

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2022

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

(State or other jurisdiction of
incorporation or organization)

500 Old Dominion Way
Thomasville, North Carolina

(Address of principal executive offices)

56-0751714

(I.R.S. Employer
Identification No.)

27360

(Zip Code)

(336) 889-5000

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock (\$0.10 par value)	ODFL	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Exchange Act). Yes ☐ No ☒

As of May 3, 2022 there were 113,353,760 shares of the registrant's Common Stock (\$0.10 par value) outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

OLD DOMINION FREIGHT LINE, INC.
CONDENSED BALANCE SHEETS

	March 31, 2022 (Unaudited)	December 31, 2021
<i>(In thousands, except share and per share data)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 262,122	\$ 462,564
Short-term investments	279,183	254,433
Customer receivables, less allowances of \$12,118 and \$9,855, respectively	669,042	567,474
Income taxes receivable	—	19,218
Other receivables	12,347	12,410
Prepaid expenses and other current assets	58,263	67,688
Total current assets	1,280,957	1,383,787
Property and equipment:		
Revenue equipment	2,156,600	2,146,205
Land and structures	2,508,592	2,463,949
Other fixed assets	530,304	512,340
Leasehold improvements	13,486	13,131
Total property and equipment	5,208,982	5,135,625
Accumulated depreciation	(1,983,674)	(1,919,939)
Net property and equipment	3,225,308	3,215,686
Other assets	216,385	222,071
Total assets	\$ 4,722,650	\$ 4,821,544

Note: The Condensed Balance Sheet at December 31, 2021 has been derived from the audited financial statements at that date, but does not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements.

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

OLD DOMINION FREIGHT LINE, INC.
CONDENSED BALANCE SHEETS
(CONTINUED)

	March 31, 2022 (Unaudited)	December 31, 2021
<i>(In thousands, except share and per share data)</i>		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 117,850	\$ 82,519
Compensation and benefits	223,096	257,905
Claims and insurance accruals	63,229	61,822
Other accrued liabilities	91,135	61,988
Income taxes payable	83,286	—
Total current liabilities	578,596	464,234
Long-term liabilities:		
Long-term debt	99,951	99,947
Other non-current liabilities	292,078	328,838
Deferred income taxes	248,718	248,718
Total long-term liabilities	640,747	677,503
Total liabilities	1,219,343	1,141,737
Commitments and contingent liabilities		
Shareholders' equity:		
Common stock - \$0.10 par value, 280,000,000 shares authorized, 113,761,155 and 115,011,172 shares outstanding at March 31, 2022 and December 31, 2021, respectively	11,376	11,501
Capital in excess of par value	133,172	174,445
Retained earnings	3,358,759	3,493,861
Total shareholders' equity	3,503,307	3,679,807
Total liabilities and shareholders' equity	\$ 4,722,650	\$ 4,821,544

Note: The Condensed Balance Sheet at December 31, 2021 has been derived from the audited financial statements at that date, but does not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements.

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

OLD DOMINION FREIGHT LINE, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,	
	2022	2021
<i>(In thousands, except share and per share data)</i>		
Revenue from operations	\$ 1,497,280	\$ 1,126,515
Operating expenses:		
Salaries, wages and benefits	680,189	545,659
Operating supplies and expenses	191,357	124,156
General supplies and expenses	35,513	31,168
Operating taxes and licenses	35,076	31,266
Insurance and claims	16,107	12,922
Communications and utilities	9,876	8,196
Depreciation and amortization	67,340	63,987
Purchased transportation	52,500	34,714
Miscellaneous expenses, net	3,704	4,790
Total operating expenses	1,091,662	856,858
Operating income	405,618	269,657
Non-operating expense (income):		
Interest expense	73	507
Interest income	(129)	(286)
Other expense, net	605	128
Total non-operating expense	549	349
Income before income taxes	405,069	269,308
Provision for income taxes	105,318	69,949
Net income	\$ 299,751	\$ 199,359
Earnings per share:		
Basic	\$ 2.62	\$ 1.71
Diluted	\$ 2.60	\$ 1.70
Weighted average shares outstanding:		
Basic	114,418,703	116,497,893
Diluted	115,172,776	117,255,740
Dividends declared per share	\$ 0.30	\$ 0.20

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

OLD DOMINION FREIGHT LINE, INC.
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

<i>(In thousands)</i>	Common Stock	Capital in Excess of Par Value	Retained Earnings	Total
Balance as of December 31, 2021	\$ 11,501	\$ 174,445	\$ 3,493,861	\$ 3,679,807
Net income	—	—	299,751	299,751
Share repurchases, including settlements under accelerated share repurchase programs	(127)	62,500	(400,725)	(338,352)
Forward contract for accelerated share repurchases	—	(100,000)	—	(100,000)
Cash dividends declared	—	—	(34,128)	(34,128)
Share-based compensation and share issuances, net of forfeitures	5	4,286	—	4,291
Taxes paid in exchange for shares withheld	(3)	(8,059)	—	(8,062)
Balance as of March 31, 2022	<u>\$ 11,376</u>	<u>\$ 133,172</u>	<u>\$ 3,358,759</u>	<u>\$ 3,503,307</u>

<i>(In thousands)</i>	Common Stock	Capital in Excess of Par Value	Retained Earnings	Total
Balance as of December 31, 2020	\$ 11,706	\$ 226,451	\$ 3,088,131	\$ 3,326,288
Net income	—	—	199,359	199,359
Share repurchases	(113)	—	(240,102)	(240,215)
Forward contract for accelerated share repurchases	—	(68,750)	—	(68,750)
Cash dividends declared	—	—	(23,193)	(23,193)
Share-based compensation and share issuances, net of forfeitures	5	2,964	—	2,969
Taxes paid in exchange for shares withheld	(2)	(4,539)	—	(4,541)
Balance as of March 31, 2021	<u>\$ 11,596</u>	<u>\$ 156,126</u>	<u>\$ 3,024,195</u>	<u>\$ 3,191,917</u>

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

OLD DOMINION FREIGHT LINE, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
	2022	2021
<i>(In thousands)</i>		
Cash flows from operating activities:		
Net income	\$ 299,751	\$ 199,359
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,344	63,991
(Gain) Loss on disposal of property and equipment	(1,205)	603
Other, net	8,115	6,124
Changes in operating assets and liabilities, net	14,720	40,231
Net cash provided by operating activities	388,725	310,308
Cash flows from investing activities:		
Purchase of property and equipment	(93,713)	(50,953)
Proceeds from sale of property and equipment	10,455	7,656
Purchase of short-term investments	(75,162)	(89,965)
Proceeds from maturities of short-term investments	49,966	110,190
Net cash used in investing activities	(108,454)	(23,072)
Cash flows from financing activities:		
Payments for share repurchases	(338,352)	(240,215)
Forward contract for accelerated share repurchases	(100,000)	(68,750)
Dividends paid	(34,196)	(23,232)
Other financing activities, net	(8,165)	(4,569)
Net cash used in financing activities	(480,713)	(336,766)
Decrease in cash and cash equivalents	(200,442)	(49,530)
Cash and cash equivalents at beginning of period	462,564	401,430
Cash and cash equivalents at end of period	\$ 262,122	\$ 351,900

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Significant Accounting Policies

Business

We are one of the largest North American less-than-truckload (“LTL”) motor carriers. We provide regional, inter-regional and national LTL services through a single integrated, union-free 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. We have one operating segment and the composition of our revenue is summarized below:

<i>(In thousands)</i>	Three Months Ended March 31,	
	2022	2021
LTL services	\$ 1,475,781	\$ 1,109,622
Other services	21,499	16,893
Total revenue from operations	\$ 1,497,280	\$ 1,126,515

Basis of Presentation

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

The preparation of condensed financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Our operating results are subject to seasonal trends; therefore, the results of operations for the interim period ended March 31, 2022 are not necessarily indicative of the results that may be expected for the subsequent quarterly periods or the year ending December 31, 2022.

The condensed financial statements should be read in conjunction with the financial statements and related notes, which appear in our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no significant changes in the accounting principles and policies, long-term contracts or estimates inherent in the preparation of the condensed financial statements of Old Dominion Freight Line, Inc. as previously described in our Annual Report on Form 10-K for the year ended December 31, 2021, other than those disclosed in this Form 10-Q.

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.

Stock Repurchase Program

On May 1, 2020, we announced that our Board of Directors had approved a two-year stock repurchase program authorizing us to repurchase up to an aggregate of \$700.0 million of our outstanding common stock (the “2020 Repurchase Program”). The 2020 Repurchase Program became effective upon the termination of our \$350.0 million repurchase program on May 29, 2020. On July 28, 2021, we announced that our Board of Directors had approved a new stock repurchase program authorizing us to repurchase up to an aggregate of \$2.0 billion of our outstanding common stock (the “2021 Repurchase Program”). The 2021 Repurchase Program, which does not have an expiration date, began after the completion of the 2020 Repurchase Program in January 2022.

Under our repurchase programs, 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.

We entered into accelerated share repurchase agreements with a third-party financial institution on each of February 25, 2021 (the “February 2021 ASR Agreement”), August 26, 2021 (the “August 2021 ASR Agreement”) and February 24, 2022 (the “February 2022 ASR Agreement”).

Under the February 2021 ASR Agreement, we made a prepayment of \$275.0 million to the financial institution and received an initial delivery of 960,330 shares of our common stock valued at \$206.3 million. The remaining balance of \$68.7 million was settled during the third quarter of 2021, with the final number of shares received based on the daily volume-weighted average share price of our common stock over the term of the agreement, less a negotiated discount. Under the February 2021 ASR Agreement, we repurchased 1,101,046 shares for \$275.0 million.

Under the August 2021 ASR Agreement, we made a prepayment of \$250.0 million to the financial institution and received an initial delivery of 655,365 shares of our common stock valued at \$187.5 million. The remaining balance of \$62.5 million was settled during the first quarter of 2022, with the final number of shares received based on the daily volume-weighted average share price of our common stock over the term of the agreement, less a negotiated discount. Under the August 2021 ASR Agreement, we repurchased 778,775 shares for \$250.0 million.

Under the February 2022 ASR Agreement, we paid the third-party financial institution \$400.0 million and received an initial delivery of 1,018,157 shares of our common stock for \$300.0 million, representing approximately 75% of the total value of shares to be received by us under the February 2022 ASR Agreement. The remaining balance of \$100.0 million was settled during April 2022, with the final number of shares received based on the daily volume-weighted average share price of our common stock over the term of the agreement, less a negotiated discount. Under the February 2022 ASR Agreement, we repurchased 1,390,966 shares for \$400.0 million.

The Company's accelerated share repurchase agreements are each accounted for as a settled treasury stock purchase and a forward stock purchase contract. The par value of the initial share delivery is recorded as a reduction to common stock, with the excess purchase price recorded as a reduction to retained earnings. The forward stock purchase contract is accounted for as a contract indexed to our own stock and is classified within capital in excess of par value on our Condensed Balance Sheets.

During the three months ended March 31, 2022, we utilized cash of \$438.4 million for repurchases of shares in the open market and under the February 2022 ASR Agreement. We received total shares of 1,273,060 during the first quarter of 2022, including 123,410 shares for the settlement of the August 2021 ASR Agreement. At March 31, 2022, we had \$1.62 billion remaining available under the 2021 Repurchase Program, including \$100.0 million that was deferred until final settlement occurred on the February 2022 ASR Agreement, leaving \$1.52 billion remaining available and uncommitted.

Note 2. 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 Condensed 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:

	Three Months Ended March 31,	
	2022	2021
Weighted average shares outstanding - basic	114,418,703	116,497,893
Dilutive effect of share-based awards	754,073	757,847
Weighted average shares outstanding - diluted	115,172,776	117,255,740

Note 3. Long-Term Debt

Long-term debt, net of unamortized debt issuance costs, consisted of the following:

<i>(In thousands)</i>	March 31, 2022	December 31, 2021
Senior notes	\$ 99,951	\$ 99,947
Revolving credit facility	—	—
Total long-term debt	99,951	99,947
Less: Current maturities	—	—
Total maturities due after one year	\$ 99,951	\$ 99,947

Senior Note Agreement

On May 4, 2020, we entered into a Note Purchase and Private Shelf Agreement with PGIM, Inc. (“Prudential”) and certain affiliates and managed accounts of Prudential (the “Note Agreement”). The Note Agreement, which is uncommitted and subject to Prudential’s sole discretion, provides for the issuance of senior promissory notes with an aggregate principal amount of up to \$350.0 million through May 4, 2023. Pursuant to the Note Agreement, we issued \$100.0 million aggregate principal amount of senior promissory notes (the “Series B Notes”), the proceeds of which are available for capital expenditures, share repurchases, dividends, acquisitions, or general corporate purposes. Borrowing availability under the Note Agreement is reduced by the outstanding amount of the existing Series B Notes, and all other senior promissory notes issued pursuant to the Note Agreement.

The Series B Notes bear interest at 3.10% per annum and mature on May 4, 2027, unless prepaid. Principal payments are required annually beginning on May 4, 2023 in equal installments of \$20.0 million through May 4, 2027. The Series B Notes are senior unsecured obligations and rank pari passu with borrowings under our second amended and restated credit agreement with Wells Fargo Bank, National Association serving as administrative agent for the lenders (the “Credit Agreement”) or Note Agreement.

Credit Agreement

On November 21, 2019, we entered into 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, as defined in the Credit Agreement, 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%.

There were \$40.8 million and \$39.2 million of outstanding letters of credit at March 31, 2022 and December 31, 2021, respectively.

General Debt Provisions

The Credit Agreement and Note 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. The Credit Agreement and Note Agreement also include 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).

Note 4. 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 5. Fair Value Measurements

Short-term Investments

A summary of the fair value of our short-term investments as of March 31, 2022 and December 31, 2021 is shown in the tables below.

<i>(In thousands)</i>	Total	Level 1	Level 2	Level 3
<u>March 31, 2022</u>				
Certificates of deposit	\$ 40,034	\$ —	\$ 40,034	\$ —
Commercial paper	239,149	—	239,149	—
	<u>\$ 279,183</u>	<u>\$ —</u>	<u>\$ 279,183</u>	<u>\$ —</u>
<i>(In thousands)</i>	Total	Level 1	Level 2	Level 3
<u>December 31, 2021</u>				
Certificates of deposit	\$ 40,014	\$ —	\$ 40,014	\$ —
Commercial paper	214,419	—	214,419	—
	<u>\$ 254,433</u>	<u>\$ —</u>	<u>\$ 254,433</u>	<u>\$ —</u>

Our certificates of deposit are measured at carrying value including accrued interest, which approximates fair value due to their short-term nature. Our commercial paper is valued using broker quotes that utilize observable market inputs.

Long-term Debt

The carrying value of our total long-term debt was \$100.0 million and \$99.9 million at March 31, 2022 and December 31, 2021, respectively. The estimated fair value of our total long-term debt was \$98.1 million and \$104.5 million at March 31, 2022 and December 31, 2021, respectively. The fair value measurement of our senior note 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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are one of the largest North American less-than-truckload ("LTL") motor carriers. We provide regional, inter-regional and national LTL services through a single integrated, union-free 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 98% 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.
- *LTL Revenue Per Shipment* - This measurement is primarily determined by the three metrics listed above and is used in conjunction with the number of LTL shipments we receive to evaluate LTL revenue.

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, pickup and delivery ("P&D") stops per hour, P&D shipments per hour, platform pounds handled per hour and platform shipments per hour. In addition to our focus on density 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 periods indicated, expenses and other items as a percentage of revenue from operations:

	Three Months Ended March 31,	
	2022	2021
Revenue from operations	100.0%	100.0%
Operating expenses:		
Salaries, wages and benefits	45.4	48.4
Operating supplies and expenses	12.8	11.0
General supplies and expenses	2.4	2.8
Operating taxes and licenses	2.3	2.8
Insurance and claims	1.1	1.2
Communications and utilities	0.7	0.7
Depreciation and amortization	4.5	5.7
Purchased transportation	3.5	3.1
Miscellaneous expenses, net	0.2	0.4
Total operating expenses	72.9	76.1
Operating income	27.1	23.9
Interest (income) expense, net	(0.0)	0.0
Other expense, net	0.1	0.0
Income before income taxes	27.0	23.9
Provision for income taxes	7.0	6.2
Net income	20.0%	17.7%

Key financial and operating metrics for the three-month periods ended March 31, 2022 and 2021 are presented below:

	Three Months Ended March 31,		
	2022	2021	% Change
Work days	64	63	1.6%
Revenue (<i>in thousands</i>)	\$ 1,497,280	\$ 1,126,515	32.9%
Operating ratio	72.9%	76.1%	
Net income (<i>in thousands</i>)	\$ 299,751	\$ 199,359	50.4%
Diluted earnings per share	\$ 2.60	\$ 1.70	52.9%
LTL tons (<i>in thousands</i>)	2,653	2,332	13.8%
LTL tonnage per day	41,454	37,010	12.0%
LTL shipments (<i>in thousands</i>)	3,340	2,904	15.0%
LTL shipments per day	52,190	46,090	13.2%
LTL weight per shipment (<i>lbs.</i>)	1,589	1,606	(1.1)%
LTL revenue per hundredweight	\$ 28.13	\$ 23.96	17.4%
LTL revenue per shipment	\$ 446.86	\$ 384.76	16.1%
Average length of haul (<i>miles</i>)	939	928	1.2%

Our financial results for the first quarter of 2022 include Company record revenue and diluted earnings per share. The 32.9% increase in revenue to \$1.5 billion reflects higher shipment volumes and further improvements in our yield, both of which were supported by a favorable domestic economy. We believe these increases were driven by the continued demand for our superior service at a fair price and our available network capacity. The increased freight density and operating leverage created by our robust revenue growth, coupled with our ongoing focus on controlling discretionary spending, created a 320 basis-point improvement in our operating ratio to 72.9% for the first quarter of 2022 as compared to the first quarter of 2021. As a result, our net income and diluted earnings per share increased by 50.4% and 52.9%, respectively, for the first quarter of 2022 as compared to the same quarter last year.

Revenue

Revenue increased \$370.8 million, or 32.9%, during the first quarter of 2022 as compared to the first quarter of 2021, due primarily to increases in LTL tons and LTL revenue per hundredweight. The increase in LTL tons during the first quarter of 2022 was due to higher LTL shipment volumes that were partially offset by a slight decrease in LTL weight per shipment as compared to the first quarter of 2021. We believe the increase in LTL tons was supported by a favorable domestic economy and our continued focus on providing our customers with superior service at a fair price.

LTL revenue per hundredweight increased 17.4% in the first quarter of 2022 as compared to the first quarter of 2021. We believe this increase in LTL revenue per hundredweight was driven by our ongoing commitment to our long-term yield management strategy, which is focused on obtaining price increases necessary to offset our cost inflation and support our regular investments in capacity and technology. Our LTL revenue and yield were also higher due to an increase in fuel surcharges resulting from higher diesel fuel prices in the first quarter of 2022 as compared to the same prior-year period. Excluding fuel surcharges, LTL revenue per hundredweight increased 10.0% in the first quarter of 2022 compared to the first quarter of 2021.

April 2022 Update

Revenue per day increased 29.1% in April 2022 compared to the same month last year. LTL tons per day increased 6.4%, primarily due to a 6.4% increase in LTL shipments per day, while LTL weight per shipment remained consistent as compared to the same month last year. LTL revenue per hundredweight increased approximately 21.5% as compared to the same month last year. LTL revenue per hundredweight, excluding fuel surcharges, increased approximately 9.7% as compared to the same month last year.

Operating Costs and Other Expenses

Salaries, wages and benefits increased \$134.5 million, or 24.7%, in the first quarter of 2022 as compared to the first quarter of 2021, due to a \$95.6 million, or 23.3%, increase in salaries and wages and a \$38.9 million, or 28.6%, increase in employee benefit costs. The increase in salaries and wages was primarily due to the 18.5% increase in the average number of full-time employees compared to the prior-year quarter. We believe our full-time employee count will continue to increase as we hire additional employees to balance our workforce with growing demand and shipment trends. Salaries and wages also increased as a result of an annual wage increase provided to our employees in September 2021, as well as higher performance-based and discretionary bonus compensation.

Our productive labor costs, which include wages for drivers, platform employees, and fleet technicians, improved as a percent of revenue to 24.3% in the first quarter of 2022 as compared to 26.3% in the first quarter of 2021. The improvement in our productive labor costs, as a percentage of revenue, reflects continued operating efficiencies provided by the increased freight density across our network of service centers, as well as the leveraging effect of the increases in yield. While we operated with great efficiency during the first quarter, we experienced a decline in our platform shipments per hour as we continued to onboard and train our new employees. Our other salaries and wages as a percent of revenue also decreased to 9.4% in the first quarter of 2022 as compared to 10.0% in the first quarter of 2021.

The increase in employee benefit costs reflects the impact of the increase in the number of full-time employees eligible for our benefits. Our employee benefit costs increased due to increases in certain retirement benefits costs directly linked to our net income and higher costs per claim for employee group health benefits. As a result of these cost increases, our employee benefit costs as a percent of salaries and wages increased to 34.6% in 2022 from 33.2% in 2021.

Operating supplies and expenses increased \$67.2 million, or 54.1%, in the first quarter of 2022 as compared to the first quarter of 2021, due primarily to an increase in our costs for diesel fuel used in our vehicles, as well as other petroleum-based products. Our diesel fuel costs, excluding fuel taxes, represents the largest component of operating supplies and expenses, and can vary based on both the average price per gallon and consumption. Our average cost per gallon of diesel fuel increased 65.9% in the first quarter of 2022 as compared to the first quarter of 2021. In addition, our gallons consumed increased 13.3% in the first quarter of 2022 as compared to the first quarter of 2021 due to a 13.2% increase in miles driven. We do not use diesel fuel hedging instruments; therefore, our costs are subject to market price fluctuations. Our other operating supplies and expenses decreased slightly as a percent of revenue between the periods compared.

Depreciation and amortization costs increased \$3.4 million, or 5.2%, in the first quarter of 2022 as compared to the first quarter of 2021, due primarily to the assets acquired as part of our 2021 capital expenditure program. We believe depreciation costs will increase in future periods based on our 2022 capital expenditure plan. 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.

Purchased transportation expense increased \$17.8 million, or 51.2%, in the first quarter of 2022 as compared to the first quarter of 2021. The increase in purchased transportation expense is due to higher utilization of third-party transportation providers in our domestic linehaul network to supplement our equipment and our workforce as demand for our services increased. We expect to continue to utilize purchased transportation until the capacity of our workforce and our fleet can fully support our anticipated growth.

Our effective tax rate for both the first quarter of 2022 and first quarter of 2021 was 26.0%. 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:

	Three Months Ended March 31,	
	2022	2021
<i>(In thousands)</i>		
Cash and cash equivalents at beginning of period	\$ 462,564	\$ 401,430
Cash flows provided by (used in):		
Operating activities	388,725	310,308
Investing activities	(108,454)	(23,072)
Financing activities	(480,713)	(336,766)
Decrease in cash and cash equivalents	(200,442)	(49,530)
Cash and cash equivalents at end of period	\$ 262,122	\$ 351,900

The change in our cash flows provided by operating activities during the first quarter of 2022 as compared to the first quarter of 2021 was impacted by our increase in income before taxes of \$135.8 million. This increase was partially offset by fluctuations in certain working capital accounts, primarily accounts receivable and other liabilities.

The change in our cash flows used in investing activities during the first quarter of 2022 as compared to the first quarter of 2021 was impacted by the timing of maturities of short-term investments, as well as an increase in our capital expenditure plan for 2022 and the timing of these expenditures during the year. Changes in our capital expenditures are more fully described below in "Capital Expenditures".

The change in our cash flows used in financing activities during the first quarter of 2022 as compared to the first quarter of 2021 was due primarily to increased payments under our share repurchase programs, as well as an increase in dividend payments to our shareholders. Our return of capital to shareholders is more fully described below under "Stock Repurchase Program" and "Dividends to Shareholders".

We have five primary sources of available liquidity: cash flows from operations, our existing cash and cash equivalents, short-term investments, available borrowings under our second amended and restated credit agreement with Wells Fargo Bank, National Association serving as administrative agent for the lenders, which we entered into on November 21, 2019 (the "Credit Agreement"), and our Note Purchase and Private Shelf Agreement with PGIM, Inc. ("Prudential") and certain affiliates and managed accounts of Prudential, which we entered into on May 4, 2020 (the "Note Agreement"). Our Credit Agreement and the Note Agreement are described in more detail below under "Financing Arrangements." 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 noncash transactions, for the three-month period ended March 31, 2022 and the years ended December 31, 2021 and 2020:

<i>(In thousands)</i>	March 31,	December 31,	
	2022	2021	2020
Land and structures	\$ 55,793	\$ 252,155	\$ 181,221
Tractors	1,444	130,772	17,518
Trailers	9,372	140,595	2,151
Technology	8,837	17,139	11,925
Other equipment and assets	10,767	25,450	12,266
Proceeds from sales	(10,455)	(19,548)	(3,690)
Total	\$ 75,758	\$ 546,563	\$ 221,391

Our capital expenditures vary based upon the projected increase in the number and size of our service center facilities necessary 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 \$825 million for the year ending December 31, 2022. Approximately \$300 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 \$485 million is allocated for the purchase of tractors and trailers; and approximately \$40 million is allocated for investments in technology and other assets. We expect to fund these capital expenditures primarily through cash flows from operations, our existing cash and cash equivalents, short-term investments and, if needed, borrowings available under our Credit Agreement or Note Agreement. We believe our current sources of liquidity will be sufficient to satisfy our expected capital expenditures.

Stock Repurchase Program

On May 1, 2020, we announced that our Board of Directors had approved a two-year stock repurchase program authorizing us to repurchase up to an aggregate of \$700.0 million of our outstanding common stock (the “2020 Repurchase Program”). The 2020 Repurchase Program became effective upon the termination of our \$350.0 million repurchase program on May 29, 2020. On July 28, 2021, we announced that our Board of Directors had approved a new stock repurchase program authorizing us to repurchase up to an aggregate of \$2.0 billion of our outstanding common stock (the “2021 Repurchase Program”). The 2021 Repurchase Program, which does not have an expiration date, began after the completion of the 2020 Repurchase Program in January 2022.

Under our repurchase programs, 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.

At March 31, 2022, our stock repurchase program had \$1.62 billion remaining available, including \$100.0 million that was deferred until final settlement occurred on the February 2022 ASR Agreement in April 2022, leaving \$1.52 billion remaining available and uncommitted.

Dividends to Shareholders

Our Board of Directors declared a cash dividend of \$0.30 per share for the first quarter of 2022 and declared a cash dividend of \$0.20 per share for each quarter of 2021.

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 Credit Agreement and Note Agreement. We anticipate that any future quarterly cash dividends will be funded through cash flows from operations, our existing cash and cash equivalents, short-term investments, and, if needed, borrowings under our Credit Agreement or Note Agreement.

Financing Agreements

Senior Note Agreement

The Note Agreement, which is uncommitted and subject to Prudential's sole discretion, provides for the issuance of senior promissory notes with an aggregate principal amount of up to \$350.0 million through May 4, 2023. Pursuant to the Note Agreement, we issued \$100.0 million aggregate principal amount of senior promissory notes (the "Series B Notes") on May 4, 2020. Borrowing availability under the Note Agreement is reduced by the outstanding amount of the existing Series B Notes, and all other senior promissory notes issued pursuant to the Note Agreement.

The Series B Notes bear an annual interest rate of 3.10% and mature on May 4, 2027, unless prepaid. Principal payments are required annually beginning on May 4, 2023 in equal installments of \$20.0 million through May 4, 2027. The Series B Notes are senior unsecured obligations and rank pari passu with borrowings under our Credit Agreement or other senior promissory notes issued pursuant to the Note Agreement.

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, as defined in the Credit Agreement, 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 amounts outstanding and available borrowing capacity under the Credit Agreement are presented below:

<i>(In thousands)</i>	March 31, 2022	December 31, 2021
Facility limit	\$ 250,000	\$ 250,000
Line of credit borrowings	—	—
Outstanding letters of credit	(40,836)	(39,169)
Available borrowing capacity	<u>\$ 209,164</u>	<u>\$ 210,831</u>

General Debt Provisions

The Credit Agreement and Note 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. The Credit Agreement and Note Agreement also include 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 March 31, 2022.

We do not anticipate financial performance that would cause us to violate any such covenants in the future, and we believe the combination of our existing Credit Agreement and Note Agreement along with our additional borrowing capacity will be sufficient to meet foreseeable seasonal and long-term capital needs.

The interest rate is fixed on the Note Agreement. Therefore, short-term exposure to fluctuations in interest rates is limited to our Credit Agreement. We do not currently use interest rate derivative instruments to management exposure to interest rate changes.

Critical Accounting Policies

In preparing our condensed financial statements, we applied the same critical accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2021 that we believe affect our judgments and estimates of amounts recorded in certain assets, liabilities, revenue and expenses.

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; however, the effects of the COVID-19 pandemic on the domestic economy has impacted, and may continue to impact, our normal seasonal trends. Harsh winter weather, hurricanes, tornadoes, floods and other natural disasters can also adversely impact our performance by reducing demand and increasing operating expenses. We believe seasonal trends will continue to impact our business.

Environmental Regulation

We are subject to various federal, state and local environmental laws and regulations that 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 2022 or fiscal year 2023. However, future changes to laws or regulations may adversely affect our operations and could result in unforeseen costs to our business.

Forward-Looking Information

Forward-looking statements appear in this report, including, but not limited to, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and in other written and oral statements made by or on behalf of us. These forward-looking statements include, but are not limited to, statements relating to our goals, strategies, expectations, competitive environment, regulation, availability of resources, future events and future financial performance. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements typically can be identified by such words as "anticipate," "estimate," "forecast," "project," "intend," "expect," "believe," "should," "could," "may" or other similar words or expressions. We caution readers that such forward-looking statements involve risks and uncertainties, including, but not limited to, the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2021 and in other reports and statements that we file with the Securities and Exchange Commission ("SEC"). Such forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied herein, including, but not limited to, the following, many of which are currently amplified by and may continue to be amplified by or may, in the future, be amplified by, the COVID-19 pandemic:

- the challenges associated with executing our growth strategy, and developing, marketing and consistently delivering high-quality services that meet customer expectations;
- various risks related to public health epidemics, pandemics and similar outbreaks, including the continuing impact of the COVID-19 pandemic;
- changes in our relationships with significant customers;
- our exposure to claims related to cargo loss and damage, property damage, personal injury, workers' compensation and healthcare, increased self-insured retention or deductible levels or premiums for excess coverage, and claims in excess of insured coverage levels;
- the availability and cost of new equipment, including regulatory changes and supply constraints that could impact the cost of these assets;
- the availability and cost of third-party transportation used to supplement our workforce and equipment needs;
- the availability and price of diesel fuel and our ability to collect fuel surcharges and the effectiveness of those fuel surcharges in mitigating the impact of fluctuating prices for diesel fuel and other petroleum-based products;

- seasonal trends in the LTL industry, including harsh weather conditions and disasters;
- the availability and cost of capital for our significant ongoing cash requirements;
- decreases in demand for, and the value of, used equipment;
- our ability to successfully consummate and integrate acquisitions;
- the costs and potential liabilities related to our international business relationships;
- the costs and potential adverse impact of compliance with anti-terrorism measures on our business;
- the competitive environment with respect to our industry, including pricing pressures;
- various economic factors such as recessions, downturns in the economy, global uncertainty and instability, changes in international trade policies, changes in U.S. social, political, and regulatory conditions or a disruption of financial markets, which may decrease demand for our services or increase our costs;
- the negative impact of any unionization, or the passage of legislation or regulations that could facilitate unionization, of our employees;
- increases in the cost of employee compensation and benefit packages used to address general labor market challenges and to attract or retain qualified employees, including drivers and maintenance technicians;
- our ability to retain our key employees and continue to effectively execute our succession plan;
- potential costs and liabilities associated with cyber incidents and other risks with respect to our information technology systems or those of our third-party service providers, including system failure, security breach, disruption by malware or ransomware or other damage;
- the failure to adapt to new technologies implemented by our competitors in the LTL and transportation industry, which could negatively affect our ability to compete;
- 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, which could cause us to incur costs or result in a loss of business;
- the Compliance, Safety, Accountability initiative of the Federal Motor Carrier Safety Administration (“FMCSA”) could adversely impact our ability to hire qualified drivers, meet our growth projections and maintain our customer relationships;
- the costs and potential adverse impact of compliance with, or violations of, current and future rules issued by the Department of Transportation, the FMCSA and other regulatory agencies;
- the costs and potential liabilities related to compliance with, or violations of, existing or future governmental laws and regulations, including environmental laws;
- the effects of legal, regulatory or market responses to climate change concerns;
- the increase in costs associated with healthcare legislation and other mandated benefits;
- the costs and potential liabilities related to legal proceedings and claims, governmental inquiries, notices and investigations;
- the impact of changes in tax laws, rates, guidance and interpretations;
- the concentration of our stock ownership with the Congdon family;
- the ability or the failure to declare future cash dividends;
- fluctuations in the amount and frequency of our stock repurchases;

- volatility in the market value of our common stock;
- the impact of certain provisions in our articles of incorporation, bylaws, and Virginia law that could discourage, delay or prevent a change in control of us or a change in our management; and
- other risks and uncertainties described in our most recent Annual Report on Form 10-K and other filings with the SEC.

Our forward-looking statements are based upon our beliefs and assumptions using information available at the time the statements are made. We caution the reader not to place undue reliance on our forward-looking statements 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 as otherwise required by law.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to our market risk exposures since our most recent fiscal year end. For a discussion of our exposure to market risk, refer to Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Item 4. Controls and Procedures

a) Evaluation of disclosure controls and procedures

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

b) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in 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.

Consistent with SEC Regulation S-K Item 103, we have elected to disclose those environmental legal proceedings with a governmental authority if management reasonably believes that the proceedings may involve potential monetary sanctions of \$1.0 million 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 1A. Risk Factors

In addition to the other information set forth in this report and in our other reports and statements that we file with the SEC, including our quarterly reports on Form 10-Q, careful consideration should be given to the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, which could materially affect our business, financial condition and future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and operating results.

There have been no material changes to the risk factors identified in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information regarding our repurchases of our common stock during the first quarter of 2022:

	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
January 1 - 31, 2022 (1) (2)	124,278	\$ 505.41	123,410	\$ 1,956,268,862
February 1 - 28, 2022 (3) (4)	1,175,902	\$ 294.33	1,149,650	\$ 1,617,917,198
March 1 - 31, 2022	-	\$ -	-	\$ 1,617,917,198
Total	1,300,180	\$ 314.50	1,273,060	

- (1) The total number of shares purchased includes the final settlement of 123,410 shares of our common stock under the August 2021 ASR Agreement. The final number of shares received was based on the daily volume-weighted average share price during the term of agreement, less a negotiated discount. Under the August 2021 ASR Agreement, we repurchased 778,775 shares for \$250.0 million, at an average price of \$321.02 per share.
- (2) This amount includes 868 shares of our common stock surrendered by employees to satisfy tax withholding obligations in connection with the vesting of employee equity awards granted under our 2016 Stock Incentive Plan.
- (3) The total number of shares purchased includes the initial delivery of 1,018,157 shares of our common stock under the February 2022 ASR Agreement, representing approximately 75% of the total value of shares to be received by us under the agreement. The remaining balance was settled during April 2022, with the final number of shares received based on the daily volume-weighted average share price of our common stock over the term of the agreement, less a negotiated discount. Under the February 2022 ASR Agreement, we repurchased 1,390,966 shares for \$400.0 million, at an average price of \$287.57 per share.
- (4) This amount includes 26,252 shares of our common stock surrendered by employees to satisfy tax withholding obligations in connection with the vesting of employee equity awards granted under our 2016 Stock Incentive Plan.

On July 28, 2021, we announced that our Board of Directors had approved a new stock repurchase program authorizing us to repurchase up to an aggregate of \$2.0 billion of our outstanding common stock (the “2021 Repurchase Program”). The 2021 Repurchase Program, which does not have an expiration date, began after the completion of the 2020 Repurchase Program in January 2022. Under our 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.

Item 6. Exhibits

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

EXHIBIT INDEX
TO QUARTERLY REPORT ON FORM 10-Q

Exhibit No.	Description
31.1	<u>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</u>
31.2	<u>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</u>
32.1	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101	The following financial information from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, filed on May 4, 2022, formatted in iXBRL (Inline eXtensible Business Reporting Language) includes: (i) the Condensed Balance Sheets at March 31, 2022 and December 31, 2021, (ii) the Condensed Statements of Operations for the three months ended March 31, 2022 and 2021, (iii) the Condensed Statements of Changes in Shareholders' Equity for the three months ended March 31, 2022 and 2021, (iv) the Condensed Statements of Cash Flows for the three months ended March 31, 2022 and 2021, and (v) the Notes to the Condensed Financial Statements
104	The cover page from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in iXBRL

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

OLD DOMINION FREIGHT LINE, INC.

DATE: May 4, 2022

/s/ ADAM N. SATTERFIELD

Adam N. Satterfield
Senior Vice President - Finance and Chief Financial Officer
(Principal Financial Officer)

DATE: May 4, 2022

/s/ KIMBERLY S. MAREADY

Kimberly S. Maready
Vice President - Accounting and Finance
(Principal Accounting Officer)