Driven to Keep

Promises

Old Dominion Freight Line, Inc.
2009 Annual Report
“Driven to keep our promises, so our customers can keep theirs.”

A lot of people think OD is in the business of moving freight and managing logistics. What we’re really in the business of doing is keeping promises. We realize our trucks, trailers and containers are filled with more than freight. They contain a commitment to our customers. At OD, we believe the world revolves around promises, and no other transportation company is as committed or capable of delivering on those promises.
As we celebrated our 75th anniversary in 2009, we faced one of the most difficult operating environments in memory—a year that tested the strength of our business model, our management expertise and the dedication of our entire workforce. Throughout the year, we remained focused on our long-term objectives of delivering outstanding service, improving the productivity of our workforce, managing our variable costs and remaining disciplined with the pricing for our services. We also remained true to our employees by preserving the family atmosphere we have fostered over our history, a culture that sustained us through this difficult period. It was the faithful execution of these strategies and the dedication of our employees that once again produced solid profitability, strong cash flow and increased shareholder value.

With our focus on the long-term success of the Company, many of the operating decisions we made during 2009 ran counter to most of our peers. Despite lower volumes, we improved our service standards. Despite pricing pressures caused by overcapacity in the industry, we maintained our disciplined pricing structure by delivering value to our customers. Despite the temptation to choose short-term gains at the expense of our long-term goals, we continued to invest in our infrastructure, our systems and our people. We believe our unwavering commitment to these long-term strategies differentiated us in the marketplace. As a result, we were the only public less-than-truckload (“LTL”) carrier that was profitable in 2009, and we produced the best operating ratio among the public LTL carriers for the third consecutive year. While our financial results for 2009 were not at our historical levels, they were a testament to the strength of our Company.

Our performance in 2009 also positioned us well for the challenges and opportunities of 2010. We entered the year with a productive and motivated workforce, reduced capital expenditure needs and the capacity and financial strength to leverage industry consolidation opportunities. While we have a cautious outlook for 2010 due to poor visibility with regard to economic growth and potential regulatory headwinds, we sense the industry environment is improving with respect to pricing and tonnage trends. We expect our results for 2010 to benefit from the improvement in operating leverage that firmer pricing and increased tonnage would likely generate. We also expect the strengths of our business model will continue to support our industry-leading performance.

Industry-leading performance in a historic economic downturn—Old Dominion’s performance in 2009 reflected our keen understanding of the need to balance short-term profit objectives with our long-term goals for growth in earnings and shareholder value. The LTL industry is characterized by significant capital investment, therefore, a rapid decrease in tonnage produces considerable deleveraging pressures on operations. As a result of the overall tonnage decline in 2009, many carriers reduced their pricing, which created one of the most competitive pricing environments in our history. Although our tonnage declined 11.6% during 2009, our research indicates that there was no significant change in our market share. The combination of our tonnage decline and competitive pricing caused Old Dominion’s operating ratio for 2009 to increase to 94.3%, or 270 basis points over 2008. Our net income in 2009 was $34.9 million, or $0.94 per diluted share, as compared to $1.8 in 2008, however, maintaining profitability was a significant accomplishment under these extremely difficult circumstances.

We believe an important factor driving our 2009 results was maintaining our on-time deliveries at approximately 99% and reducing our cargo claims ratio to a historical low. These factors generated value to our customers, which enabled us to maintain our year-over-year revenue per hundredweight levels, excluding our fuel surcharges, at the exact average we produced in 2008. We may have lost or failed to win some business in 2009 because of our pricing philosophy, but we also gained new customers and saw other customers return because of the value they place on our reliable, quality services.

In addition to the positive impact from our revenue yield strategies, our operating ratio for 2009 benefited from our focus on productivity and efficiency. We are proud that we were one of the few, if not the only carrier, in the LTL industry that did not reduce wages or employee benefits in 2009. We believe this strategy motivated our employees and contributed to additional productivity improvements. In our pickup and delivery operations, we increased our shipments per hour and stops per hour by 3.9% and 3.4%, respectively. Improvements in our platform and linehaul operations are evidenced by the 9.3% improvement in our platform pounds handled per hour and 0.5% increase in our linehaul laden load average. By tightly managing our labor costs and leveraging our state-of-the-art technology, we were able to offset some, but not all, of the delivering effects of the decline in volume and the excess capacity we had built into our operations. We ended 2009 with approximately 25% to 30% of available capacity in our fleet and service centers. In part, this excess capacity reflects specific actions to expand our tractor and trailer fleet during the year. We also increased the number of available doors at our service centers by approximately 8%. Despite the impact on short-term earnings, we believe this additional capacity will provide an excellent launching point for an economic recovery or further industry consolidation that generally accompanies a sustained economic downturn.

Financial strength positions us for long-term growth—Old Dominion continued to generate substantial net cash from operating activities for 2009, totaling $130.7 million. As anticipated, our cash flow from operations funded the majority of our capital expenditures of $210.9 million for the year. We completed 2009 with a ratio of long-term debt to total capitalization of 34.0%, and our borrowing capacity on our revolving credit facility was $109.7 million. We expect capital expenditures for 2010 to be approximately $95 million, which reflects reduced equipment and real estate purchases and excludes acquisition opportunities that may arise. We expect to fund these planned capital expenditures completely through net cash generated from our operating activities.

Our financial strength is an advantage we will utilize to reach our long-term growth objectives. We will continue our initiatives to build density in our existing network, through both expanding our customer base in existing markets and serving a greater percentage of our current customers’ needs. We plan to steadily strengthen our service center network by increasing our geographic coverage through the addition of approximately 40 service centers in the coming years and by increasing our capacity in existing markets where warranted by expanding existing service centers or relocating our operations to larger facilities. We will continue to invest in value-added services, such as container delivery, warehousing and truckload brokerage, to leverage our infrastructure and strengthen our customer relationships. We will also pursue selective strategic acquisitions that primarily add new service capabilities or geographic coverage and that are accretive to our operations.

Conclusion—Old Dominion will continue executing our proven strategies of providing high-quality, value-driven services to our customers at a fair price, regardless of the specific industry or economic conditions we face in 2010. Delivering on these promises served us well in 2009 as we outperformed our competition and differentiated ourselves in the marketplace. Because of the decisions we made in 2009 and the available capacity we have built into our operations, we are poised to capitalize on increased operating leverage in 2010 that could result from an improving economic environment, additional industry consolidation or a combination of each. As a result, we remain confident in our ability to produce long-term growth in earnings and shareholder value.

Our success would not be possible without the dedicated efforts, innovation and flexibility of our employees and veteran management team. On behalf of all our shareholders, we thank the OD Family for their extraordinary efforts in 2009. And on behalf of the OD Family, we thank you for your investment in Old Dominion.

Sincerely,

Earl E. Congdon
Executive Chairman

David S. Congdon
President and Chief Executive Officer

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Earl E. Congdon
Executive Chairman

David S. Congdon
President and Chief Executive Officer
Old Dominion promises to find innovative ways to simplify our customers’ transportation processes. We keep that promise by providing customers with a single-source solution for managing their transportation and logistical needs. Through OD – Domestic, OD – Expedited, OD – Global, OD – Technology and OD – Solutions, we deliver the transportation products and services our customers need to deliver on their promises.

“Driven to keep the promise of providing simplified transportation solutions.”

**OD – DOMESTIC**
OD – Domestic enables shippers to manage their domestic LTL and logistical needs throughout the continental U.S. by providing:
- Superior direct service to the 48 contiguous states
- Next- and second-day service within our Southeast, Gulf Coast, Northeast, Midwest, Central and West regions of the country
- Freight assembly and distribution services

**OD – EXPEDITED**
OD – Expedited allows domestic and global shippers to define their delivery requirements through the following Speed Service product offerings that are backed by a money-back guarantee:
- Guaranteed – provides guaranteed on-time delivery within our normal transit times
- On Demand – provides time-specific delivery for shipments requiring more expedient service
- Air – provides time-specific air freight services within the continental U.S. In 2009, OD – Expedited began offering two new services:
  - "White Glove" delivery and assembly services to residential, medical and retail facilities across the continental U.S.
  - Guaranteed security divider service to provide locked, compartmentalized freight security

**OD – GLOBAL**
OD – Global offers a full complement of services within the global supply chain, all of which provide door-to-door freight visibility, including:
- Direct service to Canada, Mexico, the Caribbean, Alaska and Hawaii
- Door-to-door services between China and the U.S.
- Worldwide less-than-container load ("LCL") and full-container load services
- International air freight services around the globe
- New for 2009 – Our Pacific Promise™ provides guaranteed port-to-door LCL service from Asia to the U.S.

**OD – TECHNOLOGY**
OD – Technology empowers our customers to manage their shipping needs and provides the tools we need to improve the efficiency of our operations.

**OD – SOLUTIONS**
OD – Solutions offers a variety of value-added services to enable shippers to effectively manage their supply chain, including:
- Truckload brokerage services throughout North America
- Warehousing services
- Logistical consulting services
- Transportation management systems
“Driven to keep the promise of best-in-class domestic and global solutions.”

Direct, on-time domestic LTL service throughout the continental United States.

Next-day and second-day domestic service within each of our six geographic regions.

Expedited service for time-sensitive shipments.

Global service to and from all of North America, Central America, South America and the Far East.

Worldwide less-than-container load and full-container load services.
Selected Financial Data  
(In thousands, except per share amounts and operating statistics)  

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue from operations</th>
<th>Operating income</th>
<th>Income before accounting change</th>
<th>Net income</th>
<th>Diluted earnings per share</th>
<th>Diluted weighted average shares outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$1,245,005</td>
<td>70,391</td>
<td>34,871</td>
<td>34,871</td>
<td>$0.94</td>
<td>37,285</td>
</tr>
<tr>
<td>2008</td>
<td>$1,537,724</td>
<td>129,070</td>
<td>68,677</td>
<td>68,677</td>
<td>$1.84</td>
<td>37,285</td>
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<td>2007</td>
<td>$1,401,542</td>
<td>129,937</td>
<td>71,832</td>
<td>71,832</td>
<td>$1.93</td>
<td>37,285</td>
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<td>2006</td>
<td>$1,279,431</td>
<td>130,485</td>
<td>72,569</td>
<td>72,569</td>
<td>$1.95</td>
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<tr>
<td>2005</td>
<td>$1,061,403</td>
<td>97,585</td>
<td>53,883</td>
<td>53,883</td>
<td>$1.43</td>
<td>37,276</td>
</tr>
</tbody>
</table>

Operating Data:  
- Revenue from operations: $1,245,005 to $1,061,403  
- Operating income: 70,391 to 97,585  
- Income before accounting change: 34,871 to 53,883  
- Net income: 34,871 to 53,883  
- Diluted earnings per share: $0.94 to $1.43

Operating Statistics:  
- Operating ratio: 94.3% to 90.8%  
- Revenue per hundredweight: $12.70 to $12.63  
- Revenue per intercity mile: $4.16 to $4.12  
- Intercity miles (in thousands): 299,330 to 257,900  
- Total tons (in thousands): 4,902 to 4,203  
- Total shipments (in thousands): 5,750 to 5,751  
- Average length of haul (miles): 928 to 912  
- Total service centers: 210 to 154  
- Tractors: 5,390 to 4,028  
- Trailers: 21,185 to 15,701

Financial Position:  
- Current assets: $174,175 to $150,213  
- Current liabilities: 148,125 to 111,028  
- Total assets: 1,159,278 to 641,648  
- Long-term debt (including current maturities): 305,532 to 128,956  
- Shareholders’ equity: 593,000 to 345,051

Revenue from Operations (in millions)  
- 2009: $1,245,005  
- 2008: $1,537,724  
- 2007: $1,401,542  
- 2006: $1,279,431  
- 2005: $1,061,403

Operating Income (in millions)  
- 2009: 70,391  
- 2008: 129,070  
- 2007: 129,937  
- 2006: 130,485  
- 2005: 97,585

Diluted EPS  
- 2009: $0.94  
- 2008: $1.84  
- 2007: $1.93  
- 2006: $1.95  
- 2005: $1.43

Shareholders’ Equity (in millions)  
- 2009: $1,245,005  
- 2008: $1,537,724  
- 2007: $1,401,542  
- 2006: $1,279,431  
- 2005: $1,061,403