in 2011 due to increased purchases of forklifts, yard tractors and alternative energy-producing assets.

We currently estimate that capital expenditures, net of anticipated proceeds from dispositions, will be approximately \$300 million to \$350 million for the year ending December 31, 2012. Of our capital expenditures, approximately \$90 million to \$120 million is allocated for the purchase of service center facilities, construction of new service center facilities or expansion of existing service center facilities; approximately \$195 million to \$210 million is allocated for the purchase of tractors, trailers and other equipment; and approximately \$15 million to \$20 million is allocated for investments in technology. We expect to fund these capital expenditures through cash flows from operations, our existing cash and cash equivalents and the use of our senior unsecured revolving credit facility. We believe our current sources of liquidity will be sufficient to satisfy our expected capital expenditures.

We anticipate that there will be additional environmental regulations and legislation resulting from the increased regulatory focus on climate change and greenhouse gas emissions in the United States. At this time, we cannot predict the requirements of any future regulations. However, any limitations on the emission of greenhouse gases or other environmental legislation could increase our future capital expenditures and have an adverse impact on our financial condition, results of operations and liquidity.

Financing Agreements

We entered into a five-year, \$200.0 million senior unsecured revolving credit facility pursuant to the terms of a second amended and restated credit agreement on August 10, 2011 (the Credit Agreement), with Wells Fargo Bank, National Association (Wells Fargo) serving as administrative agent for the lenders. This Credit Agreement amended and restated the terms of the previous \$225.0 million amended and restated senior unsecured revolving credit facility dated August 10, 2006. Of the \$200.0 million line of credit commitments, \$150.0 million may be used for letters of credit and \$20.0 million may be used for borrowings under the Wells Fargo Sweep Plus Loan Program. We utilize the sweep program to manage our daily cash needs, as the sweep program automatically initiates borrowings to cover overnight cash requirements up to an aggregate of \$20.0 million. In addition, we have the right to request an increase in the line of credit commitments up to a total of \$300.0 million in minimum increments of \$25.0 million.

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At our option, revolving loans under the facility bear interest at either: (a) the Applicable Margin Percentage for Base Rate Loans plus the higher of Wells Fargo's prime rate, the federal funds rate plus 0.5% per annum, or the one month LIBOR Rate plus 1.0% per annum; (b) the LIBOR Rate plus the Applicable Margin Percentage for LIBOR Loans; or (c) the LIBOR Market Index Rate (LIBOR Index Rate) plus the Applicable Margin Percentage for LIBOR Market Index Loans. The Applicable Margin Percentage is determined by a pricing grid in the Credit Agreement and ranges from 1.0% to 1.875%. The Applicable Margin Percentage was 1.125% for the period this Credit Agreement was in effect during 2011. Revolving loans under the sweep program bear interest at the LIBOR Index Rate.

The Credit Agreement contains customary covenants, including financial covenants that require us to observe a maximum ratio of debt to total capital and a minimum fixed charge coverage ratio. Any future wholly-owned subsidiaries of Old Dominion would be required to guarantee payment of all of our obligations under the facility. The amounts outstanding and remaining borrowing capacity under our revolving credit facilities are presented below:

<i>(In thousands)</i>	December 31,	
	2011	2010
Facility limit	\$ 200,000	\$ 225,000
Line of credit borrowings	0	(66,230)
Outstanding letters of credit	(49,878)	(49,605)
 Total borrowing capacity	 \$ 150,122	 \$ 109,165

Commitment fees ranging from 0.175% to 0.30% are charged quarterly in arrears on the aggregate unutilized portion of the Credit Agreement. Letter of credit fees equal to the applicable margin for Adjusted LIBOR Rate loans are charged quarterly in arrears on the daily average aggregate stated amount of all letters of credit outstanding during the quarter. The commitment fees and letter of credit fees were 0.20% and 1.125%, respectively, for the period the Credit Agreement was in effect during 2011. In addition, a facing fee at an annual rate of 0.125% is charged quarterly in arrears on the daily average aggregate stated amount of all letters of credit outstanding during such quarter.

We have three outstanding unsecured senior note agreements with an aggregate amount outstanding of \$262.9 million at December 31, 2011. These notes call for periodic principal payments with maturities that range from 2015 to 2021, of which \$35.7 million is due in the next twelve months. Interest rates on these notes are fixed and range from 4.00% to 5.85%. The effective average interest rate on our outstanding senior note agreements was 5.17% and 5.54% at December 31, 2011 and 2010, respectively.

With the exception of borrowings pursuant to the Credit Agreement, interest rates are fixed on all of our debt instruments. Therefore, short-term exposure to fluctuations in interest rates is limited to our line of credit facility. We do not currently use interest rate derivative instruments to manage exposure to interest rate changes.

Our Credit Agreement limits the amount of dividends that could be paid to shareholders to the greater of (i) \$20.0 million, (ii) the amount of dividends paid in the immediately preceding fiscal year, or (iii) an amount equal to 25% of net income from the immediately preceding fiscal year. We did not declare or pay a dividend on our common stock in 2011 or 2010, and we have no plans to declare or pay a dividend in 2012.

A significant decrease in demand for our services could limit our ability to generate cash flow and affect profitability. Most of our debt agreements have covenants that require stated levels of financial performance, which if not achieved could cause acceleration of the payment schedules. As of December 31, 2011, we were in compliance with these covenants. We do not anticipate a significant decline in business levels or financial performance that would cause us to violate any such covenants in the future, and we believe the combination of our existing Credit Agreement along with our additional borrowing capacity will be sufficient to meet foreseeable seasonal and long-term capital needs.

Table of Contents**Common Stock Split**

On July 30, 2010, our Board of Directors approved a three-for-two common stock split for shareholders of record as of the close of business on August 9, 2010. On August 23, 2010, those shareholders received one additional share of common stock for every two shares owned. In lieu of fractional shares, shareholders received a cash payment based on the average of the high and low sales prices of the common stock on the record date.

All references in this report to shares outstanding, weighted average shares outstanding and earnings per share amounts have been restated retroactively to reflect this stock split.

Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2011:

Contractual Obligations ⁽¹⁾ (In thousands)	Total	Payments due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt obligations, exclusive of interest	\$ 262,857	\$ 35,715	\$ 71,428	\$ 60,714	\$ 95,000
Capital lease obligations, exclusive of interest	6,328	3,639	2,689	0	0
Operating lease obligations	73,312	16,256	22,121	11,319	23,616
Purchase obligations	55,138	55,138	0	0	0
Total	\$ 397,635	\$ 110,748	\$ 96,238	\$ 72,033	\$ 118,616

⁽¹⁾ Contractual obligations include long-term debt consisting of senior notes totaling \$262.9 million; capital lease obligations for computer equipment; operating leases consisting primarily of real estate leases; and purchase obligations relating to non-cancellable purchase orders for equipment scheduled for delivery in 2012. Please refer to the information regarding interest rates and the balance on our revolving credit facility in this section above and also in Note 2 to the Financial Statements included in Item 8 of this report.

Critical Accounting Policies

In preparing our financial statements, we apply the following critical accounting policies that we believe affect our judgments and estimates of amounts recorded in certain assets, liabilities, revenue and expenses. These critical accounting policies are further described in Note 1 of the Notes to the Financial Statements included in Item 8 of this report.

Revenue Recognition

We recognize revenue based upon when our transportation services have been completed in accordance with the bill of lading contract, our general tariff provisions or contractual agreements with our customers. Generally, this occurs when we complete the delivery of a shipment. For transportation services not completed at the end of a reporting period, we use a percentage of completion method to allocate the appropriate revenue to each separate reporting period. Under this method, we develop a factor for each uncompleted shipment by dividing the actual number of days in transit at the end of a reporting period by that shipment's standard delivery time schedule. This factor is applied to the total revenue for that shipment and revenue is allocated between reporting periods accordingly.

Allowances for Uncollectible Accounts and Revenue Adjustments

We maintain an allowance for uncollectible accounts for estimated losses resulting from the inability of our customers to make required payments. We estimate this allowance by analyzing the aging of our customer receivables, our historical loss experience and other trends and

factors affecting the credit risk

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of our customers. We determine customer receivables to be past due when payment has not been received by the invoice due date. Write-offs occur when we determine an account to be uncollectible and could differ from our allowance estimate as a result of factors such as changes in the overall economic environment or risks surrounding our customers. Additional allowances may be required if the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments. We periodically review the underlying assumptions in our estimate of the allowance for uncollectible accounts to ensure that the allowance reflects the most recent trends and factors.

We also maintain an allowance for estimated revenue adjustments resulting from future billing corrections, customer allowances, money-back service guarantees and other miscellaneous revenue adjustments. These revenue adjustments are recorded in our revenue from operations. We use historical experience, trends and current information to update and evaluate these estimates.

Management believes the methodologies for estimating these allowances to be reliable based on the accuracy of our estimates in prior periods. As such, we do not anticipate any near-term changes in our methodologies for these estimates.

Claims and Insurance Accruals

Claims and insurance accruals reflect the estimated cost of claims for cargo loss and damage, BIPD, workers' compensation, long-term disability, group health and dental not covered by insurance. The related costs are charged to insurance and claims expense except for workers' compensation, long-term disability, group health and dental, which are charged to employee benefits expense.

Insurers providing excess coverage above retention levels adjust their premiums to cover insured losses and for other market factors. As a result, we periodically evaluate our self-insured retention levels to determine the most cost-efficient balance between self-insurance and excess coverage.

In establishing accruals for claims and insurance expenses, we evaluate and monitor each claim individually, and we use factors such as historical claims development experience, known trends and third-party estimates to determine the appropriate reserves for potential liability. We believe the assumptions and methods used to estimate these liabilities are reasonable; however, any changes in the severity of previously-reported claims, significant changes in the medical costs and regulatory changes affecting the administration of our plans could significantly impact the determination of appropriate reserves in future periods.

Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated economic lives. Management uses historical experience, certain assumptions and estimates in determining the economic life of each asset. Periodically, we review property and equipment for impairment due to changes in operational and market conditions, and we adjust the carrying value and economic life of any impaired asset as appropriate.

Effective January 1, 2010, estimated economic lives for structures are 7 to 30 years; revenue equipment is 4 to 15 years; other equipment is 2 to 20 years; and leasehold improvements are the lesser of the economic life of the leasehold improvement or the remaining life of the lease. The use of different assumptions, estimates or significant changes in the resale market for our equipment could result in material changes in the carrying value and related depreciation of our assets.

During the first quarter of 2010, we completed an evaluation of the estimated useful lives and salvage values for our equipment and determined that the actual period of service of certain revenue equipment exceeded that of our previously estimated useful lives. As a result, we extended the estimated useful lives of most of our tractors to 9 years from 7 years and extended the estimated useful lives of our trailers to 15 years from 12 years. In addition, we reduced the estimated salvage values associated with this equipment to more accurately reflect the value we believe such equipment will have at the end of its respective useful life. We made similar changes to the estimated useful lives and salvage values for certain of our other equipment but the results of these changes had less of an impact on our future depreciation expense. As a result of the impact on depreciation from these changes that were effective January 1, 2010, income from continuing operations and net income in 2010 increased by approximately \$12.7 million and \$7.7 million, respectively.

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Inflation

Most of our expenses are affected by inflation, which typically results in increased operating costs. In response to fluctuations in the cost of petroleum products, particularly diesel fuel, we generally include a fuel surcharge in our tariffs and contractual agreements. The fuel surcharge is designed to offset the cost of diesel fuel above a base price and increases as diesel fuel prices escalate over the base, which is generally indexed to the DOE's published fuel prices that reset each week. Volatility in the price of diesel fuel, independent of inflation, has impacted our business, as described in this report. However, we do not believe inflation has had a material effect on our results of operations for each of the past three years.

Related Person Transactions

Family Relationships

Each of Earl E. Congdon, John R. Congdon, David S. Congdon and John R. Congdon, Jr. are related to one another and served in various executive management positions and/or on our Board of Directors during 2011. We have entered into amended and restated employment agreements with Earl E. Congdon, John R. Congdon and David S. Congdon, which are incorporated by reference as exhibits to our Annual Report on Form 10-K. We regularly disclose the amount of compensation that we pay to these individuals in the proxy statement for our Annual Meeting of Shareholders.

Transactions with Old Dominion Truck Leasing, Inc.

Old Dominion Truck Leasing, Inc. (Leasing) is a North Carolina corporation whose voting stock is owned by an Earl E. Congdon Revocable Trust; the John R. Congdon Revocable Trust; and members of Earl E. Congdon's and John R. Congdon's families. Leasing is primarily engaged in the business of purchasing and leasing tractors, trailers and other vehicles. John R. Congdon is Chairman of the Board of Leasing, and Earl E. Congdon is Vice Chairman of the Board of Leasing. Since 1986, we have combined our requirements with Leasing for the purchase of tractors, trailers, equipment, parts, tires and fuel. We believe that the termination of this arrangement would not have a material adverse impact on our financial results.

We purchased \$278,000, \$242,000 and \$231,000 of maintenance and other services from Leasing in 2011, 2010 and 2009, respectively. We believe that the prices we pay for such services are no more than what would be charged by unaffiliated third parties for the same quality of work, and we intend to continue to purchase maintenance and other services from Leasing, provided that Leasing's prices continue to be favorable to us.

We also paid Leasing \$86,000 and \$114,000 for leased equipment in 2010 and 2009, respectively. These payments were for long-term leases for tractors used in our linehaul operations. We received no commission or other financial benefit from Leasing or any other party in connection with these lease transactions. We did not lease any equipment from Leasing in 2011.

We charged Leasing \$18,000, \$17,000 and \$12,000 for the rental of property in 2011, 2010 and 2009, respectively. No other services were provided to Leasing for the years ended December 31, 2011, 2010 and 2009.

Split Dollar Life Insurance Policies

We are the owner of two split-dollar life insurance contracts insuring the life of John R. Congdon. The net cash surrender value for these policies was \$6.6 million and \$6.3 million at December 31, 2011 and 2010, respectively, and is included on our Balance Sheets under the caption "Other assets." At December 31, 2011, these policies provided for an aggregate of \$8.7 million in net death benefits due to the Company, of which we have endorsed \$2.0 million to Mr. Congdon's children.

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Audit Committee Approval

The Audit Committee of our Board of Directors reviewed and approved all of the related person transactions described above in accordance with our Related Person Transactions Policy.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position, results of operations and cash flows due to adverse changes in financial market prices and rates.

We are exposed to interest rate risk directly related to loans, if any, under our Credit Agreement, which have variable interest rates. A 100 basis point increase in the average interest rate on this agreement would have no material effect on our operating results. We have established policies and procedures to manage exposure to market risks and use major institutions that we believe are creditworthy to minimize credit risk.

We are exposed to market risk for equity investments relating to Company-owned life insurance contracts on certain employees. At December 31, 2011, the cash value for variable life insurance contracts was \$17.2 million of the \$27.6 million of aggregate cash values for all life insurance contracts included on our Balance Sheets. Variable life insurance contracts expose us to fluctuations in equity markets; however, we utilize a third-party to manage these assets and minimize that exposure. A 10% change in market value in those investments would have a \$1.7 million impact on our operating income.

We are exposed to market risk for awards granted under the Old Dominion Freight Line, Inc. Phantom Stock Plan and the Old Dominion Freight Line, Inc. Director Phantom Stock Plan. The liability for the unsettled outstanding awards is remeasured at the end of each reporting period based on the closing price of our common stock at that date. At December 31, 2011, the total liability for awards granted under the Old Dominion Freight Line, Inc. Phantom Stock Plan and the Old Dominion Freight Line, Inc. Director Phantom Stock Plan totaled \$10.9 million. A 10% change in the price of our common stock at December 31, 2011 would have had a \$1.1 million impact on our operating income in 2011 with respect to these plans.

We are also exposed to commodity price risk related to diesel fuel prices and manage our exposure to that risk primarily through the application of fuel surcharges.

For further discussion related to these risks, see Note 2 to the Financial Statements included in Item 8, Financial Statements and Supplementary Data and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

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<i>(In thousands, except share data)</i>	December 31,	
	2011	2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 75,850	\$ 5,450
Customer receivables, less allowances of \$9,173 and \$8,475, respectively	213,481	172,989
Other receivables	4,441	7,711
Prepaid expenses and other current assets	18,614	17,766
Deferred income taxes	19,466	18,666
Total current assets	331,852	222,582
Property and equipment:		
Revenue equipment	789,984	701,648
Land and structures	738,359	667,917
Other fixed assets	214,816	170,533
Leasehold improvements	5,773	4,421
Total property and equipment	1,748,932	1,544,519
Less: Accumulated depreciation	(621,982)	(580,303)
Net property and equipment	1,126,950	964,216
Goodwill	19,463	19,463
Other assets	34,809	33,620
Total assets	\$ 1,513,074	\$ 1,239,881
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 42,096	\$ 29,221
Compensation and benefits	66,740	51,355
Claims and insurance accruals	35,934	33,927
Other accrued liabilities	20,686	18,413
Current maturities of long-term debt	39,354	37,130
Total current liabilities	204,810	170,046
Long-term debt	229,831	234,087
Other non-current liabilities	86,998	76,331
Deferred income taxes	134,916	90,768
Total long-term liabilities	451,745	401,186
Commitments and contingent liabilities	0	0
Total liabilities	656,555	571,232
Shareholders equity	5,744	5,593

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Common stock - \$0.10 par value, 70,000,000 shares authorized, 57,443,324 and 55,926,945 shares outstanding at December 31, 2011 and 2010, respectively		
Capital in excess of par value	137,275	89,026
Retained earnings	713,500	574,030
Total shareholders' equity	856,519	668,649
Total liabilities and shareholders' equity	\$ 1,513,074	\$ 1,239,881

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

Table of Contents**OLD DOMINION FREIGHT LINE, INC.****STATEMENTS OF OPERATIONS**

<i>(In thousands, except share and per share data)</i>	Year Ended December 31,		
	2011	2010	2009
Revenue from operations	\$ 1,882,541	\$ 1,480,998	\$ 1,245,005
Operating expenses:			
Salaries, wages and benefits	956,079	808,819	718,744
Operating supplies and expenses	355,186	244,291	181,329
General supplies and expenses	49,900	41,580	35,013
Operating taxes and licenses	63,284	55,420	50,175
Insurance and claims	27,693	25,329	23,095
Communications and utilities	18,104	15,218	14,614
Depreciation and amortization	90,820	80,362	94,784
Purchased transportation	63,257	50,489	33,786
Building and office equipment rents	13,689	15,244	14,900
Miscellaneous expenses, net	10,457	6,507	8,174
Total operating expenses	1,648,469	1,343,259	1,174,614
Operating income	234,072	137,739	70,391
Non-operating expense (income):			
Interest expense	14,067	12,613	13,041
Interest income	(180)	(148)	(43)
Other expense, net	101	848	228
Total non-operating expense	13,988	13,313	13,226
Income before income taxes	220,084	124,426	57,165
Provision for income taxes	80,614	48,775	22,294
Net income	\$ 139,470	\$ 75,651	\$ 34,871
Earnings per share:			
Basic	\$ 2.44	\$ 1.35	\$ 0.62
Diluted	\$ 2.44	\$ 1.35	\$ 0.62
Weighted average shares outstanding:			
Basic	57,146,486	55,926,988	55,927,013
Diluted	57,146,486	55,926,988	55,927,013

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

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OLD DOMINION FREIGHT LINE, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(In thousands)</i>	Common Stock		Capital in Excess of Par Value	Retained Earnings	Total
	Shares	Amount			
Balance as of December 31, 2008	55,927	\$ 5,593	\$ 89,028	\$ 463,508	\$ 558,129
Net income	0	0	0	34,871	34,871
Balance as of December 31, 2009	55,927	\$ 5,593	\$ 89,028	\$ 498,379	\$ 593,000
Net income	0	0	0	75,651	75,651
Purchase of fractional shares	0	0	(2)	0	(2)
Balance as of December 31, 2010	55,927	\$ 5,593	\$ 89,026	\$ 574,030	\$ 668,649
Issuance and sale of common stock	1,516	151	48,249	0	48,400
Net income	0	0	0	139,470	139,470