

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

HEARTLAND EXPRESS INC
Form 10-Q
November 07, 2005

Microsoft Word 10.0.2627;SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For quarter ended September 30, 2005

Commission File No. 0-15087

HEARTLAND EXPRESS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Nevada

93-0926999

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification Number)

2777 Heartland Drive, Coralville, Iowa
(Address of Principal Executive Office)

52241
(Zip Code)

Registrant's telephone number, including area code (319)545-2728

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At September 30, 2005, there were 73,821,500 shares of the Company's \$.01 par value common stock outstanding.

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

PART I

FINANCIAL INFORMATION

	Page Number
Item 1. Financial Statements (Unaudited)	
Consolidated Balance Sheets September 30, 2005 and December 31, 2004	1-2
Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2005 and 2004	3
Consolidated Statement of Stockholders' Equity for the Nine Months Ended September 30, 2005	4
Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2005 and 2004	5
Notes to Consolidated Financial Statements	6-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-15
Item 3. Quantitative and Qualitative Disclosures About Market Risk	15
Item 4. Controls and Procedures	15

PART II

OTHER INFORMATION

Item 1. Legal Proceedings	16
Item 2. Changes in Securities	16
Item 3. Defaults Upon Senior Securities	16
Item 4. Submission of Matters to a Vote of Security Holders	16
Item 5. Other Information	16
Item 6. Exhibits and Reports on Form 8-K	16-17

HEARTLAND EXPRESS, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

ASSETS	September 30, 2005	December 31, 2004
	----- (Unaudited)	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,656,609	\$ 1,610,543
Short-term investments	272,854,676	256,727,782
Trade receivables, net of allowance of \$775,000 in 2005 and 2004	44,983,188	37,102,813
Prepaid tires and tubes	3,407,570	2,692,090
Deferred income taxes	27,496,000	24,964,000
Other prepaid expenses	2,773,510	158,267
	-----	-----
Total current assets	355,171,553	323,255,495
	-----	-----
PROPERTY AND EQUIPMENT		
Land and land improvements	10,779,812	9,543,953
Buildings	17,494,255	17,494,255
Furniture and fixtures	1,042,131	1,210,424
Shop and service equipment	2,605,219	2,557,654
Revenue equipment	239,645,668	222,842,499
	-----	-----
	271,567,085	253,648,785
Less accumulated depreciation	81,818,608	68,973,751
	-----	-----
Property and equipment, net	189,748,477	184,675,034
	-----	-----
GOODWILL	4,814,597	4,814,597
OTHER ASSETS	4,145,256	4,266,725
	-----	-----
	\$553,879,883	\$517,011,851
	=====	=====

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

HEARTLAND EXPRESS, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2005	December 31, 2004
	-----	-----
	(Unaudited)	
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 15,513,402	\$ 9,722,099
Compensation and benefits	13,602,834	11,151,523
Income taxes payable	8,868,330	7,918,914
Insurance accruals	50,653,644	45,995,442
Other accruals	7,409,904	5,995,943
	-----	-----
Total current liabilities	96,048,114	80,783,921
	-----	-----
DEFERRED INCOME TAXES	44,834,000	46,885,000
	-----	-----

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Preferred stock, par value \$.01; authorized 5,000,000 share; none issued	--	--
Common stock, par value \$.01; authorized 395,000,000 shares; issued and outstanding 73,821,500 shares in		

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

2005 and 75,000,000 in 2004	738,215	750,000
Additional paid-in capital	--	8,510,305
Retained earnings	412,793,508	380,906,884
	-----	-----
	413,531,723	390,167,189
Less unearned compensation	(533,954)	(824,259)
	-----	-----
	412,997,769	389,342,930
	-----	-----
	\$553,879,883	\$517,011,851
	=====	=====

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

2

HEARTLAND EXPRESS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended September 30,		Nine mo
	2005	2004	Septe
OPERATING REVENUE	\$136,209,698	\$117,299,278	\$383,738,51
	-----	-----	-----
OPERATING EXPENSES:			
Salaries, wages, and benefits	\$ 45,028,528	\$ 40,305,667	\$131,192,46
Rent and purchased transportation	7,462,499	8,578,807	23,004,43

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

Operations and maintenance	38,055,562	25,297,575	98,465,53
Taxes and licenses	2,249,347	2,143,218	6,505,28
Insurance and claims	5,015,569	2,562,377	11,817,26
Communications and utilities	969,344	886,416	2,596,26
Depreciation	9,819,033	7,842,781	27,260,73
Other operating expenses, net	2,277,868	4,022,516	10,217,23
	-----	-----	-----
	110,877,750	91,639,357	311,059,20
	-----	-----	-----
Operating income	25,331,948	25,659,921	72,679,30
Interest income	1,865,656	805,135	5,252,94
	-----	-----	-----
Income before income taxes	27,197,604	26,465,056	77,932,25
Income taxes	9,655,150	9,395,071	27,665,95
	-----	-----	-----
Net income	\$ 17,542,454	\$ 17,069,985	\$ 50,266,30
	=====	=====	=====
Earnings per common share:			
Earnings per share	\$ 0.24	\$ 0.23	\$ 0.6
	=====	=====	=====
Weighted average shares outstanding	73,821,609	75,000,000	74,520,04
	=====	=====	=====
Dividends declared per share	\$ 0.020	\$ 0.020	\$ 0.06
	=====	=====	=====

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

HEARTLAND EXPRESS, INC.
AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock	Additional Paid-In Capital	Retained Earnings	
	-----	-----	-----	-----
Balance, December 31, 2004	\$ 750,000	\$ 8,510,305	\$ 380,906,884	\$
Net income	--	--	50,266,304	
Dividends on common stock, \$0.06 per share ..	--	--	(4,465,028)	
Stock repurchase	(11,785)	(8,492,713)	(13,914,652)	
Forfeiture of stock awards	--	(17,592)	--	
Amortization of unearned compensation	--	--	--	
	-----	-----	-----	-----
Balance, September 30, 2005	\$ 738,215	\$ --	\$ 412,793,508	\$
	=====	=====	=====	=====

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

HEARTLAND EXPRESS, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended September 30,	
	2005	2004
	-----	-----
OPERATING ACTIVITIES		
Net income	\$ 50,266,304	\$ 45,891,251
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	27,275,733	21,229,245
Deferred income taxes	(4,583,000)	2,047,000
Unearned compensation	272,713	285,321
Gain on disposal of fixed assets	(2,262,664)	(99,804)
Changes in certain working capital items:		
Trade receivables	(7,880,375)	(2,715,700)
Other current assets	(2,615,243)	(1,012,625)
Prepaid expenses	494,120	(477,930)
Accounts payable and accrued expenses	10,870,748	9,712,699
Accrued income taxes	949,416	(1,973,192)
	-----	-----
Net cash provided by operating activities	72,787,752	72,886,265
	-----	-----
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	754,386	166,955
Purchases of property and equipment, net of trades	(28,572,507)	(32,885,937)
Net purchases of municipal bonds	(16,126,894)	(69,097,789)
Change in other assets	106,466	(103,272)
	-----	-----
Net cash used in investing activities	(43,838,549)	(101,920,043)

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

	-----	-----
FINANCING ACTIVITIES		
Cash dividend	(4,483,987)	(2,997,473)
Stock repurchase	(22,419,150)	--
	-----	-----
Net cash used in financing activities	(26,903,137)	(2,997,473)
	-----	-----
Net increase (decrease) in cash and cash equivalents	2,046,066	(32,031,251)
CASH AND CASH EQUIVALENTS		
Beginning of period	1,610,543	38,618,430
	-----	-----
End of period	\$ 3,656,609	\$ 6,587,179
	=====	=====
SUPPLEMENTAL DISCLOSURES OF		
CASH FLOW INFORMATION		
Cash paid during the period for:		
Income taxes, net	\$ 31,299,435	\$ 24,996,892
Noncash investing activities:		
Book value of revenue equipment traded	\$ 15,909,603	\$ 16,295,082

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

HEARTLAND EXPRESS, INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Heartland Express, Inc. and subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

by generally accepted accounting principles for complete financial statements. In the opinion of management, all normal, recurring adjustments considered necessary for a fair presentation have been included. The financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2004 included in the Annual Report on Form 10-K of the Company filed with the Securities and Exchange Commission. Interim results of operations are not necessarily indicative of the results to be expected for the full year or any other interim periods.

Note 2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Segment Information

The Company has ten operating divisions; however, it has determined that it has one reportable segment. All of the divisions are managed based on similar economic characteristics. Each of the regional operating divisions provides short-to-medium haul truckload carrier services of general commodities to a similar class of customers. In addition, each division exhibits similar financial performance, including average revenue per mile and operating ratio. As a result of the foregoing, the Company has determined that it is appropriate to aggregate its operating divisions into one reportable segment consistent with the guidance in Statement of Financial Accounting Standard ("SFAS") No. 131, Disclosures About Segments of an Enterprise and Related Information. Accordingly, the Company has not presented separate financial information for each of its operating divisions as the Company's consolidated financial statements present its one reportable segment.

Note 4. Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments with insignificant interest rate risk and original maturities of three months or less. Restricted and designated cash and short-term investments totaling \$4.1 million and \$4.2 million at September 30, 2005 and December 31, 2004, respectively, are classified as other assets. The restricted funds represent those required for self-insurance purposes and designated funds that are earmarked for a specific purpose not for general business use.

Note 5. Short-term Investments

Short-term investments primarily include municipal bonds with interest reset provisions and short-term municipal bonds. The cost approximates the fair value due to the nature of the investments. Therefore, accumulated other comprehensive income (loss) has not been recognized as a separate component of stockholders' equity.

6

Note 6. Property, Equipment, and Depreciation

Property and equipment are stated at cost, while maintenance and repairs are charged to operations as incurred.

The Financial Accounting Standards Board ("FASB") issued SFAS No. 153,

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

"Exchanges of Non-monetary Assets--an amendment of APB Opinion No. 29, Accounting for Non-monetary Transactions". This statement requires non-monetary exchanges to be accounted for at fair value, recognizing any gain or loss, if the transactions meet a commercial substance criterion and fair value is determinable. This Statement is effective for non-monetary transactions occurring in fiscal periods beginning after June 15, 2005. Accordingly, the Company implemented SFAS No. 153 for trade-ins of revenue equipment beginning on July 1, 2005 resulting in an increased depreciable basis for revenue equipment acquired through non-monetary exchanges. Gains from the trade-in of revenue equipment were previously deferred as a reduction of the depreciable basis of the new asset and are now presented as a reduction of other operating expenses, net. For the quarter ended September 30, 2005, implementation of SFAS No. 153 resulted in approximately \$70,500 of additional depreciation and gains from the trade-in of revenue equipment of \$1.9 million.

For the three months ended September 30, 2005 and 2004, other operating expenses, net include a gain on disposal of all property and equipment of \$2.0 million and a loss of \$2,085, respectively. For the nine months ended September 30, 2005 and 2004, other operating expenses, net include gains on the disposal of all property and equipment of \$2.3 million and \$99,804, respectively.

Note 7. Stock Repurchase

In September 2001, the Board of Directors approved a repurchase of up to 5.0 million shares of Heartland Express, Inc. common stock. During the quarter ended September 30, 2005, the Company purchased 44,500 shares for approximately \$900,000 at approximately \$19.50 per share and the shares were retired. For the nine months ended September 30, 2005, approximately 1.2 million shares have been repurchased for \$22.4 million at approximately \$19.00 per share. The cost of such shares purchased and retired in excess of their par value was charged first to additional paid-in capital to the extent of the balance thereof, with the remainder to retained earnings.

Note 8. Earnings Per Share

Basic earnings per share are based upon the weighted average common shares outstanding during each year. Diluted earnings per share are based upon the weighted average common and common equivalent shares outstanding during each year. Heartland Express has no common stock equivalents; therefore, diluted earnings per share are equal to basic earnings per share.

Note 9. Stock Based Compensation

At September 30, 2005 the Company has a restricted stock award plan. The plan shares are being amortized over a five year vesting period as compensation expense. For the three months ended September 30, 2005 and 2004, compensation expense of \$94,227 and \$95,106, respectively, was recognized. For the nine months ended September 30, 2005 and 2004, compensation expense of \$272,713 and \$285,321 respectively, was recognized. All stock based compensation is recorded in salaries, wages, and benefits on the consolidated statements of operations. The unamortized portion of the stock awards is recorded in stockholders' equity as unearned compensation. All unvested shares are included in the Company's 73.8 million outstanding shares.

Note 10. New Accounting Pronouncements

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment," a revision of SFAS No. 123, which addresses the accounting for share-based payment transactions. SFAS No. 123(R) eliminates the ability to account for employee share-based compensation transactions using APB Opinion No. 25, "Accounting for Stock Issued to Employees," and generally requires instead that such transactions be accounted for and recognized in the consolidated statements of operations based on their fair value. The Company does not anticipate that SFAS No. 123(R) will have a significant impact on the Company. The Company does not currently have any share-based compensation other than the restricted stock in Note 9.

Note 11. Commitments and Contingencies

The Company is party to ordinary, routine litigation and administrative proceedings incidental to its business. In the opinion of management, the Company's potential exposure under pending legal proceedings is adequately provided for in the accompanying consolidated financial statements.

The Company has commitments at September 30, 2005 to acquire revenue equipment for approximately \$20.1 million in the fourth quarter of 2005 and \$46.6 million in 2006, net of trade-ins. These commitments are expected to be financed from existing cash, cash equivalents, and short-term investment balances and cash flows from operations.

The Company announced on September 9, 2005 that our Board of Directors declared a regular quarterly dividend of \$.02 per common share, payable on October 3, 2005, to stockholders of record on September 22, 2005.

The Company announced on September 22, 2005 the planned construction of a new corporate headquarters and an adjacent shop facility. These new facilities will be funded with the proceeds from the sale of the current corporate headquarters. Construction is expected to be completed in the spring of 2007.

Note 12. Related Party Transactions

The Company leases two office buildings and a storage building from its president under a lease which provides for monthly rentals of \$27,618 plus the payment of all property taxes, insurance and maintenance. The lease was renewed for a five year term on June 1, 2005 increasing the monthly rental from \$24,969 to \$27,618. In the opinion of management, the rates paid are comparable to those that could be negotiated with a third party. Rent expense paid to the Company's president totaled \$82,854 and \$74,906 for the three months ended September 30, 2005 and 2004, respectively. Rent expense paid to the Company's president totaled \$235,315 and \$224,719 for the nine months ended September 30, 2005 and 2004, respectively.

Note 13. Reclassifications

Certain reclassifications have been made to the prior period financial statements to conform to the September 30, 2005 presentation.

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

Except for certain historical information contained herein, this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks, assumptions and uncertainties which are difficult to predict. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including any projections of earnings, revenues, or other financial items; any statements of plans, strategies, and objectives of management for future operations; any statements concerning proposed new strategies or developments; any statements regarding future economic conditions or performance; any statements of belief and any statement of assumptions underlying any of the foregoing. Words such as "believe," "may," "could," "expects," "anticipates," and "likely," and variations of these words or similar expressions, are intended to identify such forward-looking statements. The Company's actual results could differ materially from those discussed in the section entitled "Factors That May Affect Future Results," included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in the Company's Annual report on Form 10-K, which is by this reference incorporated herein. The Company does not assume, and specifically disclaims, any obligation to update any forward-looking statements contained in this Quarterly report.

Overview

Heartland Express, Inc. is a short-to-medium haul truckload carrier. The Company transports freight for major shippers and generally earns revenue based on the number of miles per load delivered. The Company's primary focus is on regional operations which accounted for 74% of the Company's gross revenues in the third quarter of 2005. These regional operations are conducted from nine locations including the Company's corporate headquarters in Coralville, Iowa. The Company expanded to the Western United States this past quarter with the opening of a regional operating center in Phoenix, Arizona.

The Company has established a reputation as a provider of quality service to its customers. The keys to maintaining a high level of service are experienced drivers, reliable equipment and equipment availability. Heartland has one of the newest fleets in the industry with and has always hired only experienced drivers with safe driving records. The Company has built a solid financial foundation through effective cost controls including the operation of new equipment, a high driver to non-driver employee ratio, a commitment to safety, and a debt-free balance sheet.

Over the past five years the Company has achieved a 13.2% compounded annual growth in gross revenues and a 13.9% compounded annual growth in net income. The Company has been recognized as one of the Forbes magazine's "200 Best Small Companies in America" fourteen times in the past nineteen years and for the past four consecutive years including 2005. The Company has paid cash dividends over the past nine consecutive quarters. The Company became publicly traded in November, 1986 and is traded on the NASDAQ National Market under the symbol HTLD.

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

9

Results of Operations:

The following table sets forth the percentage relationship of expense items to operating revenue for the periods indicated.

	Three Months Ended		Nine Months Ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Operating revenue	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Salaries, wages, and benefits	33.1%	34.3%	34.2%	35.3%
Rent and purchased transportation	5.5	7.3	6.0	8.5
Operations and maintenance	27.9	21.6	25.7	20.4
Taxes and licenses	1.7	1.8	1.7	2.0
Insurance and claims	3.7	2.2	3.1	3.1
Communications and utilities	0.7	0.8	0.7	0.8
Depreciation	7.2	6.7	7.1	6.3
Other operating expenses, net	1.6	3.4	2.6	3.2
Total operating expenses	81.4%	78.1%	81.1%	79.6%
Operating income	18.6%	21.9%	18.9%	20.4%
Interest income	1.4	0.7	1.4	0.6
Income before income taxes	20.0%	22.6%	20.3%	21.0%
Federal and state income taxes	7.1	8.0	7.2	7.4
Net income	12.9%	14.6%	13.1%	13.6%

The following is a discussion of the results of operations of the three and nine month periods ended September 30, 2005 compared with the same periods in 2004, and the changes in financial condition through the third quarter of 2005.

Three Months Ended September 30, 2005 and 2004

Operating revenue increased \$18.9 million (16.1%), to \$136.2 million in the third quarter of 2005 from \$117.3 million in the third quarter of 2004. The increase in revenue resulted from increased business with existing customers, expansion of our customer base, and improved freight rates. Operating revenue for both periods was positively impacted by fuel surcharges assessed to customers. Fuel surcharge revenue increased \$8.9 million to \$16.3 million in the third quarter of 2005 from \$7.4 million in the third quarter of 2004.

Salaries, wages, and benefits increased \$4.7 million (11.7%), to \$45.0 million in the third quarter of 2005 from \$40.3 million in the third quarter of 2004. These increases were primarily the result of increased reliance on

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

employee drivers due to a decrease in the number of independent contractors utilized by the Company and a driver pay increase. During the third quarter of 2005, employee drivers accounted for 92% and independent contractors 8% of the total fleet miles, compared with 89% and 11%, respectively, in the third quarter of 2004. The Company increased pay for all drivers \$0.03 per mile during the first quarters of 2005 and 2004. During the third quarter of 2005, the Company experienced a decrease in workers' compensation costs due to a decrease in frequency and severity of claims. In addition, the Company incurred increased health insurance costs due to increased frequency and severity of claims.

Rent and purchased transportation decreased \$1.1 million (13.0%), to \$7.5 million in the third quarter of 2005 from \$8.6 million in the third quarter of 2004. This reflects the Company's decreased reliance upon independent contractors. Rent and purchased transportation for both periods includes amounts

10

paid to independent contractors under the Company's fuel stability program. The Company increased the independent contractor base mileage pay by \$0.03 per mile on January 1, 2005.

Operations and maintenance increased \$12.8 million (50.4%), to \$38.1 million in the third quarter of 2005 from \$25.3 million in the third quarter of 2004. The increase in operations and maintenance is primarily attributable to increased fuel costs due to the increased percentage of fleet miles driven by employee drivers and record high fuel prices during the third quarter of 2005. In addition, fuel efficiency for new tractors purchased beginning in 2004 is being negatively impacted due to EPA-mandated engine clean air standards. Fuel cost per mile increased 45.8% over the compared 2004 period due to a 40.1% increase in fuel cost per gallon and a 5.6% decrease in fuel efficiency for fleet tractors with EPA-mandated clean air engines.

Insurance and claims increased \$2.4 million (95.7%), to \$5.0 million in the third quarter of 2005 from \$2.6 million in the third quarter of 2004. Insurance and claims expense increased due to an increase in the frequency and severity of claims, and an increase in the claims development factors. Insurance and claims expense will vary as a percentage of operating revenue from period to period based on the frequency and severity of claims incurred in a given period as well as changes in claims development trends.

Depreciation increased \$2.0 million (25.2%), to \$9.8 million during the third quarter of 2005 from \$7.8 million in the third quarter of 2004. This increase is attributable to the growth of our company-owned tractor fleet, decreased reliance on independent contractors, and the replacement of older model tractors in our fleet. Replacement tractors have a higher cost than the models being replaced due to EPA-mandated clean air standards. As of September 30, 2005, 53% of the Company's tractor fleet had the EPA clean air engine compared to 26% at September 30, 2004. For the quarter ended September 30, 2005, implementation of SFAS No. 153 resulted in approximately \$70,500 of additional depreciation.

Other operating expenses, net decreased \$1.7 million (43.3%), to \$2.3 million during the third quarter of 2005 from \$4.0 million during the third quarter of 2004. Other operating expenses, net consist primarily of costs incurred for freight handling, highway tolls, driver recruiting expenses, and administrative costs. During the third quarter of 2005, freight handling and tolls increased \$0.6 million. For the quarters ended September 30, 2005 and 2004, \$2.0 million of gain and \$2,085 of loss on the disposal of fixed assets is presented as a part of other operating expenses, net. The current period

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

includes a gain of \$1.9 million resulting from the implementation of SFAS No. 153. These gains were previously deferred as a reduction of the depreciable basis of new revenue equipment.

The Company's effective tax rate was 35.5% for the third quarters of both 2005 and 2004.

As a result of the foregoing, the Company's operating ratio (operating expenses as a percentage of operating revenue) was 81.4% during the third quarter of 2005 compared with 78.1% during the third quarter of 2004. For the three months ended, September 30, 2005 the operating ratio, excluding the effect of gains from trade-ins of revenue equipment and the related increase in depreciation expense resulting from the July 1, 2005 implementation of SFAS No. 153 was 82.8%. Net income increased \$.5 million (2.8%), to \$17.6 million during the third quarter of 2005 from \$17.1 million during the third quarter of 2004.

Nine Months Ended September 30, 2005 and 2004

Operating revenue increased \$46.1 million (13.7%), to \$383.7 million in the nine months ended September 30, 2005 from \$337.6 million in the 2004 period. The increase in revenue resulted from increased business with existing customers, expansion of our customer base, and improved freight rates. Operating revenue for both periods was positively impacted by fuel surcharges assessed to customers. Fuel surcharge revenue increased \$21.1 million to \$39.4 million for the nine months ended September 30, 2005 from \$18.3 million in the compared 2004 period.

Salaries, wages, and benefits increased \$12.0 million (10.1%), to \$131.2 million in the nine months ended September 30, 2005 from \$119.2 million in the 2004 period. These increases were a result of increased reliance on employee

11

drivers due to a decrease in the number of independent contractors utilized by the Company and a driver pay increase. During the first nine months of 2005, employee drivers accounted for 91% and independent contractors 9% of the total fleet miles, compared with 87% and 13%, respectively, in the compared 2004 period. The Company increased pay for all drivers \$0.03 per mile during the first quarters of 2005 and 2004. In addition, the Company experienced a decrease in workers' compensation costs during the nine month period of 2005 due to a decrease in the frequency and severity of workers' compensation claims during the period. The Company experienced an increase in health insurance expense during the nine month period of 2005 due to an increase in the frequency and severity of health insurance claims during the period.

Rent and purchased transportation decreased \$5.6 million (19.6%), to \$23.0 million in the first nine months of 2005 from \$28.6 million in the 2004 period. This reflects the Company's decreased reliance upon independent contractors. Rent and purchased transportation for both periods includes amounts paid to independent contractors under the Company's fuel stability program. The Company increased the independent contractor base mileage pay by \$0.03 per mile on January 1, 2005.

Operations and maintenance increased \$29.5 million (42.8%), to \$98.5 million in the nine months ended September 30, 2005 from \$69.0 million in the 2004 period. The increase in operations and maintenance is primarily attributable to increased fuel costs due to the increased percentage of fleet miles driven by employee drivers and record high fuel prices during the first nine months of 2005. In addition, fuel efficiency for new tractors purchased beginning in 2004 is being negatively impacted due to EPA-mandated engine clean air standards. Fuel cost per mile increased 41.6% over the compared 2004 period

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

due to a 35.8% increase in fuel cost per gallon and a 7.8% decrease in fuel efficiency for fleet tractors with EPA-mandated clean air engines.

Insurance and claims increased \$1.4 million (13.0%), to \$11.8 million in the first nine months of 2005 from \$10.4 million in the compared 2004 period. The frequency and severity of the claims incurred in the nine months ended September 30, 2005 exceeded those incurred in the same period of 2004. In addition, the Company experienced an increase in claims development factors during the current period. Insurance and claims expense will vary as a percentage of operating revenue from period to period based on the frequency and severity of claims incurred in a given period as well as changes in claims development trends.

Depreciation increased \$6.1 million (28.5%), to \$27.3 million during the first nine months of 2005 from \$21.2 million in the compared 2004 period. This increase is attributable to the growth of our company-owned tractor fleet, decreased reliance on independent contractors, and the replacement of older model tractors in our fleet. Replacement tractors have a higher cost than the models being replaced due to EPA-mandated clean air standards. As of September 30, 2005, 53% of the Company's tractor fleet had the EPA clean air engine compared to 26% at September 30, 2004. For the nine months ended September 30, 2005, implementation of SFAS No. 153 resulted in approximately \$70,500 of additional depreciation.

Other operating expenses, net decreased \$.6 million (5.7%), to \$10.2 million during the first nine months 2005 from \$10.8 million during the compared 2004 period. Other operating expenses, net consist primarily of freight handling, highway tolls, driver recruiting expenses, and administrative costs. During the nine months ended September 30, 2005, freight handling and tolls increased \$1.8 million and advertising expense related to driver recruiting increased \$0.4 million. For the nine months ended September 30, 2005 and 2004, \$2.3 million and \$0.1 million, respectively, of gain on the disposal of fixed assets is presented as a reduction of other operating expenses, net. The current period includes a gain of \$1.9 million resulting from the implementation of SFAS No. 153. These gains were previously deferred as a reduction of the depreciable basis of new revenue equipment.

The Company's effective tax rate was 35.5% and 35.3% for the nine months ended September 30, 2005 and 2004, respectively. The increase resulted from an increase in state income taxes.

12

As a result of the foregoing, the Company's operating ratio (operating expenses as a percentage of operating revenue) was 81.1% during the first nine months of 2005 compared with 79.6% during the first nine months of 2004. For the nine months ended, September 30, 2005 the operating ratio, excluding the effect of gains from trade-ins of revenue equipment and the related increase in depreciation expense resulting from the July 1, 2005 implementation of SFAS No. 153 was 81.5%. Net income increased \$4.4 million (9.5%), to \$50.3 million during the first nine months of 2005 from \$45.9 million during the compared 2004 period.

Liquidity and Capital Resources

The growth of the Company's business has required significant investments in new revenue equipment. Historically the Company has been debt-free, funding revenue equipment purchases with cash flow provided by operations. The Company also obtains tractor capacity by utilizing independent contractors, who provide a tractor and bear all associated operating and financing expenses. The Company's primary source of liquidity for the nine months ended September 30,

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

2005 and 2004 was net cash provided by operating activities of \$72.8 million and \$72.9 million, respectively.

Capital expenditures for property and equipment, primarily revenue equipment net of trade-ins, totaled \$28.6 million for the first nine months of 2005 compared to \$32.9 million for the same period in 2004. Capital expenditures during the last three months of 2005 for revenue equipment net of trade-ins are projected to be approximately \$20.1 million.

During the nine months ended September 30, 2005, the Company repurchased 1.2 million shares of its common stock in the amount of \$22.4 million. The Company's Board of Directors authorized a repurchase of up to a maximum of 5.0 million shares of the Company's common stock. At September 30, 2005, the Company has 3.8 million shares remaining under the current Board authorization. Future purchases are dependent upon market conditions. In addition, the Company paid cash dividends of \$4.5 million during the first nine months of 2005. The Company declared a \$1.5 million cash dividend in September 2005, payable on October 3, 2005.

Management believes the Company has adequate liquidity to meet its current and projected needs. The Company will continue to have significant capital requirements over the long term. Future capital expenditures are expected to be funded by cash flow provided by operations and from existing cash, cash equivalents, and short-term investments. The Company ended the quarter with \$276.5 million in cash, cash equivalents, and short-term investments and no debt. Based on the Company's strong financial position, management believes outside financing could be obtained, if necessary, to fund capital expenditures.

Factors That May Affect Future Results

The Company's future results may be affected by a number of factors over which the Company has little or no control. Fuel prices, insurance and claims costs, liability claims, interest rates, the availability of qualified drivers, fluctuations in the resale value of revenue equipment, economic and customer business cycles, and shipping demands are economic factors over which the Company has little or no control. Significant increases or rapid fluctuations in fuel prices, interest rates or insurance and claims costs, to the extent not offset by increases in freight rates, and the resale value of revenue equipment, could reduce the Company's profitability.

Weakness in the general economy, including a weakness in consumer demand for goods and services, could adversely affect the Company's customers and the Company's growth and revenues, if customers reduce their demand for transportation services. Customers encountering adverse economic conditions represent a greater potential for loss, and the Company may be required to increase its reserve for bad debt losses. Weakness in customer demand for the Company's services or in the general rate environment may also restrain the Company's ability to increase rates or obtain fuel surcharges.

13

The Company implemented SFAS No. 153 for trade-ins of revenue equipment beginning on July 1, 2005 resulting in an increased depreciable basis for revenue equipment acquired through non-monetary exchanges. Gains from the trade-in of revenue equipment were previously deferred as a reduction of the depreciable basis of the new asset and are now presented as a reduction of other operating expenses, net. Future results will be affected by the timing of the trade-ins of revenue equipment.

Effective October 1, 2002, all newly manufactured truck engines must comply with the engine emission standards mandated by the Environmental Protection

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

Agency (EPA). The new engines have resulted in a significant increase in the cost of new tractors, lower fuel efficiency, and higher maintenance costs. All new tractor purchases beginning in 2004 include engines that conform to the new standards. As a result of these purchases, the operating costs, primarily fuel and depreciation, associated with new replacement tractors have increased. Additional EPA engine design requirements will take effect in 2007 and are expected to further reduce fuel efficiency and increase engine prices.

The Federal Motor Carrier Safety Administration revised the federal hours of service regulations effective October 1, 2005. The most significant change requires that drivers utilizing the sleeper berth provision must take at least eight consecutive hours in the sleeper berth during their ten hours off-duty. Under the previous regulations, drivers were allowed to split their ten hour off-duty time in the sleeper berth in two periods, provided neither period was less than two hours. This more restrictive sleeper berth provision may impact multi-stop shipments and those shipments incurring delays in loading or unloading. The inability to properly plan on such shipments could have a negative impact on equipment utilization.

The Company is committed to safety and customer service and thus hires only experienced and safe drivers. The industry continues to experience a limited supply of drivers meeting the Company's hiring requirements. The Company is promoting fleet growth through an industry leading compensation package, a newer fleet of tractors and trailers, and a continued focus on quality of life and professionalism. The inability to hire and retain qualified drivers could have a negative impact on future growth and earnings.

Inflation and Fuel Cost

Most of the Company's operating expenses are inflation-sensitive, with inflation generally producing increased costs of operations. During the past three years, the most significant effects of inflation have been on revenue equipment prices and the compensation paid to the drivers. Innovations in equipment technology and comfort have resulted in higher tractor prices, and there has been an industry-wide increase in wages paid to attract and retain qualified drivers. The Company historically has limited the effects of inflation through increases in freight rates and certain cost control efforts.

In addition to inflation, fluctuations in fuel prices can affect profitability. Based on the Department of Energy national average diesel prices, the cost of fuel increased 40% over the third quarter of 2004 primarily due to the impact of hurricanes Rita and Katrina. Most of the Company's contracts with customers contain fuel surcharge provisions. Although the Company historically has been able to pass through most long-term increases in fuel prices and operating taxes to customers in the form of surcharges and higher rates, short-term increases are not fully recovered. Competitive conditions in the transportation industry, such as lower demand for transportation services, could affect the Company's ability to obtain rate increases or fuel surcharges. We expect that high fuel prices will continue to adversely affect our operating expenses during the last three months of 2005.

Seasonality

The nature of the Company's primary traffic (appliances, automotive parts, paper products, retail goods, and packaged foodstuffs) causes it to be distributed with relative uniformity throughout the year. However, seasonal variations during and after the winter holiday season have historically resulted in reduced shipments by several industries served. In addition, the Company's operating expenses historically have been higher during the winter months due to increased operating costs and higher fuel consumption in colder weather.

Concentrations of Credit Risk and Major Customers

The Company's major customers represent the consumer goods, appliances, food products, and automotive industries. Credit is usually granted to customers on an unsecured basis. The Company's five largest customers accounted for 32% and 34% of revenues for the quarters ended September 30, 2005 and 2004, respectively. The top five largest customers accounted for 32% and 33% of revenues for the nine months ended September 30, 2005 and 2004, respectively. Operating revenue from one customer exceeded 10% of total gross revenues in both the three and nine month periods ended September 30, 2005 and 2004.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company purchases only high quality, liquid investments. Primarily all investments as of September 30, 2005 have an original maturity or interest reset date of twelve months or less. Due to the short term nature of the investments, the Company is exposed to minimal market risk related to its cash equivalents and investments.

The Company has no debt outstanding as of September 30, 2005, and therefore, has no market risk related to debt.

As of September 30, 2005, the Company has no derivative financial instruments to reduce its exposure to fuel price fluctuations.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operations of the Company's disclosure controls and procedures, and as defined in Exchange Act Rule 15d-15(e). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in enabling the Company to record, process, summarize, and report information required to be included in the Company's periodic SEC filings within the required time period. There have been no changes in the Company's internal controls over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

The Company is a party to ordinary, routine litigation and administrative proceedings incidental to its business. None of the claims would materially impact net income or financial position. These proceedings primarily involve claims for personal injury and property damage incurred in connection with the transportation of freight. The Company maintains insurance to cover liabilities arising from the transportation of freight for amounts in excess of certain self-insured retentions.

Item 2. Changes in Securities

The following table provides information on the Company's repurchase of common stock for the periods indicated.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Authorization Remaining
4/1/2005 - 4/30/2005	- -	- -	5,000,000
5/1/2005 - 5/31/2005	239,700	\$19.09	4,760,300
6/1/2005 - 6/30/2005	894,300	\$18.95	3,866,000
7/1/2005 - 7/31/2005	44,500	\$19.49	3,821,500
8/1/2005 - 8/31/2005	- -	- -	3,821,500
9/1/2005 - 9/30/2005	- -	- -	3,821,500
	-----	-----	-----
Total	1,178,500	\$18.99	3,821,500
	=====	=====	=====

In September 2001, the Board of Directors of Heartland Express, Inc. approved a Stock Repurchase plan authorizing the repurchase of up to 5.0 million shares of its common shares. All purchases noted above were made pursuant to that program.

Item 3. Defaults Upon Senior Securities
None

Item 4. Submission of Matters to a Vote of Security Holders
None

Item 5. Other Information
None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

16

- (b) Reports on Form 8-K
 - 1. Report on Form 8-K, dated July 18, 2005, announcing the Company's financial results for the quarter ended June 30, 2005.
 - 2. Report on Form 8-K, dated September 9, 2005, announcing the declaration of a quarterly cash dividend.
 - 3. Report on Form 8-K, dated September 19, 2005, announcing the Company expansion to the Western United States.
 - 4. Report on Form 8-K, dated September 22, 2005, announcing plans for a new corporate headquarters.

No other information is required to be filed under Part II of the form.

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.

HEARTLAND EXPRESS, INC.

Date: November 7, 2005

BY /s/ JOHN P COSAERT

John P. Cosaert
Executive Vice President-Finance,
Chief Financial Officer and Treasurer
(principal accounting and financial officer)

17

Exhibit No. 31.1

Certification

I, Russell A. Gerdin, Chairman, President and Chief Executive Officer of Heartland Express, Inc., certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Heartland Express, Inc. (the "Registrant");
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or cause such disclosure controls and procedures to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls: and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2005

By /s/ RUSSELL A GERDIN

Russell A. Gerdin

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

Chairman, President and
Chief Executive Officer

18

Exhibit No. 31.2

Certification

I, John P. Cosaert, Executive Vice President, Chief Financial Officer and Treasurer of Heartland Express, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Heartland Express, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Designed such internal control over financial reporting, or cause such disclosure controls and procedures to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls: and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2005

By /s/ JOHN P COSAERT

John P. Cosaert
Executive Vice President-Finance
Chief Financial Officer and
Treasurer
(principal accounting and
financial officer)

19

Exhibit No. 32

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
AND
CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Russell A. Gerdin, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Heartland Express, Inc., on Form 10-Q for the period ended September 30, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Heartland Express, Inc.

Edgar Filing: HEARTLAND EXPRESS INC - Form 10-Q

Dated: November 7, 2005

By /s/ RUSSELL A GERDIN

Russell A. Gerdin
Chairman, President and
Chief Executive Officer

I, John P. Cosaert, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Heartland Express, Inc., on Form 10-Q for the period ended September 30, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Heartland Express, Inc.

Dated: November 7, 2005

By: /s/ JOHN P COSAERT

John P. Cosaert
Executive Vice President
and Chief Financial Officer