

**OLD DOMINION
FREIGHT LINE, INC.**

**2016
ANNUAL REPORT**



INVESTING FOR THE ROAD AHEAD

At Old Dominion Freight Line, we are always studying the road ahead. OD's focus on premium service means that we continuously invest in our real estate, equipment and technology to meet the needs of our current and future customers, all while driving efficiency in our own operations. The result is a proven record of success that has delivered award-winning service to our customers and long-term, profitable growth to our shareholders.

DOMESTIC:

Since 2006, OD has invested over a billion dollars in real estate purchases to significantly expand and improve our service center network, resulting in our unique ability to offer national, inter-regional and regional shipping solutions through a single network. With one of the most modern fleets on the road, OD has established itself as an industry leader in domestic LTL service.

EXPEDITED:

Customers with high priority or time sensitive shipments depend on OD. In addition to ongoing strategic investments in technology, OD invests heavily to train and develop specialized teams to manage customers' most time sensitive freight needs. These investments allow OD to excel at meeting the demands of retail delivery windows, trade show shipments, and urgent and high-value freight deliveries.



PEOPLE:

OD's premium service is delivered by our OD team of employees. Investments in the OD driving school and continuous employee training provide our employees with career options and ongoing improvement opportunities. The result is a team that is engaged, accountable and proactively focused on premium service. OD has earned, for an unprecedented seven consecutive years, the industry's highest honor: the Mastio Award for Quality.

GLOBAL:

OD has made investments with our global agents that allow us to deliver on our premium service promise. Connecting our customers' freight to global markets requires complex coordination of data, equipment and people. OD provides customers with access to personalized support every step of the way.

TECHNOLOGY:

Our technology solutions empower us to deliver a premium service experience to our customers. The investments in operational technologies drive efficiencies such as real-time adjustments for weather delays, route and load optimization, and proactive routing and tracking notifications. In addition, OD's investments in technology provide our customers with access to real-time information and freight visibility, which is becoming increasingly important as supply chains continue to evolve and become more complex.



FELLOW SHAREHOLDERS

Old Dominion produced its sixth consecutive year of record revenue by reaching \$2.99 billion in 2016, despite a challenging macroeconomic environment. Total revenue increased 0.6% over 2015, and while this growth rate is below Old Dominion's long-term historical results, we remained focused on executing our highly differentiated strategy of offering industry leading levels of service at a fair price. Our disciplined approach and long-term outlook keep us committed to reinvesting in our business despite the economic challenges faced in 2016, and we continue to deploy capital in capacity, technology and people to support our future growth initiatives.

We once again grew market share in our core North American LTL operations in 2016 because our customers increasingly value the premium on-time, claims-free service that we provide as supply chains continue to evolve and become more complex. These shifts, including the rapid acceleration of e-commerce

Yield management helped generate Company record revenue: Old Dominion's total revenue increased to \$2.99 billion, even as non-LTL revenue decreased by \$26.8 million, or 34.0%. LTL tons and weight per shipment decreased by 0.1% and 0.3%, respectively, as compared to 2015, while our LTL shipments grew 0.2%. The LTL industry pricing environment remained relatively stable in 2016, despite the softness in overall tonnage. We maintained our consistent pricing philosophy by targeting 3% - 4% increases on our contract renewals, and we also implemented a general rate increase of 4.9% on our public tariff business in September 2016. LTL revenue per hundredweight, excluding fuel surcharges, increased 2.6% as compared to 2015.

Cost discipline helped maintain industry-leading operating margins: Old Dominion diligently managed expenses throughout 2016. Our variable operating costs as a percent of revenue improved for the year, although this improvement was offset by increased depreciation expense



and greater local fulfillment requirements, heighten the need for leading-edge technology and other resources that we offer shippers and that further differentiate Old Dominion's service offerings in the marketplace. We believe that Old Dominion is well-positioned to take advantage of these industry growth drivers given our ability to deliver premium service and our continuous investment in capacity to handle future shipment growth.

As we begin 2017, we are encouraged by the improving trends that we see in both our business and the overall economy. By remaining true to our core business principles and strategies, we expect to continue to produce industry-leading performance and increase long-term shareholder value.

due to our continued investment in capacity expansion and productivity-enhancing technologies to stimulate profitable growth. As a result of these factors, our operating ratio increased 60 basis points from a record 83.2% in 2015 to 83.8% in 2016. The increase in operating ratio caused our net income to decline 2.9%, and earnings per diluted share fell to \$3.56 from \$3.57 in 2015. Nevertheless, we were pleased with the ability of our entire OD team of employees to operate efficiently in a difficult economic environment.

Cash flow and financial position remain strong: Our net cash provided by operating activities for 2016 increased 2.1% to an Old Dominion record of \$565.6 million. Operating cash flows were used to fund our annual capital expenditures

of \$417.9 million, pay off the remaining \$25.0 million in principal from our senior notes that matured in 2016, and repurchase

“Our ability to consistently outperform the LTL industry is attributable to nearly two decades of continuous refinement.”

\$130.3 million of shares during 2016. Our balance sheet remains very strong, as evidenced by our debt to capitalization ratio of 5.4% at December 31, 2016. Old Dominion's significant operating cash flows combined with our low leverage profile gives us significant flexibility to fund expenditures for service centers, equipment and technology, as well as future strategic initiatives.

Old Dominion is an industry leader when it comes to reinvesting in our business through our ongoing capital expenditures for capacity and technology. These investments have historically provided an outstanding return, as evidenced by the 15.7% return on invested capital in 2016, and position us for further growth. Capital expenditures in 2016 were \$417.9 million and we currently expect capital expenditures of approximately \$385 million in 2017, including planned expenditures of \$185 million for real estate and service center expansion projects, \$155 million for tractors and trailers and \$45 million for technology and other assets.

We also expect to continue to return capital to our shareholders in 2017. In 2016, we completed the company's initial \$200.0 million share repurchase program that commenced in the fourth quarter of 2014, and began a newly authorized \$250.0 million repurchase program during the second quarter of 2016. We continue to be disciplined in our execution of the repurchase program and seek to purchase shares only when it offers a superior value to our shareholders. Further, we are excited about our recently declared quarterly cash dividend of \$0.10 per share, which was paid to shareholders of record during the first quarter of 2017. We declared this quarterly dividend due to our confidence in the long-term financial strength of Old Dominion and our commitment to increasing shareholder value.

Our commitment to service drives our long-term growth: The foundation of Old Dominion's record of long-term profitable growth has been our success in delivering on-time, claims-free service at a fair price. The growing market demand for our differentiated services is evidenced by our long-term record of winning market share while also improving yield. Today, shippers are in need of greater visibility and transparency of their freight than ever before. Our leading technology platform is designed to meet these market needs and position us as a comprehensive transportation solution for the future.

Our enviable position in the LTL industry reflects many years of strategic focus, substantial investment and market discipline, which we believe has created a new benchmark for premium LTL service. Our ability to consistently outperform the LTL industry is attributable to nearly two decades of continuous refinement of our services and regular investments in capacity expansion and productivity-enhancing technology. Further, our long-term investment in education, training and our family culture have allowed us to attract, develop and retain a motivated, innovative and flexible team that consistently exceeds our customers' expectations.

We are grateful and appreciative of our customers' confidence and trust in us, and we are committed to earning that confidence and trust each and every day. It is also gratifying to be independently and consistently recognized for excellence, including our receipt of the 2016 Mastio Quality Award for the best National LTL carrier. LTL carriers are evaluated on both the quality of service and the perceived value of the service provided, and 2016 was the seventh consecutive year that Old Dominion won this prestigious award.

Our achievements would not be possible without the hard work and dedication of the entire OD Family of employees, who work tirelessly to consistently exceed our customers' service expectations. We are grateful for and recognize our team, on behalf of all of our shareholders, for Helping the World Keep Promises® and achieving industry-leading performance. We also thank you, our fellow shareholder, for your continued support and investment in Old Dominion.

Sincerely,



David S. Congdon
Vice Chairman and
Chief Executive Officer



Earl E. Congdon
Executive Chairman

SELECTED FINANCIAL DATA

(In thousands, except per share amounts and operating statistics)

OPERATING STATISTICS:

	2016	2015	2014	2013	2012
LTL revenue per hundredweight	\$ 18.51	\$ 18.23	\$ 18.33	\$ 17.95	\$ 17.30
LTL revenue per intercity mile	\$ 5.09	\$ 5.11	\$ 5.38	\$ 5.28	\$ 5.12
LTL intercity miles (in thousands)	576,953	566,210	503,923	429,709	404,863
LTL tons (in thousands)	7,931	7,938	7,391	6,325	5,991
LTL shipments (in thousands)	10,148	10,129	9,073	7,942	7,449
Average length of haul (in miles)	928	928	928	936	941
Service centers	226	225	222	221	218
Tractors	7,994	7,688	6,907	6,296	6,099
Trailers	32,525	30,204	27,259	25,052	24,181

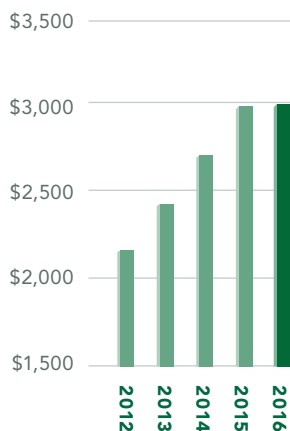
FINANCIAL RESULTS:

	2016	2015	2014	2013	2012
Revenue from operations	\$ 2,991,517	\$ 2,972,442	\$ 2,787,897	\$ 2,337,648	\$ 2,134,579
Operating income	\$ 483,835	\$ 498,240	\$ 441,307	\$ 338,438	\$ 285,254
Net income	\$ 295,765	\$ 304,690	\$ 267,514	\$ 206,113	\$ 169,452
Operating ratio	83.8%	83.2%	84.2%	85.5%	86.6%
Diluted earnings per share	\$ 3.56	\$ 3.57	\$ 3.10	\$ 2.39	\$ 1.97
Diluted weighted average shares outstanding	83,154	85,378	86,162	86,165	86,165

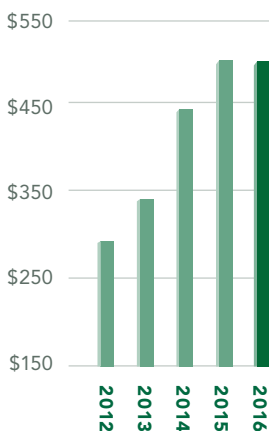
FINANCIAL POSITION:

Current assets	\$ 382,622	\$ 381,730	\$ 403,772	\$ 309,730	\$ 254,974
Total assets	2,696,247	2,466,504	2,206,866	1,908,840	1,692,460
Current liabilities	288,636	285,402	255,638	232,122	225,139
Long-term debt (including current maturities)	104,975	133,805	155,714	191,429	240,407
Shareholders' equity	1,851,158	1,684,637	1,494,064	1,232,082	1,025,969

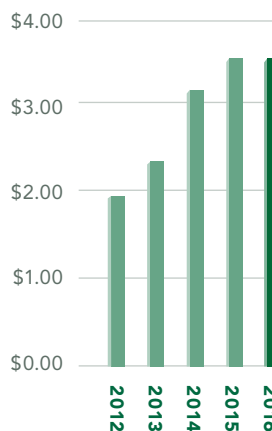
REVENUE FROM OPERATIONS



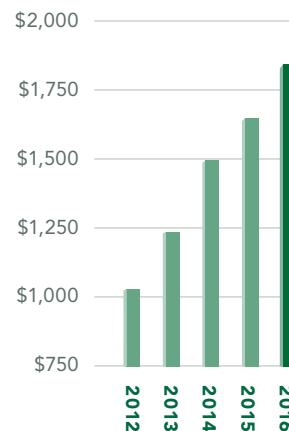
OPERATING INCOME



DILUTED EARNINGS PER SHARE



SHAREHOLDERS' EQUITY



BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

EARL E. CONGDON ⁽¹⁾

Executive Chairman

DAVID S. CONGDON ⁽¹⁾

Vice Chairman and
Chief Executive Officer

ROBERT G. CULP, III ^{(1) (2) (3)*}

Lead Independent Director;
Chairman, Culp, Inc.

JOHN R. CONGDON, JR. ⁽¹⁾

Director; Chairman,
Old Dominion Truck Leasing, Inc.
and Dominion Dedicated Logistics, Inc.

BRADLEY R. GABOSCH ^{(1) (2) (4)}

Director; Retired Managing Director,
Grant Thornton, LLP

PATRICK D. HANLEY ^{(1) (2) (3)}

Director; Retired Senior Vice President - Finance and
Accounting, UPS Freight

JOHN D. KASARDA, PH.D. ^{(1) (4)*}

Director; Professor Emeritus and Director of Center for Air
Commerce at the University of North Carolina at Chapel Hill's
Kenan-Flagler Business School

LEO H. SUGGS ^{(1) (3) (4)}

Director; Retired President and Chief Executive
Officer, UPS Freight

D. MICHAEL WRAY ^{(1) (2)*(3)}

Director; President,
Riverside Brick & Supply Company, Inc.

GREG C. GANTT

President and Chief Operating Officer

DAVID J. BATES

Senior Vice President – Operations

KEVIN M. FREEMAN

Senior Vice President – Sales

CECIL E. OVERBEY, JR.

Senior Vice President – Strategic Planning

ROSS H. PARR

Senior Vice President – Legal Affairs,
General Counsel and Secretary

ADAM N. SATTERFIELD

Senior Vice President – Finance,
Chief Financial Officer and Assistant Secretary

(1) Director (2) Audit Committee (3) Compensation Committee (4) Governance and Nomination Committee

* Chairman



SHAREHOLDER INFORMATION

FORM 10-K/INVESTOR CONTACT

Our Annual Report on Form 10-K is available on our website, www.odfl.com, or a copy (without exhibits) is available at no charge by contacting Adam N. Satterfield, Senior Vice President - Finance and Chief Financial Officer at our corporate office.

ANNUAL SHAREHOLDERS' MEETING

The Annual Meeting of Shareholders will be held on Wednesday, May 17, 2017, at 10:00 a.m. EDT at our corporate office.

REGISTRAR AND TRANSFER AGENT

American Stock Transfer and Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
718.921.8200

INDEPENDENT AUDITORS

Ernst & Young LLP
4131 Parklake Avenue, Suite 500
Raleigh, NC 27612



OD·DOMESTIC

OD·EXPEDITED

OD·PEOPLE

OD·GLOBAL

OD·TECHNOLOGY

**HELPING THE WORLD
KEEP PROMISES.®**

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