# 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, 2019**

**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)**

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock ($0.10 par value)** | **ODFL** | **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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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, 2019 was $ 9,715,749,809, based on the closing sales price as reported on the Nasdaq Global Select Market.

As of February 24, 2020, the registrant had 79,697,285 outstanding shares of Common Stock ($0.10 par value).

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain portions of the Company's Proxy Statement for the 2020 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, compliance with regulations, 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 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 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, except to the extent required by law.

# 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

We are a leading, less-than-truckload ("LTL"), union-free motor carrier providing regional, inter-regional and national LTL services through a single integrated organization. Our service offerings, which include expedited transportation, are provided through an expansive network of service centers located throughout the continental United States. Through strategic alliances, we also provide LTL services throughout North America. In addition to our core LTL services, we offer a range of value-added services including container drayage, truckload brokerage and supply chain consulting. More than 97% 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.

We are the third largest LTL motor carrier in the United States, as measured by 2018 revenue, according to *Transport Topics*. We have increased our revenue and customer base over the past five years primarily through organic market share growth. Our infrastructure allows us to provide next-day and second-day service through each of our regions covering the continental United States. We opened 14 and 26 new service centers over the past five and ten years, respectively, for a total of 236 service centers at December 31, 2019. We believe this expansion produced increased capacity within our service center network and provides us with opportunities for future growth.

We believe the growth in demand for our services can be attributed to our ability to consistently provide a superior level of customer service at a fair price, which allows our customers to meet their supply chain needs. Our integrated structure allows us to offer our customers consistent high-quality service from origin to destination, and we believe our operating structure and proprietary information systems enable us to efficiently manage our operating costs. Our services are complemented by our technological capabilities, which we believe provide the tools to improve the efficiency of our operations while also empowering our customers to manage their individual shipping needs.

We were founded in 1934 and incorporated in Virginia in 1950. Our principal executive offices are located at 500 Old Dominion Way, Thomasville, North Carolina 27360.

### 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 freight carriers typically pick up multiple shipments from multiple customers on a single truck. The LTL freight is then routed through a network of service centers where the freight may be transferred to other trucks with similar destinations. LTL motor carriers generally require a more expansive network of local pickup and delivery ("P&D") service centers, as well as larger breakbulk, or hub, facilities. In contrast, truckload carriers generally dedicate an entire truck to one customer from origin to destination.

Significant capital is required 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 make it difficult for new start-up or small operators to effectively compete with established carriers. In addition, successful LTL motor carriers generally employ, and regularly update, a high level of technology-based systems and processes that provide information to customers and help reduce operating costs.

According to the American Trucking Associations, the trucking industry accounted for 80.3% of the $991.7 billion total U.S. transportation revenue in 2018. The LTL sector had revenue in 2018 of $61.3 billion, which represented 6.2% of total U.S. transportation revenue. 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 2018 revenue as reported in *Transport Topics*, the largest 10 and 25 LTL motor carriers accounted for approximately 55% and 66%, respectively, of the total LTL market. We believe consolidation in our industry will continue due to customer demand for transportation providers offering both national and regional LTL as well as other complementary value-added services.

**Competition**

The transportation and logistics industry is intensely competitive and highly fragmented. 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. We also compete with, and provide transportation services to, third-party logistics providers that determine both the mode of transportation and the carrier. Some of our competitors may have a broader global network and a wider range of services than we do. Competition in our industry is based primarily on service, price, available capacity and business relationships. We believe we are able to gain market share by expanding our capacity and providing high-quality service at a fair price.

Throughout our organization, we continuously seek to improve customer service by maximizing on-time performance and minimizing cargo claims. We believe our transit times are generally faster and more reliable 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 LTL 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 the combination of these factors provides us with a distinct advantage over most of our competitors.

We utilize flexible scheduling and train our 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.

**Service Center Operations**

At December 31, 2019, we operated 236 service center locations, of which we owned 205 and leased 31. Our network includes ten major breakbulk facilities located in Rialto, California; Atlanta, Georgia; Columbus, Ohio; Indianapolis, Indiana; Greensboro, North Carolina; Harrisburg, Pennsylvania; Memphis and Morristown, Tennessee; Dallas, Texas; and Salt Lake City, Utah, while using various other service centers for additional limited breakbulk activity in order to serve our next-day markets. Our service centers are strategically located throughout the country so that we can provide the highest quality service and minimize freight rehandling costs.

Our service centers are responsible for the pickup and delivery of freight within their local service area. Each night, our service centers load outbound freight for transport to our other service centers for delivery. All inbound freight received by the service center in the evening or during the night is generally 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 ensure quality service and efficient operations.

Although 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 other electronic gateways. Our systems allow us to offer our customers 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 offerings.

**Linehaul Transportation**

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

We utilize scheduled routes, and additional linehaul dispatches as necessary to meet our published transit times. In addition, we gain efficiency through the use of 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 transported behind a tractor than could otherwise be transported by one trailer.

**Tractors, Trailers and Maintenance**

At December 31, 2019, we owned 9,296 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.

The table below reflects, as of December 31, 2019, the average age of our tractors and trailers:

| **Type of Equipment** | **Number of Units** | **Average Age *(In years)*** |
|---|---|---|
| Tractors | 9,296 | 3.8 |
| Linehaul trailers | 25,357 | 7.1 |
| P&D trailers | 12,182 | 6.6 |

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, 2019, 2018 and 2017. 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" in this report.

| | **Year Ended December 31,** | | |
|---|---|---|---|
| ***(In thousands)*** | **2019** | 2018 | 2017 |
| Tractors | $ 75,418 | $ 185,209 | $ 123,152 |
| Trailers | 88,115 | 98,835 | 37,424 |
| Total | $ 163,533 | $ 284,044 | $ 160,576 |

At December 31, 2019, we operated 42 maintenance centers at strategic service center locations throughout our network. These maintenance centers 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. Tractors are routed to appropriate maintenance facilities at designated mileage intervals or every 90 days, whichever occurs first. Trailers are also scheduled for preventative maintenance every 90 days.

**Customers**

Revenue is generated primarily from customers throughout the United States and North America. In 2019, our largest customer accounted for approximately 4.2% of our revenue and our largest 5, 10 and 20 customers accounted for 14.6%, 20.1% and 27.3% of our revenue, respectively. For each of our last three fiscal years, more than 95% of our revenue was derived from services performed in the United States and less than 5% of our revenue was generated from services performed internationally. We believe the diversity of our customer base helps protect our business from adverse developments in a single geographic region and from the reduction or loss of business from a single customer.

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. Many of our customers engage our services through the terms and provisions of our tariffs and through negotiated service contracts. 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.

**Seasonality**

Our tonnage levels and revenue mix are subject to seasonal trends common in our industry, although other factors, such as macroeconomic changes, could cause variation in these trends. Our revenue and operating margins in the first and fourth quarters are typically lower than those during the second and third quarters due to reduced shipments during the winter months. Harsh winter weather or natural disasters, such as hurricanes, tornadoes, floods, fires and other storms can also adversely impact our performance by reducing demand and increasing operating expenses. We believe seasonal trends will continue to impact our business.

**Technology**

Our technology is critical to the success and delivery of the premium service provided by our operations. We continually seek to upgrade and enhance our technological capabilities. We also provide access to our systems through multiple gateways that offer our customers and employees maximum flexibility and 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, as well as to meet regulatory requirements. Our data systems are integrated at every level within our organization, which we believe is critical to our success. Our systems are protected through physical and software safeguards, as well as redundant systems, network security measures and backup systems. 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 hold either a self-insured retention ("SIR") or deductible. At December 31, 2019, we maintained a SIR or deductible of $1.0 million or more with respect to the below casualty and group health coverages:

- $3.0 million per occurrence (for any claim that occurs on or after March 30, 2019) or $2.75 million per occurrence (for any claim that occurred between March 30, 2006 and March 29, 2019) for bodily injury and property damage ("BIPD"), plus a one-time, $2.5 million aggregate corridor deductible applicable per policy period to any claim that exceeds $5.0 million and occurs on or after March 30, 2016;
- $2.0 million per occurrence (for any claim that occurs on or after March 30, 2019) or $1.0 million per occurrence (for any claim that occurred between March 30, 2003 and March 29, 2019) for workers' compensation claims; and
- $1.0 million per covered person paid during 2019 for group health claims.

We believe that our policy of maintaining a SIR or deductible for a portion of our risks, supported by our safety, claims management and loss prevention programs, is an effective means of managing insurance costs. We periodically review our risk exposure and insurance coverage applicable to those risks and we believe that we maintain sufficient insurance coverage.

**Diesel Fuel Availability and Cost**

We depend heavily upon the availability and quality of diesel fuel to provide our transportation services. We maintain fuel storage and pumping facilities at certain service center locations as the primary source for fueling our fleet, and we utilize over-the-road fueling options at retail locations as necessary. We could be susceptible to regional and/or national fuel shortages, which could cause us to incur additional expense in order to obtain an adequate supply within our own fueling network or cause us to rely more heavily on higher-priced retail fuel.

We believe our operations and financial condition are susceptible to the same diesel fuel price increases or shortages as those of our competitors. 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.

## Employees

As of December 31, 2019, we employed 20,105 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:

| Full-Time Employees | Number of Employees |
|---|---|
| Drivers | 10,523 |
| Platform | 3,630 |
| Fleet technicians | 636 |
| Sales, administrative and other | 5,316 |
| Total | 20,105 |

As of December 31, 2019, we employed 5,415 linehaul drivers and 5,108 P&D drivers on a full-time basis. We select our drivers primarily based upon many factors, including driving records and experience. Among other requirements, our drivers must 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, like all of our employees, are required to take pre-employment drug and alcohol tests and are randomly selected for periodic additional testing.

Since 1988, we have provided the opportunity for qualified employees to become drivers through the "Old Dominion Driver Training Program." There are currently 3,266 active drivers who have successfully completed this training, which was approximately 31.0% of our driver workforce as of December 31, 2019. We believe our driver training and qualification programs have been important factors in improving our safety record and retaining qualified drivers. In addition, we have experienced an annual turnover rate for our driver graduates of approximately 6.2%, which is below our Company-wide turnover rate for all drivers of approximately 7.9%.

Based on driving records, our drivers are eligible to be rewarded with annual safety bonuses of up to $3,000 per driver. Our safety bonuses paid to drivers totaled $4.6 million, $4.1 million and $3.9 million in 2019, 2018 and 2017, respectively.

## Governmental Regulation

We are regulated by the DOT and by various state and federal agencies. These regulatory authorities have broad powers over matters relating to authorized 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. The trucking industry is also subject to regulatory and legislative changes from a variety of other governmental authorities, which address matters such as increasingly stringent environmental regulations, occupational safety and health regulations, limits on vehicle weight and size, ergonomics, port security, and driver hours of service.

In addition, we are subject to compliance with cargo-security and transportation regulations issued by the Transportation Security Administration ("TSA") and Customs and Border Protection ("CBP") within the U.S. Department of Homeland Security. Regulatory requirements, and changes in regulatory requirements or guidance, may affect our business or the economics of the industry by requiring changes in operating practices that could influence the demand for and increase the costs of providing transportation services.

*Driver Hours of Service*

The Federal Motor Carrier Safety Administration (the "FMCSA") rules provide that a truck driver may work no more than a maximum number of 60 hours within seven consecutive days and 70 hours within eight consecutive days. FMCSA rules further impose a maximum work period of 14 hours (no more than 11 hours of which may be driving time) after first coming on-duty following 10 consecutive hours of off-duty time. FMCSA rules also require that drivers take a 30-minute break prior to working beyond eight hours.

*Electronic Logging Devices*

In December 2015, the FMCSA issued a final rule mandating the use of electronic logging devices ("ELDs") to automatically record drivers' time for hours of service reporting. Generally, carriers were required to comply with these new requirements by December 18, 2017. The FMCSA issued guidance that allowed automatic on-board recording devices ("AOBRDs") operating systems, such as those we used prior to 2019, to be installed and utilized on ELD compliant hardware until December 16, 2019. Effective December 16, 2019 all motor carriers operating commercial motor vehicles are required to be equipped with, and their drivers are required to utilize, ELDs for the purpose of recording hours of service. We completed the transition of our fleet from an AOBRD operating system to a new ELD hardware and software platform in advance of the December 16, 2019 deadline.

*Commercial Driver's License Drug and Alcohol Clearinghouse*

In December 2016, the FMCSA released a final rule establishing the Commercial Driver's License Drug and Alcohol Clearinghouse ("DAC"). The DAC is a database that will maintain records of drug and alcohol violations of commercial motor vehicle drivers. The DAC will require us to check prospective employees for drug and alcohol violations, and all current driver employees must be checked at least annually. The intent of the clearinghouse is to ensure that drivers cannot conceal drug and alcohol violations by changing jobs or locations. Compliance with this rule, which provides for a three-year implementation period, was required by January 6, 2020. We registered as a motor carrier in the DAC on October 28, 2019.

We are subject to future rulemaking by the FMCSA and other regulatory agencies, which could be more stringent, require additional changes to our operations, increase our operating costs or otherwise adversely impact our results of operations.

**Environmental Regulation**

We are subject to various federal, state and local environmental laws and regulations that focus on, among other things: the disposal, emission and discharge of hazardous waste, hazardous materials, or other materials into the environment or their presence at our properties or in our 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 2020 or fiscal year 2021. However, future changes to laws or regulations may adversely affect our operations and could result in unforeseen costs to our business.

**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 (the "Exchange Act"), 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). 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 rapidly evolving and 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.**

Our industry, faced with requirements for faster deliveries and increased visibility into shipments, is rapidly evolving and increasingly competitive. 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 other transportation service providers of varying sizes, some of which may have more equipment, a broader global network, a wider range of services, more fully developed information technology systems, greater capital resources or other competitive advantages;
- some of our competitors may 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 the fluctuating costs of 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 shippers may choose to acquire their own trucking fleet or may choose to increase the volume of freight they transport if they have an existing trucking fleet;
- some customers may choose to consolidate certain LTL shipments through a different mode of transportation, such as truckload, intermodal or rail;
- some customers may perceive our environmental, social and governance ("ESG") profile to be less robust than that of our competitors, which could influence the selection of their carrier;
- our customers may manage their inventory levels more closely to a "just-in-time" basis, which may increase our costs and adversely affect our ability to meet our customers' needs;
- consolidation in the ground transportation industry may create other large carriers with greater financial resources and other competitive advantages relating to their size;
- 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;
- large transportation and e-commerce companies are making significant investments in their capabilities to compete with us;
- competition from non-asset-based logistics and freight brokerage companies may adversely affect our customer relationships and ability to maintain sufficient pricing; and
- our existing or future competitors may adopt emerging or additional technologies that improve their operating effectiveness, which could negatively affect our ability to remain competitive.

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. Furthermore, continued merger and acquisition activity in transportation and logistics could result in stronger or new competitors, which could have a material adverse effect on our business, financial condition and results of operations. We may not be able to compete successfully in an increasingly consolidated LTL industry and cannot predict with certainty how industry consolidation will affect our competitors or us.

**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 and/or the National Labor Relations Board could render decisions or implement rule changes that could significantly affect our business and our relationship with our employees, including actions that could 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:

- 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 could negatively impact our profitability and could damage customer and employee relationships;
- shippers may limit their use of unionized trucking companies because of the threat of strikes and other work stoppages; 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, and develop, market and consistently deliver high-quality services that meet customer expectations, 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 capacity and broadening the scope of our service offerings. In connection with our growth strategy, at various times, we have expanded and upgraded service centers, purchased additional equipment 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:

- shortages of suitable real estate may limit our growth and could cause congestion in our service center network, which could result in increased operating expenses;
- our projected freight volume growth may differ from actual results, and prior capital investments based on our projections may contribute to excess capacity that could negatively impact our profitability;
- 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;
- we may find it more difficult to maintain our corporate culture, which we believe has been a key contributor to our success; and
- expanding our service offerings may require us to enter into new markets and encounter new competitive challenges.

We cannot ensure that we will overcome the risks associated with our growth strategy. If we fail to overcome those risks, we may not realize projected growth and related revenue or profits from our efforts, we may incur additional expenses and, as a result, 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 historically has been one of several key components of our LTL growth strategy. 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 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 ensure that we will have sufficient cash to consummate an acquisition or otherwise be able to obtain financing for an 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 may not be disclosed to us at the time of acquisition;
- we may incur additional indebtedness or we may issue additional equity 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' businesses may be impacted by various economic factors such as recessions, downturns in the economy, global uncertainty and instability, changes in U.S. social, political, and regulatory conditions and/or a disruption of financial markets, which may decrease demand for our services or increase our costs.**

Adverse economic conditions, both in the U.S. and internationally, 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, any of which might impair our asset utilization. Additionally, uncertainty and instability in the global economy and any other action that the U.S. government may take to withdraw from or materially modify international trade arrangements, including related to the United States-Mexico-Canada Agreement, which is designed to replace the North American Free Trade Agreement, may lead to fewer goods being transported and could have a material adverse effect on our business, financial conditions and results of operations. The U.S. government has made significant changes in U.S. trade policy and has taken certain other actions that may impact U.S. trade, including imposing tariffs on certain goods imported into the United States. To date, several governments, including the European Union, China, and India, have imposed tariffs on certain goods imported from the United States. Any further changes in U.S. or international trade policy could trigger additional retaliatory actions by affected countries, resulting in "trade wars" and increased costs for goods transported globally, which may reduce customer demand for these products if the parties having to pay those tariffs increase their prices, or in trading partners limiting their trade with countries that impose anti-trade measures. If these consequences are realized, the volume of global economic activity may be significantly reduced. Such a reduction could have a material adverse effect on our business, results of operations and financial condition.

Customers adversely impacted by changes in U.S. trade policies or otherwise encountering adverse economic conditions may be unable to obtain additional financing or financing under acceptable terms. 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 select competitors that offer lower rates in an attempt to lower their costs, and we might be forced to lower our rates or lose freight volumes.

Our suppliers' business levels also may be negatively affected by adverse economic conditions and changes in the political and regulatory environment, both in the U.S. and internationally, 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 supply chain could disrupt our operations, increase our costs and negatively impact our ability to serve our customers.

We are also subject to cost increases outside of 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 wage rates, fuel prices, interest rates, taxes, tolls, license and registration fees, insurance, revenue equipment and healthcare for our employees.

**Changes in our relationships with significant customers, including the loss or reduction in business from one or more of them, could have an adverse impact on our business.**

We do not believe the loss of any one customer would materially impact our business and revenue growth due to the diversity of our customer base and no individual customer accounting for more than 5% of our revenue. We do, however, have a number of customers whose demand for our services is tied to U.S. industrial production that could, collectively, drive business and revenue growth. These customers could experience a decrease in production due to a decrease in the demand for their products, as a result of a decline in the U.S economy or other global economic factors. They could also use other LTL providers and other modes of transportation, such as truckload and intermodal, in response to capacity, service and pricing issues. If these factors resulted in a reduction or loss of business from these customers, there could be a material impact on our business and revenue growth.

**Difficulties attracting and retaining qualified drivers and maintenance technicians could result in increases in driver and technician compensation and could adversely affect our profitability, our ability to maintain or grow our fleet and our ability to maintain our customer relationships.**

Recently, there has been intense competition for qualified drivers in the transportation industry, due to a shortage of drivers. Due in part to the time commitment, physical requirements, our stringent hiring standards, changing workforce demographics and current industry conditions and regulations, the available pool of qualified employee drivers has been declining. As a result, we may face difficulty maintaining or increasing our number of drivers. Similarly, in recent years, there has been a decrease in the overall supply of skilled maintenance technicians, particularly new technicians with qualifications from technical programs and schools, which could make it more difficult to attract and retain skilled technicians. The compensation we offer our drivers and technicians is subject to market conditions that may require increases in driver or technician compensation. If we are unable to attract and retain a sufficient number of qualified drivers and technicians, we could be required to adjust our compensation packages, amend our hiring standards, or operate with fewer trucks and face difficulty meeting customer demands, any of which could adversely affect our growth and profitability.

**The FMCSA's CSA initiative 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.**

The FMCSA's Compliance, Safety, Accountability initiative ("CSA") is an enforcement and compliance program designed to monitor and improve commercial motor vehicle safety by measuring the safety record of both 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.

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. Public disclosure of certain CSA scores was restricted through the enactment of the Fixing America's Surface Transportation Act of 2015 (the "FAST Act") on December 4, 2015; however, the FAST Act does not restrict public disclosure of all data collected by the FMCSA. If we receive unacceptable CSA scores, and this data is made available to the public, our relationships with our customers could be damaged, which could result in a loss of business.

The requirements of the 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.

**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 and federal agencies. These regulatory authorities have broad powers over matters relating to authorized 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. The trucking industry is also subject to regulatory and legislative changes from a variety of other governmental authorities, which address matters such as increasingly stringent environmental regulations, occupational safety and health regulations, limits on vehicle weight and size, ergonomics, port security, and driver hours of service. We are also subject to the costs and potential adverse impact of compliance associated with FMCSA's ELD regulations and guidance, including the operation of our fleet and safety management systems on the ELD hardware and software platform. In addition, we are subject to compliance with cargo-security and transportation regulations issued by the TSA and CBP within the U.S. Department of Homeland Security. Regulatory requirements and changes in regulatory requirements or guidance, together with the growing compliance risks presented by increased differences between applicable federal and state regulations, may affect our business or the economics of the industry by requiring changes in operating practices that could influence the demand for and increase the costs of providing transportation services.

**If we do not adapt to new technologies implemented by our competitors in the LTL and transportation industry, our business could suffer.**

The LTL and transportation industry may be impacted by rapid changes in technologies. Our competitors may implement new technology that could improve their service, price, available capacity or business relationships and increase their market share. If we do not appropriately adapt our operations to these new technologies, our business, financial condition, and results of operations may suffer.

**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, group health and group dental. We have insurance coverage with third-party insurance carriers, but we assume a significant portion of the risk associated with these claims due to our SIRs and deductibles. Our operating results could be adversely affected if any of the following were to occur: (i) the number or the severity of claims increases; (ii) we are required to accrue or pay additional amounts because claims prove to be more severe than our original assessment; or (iii) claims exceed our coverage amounts. If claims exceed our SIR or deductible levels, insurance companies exit the transportation insurance marketplace, or insurance market conditions change, insurers could raise premiums for excess coverage to cover their expenses and anticipated future losses. In addition, insurance companies generally require us to collateralize our SIR or deductible levels. If these collateralization requirements increase, our borrowing capacity could be adversely affected.

**Healthcare legislation may increase our costs and reduce our future profitability.**

To attract and retain employees, we maintain a competitive health insurance plan for our employees and their dependents. We cannot predict the impact that any state or federal healthcare legislation or regulation will have on our operations, but we expect costs associated with providing benefits under employee medical plans and healthcare-related costs associated with workers' compensation to continue to increase. Rising healthcare costs in the U.S. could result in significant long-term costs to us, which could have a material adverse effect on our operating results. In addition, rising healthcare costs could force us to make further changes to our benefits program, which could negatively impact our ability to attract and retain employees.

**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 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 could be costly or difficult to obtain.

**Limited supply and increased costs of 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 may also be 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 are subject to regulations issued by the U.S. Environmental Protection Agency (the "EPA") and various state agencies, particularly the California Air Resources Board ("CARB"), that have required progressive reductions in exhaust emissions from diesel engines. We may become subject to new or more restrictive regulations, or differing interpretations of existing regulations, which may increase the cost of providing transportation services or adversely affect our results of operations. We are also unable to predict how any future changes in U.S. government policy will affect EPA and CARB regulation and enforcement. 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.

**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. Future fluctuations in prices and diesel fuel availability could have a material adverse effect on our operating results. Diesel fuel prices and fuel availability can be impacted by factors beyond our control, such as natural or man-made disasters, adverse weather conditions, political events, disruption or failure of technology or information systems, price and supply decisions by oil producing countries and cartels, terrorist activities, armed conflict, world supply and demand imbalances, tariffs, sanctions, and quotas or other changes to trade agreements. We maintain fuel storage and pumping facilities at many of our service center locations; however, we may be susceptible to fuel shortages at certain locations that could cause us to incur additional expense to ensure adequate supply on a timely basis and 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 help offset 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 or the time during which 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 governmental laws and regulations, and costs of compliance with, liabilities under, or violations of, existing or future governmental 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 disposal, emission and discharge of hazardous waste, hazardous materials, or other materials into the environment, their presence at our properties or in our vehicles, fuel storage tanks, the 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 the clean-up of accidents involving our vehicles. Environmental laws have become and may 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.

**We may be adversely affected by legal, regulatory, or market responses to climate change concerns.**

Increased concern over climate change and the potential impact of global warming has led to an increase in the consideration of greenhouse gas emissions regulation. Due to increased consideration, there could be an increase in regulation from federal, state and local governments on vehicle engine emissions. This increase in regulation could result in increased direct costs, such as taxes, fees, fuel, or capital costs, or changes to our operations in order to comply. There is also a focus from regulators and our customers on sustainability issues. This focus may result in new legislation or customer requirements, such as limits on vehicle weight and size. Costs associated with future climate change concerns or environmental laws and regulations and sustainability requirements could have a material adverse effect on our financial condition, results of operations, liquidity and cash flows.

**We are subject to the risks of litigation and governmental proceedings, inquiries, notices or investigations which could adversely affect our business.**

The nature of our business exposes us to the potential for various claims and litigation related to labor and employment, personal injury, property damage, cargo claims, safety and contract compliance, environmental liability and other matters. Accordingly, we are, and in the future may be, subject to legal proceedings and claims that have arisen in the ordinary course of our business, and may include collective and/or class action allegations. We are also subject to potential governmental proceedings, inquiries, notices or investigations, which also exposes us to the potential for various claims. The parties in such actions may seek amounts from us that may not be covered in whole or in part by insurance. Defending ourselves against such actions could result in significant costs and could require a substantial amount of time and effort by our management team. We cannot predict the outcome of litigation or governmental proceedings, inquiries, notices or investigations to which we are a party or whether we will be subject to future legal actions. As a result, the potential costs associated with any such legal actions against us could adversely affect our business, financial condition or results of operations.

**We are subject to various risks arising from our international business operations and relationships, which could adversely affect our business.**

We arrange for transportation and logistics services to and from various international locations and are subject to both the risks of conducting international business and the requirements of the Foreign Corrupt Practices Act of 1977 (the "FCPA"). Failure to comply with the FCPA may result in legal claims against us. In addition, we face other risks associated with international operations and relationships, which may include restrictive trade policies, the renegotiation of international trade agreements, imposition of duties, taxes or government royalties imposed by foreign governments, which could adversely affect our business.

**We are subject to legislative, regulatory, and legal developments involving taxes.**

Taxes are a significant part of our expenses. We are subject to U.S. federal and state income, payroll, property, sales and use, fuel, and other types of taxes. The Tax Cuts and Jobs Act (the "Tax Act"), which was enacted on December 22, 2017, significantly changed the U.S. corporate income tax system. Further changes to tax laws and regulations or changes to the interpretation thereof (including regulations and interpretations pertaining to the Tax Act), the ambiguity of tax laws and regulations, the subjectivity of factual interpretations, higher tax rates, claims, audits, investigations or legal proceedings involving taxing authorities, could have a material adverse effect on our results of operations, financial condition, and cash flows.

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

Our operations are subject to seasonal trends common in our industry. Our revenue and operating margins in the first and fourth quarters are typically lower than those during the second and third quarters due to reduced shipments, decreased fuel efficiency, increased cold-weather related maintenance costs of revenue equipment, and increased insurance and claims costs during the winter months. Harsh winter weather or natural disasters, such as hurricanes, tornadoes, floods, fires, earthquakes and storms can also adversely impact our performance by disrupting freight shipments or routes, destroying our assets, disrupting fuel supplies, increasing fuel costs, increasing maintenance costs, reducing demand and negatively impacting the business or financial condition of our customers, any of which could harm our results of operations or make our results of operations more volatile.

**If we are unable to retain our key employees, or if we do notcontinue to effectively execute our succession plan, 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 if we are unable to secure replacement personnel who have sufficient experience in our industry and in the management of our business. If we are unable to continue to develop and retain a core group of management personnel and execute succession planning strategies, or we encounter any unforeseen difficulties associated with the transition of members of our management team, our business could be negatively impacted in the future.

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

Earl E. Congdon, David S. Congdon, John R. Congdon, Jr. and their affiliate family members beneficially own an aggregate of approximately 18% 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 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 cyber and other risks, some of which are beyond our control, which could have a material adverse effect on our business, results of operations and financial position.**

We rely heavily on the proper functioning and availability of our information systems for our operations as well as for providing value-added services to our customers. Our information systems, including our accounting, communications and data processing systems, are integral to the efficient operation of our business. It is critical that the data processed by these systems remain confidential, as it often includes competitive customer information, confidential customer credit card and transaction data, employee records and key financial and operational results and statistics. The sophistication of efforts by hackers, foreign governments, cyber-terrorists, and cyber-criminals, acting individually or in coordinated groups, to launch distributed denial of service attacks or other coordinated attacks that may cause service outages, gain inappropriate or block legitimate access to systems or information, or result in other business interruptions has continued to increase in recent years. We utilize third-party service providers who have access to our systems and certain sensitive data, which exposes us to additional security risks, particularly given the complex and evolving laws and regulations regarding privacy and data protection. While we and our third-party service providers have experienced cyber-attacks and attempted breaches of our and their information technology systems and networks or similar events from time to time, no such incidents have been, individually or in the aggregate, material to us. Cyber incidents that impact the security, availability, reliability, speed, accuracy or other proper functioning of our systems, information and measures, including outages, computer viruses, break-ins and similar disruptions, could have a significant impact on our operations.

We have security processes, protocols and standards in place to protect our information systems, including through physical and software safeguards, as well as redundant systems, network security measures and backup systems. Nevertheless, it is difficult to fully protect against the possibility of power loss, telecommunications failures, cyber-attacks, and other cyber incidents in every potential circumstance that may arise. A significant cyber incident, including system failure, security breach, disruption by malware or ransomware, or other damage, could interrupt or delay our operations, damage our reputation and brand, cause a loss of customers, expose us to a risk of loss or litigation, result in regulatory scrutiny, investigations, actions, fines or penalties and/or cause us to incur significant time and expense to remedy such an event, any of which could have a material adverse impact on our results of operations and financial position. Furthermore, any failure to comply with data privacy, security or other laws and regulations, such as the California Consumer Privacy Act, which took effect in January 2020, could result in claims, legal or regulatory proceedings, inquiries or investigations. As cyber threats are continually evolving, our controls and procedures may become inadequate and we may be required to devote additional resources to modifying or enhancing our systems in the future. Furthermore, while we maintain insurance intended to address costs associated with aspects of cyber incidents, network failures and data privacy-related concerns, our coverage may not sufficiently cover all types of losses or claims that may arise.

**Failure to keep pace with developments in technology, any disruption to our technology infrastructure, or failures of essential services upon which our technology platforms rely could cause us to incur costs or result in a loss of business, which may have a material adverse effect on our results of operations and financial condition.**

We rely heavily on information technology systems. Our information technology systems are complex and require ongoing investments and enhancements to meet both internal requirements and the requirements of our customers. If we are unable to invest in and enhance or modernize our technology systems in a timely manner or at a reasonable cost, or if we are unable to train our employees to operate the new, enhanced or modernized systems, our results of operations and financial condition could be adversely affected. We also may not achieve the benefits that we anticipate from any new technology or new or modernized system, and a failure to do so could result in higher than anticipated costs or adversely affect our results of operations.

Our information technology systems also depend upon the Internet, third-party service providers, global communications providers, satellite-based communications systems, the electric utilities grid, electric utility providers and telecommunications providers. We have minimal control over the operation, quality, or maintenance of these services or whether vendors will improve their services or continue to provide services that are essential to our business. Disruptions due to transitional challenges in upgrading or enhancing our technology systems; failures in the services upon which our information technology platforms rely, including those that may arise from adverse weather conditions or natural calamities, such as floods, hurricanes, earthquakes or tornadoes; illegal acts, including terrorist attacks; human error or systems modernization initiatives; and/or other disruptions, may adversely affect our business, which could increase our costs or result in a loss of customers that could have a material adverse effect on our results of operations and financial position.

**Damage to our reputation through unfavorable publicity could adversely affect our financial condition.**

Our reputation and the value of the Old Dominion brand are integral to the success of our business. In the current environment of instantaneous communication and social media outlets, the quick and broad dissemination of information through media sources could cause damaging information about us, whether accurate or not, to be broadly publicized. Unfavorable publicity about us or our employees could damage our reputation and the value of the Old Dominion brand and may result in a reduction in demand for our services or the loss of customers. Our reputation could also be impacted by negative perceptions or publicity regarding ESG issues or cybersecurity and data privacy concerns. Any unfavorable publicity and resulting erosion of trust and confidence could make it difficult for us to attract and retain customers and employees or require us to allocate significant resources to the rebuilding of our reputation and brand, any of which could have a material adverse effect on our business, financial condition and results of operations.

**Anti-terrorism measures and terrorist events may disrupt our business.**

Federal, state and municipal authorities have implemented and are continuing to implement various anti-terrorism measures, including checkpoints and travel restrictions on large trucks. If additional security measures disrupt or impede the timing of our deliveries, we may fail to meet the requirements of our customers or incur increased expenses to do so. There can be no assurance that new anti-terrorism measures will not be implemented and that such measures will not have a material adverse effect on our operations.

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

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

**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.

**There can be no assurance of our ability to declare and pay cash dividends in future periods.**

We intend to pay a quarterly cash dividend to holders of our common stock for the foreseeable future; however, dividend payments are subject to approval by our Board of Directors, and are restricted by applicable state law limitations on distributions to shareholders as well as certain covenants under our revolving credit facility. As a result, future dividend payments are not guaranteed and will depend upon various factors such as our overall financial condition, available liquidity, anticipated cash needs, future prospects for earnings and cash flows, as well as other factors considered relevant by our Board of Directors. In addition, any reduction or suspension in our dividend payments could adversely affect the price of our common stock.

**The amount and frequency of our stock repurchases may fluctuate.**

The amount, timing and execution of our stock repurchase program may fluctuate based on our strategic approach and our priorities for the use of cash. Other factors that may impact share repurchases include changes in stock price, profitability, capital structure, or cash flows. Our revolving credit facility also includes a provision that may limit our ability to make payments for share repurchases. We may also use cash for investing in strategic assets or dividend payments, instead of share repurchases.

**The market value of our common stock has been and may in the future be volatile, and could be substantially affected by various factors.**

The price of our common stock on the Nasdaq Global Select Market changes constantly. We expect that the market price of our common stock will continue to fluctuate due to 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 political, social, 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;
- changes in key personnel;
- fluctuations in trading volume, including substantial increases or decreases in reported holdings by significant shareholders;
- expectations regarding our capital deployment program, including any existing or potential future share repurchase programs and any future dividend payments that may be declared by our Board of Directors, or any determination to cease repurchasing stock or paying dividends; and
- news reports of trends, concerns and other issues related to us or our industry, including changes in regulations.

Our common stock price may continue to 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.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

We own our principal executive office located in Thomasville, North Carolina, consisting of a two-story office building of approximately 168,000 square feet on 31.8 acres of land. At December 31, 2019, we operated 236 service centers, of which 205 were owned and 31 were leased. Our owned service centers include most of our larger facilities and account for approximately 93% of the total door capacity in our network. We own each of our major breakbulk facilities listed below and have provided the number of doors as of December 31, 2019.

| Service Center | Doors |
|---|---|
| Morristown, Tennessee | 347 |
| Indianapolis, Indiana | 318 |
| Dallas, Texas | 304 |
| Columbus, Ohio | 301 |
| Harrisburg, Pennsylvania | 300 |
| Memphis, Tennessee | 267 |
| Rialto, California | 258 |
| Greensboro, North Carolina | 256 |
| Atlanta, Georgia | 227 |
| Salt Lake City, Utah | 188 |

Our 236 facilities are strategically dispersed over the states in which we operate. At December 31, 2019, the terms of our leased properties ranged from month-to-month to a lease that expires in 2039. We believe that as current leases expire, we will be able to renew them or find comparable facilities without causing any material negative impact on service to our customers or our operating results.

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 increased demand for our services.

**ITEM 3. LEGAL PROCEEDINGS**

We are involved in or addressing various legal proceedings and claims, governmental inquiries, notices and investigations that have arisen in the ordinary course of our business and have not been fully adjudicated, some of which may be covered in whole or in part by insurance. Certain of these matters include collective and/or class-action allegations. We do not believe that the resolution of any of these matters will have a material adverse effect upon our financial position, results of operations or cash flows.

Item 103 of SEC Regulation S-K requires disclosure of environmental legal proceedings with a governmental authority if management reasonably believes that the proceedings may involve potential monetary sanctions of $100,000 or more. The following matter is disclosed in accordance with that requirement. We do not believe that any possible loss that may be incurred in connection with the matter will be material to our financial position, results of operations or cash flows.

On May 12, 2017, we received a letter from the Orange County California District Attorney's Office concerning suspected violations of California laws with respect to waste handling practices. As part of the civil investigation conducted in coordination with other California counties, we have shared information about our waste handling practices at our facilities throughout the state. We are in discussions concerning resolution of this matter.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

**Common Stock Information**

Our common stock is traded on the Nasdaq Global Select Market ("Nasdaq") under the symbol ODFL. At February 20, 2020, there were 74,422 holders of our common stock, including 105 shareholders of record.

The following table provides information regarding our repurchases of our common stock during the fourth quarter of 2019:

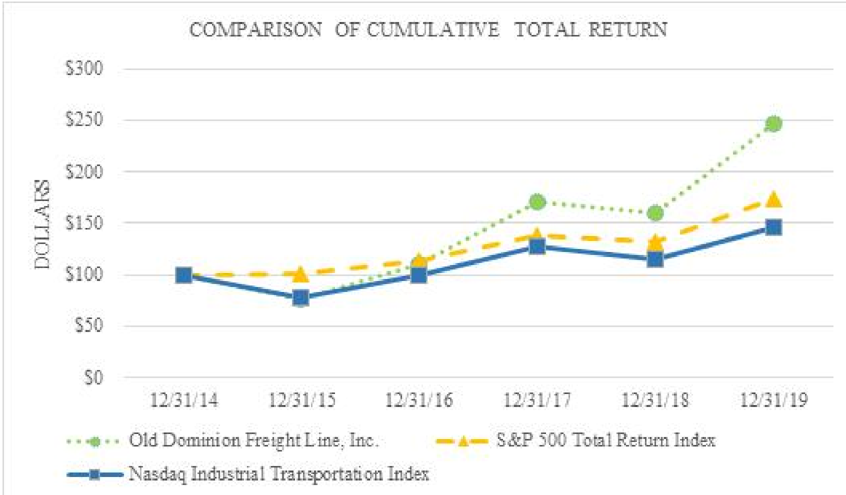
**ISSUER PURCHASES OF EQUITY SECURITIES**

| | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs |
|---|---|---|---|---|
| October 1-31, 2019 | 59,773 | $ 170.13 | 59,773 | $ 266,214,247 |
| November 1-30, 2019 | 21,142 | $ 191.46 | 21,142 | $ 262,166,432 |
| December 1-31, 2019 | 115,101 | $ 185.90 | 115,101 | $ 240,769,337 |
| Total | 196,016 | $ 181.69 | 196,016 | |

During the second quarter of 2019, we completed our stock repurchase program, previously announced on May 17, 2018, to repurchase up to an aggregate of $250.0 million of our outstanding common stock. On May 16, 2019, we announced that our Board of Directors had approved a new two-year stock repurchase program authorizing us to repurchase up to an aggregate of $350.0 million of our outstanding common stock (the "2019 Repurchase Program"). Under the 2019 Repurchase Program, which became effective upon the expiration of our prior stock repurchase program, we may repurchase shares from time to time in open market purchases or through privately negotiated transactions. Shares of our common stock repurchased under our repurchase programs are canceled at the time of repurchase and are classified as authorized but unissued shares of our common stock.

**Performance Graph**

The following graph compares the total shareholder cumulative returns, assuming the reinvestment of all dividends, of $100 invested on December 31, 2014, in (i) our common stock, (ii) the S&P 500 Total Return Index, and (iii) the Nasdaq Industrial Transportation Index, for the five-year period ended December 31, 2019.




**Cumulative Total Return**

| | 12/31/14 | 12/31/15 | 12/31/16 | 12/31/17 | 12/31/18 | 12/31/19 |
|---|---|---|---|---|---|---|
| Old Dominion Freight Line, Inc. | $ 100 | $ 76 | $ 110 | $ 170 | $ 160 | $ 246 |
| S&P 500 Total Return Index | $ 100 | $ 101 | $ 114 | $ 138 | $ 132 | $ 174 |
| Nasdaq Industrial Transportation Index | $ 100 | $ 77 | $ 100 | $ 127 | $ 116 | $ 145 |

## ITEM 6. SELECTED FINANCIAL DATA

| *(In thousands, except per share amounts)* | Year Ended December 31, 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **Operating Data:** | | | | | |
| Revenue from operations | **$ 4,109,111** | $ 4,043,695 | $ 3,358,112 | $ 2,991,517 | $ 2,972,442 |
| Depreciation and amortization expense | **253,681** | 230,357 | 205,763 | 189,867 | 165,343 |
| Total operating expenses | **3,290,405** | 3,226,644 | 2,782,226 | 2,507,682 | 2,474,202 |
| Operating income | **818,706** | 817,051 | 575,886 | 483,835 | 498,240 |
| Interest (income) expense, net | **(6,386 )** | (2,924 ) | 1,414 | 4,274 | 5,001 |
| Provision for income taxes | **208,431** | 209,845 | 112,058 | 181,822 | 185,327 |
| Net income (1) | **615,518** | 605,668 | 463,774 | 295,765 | 304,690 |
| | | | | | |
| **Per Share Data:** | | | | | |
| Basic earnings per share | **$ 7.67** | $ 7.39 | $ 5.63 | $ 3.56 | $ 3.57 |
| Diluted earnings per share | **$ 7.66** | $ 7.38 | $ 5.63 | $ 3.56 | $ 3.57 |
| Cash dividends per share | **$ 0.68** | $ 0.52 | $ 0.40 | $ — | $ — |
| | | | | | |
| **Balance Sheet Data:** | | | | | |
| Cash and cash equivalents | **$ 403,571** | $ 190,282 | $ 127,462 | $ 10,171 | $ 11,472 |
| Current assets | **866,834** | 706,229 | 584,653 | 382,622 | 381,730 |
| Total assets (2) | **3,995,568** | 3,545,283 | 3,068,424 | 2,696,247 | 2,466,504 |
| Current liabilities (2) | **366,085** | 356,732 | 351,049 | 288,636 | 285,402 |
| Long-term debt *(including current maturities)* | **45,000** | 45,000 | 95,000 | 104,975 | 133,805 |
| Shareholders' equity | **3,080,717** | 2,680,483 | 2,276,854 | 1,851,158 | 1,684,637 |

(1) Our 2017 net income included a tax benefit of $104.9 million due to the remeasurement of our deferred taxes to reflect the impact of the Tax Act.

(2) On January 1, 2019, the Company adopted Accounting Standards Update 2016-02, "Leases" (Topic 842), which resulted in the recognition of right-of-use assets of approximately $65 million with corresponding lease liabilities on our Balance Sheet as of December 31, 2019.

## 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 services through a single integrated organization. Our service offerings, which include expedited transportation, are provided through an expansive network of service centers located throughout the continental United States. Through strategic alliances, we also provide LTL services throughout North America. In addition to our core LTL services, we offer a range of value-added services including container drayage, truckload brokerage and supply chain consulting. More than 97% 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 our LTL volumes and LTL revenue per hundredweight. While LTL revenue per hundredweight is a yield measurement, it is also a commonly-used indicator for general pricing trends in the LTL industry. This yield metric is not a true measure of price, however, as it can be influenced by many other factors, such as changes in fuel surcharges, weight per shipment and length of haul. As a result, changes in revenue per hundredweight do not necessarily indicate actual changes in underlying base rates. LTL revenue per hundredweight and the key factors that can impact this metric are described in more detail below:

- *LTL Revenue Per Hundredweight* - Our LTL transportation services are generally priced based on weight, commodity, and distance. This measurement reflects the application of our pricing policies to the services we provide, 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. 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 metrics results in a more accurate representation of the underlying changes in our yields by matching total billed revenue with the corresponding weight of those shipments.
- *LTL Weight Per Shipment* - Fluctuations in weight per shipment can indicate changes in the 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. Changes in weight per shipment can also be influenced by shifts between LTL and other modes of transportation, such as truckload and intermodal, in response to capacity, service and pricing issues. Fluctuations in weight per shipment generally have an inverse effect on our revenue per hundredweight, as a decrease in weight per shipment will typically cause an increase in revenue per hundredweight.
- *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. This metric is used to analyze our tonnage and pricing trends for shipments with similar characteristics, and also allows for comparison with other transportation providers serving specific markets. By analyzing this metric, we can determine the success and growth potential of our service products in these markets. Changes in length of haul generally have a direct effect on our revenue per hundredweight, as an increase in length of haul will typically cause an increase in revenue per hundredweight.

Our primary revenue focus is to increase density, which is shipment and tonnage growth within our existing infrastructure. Increases in density allow us to maximize our asset utilization and labor productivity, which we measure over many different functional areas of our operations including 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 and operating efficiencies, it is critical for us to obtain an appropriate yield, which is measured as revenue per hundredweight, on the shipments we handle to offset our cost inflation and support our ongoing investments in capacity and technology. We regularly monitor the components of our pricing, including base freight rates, accessorial charges and fuel surcharges. The fuel surcharge is generally designed to offset fluctuations in the cost of our petroleum-based products and is indexed to diesel fuel prices published by the U.S. Department of Energy, which reset each week. We believe our yield management process focused on individual account profitability, and ongoing improvements in operating efficiencies, are both key components of 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 include diesel fuel, and depreciation of our equipment fleet and service center facilities. We gauge our overall success in managing costs by monitoring our operating ratio, a measure of profitability calculated by dividing total operating expenses by revenue, which also allows for industry-wide comparisons with our competition.

We regularly 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 that we use to monitor and enhance our processes.

**Results of Operations**

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

| | **2019** | 2018 | 2017 |
|---|---|---|---|
| Revenue from operations | **100.0 %** | 100.0 % | 100.0 % |
| Operating expenses: | | | |
| Salaries, wages and benefits | **51.7** | 51.3 | 53.7 |
| Operating supplies and expenses | **11.5** | 12.3 | 11.6 |
| General supplies and expenses | **3.0** | 2.9 | 3.2 |
| Operating taxes and licenses | **2.8** | 2.8 | 3.0 |
| Insurance and claims | **1.3** | 1.1 | 1.2 |
| Communication and utilities | **0.7** | 0.8 | 0.8 |
| Depreciation and amortization | **6.2** | 5.7 | 6.2 |
| Purchased transportation | **2.2** | 2.4 | 2.5 |
| Miscellaneous expenses, net | **0.7** | 0.5 | 0.7 |
| Total operating expenses | **80.1** | 79.8 | 82.9 |
| Operating income | **19.9** | 20.2 | 17.1 |
| Interest (income) expense, net | **(0.2 )** | (0.1 ) | 0.1 |
| Other expense (income), net | **0.0** | 0.1 | (0.1 ) |
| Income before income taxes | **20.1** | 20.2 | 17.1 |
| Provision for income taxes | **5.1** | 5.2 | 3.3 |
| Net income | **15.0 %** | 15.0 % | 13.8 % |

Old Dominion faced many challenges in 2019, yet we were still able to produce new Company records for revenue, net income and earnings per diluted share. Our consistent focus on revenue quality resulted in yield improvement that more than offset the decrease in our LTL tons. While we had originally anticipated growth in LTL tons for the year, we believe the decrease was attributable to the sluggish economy and increased price competition in our industry. With declining volumes, our focus intensified on managing our variable costs and improving productivity. As a result of our cost management initiatives, our operating ratio of 80.1% was only slightly higher than the Company record in 2018 despite a significant increase in our fringe benefit costs associated with the 53.7% increase in our share price during the year. Net income increased at the same rate of our revenue growth and earnings per diluted share increased 3.8% to $7.66.

***2019 Compared to 2018***

Key financial and operating metrics for 2019 and 2018 are presented below:

| | **2019** | 2018 | **Change** | **% Change** |
|---|---|---|---|---|
| Work days | **253** | 253 | — | — |
| Revenue *(in thousands)* | **$ 4,109,111** | $ 4,043,695 | $ 65,416 | 1.6 |
| Operating ratio | **80.1 %** | 79.8 % | | |
| Net income *(in thousands)* | **$ 615,518** | $ 605,668 | $ 9,850 | 1.6 |
| Diluted earnings per share | **$ 7.66** | $ 7.38 | $ 0.28 | 3.8 |
| LTL tons *(in thousands)* | **8,964** | 9,379 | (415 ) | (4.4 ) |
| LTL shipments *(in thousands)* | **11,491** | 11,748 | (257 ) | (2.2 ) |
| LTL weight per shipment *(lbs.)* | **1,560** | 1,597 | (37 ) | (2.3 ) |
| LTL revenue per hundredweight | **$ 22.64** | $ 21.25 | $ 1.39 | 6.5 |
| LTL revenue per shipment | **$ 353.18** | $ 339.35 | $ 13.83 | 4.1 |
| LTL revenue per intercity mile (1) | **$ 6.30** | $ 5.99 | $ 0.31 | 5.2 |
| LTL intercity miles *(in thousands)* (1) | **644,287** | 665,697 | (21,410 ) | (3.2 ) |
| Average length of haul *(miles)* | **917** | 918 | (1 ) | (0.1 ) |

(1) - Intercity mile statistics for 2018 have been adjusted to exclude miles related to non-LTL shipments.

*Revenue*

Revenue increased $65.4 million, or 1.6%, as compared to 2018, due to a $72.8 million increase in LTL revenue partially offset by a $7.4 million decrease in non-LTL revenue. LTL revenue was higher in 2019 due to an increase in LTL revenue per hundredweight that was partially offset by a decrease in volumes. The reduction in LTL tons during 2019 resulted from decreases in both LTL weight per shipment and LTL shipments. Despite the decrease in volumes, we believe that our superior service allowed us to increase our market share while also maintaining our price discipline during the year.

LTL revenue per hundredweight increased 6.5% to $22.64 in 2019 as compared to 2018. We believe this increase reflects our continued focus on the consistent execution of our yield management process as well as the 2.3% decrease in LTL weight per shipment. Our LTL revenue and yield were negatively impacted by a decrease in fuel surcharges in 2019 that resulted from a decrease in the average price of diesel fuel. Excluding fuel surcharges, LTL revenue per hundredweight increased 7.3% to $19.72 in 2019 compared to 2018. As a percent of revenue, fuel surcharges decreased to 12.7% in 2019 as compared to 13.3% in 2018.

*January 2020 Update*

Revenue per day increased 0.2% in January 2020 compared to the same month last year. LTL tons per day decreased 3.6%, due primarily to a 2.5% decrease in LTL shipments per day and a 1.1% decrease in LTL weight per shipment. LTL revenue per hundredweight increased approximately 4.2% as compared to the same month last year. LTL revenue per hundredweight, excluding fuel surcharges, increased approximately 4.1% as compared to the same month last year.

*Operating Costs and Other Expenses*

Salaries, wages and benefits increased $46.9 million, or 2.3%, in 2019 as compared to 2018, due primarily to a $45.5 million increase in employee benefit costs. Salaries and wages remained consistent between the periods compared, as annual wage increases provided to our employees at the beginning of both September 2018 and 2019 were offset by a decrease in performance-based compensation and an improvement in productivity. In addition, our average number of full-time employees decreased 0.4% in 2019 as compared to 2018 due primarily to the decrease in LTL shipments. Productivity improvements for the year included increases in both platform and P&D shipments per hour, while our linehaul laden load average declined slightly due primarily to the decrease in weight per shipment. As a result, our productive labor costs, which include drivers, dock workers, and technicians, improved as a percent of revenue to 27.6% in 2019 as compared to 27.9% in 2018. Our other salaries and wages as a percent of revenue also improved to 10.2% in 2019 as compared to 10.5% in 2018.

Employee benefit costs increased $45.5 million, or 8.7%, in 2019 as compared to 2018, due primarily to increased expense associated with phantom stock plan retirement benefits historically linked to the market price of our common stock, as well as additional expense associated with the December 2019 amendments to the phantom stock plans. Employee benefits were also impacted by higher group health and dental costs resulting from an increase in the number of employees and their family members covered by our plans. As a result of these increases, our benefit costs as a percent of salaries and wages increased to 36.4% in 2019 compared to 33.5% in 2018.

Operating supplies and expenses decreased $24.4 million, or 4.9%, in 2019 as compared to 2018, due primarily to a decrease in our costs for fuel used in our vehicles. Our diesel fuel costs, excluding fuel taxes, represents the largest component of operating supplies and expenses, and can vary based on both average price per gallon and consumption. The decrease in our diesel fuel costs, excluding fuel taxes, was due primarily to an 8.0% decrease in our average cost per gallon of diesel fuel during 2019. In addition, our gallons consumed decreased 4.1% in 2019 as compared to 2018 due primarily to a 3.1% decrease in linehaul and P&D miles driven. We do not use diesel fuel hedging instruments; therefore, our costs are subject to market price fluctuations. Other operating supplies and expenses increased slightly as a percent of revenue between the periods compared.

Depreciation and amortization increased $23.3 million, or 10.1%, in 2019 as compared to 2018, due primarily to the assets acquired as part of our 2018 and 2019 capital expenditure programs. These costs increased as a percent of revenue in 2019 due to the loss of leverage associated with the decrease in volumes and a capital expenditure plan for equipment that anticipated more business growth. While our 2020 capital expenditure plan is lower than 2019, particularly with respect to tractors and trailers, we believe depreciation expense will continue to increase. While our investments in real estate, equipment, and technology can increase our costs in the short-term, we believe these investments are necessary to support our continued long-term growth and strategic initiatives.

Our effective tax rate in 2019 was 25.3% as compared to 25.7% in 2018. Our effective tax rate generally exceeds the federal statutory rate due to the impact of state taxes and, to a lesser extent, certain other non-deductible items.

***2018 Compared to 2017***

Key financial and operating metrics for 2018 and 2017 are presented below:

| | 2018 | 2017 | Change | % Change |
|---|---|---|---|---|
| Work days | **253** | 253 | — | — |
| Revenue *(in thousands)* | **$ 4,043,695** | $ 3,358,112 | $ 685,583 | 20.4 |
| Operating ratio | **79.8 %** | 82.9 % | | |
| Net income *(in thousands)* | **$ 605,668** | $ 463,774 | $ 141,894 | 30.6 |
| Diluted earnings per share | **$ 7.38** | $ 5.63 | $ 1.75 | 31.1 |
| LTL tons *(in thousands)* | **9,379** | 8,519 | 860 | 10.1 |
| LTL shipments *(in thousands)* | **11,748** | 10,736 | 1,012 | 9.4 |
| LTL weight per shipment *(lbs.)* | **1,597** | 1,587 | 10 | 0.6 |
| LTL revenue per hundredweight | **$ 21.25** | $ 19.39 | $ 1.86 | 9.6 |
| LTL revenue per shipment | **$ 339.35** | $ 307.66 | $ 31.69 | 10.3 |
| LTL revenue per intercity mile (1) | **$ 5.99** | $ 5.53 | $ 0.46 | 8.3 |
| LTL intercity miles *(in thousands)* (1) | **665,697** | 597,616 | 68,081 | 11.4 |
| Average length of haul *(miles)* | **918** | 917 | 1 | 0.1 |

(1) - Intercity mile statistics have been adjusted to exclude miles related to non-LTL shipments.

*Revenue*

Revenue increased $685.6 million, or 20.4%, as compared to 2017, due to a $679.1 million increase in LTL revenue and a $6.5 million increase in non-LTL revenue. LTL revenue was higher in 2018 due to increases in both LTL tons and yield. The 10.1% increase in LTL tons during 2018 resulted from a 9.4% increase in LTL shipments and a 0.6% increase in LTL weight per shipment as compared to 2017. We believe these increases were driven by a stronger U.S. domestic economy and market share gains resulting from increased demand for the consistent levels of superior service that we provide to our customers.

LTL revenue per hundredweight increased 9.6% to $21.25 in 2018 as compared to 2017. We believe the continued increase in our revenue per hundredweight reflected our consistent yield management process and a favorable pricing environment that resulted from general capacity constraints in the transportation industry. Our LTL revenue and yield were also positively impacted by an increase in fuel surcharges in 2018 as compared to 2017. Excluding fuel surcharges, LTL revenue per hundredweight increased 6.9% in 2018 compared to 2017. As a percent of revenue, fuel surcharges increased to 13.3% in 2018 from 11.1% in 2017.

*Operating Costs and Other Expenses*

Salaries, wages and benefits increased $273.2 million, or 15.2%, in 2018 due to a $201.6 million increase in salaries and wages and a $71.6 million increase in benefit costs. The increase in the costs attributable to salaries and wages was due primarily to an increase in the number of full-time employees and increases in our employees' wages. Our average number of full-time employees increased 14.2% during 2018 as compared to 2017 to support our shipment growth. Salaries and wages also increased as a result of higher performance-based compensation and annual wage increases provided to our employees at the beginning of both September 2018 and September 2017. In addition, our costs were also impacted by productivity declines in our platform and P&D operations related to training of our new employees. Although our costs increased, our aggregate productive labor costs as a percent of revenue improved to 27.9% in 2018 compared to 29.3% in 2017. Our indirect salaries and wages as a percent of revenue also improved to 11.5% in 2018, compared to 12.0% in 2017.

Employee benefit costs increased $71.6 million, or 15.9%, due primarily to the increase in our average number of full-time employees, enhancements to our employees' paid time off benefits implemented in 2018, and higher 401(k) benefits directly linked to the increase in our net income. The change in our benefit costs was also impacted by a decrease in the costs of certain retirement benefits directly linked to the market price of our common stock, and lower workers' compensation cost per employee in 2018 as compared to 2017. As a percent of salaries and wages, our benefit costs increased to 33.5% in 2018 compared to 33.2% in 2017.

Operating supplies and expenses increased $109.2 million, or 28.6%, in 2018 as compared to 2017, due primarily to increased costs of diesel fuel. The cost of diesel fuel, excluding fuel taxes, represents the largest component of operating supplies and expenses, and can vary based on both average price per gallon and consumption. The increase in our diesel fuel costs, excluding fuel taxes, was due primarily to a 24.9% increase in our average cost per gallon of diesel fuel during 2018. In addition, our gallons consumed increased 10.8% in 2018 as compared to 2017 due primarily to an 11.1% increase in linehaul and P&D miles driven. We do not use diesel fuel hedging instruments; therefore our costs are subject to market price fluctuations.

Depreciation and amortization increased $24.6 million, or 12.0%, due primarily to the assets acquired as part of our 2017 and 2018 capital expenditure programs. While our investments in real estate, equipment, and technology can increase our costs in the short-term, we believe these investments are necessary to support our continued long-term growth and strategic initiatives.

Our effective tax rate in 2018 was 25.7% as compared to 19.5% in 2017. Our provision for income taxes in 2017 included a $104.9 million income tax benefit resulting from the revaluation of our deferred tax liabilities in connection with the passage of the Tax Act in December 2017. The Tax Act also lowered the federal statutory rate to 21% from 35% beginning in 2018. Our effective tax rate generally exceeds the federal statutory rate due to the impact of state taxes and, to a lesser extent, certain other non-deductible items.

**Liquidity and Capital Resources**

A summary of our cash flows is presented below:

| *(In thousands)* | **2019** | 2018 | 2017 |
|---|---|---|---|
| Cash and cash equivalents at beginning of year | **$ 190,282** | $ 127,462 | $ 10,171 |
| Cash flows provided by (used in): | | | |
| Operating activities | **983,888** | 900,116 | 536,294 |
| Investing activities | **(473,639)** | (580,391) | (367,746) |
| Financing activities | **(296,960)** | (256,905) | (51,257) |
| Increase in cash and cash equivalents | **213,289** | 62,820 | 117,291 |
| Cash and cash equivalents at end of year | **$ 403,571** | $ 190,282 | $ 127,462 |

The change in our cash flows provided by operating activities during 2019 as compared to 2018 was impacted by an increase in depreciation and amortization of $23.3 million, a decrease in our income taxes paid of $12.7 million and fluctuations in other working capital accounts.

The change in our cash flows provided by operating activities during 2018 as compared to 2017 was impacted by an increase in income before income taxes of $239.7 million, an increase in depreciation and amortization of $24.6 million, a decrease in income taxes paid of $29.4 million and fluctuations in certain working capital accounts.

The changes in cash flows used in investing activities for all periods were primarily due to the increased land and structure expenditures to increase the capacity of our service center network and changes to our revenue equipment expenditures associated with our fleet replacement cycle and anticipated volume trends each year. Changes in our capital expenditures are more fully described below in "Capital Expenditures."

The changes in cash flows used in financing activities for all periods were due primarily to fluctuations in capital returned to shareholders and fluctuations in our long-term debt, which includes our senior unsecured revolving line of credit. Our financing arrangements are more fully described below under "Financing Agreements." Our return of capital to shareholders is more fully described below under "Stock Repurchase Program" and "Dividends to Shareholders."

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 other sources of liquidity, if needed.

*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, 2019, 2018 and 2017:

| | **Year Ended December 31,** | | |
|---|---|---|---|
| *(In thousands)* | **2019** | 2018 | 2017 |
| Land and structures | **$ 250,387** | $ 247,291 | $ 179,150 |
| Tractors | **75,418** | 185,209 | 123,152 |
| Trailers | **88,115** | 98,835 | 37,424 |
| Technology | **30,424** | 20,309 | 19,329 |
| Other equipment and assets | **34,981** | 36,648 | 23,070 |
| Less: Proceeds from sales | **(5,686)** | (6,983) | (12,240) |
| Total | **$ 473,639** | $ 581,309 | $ 369,885 |

Our capital expenditures varied based upon the projected increase in the number and size of our service center facilities to support our plan for long-term growth, our planned tractor and trailer replacement cycle and forecasted tonnage and shipment growth. Expenditures for land and structures can be dependent upon the availability of land in the geographic areas where we are looking to expand. We expect to continue to maintain a high level of capital expenditures in order to support our long-term plan for market share growth.

We currently estimate capital expenditures will be approximately $315 million for the year ending December 31, 2020. Approximately $245 million is allocated for the purchase of service center facilities, construction of new service center facilities or expansion of existing service center facilities, subject to the availability of suitable real estate and the timing of construction projects; approximately $50 million is allocated for investments in technology and other assets; and approximately $20 million is allocated for the purchase of tractors and trailers. We expect to fund these capital expenditures primarily 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.

*Stock Repurchase Program*

During the second quarter of 2019, we completed our stock repurchase program, previously announced on May 17, 2018, to repurchase up to an aggregate of $250.0 million of our outstanding common stock. On May 16, 2019, we announced that our Board of Directors had approved a new two-year stock repurchase program authorizing us to repurchase up to an aggregate of $350.0 million of our outstanding common stock (the “2019 Repurchase Program”). Under the 2019 Repurchase Program, which became effective upon the expiration of our prior stock repurchase program, we may repurchase shares from time to time in open market purchases or through privately negotiated transactions. Shares of our common stock repurchased under our repurchase programs are canceled at the time of repurchase and are classified as authorized but unissued shares of our common stock.

During the years ended December 31, 2019, 2018 and 2017, we repurchased 1,602,224, 1,175,565, and 91,921 shares of our common stock under our repurchase programs for an aggregate of $241.0 million, $163.3 million, and $8.0 million, respectively. As of December 31, 2019, we had $240.8 million remaining authorized under the 2019 Repurchase Program.

*Dividends to Shareholders*

Our Board of Directors declared a cash dividend of $0.17 per share for each quarter of 2019, $0.13 per share for each quarter of 2018, and $0.10 per share for each quarter of 2017.

On February 6, 2020, we announced that our Board of Directors had declared a cash dividend of $0.23 per share of our common stock. The dividend is payable on March 18, 2020 to shareholders of record at the close of business on March 4, 2020. Although we intend to pay a quarterly cash dividend on our common stock for the foreseeable future, the declaration and amount of any future dividend is subject to approval by our Board of Directors, and is restricted by applicable state law limitations on distributions to shareholders as well as certain covenants under our revolving credit facility. We anticipate that any future quarterly cash dividends will be funded through cash flows from operations and, if needed, borrowings under our revolving credit facility.

On February 21, 2020, we announced that our Board of Directors has approved a three-for-two split of our common stock for shareholders of record as of the close of business on the record date of March 10, 2020. The additional shares will be distributed by our transfer agent, Broadridge Corporate Issuer Solutions, Inc., on March 24, 2020. In lieu of fractional shares, shareholders will receive a cash payment based on the average of the high and low sales prices of the common stock on the record date.

*Financing Agreements*

We have one unsecured senior note agreement with a principal amount outstanding of $45.0 million at December 31, 2019 and December 31, 2018. The agreement calls for a scheduled principal payment of $45.0 million, with an interest rate of 4.79%, on January 3, 2021.

On November 21, 2019, we entered into a second amended and restated credit agreement with Wells Fargo Bank, National Association serving as administrative agent for the lenders (the “Credit Agreement”). The Credit Agreement provides for a five-year, $250.0 million senior unsecured revolving line of credit and a $150.0 million accordion feature, which if fully exercised and approved, would expand the total borrowing capacity up to an aggregate of $400.0 million. Of the $250.0 million line of credit commitments under the Credit Agreement, up to $100.0 million may be used for letters of credit.

At our option, borrowings under the Credit Agreement bear interest at either: (i) LIBOR (including applicable successor provisions) plus an applicable margin (based on our ratio of net debt-to-total capitalization) that ranges from 1.000% to 1.375%; or (ii) a Base Rate plus an applicable margin (based on our ratio of net debt-to-total capitalization) that ranges from 0.000% to 0.375%. Letter of credit fees equal to the applicable margin for LIBOR loans are charged quarterly in arrears on the daily average aggregate stated amount of all letters of credit outstanding during the quarter. Commitment fees ranging from 0.100% to 0.175% (based upon the ratio of net debt-to-total capitalization) are charged quarterly in arrears on the aggregate unutilized portion of the Credit Agreement.

For periods covered under the Credit Agreement, the applicable margin on LIBOR loans and letter of credit fees were 1.000% and commitment fees were 0.100%.

The Credit Agreement replaced our previous five-year, $300.0 million senior unsecured revolving credit agreement dated as of December 15, 2015, as amended on September 9, 2016 (the "Prior Credit Agreement"). For periods in 2019 and 2018 covered under the Prior Credit Agreement, the applicable margin on LIBOR loans and letter of credit fees were 1.000% and commitment fees were 0.125%.

The amounts outstanding and available borrowing capacity at December 31, 2019 under the Credit Agreement and at December 31, 2018 under the Prior Credit Agreement are presented below:

| | December 31, | |
|---|---|---|
| *(In thousands)* | **2019** | 2018 |
| Facility limit | $ 250,000 | $ 300,000 |
| Line of credit borrowings | — | — |
| Outstanding letters of credit | (48,915) | (61,455) |
| Available borrowing capacity | $ 201,085 | $ 238,545 |

The interest rate is fixed on our senior note agreement. 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 senior note agreement and Credit Agreement contain 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 material domestic subsidiaries of the Company would be required to guarantee payment of all of our obligations under these agreements. The Credit Agreement also includes a provision limiting our ability to make restricted payments, including dividends and payments for share repurchases, unless, among other conditions, no defaults or events of default are ongoing (or would be caused by such restricted payment). We were in compliance with all covenants in our outstanding debt instruments for the period ended December 31, 2019.

A significant decrease in demand for our services could limit our ability to generate cash flow and affect our profitability. Our senior note agreement has covenants that require stated levels of financial performance, which if not achieved could cause acceleration of the payment schedules. As of December 31, 2019, 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.

*Contractual Obligations*

The following table summarizes our significant contractual obligations as of December 31, 2019:

| | Payments due by period | | | | |
|---|---|---|---|---|---|
| **Contractual Obligations (1)** *(In thousands)* | **Total** | **Less than 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| Senior Notes | $ 48,233 | $ 2,155 | $ 46,078 | $ — | $ — |
| Operating lease obligations (2) | 85,213 | 12,839 | 18,160 | 11,205 | 43,009 |
| Purchase obligations and Other (3) | 82,489 | 30,486 | 15,904 | 9,820 | 26,279 |
| Total | $ 215,935 | $ 45,480 | $ 80,142 | $ 21,025 | $ 69,288 |

(1) Contractual obligations include principal and interest on our senior notes; operating leases consisting primarily of real estate and automotive leases; and purchase obligations relating to non-cancellable purchase orders for equipment scheduled for delivery in 2020 and information technology agreements. 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 of the Notes to the Financial Statements included in Item 8 of this report.

(2) Lease payments include lease extensions that are reasonably certain to be exercised.

(3) Includes $44.8 million in lease payments for leases that have been executed but not yet commenced.

**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*

Our revenue is generated from providing transportation and related services to customers in accordance with the bill of lading ("BOL") contract, our general tariff provisions and contractual agreements. Generally, our performance obligations begin when we receive a BOL from a customer and are satisfied when we complete the delivery of a shipment and related services. We recognize revenue for our performance obligations under our customer contracts over time, as our customers receive the benefits of our services in accordance with Accounting Standards Update ("ASU") 2014-09. With respect to 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. Payment terms vary by customer and are short-term in nature.

*Allowances for Uncollectible Accounts and Revenue Adjustments*

We maintain an allowance for uncollectible accounts for estimated losses resulting from the failure 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 of our customers, including anticipated changes to future performance. 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.

*Claims and Insurance Accruals*

Claims and insurance accruals reflect the estimated cost of claims for cargo loss and damage, BIPD, workers' compensation, group health and dental. The related costs are charged to insurance and claims expense except for workers' compensation, group health and dental, which are charged to employee benefits expense.

Insurers providing excess coverage above a company's SIR or deductible levels typically adjust their premiums to cover insured losses and for other market factors. As a result, we periodically evaluate our SIR and deductible levels to determine the most cost-efficient balance between our exposure and excess coverage.

In establishing accruals for claims and 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 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. We use historical experience, certain assumptions and estimates in determining the economic life of each asset. When indicators of impairment exist, 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.

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.

**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 fluctuates as diesel fuel prices change from 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 any of the past three years.

**Related Party Transactions**

*Family Relationships*

Each of Earl E. Congdon, David S. Congdon and John R. Congdon, Jr. are related to one another and served in various management positions and/or on our Board of Directors during 2019. Our employment agreement with David S. Congdon is incorporated by reference as an exhibit to this Annual Report on Form 10-K. We regularly disclose the amount of compensation that we pay to these individuals, as well as the compensation paid to any of their family members employed by us that from time to time may require disclosure, in the proxy statement for our Annual Meeting of Shareholders.

*Audit Committee Approval*

The Audit Committee of our Board of Directors reviews and approves all related person transactions 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 investments relating to Company-owned life insurance contracts on certain current and former employees. The cash surrender value for variable life insurance contracts was $56.7 million of the $59.0 million, and $45.7 million of the $47.7 million, of aggregate cash surrender values for all life insurance contracts included on our Balance Sheets at December 31, 2019 and 2018, respectively. The underlying investments in our variable life insurance contracts expose us to market fluctuations. To provide a meaningful assessment of the market risk for investments relating to Company-owned life insurance contracts, we performed a sensitivity analysis using a 10% change in market value in those investments on December 31, 2019. A 10% change in market value would have caused a $5.7 million and a $4.6 million impact on our pre-tax income in 2019 and 2018, respectively.

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

For further discussion related to these risks, see Notes 2 and 8 of the Notes 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."

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### OLD DOMINION FREIGHT LINE, INC.

### BALANCE SHEETS

| *(In thousands, except share and per share data)* | December 31, 2019 | 2018 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | **$ 403,571** | $ 190,282 |
| Customer receivables, less allowances of $8,866 and $9,913, respectively | **397,579** | 427,569 |
| Other receivables | **10,586** | 40,691 |
| Prepaid expenses and other current assets | **55,098** | 47,687 |
| Total current assets | **866,834** | 706,229 |
| Property and equipment: | | |
| Revenue equipment | **1,898,999** | 1,811,233 |
| Land and structures | **2,039,937** | 1,796,868 |
| Other fixed assets | **482,425** | 454,432 |
| Leasehold improvements | **11,709** | 10,619 |
| Total property and equipment | **4,433,070** | 4,073,152 |
| Less: Accumulated depreciation | **(1,464,235 )** | (1,318,209 ) |
| Net property and equipment | **2,968,835** | 2,754,943 |
| Goodwill | **19,463** | 19,463 |
| Other assets | **140,436** | 64,648 |
| Total assets | **$ 3,995,568** | $ 3,545,283 |
| | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | **$ 70,254** | $ 78,518 |
| Compensation and benefits | **192,524** | 198,456 |
| Claims and insurance accruals | **54,330** | 53,263 |
| Other accrued liabilities | **46,130** | 26,495 |
| Income taxes payable | **2,847** | — |
| Total current liabilities | **366,085** | 356,732 |
| Long-term debt | **45,000** | 45,000 |
| Other non-current liabilities | **241,802** | 215,399 |
| Deferred income taxes | **261,964** | 247,669 |
| Total long-term liabilities | **548,766** | 508,068 |
| Total liabilities | **914,851** | 864,800 |
| Commitments and contingent liabilities | | |
| Shareholders' equity | | |
| Common stock - $0.10 par value, 140,000,000 shares authorized, 79,688,356 and 81,231,131 shares outstanding at December 31, 2019 and 2018, respectively | **7,969** | 8,123 |
| Capital in excess of par value | **222,430** | 142,176 |
| Retained earnings | **2,850,318** | 2,530,184 |
| Total shareholders' equity | **3,080,717** | 2,680,483 |
| Total liabilities and shareholders' equity | **$ 3,995,568** | $ 3,545,283 |

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

**OLD DOMINION FREIGHT LINE, INC.**

**STATEMENTS OF OPERATIONS**

| *(In thousands, except share and per share data)* | Year Ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|
| Revenue from operations | **$ 4,109,111** | $ 4,043,695 | $ 3,358,112 |
| Operating expenses: | | | |
| Salaries, wages and benefits | **2,122,464** | 2,075,602 | 1,802,440 |
| Operating supplies and expenses | **473,114** | 497,476 | 389,782 |
| General supplies and expenses | **123,975** | 119,180 | 107,733 |
| Operating taxes and licenses | **116,839** | 112,210 | 99,778 |
| Insurance and claims | **52,549** | 44,118 | 41,718 |
| Communications and utilities | **29,601** | 31,070 | 27,754 |
| Depreciation and amortization | **253,681** | 230,357 | 205,763 |
| Purchased transportation | **89,636** | 96,017 | 84,747 |
| Miscellaneous expenses, net | **28,546** | 20,614 | 22,511 |
| Total operating expenses | **3,290,405** | 3,226,644 | 2,782,226 |
| Operating income | **818,706** | 817,051 | 575,886 |
| Non-operating (income) expense: | | | |
| Interest expense | **377** | 189 | 2,154 |
| Interest income | **(6,763)** | (3,113) | (740) |
| Other expense (income), net | **1,143** | 4,462 | (1,360) |
| Total non-operating (income) expense | **(5,243)** | 1,538 | 54 |
| Income before income taxes | **823,949** | 815,513 | 575,832 |
| Provision for income taxes | **208,431** | 209,845 | 112,058 |
| Net income | **$ 615,518** | $ 605,668 | $ 463,774 |
| Earnings per share: | | | |
| Basic | **$ 7.67** | $ 7.39 | $ 5.63 |
| Diluted | **$ 7.66** | $ 7.38 | $ 5.63 |
| Weighted average shares outstanding: | | | |
| Basic | **80,276,145** | 81,923,564 | 82,308,417 |
| Diluted | **80,406,399** | 82,019,781 | 82,407,068 |
| Dividends declared per share | **$ 0.68** | $ 0.52 | $ 0.40 |

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

**OLD DOMINION FREIGHT LINE, INC.**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

| *(In thousands)* | Common Stock Shares | Common Stock Amount | Capital in Excess of Par Value | Retained Earnings | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2016 | 82,417 | $ 8,242 | $ 135,466 | $ 1,707,450 | $ 1,851,158 |
| Net income | — | — | — | 463,774 | 463,774 |
| Share repurchases | (92) | (9) | — | (8,004) | (8,013) |
| Cash dividends declared | — | — | — | (32,963) | (32,963) |
| Share-based compensation and restricted share issuances, net of taxes | 51 | 5 | 2,893 | — | 2,898 |
| Balance as of December 31, 2017 | 82,376 | 8,238 | 138,359 | 2,130,257 | 2,276,854 |
| Net income | — | — | — | 605,668 | 605,668 |
| Share repurchases | (1,176) | (118) | — | (163,147) | (163,265) |
| Cash dividends declared | — | — | — | (42,594) | (42,594) |
| Share-based compensation and restricted share issuances, net of taxes | 31 | 3 | 3,817 | — | 3,820 |
| Balance as of December 31, 2018 | 81,231 | 8,123 | 142,176 | 2,530,184 | 2,680,483 |
| **Net Income** | **—** | **—** | **—** | **615,518** | **615,518** |
| **Share repurchases** | **(1,602)** | **(160)** | **—** | **(240,800)** | **(240,960)** |
| **Cash dividends declared** | **—** | **—** | **—** | **(54,584)** | **(54,584)** |
| **Reclassification of liability for modified equity awards** | **—** | **—** | **64,991** | **—** | **64,991** |
| **Share-based compensation and restricted share issuances, net of taxes** | **59** | **6** | **15,263** | **—** | **15,269** |
| **Balance as of December 31, 2019** | **79,688** | **$ 7,969** | **$ 222,430** | **$ 2,850,318** | **$ 3,080,717** |

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

**OLD DOMINION FREIGHT LINE, INC.**

**STATEMENTS OF CASH FLOWS**

| *(In thousands)* | Year Ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net income | **$ 615,518** | $ 605,668 | $ 463,774 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | **253,681** | 230,357 | 205,763 |
| Noncash lease expense | **11,066** | — | — |
| Loss on disposal of property and equipment | **6,066** | 477 | 1,274 |
| Deferred income taxes | **13,157** | 57,709 | (82,639) |
| Share-based compensation | **16,717** | 4,894 | 3,242 |
| Changes in assets and liabilities: | | | |
| Customer and other receivables, net | **30,330** | (34,666) | (76,353) |
| Prepaid expenses and other assets | **(16,807)** | (12,003) | (12,885) |
| Accounts payable | **(8,264)** | 4,789 | (15,487) |
| Compensation, benefits and other accrued liabilities | **3,263** | 47,552 | 25,330 |
| Claims and insurance accruals | **5,297** | 8,142 | 1,843 |
| Income taxes, net | **32,612** | (17,813) | (4,939) |
| Other liabilities | **21,252** | 5,010 | 27,371 |
| Net cash provided by operating activities | **983,888** | 900,116 | 536,294 |
| Cash flows from investing activities: | | | |
| Purchase of property and equipment | **(479,325)** | (588,292) | (382,125) |
| Proceeds from sale of property and equipment | **5,686** | 6,983 | 12,240 |
| Other investing activities, net | **—** | 918 | 2,139 |
| Net cash used in investing activities | **(473,639)** | (580,391) | (367,746) |
| Cash flows from financing activities: | | | |
| Principal payments under long-term debt agreements | **—** | (50,000) | — |
| Net payments on revolving line of credit | **—** | — | (9,975) |
| Dividends paid | **(54,552)** | (42,566) | (32,925) |
| Payments for share repurchases | **(240,960)** | (163,265) | (8,013) |
| Other financing activities, net | **(1,448)** | (1,074) | (344) |
| Net cash used in financing activities | **(296,960)** | (256,905) | (51,257) |
| Increase in cash and cash equivalents | **213,289** | 62,820 | 117,291 |
| Cash and cash equivalents at beginning of year | **190,282** | 127,462 | 10,171 |
| Cash and cash equivalents at end of year | **$ 403,571** | $ 190,282 | $ 127,462 |
| Income taxes paid | **$ 157,290** | $ 170,035 | $ 199,404 |
| Interest paid | **$ 3,857** | $ 4,525 | $ 5,442 |
| Capitalized interest | **$ 3,128** | $ 3,237 | $ 3,309 |

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

**Note 1. Significant Accounting Policies**

***Business***

We are a leading, less-than-truckload ("LTL"), union-free motor carrier providing regional, inter-regional and national LTL services through a single integrated organization. Our service offerings, which include expedited transportation, are provided through an expansive network of service centers located throughout the United States. Through strategic alliances, we also provide LTL services throughout North America. In addition to our core LTL services, we offer a range of value-added services including container drayage, truckload brokerage and supply chain consulting.

We have one operating segment and no single customer exceeds 5% of our revenue. The composition of our revenue is summarized below:

| | Year Ended December 31, | | |
|---|---|---|---|
| *(In thousands)* | 2019 | 2018 | 2017 |
| LTL services | **$ 4,055,467** | $ 3,982,658 | $ 3,303,611 |
| Other services | **53,644** | 61,037 | 54,501 |
| Total revenue | **$ 4,109,111** | $ 4,043,695 | $ 3,358,112 |

***Basis of Presentation***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Certain amounts in prior years have been reclassified to conform prior years' financial statements to the current presentation.

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

***Revenue and Expense Recognition***

We recognize revenue based upon when our transportation and related services have been completed in accordance with the bill of lading ("BOL") contract, our general tariff provisions and contractual agreements with our customers. Generally, our performance obligations begin when we receive a BOL from a customer and are satisfied when we complete the delivery of a shipment and related services. We recognize revenue for our performance obligations under our customer contracts over time, as our customers receive the benefits of our services in accordance with Accounting Standards Update ("ASU") 2014-09. With respect to 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. Payment terms vary by customer and are short-term in nature.

Expenses are recognized when incurred.

***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 of our customers, including anticipated changes to future performance. 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, current information and anticipated changes to future performance to update and evaluate these estimates.

***Credit Risk***

Financial instruments that potentially subject us to concentrations of credit risk consist principally of customer receivables. We perform initial and ongoing credit evaluations of our customers to minimize credit risk. We generally do not require collateral but may require prepayment of our services under certain circumstances. Credit risk is generally diversified due to the large number of entities comprising our customer base and their dispersion across many different industries and geographic regions.

***Cash and Cash Equivalents***

We consider cash on hand and deposits in banks along with certificates of deposit and short-term marketable securities with original maturities of three months or less as cash and cash equivalents.

***Property and Equipment***

Property and equipment are stated at cost. Major additions and improvements are capitalized, while maintenance and repairs that do not improve or extend the lives of the respective assets are charged to expense as incurred. We capitalize the cost of tires mounted on purchased revenue equipment as a part of the total equipment cost. Subsequent replacement tires are expensed at the time those tires are placed in service. We assess the realizable value of our long-lived assets and evaluate such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

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

| | |
|---|---|
| Structures | 7 to 30 years |
| Revenue equipment | 4 to 15 years |
| Other equipment | 2 to 20 years |
| Leasehold improvements | Lesser of economic life or life of lease |

Depreciation expense was $253.7 million, $230.4 million and $205.6 million for 2019, 2018 and 2017, respectively.

***Goodwill***

Intangible assets have been acquired in connection with business combinations and represent goodwill. Goodwill is calculated as the excess cost over the fair value of assets acquired and is not subject to amortization. We review goodwill annually for impairment as a single reporting unit, unless circumstances dictate more frequent assessments, in accordance with ASU 2011-08, Testing Goodwill for Impairment. ASU 2011-08 permits an initial assessment, commonly referred to as “step zero”, of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount and also provides a basis for determining whether it is necessary to perform the goodwill impairment test required by Accounting Standards Codification (“ASC”) Topic 350.

We performed the qualitative assessment of goodwill on our annual measurement date of October 1, 2019 and determined that it was more likely than not that the fair value of our reporting unit would be greater than its carrying amount. Therefore, we determined it was not necessary to perform the quantitative goodwill impairment test. Furthermore, there has been no historical impairment of our goodwill.

***Claims and Insurance Accruals***

As of December 31, 2019, we maintained a self-insured retention (“SIR”) of $3.0 million per occurrence (for any claim that occurs on or after March 30, 2019) or $2.75 million per occurrence (for any claim that occurred between March 30, 2006 and March 29, 2019) for bodily injury and property damage (“BIPD”), plus a one-time, $2.5 million aggregate corridor deductible applicable per policy period to any claim that exceeds $5.0 million and occurs on or after March 30, 2016. We maintained a deductible of $2.0 million per occurrence (for any claim that occurs on or after March 30, 2019) or $1.0 million per occurrence (for any claim that occurred between March 30, 2003 and March 29, 2019) for workers’ compensation claims, and a SIR of $1.0 million per covered person paid during 2019 for group health claims.

Claims and insurance accruals reflect the estimated cost of claims for cargo loss and damage, BIPD, workers' compensation, group health and group dental. These accruals include amounts for future claims development and claims incurred but not reported, which are primarily based on historical claims development experience. The related cost for cargo loss and damage and BIPD is charged to "Insurance and claims" on our Statements of Operations, while the related costs for workers' compensation, group health and group dental are charged to "Salaries, wages and benefits" on our Statements of Operations.

Our liability for claims and insurance totaled $141.1 million and $135.8 million at December 31, 2019 and 2018, respectively. The long-term portions of those reserves were $86.7 million and $82.5 million for 2019 and 2018, respectively, which were included in "Other non-current liabilities" on our Balance Sheets.

***Share-Based Compensation***

We have various share-based compensation plans for our employees and non-employee directors. Our share-based compensation includes awards of phantom stock, restricted stock, and performance-based restricted stock units which are accounted for under ASC Topic 718, *Compensation - Stock Compensation*. All share-based compensation expense is presented in "Salaries, wages and benefits" for employees and "Miscellaneous expenses, net" for non-employee directors in the accompanying Statements of Operations. Total compensation expense recognized for all share-based compensation awards was $42.9 million, $10.7 million and $22.7 million during 2019, 2018, and 2017, respectively. The total tax benefit recognized related to these awards was ($10.8) million, ($3.2) million and ($9.0) million during 2019, 2018, and 2017, respectively.

Awards of phantom stock are accounted for as a liability under ASC Topic 718 and changes in the fair value of our liability are recognized as compensation cost over the remaining requisite service period. Changes in the fair value of the liability that occur after the requisite service period are recognized as compensation cost during the period in which the changes occur. We remeasure the liability for the outstanding awards at the end of each reporting period and the compensation cost is based on the change in fair market value for each reporting period.

In December 2019, we modified our employee and director phantom stock plans to permit the settlement of outstanding phantom stock awards in shares of the Company's common stock in lieu of cash settlement. Awards for plan participants electing to settle their awards in stock were amended and certain vesting provisions were waived. Modified awards are accounted for as equity awards rather than liability awards under ASC Topic 718, as they are settled in common stock rather than cash. The total compensation cost of the amended awards was remeasured on the modification date. Any excess over the previously recognized compensation cost will be recognized on a straight-line basis over the requisite remaining period.

Awards of restricted stock and performance-based restricted stock units are accounted for as equity under ASC Topic 718. We recognize compensation cost, net of estimated forfeitures, for restricted stock awards on a straight-line basis over the requisite service period of each award. Compensation cost for performance-based restricted stock unit awards is recognized on a straight-line basis over the requisite service period of each award. At the end of each reporting period, we reassess the probability of achieving performance targets and changes to our initial assessment are reflected in the reporting period in which the change in estimate occurs.

***Advertising***

The costs of advertising our services are expensed as incurred and are included in "General supplies and expenses" on our Statements of Operations. Advertising costs charged to expense totaled $28.3 million, $28.2 million and $27.3 million for 2019, 2018 and 2017, respectively.

***Fair Values of Financial Instruments***

The carrying values of financial instruments in current assets and current liabilities approximate their fair value due to the short maturities of these instruments. The carrying value of our total long-term debt, including current maturities, was $45.0 million at each of December 31, 2019 and 2018. The estimated fair value of our total long-term debt, including current maturities, was $46.1 million and $45.6 million at December 31, 2019 and 2018, respectively. The fair value measurement of our senior notes was determined using a discounted cash flow analysis that factors in current market yields for comparable borrowing arrangements under our credit profile. Since this methodology is based upon market yields for comparable arrangements, the measurement is categorized as Level 2 under the three-level fair value hierarchy as established by the Financial Accounting Standards Board (the "FASB").

***Stock Repurchase Program***

During the second quarter of 2019, we completed our stock repurchase program, previously announced on May 17, 2018, to repurchase up to an aggregate of $250.0 million of our outstanding common stock. On May 16, 2019, we announced that our Board of Directors had approved a new two-year stock repurchase program authorizing us to repurchase up to an aggregate of $350.0 million of our outstanding common stock (the "2019 Repurchase Program"). Under the 2019 Repurchase Program, which became effective upon the expiration of our prior stock repurchase program, we may repurchase shares from time to time in open market purchases or through privately negotiated transactions. Shares of our common stock repurchased under our repurchase programs are canceled at the time of repurchase and are classified as authorized but unissued shares of our common stock. As of December 31, 2019, we had $240.8 million remaining authorized under the 2019 Repurchase Program.

***Comprehensive Income***

The Company has no components of other comprehensive income. Accordingly, net income equals comprehensive income for all periods presented in this report.

***Recent Accounting Pronouncements***

In February 2016, the FASB issued ASU 2016-02, "Leases" (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability on its balance sheet for most operating leases. ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018, including interim periods within those fiscal years. In July 2018, the FASB issued ASU 2018-11, "Leases (Topic 842): Targeted Improvements," which provided companies with an additional optional transition method to apply the new standard to leases in effect at the adoption date through a cumulative effect adjustment. We adopted the new lease standard on January 1, 2019 using this optional transition method.

We elected the package of practical expedients referenced in ASU 2016-02, which permits companies to retain original lease identification and classification without reassessing initial direct costs for existing leases. We also elected (i) the practical expedient that exempts leases with an initial lease term of twelve months or less, (ii) the practical expedient that allows companies to select, by class of underlying asset, not to separate lease and non-lease components, and (iii) the practical expedient that allows companies to apply hindsight in determining lease terms. Our adoption of this standard resulted in the recognition of right-of-use assets and corresponding lease liabilities of $68.0 million and $69.1 million, respectively, as of January 1, 2019. There were no material impacts to our results of operations or our cash flows. Disclosures related to the amount, timing, and uncertainty of cash flows arising from our leases are included in Note 3.

**Note 2. Long-term Debt**

Long-term debt consisted of the following:

| | December 31, | |
|---|---|---|
| ***(In thousands)*** | **2019** | **2018** |
| Senior notes | $ 45,000 | $ 45,000 |
| Revolving credit facility | — | — |
| Total long-term debt | 45,000 | 45,000 |
| Less: Current maturities | — | — |
| Total maturities due after one year | $ 45,000 | $ 45,000 |

We have one unsecured senior note agreement with an amount outstanding of $45.0 million at December 31, 2019 and 2018. The agreement calls for a scheduled principal payment of $45.0 million, with an interest rate of 4.79%, on January 3, 2021.

On November 21, 2019, we entered into a second amended and restated credit agreement with Wells Fargo Bank, National Association serving as administrative agent for the lenders (the "Credit Agreement"). The Credit Agreement provides for a five-year, $250.0 million senior unsecured revolving line of credit and a $150.0 million accordion feature, which if fully exercised and approved, would expand the total borrowing capacity up to an aggregate of $400.0 million. Of the $250.0 million line of credit commitments under the Credit Agreement, up to $100.0 million may be used for letters of credit.

At our option, borrowings under the Credit Agreement bear interest at either: (i) LIBOR (including applicable successor provisions) plus an applicable margin (based on our ratio of net debt-to-total capitalization) that ranges from 1.000% to 1.375%; or (ii) a Base Rate plus an applicable margin (based on our ratio of net debt-to-total capitalization) that ranges from 0.000% to 0.375%. Letter of credit fees equal to the applicable margin for LIBOR loans are charged quarterly in arrears on the daily average aggregate stated amount of all letters of credit outstanding during the quarter. Commitment fees ranging from 0.100% to 0.175% (based upon the ratio of net debt-to-total capitalization) are charged quarterly in arrears on the aggregate unutilized portion of the Credit Agreement.

For periods covered under the Credit Agreement, the applicable margin on LIBOR loans and letter of credit fees were 1.000% and commitment fees were 0.100%.

The Credit Agreement replaced our previous five-year, $300.0 million senior unsecured revolving credit agreement dated as of December 15, 2015, as amended on September 9, 2016 (the "Prior Credit Agreement"). For periods in 2019 and 2018 covered under the Prior Credit Agreement, the applicable margin on LIBOR loans and letter of credit fees were 1.000% and commitment fees were 0.125%.

There were $48.9 million and $61.5 million of outstanding letters of credit at December 31, 2019 and 2018, respectively.

The Credit Agreement includes a provision limiting our ability to make restricted payments, including dividends and payments for share repurchases, unless, among other conditions, no defaults or events of default under the Credit Agreement are ongoing (or would be caused by such restricted payment). Our senior note agreement and Credit Agreement contain 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 material domestic subsidiaries of the Company would be required to guarantee payment of all of our obligations under these agreements.

**Note 3. Leases**

We lease certain assets under operating leases, which at December 31, 2019 primarily consist of real estate leases for 31 of our 236 service center locations and automotive leases for private passenger vehicles. Certain operating leases provide for renewal options, which can vary by lease and are typically offered at their fair rental value. We have not made any residual value guarantees related to our operating leases; therefore, we have no corresponding liability recorded on our Balance Sheets.

The right-of-use assets and corresponding lease liabilities on our Balance Sheet represent payments over the lease term, which includes renewal options for certain real estate leases that we are likely to exercise. These renewal options begin in 2020 and continue through 2033, and range from one to ten years in length. Short-term leases, which have an initial term of 12 months or less, are not included in our right-of-use assets.

Of our total lease liabilities, $10.4 million is classified as current and is presented within "Other accrued liabilities," and $56.1 million is classified as non-current and is presented within "Other non-current liabilities," on our Balance Sheet as of December 31, 2019. Our right-of-use assets totaled $65.3 million and are presented within "Other assets," which is classified as long-term, on our Balance Sheet as of December 31, 2019.

Future lease payments for assets under operating leases, as well as a reconciliation to our total lease liabilities as of December 30, 2019, are as follows:

| ***(In thousands)*** | **Lease Payments (a)** |
|---|---|
| 2020 | $ 12,839 |
| 2021 | 10,255 |
| 2022 | 7,906 |
| 2023 | 6,377 |
| 2024 | 4,828 |
| Thereafter | 43,008 |
| Total lease payments | $ 85,213 |
| Less: Imputed interest | (18,728) |
| Total lease liabilities | $ 66,485 |

(a) Lease payments include lease extensions that are reasonably certain to be exercised and exclude $4.8 million in lease payments for leases that have been executed but not yet commenced.

The weighted average lease term for our operating leases was 9.4 years as of December 31, 2019. The discount rate used in the calculation of our right-of-use assets and corresponding lease liabilities was determined based on the stated rate within each contract when available, or our collateralized borrowing rate from lending institutions. The weighted average discount rate for our operating leases was 4.0% as of December 31, 2019.

Cash paid for amounts included in the measurement of our operating leases was $14.3 million for the year ended December 31, 2019. Aggregate expense under operating leases was $14.7 million, $12.6 million and $14.1 million for 2019, 2018 and 2017, respectively. Certain operating leases include rent escalation provisions, which we recognize as expense on a straight-line basis. Lease expense is presented within "Operating supplies and expenses" or "General supplies and expenses," depending on the nature of the use of the leased asset. During the year ended December 31, 2019, we added $8.3 million of right-of-use assets in exchange for new operating lease liabilities.

## Note 4. Income Taxes

The components of the provision for income taxes are as follows:

| *(In thousands)* | Year Ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|
| Current: | | | |
| Federal | **$ 152,836** | $ 113,491 | $ 169,053 |
| State | **42,438** | 38,647 | 25,644 |
| | **195,274** | 152,138 | 194,697 |
| Deferred: | | | |
| Federal | **12,013** | 49,125 | (81,551) |
| State | **1,144** | 8,582 | (1,088) |
| | **13,157** | 57,707 | (82,639) |
| Total provision for income taxes | **$ 208,431** | $ 209,845 | $ 112,058 |

The Tax Cuts and Jobs Act (the "Tax Act") was enacted on December 22, 2017. The Tax Act reduced the U.S. federal corporate income tax rate from 35% to 21% and made several other changes to long-held tax rules. An income tax benefit of $104.9 million was recorded in our provision for income taxes in the year ended December 31, 2017 to reflect the estimated impact of the Tax Act on our net deferred tax liabilities. In 2018, we completed our accounting for the effects of the Tax Act and no material changes in our initial estimate were required.

The following is a reconciliation of income tax expense calculated using the U.S. statutory federal income tax rate with our income tax expense for 2019, 2018 and 2017:

| *(In thousands)* | Year Ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|
| Tax provision at statutory rate | **$ 173,029** | $ 171,258 | $ 201,541 |
| State income taxes, net of federal benefit | **35,507** | 36,396 | 20,277 |
| Revaluation of deferred taxes in connection with the Tax Act | **—** | — | (104,864) |
| Other, net | **(105)** | 2,191 | (4,896) |
| Total provision for income taxes | **$ 208,431** | $ 209,845 | $ 112,058 |

Deferred tax assets and liabilities, which are included in "Other assets" and "Deferred income taxes" on our Balance Sheets, consist of the following:

| *(In thousands)* | December 31, 2019 | 2018 |
|---|---|---|
| Deferred tax assets: | | |
| Claims and insurance reserves | **$ 28,390** | $ 27,433 |
| Accrued vacation | **17,642** | 17,932 |
| Deferred compensation | **42,417** | 31,306 |
| Other | **11,843** | 20,861 |
| Total deferred tax assets | **100,292** | 97,532 |
| | | |
| Deferred tax liabilities: | | |
| Depreciation and amortization | **(354,762)** | (339,311) |
| Unrecognized revenue | **—** | — |
| Other | **(3,617)** | (3,151) |
| Total deferred tax liabilities | **(358,379)** | (342,462) |
| Net deferred tax liability | **$ (258,087)** | $ (244,930) |

We are subject to U.S. federal income tax, as well as income tax of multiple state tax jurisdictions. We remain open to examination by the Internal Revenue Service for tax years 2016 through 2019. We also remain open to examination by various state tax jurisdictions for tax years 2015 through 2019.

The Company's liability for unrecognized tax benefits was immaterial as of December 31, 2019 and 2018. Interest and penalties related to uncertain tax positions, which are immaterial, are recorded in our "Provision for income taxes" on our Statements of Operations. Changes in our liability for unrecognized tax benefits could affect our effective tax rate, if recognized, but we do not expect any material changes within the next twelve months.

**Note 5. Related Party Transactions**

*Family Relationships*

Each of Earl E. Congdon, David S. Congdon and John R. Congdon, Jr. are related to one another and served in various management positions and/or on our Board of Directors during 2019. Our employment agreement with David S. Congdon is incorporated by reference as an exhibit to this Annual Report on Form 10-K. We regularly disclose the amount of compensation that we pay to these individuals, as well as the compensation paid to any of their family members employed by us that from time to time may require disclosure, in the proxy statement for our Annual Meeting of Shareholders.

**Note 6. Employee Benefit Plans**

***Defined Contribution Plan***

Full-time employees meeting certain service requirements are automatically enrolled in our 401(k) employee retirement plan. Employee contributions are limited to a percentage of the employee's compensation, as defined in the plan. We match a percentage of our employees' contributions up to certain maximum limits. In addition, we may also provide a discretionary matching contribution as specified in the plan. Our employer contributions, net of forfeitures, for 2019, 2018 and 2017 were $60.4 million, $59.8 million and $35.9 million, respectively.

***Deferred Compensation Plan***

We maintain a nonqualified deferred compensation plan for the benefit of certain eligible employees, including those whose contributions to the 401(k) employee retirement plan are limited due to provisions of the Internal Revenue Code. Participating employees may elect to defer receipt of a percentage of their compensation, as defined in the plan, and the deferred amount is credited to each participant's deferred compensation account. The plan is not funded, and the Company does not make a matching contribution to this plan. Although the plan is not funded, participants are allowed to select investment options for which their deferrals and future earnings are deemed to be invested. Participant accounts are adjusted to reflect participant deferrals and the performance of their deemed investments. The amounts owed to the participants totaled $75.4 million and $62.9 million at December 31, 2019 and 2018, respectively, of which $71.4 million and $60.8 million were included in "Other non-current liabilities" on our Balance Sheets as of December 31, 2019 and 2018, respectively.

**Note 7. Earnings Per Share**

Basic earnings per share is computed by dividing net income by the daily weighted average number of shares of our common stock outstanding for the period, excluding unvested restricted stock. Unvested restricted stock is included in common shares outstanding on our Balance Sheets.

Diluted earnings per share is computed using the treasury stock method.The denominator used in calculating diluted earnings per share includes the impact of unvested restricted stock and other dilutive, non-participating securities under our equity award agreements. The denominator excludes contingently-issuable shares under performance-based award agreements when the performance target has not yet been deemed achieved.

The following table provides a reconciliation of the number of shares of common stock used in computing basic and diluted earnings per share:

| | Year Ended December 31, | | |
|---|---|---|---|
| ***(In thousands)*** | **2019** | 2018 | 2017 |
| Weighted average shares outstanding - basic | **80,276,145** | 81,923,564 | 82,308,417 |
| Dilutive effect of share-based awards | **130,254** | 96,217 | 98,651 |
| Weighted average shares outstanding - diluted | **80,406,399** | 82,019,781 | 82,407,068 |

## Note 8. Share-Based Compensation

### *Stock Incentive Plan*

On May 19, 2016, our shareholders approved the Old Dominion Freight Line, Inc. 2016 Stock Incentive Plan (the "Stock Incentive Plan") previously approved by our Board of Directors. The Stock Incentive Plan, under which awards may be granted until May 18, 2026 or the Stock Incentive Plan's earlier termination, serves as our primary equity incentive plan and provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted awards, performance awards, phantom stock awards and other stock-based awards or dividend equivalent awards to selected employees and non-employee directors. The maximum number of shares of common stock that we may issue or deliver pursuant to awards granted under the Stock Incentive Plan is 2,000,000 shares.

### *Restricted Stock Awards*

During 2019, 2018 and 2017, we granted restricted stock awards to selected employees and non-employee directors under the Stock Incentive Plan. The employee restricted stock awards vest in three equal annual installments on each anniversary of the grant date, and the non-employee director restricted stock awards vest in full on the first anniversary of the grant date. In both cases, the restricted stock awards are subject to accelerated vesting due to death, total disability, or change in control of the Company. Subject to the foregoing, unvested restricted stock awards are generally forfeited upon termination of employment. The restricted stock awards accrue dividends while the award is unvested and only carry rights to receive the accrued dividends once vested.

Compensation cost for restricted stock awards is measured at the grant date based on the fair market value per share of our common stock.

The following table summarizes our restricted stock award activity for employees and non-employee directors:

| | Shares | Weighted Average Grant Date Fair Value Per Share |
|---|---|---|
| Unvested at January 1, 2019 | 91,181 | $ 107.06 |
| Granted | 75,048 | 144.89 |
| Vested | (51,675) | 98.11 |
| Forfeited | (5,400) | 133.91 |
| Unvested at December 31, 2019 | 109,154 | $ 135.97 |

The weighted average grant date fair value per restricted stock award granted during fiscal years 2019, 2018 and 2017 was $144.89, $137.78 and $90.16, respectively. The total fair value of vested restricted stock awards for fiscal year 2019, 2018 and 2017 was $7.3 million, $6.2 million and $2.7 million, respectively. At December 31, 2019, the Company had $8.2 million of unrecognized stock-based compensation cost, net of estimated forfeitures, related to unvested restricted stock awards that are expected to be recognized over a weighted average period of 1.8 years.

### *Performance-Based Restricted Stock Units*

During 2019, we granted performance-based restricted stock units ("PBRSUs") to selected employees under the Stock Incentive Plan. The PBRSUs are earned based on the achievement of stated Company performance metrics over a one-year performance period. One-third of the earned PBRSUs vest following the end of the one-year performance period if the performance metrics are satisfied, with an additional one-third of the PBRSUs vesting on each of the next two anniversaries. Earned PBRSUs are subject to accelerated vesting due to death, total disability, or change in control of the Company. Subject to the foregoing, unvested PBRSUs are generally forfeited if minimum threshold performance targets are not achieved or upon termination of employment. The PBRSUs do not include dividend participation rights.

Compensation cost for PBRSUs is measured at the grant date based on the fair market value per share of our common stock, with consideration given to the probability of achieving performance targets. At the end of each reporting period, we reassess the probability of achieving performance targets and changes to our initial assessment are reflected in the reporting period in which the change in estimate occurs. At December 31, 2019, all PBRSUs previously granted were forfeited as the performance metrics were not met.

***Phantom Stock Plan***

*Employee Plans*

On October 30, 2012, our Board of Directors approved, and we adopted the Old Dominion Freight Line, Inc. 2012 Phantom Stock Plan, as amended on January 29, 2015 and December 16, 2019 (the “2012 Phantom Stock Plan”). Under the 2012 Phantom Stock Plan, 1,000,000 shares of phantom stock may be awarded, each of which represents a contractual right to receive an amount in cash or common stock equal to the fair market value of a share of our common stock on the settlement date, which is the earliest of the date of the participant’s (i) termination of employment for any reason other than for cause, (ii) death or (iii) total disability. Each award vests in 20% increments on the anniversary of the grant date provided that the participant (i) has been continuously employed by us since the grant date, (ii) has been continuously employed by us for ten years, and (iii) has reached the age of 65 (with respect to the cash settlement option). Vesting also occurs on the earliest of (i) a change in control, (ii) death or (iii) total disability. Awards are settled in cash or common stock after the required vesting period has been satisfied and upon termination of employment. Unvested shares are forfeited upon termination of employment, although our Board of Directors has authority to modify and/or accelerate the vesting of awards.

On May 16, 2005, our Board of Directors approved, and the Company adopted, the Old Dominion Freight Line, Inc. Phantom Stock Plan, as amended January 1, 2009, May 18, 2009, May 17, 2011, January 29, 2015 and December 16, 2019 (the “2005 Phantom Stock Plan” and, together with the 2012 Phantom Stock Plan, the “Employee Phantom Plans”). The 2005 Phantom Stock Plan expired in May 2012; however, grants under the 2005 Phantom Stock Plan remain outstanding. Each share of phantom stock awarded to eligible employees under the 2005 Phantom Stock Plan represents a contractual right to receive an amount in cash or common stock equal to the fair market value of a share of our common stock on the settlement date, which generally is the earlier of the eligible employee’s (i) termination from the Company after reaching 55 years of age (with respect to the cash settlement option), (ii) death, or (iii) total disability. Awards are settled in cash after the required vesting period has been satisfied and upon termination of employment.

Awards under the 2005 Phantom Stock Plan vest upon the earlier to occur of the following: (i) the date of a change of control in our ownership; (ii) the fifth anniversary of the grant date of the award, provided the participant is employed by us on that date; (iii) the date of the participant’s death while employed by us; (iv) the date of the participant’s total disability; or (v) with respect to the cash settlement option, the date the participant attains the age of 65 while employed by us. Awards that are not vested upon termination of employment are forfeited. The 2005 Phantom Stock Plan does, however, provide the Board of Directors with discretionary authority to modify and/or accelerate the vesting of awards.

On December 16, 2019, our Board of Directors approved, and the Company adopted, amendments to the Employee Phantom Plans. The amendments permit settlement of outstanding phantom stock awards in shares of the Company’s common stock in lieu of cash settlement, among other administrative changes. For employees who elected to amend their phantom stock awards under the Employee Phantom Plans and settle awards in common stock, the amended award agreements also provide for waivers of the age 65 and age 55 vesting provisions required by the 2012 Phantom Stock Plan and the 2005 Phantom Stock Plan, respectively.

*Director Plan*

On May 28, 2008, our Board of Directors approved, and the Company adopted, the Old Dominion Freight Line, Inc. Director Phantom Stock Plan, as amended April 1, 2011, February 20, 2014, August 7, 2014, February 25, 2016 and December 16, 2019 (the “Director Phantom Stock Plan” and together with the Employee Phantom Plans, the “Phantom Plans”). Under the Director Phantom Stock Plan, each eligible non-employee director was granted an annual award of phantom shares. Our Board of Directors approved the initial grant under this plan at its May 2008 meeting and authorized the subsequent annual grants to be made thereafter. For each vested phantom share, participants are entitled to an amount in cash or common stock equal to the fair market value of the award on the date that service as a director terminates for any reason. Our shareholders approved the Stock Incentive Plan at our 2016 Annual Meeting of Shareholders; as a result, no phantom shares have been granted under the Phantom Plans since such approval.

Director Phantom Stock Plan awards vest upon the earlier to occur of the following: (i) the one-year anniversary of the grant date; (ii) the date of the first annual meeting of shareholders that occurs after the grant date provided the participant is still in service as a director; (iii) the date of a change of control in our ownership provided that the participant is still in service as a director; or (iv) the date of the participant’s death or total disability while still in service as a director. Awards that are not vested upon termination of service as a director are forfeited.

On December 16, 2019, our Board of Directors approved, and the Company adopted, an amendment to the Director Phantom Stock Plan. The amendment permits settlement of outstanding phantom stock awards in shares of the Company's common stock in lieu of cash settlement, among other administrative changes.

*Accounting Impact*

Modified awards are accounted for as equity awards rather than liability awards under ASC Topic 718, Compensation - Stock Compensation, as they are settled in common stock rather than cash. In December 2019, awards for 409,331 employee and director phantom shares were modified to settle in shares of the Company's common stock. These modified awards have a weighted average grant date fair value per share of $180.61. In connection with the modification, the $55.0 million and $10.0 million accrued liability for unsettled phantom stock awards was reclassified to "Capital in excess of par value" on our Balance Sheet. Incremental compensation cost of $9.5 million resulting from the modification of awards was recognized in "Salaries, wages and benefits" on our Statements of Operations on the modification date.

A summary of the changes in the number of outstanding phantom stock awards during the year ended December 31, 2019 for the Phantom Plans is provided below:

| | Employee Phantom Plans | Director Phantom Stock Plan | Total |
|---|---|---|---|
| Balance of shares outstanding at December 31, 2018 | 466,387 | 54,071 | 520,458 |
| Granted | — | — | — |
| Settled | (41,217) | — | (41,217) |
| Forfeited | — | — | — |
| Balance of shares outstanding at December 31, 2019 | 425,170 | 54,071 | 479,241 |

Of the outstanding awards at December 31, 2019, 409,331 phantom shares relate to modified awards and 69,910 phantom shares relate to unmodified awards. Of these outstanding awards, 451,480 and 356,789 phantom shares were vested at December 31, 2019 and 2018, respectively. Of the modified shares, 282,619 phantom shares were vested pre-modification and 112,386 phantom shares were vested post-modification for a total of 395,005 vested phantom shares with a weighted average grant date fair value per share of $180.84. As such, 14,326 phantom shares with a weighted average grant date fair value per share of $174.44 were unvested at December 31, 2019.

The liability for unsettled phantom stock awards accounted for as a liability under the Phantom Plans was $12.3 million and $57.2 million as of December 31, 2019 and 2018, respectively.

A summary of cash payments for settled unmodified liability phantom shares is provided below:

| | Year Ended December 31, | | |
|---|---|---|---|
| ***(In thousands)*** | **2019** | 2018 | 2017 |
| Employee Phantom Plans | **$ 2,988** | $ 2,360 | $ 3,066 |
| Director Phantom Stock Plan | **964** | 198 | 474 |

Unrecognized compensation cost for all unvested shares related to unmodified awards under the Employee Phantom Plans as of December 31, 2019 was $0.9 million based on the fair market value of the awards on that date.

While the Stock Incentive Plan currently serves as our primary equity plan, the terms of the Phantom Stock Plans and related award agreements will continue to govern all awards granted under the Phantom Stock Plans until such awards have been settled, forfeited, canceled or have otherwise expired or terminated.

**Note 9. Commitments and Contingencies**

We are involved in or addressing various legal proceedings and claims, governmental inquiries, notices and investigations that have arisen in the ordinary course of our business and have not been fully adjudicated, some of which may be covered in whole or in part by insurance. Certain of these matters include collective and/or class-action allegations. We do not believe that the resolution of any of these matters will have a material adverse effect upon our financial position, results of operations or cash flows.

**Note 10. Quarterly Financial Information (Unaudited)**

A summary of our unaudited quarterly financial information for 2019 and 2018 is provided below. Our tonnage levels and revenue mix are subject to seasonal trends common in the motor carrier industry. Our revenue and operating margins in the first and fourth quarters are typically lower than those during the second and third quarters due to reduced shipments during the winter months. Harsh winter weather or natural disasters, such as hurricanes, tornadoes and floods, can also adversely impact our performance by reducing demand and increasing operating expenses.

| | Quarter | | | | |
|---|---|---|---|---|---|
| *(In thousands, except per share data)* | **First** | **Second** | **Third** | **Fourth** | **Total** |
| **2019** | | | | | |
| **Revenue** | **$ 990,782** | **$ 1,060,666** | **$ 1,048,457** | **$ 1,009,206** | **$ 4,109,111** |
| **Operating income** | **178,426** | **234,489** | **217,527** | **188,264** | **818,706** |
| **Net income** | **133,323** | **174,072** | **164,099** | **144,024** | **615,518** |
| **Earnings per share:** | | | | | |
| **Basic** | **1.65** | **2.16** | **2.05** | **1.81** | **7.67** |
| **Diluted** | **1.64** | **2.16** | **2.05** | **1.80** | **7.66** |
| **Cash dividends declared** | **0.17** | **0.17** | **0.17** | **0.17** | **0.68** |
| 2018 | | | | | |
| Revenue | $ 925,020 | $ 1,033,498 | $ 1,058,233 | $ 1,026,944 | $ 4,043,695 |
| Operating income | 149,340 | 220,481 | 228,385 | 218,845 | 817,051 |
| Net income | 109,333 | 163,434 | 173,442 | 159,459 | 605,668 |
| Earnings per share: | | | | | |
| Basic | 1.33 | 1.99 | 2.12 | 1.96 | 7.39 |
| Diluted | 1.33 | 1.99 | 2.12 | 1.95 | 7.38 |
| Cash dividends declared | 0.13 | 0.13 | 0.13 | 0.13 | 0.52 |

**Note 11. Subsequent Event**

On February 21, 2020, we announced that our Board of Directors has approved a three-for-two split of our common stock for shareholders of record as of the close of business on the record date of March 10, 2020. The additional shares will be distributed by our transfer agent, Broadridge Corporate Issuer Solutions, Inc., on March 24, 2020. In lieu of fractional shares, shareholders will receive a cash payment based on the average of the high and low sales prices of the common stock on the record date.

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Old Dominion Freight Line, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Old Dominion Freight Line, Inc. (the Company) as of December 31, 2019 and 2018, the related statements of operations, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes, as well as the financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2020 expressed an unqualified opinion thereon.

**Adoption of ASU No. 2016-02**

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for leases in the year ended December 31, 2019 due to the adoption of ASU No. 2016-02, *Leases (Topic 842)*.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

**Self-Insurance Reserves for Bodily Injury/Property Damage ("BIPD") and Workers' Compensation**

| | |
|---|---|
| *Description of the Matter* | The liability for claims and insurance totaled $141.1 million at December 31, 2019, and the majority of this amount represents the self-insurance reserves for BIPD and workers' compensation claims. The long-term portion of this liability was $86.7 million, which was included in "Other non-current liabilities", and the remainder was included in "Claims and insurance accruals" on the Company's Balance Sheet.<br><br>As described in Note 1 to the financial statements, claims and insurance accruals include the estimated cost of claims for BIPD and workers' compensation. These accruals include estimates for both future claims development on reported claims as well as claims incurred but not yet reported. The Company uses historical claims experience, known trends and third-party analyses to estimate the liabilities for each of the BIPD and workers' compensation reserves. These analyses are complex and require significant judgment as the models utilize multiple valuation methods and reflect subjective assumptions, including 1) the weighting of such methods, 2) the loss ratio, 3) the loss trend factor and 4) the loss development factor, among other assumptions. |
| *How We Addressed the Matter in Our Audit* | We identified and tested internal controls over management's review of the estimate for self-insurance reserves for BIPD and workers' compensation claims, including controls over the completeness and accuracy of data inputs used in the Company's third-party calculations, the assumptions and reserve calculations, as well as management's evaluation of service organization controls and user controls over the Company's claims data managed by its third-party administrator.<br><br>To test the self-insurance reserves for BIPD and workers' compensation claims balances, our audit procedures included, among others, evaluating the methodologies used and the significant assumptions discussed above, as well as performing procedures with respect to underlying data and calculations used in the Company's third-party analyses. We involved our actuarial specialists to assist in our evaluation of the appropriateness of the methods and assumptions used as well as to independently calculate ranges of reasonable reserve estimates developed based on independently selected assumptions and to compare such ranges to the Company's recorded reserves. We tested claims data by comparing the data to supporting source documentation and payment information as well as performing trend analyses. |

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1994.
Raleigh, North Carolina
February 26, 2020

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

a) Evaluation of disclosure controls and procedures

As of the end of the period covered by this report, our management has conducted an evaluation, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of our disclosure controls and procedures in accordance with Rule 13a-15 under the Exchange Act. Based on this evaluation as of the end of the period covered by this 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 (i) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure, and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

b) Management’s annual report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting in accordance with Exchange Act Rule 13a-15(f). Management has conducted an evaluation, with the participation of our CEO and CFO, of the effectiveness of our internal control over financial reporting as of December 31, 2019 based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “2013 Framework”). Management concluded that our internal control over financial reporting was effective as of December 31, 2019, based on our evaluation under the 2013 Framework.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, in designing a control system, we must take into account the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in its report dated February 26, 2020, which is included herein.

c) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting that occurred during the last quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Old Dominion Freight Line, Inc.

**Opinion on Internal Control over Financial Reporting**

We have audited Old Dominion Freight Line, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Old Dominion Freight Line, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), thebalance sheets of the Company as of December 31, 2019 and 2018, the related statements of operations, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15(a)(2) and our report dated February 26, 2020 expressed an unqualified opinion thereon.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Raleigh, North Carolina
February 26, 2020

## ITEM 9B. OTHER INFORMATION

None.

# PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 of Form 10-K will appear in the Company's proxy statement for its 2020 Annual Meeting of Shareholders under the captions "Proposal 1 – Election of Directors," "Executive Officers," "Corporate Governance – Attendance and Committees of the Board – Audit Committee," and "Corporate Governance – Director Nominations," and the information therein is incorporated herein by reference.

We have adopted a "Code of Business Conduct" that applies to all of our directors and officers and other employees, including our principal executive officer, principal financial officer and principal accounting officer. Our Code of Business Conduct is publicly available and is posted on our website at https://ir.odfl.com/governance-docs. To the extent permissible under applicable law, the rules of the SEC and Nasdaq listing standards, we intend to disclose on our website any amendment to our Code of Business Conduct, or any grant of a waiver from a provision of our Code of Business Conduct, that requires disclosure under applicable law, the rules of the SEC or Nasdaq listing standards.

## ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 of Form 10-K will appear in the Company's proxy statement for its 2020 Annual Meeting of Shareholders under the captions "Corporate Governance – Compensation Committee Interlocks and Insider Participation," "Compensation Discussion and Analysis," "Compensation Committee Report," "Executive Compensation," and "Director Compensation," and the information therein is incorporated herein by reference.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 of Form 10-K will appear in the Company's proxy statement for its 2020 Annual Meeting of Shareholders under the captions "Equity Compensation Plan Information" and "Security Ownership of Management and Certain Beneficial Owners," and the information therein is incorporated herein by reference.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 of Form 10-K will appear in the Company's proxy statement for the 2020 Annual Meeting of Shareholders under the captions "Corporate Governance – Independent Directors" and "Related Person Transactions," and the information therein is incorporated herein by reference.

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 of Form 10-K will appear in the Company's proxy statement for its 2020 Annual Meeting of Shareholders under the captions "Corporate Governance – Audit Committee Pre-Approval Policies and Procedures" and "Independent Registered Public Accounting Firm Fees and Services," and the information therein is incorporated herein by reference.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

**(a)(1) Financial Statements.**

The following financial statements of Old Dominion Freight Line, Inc. are included in Item 8:

Balance Sheets – December 31, 2019 and December 31, 2018

Statements of Operations – Years ended December 31, 2019, December 31, 2018 and December 31, 2017

Statements of Changes in Shareholders' Equity – Years ended December 31, 2019, December 31, 2018 and December 31, 2017

Statements of Cash Flows – Years ended December 31, 2019, December 31, 2018 and December 31, 2017

Notes to the Financial Statements

**(a)(2) Financial Statement Schedules.**

The Schedule II – Valuation and Qualifying Accounts schedule of Old Dominion Freight Line, Inc. is included below:

**Schedule II**
**Old Dominion Freight Line, Inc.**
**Valuation and Qualifying Accounts**

| *(In thousands)* | Allowance for Uncollectible Accounts (1) | | | |
|---|---|---|---|---|
| Year Ended December 31, | Balance at Beginning of Period | Charged to Expense | Deductions (2) | Balance at End of Period |
| 2017 | $ 3,083 | $ 2,555 | $ 2,150 | $ 3,488 |
| 2018 | $ 3,488 | $ 3,846 | $ 3,702 | $ 3,632 |
| **2019** | **$ 3,632** | **$ 2,113** | **$ 2,248** | **$ 3,497** |

(1) This table does not include any allowances for revenue adjustments that result from billing corrections, customer allowances, money-back service guarantees and other miscellaneous revenue adjustments that are recorded in our revenue from operations.
(2) Uncollectible accounts written off, net of recoveries.

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the instructions thereto or are inapplicable and, therefore, have been omitted.

**(a)(3) Exhibits Filed.**

The exhibits listed in the accompanying Exhibit Index are filed as a part of this report.

**(b) Exhibits.**

See the Exhibit Index immediately preceding the signatures to this Annual Report on Form 10-K.

**(c) Separate Financial Statements and Schedules.**

None.

### ITEM 16. FORM 10-K SUMMARY

None.

**EXHIBIT INDEX**
**TO ANNUAL REPORT ON FORM 10-K**
**OLD DOMINION FREIGHT LINE, INC.**
**FOR YEAR ENDED DECEMBER 31, 2019**

| Exhibit No. | Description |
|---|---|
| 3.1.1 | Amended and Restated Articles of Incorporation of Old Dominion Freight Line, Inc. (as amended July 30, 2004) (Incorporated by reference to the exhibit of the same number contained in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, filed on August 6, 2004) |
| 3.1.2 | Articles of Amendment of Old Dominion Freight Line, Inc. (Incorporated by reference to the exhibit of the same number contained in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed on August 9, 2012) |
| 3.2 | Amended and Restated Bylaws of Old Dominion Freight Line, Inc. (Incorporated by reference to the exhibit of the same number contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed on February 28, 2013) |
| 4.1 | Specimen certificate of Common Stock (Incorporated by reference to the exhibit of the same number contained in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, filed on August 7, 2018) |
| 4.11 | Note Purchase Agreement 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) |
| 4.13 | Amended and Restated Credit Agreement among Wells Fargo Bank, National Association, as Administrative Agent; the Lenders named therein; and Old Dominion Freight Line, Inc., dated December 15, 2015 (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on December 21, 2015) |
| 4.13.1 | First Amendment to Amended and Restated Credit Agreement and Commitment Increase Agreement among Wells Fargo Bank, National Association, as Administrative Agent; the Lenders named therein; and Old Dominion Freight Line, Inc., dated September 9, 2016 (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on September 12, 2016) |
| 4.14 | Second Amended and Restated Credit Agreement, dated November 21, 2019, among Old Dominion Freight Line, Inc., Wells Fargo Bank, National Association, as Administrative Agent, and the Lenders named therein (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on November 21, 2019) |
| 4.15 | Description of Common Stock |
| 10.17.8* | Amended and Restated Employment Agreement between Old Dominion Freight Line, Inc. and David S. Congdon, effective as of June 1, 2008 (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K, filed on June 3, 2008) |
| 10.17.15* | Old Dominion Freight Line, Inc. 2012 Phantom Stock Plan (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on November 5, 2012) |
| 10.17.16* | Form of Old Dominion Freight Line, Inc. 2012 Phantom Stock Plan Phantom Stock Award Agreement (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on November 5, 2012) |
| 10.17.17* | Second Amended and Restated Employment Agreement by and between Old Dominion Freight Line, Inc. and Earl E. Congdon, effective as of November 1, 2012 (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on November 5, 2012) |
| 10.17.18* | First Amendment to Amended and Restated Employment Agreement, effective as of November 1, 2012, by and between Old Dominion Freight Line, Inc. and David S. Congdon (Incorporated by reference to the exhibit of the same number contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, filed on February 28, 2013) |
| 10.17.19* | First Amendment to Second Amended and Restated Employment Agreement by and between Old Dominion Freight Line, Inc. and Earl E. Congdon, effective as of November 1, 2015 (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on July 27, 2015) |

| Exhibit No. | Description |
|---|---|
| 10.17.20* | First Amendment to the Old Dominion Freight Line, Inc. 2012 Phantom Stock Plan (Incorporated by reference to theexhibit of the same number contained in the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed on May 7, 2015) |
| 10.17.21* | Second Amendment to Second Amended and Restated Employment Agreement, effective October 20, 2016, by and between Old Dominion Freight Line, Inc. and Earl E. Congdon (Incorporated by reference to the exhibit of the same number contained in the Company’s Current Report on Form 8-K filed on October 26, 2016) |
| 10.17.22* | Second Amendment to Amended and Restated Employment Agreement, effective October 20, 2016, by and between Old Dominion Freight Line, Inc. and David S. Congdon (Incorporated by reference to the exhibit of the same number contained in the Company’s Current Report on Form 8-K filed on October 26, 2016) |
| 10.17.23* | Third Amendment to Amended and Restated Employment Agreement, effective May 16, 2018, by and between Old Dominion Freight Line, Inc. and David S. Congdon (Incorporated by reference to the exhibit of the same number contained in the Company’s Current Report on Form 8-K/A filed on May 17, 2018) |
| 10.18.4* | Form of Old Dominion Freight Line, Inc. Director Phantom Stock Plan Award Agreement (Incorporated by reference to the exhibit of the same number contained in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, filed on August 8, 2008) |
| 10.18.7* | Old Dominion Freight Line, Inc. Director Phantom Stock Plan, as amended through April 1, 2011 (Incorporated by reference to the exhibit of the same number contained in the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed on May 9, 2011) |
| 10.18.9* | 2014 Declaration of Amendment to Old Dominion Freight Line, Inc. Director Phantom Stock Plan, effective February 20, 2014 (Incorporated by reference to the exhibit of the same number contained in the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed on May 6, 2014) |
| 10.18.11* | Old Dominion Freight Line, Inc. Non-Employee Director Compensation Structure, effective as of the 2018 Annual Meeting of Shareholders (Incorporated by reference to the exhibit of the same number contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, filed on February 27, 2018) |
| 10.18.12* | Old Dominion Freight Line, Inc. Director Phantom Stock Plan (As Amended and Restated Through December 16, 2019) |
| 10.18.13* | Amendment to Old Dominion Freight Line, Inc. Director Phantom Stock Award Agreement (under the Old Dominion Freight Line, Inc. Director Phantom Stock Plan (As Amended and Restated Through December 16, 2019)) |
| 10.18.14* | Old Dominion Freight Line, Inc. Non-Employee Director Compensation Structure, effective as of the 2020 Annual Meeting of Shareholders |
| 10.19.1* | Old Dominion Freight Line, Inc. Phantom Stock Plan, effective as of May 16, 2005 (Incorporated by reference to the exhibit of the same number contained in the Company’s Current Report on Form 8-K filed on May 20, 2005) |
| 10.19.3* | Form of Old Dominion Freight Line, Inc. Phantom Stock Award Agreement (Incorporated by reference to the exhibit of the same number contained in the Company’s Current Report on Form 8-K filed on February 21, 2006) |
| 10.19.4* | Old Dominion Freight Line, Inc. Phantom Stock Plan, effective as of January 1, 2009 (Incorporated by reference to the exhibit of the same number contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008, filed on March 2, 2009) |
| 10.19.6* | Amendment to Old Dominion Freight Line, Inc. Phantom Stock Plan, effective as of May 18, 2009 (Incorporated by reference to Exhibit 10.19.4 contained in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, filed on August 7, 2009) |
| 10.19.7* | 2011 Declaration of Amendment to Old Dominion Freight Line, Inc. Phantom Stock Plan, effective as of May 17, 2011 (Incorporated by reference to the exhibit of the same number contained in the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, filed on November 8, 2011) |
| 10.19.8* | Old Dominion Freight Line, Inc. Phantom Stock Award Agreement (Incorporated by reference to the exhibit of the same number contained in the Company’s Current Report on Form 8-K filed on July 5, 2012) |
| 10.19.9* | 2014 Declaration of Second Amendment to Old Dominion Freight Line, Inc. Director Phantom Stock Plan, effective as of August 7, 2014 (Incorporated by reference to the exhibit of the same number contained in the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed on November 5, 2014) |

| Exhibit No. | Description |
|---|---|
| 10.19.10* | 2015 Declaration of Amendment to the Old Dominion Freight Line, Inc. Phantom Stock Plan (Incorporated by reference to the exhibit of the same number contained in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed on May 7, 2015) |
| 10.19.11* | 2016 Declaration of Amendment to Old Dominion Freight Line, Inc. Director Phantom Stock Plan, effective as of February 25, 2016 (Incorporated by reference to the exhibit of the same number contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016) |
| 10.19.12* | Old Dominion Freight Line, Inc. Change of Control Severance Plan for Key Executives (As Amended and Restated Effective October 31, 2018) (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on November 1, 2018) |
| 10.19.13* | Old Dominion Freight Line, Inc. Phantom Stock Plan (As Amended and Restated Through December 16, 2019) (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on December 19, 2019) |
| 10.19.14* | Amendment to Old Dominion Freight Line, Inc. Phantom Stock Award Agreement (under the Old Dominion Freight Line, Inc. Phantom Stock Plan (As Amended and Restated Through December 16, 2019)) (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on December 19, 2019) |
| 10.19.15* | Old Dominion Freight Line, Inc. 2012 Phantom Stock Plan (As Amended and Restated Through December 16, 2019) (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on December 19, 2019) |
| 10.19.16* | Amendment to Old Dominion Freight Line, Inc. Phantom Stock Award Agreement (under the Old Dominion Freight Line, Inc. 2012 Phantom Stock Plan (As Amended and Restated Through December 16, 2019)) (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on December 19, 2019) |
| 10.20.1* | 2006 Nonqualified Deferred Compensation Plan of Old Dominion Freight Line, Inc., effective January 1, 2006 (as restated and effective January 1, 2009) (Incorporated by reference to the exhibit of the same number contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2009, filed on March 1, 2010) |
| 10.20.2* | Form of Annual Salary and Bonus Deduction Agreement (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K filed on February 21, 2006) |
| 10.20.3* | Second Amendment to 2006 Nonqualified Deferred Compensation Plan of Old Dominion Freight Line, Inc., as amended, effective November 10, 2011 (Incorporated by reference to the exhibit of the same number contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 29, 2012) |
| 10.20.4* | Third Amendment to the 2006 Nonqualified Deferred Compensation Plan of Old Dominion Freight Line, Inc.(Incorporated by reference to the exhibit of the same number contained in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, filed on May 7, 2015) |
| 10.21* | Old Dominion Freight Line, Inc. Performance Incentive Plan (Incorporated by reference to the exhibit of the same number contained in the Company's Current Report on Form 8-K, filed on June 3, 2008) |
| 10.21.1* | Old Dominion Freight Line, Inc. Performance Incentive Plan (As Amended and Restated Through January 30, 2019) (Incorporated by reference to the exhibit of the same number contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed on February 27, 2019) |
| 10.23* | Old Dominion Freight Line, Inc. 2016 Stock Incentive Plan (Incorporated by reference to Exhibit 99 contained in the Company's Registration Statement on Form S-8 (File No. 333-211464), filed on May 19, 2016) |
| 10.23.1* | Form of Old Dominion Freight Line, Inc. 2016 Stock Incentive Plan Restricted Stock Award Agreement (Employees) (Incorporated by reference to the exhibit of the same number contained in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed on August 8, 2016) |
| 10.23.2* | Form of Old Dominion Freight Line, Inc. 2016 Stock Incentive Plan Restricted Stock Award Agreement (Non-Employee Directors) (Incorporated by reference to the exhibit of the same number contained in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed on August 8, 2016) |
| 10.23.3* | Form of Old Dominion Freight Line, Inc. 2016 Stock Incentive Plan Restricted Stock Unit Agreement (Performance-Based) (Employees) (Incorporated by reference to the exhibit of the same number contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, filed on February 27, 2019) |
| 23.1 | Consent of Ernst & Young LLP |

| Exhibit No. | Description |
|---|---|
| 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 Annual Report on Form 10-K for the year ended December 31, 2019, filed on February 26, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language) includes: (i) the Balance Sheets at December 31, 2019 and 2018, (ii) the Statements of Operations for the years ended December 31, 2019, 2018 and 2017, (iii) the Statements of Changes in Shareholders’ Equity for the years ended December 31, 2019, 2018 and 2017, (iv) the Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017, and (v) the Notes to the Financial Statements |
| 104 | The cover page from our Annual Report on Form 10-K for the year ended December 31, 2019, formatted in iXBRL |

* Denotes an executive compensation plan or agreement

Our SEC file number reference for documents filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended, is 0-19582.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: February 26, 2020

By: /s/ GREG C. GANTT
Greg C. Gantt
President and Chief Executive Officer (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

| Name and Signature | Position | Date |
|---|---|---|
| /s/ EARL E. CONGDON<br>Earl E. Congdon | Senior Executive Chairman of the Board of Directors | February 26, 2020 |
| /s/ DAVID S. CONGDON<br>David S. Congdon | Executive Chairman of the Board of Directors | February 26, 2020 |
| /s/ SHERRY A. AAHOLM<br>Sherry A. Aaholm | Director | February 26, 2020 |
| /s/ JOHN R. CONGDON, JR.<br>John R. Congdon, Jr. | Director | February 26, 2020 |
| /s/ BRADLEY R. GABOSCH<br>Bradley R. Gabosch | Director | February 26, 2020 |
| /s/ PATRICK D. HANLEY<br>Patrick D. Hanley | Director | February 26, 2020 |
| /s/ JOHN D. KASARDA<br>John D. Kasarda | Director | February 26, 2020 |
| /s/ LEO H. SUGGS<br>Leo H. Suggs | Director | February 26, 2020 |
| /s/ D. MICHAEL WRAY<br>D. Michael Wray | Director | February 26, 2020 |
| /s/ GREG C. GANTT<br>Greg C. Gantt | President, Chief Executive Officer and Director<br>(Principal Executive Officer) | February 26, 2020 |
| /s/ ADAM N. SATTERFIELD<br>Adam N. Satterfield | Senior Vice President – Finance,<br>Chief Financial Officer and Assistant Secretary<br>(Principal Financial Officer) | February 26, 2020 |
| /s/ KIMBERLY S. MAREADY<br>Kimberly S. Maready | Vice President – Accounting and Finance<br>(Principal Accounting Officer) | February 26, 2020 |

**Exhibit 4.15**

# DESCRIPTION OF COMMON STOCK

*Old Dominion Freight Line, Inc. (the "Company") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company's common stock, $0.10 par value (the "Common Stock"), is registered under Section 12(b) of the Exchange Act and is listed on The Nasdaq Stock Market LLC (Nasdaq Global Select Market) under the symbol "ODFL".*

*The following is a summary of the material terms of the Company's capital stock. This summary is not complete and is qualified by reference to the Company's Amended and Restated Articles of Incorporation, as amended (collectively, the "Articles"), and the Company's Amended and Restated Bylaws (the "Bylaws"). The Articles and the Bylaws are filed as exhibits to the Company's most recent Annual Report on Form 10-K and are incorporated by reference herein.*

## Authorized Capital Stock

The Company's authorized capital stock consists of 140,000,000 shares of Common Stock. As of December 31, 2019, 79,688,356 shares of Common Stock were issued and outstanding. All outstanding shares of Common Stock are fully paid and non-assessable.

The Common Stock is listed on the Nasdaq Global Select Market under the symbol "ODFL." The holders of Common Stock are entitled to receive dividends, or other distributions with respect to outstanding shares of Common Stock, as may be declared from time to time by the board of directors. In the event of the Company's liquidation, dissolution or winding up, holders of Common Stock will be entitled to share ratably in the assets, if any, available for distribution after payment of all creditors and the liquidation preferences on any outstanding shares of preferred stock, if any such stock is authorized and issued in the future. Holders of Common Stock have no preemptive rights to subscribe for any additional securities of any class the Company may issue, nor any conversion, redemption or sinking fund rights.

Holders of Common Stock are entitled to one vote per share on all matters on which the holders of Common Stock are entitled to vote and do not have cumulative voting rights in the election of directors. Directors are elected by a plurality of the votes cast and entitled to vote in the election at a meeting at which a quorum (a majority of the votes entitled to be cast by a voting group on a matter) is present, and action on other matters by holders of Common Stock will be approved at a shareholders meeting for which a quorum is present if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote of a greater number is required by law or by the Articles. Holders of Common Stock may also take action without a meeting if one or more written consents, setting forth the action taken, are signed by all the shareholders who would be entitled to vote upon the action at a meeting.

**Certain Provisions of the Articles and Bylaws**

*Authorized but Unissued Shares.* Authorized but unissued shares of Common Stock can be reserved for issuance by the Company's Board of Directors from time to time, without shareholder action, for stock dividends or stock splits, to raise equity capital, and to structure future corporate transactions, including acquisitions, as well as for other proper corporate purposes, including under equity compensation plans adopted by the Board of Directors. Shareholders have no preemptive rights.

*Advance Notice of Proposals and Nominations.* The Bylaws provide that shareholders must provide timely written notice to bring business before an annual meeting of shareholders or to nominate candidates for election as directors at an annual or a special meeting of shareholders. At a special meeting, shareholders may only nominate candidates for election as directors (if the special meeting is called for the purpose of electing directors), and special meetings may only be called by the Company's Board of Directors, its Chairman or Vice Chairman, or the Company's President or Secretary, except that a special meeting must be called if the Company has 35 or fewer shareholders of record and the holders of at least 20% of all votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date, and deliver to the Company's Secretary one or more written demands for the meeting describing the purposes for which it is to be held.

Notice for an annual meeting is timely if it is given, either by personal delivery to the Secretary of the Company at the Company's principal office or by U.S. certified mail, postage prepaid, addressed to the Secretary of the Company at the Company's principal office, and received not later than the close of business on the 120th day and not earlier than the close of business on the 150th day prior to the first anniversary of the date that the Company mailed its proxy materials for the prior year's annual meeting; provided, however, that if no annual meeting of shareholders was held in the prior year or the date of the annual meeting of shareholders has changed by more than 30 days from the prior year, notice must be received not later than the close of business on the 90th day prior to such annual meeting. Notice for shareholders to nominate candidates for election as directors at a special meeting for the election of directors is timely if it is given not later than the close of business on the 7th day following the date on which notice of such meeting is first given to shareholders. The Bylaws also specify the form and content of a shareholder's notice. These provisions may prevent shareholders from bringing matters before an annual meeting of shareholders or from nominating candidates for election as directors at an annual or special meeting of shareholders.

*Indemnification of Directors, Officers and Employees.* The Bylaws provide that any person who at any time serves or has served as one of the Company's (or any subsidiary's) directors or officers or, at the Company's request, as a director or officer of another enterprise, or as a trustee or administrator under any of the Company's (or any subsidiary's) employee benefit plan, has the right to be indemnified and held harmless by the Company to the fullest extent permitted by law against all liabilities and litigation expenses (including attorneys' fees) in the event a claim is made or threatened against that person in, or that person is made or threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Company (including appeals), arising out of such service. However, indemnification is not available with respect to that portion of any liabilities or litigation expenses with respect to which such person is entitled to receive payment under any insurance policy or any liabilities or litigation expenses incurred on account of any of such person's activities that were, at the time taken, known or believed by the person to be clearly in conflict with the Company's best interests.

**Certain Anti-Takeover Effects of Virginia Law**

Certain provisions of the Virginia Stock Corporation Act, or VSCA, may be deemed to have an anti-takeover effect. These provisions may delay or deter the removal of the Company's directors or the assumption of control by shareholders.

The Control Share Acquisitions Act of the VSCA may make an unsolicited attempt to gain control of the Company more difficult by restricting the right of specified shareholders to vote newly acquired large blocks of stock. The Control Share Acquisitions Act denies voting rights to any shares held by an acquiror (other than pursuant to certain statutorily defined transactions approved by the Company's Board of Directors), unless a majority of disinterested shares votes to grant such rights in a shareholder resolution. Disinterested shares are shares not held by the acquiror, any officer of the Company, or any employee of the Company who is also a director. The provisions of the Control Share Acquisitions Act apply when an acquiror acquires at least one-fifth of the total votes entitled to be cast in an election of directors.

In addition, the Affiliated Transactions Act of the VSCA may make it difficult to merge with or otherwise absorb a Virginia corporation acquired in a tender offer for three years after the acquisition. Pursuant to the Affiliated Transactions Act, an acquiror would not be permitted to engage in an affiliated transaction with the Company for three years unless the transaction was approved by a majority, but not less than two, of the Company's disinterested directors and two-thirds of the Company's voting shares, other than shares beneficially held by the acquiror. After three years, the acquiror may engage in an affiliated transaction with the Company if the transaction is approved by two-thirds of the Company's voting shares (other than shares beneficially held by the acquirer), the transaction is approved by a majority of disinterested directors, or the acquiror pays a statutorily defined value for each class of the Company's voting securities.

The Affiliated Transactions Act of the VSCA is only applicable to corporations that have more than 300 shareholders. The Control Share Acquisitions Act of the VSCA is only applicable to public corporations. A corporation may provide in its articles of incorporation or bylaws that the Affiliated Transactions Act and the Control Share Acquisitions Act of the VSCA do not apply, but the Company has not done so.

**OLD DOMINION FREIGHT LINE, INC.**
**DIRECTOR PHANTOM STOCK PLAN**
**(As Amended and Restated Through December 16, 2019)**

**ARTICLE 1. PURPOSE**. Old Dominion Freight Line, Inc. (as defined below, the "Company") has adopted this Director Phantom Stock Plan (as defined below, the "Plan"). The purposes of the Plan are to (a) attract and retain Eligible Directors by having a portion of the total compensation payable to such Eligible Directors based on the value of the Common Stock of the Company; and (b) promote the growth and profitability of the Company by further aligning the interests of Eligible Directors with those of the Company and its shareholders.

As described herein, the Plan was amended and restated effective December 16, 2019 (the "Amendment Date") to provide for the settlement of certain outstanding Awards of shares of Phantom Stock in the form of shares of Common Stock. Any shares of Common Stock that are entitled to settlement under the Plan shall be issued solely under, and shall be subject to the terms and conditions of, the Old Dominion Freight Line, Inc. 2016 Stock Incentive Plan and/or any successor plan, in each case as amended and/or restated (such plan(s), the "2016 Plan"). No shares of Common Stock shall be issued under the Plan.

**ARTICLE 2. DEFINITIONS**. In addition to other terms which may be defined herein or in an Award Agreement, the following terms shall have the meanings set forth below (unless otherwise indicated by the context):

**2.1.** **"Administrator"** means the Board of Directors or, upon its delegation of authority to administer the Plan to the Committee, the Committee.

**2.2.** **"Affiliate"** means any parent or subsidiary (as such terms are defined in Code Section 424(e) and Section 424(f), respectively) of the Company, and also includes any other business entity which is controlled by, under common control with or controls the Company.

**2.3.** **"Annual Award"** means an Award granted to an Eligible Director pursuant to Section 6.1(a) herein.

**2.4.** **"Applicable Law"** or **"Applicable Laws"** means any applicable laws, rules or regulations (or similar guidance), including but not limited to the Securities Act, the Exchange Act and the Code.

**2.5.** **"Award"** means a grant of shares of Phantom Stock. An Award may be an Annual Award and/or a Discretionary Award, as further described in Section 6.1 herein.

**2.6.** **"Award Agreement"** an award agreement entered into between the Company and the Participant evidencing the terms of an Award of Phantom Stock, including any amendments thereto.

**2.7.** **"Board"** or **"Board of Directors"** means the Board of Directors of the Company.

**2.8.** **"Change of Control"** means the earliest of the following dates which occurs after the Effective Date of this Plan:

(a) the date any person or group of persons (as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934) together with its affiliates, excluding employee benefit plans of the Company, is or becomes (or publicly discloses that such person or group is or has become), directly or indirectly, the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act) of securities of the Company representing thirty-five percent (35%) or more of the combined voting power of the Company's then outstanding voting securities; provided, however, that the event described in this subparagraph (a) shall not be deemed to be a Change of Control by virtue of the beneficial ownership, or the acquisition of beneficial ownership, of voting securities by (i) any employee benefit plan sponsored or maintained by the Company or by a person controlled by the Company; (ii) any underwriter (as such term is defined in Section 2(a)(11) of the Securities Act) that beneficially owns voting securities temporarily in connection with an offering of such securities; or (iii) any member of the family of Earl E. Congdon and/or John R. Congdon. For the purpose of clause (iii) above, "family" means Earl E. Congdon, John R. Congdon and any lineal descendent, including adoptive relationships, of Earl E. Congdon or John R. Congdon, any spouse of the foregoing and any trust established by or for the benefit of any of the foregoing; or

(b) the date when, as a result of a tender offer or exchange offer for the purchase of securities of the Company (other than such an offer by the Company for its own securities), or as a result of a proxy contest, merger, share exchange, consolidation or sale of assets, or as a result of any combination of the foregoing, individuals who at the beginning of any two-year period during the term of the Plan constitute the Board, plus new directors whose election or nomination for election by the Company's shareholders is approved by a vote of at least two-thirds (2/3) of the directors still in office who were directors at the beginning of such two-year period ("Continuing Directors"), cease for any reason during such two-year period to constitute at least two-thirds (2/3) of the members of the Board; or

(c) the effective date of a merger, share exchange or consolidation of the Company with any other corporation or entity regardless of which entity is the survivor, other than a merger, share exchange or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving or acquiring entity) at least sixty percent (60%) of the combined voting power of the voting securities of the Company or such surviving or acquiring entity outstanding immediately after such merger or consolidation; or

(d) the effective date of a complete liquidation or winding-up of the Company; or

(e) the effective date of the sale or disposition by the Company of all or substantially all of the Company's assets; or

(f) the date of a filing of a petition in bankruptcy of the Company, whether voluntary or involuntary.

**2.9.** **"Code"** means the Internal Revenue Code of 1986, as amended, and rules, regulations and other guidance issued thereunder.

**2.10.** **"Committee"** means the Compensation Committee of the Board which may be appointed to administer the Plan.

**2.11.** **"Common Stock"** means (a) the common stock of the Company, par value $0.10 per share, (b) if there is a merger or consolidation and the Company is not the surviving corporation, the capital stock of the surviving corporation given in exchange for such Common Stock of the Company, or (c) any successor securities to the securities referenced in Section 2.11(a) and (b) herein, in each case as adjusted as provided in ARTICLE 9.

**2.12.** **"Company"** means Old Dominion Freight Line, Inc., a Virginia corporation with its principal offices at Thomasville, North Carolina, and any successor company thereto.

**2.13.** **"Director"** means a member of the Board of Directors.

**2.14.** **"Discretionary Award"** means an Award granted to an Eligible Director pursuant to Section 6.1(b) herein.

**2.15.** **"Effective Date"** means May 28, 2008, the effective date of the Plan.

**2.16.** **"Eligible Director"** means a Director who is not an Employee of the Company or an Affiliate on the Grant Date and who is eligible to receive an Award pursuant to ARTICLE 6 herein.

**2.17.** **"Employee"** means any person who is an employee of the Company or any Affiliate (including entities which become Affiliates after the Effective Date of the Plan). For this purpose, an individual shall be considered to be an Employee only if there exists between the individual and the Company or an Affiliate the legal and bona fide relationship of employer and employee.

**2.18.** **"Exchange Act"** means the Securities Exchange Act of 1934, as amended, and any successor statutes or regulations of similar purpose or effect.

**2.19.** **"Fair Market Value"** of a share of Common Stock as of a given date shall be established in good faith by the Administrator. The Administrator may in its discretion use (i) the 50-day moving average of a share of Common Stock as reported on the principal stock exchange on which shares of the Common Stock are then traded (with such 50-day averaging period ending on the trading day immediately preceding such given date), or (ii) any other method as the Administrator may determine in good faith.

**2.20.** **"Grant Date"** means the date an Award is granted to a Participant.

**2.21.** **"Participant"** means an Eligible Director who has received an Award that has not been settled, cancelled or forfeited.

**2.22.** **"Person"** means any individual, partnership, joint venture, corporation, company, firm, group or other entity.

**2.23.** **"Phantom Stock"** means a contractual right to receive an amount: (i) with respect to Awards for which the Settlement Date had occurred before the Amendment Date, in cash equal to the Fair Market Value of a share of Common Stock on the Settlement Date; and (ii) with respect to outstanding Awards held by Participants who were Directors on the Amendment Date for which the Settlement Date had not occurred by the Amendment Date, in cash equal to the Fair Market Value per share of the Common Stock on the Settlement Date, unless any such Award is amended to provide for settlement in shares of Common Stock equal to the number of vested shares of Phantom Stock on the Settlement Date.

**2.24.** **"Plan"** means the Old Dominion Freight Line, Inc. Director Phantom Stock Plan, as amended and restated through December 16, 2019, and as it may be further amended and/or restated.

**2.25.** **"Securities Act"** means the Securities Act of 1933, as amended, and any successor statutes or regulations of similar purpose or effect.

**2.26.** **"Settlement Date"** means the date on which an Award or Awards of vested shares of Phantom Stock shall first become payable to a Participant, which date shall be the date of the Participant's termination of service as a Director for any reason (including but in no way limited to termination of service due to death or Total Disability); provided, however, that any such termination of service shall also constitute a "separation from service" under Code Section 409A.

**2.27.** **"Total Disability"** means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. The Administrator shall have discretion to determine whether a Total Disability has occurred.

## ARTICLE 3. ADMINISTRATION OF THE PLAN.

### 3.1. Duties and Powers of the Administrator.

(a) The Plan shall be administered by the Board unless the Board elects to delegate all (other than the powers reserved for the Board in ARTICLE 12) or part of its administrative authority to the Committee. Unless the Board determines otherwise, the Committee shall be comprised solely of two or more "non-employee directors," as such term is defined in Rule 16b-3 under the Exchange Act, or as may otherwise be permitted under Rule 16b-3. For the purposes of the Plan, the term "Administrator" shall refer to the Board and, upon its delegation to the Committee of all or part of its authority to administer the Plan, to the Committee.

(b) Subject to the provisions of the Plan, the Administrator shall have full and final authority in its discretion to take any action with respect to the Plan including, without limitation, the authority (i) to determine all matters relating to Awards, (ii) to prescribe the form or forms of Award Agreements evidencing any Awards granted under the Plan; (iii) to establish, amend and rescind rules and regulations for the administration of the Plan; and (iv) to construe and interpret the Plan, Awards and Award Agreements made under the Plan, to interpret rules and regulations for administering the Plan and to make all other determinations deemed necessary or advisable for administering the Plan. Except to the extent otherwise required under Code Section 409A, the Administrator shall have authority in its discretion to accelerate or modify vesting of Awards granted to any Participant (but not to accelerate or modify distribution of such Awards, unless such accelerated or modified distribution would be in compliance with Code Section 409A). In addition to action by meeting in accordance with Applicable Laws, any action of the Administrator with respect to the Plan may be taken by a written instrument signed by all of the members of the Board or Committee, as appropriate, and any such action so taken by written consent shall be as fully effective as if it had been taken by a majority of the members at a meeting duly held and called. The decisions and interpretations of the Administrator with respect to any matter concerning the Plan or any Award shall be final, conclusive and binding on all parties who have an interest in the Plan or such Award. No member of the Board or Committee, as applicable, shall be liable while acting as Administrator for any action or determination made in good faith with respect to the Plan, an Award or an Award Agreement. The members of the Board and the Committee, as applicable, shall be entitled to indemnification and reimbursement in the manner provided in the Company's articles of incorporation and bylaws and/or under Applicable Laws. No individual member of the Board or Committee, as applicable, shall have any right to vote or decide upon any matter relating solely to himself or to any of his exclusive rights or benefits under the Plan (provided, however, that such member may sign unanimous written consents to resolutions adopted or other actions taken without a meeting and may vote or decide upon matters that apply generally to Participants, and not solely to the Director, under the Plan).

**3.2.** **Delegation**. Notwithstanding the other provisions of Section 3.1, the Administrator may delegate to one or more officers of the Company the authority to make decisions with respect to technical matters regarding Plan administration (such as determination of the Fair Market Value on the Settlement Date or calculation of the amount of installment payments), subject to any restrictions imposed by Applicable Laws (including but not limited to Rule 16b-3 adopted under the Exchange Act) and such terms and conditions as may be established by the Administrator. To the extent that the Administrator has delegated authority pursuant to this Section 3.2 to one or more officers of the Company, references to the "Administrator" shall include references to such officer or officers, subject, however, to the requirements of the Plan, Rule 16b-3 and other Applicable Laws.

**3.3.** **Expenses; Professional Assistance**. All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Administrator, the Company and the officers and directors of the Company shall be entitled to rely upon the advice, opinions or valuations of any such persons in accordance with Applicable Laws.

**ARTICLE 4. ELIGIBILITY**. An Award may be granted to an individual who is an Eligible Director on the Grant Date.

**ARTICLE 5. PHANTOM STOCK SHARES SUBJECT TO PLAN**. Shares of Phantom Stock available for Awards under this Plan shall be subject to adjustment as provided in ARTICLE 9. Any shares of Phantom Stock subject to an Award which, for any reason, expires, is cancelled, is forfeited or is otherwise terminated without settlement with respect to such shares may again be subject to an Award granted under the Plan. Prior to the Amendment Date, no shares of Common Stock were issuable pursuant to the Plan and payments made under the Plan, if at all, were made solely in cash. On and after the Amendment Date, Awards shall be settled in cash unless the Settlement Date for an Award had not occurred by the Amendment Date and such Award is amended to be settled in shares of Common Stock issued under the 2016 Plan.

**ARTICLE 6. GRANT AND VESTING OF AWARDS; FORFEITURE**.

**6.1.** **Grant of Awards**. Each Eligible Director shall be eligible to receive Annual Awards of Phantom Stock as provided in Section 6.1(a) herein and Discretionary Awards as provided in Section 6.1(b) herein; provided, however, that notwithstanding the provisions of Section 6.1(a) and Section 6.1(b) herein, no Annual Awards or Discretionary Awards shall be granted under the Plan after the effective date of the 2016 Plan. The grant of Awards under the Plan shall not in any way restrict the authority of the Company to provide other compensation to Directors, whether through the payment of regular fees or otherwise. Each Award shall be evidenced by an Award Agreement containing such terms and conditions, not inconsistent with the Plan, as the Administrator shall approve.

(a) Annual Awards: On the fifth business day following the date of each annual meeting of the shareholders of the Company, commencing with the

2016 annual meeting of shareholders, each Eligible Director shall be granted an Annual Award for such number of shares of Phantom Stock as is equal to (i) $100,000, divided by (ii) the Fair Market Value of a share of Common Stock on the Grant Date, rounded down to the next lowest whole number.

(b) Discretionary Awards: In addition, the Administrator may, in its sole and absolute discretion, at any time and from time to time, grant Discretionary Awards for shares of Phantom Stock to any Eligible Director. The Administrator shall determine the number of shares of Phantom Stock to be granted pursuant to such discretionary Awards, and the vesting and other terms and conditions of such Awards, which may, in its sole and absolute discretion, vary for each Eligible Director and from the terms of Annual Awards; provided, however, that distribution of amounts payable pursuant to a Discretionary Award may be made only upon the occurrence of the Settlement Date.

**6.2. Phantom Stock Award Accounts**. Any shares of Phantom Stock awarded to a Participant pursuant to an Award shall be credited to a Phantom Stock account to be maintained on behalf of such Participant. Such account shall be debited by the number of shares of Phantom Stock with respect to which any payments are made pursuant to ARTICLE 7.

**6.3. Vesting**. A Participant shall have no right to receive payment for any shares of Phantom Stock subject to an Award unless (and then only to the extent that) the Award has vested and the Settlement Date has occurred. Unless otherwise determined by the Administrator, each Award shall vest on the earlier to occur of the following:

(a) the earlier of (i) the one-year anniversary of the Grant Date or (ii) the date of the first annual meeting of shareholders that occurs after the Grant Date, provided that the Participant is still in service as a Director on such earlier date;

(b) the date of a Change of Control, provided that the Participant is still in service as a Director on such date; or

(c) the date of the Participant's death or Total Disability while a Director of the Company, provided the Participant is still in service as a Director on such date.

**6.4. Forfeiture**. Unless otherwise determined by the Administrator, any Award which is not vested on the date of a Participant's termination of service with the Company as a Director (for any reason, regardless of whether such termination of service is by the Company or the Director) shall be forfeited, no payment shall be made with respect to the unvested portion of the Award, and the Participant shall have no further rights with respect to such Award to the extent unvested. In addition, in the event that a Participant is removed as a Director by the shareholders of the Company for cause (as determined under applicable state corporate law), then the Participant shall forfeit all

Awards granted to him, whether vested or unvested, shall have no right to payment for such Awards and shall have no further rights with respect to such Awards.

**<u>ARTICLE 7.</u> SETTLEMENT OF PHANTOM STOCK AWARDS**.

**7.1.** **<u>Settlement Date</u>**. Each vested Award shall become payable upon the Participant's Settlement Date, subject to the provisions of Section 7.2 and Section 7.3 herein.

**7.2.** **<u>Settlement of Award</u>**.

(a) With respect to (i) Awards for which the Settlement Date had occurred before the Amendment Date (that is, the Awards were in pay status or had been settled in full before the Amendment Date) or (ii) Awards for which the Settlement Date had not occurred by the Amendment Date and which are not amended to provide for settlement in shares of Common Stock pursuant to Section 7.2(b) herein, the following shall apply: On the Settlement Date, the Participant shall be entitled to receive an amount for each vested share of Phantom Stock subject to an Award equal to the Fair Market Value of a share of Common Stock on the Settlement Date, less required withholding, if any. No shares of Common Stock shall be issued pursuant to such Awards and payments made under the Plan, if at all, shall be made solely in cash. Subject to the provisions of Section 7.3 and ARTICLE 13, such amount shall be paid in cash to the Participant in twenty-four substantially equal monthly installments commencing as of the first day of the calendar month next following the Settlement Date.

(b) With respect to Awards held by Participants who are Directors as of (or following) the Amendment Date for which the Settlement Date has not occurred as of the Amendment Date (that is, such Awards were not in pay status), and which Awards are amended to provide for settlement in shares of Common Stock, the following shall apply: On the Settlement Date, the Participant shall be entitled to receive one share of Common Stock issued under the 2016 Plan for each share of Phantom Stock subject to an Award that had vested as of the Settlement Date, less required withholding, if any. Subject to the provisions of Section 7.3 and ARTICLE 13, such amount shall be paid in shares of Common Stock to the Participant in twenty-four substantially equal monthly installments commencing as of (or as soon as practicable following) the first day of the calendar month next following the Settlement Date.

(c) With respect to any Awards (whether subject to Section 7.2(a) or Section 7.2(b)), the following shall apply: In the event an amount becomes payable pursuant to this ARTICLE 7 on account of the Participant's termination of service due to death, or the Participant becomes entitled to receive an amount pursuant to this ARTICLE 7 and he dies prior to receiving any or all of the amounts to which he is due, then the amounts payable pursuant to this ARTICLE 7 shall be made to the beneficiary or beneficiaries (which may include individuals, trusts or other legal entities) designated by the Participant on a form acceptable to the Plan Administrator and filed with the Plan Administrator prior to his death (the "Beneficiary Designation Form"). If the Participant fails to designate a beneficiary or fails to file the Beneficiary Designation Form with the Plan Administrator prior to his death, such amounts shall be made to his estate. If a named beneficiary entitled to receive payments pursuant to the Beneficiary Designation Form dies at a time when additional payments still remain to be paid, then such remaining payments shall be paid to the other primary beneficiary or beneficiaries named by the Participant who shall then be living or in existence, if any, otherwise to the contingent beneficiary or beneficiaries named by the Participant who shall then be living or in existence, if any; otherwise to the estate of the Participant.

**7.3.** **Small Payments**. Notwithstanding the provisions of Section 7.2, in the event the amount to be paid to or on behalf of a Participant pursuant to Section 7.2 in settlement of any Award shall be no greater than the applicable dollar amount under Code Section 402(g)(i)(B) (and such payment is otherwise in accordance with Reg. 1.409A-3(j)(4)(v)), such amount shall be paid to the Participant or his beneficiary, as the case may be, in a single lump sum payment as soon as practicable following the Settlement Date.

**ARTICLE 8.** [**Reserved**.]

**ARTICLE 9. DILUTION AND OTHER ADJUSTMENTS**. In the event of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares, or other similar corporate change, the Administrator shall make such adjustments in the number of shares of Phantom Stock reserved under the Plan and the number of shares of Phantom Stock with respect to which an Award held by any Participant is referenced, as are necessary to prevent dilution or enlargement of an Award. Such adjustments shall be conclusive and binding upon all parties concerned.

**ARTICLE 10. CANCELLATION OF AWARDS**. In addition to the authority granted to the Administrator pursuant to ARTICLE 12 herein, the Administrator may cancel all or any part of an Award with the written consent of the Participant holding such Award. In the event of any cancellation, all rights of the Participant with respect to such cancelled Award shall terminate.

**ARTICLE 11. MISCELLANEOUS PROVISIONS**.

**11.1.** **Assignment and Transfer**. Awards shall not be transferable other than by will or the laws of descent and distribution and may be realized, during the lifetime of the Participant, only by the Participant or by his or her guardian or legal representative. No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law, by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

**11.2.** **No Right to Awards or Continued Service**. No Eligible Director, Participant or other person shall have any claim or right to be granted an Award. Under no circumstances shall the terms of the Plan constitute a contract of continuing service to the Company or in any manner obligate the Company to continue the services of an Eligible Director or Participant, nor shall the Plan affect any right which the Company or its shareholders may have to elect or remove Directors. Except as otherwise provided in the Plan or an Award Agreement, all rights of a Participant with respect to an Award shall terminate upon termination of service as a Director.

**11.3.** **Source of Payments; No Trust; General Creditor Status**. The obligations of the Company to make payments hereunder shall constitute a liability of the Company to the Participant. Such payments shall be from the general funds of the Company, and the Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and neither the Participant nor any other person shall have any interest in any particular asset of the Company by reason of its obligations hereunder. Nothing contained in this Plan shall create or be construed as creating a trust of any kind or any other fiduciary relationship between the Company and the Participant or any other person. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured creditor of the Company.

**11.4.** **Withholding**. The Company shall have the right to deduct from payment of an Award any taxes required by law to be withheld from the Participant with respect to such payment. Without limiting the effect of the foregoing, any shares of Common Stock that may be issued under the 2016 Plan on or after the Amendment Date shall be subject to the withholding provisions of the 2016 Plan and the Administrator (or its designee) shall have the authority to establish rules, practices and procedures to facilitate such withholding obligations (including but not limited to requiring net withholding procedures as provided under the 2016 Plan).

**11.5.** **Compliance with Applicable Laws; Compliance with 2016 Plan**. The Company may impose such restrictions on Awards, settlement of Awards and any other benefits of the Plan as it may deem advisable. Notwithstanding any other Plan provision to the contrary, the Company shall not be obligated to make any distribution of benefits under the Plan or take any other action unless such distribution or action is in compliance with all Applicable Laws. The Company shall not be deemed by any reason of the granting of any Award to have any obligation to register or maintain the registration of the Awards under the Securities Act. Any shares of Common Stock issued in settlement of an Award on or after the Amendment Date shall be issued solely under the 2016 Plan and shall be subject to the terms and conditions of the 2016 Plan, this Plan and any applicable Award Agreement.

**11.6.** **No Strict Construction**. No rule of strict construction shall be applied against the Company, the Administrator or any other person in the interpretation of any of the terms of the Plan, any Award or any rule or procedure established by the Administrator.

**11.7.** **Shareholder Rights**. A Participant shall not have any dividend, voting or other shareholder rights by reason of the grant of an Award.

**11.8.** **Severability**. Whenever possible, each provision in the Plan and in every Award Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Plan or any Award Agreement made thereunder shall be held to be prohibited by or invalid under Applicable Law, then (a) such provision shall be deemed amended to, and to have contained from the outset such language as shall be necessary to, accomplish the objectives of the provision as originally written to the fullest extent permitted by Applicable Law, and (b) all other provisions of the Plan and every Award Agreement shall remain in full force and effect.

**11.9.** **Governing Law**. The Plan and the performance hereunder and all suits and special proceedings hereunder shall be governed by and construed in accordance with and under and pursuant to the laws of the State of North Carolina without regard to conflicts of law principles thereof, except as superseded by applicable federal law.

**11.10.** **Section 16(b) Compliance**. If and to the extent that any Participants in the Plan are subject to Section 16(b) of the Exchange Act, it is the general intention of the Company that transactions under the Plan shall comply with Rule 16b-3 under the Exchange Act and that the Plan shall be construed in favor of such Plan transactions meeting the requirements of Rule 16b-3 or any successor rules thereto.

**11.11.** **Gender and Number**. Except where otherwise indicated by the context, words in any gender shall include any other gender, words in the singular shall include the plural and words in the plural shall include the singular.

**ARTICLE 12. AMENDMENT AND TERMINATION.**

**12.1.** **Amendment and Termination**. The Plan may be amended, suspended, altered and/or terminated at any time by the Board, provided, however, that (a) approval of an amendment to the Plan by the shareholders of the Company shall be required to the extent, if any, that shareholder approval of such amendment is required by Applicable Laws; and (b) termination or suspension of the Plan shall not result in the acceleration of payments with respect to any Award except as may be permitted by the Administrator and consistent with the requirements of Code Section 409A. Any Award may be amended, altered, suspended and/or terminated at any time by the Administrator, provided, however, that (except as provided in Section 12.2 herein), any such amendment, alteration, suspension or termination of an Award shall not, without the consent of the Participant, materially adversely affect the rights of the Participant with respect to the Award.

**12.2.** **Unilateral Authority of Administrator to Modify Plan and Awards**. Notwithstanding Section 12.1, the following provisions shall apply:

(a) The Administrator shall have unilateral authority to amend the Plan and any Award (without Participant consent and without shareholder approval, unless such shareholder approval is required by Applicable Laws) to the extent necessary to comply with Applicable Laws or changes to Applicable Laws (including but not limited to Code Section 409A).

(b) The Administrator shall have unilateral authority to make adjustments to the terms and conditions of Awards in recognition of unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or of changes in accounting principles, if the Administrator determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or necessary or appropriate to comply with applicable accounting principles.

**ARTICLE 13. COMPLIANCE WITH CODE SECTION 409A**. To the extent applicable, the Company intends that awards granted under the Plan comply with, or be exempt from, Section 409A of the Code and all regulations, guidance or other interpretative authority thereunder ("Code Section 409A"). The Plan shall at all times be construed in a manner designed to comply with Code Section 409A and should any provision be found not in compliance with (or not exempt from) Code Section 409A, the Plan and/or Awards shall be amended as recommended by legal counsel for the Company to achieve compliance with Code Section 409A. Without in any way limiting the effect of the foregoing, (a) in the event that exemption from or compliance with Code Section 409A requires that any special terms, provisions or conditions be included in the Plan or any Award, then such terms, provisions and conditions shall, to the extent practicable, be deemed to be made a part of the Plan or Award, as applicable; and (b) terms used in the Plan or an Award Agreement shall be construed in accordance with Code Section 409A if and to the extent required. In no event shall any payment required to be made pursuant to the Plan that is considered deferred compensation within the meaning of Code Section 409A be made to the Participant unless it is on account of a separation from service, as defined under Code Section 409A. In the event the Participant is a "specified employee" (as determined in accordance with Company procedures and Code Section 409A requirements), a distribution due to separation from service may not be made before the date that is six months after the Participant's separation from service (or, if earlier, the date of death of the Participant). Furthermore, the first six months of any such payments of deferred compensation that are required to be paid in installments shall be paid at the beginning of the seventh month following the Participant's separation from service. All remaining installment payments shall be made as would ordinarily have been made under the provisions of the Plan. Further, in the event that the Plan or any Award shall be deemed not to comply with Code Section 409A, then neither the Company, the Administrator nor its or their designees or agents shall be liable to any Participant or other person for actions, decisions or determinations made in good faith.

**ARTICLE 14. SUCCESSORS**. The Plan shall bind any successor of or to the Company, the Company's assets or the Company's businesses (whether direct or indirect, by purchase of such assets or businesses, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under the Plan if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by the Plan, the Company shall require such successor expressly and unconditionally to assume and agree to perform the Company's obligations under the Plan, in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The term "Company," as used in the Plan, shall mean the Company as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by the Plan. The Plan shall bind the Participants, their executors, administrators, personal representatives and beneficiaries.

**ARTICLE 15. CLAIMS PROCEDURE**.

**15.1. Plan Year**. The Plan shall be administered and the records of the Plan shall be maintained on the basis of the plan year. The plan year shall be the 12-month period ending on December 31 of each year.

**15.2. Claims and Review Procedures**. The following claims procedure shall apply for purposes of the Plan. The Participant and his assigns (if any) and the Company and its assigns (individually or collectively, "Claimant") must follow the procedures set forth herein.

15.2.1 Filing a Claim; Notification to Claimant of Decision: The Claimant shall make a claim in writing in accordance with procedures and guidelines established from time to time by the Plan Administrator, which claim shall be delivered to the Plan Administrator. Any claims relating to the settlement of an Award must be made by the Claimant within the one-year period following his termination of service. The Plan Administrator shall review and make the decision with respect to any claim. If a claim is denied in whole or in part, written notice thereof shall be furnished to the Claimant within thirty (30) days after the claim has been filed. Such notice shall set forth:

(a) the specific reason or reasons for the denial;

(b) a specific reference to the provisions of the Plan on which denial is based;

(c) a description of any additional material or information necessary for the Claimant to perfect a claim and an explanation of why such material or information is necessary; and

(d) an explanation of the procedure for review of the denied claim.

15.2.2 Procedure for Review: Any Claimant whose claim has been denied in full or in part may individually, or through the Claimant's duly authorized representative, request a review of the claim denial by delivering a written application for review to the Board at any time within sixty (60) days after receipt by the Claimant of written notice of the denial of the claim. Such request shall set forth in reasonable detail:

(a) the grounds upon which the request for review is based and any facts in support thereof; and

(b) any issues or comments which the Claimant considers pertinent to the claim.

Following such request for review, the Board shall fully and fairly review the decision denying the claim. Prior to the decision of the Board, the Claimant shall be given an opportunity to review pertinent documents.

15.2.3 Decision on Review: A decision on the review of a claim denied in whole or in part shall be made in the following manner:

(a) The decision on review shall be made by the Board, which shall consider the application and any written materials submitted by the Claimant in connection therewith. The Board, in its sole discretion, may require the Claimant to submit such additional documents or evidence as the Board may deem necessary or advisable in making such review.

(b) The Board shall render a decision upon a review of a denied claim within sixty (60) days after receipt of a request for review. If special circumstances (such as the need to hold a hearing on any matter pertaining to the denied claim) warrant additional time, the decision will be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of a request for review. Written notice of any such extension will be furnished to the Claimant prior to the commencement of the extension.

(c) The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the Claimant, and the specific references to the provisions of the Plan on which the decision is based. The decision of the Board on review shall be final and conclusive upon all persons. If the decision on review is not furnished to the Claimant within the time limits prescribed in subparagraph (b) above, the claim will be deemed denied on review.

**ARTICLE 16.** **RIGHT OF OFFSET**. Notwithstanding any other provision of the Plan to the contrary, the Company may (subject to any Code Section 409A considerations) reduce the amount of any payment otherwise payable to or on behalf of a Participant by the amount of any obligation of the Participant to or on behalf of the Company that is or becomes due and payable, including without limitation, any obligation arising under the Sarbanes-Oxley Act of 2002, and, by becoming a Participant in the Plan, each Participant shall be deemed to have consented to such reduction. In addition, without in any way limiting the effect of the foregoing, by participating in the Plan, a Participant shall be deemed to have agreed that any compensation payable to him under the Plan (or other compensation for service as a Director) will be subject to any recoupment, "clawback" or similar written policy adopted by the Board on or after the Effective Date of the Plan, as such policy may be amended from time to time.

**ARTICLE 17. EFFECTIVE DATE OF THE PLAN**. The Effective Date of the Plan was May 28, 2008. The Plan was last amended and restated through December 16, 2019. Awards may be granted under the Plan on and after the Effective Date until the Plan is terminated or suspended by the Board in accordance with ARTICLE 12. Awards which are outstanding as of such termination date or suspension date shall continue in accordance with their terms, unless otherwise provided in the Plan or an Award Agreement.

IN WITNESS WHEREOF, this Plan, as Amended and Restated through December 16, 2019, is executed in behalf of the Company effective as of the 16th day of December, 2019.

**OLD DOMINION FREIGHT LINE, INC.**

**Attest:**

By: /s/ Greg C. Gantt
Name: Greg C. Gantt
Title: President and Chief Executive Officer

/s/ Ross H. Parr
Secretary

[Corporate Seal]

**Exhibit 10.18.13**

**AMENDMENT TO**
**OLD DOMINION FREIGHT LINE, INC.**
**DIRECTOR PHANTOM STOCK AWARD AGREEMENT**

**THIS AMENDMENT** (the "Amendment") is made effective as of the 16th day of December, 2019 (the "Effective Date"), between Old Dominion Freight Line, Inc., a Virginia corporation (the "Company"), and _________________ (the "Participant") to amend the Director Phantom Stock Award Agreement(s) under the Old Dominion Freight Line, Inc. Director Phantom Stock Plan identified on Schedule A, to the extent indicated on Schedule A.

**RECITALS:**

WHEREAS, the Company maintains the Old Dominion Freight Line, Inc. Director Phantom Stock Plan, as amended (the "Director Plan"), pursuant to which the Company has granted phantom stock awards subject to the Director Phantom Stock Award Agreement(s) as identified by grant year on Schedule A attached hereto (each, an "Award Agreement," and collectively, the "Award Agreements"); and

WHEREAS, the Company's Board of Directors (the "Board") amended and restated the Director Plan (the "Amended Director Plan") through December 16, 2019 (the "Amendment Date") to provide for stock settlement of awards for current directors; and

WHEREAS, to the extent provided in Schedule A, the Company and Participant desire to amend the Award Agreement(s), as permitted by Section 9.2 thereof, pursuant to the terms set forth herein.

**AGREEMENT**

NOW, THEREFORE, effective as of the Effective Date, the Award Agreement(s) identified on Schedule A attached hereto as being subject to this Amendment shall be and hereby are amended as follows. Terms not defined in this Amendment shall have the meaning given to such term in the Award Agreement and/or Amended Director Plan, as applicable.

1. Amendment to Article 4 (Settlement of Award), Article 8 (Dividend Equivalents) and Section 9.6.

a. Section 4.1 of the Award Agreement is hereby amended and restated in its entirety to provide for the stock settlement of the Award, as follows:

> **4.1 General Settlement Terms.** If the Award is vested on the Settlement Date and is not otherwise forfeited pursuant to ARTICLE 3, the Award shall become payable as of the Settlement Date. The Settlement Date shall be the date of the Participant's termination of service as a Director for any reason (including but in no way limited to termination of service due to death or Total Disability), provided, however, that any such termination of service shall also constitute a "separation from service"

under Code Section 409A. On and after the Amendment Date, no cash shall be issued pursuant to this Agreement, and payments made under this Agreement to the Participant, if any, shall be made solely in shares of Common Stock. On the Settlement Date, the Participant shall be entitled to receive one (1) share of Common Stock issued under the 2016 Plan for each share of Phantom Stock subject to the Award that had vested as of the Settlement Date, less required withholding, if any. Subject to the provisions of the Plan, the shares of Common Stock to be paid to the Participant hereunder, if any, shall be paid to the Participant in twenty-four substantially equal monthly installments commencing as of (or as soon as practicable following) the first day of the calendar month next following the Settlement Date. The Company retains the authority to establish such settlement and related procedures as it deems necessary to facilitate administration of the Plan and this Agreement, subject to any Code Section 409A considerations. In the event an amount becomes payable pursuant to this ARTICLE 4 on account of the Participant's termination of service due to death, or the Participant becomes entitled to receive an amount pursuant to this ARTICLE 4 and he or she dies prior to receiving any or all of the amounts to which he or she is due, then the amounts payable pursuant to this ARTICLE 4 shall be made to the beneficiary or beneficiaries (which may include individuals, trusts or other legal entities) designated by the Participant on a form acceptable to the Plan Administrator and filed with the Plan Administrator prior to his or her death (the "Beneficiary Designation Form"). If the Participant fails to designate a beneficiary or fails to file the Beneficiary Designation Form with the Plan Administrator prior to his or her death, such amounts shall be made to his or her estate. If a named beneficiary entitled to receive payments pursuant to the Beneficiary Designation Form dies at a time when additional payments still remain to be paid, then such remaining payments shall be paid to the other primary beneficiary or beneficiaries named by the Participant who shall then be living or in existence, if any; otherwise to the contingent beneficiary or beneficiaries named by the Participant who shall then be living or in existence, if any; otherwise to the estate of the Participant.

b. A new Section 4.3 of the Award Agreement is hereby added as follows:

**4.3 Fractional Shares.** The Award shall be payable in whole shares of Common Stock. Fractional shares shall not be issuable hereunder, and unless the Administrator determines otherwise, any such fractional share shall be disregarded.

c. A new Section 4.4 of the Award Agreement is hereby added as follows:

**4.4 Withholding**. The Company shall have the right to deduct from payment of the Award any taxes required by law to be withheld from the Participant with respect to such payment. Without limiting the effect of the foregoing, the settlement of the Award in shares of Common Stock, if any, shall be subject to the withholding provisions of the 2016 Plan and the Administrator (or its designee) shall have the authority to establish rules, practices and procedures to facilitate such withholding obligations (including but not limited to requiring net withholding procedures as provided under the 2016 Plan).

d. A new Section 4.5 of the Award Agreement is hereby added as follows:

**4.5** **Compliance with 2016 Plan**. Any shares of Common Stock issued in settlement of the Award shall be issued solely under the 2016 Plan and shall be subject to the terms and conditions of the 2016 Plan, the Plan and this Agreement.

e. Article 8 (Dividend Equivalents) of the Award Agreement is hereby deleted in its entirety and reserved. The Participant hereby acknowledges that he or she shall have no rights to dividend equivalents and agrees that he or she has no right to the payment of any past, present or future dividends or dividend equivalents in connection with the grant of the Award.

f. Section 9.6 of the Award Agreement is hereby amended and restated in its entirety as follows: "The Participant shall not have any rights of a shareholder solely due to the grant of the Award."

2. Representations and Warranties of the Participant. The Participant represents and warrants to the Company that:

a. Agrees to Terms of the Amended Director Plan and Amendment. The Participant has received a copy of the Amended Director Plan, which is attached hereto as an Exhibit, has read and understands the terms of the Amended Director Plan and the Award Agreement, as amended by this Amendment, and agrees to be bound by their terms and conditions.

b. Access to Information. The Participant has had access to all information regarding the Company and its present and prospective business, assets, liabilities and financial condition that the Participant reasonably considers important in connection with the Award and this Amendment, and the Participant has had ample opportunity to ask questions of the Company's representatives concerning such matters.

c. Understanding of Risks. The Participant is fully aware (i) of the highly speculative nature of the future value of the shares of Common Stock, which value may increase or decrease following the date hereof; (ii) that the Company makes no representations as to the value of the Award and that the ultimate value of the Award following Amendment hereby may be greater or less than the value prior to Amendment; (iii) that the Company makes no representations regarding the Company's prospects; (iv) of the qualifications and backgrounds of the management of the Company; and (v) of the tax consequences of participating in the Amended Director Plan and the Award Agreement, as amended by this Amendment . The Participant acknowledges he or she has been advised to consult with his or her personal financial and tax advisors regarding the Amended Director Plan and this Amendment.

d. Tax Consequences. The Company has made no warranties or representations to the Participant with respect to the tax consequences (including, but not limited to, income or excise tax consequences) related to the transactions contemplated by this Amendment, and the Participant is in no manner relying on the Company or its representatives for an assessment of such tax consequences. The Participant acknowledges that he or she has been advised that he or she should consult with his or her own attorney, accountant and/or tax advisor regarding the decision to enter into this Amendment and the consequences thereof. The Participant also acknowledges that the Company has no responsibility to take or refrain from taking any actions in order to achieve a certain tax result for the Participant.

e. Representations and Warranties of the Award Agreement . The Participant hereby acknowledges that his or her representations and warranties provided in the Award Agreement remain true and accurate, except as modified by the representations and warranties above.

3. Waiver and Release. The Participant hereby knowingly and voluntarily releases and forever discharges the Company and its affiliates, officers, directors, employees, agents and representatives and the heirs, predecessors, successors and assigns of all of the foregoing from any and all claims, actions, causes of action or other liability, whether known or unknown, contingent or fixed, arising out of or in any way related to the grant, ownership, vesting, applicable tax treatment and/or forfeiture and termination of the Award (or the shares of Common Stock underlying the Award to the extent stock-settled), including, without limitation, any claims under the 2016 Plan, the Amended Director Plan or the Award Agreement, as amended by this Amendment. The parties hereto agree that this Amendment, including the waiver and release contained in this Section 3, is a compromise of claims and shall not be construed as an admission of liability by any party.

4. Consideration. The parties hereto acknowledge that this Amendment is supported by good and valid consideration, the receipt and sufficiency of which consideration is hereby acknowledged.

5. Miscellaneous. Other than as set forth herein, the terms and conditions of the Award Agreement shall remain in full force and effect. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The parties hereto agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Amendment.

6. Governing Law. The validity, performance, construction, and effect of this Amendment shall be governed by and construed in accordance with the laws of the State of North Carolina without regard to conflict of laws thereof, except as superseded by applicable federal law. Any action, special proceeding or other proceeding with respect to this Amendment shall be brought

exclusively in the federal or state courts of the State of North Carolina, and by execution and delivery of this Agreement, the Participant and the Company irrevocably consent to the exclusive jurisdiction of those courts and the Participant hereby submits to personal jurisdiction in the State of North Carolina. The Participant and the Company irrevocably waive any objection, including any objection based on the lack of jurisdiction, improper venue or forum non conveniens, which either may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect to this Amendment or any transaction related hereto.

[*Signature page follows.*]

IN WITNESS WHEREOF, this Amendment has been executed by the Company and the Participant as of the Effective Date.

OLD DOMINION FREIGHT LINE, INC.

By:
Name:
Title:

PARTICIPANT

Name: ________________________

# SCHEDULE A

Award Agreements

***Please mark one (1) column for each grant.***

| **Grant Year** | **I hereby irrevocably consent to receive any benefits to which I am entitled under the Award Agreement identified above in the form of shares of Common Stock and agree to be bound by the terms of the Amendment in all respects.**<br><br>**(Check below, if yes)** | **I hereby irrevocably DO NOT consent to receive any benefits to which I am entitled under the Award Agreement identified above in the form of shares of Common Stock. By not consenting, any benefits to which I am entitled under the Award Agreement shall continue to be settled in cash and governed by the Award Agreement without regard to the Amendment.**<br><br>**(Check below, if yes)** |
|---|---|---|
| 20[__] | ☐ | ☐ |
| 20[__] | ☐ | ☐ |
| 20[__] | ☐ | ☐ |
| 20[__] | ☐ | ☐ |
| 20[__] | ☐ | ☐ |

# <u>EXHIBIT</u>

## OLD DOMINION FREIGHT LINE, INC.
## DIRECTOR PHANTOM STOCK PLAN,
## AS AMENDED AND RESTATED THROUGH DECEMBER 16, 2019

[See attached]

**Exhibit 10.18.14**

# OLD DOMINION FREIGHT LINE, INC.
## NON-EMPLOYEE DIRECTOR COMPENSATION STRUCTURE
## EFFECTIVE AS OF THE 2020 ANNUAL MEETING OF SHAREHOLDERS

| Director Role | Annual Cash Retainer | | Annual Restricted Stock Grant Amount |
|---|---|---|---|
| Member (all non-employee directors) | $ 90,000 | | $ 135,000 |
| Lead Independent Director | 25,000 | (1) | — |
| Audit Committee Chair | 25,000 | (1) | — |
| Compensation Committee Chair | 15,000 | (1) | — |
| Governance and Nomination Committee Chair | 12,500 | (1) | — |

1) Each non-employee Chair of a Board Committee and the Lead Independent Director receives this annual retainer in addition to the $90,000 annual cash retainer paid to all non-employee directors.

**Exhibit 23.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-162695) pertaining to the Old Dominion 401(k) Retirement Plan of Old Dominion Freight Line, Inc. and

(2) Registration Statement (Form S-8 No. 333-211464) pertaining to the Old Dominion Freight Line, Inc. 2016 Stock Incentive Plan;

of our reports dated February 26, 2020, with respect to the financial statements and schedule of Old Dominion Freight Line, Inc. and the effectiveness of internal control over financial reporting of Old Dominion Freight Line, Inc. included in this Annual Report (Form 10-K) of Old Dominion Freight Line, Inc. for the year ended December 31, 2019.

/s/ Ernst & Young LLP

Raleigh, North Carolina
February 26, 2020

**EXHIBIT 31.1**

**CERTIFICATION**

I, Greg C. Gantt, certify that:

1. I have reviewed this Annual Report on Form 10-K of Old Dominion Freight Line, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2020

/s/ Greg C. Gantt

President and Chief Executive Officer

**EXHIBIT 31.2**

**CERTIFICATION**

I, Adam N. Satterfield, certify that:

1. I have reviewed this Annual Report on Form 10-K of Old Dominion Freight Line, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2020

/s/ Adam N. Satterfield

Senior Vice President – Finance and Chief Financial Officer

**EXHIBIT 32.1**

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

I, Greg C. Gantt, state and attest that:

(1) I am the President and Chief Executive Officer of Old Dominion Freight Line, Inc. (the “Issuer”).

(2) Accompanying this certification is the Issuer’s Annual Report on Form 10-K for the year ended December 31, 2019 (the “Annual Report”), a periodic report filed by the Issuer with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which contains financial statements.

(3) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- The Annual Report containing the financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and
- The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer for the periods presented.

/s/ Greg C. Gantt

Name: Greg C. Gantt
Date: February 26, 2020

**EXHIBIT 32.2**

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

I, Adam N. Satterfield, state and attest that:

(1) I am the Senior Vice President – Finance and Chief Financial Officer of Old Dominion Freight Line, Inc. (the "Issuer").

(2) Accompanying this certification is the Issuer's Annual Report on Form 10-K for the year ended December 31, 2019 (the "Annual Report"), a periodic report filed by the Issuer with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which contains financial statements.

(3) I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- The Annual Report containing the financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and
- The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer for the periods presented.

/s/ Adam N. Satterfield

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|---|---|
| Name: | Adam N. Satterfield |
| Date: | February 26, 2020 |