OLD DOMINION FREIGHT LINE INC/VA
Form 10-Q
May 09, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 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)

VIRGINIA	**56-0751714**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

500 Old Dominion Way

Thomasville, NC 27360

(Address of principal executive offices)

(Zip Code)

(336) 889-5000

(Registrant s telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

As of May 9, 2011 there were 57,443,324 shares of the registrant s Common Stock ($0.10 par value) outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

OLD DOMINION FREIGHT LINE, INC.

CONDENSED BALANCE SHEETS

(In thousands, except share and per share data)	**March 31, 2011 (Unaudited)**	**December 31, 2010**
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 88,143**	$ 5,450
Customer receivables, less allowances of $9,433 and $8,475, respectively	**196,694**	172,989
Other receivables	**1,907**	7,711
Prepaid expenses	**21,966**	17,766
Deferred income taxes	**21,627**	18,666
Total current assets	**330,337**	222,582
Property and equipment:		
Revenue equipment	**729,271**	701,648
Land and structures	**676,862**	667,917
Other fixed assets	**179,909**	170,533
Leasehold improvements	**4,455**	4,421
Total property and equipment	**1,590,497**	1,544,519
Accumulated depreciation	**(589,923)**	(580,303)
Net property and equipment	**1,000,574**	964,216
Goodwill	**19,463**	19,463
Other assets	**33,528**	33,620
Total assets	**$ 1,383,902**	$ 1,239,881

Note: The Condensed Balance Sheet at December 31, 2010 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

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

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OLD DOMINION FREIGHT LINE, INC.

CONDENSED BALANCE SHEETS

(CONTINUED)

(In thousands, except share and per share data)	**March 31, 2011 (Unaudited)**	**December 31, 2010**
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	**$ 48,929**	$ 29,221
Compensation and benefits	**71,121**	51,355
Claims and insurance accruals	**34,335**	33,927
Other accrued liabilities	**20,459**	18,413
Income taxes payable	**15,421**	0
Current maturities of long-term debt	**36,773**	37,130
Total current liabilities	**227,038**	170,046
Long-term liabilities:		
Long-term debt	**252,143**	234,087
Other non-current liabilities	**77,016**	76,331
Deferred income taxes	**89,083**	90,768
Total long-term liabilities	**418,242**	401,186
Commitments and contingent liabilities	**0**	0
Total liabilities	**645,280**	571,232
Shareholders equity:		
Common stock - $0.10 par value, 70,000,000 shares authorized, 57,443,324 shares outstanding at March 31, 2011 and 55,926,945 outstanding at December 31, 2010	**5,744**	5,593
Capital in excess of par value	**137,275**	89,026
Retained earnings	**595,603**	574,030
Total shareholders equity	**738,622**	668,649
Total liabilities and shareholders equity	**$ 1,383,902**	$ 1,239,881

Note: The Condensed Balance Sheet at December 31, 2010 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

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

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OLD DOMINION FREIGHT LINE, INC.

CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except share and per share data)	**Three Months Ended March 31, 2011**	**2010**
Revenue from operations	**$ 422,679**	$ 317,795
Operating expenses:		
Salaries, wages and benefits	**221,498**	180,801
Operating supplies and expenses	**82,633**	52,680
General supplies and expenses	**11,566**	9,572
Operating taxes and licenses	**15,529**	13,003
Insurance and claims	**7,192**	5,425
Communications and utilities	**4,550**	3,775
Depreciation and amortization	**21,121**	21,551
Purchased transportation	**14,290**	9,224
Building and office equipment rents	**3,387**	3,875
Miscellaneous expenses, net	**2,992**	1,514
Total operating expenses	**384,758**	301,420
Operating income	**37,921**	16,375
Non-operating expense (income):		
Interest expense	**3,876**	3,518
Interest income	**(19)**	(52)
Other (income) expense, net	**(1,418)**	73
Total non-operating expense	**2,439**	3,539
Income before income taxes	**35,482**	12,836
Provision for income taxes	**13,909**	5,135
Net income	**$ 21,573**	$ 7,701
Earnings per share:		
Basic	**$ 0.38**	$ 0.14
Diluted	**$ 0.38**	$ 0.14
Weighted average shares outstanding:		
Basic	**56,255,970**	55,927,013
Diluted	**56,255,970**	55,927,013

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

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OLD DOMINION FREIGHT LINE, INC.

CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)	Three Months Ended March 31, 2011	2010
Cash flows from operating activities:		
Net income	**$ 21,573**	$ 7,701
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**21,121**	21,551
Loss (gain) on sale of property and equipment	**517**	(171)
Deferred income taxes	**(4,646)**	(5,023)
Changes in assets and liabilities, net	**35,242**	10,984
Net cash provided by operating activities	**73,807**	35,042
Cash flows from investing activities:		
Purchase of property and equipment	**(58,450)**	(27,453)
Proceeds from sale of property and equipment	**1,237**	354
Other investing activities, net	**0**	(6,450)
Net cash used in investing activities	**(57,213)**	(33,549)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	**95,000**	0
Principal payments under long-term debt agreements	**(11,071)**	(11,148)
Net (payments) proceeds from revolving line of credit	**(66,230)**	14,953
Proceeds from stock issuance, net of issuance costs	**48,400**	0
Net cash provided by financing activities	**66,099**	3,805
Increase in cash and cash equivalents	**82,693**	5,298
Cash and cash equivalents at beginning of period	**5,450**	4,171
Cash and cash equivalents at end of period	**$ 88,143**	$ 9,469
Supplemental disclosure of noncash investing activities:		
Fair value of property exchanged	**$ 0**	$ 1,191

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

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Significant Accounting Policies

Basis of Presentation

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

The preparation of condensed financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The results of operations for the interim period ended March 31, 2011 are not necessarily indicative of the results that may be expected for subsequent quarterly periods or the year ending December 31, 2011.

The condensed financial statements should be read in conjunction with the financial statements and related footnotes, which appear in our Annual Report on Form 10-K for the year ended December 31, 2010. For comparability, certain reclassifications were made to conform prior-period financial statements to the current presentation.

There have been no significant changes in the accounting principles and policies, long-term contracts or estimates inherent in the preparation of the condensed financial statements of Old Dominion Freight Line, Inc. as previously described in our Annual Report on Form 10-K for the year ended December 31, 2010.

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

Fair Values of Financial Instruments

At March 31, 2011 and December 31, 2010, the carrying values of financial instruments, such as cash and cash equivalents, customer and other receivables and trade payables, approximates their fair value due to the short maturities of these instruments. The cash surrender value relating to Company-owned life insurance contracts is included in Other assets on our Balance Sheets and totaled $26.3 million and $25.8 million at March 31, 2011 and December 31, 2010, respectively, which approximates fair value as determined by quoted market prices. The fair value of the senior notes included in our long-term debt was estimated to be $286.7 million and $212.3 million at March 31, 2011 and December 31, 2010, respectively. The fair value of these senior notes is based on undiscounted cash flows at market interest rates for similar issuances of private debt.

Earnings Per Share

Earnings per common share is computed using the weighted average number of common shares outstanding during the period.

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, these 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.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

Note 2. Long-Term Debt

Long-term debt consisted of the following:

(In thousands)	**March 31, 2011**	December 31, 2010
Senior notes	**$ 287,857**	$ 203,572
Revolving credit facility	**0**	66,230
Capitalized lease obligations	**1,059**	1,415
Total long-term debt	**288,916**	271,217
Less: Current maturities	**(36,773)**	(37,130)
Total maturities due after one year	**$ 252,143**	$ 234,087

We have three outstanding unsecured senior note agreements with an aggregate amount outstanding of $287.9 million at March 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 5.19% and 5.54% at March 31, 2011 and December 31, 2010, respectively.

Included in our senior notes is $95.0 million related to a Note Purchase Agreement by and among the Company and the Purchasers dated as of January 3, 2011. Under this agreement, we issued $50.0 million of privately-placed Senior Notes, Tranche A (the Tranche A Notes) and $45.0 million of privately-placed Senior Notes, Tranche B (the Tranche B Notes and, together with the Tranche A Notes, the Notes) on January 3, 2011. The Notes are unsecured and rank equally in right of repayment with the Company s other senior unsecured indebtedness. The Tranche A Notes mature on January 3, 2018. The Company will pay interest on the unpaid balance of the Tranche A Notes at the rate of 4.00% per annum from the date of issuance. The Tranche B Notes mature on January 3, 2021. The Company will pay interest on the unpaid balance of the Tranche B Notes at the rate of 4.79% per annum from the date of issuance. The Company used a portion of the proceeds of the issuance of the Notes to refinance existing indebtedness, including paying down the outstanding balance on the Credit Agreement, and expects to use the remaining proceeds for planned capital expenditures and general corporate purposes.

We have a five-year, $225.0 million senior unsecured revolving credit facility pursuant to the terms of an amended and restated credit agreement dated August 10, 2006 (the Credit Agreement), with Wells Fargo Bank, National Association as successor by merger to Wachovia Bank, National Association (Wells Fargo) serving as administrative agent for the lenders. Of the $225.0 million line of credit commitments, $150.0 million may be used for letters of credit and $15.0 million may be used for borrowings under Wells Fargo s sweep program. The sweep program is a daily cash management tool that automatically initiates borrowings to cover overnight cash requirements up to an aggregate of $15.0 million or initiates overnight investments for excess cash balances. 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. At our option, revolving loans under the facility bear interest at either: (a) the higher of Wells Fargo s prime rate or the federal funds rate plus 0.5% per annum; (b) LIBOR (one, two, three or six months) plus an applicable margin; or (c) one-month LIBOR plus an applicable margin (LIBOR Index Rate). The applicable margin is determined by a pricing grid in the Credit Agreement and ranges from 0.5% to 1.125%. The applicable margin for the Credit Agreement during the three months ended March 31, 2011, was 0.625%. Revolving loans under the sweep program bear interest at the LIBOR Index Rate.

There was no outstanding balance on the line of credit facility at March 31, 2011. The outstanding balance of borrowings on the line of credit facility was $66.2 million at December 31, 2010. There were $49.6 million of outstanding letters of credit at March 31, 2011 and December 31, 2010.

Note 3. Shareholders Equity

The Company 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 it has the ability to issue and sell, from time to time over a 12-month period through or to Stifel Nicolaus Weisel, shares of its common stock having an aggregate offering price of up to $100.0 million (the ATM program). Set forth below is information regarding the Company s ATM program from February 2, 2011 through March 31, 2011.

Period	Aggregate Number of Shares Sold	Aggregate Gross Proceeds	Aggregate Net Proceeds	Average Sales Price Per Share
First quarter 2011	1,516,379	$ 49,575,000	$ 48,400,000	$ 32.69

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

Note 4. Commitments and Contingencies

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 or results of operations.

Note 5. Subsequent Events

Management evaluated all subsequent events and transactions through the issuance date of these financial statements, and concluded that no subsequent events or transactions have occurred that require recognition or disclosure in our financial statements.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

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

We are a leading less-than-truckload (LTL), non-union motor carrier providing regional, inter-regional and national LTL service and value-added logistics services from a single integrated organization. In addition to our 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. 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. More than 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.

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 this deferred revenue 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, pickup and delivery (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 revenue 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 repairs; and depreciation of our equipment

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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.

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

	Three Months Ended March 31, 2011	2010
Revenue from operations	**100.0%**	100.0%
Operating expenses:		
Salaries, wages and benefits	**52.4**	56.9
Operating supplies and expenses	**19.5**	16.5
General supplies and expenses	**2.7**	3.0
Operating taxes and licenses	**3.7**	4.1
Insurance and claims	**1.7**	1.7
Communications and utilities	**1.1**	1.2
Depreciation and amortization	**5.0**	6.8
Purchased transportation	**3.4**	2.9
Building and office equipment rents	**0.8**	1.2
Miscellaneous expenses, net	**0.7**	0.5
Total operating expenses	**91.0**	94.8
Operating income	**9.0**	5.2
Interest expense, net *	**0.9**	1.1
Other (income) expense, net	**(0.3)**	0
Income before income taxes	**8.4**	4.1
Provision for income taxes	**3.3**	1.7
Net income	**5.1%**	2.4%

* For the purpose of this table, interest expense is presented net of interest income.

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Results of Operations

Key financial and operating metrics for the three-month periods ended March 31, 2011 and 2010 are presented below:

	Three Months Ended March 31, 2011	2010	Change	% Change
Work days	**64**	63	1	1.6 %
Revenue *(in thousands)*	**$ 422,679**	$ 317,795	$ 104,884	33.0 %
Operating ratio	**91.0%**	94.8%	(3.8)%	(4.0)%
Net income *(in thousands)*	**$ 21,573**	$ 7,701	$ 13,872	180.1 %
Diluted earnings per share	**$ 0.38**	$ 0.14	$ 0.24	171.4 %
Total tons *(in thousands)*	**1,499**	1,246	253	20.3 %
Shipments *(in thousands)*	**1,710**	1,414	296	20.9 %
Weight per shipment *(lbs.)*	**1,753**	1,763	(10)	(0.6)%
Revenue per hundredweight	**$ 14.27**	$ 12.84	$ 1.43	11.1 %
Revenue per shipment	**$ 250.21**	$ 226.37	$ 23.84	10.5 %
Average length of haul *(miles)*	**961**	954	7	0.7 %

During the first quarter of 2011, we experienced significant tonnage growth and improvement in our pricing, which included an increase in fuel surcharges. The combination of these factors resulted in a 33.0% increase in revenue from the prior-year quarter. The 20.3% increase in our tonnage was the third consecutive quarter in which our tonnage growth exceeded 20% over the prior-year comparative quarter. This growth is attributable to increased market share as well as a general improvement in the U.S. economy. We believe we can continue to gain market share by offering shippers best-in-class on-time and claims-free service at fair and equitable prices. In addition, we believe our brand recognition is improving as a result of service-related awards and increased marketing and advertising.

The significant growth in our revenue resulted in improved density within our existing service center network. This increased revenue and improved density, when combined with our focus on productivity and efficient operations, translated into a significant improvement in our operating results. As a result, our operating ratio improved to 91.0% in the first quarter of 2011 from 94.8% in the prior-year quarter and our net income increased $13.9 million, or 180.1%, to $21.6 million in the first quarter of 2011. These results represent the fifth consecutive quarter with improvement in our operating ratio and fourth consecutive quarter with net income growth in excess of 100%, all over the prior-year comparable quarters.

Revenue

Our revenue increased 33.0% to $422.7 million from $317.8 million in the first quarter of 2010, primarily resulting from increases in both tonnage and revenue per hundredweight. Tonnage increased 20.3% for the three months ended March 31, 2011 when compared to the same period of 2010. The increase in tonnage was primarily due to a 20.9% increase in the number of shipments that was partially offset by a 0.6% decrease in weight per shipment.

Revenue per hundredweight increased 11.1% to $14.27 from $12.84 in the first quarter of 2010. This increase primarily reflects an improving pricing environment that allowed us to improve our pricing on contractual accounts and implement a general rate increase on our base rates and minimum charges on certain tariffs in November 2010. The improvement in this metric also reflects the significant 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. Fuel surcharge revenue increased to 15.5% of revenue in the first quarter of 2011 from 11.6% in the same period of 2010 due to a significant increase in diesel fuel prices. Excluding fuel surcharges, revenue per hundredweight increased 6.4% from the first quarter of 2010. Our revenue per hundredweight metrics also benefited from a 0.7% increase in our length of haul and a 0.6% decrease in weight per shipment.

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Operating Costs and Other Expenses

Salaries, wages and benefits increased $40.7 million or 22.5% from the first quarter of 2010, which compares favorably to our 33.0% increase in revenue. As a result, these costs decreased to 52.4% of revenue for the first quarter of 2011 from 56.9% for the first quarter of 2010. Salaries and wages, excluding benefits, increased $33.4 million due primarily to an 18.3% increase in the total number of full-time employees to support our tonnage growth and the impact of a 2% wage increase provided to our employees in September 2010. Compared to the first quarter of 2010, driver wages improved as a percent of revenue to 20.6% from 22.3% and platform wages improved to 6.2% of revenue from 6.7%.

The increased density within our network allowed us to maintain efficient operations during the first quarter of 2011, although the harsh winter weather negatively impacted certain aspects of our operations. The additional costs to recruit and train new employees to support our growth also negatively impacted our productivity. Despite these factors, our linehaul laden load average increased 0.5% as compared to the first quarter of 2010, and P&D shipments per hour increased 0.6% over the same period. However, we experienced quarter-over-quarter decreases in our P&D stops per hour and platform pounds per hour of 2.0% and 4.9%, respectively.

Our benefit costs increased $7.3 million as compared to the first quarter of 2010 primarily due to the increase in the number of full-time employees that are eligible for our benefits. These costs improved as a percent of salaries and wages, however, to 32.5% in the first quarter of 2011 from 35.1% in the comparable period of 2010 as a result of improved experience in our group health and dental costs.

Operating supplies and expenses increased to 19.5% of revenue for the first quarter of 2011 from 16.5% for the prior-year quarter. The increase is primarily due to a 63.1% increase in our diesel fuel costs, excluding fuel taxes, which is the largest component of operating supplies and expenses. The increase in these costs is due to the combined effect of a 29.1% increase in the average price per gallon of diesel fuel and a 20.4% increase in gallons consumed as compared to the first quarter of 2010. The increase in fuel consumption is attributable to the year-over-year increase in overall miles driven. Our increased fuel consumption also resulted in an increase in our fuel tax expenses and was the principal driver of the $2.5 million increase in Operating taxes and licenses. We do not use diesel fuel hedging instruments and are therefore subject to market price fluctuations.

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 increased to 3.4% of revenue from 2.9% for the first quarter of 2010. These costs increased due to certain imbalances of freight flow within our network, which resulted from the significant increase in tonnage and disruptions in freight flows caused by severe weather throughout the quarter.

Miscellaneous expenses, net increased $1.5 million from the first quarter of 2010 primarily due to a $1.1 million increase in our bad debt expense. This increase can be attributed to the significant increase in our accounts receivable for the first quarter of 2011 caused by our revenue growth as compared to the growth of our receivables during the first quarter of 2010.

The change in other (income) expense, net resulted from a $1.6 million gain in the first quarter of 2011 as a result of the receipt of proceeds from two life insurance policies insuring the life of John B. Yowell, who served as our Executive Vice President and Chief Operating Officer until his death on December 30, 2010.

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Our effective tax rate was 39.2% for the first quarter of 2011, as compared to 40.0% for the first quarter of 2010. The effective tax rate exceeded the federal statutory rate of 35% primarily due to the impact of state taxes and, to a lesser extent, certain non-deductible items.

Liquidity and Capital Resources

A summary of our cash flows is presented below:

	Three Months Ended March 31,	
(In thousands)	**2011**	**2010**
Cash and cash equivalents at beginning of period	**$ 5,450**	$ 4,171
Cash flows provided by (used in):		
Operating activities	**73,807**	35,042
Investing activities	**(57,213)**	(33,549)
Financing activities	**66,099**	3,805
Increase in cash and cash equivalents	**82,693**	5,298
Cash and cash equivalents at end of period	**$ 88,143**	$ 9,469

We have three primary sources of available liquidity to fund our estimated capital expenditures: 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. In addition, 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 have the ability to issue and sell, from time to time over a 12-month period through or to Stifel Nicolaus Weisel, shares of our common stock having an aggregate offering price of up to $100.0 million (the ATM program). From February 2, 2011 through March 31, 2011, we issued 1,516,379 shares of common stock at an average sales 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 have been no subsequent issuances pursuant to the ATM program through the date of this Quarterly Report on Form 10-Q. We may not, however, always be able to obtain additional financing through the ATM program on terms acceptable to us.

Capital Expenditures

Our capital expenditure requirements are generally based upon expansion 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. These requirements can vary widely from year to year depending upon our needs for and the availability of property and equipment. We used $58.5 million to purchase property and equipment during the first quarter of 2011.

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The table below sets forth our capital expenditures for property and equipment, including capital assets obtained through acquisition of business assets and capital leases, for the three-month period ended March 31, 2011 and the years ended December 31, 2010, 2009 and 2008:

(In thousands)	**YTD March 31, 2011**	**Year Ended December 31, 2010**	**2009**	**2008**
Land and structures	**$ 9,013**	$ 49,867	$ 120,569	$ 118,310
Tractors	**20,153**	35,777	33,072	27,516
Trailers	**17,111**	5,020	32,639	20,599
Technology	**6,412**	11,866	7,413	7,688
Other	**5,761**	5,000	17,663	12,413
Proceeds from sale	**(1,237)**	(2,050)	(2,303)	(3,483)
Total	**$ 57,213**	$ 105,480	$ 209,053	$ 183,043

We currently project aggregate capital expenditures, net of anticipated proceeds from dispositions, to be in a range between $265 million and $300 million for the year ending December 31, 2011. Of our capital expenditures, approximately $120 million to $140 million is allocated for the purchase of service center facilities, construction of new service center facilities or expansion of existing service center facilities; approximately $130 million to $140 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 plan to fund these capital expenditures through the use of existing cash and cash equivalents, cash flows from operations 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.

Financing Agreements

We have a five-year, $225.0 million senior unsecured revolving credit facility pursuant to the terms of an amended and restated credit agreement dated August 10, 2006 (the Credit Agreement), with Wells Fargo Bank, National Association as successor by merger to Wachovia Bank, National Association (Wells Fargo) serving as administrative agent for the lenders. Of the $225.0 million line of credit commitments, $150.0 million may be used for letters of credit and $15.0 million may be used for borrowings under Wells Fargo s sweep 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 $15.0 million or initiates overnight investments for excess cash balances. The amounts outstanding and remaining borrowing capacity under the Credit Agreement are presented below:

(In thousands)	**March 31, 2011**	**December 31, 2010**
Facility limit	**$ 225,000**	$ 225,000
Line of credit borrowings		(66,230)
Outstanding letters of credit	**(49,605)**	(49,605)
Total borrowing capacity	**$ 175,395**	$ 109,165

We have three outstanding unsecured senior note agreements with an aggregate amount outstanding of $287.9 million at March 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 5.19% and 5.54% at March 31, 2011 and December 31, 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 may be paid to shareholders pursuant to the greater of (i) $10.0 million; (ii) the amount of dividends paid in the immediately preceding fiscal year;

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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 the first quarter of 2011, and we have no plans to declare or pay a dividend during the remainder of 2011.

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 March 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 our primary sources of liquidity identified above, as well as our additional borrowing capacity and the availability of our ATM program will be sufficient to meet foreseeable seasonal and long-term capital needs. We currently expect to extend or replace the Credit Agreement prior to its expiration in August 2011. If we are unable to do so, however, we believe our other sources of liquidity would allow us to meet our foreseeable seasonal and long-term capital needs.

Critical Accounting Policies

In preparing our condensed financial statements, we applied the same critical accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2010 that affect judgments and estimates of amounts recorded for certain assets, liabilities, revenue and expenses.

Seasonality

Our tonnage levels and revenue mix are subject to seasonal trends common in the motor carrier industry, although other factors, such as the economy, could cause variation in these trends. Operating margins in the first quarter are normally lower due to reduced shipments during the winter months. Harsh winter weather can also adversely impact our performance by reducing demand and increasing operating expenses. Freight volumes typically build to a peak in the third or early fourth quarter, which generally results in improved operating margins for those periods. We believe seasonal trends will continue to impact our business.

Environmental Regulation

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 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 2011 or fiscal year 2012. However, future changes to laws or regulations may adversely affect our operations and could result in unforeseen costs to our business.

Forward-Looking Information

Forward-looking statements appear in this Quarterly Report on Form 10-Q, including but not limited to 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. W that such forward-looking statements involve risks and uncertainties, including, but not limited to, the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2010 and in this Quarterly Report on Form 10-Q for the period ended March 31, 2011 under Item 1A, Risk Factors, as well as in other reports and statements that we file with the SEC. We caution readers 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 following:

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- the competitive environment with respect to industry capacity and demand, including whether our pricing and resulting revenue are sufficient to cover our operating expenses;
- our ability to collect fuel surcharges and the effectiveness of those fuel surcharges in mitigating the impact of fluctuating prices for fuel and other petroleum-based products;
- the negative impact of any unionization of our employees;
- new legislation or administrative rules that could facilitate the unionization of our employees;
- the challenges associated with executing our growth strategy, including the inability to successfully consummate and integrate acquisitions, if any;
- changes in our goals and strategies, which are subject to change at any time at our discretion;
- various economic factors such as economic recessions and downturns in customers business cycles and shipping requirements;
- increases in driver compensation or difficulties attracting and retaining qualified drivers to meet freight demand;
- our exposure to claims related to cargo loss and damage, property damage, personal injury, workers compensation, long-term disability and group health, including increased premiums, adverse loss development, increased self-insured retention levels and claims in excess of coverage levels;
- the availability and cost of capital for our significant ongoing cash requirements;
- the availability and cost of new equipment, particularly in light of regulatory changes impacting the cost of new equipment;
- decreases in demand for, and the value of, used equipment;
- the availability and price of diesel fuel;
- the costs and potential liabilities related to compliance with, or violations of, existing or future governmental laws and regulations, including environmental laws, engine emissions standards, hours-of-service for our drivers and new safety standards for drivers and equipment;
- seasonal trends in the industry, including the possibility of harsh weather conditions;

- our dependence on key employees;
- the costs and potential adverse impact associated with potential future changes in accounting standards or practices;
- the concentration of our stock ownership with the Congdon family;
- the impact caused by potential disruptions to our information technology systems;
- dilution to existing shareholders caused by any issuance of additional equity; and
- other risks and uncertainties indicated from time to time in our SEC filings.

Our forward-looking statements are based upon 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 (i) as 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, except as otherwise required by law.

Item 3. 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 under our senior insured revolving credit agreement, which have variable interest rates. On January 3, 2011, however, the Company used a portion of the proceeds from its $95.0 million issuance of senior notes to repay the outstanding borrowings on the senior unsecured revolving credit agreement. Since that time, there have been no additional borrowings under the credit agreement. We have established policies and procedures to manage our exposure to market risk 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. Variable life insurance contracts expose the Company to fluctuations in equity markets; however, we utilize a third-party to manage these assets and minimize that exposure.

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

For further discussion related to these risks, see Management s Discussion and Analysis of Financial Condition and Results of Operations included in Item 2 of this report.

Item 4. Controls and Procedures

a) Evaluation of disclosure controls and procedures

As of the end of the period covered by this quarterly report, our management, with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), conducted an evaluation of the effectiveness of our disclosure controls and procedures in accordance with Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on the evaluation of our disclosure controls and procedures as of the end of the period covered by this quarterly report, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (a) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure, and (b) recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms.

b) Changes in internal control over financial reporting

We completed the conversion to a new third-party fuel purchasing and reporting system during the first quarter of 2011, which we believe will result in an overall improvement in our internal control over financial reporting. Other than as set forth herein, there were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. 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 or results of operations.

Item 1A. Risk Factors

In addition to the other information set forth in this report and in our other reports and statements that we file with the SEC, including our quarterly reports on Form 10-Q, careful consideration should be given to the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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Item 6. Exhibits

Exhibit No.	Description
10.18.6	Non-Executive Director Compensation Structure, effective January 1, 2011
10.18.7	Old Dominion Freight Line, Inc. Director Phantom Stock Plan, as amended through April 1, 2011
4.10.1	Amendment No. 1 to Amended and Restated Credit Agreement among Old Dominion Freight Line, Inc., the Lenders named therein and Wells Fargo Bank, National Association, as Agent, dated as of December 31, 2010 (incorporated by reference to the exhibit of the same number contained in the Company s Current Report on Form 8-K filed on January 6, 2011)
4.11	Note Purchase Agreement by and among Old Dominion Freight Line, Inc. and the Purchasers set forth in Schedule A thereto, dated as of January 3, 2011 (incorporated by reference to the exhibit of the same number contained in the Company s Current Report on Form 8-K filed on January 6, 2011)
10.22	At-The-Market Equity Offering Sales Agreement, dated February 2, 2011, between Old Dominion Freight Line, Inc. and Stifel, Nicolaus & Company, Incorporated (incorporated by reference to the exhibit of the same number contained in the Company s Current Report on Form 8-K filed on February 2, 2011)
31.1	Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification Pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial information from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed on May 9, 2011, formatted in XBRL (eXtensible Business Reporting Language) includes: (i) the Condensed Balance Sheets at March 31, 2011 and December 31, 2010, (ii) the Condensed Statements of Operations for the three months ended March 31, 2011 and 2010, (iii) the Condensed Statements of Cash Flows for the three months ended March 31, 2011 and 2010, and (iv) the Notes to the Condensed Financial Statements, tagged as blocks of text

* The XBRL-related information has been furnished electronically herewith. This exhibit, regardless of whether it is an exhibit to a document incorporated by reference into any of our filings and except to the extent specifically stated otherwise, is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Our SEC file number reference for documents filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended, is 000-19582.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	OLD DOMINION FREIGHT LINE, INC.
DATE: May 9, 2011	/s/ J. Wes Frye J. Wes Frye Senior Vice President Finance and Chief Financial Officer (Principal Financial Officer)
DATE: May 9, 2011	/s/ John P. Booker, III John P. Booker, III Vice President - Controller (Principal Accounting Officer)

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EXHIBIT INDEX

TO QUARTERLY REPORT ON FORM 10-Q

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