



OD-DOMESTIC

OD-EXPEDITED

OD-PEOPLE

OD-GLOBAL

OD-TECHNOLOGY

**HELPING THE WORLD
KEEP PROMISES.®**

Company Milestones



■ A Legacy of Keeping Promises

- > From a single truck running a 94-mile route in Virginia to a global transportation company with nearly 20,000 employees, OD has a rich and proud heritage. The values that drove our founders decades ago still inspire us today- helping you, and the world, keep promises.

■ 1934

- > Earl and Lillian Congdon founded Old Dominion Freight Line with a single truck running between Richmond, VA and Norfolk, VA.

■ 1935- 1939

- > Congressional Regulation

■ 1962

- > Move to High Point, NC- Bottoms and Fiske

■ 1980-1985

- > “Partial” Deregulation of Industry, and OD’s focus on LTL mode of transportation

■ 1991

- > Public- NASDAQ

■ 1998

- > David Congdon named President and COO, OD renewed Vision

■ Present



OD Today



OD DOMESTIC

- National LTL Service from a single platform
- Warehousing & Distribution
- Truckload Brokerage
- Intermodal

OD EXPEDITED

- Customizable, on-demand delivery services
- Guaranteed and Time-Specific
- Home Delivery

OD PEOPLE

OD GLOBAL

- Global forwarding
- Ocean Container Drayage

OD TECHNOLOGY

- Dedicated Web Services Team
- Customized Solutions
- Operational Technology

Overview - OD DOMESTIC



**Over 20,000
Employees**



**6,949 Tractors
27,238 Trailers**

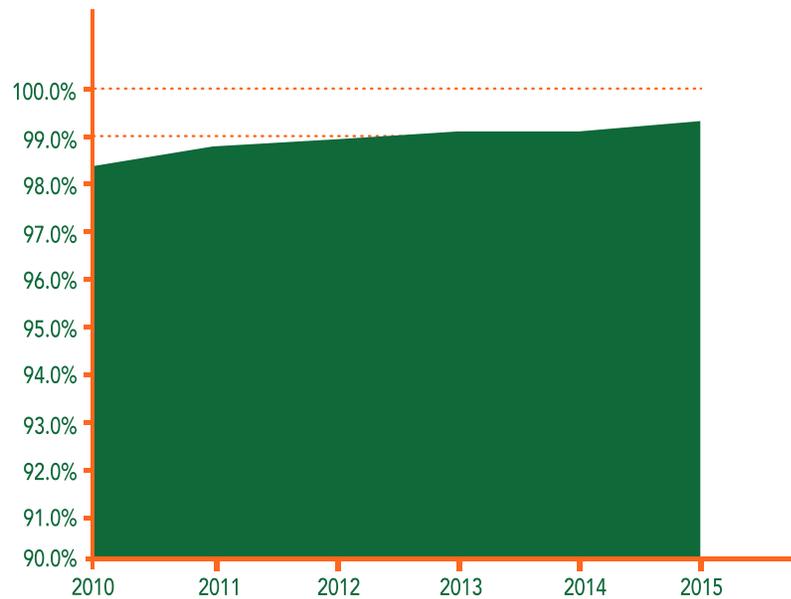


**226 Service Centers in
49 States
Serving over 80,000
Customers**

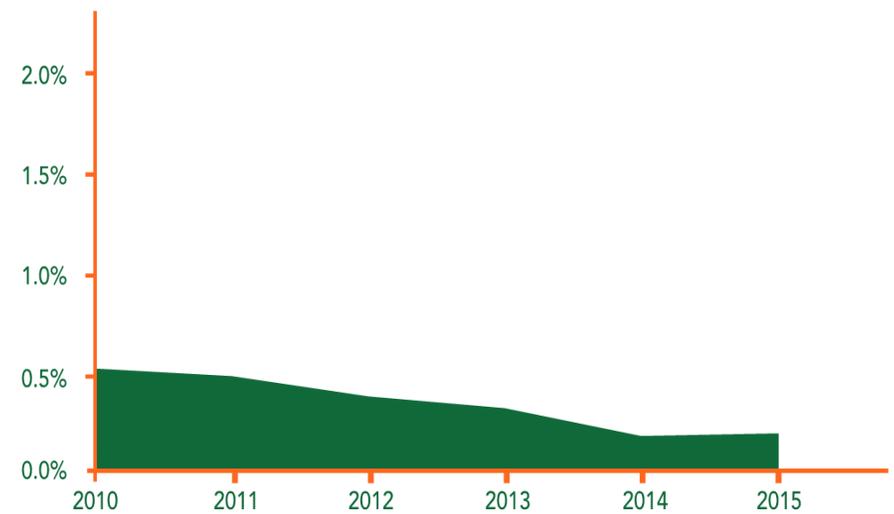
Customer Benchmarks



On-Time Deliveries

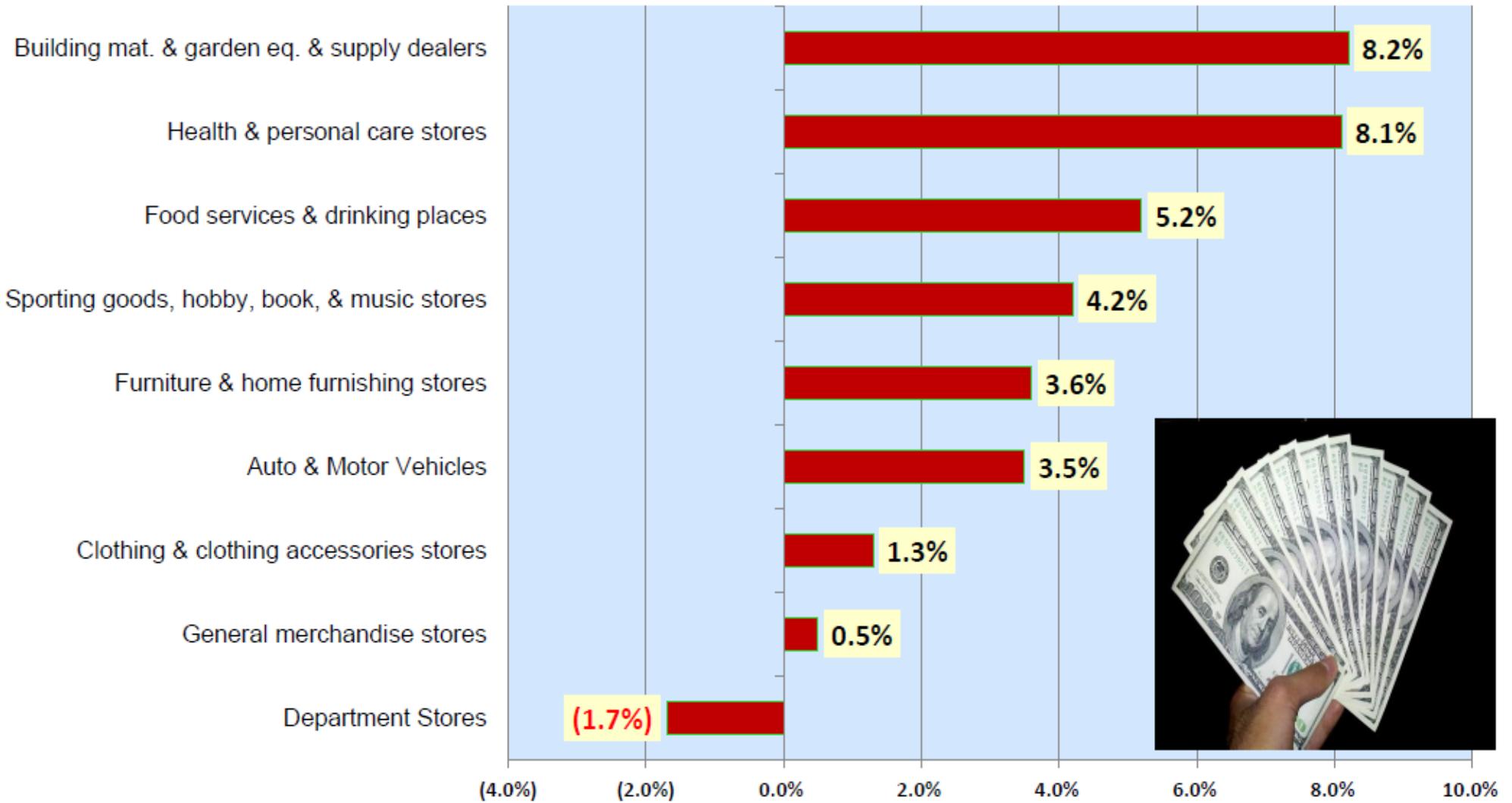


Low Claims Ratio



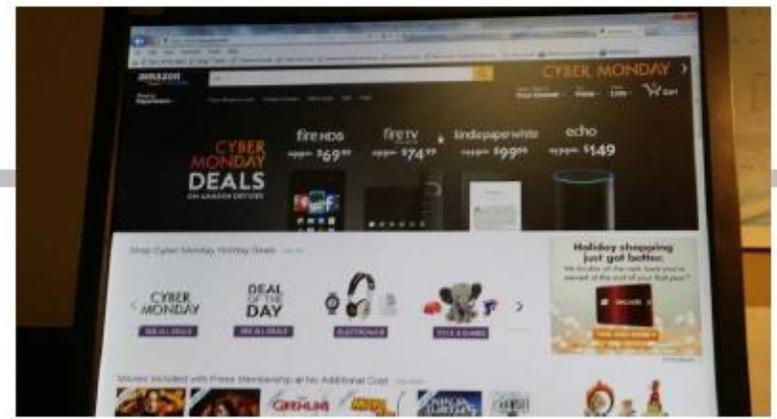
OD delivers over 99% on time as a percent of total deliveries, as well as one of the lowest claims ratios in the industry

Retail Sales-It's All About the 'Right Kind' of Retail



Source: US Census Bureau. April 2016 yr/yr data. Dollar photo from Microsoft Office Clip Art

“Click & Mortar” Battle



Amazon Factoids: Changing How We Shop and Ship!

- **AMZN was 42.7% of online retail sales and the next 10 companies had 24.8% (last 2 months of 2015)**
- **AMZN delivered over 1.0B shipments in 2015 and all of FedEx delivered 1.3B shipments**
- **AMZN sells 7% of all apparel now, a figure expected to be ~20% by 2020-2021**
- **Amazon Prime has 21% of US population signed up, a figure expected to be 50% by 2020**
- **3 Mil people signed up for Prime in week ending Dec. 19**



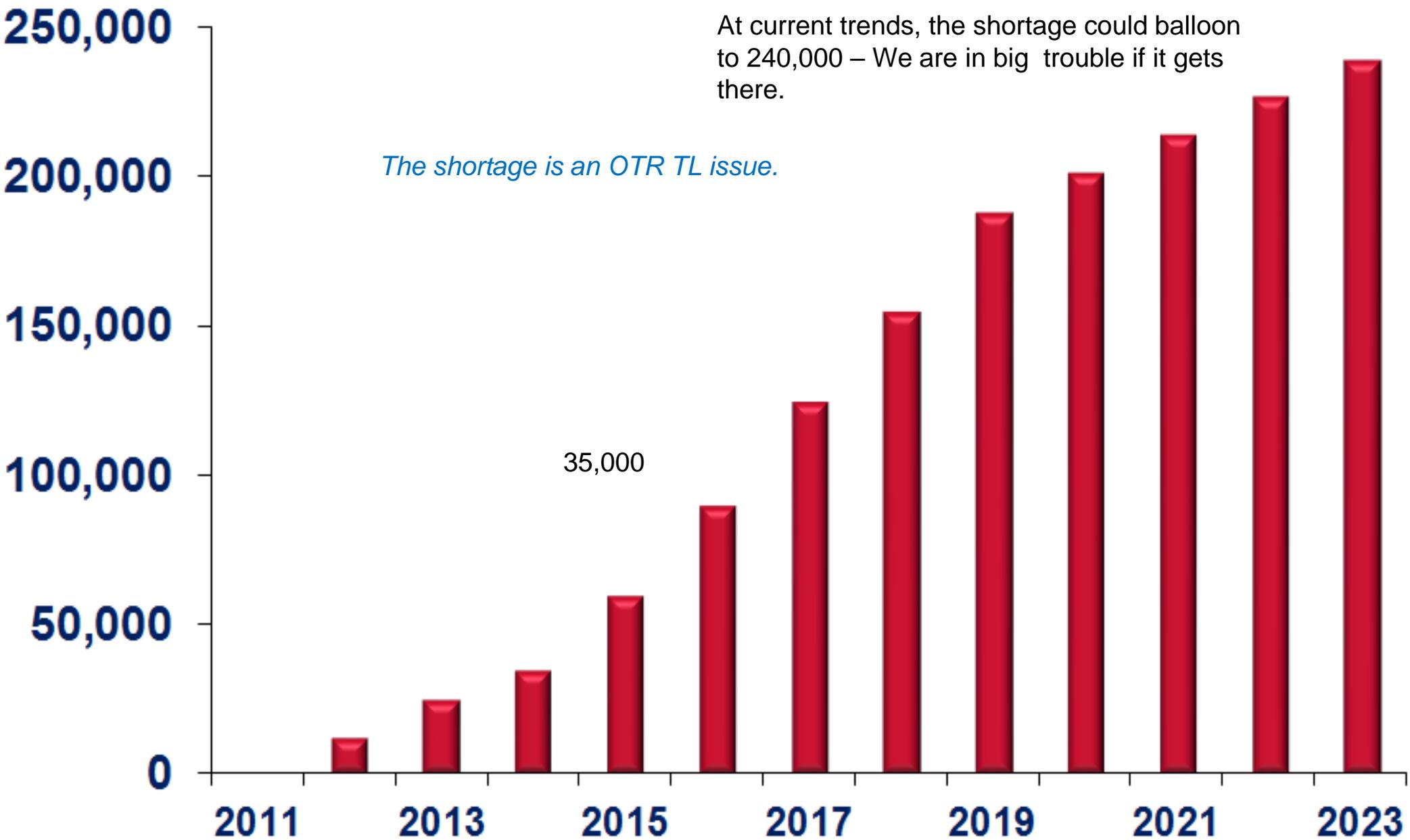
e-Commerce: Another Brick [removed] in the Mall!

Freight Flow Impact

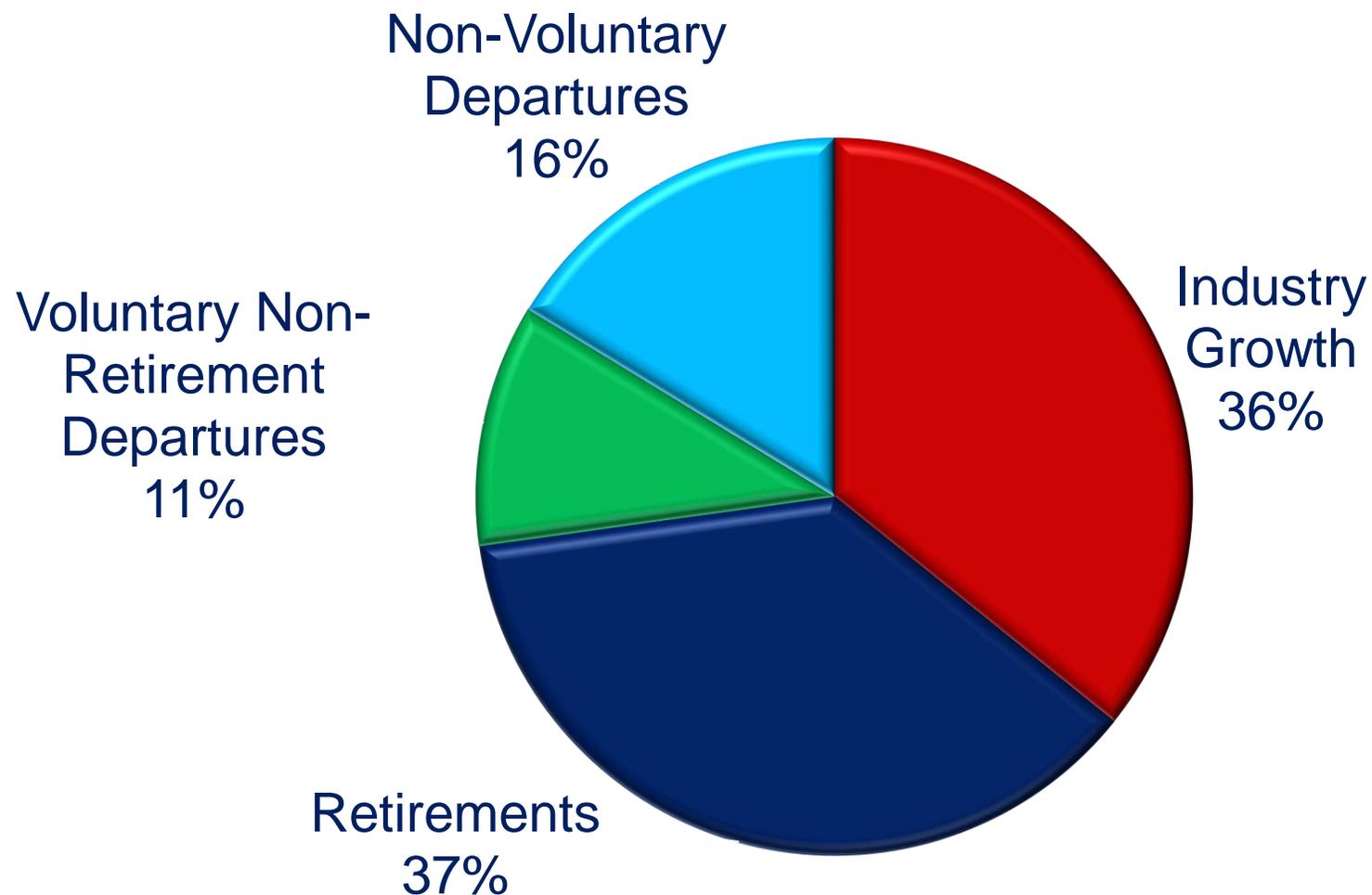


- Expect 10% to 15% shrinkage in brick & mortar stores next 5 years
- Higher inventory-to-sales ratios...the expectation for 2-day deliveries means someone has to have the inventory
- More SKUs: Home Depot averages 35K SKUs in a store, but 700K online; other retailers are similar
- Unprecedented demand for team service for 600 to 900 miles
- LTL shipments have grown faster than dry van TL every year from 2011 onward; in the previous 30 years LTL grew faster just 3 years
- e-fulfillment centers are booming
- To drive traffic: Macy's has invited LensCrafters into ~500 stores. Urban Outfitters bought Pizzeria Vetri.

DRIVER SHORTAGE



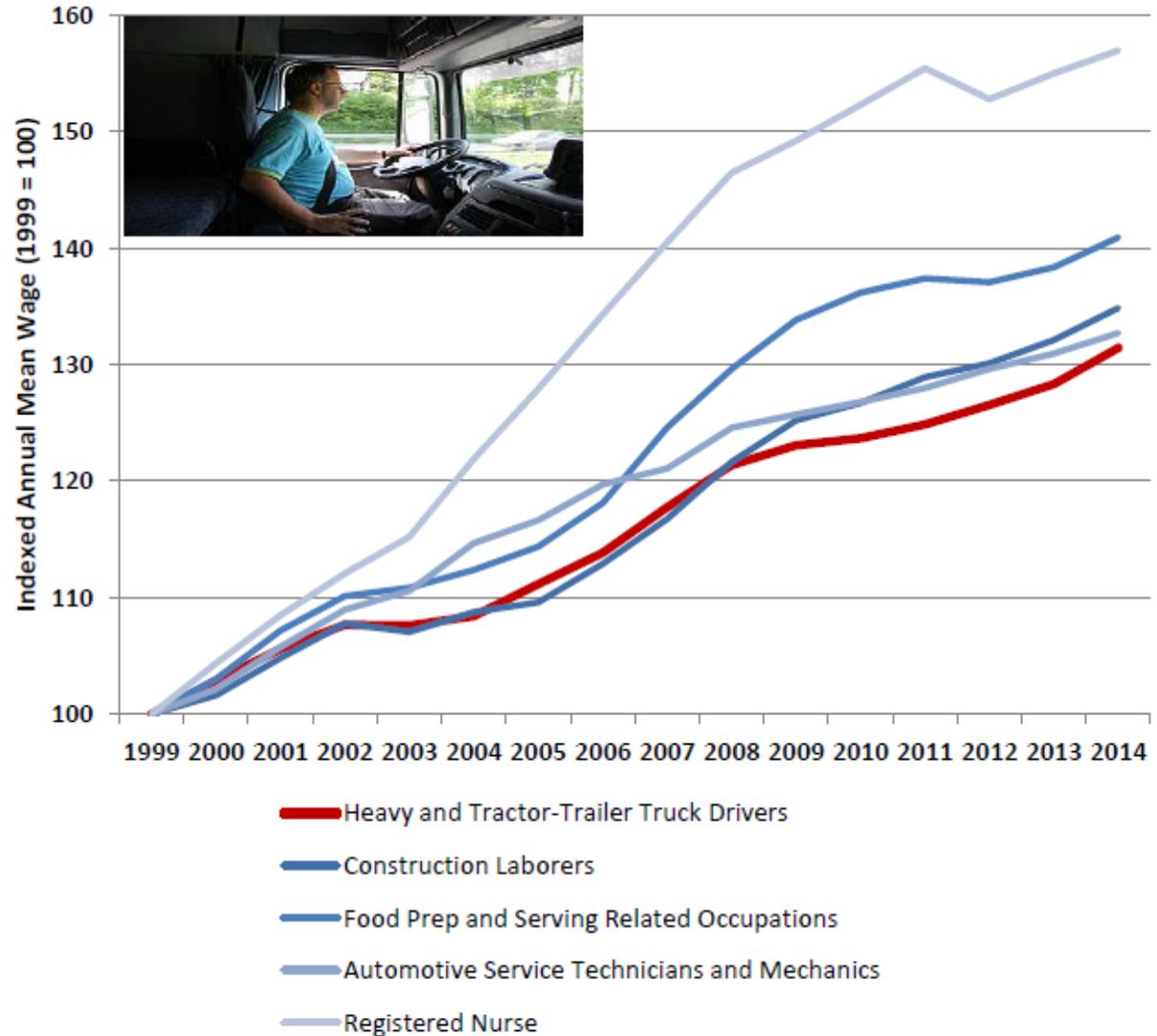
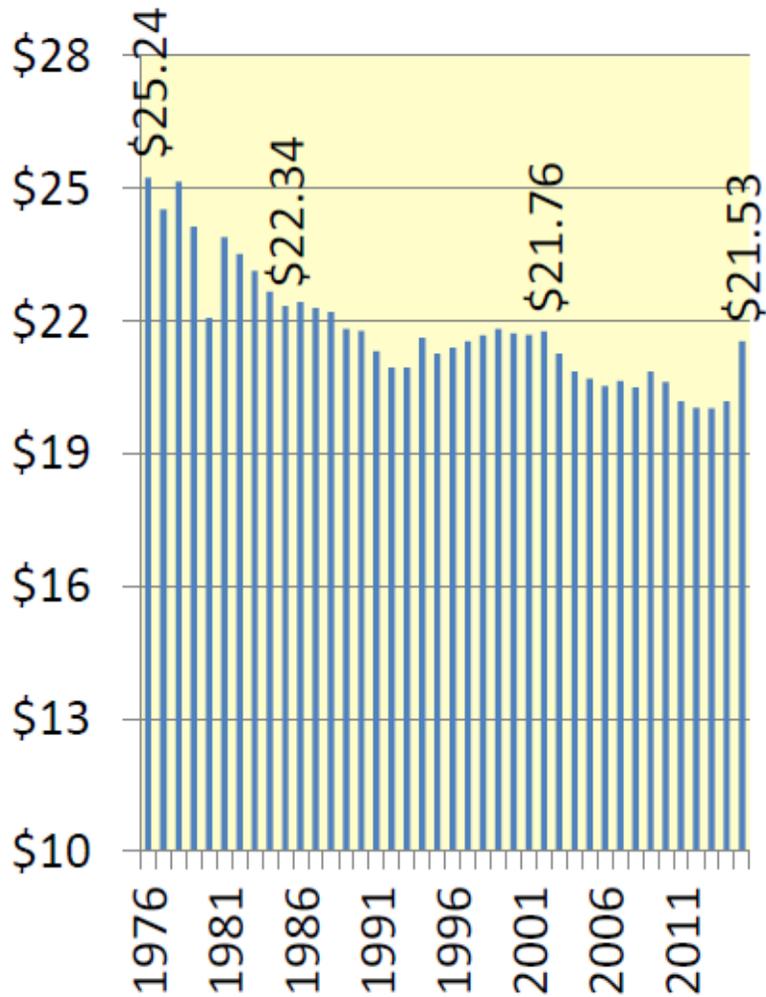
Average Number of New Drivers Needed Per Year Over the Next 10 Years: 96,178



Source: *ATA Benchmarking Guide for Driver Recruitment & Retention*

It's Paid to be Almost Anything but a Driver!

40 Years of Ugly!--Average Hourly Driver Wages



Potential Upside!



Markets Do Work In Time!

Natural reaction is

- Pay will go up to attract drivers -- we have seen that
- Consumer/shipper will have to compensate for that escalation

Life style adjustment will be made –

- New generation will decide to accept the old life style of the truck driver
- Carriers may have to adjust to the new generation's work style
- O/O will make move to carriers = cost, technology, business requirements due to regulations, etc.
- Equipment MFGs will make more driver friendly equipment =
 - Automatic Transmissions that serve the carrier's needs operationally
 - MPG
 - Safety in City



Industry Image Improvement

- Truck driver could potentially be seen as a viable option to college
 - Good pay
 - CDL => Cheap tuition
 - Little to no education loans/debt
- **ATA working to improve the image of the driver position in the workplace and community**
- **As image improves, lifestyle improves and pay evolves the supply of applicants should increase**



Some ELD Observations

- ❖ Fleets of 100–400 trucks moving more towards implementation compared to fleets of 1–20 trucks
- ❖ In a Truckstop.com survey* of 1,300 carriers (**most survey participants had five or fewer trucks**), **84%** have yet to purchase or install ELDs
- ❖ Of the **16%** that have purchased ELDs, 67% are 100% installed*
- ❖ **50%** of the 1,300 believed ELDs would hurt their business and only **19%** believed they would help*
- ❖ Come December 2017, AOBRS will be acceptable along with ELDs. By December 2019, ELDs must be certified.

Hours of Service



■ 2003 – 34 Hour Restart Rule Initiated:

- > 60 hours in 7 days
- > 70 hours in 8 days

■ 2013 – Modified Restart Rule:

- > Restart every 7 days
- > Must be off 1:00 AM till 5:00 AM
- > Two consecutive nights during the 34 hour Period

■ Dec. 2014 - Changed Again

- > Defunded 2013 Rule w/ “Comnibus Bill”
- > Commissioned at VT Transportation Study:
- > Rule had to demonstrate direct “Safety”
- > correlation => **did just the opposite.**



Result

- TL Capacity Tightened
- Some TL move to LTL
- FGT Rates went up
- Drivers got paid less
- **OD=> Hired approx. 200 more drivers to run the same schedules prior to ruling. Cost went up 5-7% for the same work in labor and equipment.**

Results

- Missing sentence in bill on how to operate after; Post 2003 or 2013
- Working under a “Undocumented Compromise”
- DOT likes 2013 Ruling but to date has not released study from VT
- ATA is pushing for definitive language via appropriations bill that would re-instituted the 2003 rule with no compromises
- DOT would like to cap total hours at 73 in 8 days.
- Who knows where it will all end up and how it will affect capacity!

Thank you!



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