

HEARTLAND EXPRESS INC  
Form 8-K  
January 28, 2010

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):  
January 27, 2010  
-----

HEARTLAND EXPRESS, INC.  
(Exact name of registrant as specified in its charter)

Nevada  
(State of other Jurisdiction  
of Incorporation)

000-15087  
(Commission  
File Number)

93-0926999  
(IRS Employer  
Identification No.)

901 NORTH KANSAS AVE, NORTH LIBERTY, IA  
(Address of Principal Executive Offices)

52317  
(Zip Code)

(319) 626-3600  
Registrant's Telephone Number (including area code):

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



Item 2.02. Results of Operations and Financial Condition.

On January 27, 2010, Heartland Express, Inc. announced its financial results for the quarter ended December 31, 2009. The press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

EXHIBIT

NUMBER EXHIBIT DESCRIPTION

|      |                                                                                                                                                       |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| 99.1 | Heartland Express, Inc. press release dated January 27, 2010 with respect to the Company's financial results for the quarter ended December 31, 2009. |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------|

The information contained in this report (including Items 2.02 and 9.01) and the exhibit hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

The information in this report and the exhibit hereto may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such statements are made based on the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results or events may differ from those anticipated by forward-looking statements. Please refer to the paragraph following the financial and operating information in the attached press release<sup>4</sup> and various disclosures by the Company in its press releases, stockholder reports, and filings with the Securities and Exchange Commission for information concerning risk, uncertainties, and other factors that may affect future results.

SIGNATURE

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

HEARTLAND EXPRESS, INC.

Date: January 28, 2010

BY:/s/John P. Cosaert  
John P. Cosaert  
Vice-President  
Finance and Treasurer

# EXHIBIT INDEX

| EXHIBIT<br>NUMBER | EXHIBIT DESCRIPTION                                                                                                                                   |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| 99.1              | Heartland Express, Inc. press release dated January 27, 2010 with respect to the Company's financial results for the quarter ended December 31, 2009. |

Heartland Express, Inc. Reports Revenues and Earnings for the Fourth Quarter of 2009.

NORTH LIBERTY, IOWA – January 27, 2010 – Heartland Express, Inc. (Nasdaq: HTLD) announced today financial results for the quarter and year ended December 31, 2009. Earnings per share decreased 40.0% to \$0.12 compared to \$0.20 for the fourth quarter of 2008. Net income decreased 44.8% to \$10.7 million from \$19.4 million in the 2008 period. Operating revenues for the quarter decreased 19.6% to \$114.2 million from \$142.0 million in the fourth quarter of 2008. Operating revenues for the fourth quarter continued to be impacted by lower freight demand due to overall economic conditions and the related pressure on freight rates. In addition, operating revenues decreased because of an \$8.7 million reduction in fuel surcharge revenues. Operating income was negatively affected by \$0.04 per share due to decreased gains on disposal of property and equipment and increased depreciation expense attributable to the purchase of new tractors during the quarter.

For the year ended December 31, 2009, operating revenues decreased 26.5% to \$459.5 from \$625.6 million during the same period in 2008. Net income decreased 18.6% to \$56.9 million for the period ended December 31, 2009 from \$70.0 million in the 2008 period. Earnings per share were \$0.62 in 2009 compared to \$0.73 in 2008 period. Operating revenues for 2009 were negatively affected by a decrease in fuel surcharge revenues of \$77.5 million due to lower average fuel prices in 2009 compared to 2008. Operating income was negatively affected by \$0.02 per share due to increased gains on disposal of property and equipment offset by increased depreciation expense attributable to the purchase of new tractors during the year.

Freight demand in the fourth quarter continued to be soft. Based on the current economic environment, we believe freight volumes have stabilized but are unable at this time to project when we would expect freight volumes to improve.

For the quarter, Heartland Express, Inc. (the "Company") posted an operating ratio (operating expenses as a percentage of operating revenues) of 86.2% and a 9.4% net margin (net income as a percentage of operating revenues) compared to 79.8% and 13.6% for the same period of 2008. The Company reported an operating ratio of 82.8% and a 12.4% net margin for the year ended December 31, 2009 compared to 84.3% and 11.2% for the same period of 2008. The fourth quarter and 2009 operating ratios were favorably impacted by gains on disposals of property and equipment.

The Company ended the fourth quarter with cash, cash equivalents, short-term and long-term investments of \$200.4 million, a \$27.6 million decrease from the \$228.0 million reported on December 31, 2008. The reduction is primarily attributable to the use of \$45.4 million in early 2009 for repurchases of our stock and \$79.1 million for capital expenditures, primarily new tractors. Since the first auction failures of our auction rate securities in February 2008 the

## Edgar Filing: HEARTLAND EXPRESS INC - Form 8-K

Company has received \$47.8 million in calls, at par, including \$27.0 million received in 2009 and \$2.3 million received in January 2010. The Company ended the year with \$153.0 million, at par, in illiquid auction rate securities. The Company continues to be involved in efforts to bring liquidity to our auction rate securities portfolio. The Company's balance sheet continues to be debt-free.

The Company took delivery of 449 new tractors in the fourth quarter of 2009 for a total of 1,600 new International Pro Star tractors during the year. This completed our 2009 fleet upgrade. These tractors continue to achieve positive results through advanced aerodynamics, speed management, and idle controls. The average age of our tractor fleet now stands at 1.4 years. Our depreciation expense for the three and twelve months ended December 31, 2009 increased by \$4.8 million and \$12.6 million, respectively, primarily as a result of adding new tractors and disposing of older units and an approximate 18% increase in the cost of new tractors primarily associated with new engine emission requirements.

The Company continues to pay a regular quarterly cash dividend. The most recent dividend of approximately \$1.8 million at the rate of \$0.02 per share was paid on December 22, 2009 to shareholders of record at the close of business on December 11, 2009. The Company has now paid cash dividends of \$239.5 million over the past twenty-six consecutive quarters.

The Company's financial strength and operating results in light of the economic conditions throughout 2009 is a testimony to the Company's core values and determination to be a leader within our industry. In addition to being named to the Forbes magazine's Top 200 Best Small Companies for the eighteenth time and for the eighth straight year and being awarded Logistics Management Magazine Quest for Quality Award for the seventh straight year, the Company was recognized by its customers with eighteen different service awards during the year. These awards exemplify the quality of service we have provided and will continue to provide to our customers in the future.

The past year presented the Company, as well as our industry and nation, with many challenges which will continue into 2010. The Company has taken these many challenges as opportunities to improve efficiencies and cost controls, and the Company moves forward into 2010 well positioned to take advantage as the economy improves with a fleet of new tractors, a continued focus on customer service, and a renewed focus on cost management.

This press release may contain statements that might be considered as forward-looking statements or predictions of future operations. Such statements are based on management's belief or interpretation of information currently available. These statements and assumptions involve certain risks and uncertainties. Actual events may differ from these expectations as specified from time to time in filings with the Securities and Exchange Commission.

Contact: Heartland Express, Inc.  
Mike Gerdin, President  
John Cosaert, Chief Financial Officer  
319-626-3600



HEARTLAND EXPRESS, INC.  
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME  
(in thousands, except per share amounts)

|                                            | Three months ended<br>December 31, |            | Twelve months ended<br>December 31, |            |
|--------------------------------------------|------------------------------------|------------|-------------------------------------|------------|
|                                            | 2009                               | 2008       | 2009                                | 2008       |
| OPERATING REVENUE                          | \$ 114,196                         | \$ 142,023 | \$ 459,539                          | \$ 625,600 |
| OPERATING EXPENSES:                        |                                    |            |                                     |            |
| Salaries, wages, and benefits              | \$ 39,964                          | \$ 49,346  | \$ 168,716                          | \$ 197,992 |
| Rent and purchased transportation          | 2,628                              | 3,728      | 11,138                              | 18,703     |
| Fuel                                       | 28,148                             | 35,322     | 104,246                             | 204,708    |
| Operations and maintenance                 | 2,941                              | 3,208      | 14,913                              | 15,575     |
| Operating taxes and licenses               | 2,611                              | 2,409      | 9,286                               | 9,317      |
| Insurance and claims                       | 4,832                              | 7,070      | 16,629                              | 24,307     |
| Communications and utilities               | 872                                | 901        | 3,655                               | 3,693      |
| Depreciation                               | 18,288                             | 13,529     | 58,730                              | 46,109     |
| Other operating expenses                   | 3,638                              | 3,880      | 12,970                              | 16,807     |
| Gain on disposal of property and equipment | (5,531)                            | (6,026)    | (19,708)                            | (9,558)    |
|                                            | 98,391                             | 113,367    | 380,575                             | 527,653    |
| Operating income                           | 15,805                             | 28,656     | 78,964                              | 97,947     |
| Interest income                            | 416                                | 2,090      | 2,338                               | 9,132      |
| Income before income taxes                 | 16,221                             | 30,746     | 81,302                              | 107,079    |
| Federal and state income taxes             | 5,535                              | 11,395     | 24,353                              | 37,111     |
| Net income                                 | \$ 10,686                          | \$ 19,351  | \$ 56,949                           | \$ 69,968  |
| Earnings per share                         | \$ 0.12                            | \$ 0.20    | \$ 0.62                             | \$ 0.73    |

Edgar Filing: HEARTLAND EXPRESS INC - Form 8-K

|                                     |         |         |         |         |
|-------------------------------------|---------|---------|---------|---------|
| Weighted average shares outstanding | 90,689  | 95,076  | 91,131  | 95,900  |
| Dividends declared per share        | \$ 0.02 | \$ 0.02 | \$ 0.08 | \$ 0.08 |

HEARTLAND EXPRESS, INC.  
AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands, except per share amounts)

| ASSETS                                        | December 31,<br>2009 | December 31,<br>2008 |
|-----------------------------------------------|----------------------|----------------------|
| <b>CURRENT ASSETS</b>                         |                      |                      |
| Cash and cash equivalents                     | \$ 52,351            | \$ 56,651            |
| Short-term investments                        | 7,126                | 241                  |
| Trade receivables, net                        | 37,361               | 36,803               |
| Prepaid tires                                 | 6,579                | 6,449                |
| Other current assets                          | 1,923                | 2,834                |
| Income tax receivable                         | 4,658                | -                    |
| Deferred income taxes                         | 14,516               | 11,606               |
| Total current assets                          | 124,514              | 114,584              |
| <b>PROPERTY AND EQUIPMENT</b>                 | 413,564              | 389,561              |
| Less accumulated depreciation                 | 138,394              | 151,881              |
|                                               | 275,170              | 237,680              |
| <b>LONG-TERM INVESTMENTS</b>                  | 140,884              | 171,122              |
| <b>OTHER ASSETS</b>                           | 10,595               | 10,284               |
|                                               | \$ 551,163           | \$ 533,670           |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                      |                      |
| <b>CURRENT LIABILITIES</b>                    |                      |                      |
| Accounts payable and accrued liabilities      | \$ 6,953             | \$ 10,338            |
| Compensation and benefits                     | 13,770               | 15,862               |
| Income taxes payable                          | -                    | 452                  |
| Insurance accruals                            | 19,236               | 10,369               |
| Other accruals                                | 7,095                | 7,498                |
| Total current liabilities                     | 47,054               | 44,519               |
| <b>LONG-TERM LIABILITIES</b>                  |                      |                      |
| Income taxes payable                          | 31,323               | 35,264               |
| Deferred income taxes                         | 51,218               | 33,671               |
| Insurance accruals net of current portion     | 53,898               | 60,177               |
|                                               | 136,439              | 129,112              |
| <b>COMMITMENTS AND CONTINGENCIES</b>          |                      |                      |
| <b>STOCKHOLDERS' EQUITY</b>                   |                      |                      |
| Preferred stock, \$0.01 par value; authorized |                      |                      |

Edgar Filing: HEARTLAND EXPRESS INC - Form 8-K

|                                                                                      |            |            |
|--------------------------------------------------------------------------------------|------------|------------|
| 5,000 shares, none issued                                                            | -          | -          |
| Capital stock: common, \$0.01 par value;<br>authorized 395,000 shares;<br>issued and |            |            |
| outstanding 90,689 in 2009,<br>94,229 in 2008                                        | 907        | 942        |
| Additional paid-in capital                                                           | 439        | 439        |
| Retained earnings                                                                    | 371,650    | 367,281    |
| Accumulated other<br>comprehensive loss                                              | (5,326)    | (8,623)    |
|                                                                                      | 367,670    | 360,039    |
|                                                                                      | \$ 551,163 | \$ 533,670 |

