

HEARTLAND EXPRESS INC  
Form 10-K  
February 29, 2016

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K  
(Mark One)

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

For the Fiscal Year Ended December 31, 2015

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 0-15087

HEARTLAND EXPRESS, INC.  
(Exact Name of Registrant as Specified in Its Charter)  
Nevada  
(State or Other Jurisdiction  
of Incorporation or organization)

93-0926999  
(I.R.S. Employer  
Identification No.)

901 North Kansas Avenue, North Liberty, Iowa  
(Address of Principal Executive Offices)  
319-626-3600  
(Registrant's telephone number, including area code)

52317  
(Zip Code)

Securities Registered Pursuant to section 12(b) of the Act: None

Securities Registered Pursuant to section 12(g) of the Act: Common stock, \$0.01 par value  
The NASDAQ Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act.  
Yes  No

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The aggregate market value of voting common stock held by non-affiliates of the registrant as of June 30, 2015 was \$1.0 billion. In making this calculation the registrant has assumed, without admitting for any purpose, that all of its executive officers and directors, and no other persons, are affiliates. As of February 24, 2016 there were 83,198,245 shares of the Company's common stock (\$0.01 par value) outstanding, excluding 94,449 shares of unvested restricted stock.

Portions of the Proxy Statement for the annual shareholders' meeting to be held on May 5, 2016 are incorporated by reference in Part III of this report.

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HEARTLAND EXPRESS, INC.  
AND SUBSIDIARIES

## TABLE OF CONTENTS

PART I			Page
	<u>Item 1.</u>	<u>Business</u>	<u>1</u>
	<u>Item 1A.</u>	<u>Risk Factors</u>	<u>8</u>
	<u>Item 1B.</u>	<u>Unresolved Staff Comments</u>	<u>16</u>
	<u>Item 2.</u>	<u>Properties</u>	<u>16</u>
	<u>Item 3.</u>	<u>Legal Proceedings</u>	<u>16</u>
	<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	<u>16</u>
PART II			
	<u>Item 5.</u>	<u>Market for the Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities</u>	<u>17</u>
	<u>Item 6.</u>	<u>Selected Financial Data</u>	<u>20</u>
	<u>Item 7.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
	<u>Item 7A.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>31</u>
	<u>Item 8.</u>	<u>Financial Statements and Supplementary Data</u>	<u>31</u>
	<u>Item 9.</u>	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>32</u>
	<u>Item 9A.</u>	<u>Controls and Procedures</u>	<u>32</u>
	<u>Item 9B.</u>	<u>Other Information</u>	<u>32</u>
PART III			
	<u>Item 10.</u>	<u>Directors, Executive Officers, and Corporate Governance</u>	<u>33</u>
	<u>Item 11.</u>	<u>Executive Compensation</u>	<u>33</u>
	<u>Item 12.</u>	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>33</u>
	<u>Item 13.</u>	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>33</u>
	<u>Item 14.</u>	<u>Principal Accounting Fees and Services</u>	<u>33</u>
PART IV			
	<u>Item 15.</u>	<u>Exhibits, Financial Statement Schedule</u>	<u>34</u>
	<u>SIGNATURES</u>		<u>37</u>

## PART I

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains certain statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and such statements are subject to the safe harbor created by those sections and the Private Securities Litigation Reform Act of 1995, as amended. All statements, other than statements of historical or current fact, are statements that could be deemed forward-looking statements, including without limitation: any projections of earnings, revenues, or other financial items; any statement of plans, strategies, and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; and any statements of belief and any statement of assumptions underlying any of the foregoing. In this Annual Report, statements relating to expected sources of working capital, liquidity and funds for meeting equipment purchase obligations, expected capital expenditures, future acquisitions and dispositions of revenue equipment, future market for used equipment, future trucking capacity, expected freight demand and volumes, future rates and prices, future depreciation and amortization, future asset utilization, expected tractor and trailer count, expected fleet age, future driver market, expected gains on sale of equipment, expected driver compensation, expected independent contractor usage, planned allocation of capital, future equipment costs, future income taxes, future insurance and claims, future growth, expected impact of regulatory changes, future inflation, future share repurchases, if any, future fuel expense and the future effectiveness of fuel surcharge programs, among others, are forward-looking statements. Such statements may be identified by their use of terms or phrases such as “expects,” “estimates,” “projects,” “believes,” “anticipates,” “intends,” “may,” “could,” “plans,” and similar terms and phrases. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, which could cause future events and actual results to differ materially from those set forth in, contemplated by, or underlying the forward-looking statements. Known factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section entitled “Risk Factors,” set forth below. Readers should review and consider the factors discussed in “Risk Factors” of this Annual Report, along with various disclosures in our press releases, stockholder reports, and other filings with the Securities and Exchange Commission.

All such forward-looking statements speak only as of the date of this Annual Report. You are cautioned not to place undue reliance on such forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in the events, conditions, or circumstances on which any such statement is based.

References in this Annual Report to “we,” “us,” “our,” “Heartland,” or the “Company” or similar terms refer to Heartland Express, Inc. and its subsidiaries.

#### ITEM 1. Business

##### General

Heartland Express, Inc. is a holding company incorporated in Nevada, which owns all of the stock of Heartland Express, Inc. of Iowa, Gordon Trucking, Inc., (“GTI”), Heartland Express Services, Inc., Heartland Express Maintenance Services, Inc., and A & M Express, Inc. We operate as one segment (see Note 1 to the consolidated financial statements).

We are a short-to-medium haul truckload carrier (predominately 500 miles or less per load) with corporate headquarters in North Liberty, Iowa. We primarily provide nationwide asset-based dry van truckload service for major shippers from Washington to Florida and New England to California. During 2013, through the GTI acquisition, we expanded our historical asset-based dry van service offerings with temperature-controlled truckload, and non-asset-based freight brokerage services. These additional service offerings are not significant to our operations. We generally earn revenue based on the number of miles per load delivered. We believe the keys to success are maintaining high levels of customer service and safety which are predicated on the availability of late-model equipment and experienced drivers. Management believes that our service standards, safety record, and equipment accessibility have made us a core carrier to many of our major customers, as well as allowed us to build solid, long-term relationships with customers and brand ourselves as an industry leader for on-time service.

We were founded by Russell A. Gerdin in 1978 and became publicly traded in November 1986. Over the twenty-nine years from 1986 to 2015, we have grown our revenues to \$736.3 million from \$21.6 million and our net income has increased to \$73.1 million from \$3.0 million. Much of this growth has been attributable to expanding service for existing customers, acquiring new customers, and continued expansion of our operating regions. More information regarding our total assets, revenues and profits for the past t

Three years can be found in our “Consolidated Statements of Comprehensive Income” and “Selected Financial Data” that are included in this report.

In addition to organic growth, we have completed six acquisitions since 1987 with the most recent and largest occurring in 2013, GTI. These six acquisitions have enabled us to solidify our position within existing regions, expand into new operating regions, and pursue new customer relationships in new markets. We will continue to evaluate acquisition candidates that meet our financial and operating objectives.

## Operations

Our operations department focuses on the successful execution of customer expectations and providing consistent opportunities for the fleet of employee drivers and independent contractors, in conjunction with maximizing equipment utilization. These objectives require a combined effort of marketing, regional operations managers, and fleet management.

Our customer service department is responsible for maintaining the continuity between the customer’s needs and our ability to meet those needs by communicating the customer’s expectations to the fleet management group. Collectively, the operations group (customer service and fleet management) and marketing are charged with developing customer relationships, ensuring service standards, coordinating proper freight-to-capacity balancing, trailer asset management, and daily tactical decisions to match customer demand with revenue equipment availability across our entire network. They assign orders to drivers based on well-defined criteria, such as United States Department of Transportation (the “DOT”) hours of service compliance, customer requirements, equipment utilization, driver “home time”, limiting non-revenue miles, and equipment maintenance needs.

Fleet management employees are responsible for driver management and development. Additionally, they maximize the capacity that is available to meet the service needs of our customers. Their responsibilities include meeting the needs of the drivers within the standards that have been set by the organization and communicating the requirements of the customers to the drivers on each order to ensure successful execution.

Serving the short-to-medium haul market (predominantly 500 miles or less per load) permits us to use primarily single rather than team drivers and dispatch most loads directly from origin to destination without an intermediate equipment change other than for driver scheduling purposes. Substantially all of our revenue is, and for the last three fiscal years has been, generated from within the United States (“U.S.”) with immaterial revenue derived from Canada. We do not have nor have we during the last three fiscal years had any long-lived assets permanently located outside the U.S.

We operate twenty terminal facilities throughout the U.S. in addition to our corporate headquarters in North Liberty, Iowa. These terminal locations are strategically located to concentrate on regional freight movements generally within a 500-mile radius of the terminals and are designed to meet the needs of significant customers in those regions while allowing our drivers to primarily stay within an operating region which provides them with more “home time.” This also allows us to better service and maintain revenue equipment at facilities we operate.

Personnel at the individual terminal locations manage these operations based on the overall corporate operating and maintenance goals and objectives. We use a centralized computer network and regular communication to achieve enterprise-wide load coordination.

We emphasize customer satisfaction through on-time performance, dependable late-model equipment, and consistent equipment availability to meet the volume requirements of our large customers. We also maintain a high trailer to tractor ratio, which facilitates the positioning of trailers at customer locations for convenient loading and unloading. Most of the freight we transport is non-perishable and predominantly does not require driver handling. These factors help minimize waiting time, which increases tractor utilization and promotes driver retention.

During 2015, we were recognized with the following safety, environmental, operational, and technology recognitions:

SmartWay Excellence Award (2015)

BP's Driving Safety Standards (2015, 4th year in a row)

Journal of Commerce - Top 50 Trucking Companies in U.S.

Logistics Management Quest for Quality (2015)

MTA Indiana Fleet Award (2014, OTR Fleet 5-10 million mile category)

Great West Safety Award (Illinois Safe Fleet - 1st Place, Category IV)

Computerworld - 100 Premier Technology Leaders (2016)

2

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CIO 100 Award (2015) - Awarded by IDG's CIO Magazine

## Customers and Marketing

We seek to transport freight that will complement traffic in our existing service areas and remain consistent with our focus on short-to-medium haul and regional distribution markets. Management believes that building lane density in our primary traffic lanes will minimize empty miles and enhance driver “home time.”

We target customers with multiple, time-sensitive shipments, including those utilizing “just-in-time” manufacturing and inventory management. In seeking these customers, we have positioned our business as a provider of premium service at compensatory rates, rather than competing solely on the basis of price. Management believes our reputation for quality service, reliable equipment, and equipment availability makes us a core carrier for many of our customers. This past year we once again were recognized for customer service by several of our customers as a testament to our service standards. These awards include:

- Fedex Express - Carrier of the Year (2015, our 5th consecutive year and 8th time in 9 years)
- Fedex Express - Platinum Award for On-Time Service (2015, 99.92% on-time service)
- Unilever - The Winning Quality and Service Award (2015)
- Georgia Pacific - Consumer Products Dedicated Carrier of the Year (2015) and Carrier of the Year (2014)
- United Sugars Outstanding Service & Dedication (2014-2015)
- Winegard - Truckload Carrier of the Year (2014)
- Quaker/Gatorade - Carrier of the Year (Central Region, 2014)
- Quaker/Gatorade - Carrier of the Year (Northwest Region, 2014)
- Exel - Truckload EDI Compliance Award (2014)
- Eastman - Outstanding Quality Performance (2014)

Our primary customers include retailers and manufacturers. Our 25, 10, and 5 largest customers accounted for approximately 73%, 53%, and 36% of our operating revenues, respectively, in 2015. During 2014, our 25, 10, and 5 largest customers were approximately 68%, 47%, and 32%, of our operating revenues respectively. During 2013, our 25, 10, and 5 largest customers were approximately 68%, 47%, and 32%, of our operating revenues respectively. Our broad capacity network and customer base has allowed us to remain appropriately diversified and no customer accounted for more than 10.0% of our operating revenues in 2015, 2014, and 2013.

## Seasonality

The nature of our primary traffic (appliances, automotive parts, consumer products, paper products, packaged foodstuffs, and retail goods) causes it to be distributed with relative uniformity throughout the year. However, seasonal variations associated with the winter holiday season have historically resulted in reduced shipments by several industries after the holiday season. In addition, our operating expenses historically have been higher during the winter months due to decreased fuel efficiency, increased colder weather-related equipment maintenance and repairs, and increased claims and costs attributed to higher accident frequency from harsh weather.

## Drivers, Independent Contractors, and Other Employees

We rely on our workforce in achieving our business objectives. As of December 31, 2015, we employed approximately 4,200 people compared to approximately 4,500 people as of December 31, 2014. We also contracted with independent contractors to provide and operate tractors which provides us additional revenue equipment capacity. Independent contractors own their own tractors and are responsible for all associated expenses, including financing costs, fuel, maintenance, insurance, and highway use taxes. We historically have operated a combined fleet of company and independent contractor tractors. For the year ended December 31, 2015, independent contractors



accounted for approximately 3.1% of our total miles compared to 3.6% in 2014.

Management's strategy for both employee drivers and independent contractors is to (1) hire only safe and experienced drivers (the majority of driver positions hired require six to nine months of over-the-road experience); (2) promote retention with an industry leading compensation package, positive working conditions, and freight that requires little or no handling; and (3) minimize safety problems through careful screening, mandatory drug testing, continuous training, electronic logging system, and financial rewards for accident-free driving. We also seek to minimize turnover of our employee drivers by providing modern, comfortable equipment, and by regularly scheduling "home time." All drivers are generally compensated on the basis of miles driven including empty miles. This provides an incentive for us to minimize empty miles and at the same time does not penalize drivers for inefficiencies of operations that are beyond their control.

3

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We are not a party to a collective bargaining agreement. Management believes that we have good relationships with our employees.

#### Driver Compensation

We implemented increases to our driver pay package effective in late 2014 and early 2015, raising driver compensation, on average, by approximately 13%. Our driver pay package includes future pay increases based on years of continued service with us, increased rates for accident-free miles of operation and detention pay to assist drivers with offsetting unproductive detention time. This compensation increase solidified our leadership position in terms of driver pay within the industry and rewards drivers for years of service and safe operating mileage benchmarks, which are critical to our operational and financial performance. Our comprehensive driver compensation program helps solidify us as an industry-leader who rewards drivers for years of service and meeting safe operating standards. We are committed to investing in our drivers and compensating them for safety as both are key to our operational and financial performance.

#### Revenue Equipment

Our revenue equipment program has three main components: (i) operate a relatively new fleet to improve fuel mileage, lower maintenance expense, increase reliability of service, and enhance our drivers' safety and comfort, (ii) depreciate new tractor revenue equipment on an accelerated basis, and (iii) avoid long-term purchase or trade-in agreements with manufacturers and debt financing. Complementing these components is our preventive maintenance program which is designed to minimize equipment downtime, facilitate customer service, and enhance trade value when revenue equipment is replaced. This strategy affords us the flexibility to take advantage of favorable market conditions as presented.

All tractors are equipped with mobile communication systems. This technology allows for efficient communication with our drivers regarding freight and safety, and provides the ability to manage the needs of our customers based on real-time information on load status. Our mobile communication systems also allow us to obtain information regarding equipment for better planning and efficient maintenance time as well as information regarding driver performance.

As of December 31, 2015 the average age of our tractor fleet was 1.25 years compared to 2.0 years at December 31, 2014. We have historically operated the majority of our tractors while under warranty to minimize repair and maintenance cost and reduce service interruptions caused by breakdowns. Our dry-van trailer fleet, excluding specialty equipment, consisted of 99.2% 2012 and newer model years at December 31, 2015. The average age of our trailer fleet was 4.6 years at December 31, 2015 compared to 4.4 years at December 31, 2014.

We obtain additional tractor capacity through the use of independent contractors who own their own tractor equipment. Independent contractors are responsible for the maintenance of their equipment and are periodically inspected by us for compliance with our operational and safety requirements and those of the DOT. We also gain limited tractor and trailer capacity through revenue equipment operating leases. As of December 31, 2015, leased tractor equipment was 2.0% and leased trailer equipment was 0.7% of the total operating fleet. We are responsible for the maintenance of the equipment that we lease. We expect to transition away from the use of operating leases on tractor equipment and currently estimate that our operating tractor fleet, with the exception of independent contractors, will be 100% owned by the end of 2016.

The Environmental Protection Agency ("EPA") implemented engine requirements designed to reduce emissions over a period of time. These requirements have been implemented in multiple phases and required progressively more restrictive emission requirements in 2007 and 2010. Compliance with the new emission standards has resulted in a

significant increase in the cost of new tractors and higher maintenance costs. As of December 31, 2015, 99% of our owned tractor fleet was 2014 or newer model year engine technology.

In addition, in August 2011, the National Highway Traffic Safety Administration (“NHTSA”) and EPA adopted a new rule that established the first-ever fuel economy and greenhouse gas standards for tractors. These standards apply to model years 2014 to 2018, which are required to achieve an approximate 20% reduction in fuel consumption by 2018 model year. Further, in February 2014 President Barack Obama announced that his administration will begin developing the next phase of tighter fuel efficiency standards for tractors, and directed the EPA and NHTSA to develop new fuel-efficiency and greenhouse gas standards in 2016. We already have some of the 2014 engine technology in our fleet and have experienced increased new tractor prices and additional parts and maintenance costs, which will continue as we upgrade our fleet and could adversely affect our operating results and profitability, particularly if such costs are not offset by potential fuel savings. We cannot predict, however, the extent to which our operations and productivity will be impacted.

## Fuel

We purchase diesel fuel ("fuel") over-the-road through a network of fuel stops throughout the United States at which we have negotiated price discounts. In addition, bulk fuel sites are maintained at the majority of our twenty-one terminal locations. We strategically manage fuel purchase decisions based on pricing of over-the-road fuel prices, bulk fuel prices, and the routing of equipment. Both above ground and underground storage tanks are utilized at the bulk fuel sites. Exposure to environmental cleanup costs is minimized by periodic inspection and monitoring of the tanks. Increases in fuel prices can have an adverse effect on the results of operations. We have fuel surcharge agreements with most customers that enable us to pass through most long-term price increases. For the years ended December 31, 2015, 2014, and 2013, fuel expense was \$123.7 million, \$219.3 million, and \$172.3 million or 20.0%, 29.7%, and 36.7% respectively, of our total operating expenses. For the year ended December 31, 2015, 2014, and 2013, fuel surcharge revenues were \$91.8 million, \$170.4 million, and \$118.4 million, respectively. Department of Energy ("DOE") average price of fuel decreased 29.5% in 2015 compared to 2014 and 2.8% in 2014 compared to 2013, which had a positive impact on our net fuel cost for the years ended December 31, 2015 and 2014. Additionally, overall fuel efficiency has improved during 2015 due to adding more fuel-efficient late-model tractors to the operating fleet, which include various idle management technologies. Fuel consumed by empty and out-of-route miles and by truck engine idling time is not recoverable and therefore any increases or decreases in fuel prices related to empty and out-of-route miles and idling time will directly impact our operating results.

## Competition and Industry

The truckload industry is highly competitive and fragmented with thousands of carriers of varying sizes. We compete with other truckload carriers; primarily those serving the regional, short-to-medium haul market. Logistics providers, railroads, less-than-truckload carriers, and private fleets provide additional competition but to a lesser extent. The industry is highly competitive based primarily upon freight rates, qualified drivers, service, and equipment availability.

The demand for freight services was moderate in 2013 and strong in 2014 as demand for freight services generally outpaced industry capacity in 2014 and into early 2015. The demand for freight services generally slowed in the later months of 2015 compared to 2014 levels. Industry capacity continues to be hindered by an insufficient quantity of qualified drivers, which is further challenged by various regulations that reduce drivers' availability. An industry shortage of qualified drivers, in conjunction with reduced driver utilization, creates a favorable rate environment, but also a general industry trend toward increased driver wages to attract and retain qualified drivers.

## Safety and Risk Management

We are committed to promoting and maintaining a safe operation. Our safety program is designed to minimize accidents and to conduct our business within governmental safety regulations. We communicate safety issues with drivers on a regular basis and emphasize safety through equipment specifications and regularly scheduled maintenance intervals. Our drivers are compensated and recognized for the achievement of a safe driving record.

The primary risks associated with our business include cargo loss and physical damage, personal injury, property damage, and workers' compensation claims. We self-insure a portion of the exposure related to all of the aforementioned risks. Insurance coverage, including self-insurance retention levels, is evaluated on an annual basis. We actively participate in the settlement of each claim incurred.

We act as a self-insurer for auto liability involving property damage, personal injury, or cargo based on defined insurance retention of \$0.5 million or \$2.0 million for any individual claim based on the insured party and circumstances of the loss event. Liabilities in excess of these amounts, for any individual claim, are covered by insurance up to \$100.0 million. We retain any liability in excess of \$100.0 million. We act as a self-insurer for

workers' compensation liability of \$0.5 million or \$1.0 million for any individual claim based on the insured party and circumstances of the loss event. Liabilities in excess of this amount are covered by insurance. In addition, we maintain primary and excess coverage for employee health insurance and catastrophic physical damage coverage is carried to protect against natural disasters. Finally, we act as a self-insurer for any physical damage to our tractors and trailers.

#### Regulation

We are a common and contract motor carrier regulated by the DOT and various state and local agencies. The DOT generally governs matters such as safety requirements, registration to engage in motor carrier operations, insurance requirements, and periodic financial reporting. Our Company drivers and independent contractors also must comply with the safety and fitness regulations of the DOT, including those relating to drug and alcohol testing and hours-of-service. Such matters as weight and equipment

dimensions are also subject to U.S. regulations. We also may become subject to new or more restrictive regulations relating to fuel emissions, drivers' hours-of-service, ergonomics, or other matters affecting safety or operating methods. Other agencies, such as the Environmental Protection Agency ("EPA") and the Department of Homeland Security ("DHS") also regulate our equipment, operations, and drivers.

The DOT, through the Federal Motor Carrier Safety Administration ("FMCSA"), imposes safety and fitness regulations on us and our drivers, including rules that restrict driver hours-of-service. In December 2011, the FMCSA published its 2011 Hours-of-Service Final Rule (the "2011 Rule"). The 2011 Rule requires drivers to take 30-minute breaks after eight hours of consecutive driving and reduces the total number of hours a driver is permitted to work during each week from 82 hours to 70 hours. The 2011 Rule also provides that the 34-hour restart may only be used once per week and must include two rest periods between one a.m. and five a.m. (together, the "2011 Restart Restrictions"). These rule changes became effective in July 2013. We believe the 2011 Rule led to decreased productivity and caused some loss of efficiency, as drivers and shippers have needed supplemental training, computer programming has required modifications, additional drivers have been employed or engaged, additional equipment has been acquired, and shipping lanes have been reconfigured.

In December 2014, the 2015 Omnibus Appropriations bill was signed into law. Among other things, the legislation provided temporary relief from the 2011 Restart Restrictions, and essentially reverted back to the more straight forward 34-hour restart rule that was in effect before the 2011 Rule became effective. In 2016, Congress is expected to consider a study conducted by the FMCSA related to the 2011 Restart Restrictions. Congressional action based on the findings of the study could result in a reinstatement, continued suspension, or complete withdrawal of the 2011 Restart Restrictions. If the 2011 Restart Restrictions are reinstated, we may experience a decrease in production and loss of efficiency similar to that experienced during 2013 and 2014 when the 2011 Restart Restrictions were in effect.

There are two methods of evaluating the safety and fitness of carriers. The first method is the application of a safety rating that is based on an onsite investigation and affects a carrier's ability to operate in interstate commerce. We currently have a satisfactory DOT safety rating under this method, which is the highest available rating under the current safety rating scale. If we received a conditional or unsatisfactory DOT safety rating, it could adversely affect our business, as some of our existing customer contracts require a satisfactory DOT safety rating. In January 2016, the FMCSA published a Notice of Proposed Rulemaking outlining a revised safety rating measurement system which would replace the current methodology. Under the proposed rules, the current three safety ratings of "satisfactory," "conditional," and "unsatisfactory" would be replaced with a single safety rating of "unfit." Thus a carrier with no rating would be deemed fit. Moreover, data from roadside inspections and the results of all investigations would be used to determine a carrier's fitness on an ongoing basis. This would replace the current methodology of determining a carrier's fitness based solely on infrequent comprehensive onsite reviews. The proposed rules will undergo a 90-day public comment period, after which, a final rule could either be published or become subject to further legislative reviews and delays. Therefore, it's uncertain if or when these proposed rules could take effect. However, if such rules were enacted and we received a rating of unfit, it would adversely affect our operations.

In addition to the safety rating system, the FMCSA has adopted the Compliance Safety Accountability program ("CSA") as an additional safety enforcement and compliance model that evaluates and ranks fleets on certain safety-related standards. The CSA program analyzes data from roadside inspections, moving violations, crash reports from the last two years, and investigation results. The data is organized into seven categories. Carriers are grouped by category with other carriers that have a similar number of safety events (e.g., crashes, inspections, or violations) and carriers are ranked and assigned a rating percentile to prioritize them for interventions if they are above a certain threshold. Currently, these scores do not have a direct impact on a carrier's safety rating. However, the occurrence of unfavorable scores in one or more categories may (i) affect driver recruiting and retention by causing high-quality drivers to seek employment with other carriers, (ii) cause our customers to direct their business away from us and to carriers with higher fleet safety rankings (iii), subject us to an increase in compliance reviews and roadside inspections, or (iv) cause us to incur greater than expected expenses in its attempts to improve unfavorable scores, any of which could

adversely affect our results of operations and profitability.

Under CSA, these scores were initially made available to the public in five of the seven categories. However, pursuant to the FAST Act, which was signed into law in December 2015, the FMCSA is required to remove from public view the previously available CSA scores while it reviews the reliability of the scoring system. During this period of review by the FMCSA, we will continue to have access to our own scores and will still be subject to intervention by the FMCSA when such scores are above the intervention thresholds. We will continue to monitor our CSA scores and compliance through results from roadside inspections and other data available to detect positive or negative trends in compliance issues on an ongoing basis.

In 2011, the FMCSA issued new rules that would require nearly all carriers, including us, to install and use electronic on-board recording devices (“EOBRs,” now referred to as electronic logging devices, or “ELDs”) in their tractors to electronically monitor truck miles and enforce hours-of-service. These rules, however, were vacated by the Seventh Circuit Court of Appeals in August

6

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2011. The final rule related to mandatory use of ELDs was published in December 2015, and requires the use of ELDs by nearly all carriers by December 10, 2017. Although we were not required to install ELDs in our tractors, we proactively installed ELDs on 100% of our over-the-road tractors in 2011. We believe such early adoption and implementation of ELDs among our fleet during 2011 has provided cost savings to us by implementing ELDs prior to any final rules by the FMCSA as well as positioning us for future rules mandating the use of ELDs.

In the aftermath of the September 11, 2001 terrorist attacks, the Department of Homeland Security (“DHS”) and other federal, state, and municipal authorities implemented and continue to implement various security measures, including checkpoints and travel restrictions on large trucks. The U.S. Transportation Security Administration (“TSA”) adopted regulations that require determination by the TSA that each driver who applies for or renews his or her license for carrying hazardous materials is not a security threat. This could reduce the pool of qualified drivers who are permitted to transport hazardous waste, which could require us to increase driver compensation, limit our fleet growth, or allow trucks to sit idle. These regulations also could complicate the matching of available equipment with hazardous material shipments, thereby increasing our response time on customer orders and our non-revenue miles. As a result, it is possible we could fail to meet the needs of our customers or could incur increased expenses to do so. While transporting hazardous materials subjects us to a wide array of regulations, the number of hazardous material shipments we make is insignificant relative to our total number of shipments.

In November 2015, the FMCSA published its final rule related to driver coercion, which took effect on January 29, 2016. Under this rule, carriers, shippers, receivers, or transportation intermediaries that are found to have coerced drivers to violate certain FMCSA regulations (including hours-of-service rules) may be fined up to \$16,000 for each offense. The FMCSA and certain legislators have proposed other rules that may be published as early as 2016, including (i) the use of speed limiting devices on heavy duty trucks to restrict maximum speeds, (ii) the creation of a national clearinghouse so employers and prospective employers could query to determine if current or prospective drivers have had any drug/alcohol positives or refusals, and (iii) an increase in the allowable length of twin trailers from 28 feet to 33 feet. If these rules take effect, they could result in a decrease in fleet production, driver availability, and freight tonnage available to full truckload carriers, all of which could adversely affect our business or operations.

We are subject to various environmental laws and regulations dealing with the hauling and handling of hazardous materials, fuel storage tanks, air emissions from our vehicles and facilities, engine idling, and discharge and retention of storm water. Our truck terminals often are located in industrial areas where groundwater or other forms of environmental contamination could occur. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. Certain facilities have waste oil or fuel storage tanks and fueling islands. Management believes that its operations are in compliance with current laws and regulations and does not know of any existing condition that would cause non-compliance with applicable environmental regulations that would have a material effect on our capital expenditures, earnings or competitive position. Additionally, increasing efforts to control emissions of greenhouse gases may have an adverse effect on us. Although we have instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations, if we are involved in a spill or other accident involving hazardous substances, if there are releases of hazardous substances we transport, if soil or groundwater contamination is found at our facilities or results from our operations, or if we are found to be in violation of applicable laws or regulations, we could be subject to cleanup costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on our business and operating results.

EPA regulations limiting exhaust emissions became more restrictive in 2010. In 2010, an executive memorandum was signed directing the National Highway Traffic Safety Administration (“NHTSA”) and the EPA to develop new, stricter fuel efficiency standards for heavy trucks. In 2011, the NHTSA and the EPA adopted final rules that established the first-ever fuel economy and greenhouse gas standards for medium-and heavy-duty vehicles. These standards apply to model years 2014 to 2018, which are required to achieve an approximate 20 percent reduction in fuel consumption by 2018, and equates to approximately four gallons of fuel for every 100 miles traveled. In addition, in February 2014,



President Obama announced that his administration will begin developing the next phase of tighter fuel efficiency standards for medium-and heavy-duty vehicles and directed the EPA and NHTSA to develop new fuel efficiency and greenhouse gas standards by March 31, 2016. In response, in June 2015, the EPA and NHTSA jointly proposed new, stricter standards that would apply to trailers beginning with model year 2018 and tractors beginning with model year 2021. After an extended comment period ending in October 2015, a final rule has not been published. If this rule or a similar rule was enacted, we believe these requirements could result in increased new tractor prices and additional parts and maintenance costs incurred to retrofit our tractors with technology to achieve compliance with such standards, which could adversely affect our operating results and profitability, particularly if such costs are not offset by potential fuel savings. We cannot predict, however, the extent to which our operations and productivity will be impacted.

The California Air Resources Board ("CARB") also adopted emission control regulations that will be applicable to all heavy-duty tractors that pull 53-foot or longer box-type trailers within the State of California. The tractors and trailers subject to these CARB

7

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regulations must be either EPA SmartWay certified or equipped with low-rolling, resistance tires and retrofitted with SmartWay-approved aerodynamic technologies. Enforcement of these CARB regulations for model year 2011 equipment began in January 2010 and will be phased in over several years for older equipment. Federal and state lawmakers also are considering a variety of other climate-change proposals. Compliance with such regulations could increase the cost of new tractors and trailers, impair equipment productivity, and increase operating expenses. These effects, combined with the uncertainty as to the operating results that will be produced by the newly designed diesel engines and the residual values of these vehicles, could increase our costs or otherwise adversely affect our business or operations.

In order to reduce exhaust emissions, some states and municipalities have begun to restrict the locations and amount of time where diesel-powered tractors may idle. These restrictions could force us to purchase on-board power units that do not require the engine to idle or to alter its drivers' behavior, which could result in a decrease in productivity.

We may also become subject to new or more restrictive regulations relating to matters such as ergonomics. Our drivers and independent contractors also must comply with the safety and fitness regulations promulgated by the DOT, including those relating to drug and alcohol testing. Additional changes in the laws and regulations governing our industry could affect the economics of the industry by requiring changes in operating practices or by influencing the demand for, and the costs of providing, services to shippers.

#### Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Definitive Proxy Statements, Current Reports on Form 8-K and other information filed with the Securities and Exchange Commission ("SEC") are available to the public, free of charge, through the "Investors" section on our Internet website, at <http://www.heartlandexpress.com>. Information on our website is not incorporated by reference into this Annual Report. You may also access and read our filings with the SEC without charge through the SEC's website at [www.sec.gov](http://www.sec.gov).

#### ITEM 1A. RISK FACTORS

Our future results may be affected by a number of factors over which we have little or no control. The following discussion of risk factors contains forward-looking statements as discussed in "Cautionary Note Regarding Forward-Looking Statements" above. The following issues, uncertainties, and risks, among others, should be considered in evaluating our business and growth outlook. If any of the following risk factors, as well as other risks and uncertainties that are not currently known to us or that we currently believe are not material, actually occur, our business, financial condition, and results of operations could be materially adversely affected and you may lose all or a significant part of your investment.

Our business is subject to general economic and business factors affecting the trucking industry that are largely out of our control, any of which could have a materially adverse effect on our operating results.

The truckload industry is highly cyclical and our business is dependent on a number of factors that may have a negative impact on our results of operations, many of which are beyond our control. We believe that some of the most significant of these factors are economic changes that affect supply and demand, in transportation markets, such as:

- recessionary economic conditions and downturns in customers' business cycles;
- changes in customers' inventory levels and in the availability of funding for their working capital;
- excess tractor and trailer capacity in comparison with shipping demand;
- the rate of unemployment and availability of and compensation for alternative jobs for truck drivers;
- activity in key economic indicators such as manufacturing of automobiles and durable goods, and housing construction;
- supply chain disruptions due to factors such as weather, strikes or slowdowns affecting ports and other shipping locations or other transportation providers, and railroad congestion;
- changes in interest rates;
- global currency markets and the relative strength of the U.S. Dollar and potential impacts to certain customers' financial strength and overall freight demand; and
- global supply and demand for crude oil and its impact on domestic fuel costs.

Conditions that decrease shipping demand or increase the supply of tractors and trailers can exert downward pressure on rates and equipment utilization, thereby decreasing asset productivity. The risks associated with these factors are heightened when the U.S. economy is weakened. Some of the principal risks of such conditions are as follows:

- we may experience a reduction in overall freight levels, which may impair our asset utilization;
- certain of our customers may face credit issues and could experience cash flow problems that may lead to payment delays, increased credit risk, bankruptcies and other financial hardships that could result in even lower freight demand and may require us to increase our allowance for doubtful accounts;
- freight patterns may change as supply chains are redesigned, resulting in an imbalance between our capacity and our customers' freight demand;
- customers may solicit bids for freight from multiple trucking companies or select competitors that offer lower rates from among existing choices in an attempt to lower their costs and we might be forced to lower our rates or lose freight;
- we may be forced to accept more freight from freight brokers, where freight rates are typically lower, or may be forced to incur more non-revenue miles to obtain loads; and
- the resale value of our equipment may decline, which could negatively impact our earnings and cash flows.

We also are subject to potential increases in various costs and other events that are outside of our control that could materially reduce our profitability if we are unable to increase our rates sufficiently. Such cost increases include, but are not limited to, fuel and energy prices, driver wages, taxes and interest rates, tolls, license and registration fees, insurance premiums, revenue equipment and related maintenance costs, and healthcare and other benefits for our employees. We cannot predict whether, or in what form, any such cost increase or event could occur. Any such cost increase or event could adversely affect our profitability.

In addition, we cannot predict future economic conditions, fuel price fluctuations or how consumer confidence could be affected by actual or threatened armed conflicts or terrorist attacks, government efforts to combat terrorism, military action against a foreign state or group located in a foreign state, or heightened security requirements. Enhanced security measures could impair our operating efficiency and productivity and result in higher operating costs.

Our growth may not continue at historical rates, if at all, and any decrease in revenues or profits may impair our ability to implement our business strategy, which could have a materially adverse effect on our results of operations.

Historically, we have experienced significant growth in revenue and profits. There can be no assurance that our business will continue to grow in a similar fashion in the future, or at all, or that we can effectively adapt our management, administrative, and operational systems to respond to any future growth. Further, there can be no assurance that our operating margins will not be adversely affected by future changes in and expansion of our business or by changes in economic conditions.

We have established terminals throughout the United States in order to serve markets in various regions. These regional operations require the commitment of additional personnel and revenue equipment, as well as management resources, for future development and establishing terminals and operations in new markets could require more time, resources or a more substantial financial commitment than anticipated. Should the growth in our regional operations stagnate or decline, the results of our operations could be adversely affected. As we continue to expand, it may become more difficult to identify large cities that can support a terminal and we may expand into smaller cities where there is insufficient economic activity, fewer opportunities for growth and fewer drivers and non-driver personnel to support the terminal. We may encounter operating conditions in these new markets, as well as our current markets, that differ substantially from our current operations and customer relationships and appropriate freight rates in new markets could be challenging to attain. These challenges may negatively impact our growth, which could have a materially adverse effect on our ability to execute our business strategy and our results of operations.

We are highly dependent on a few major customers, the loss of one or more of which could have a materially adverse effect on our business.

A significant portion of our operating revenue is generated from several major customers. For the year ended December 31, 2015, our top 25 customers, based on operating revenue, accounted for approximately 73% of our operating revenue. We cannot assure you that our customer relationships will continue as presently in effect or that we will receive our current customer rate levels in the future. A reduction in freight volumes or our services or termination of our services by one or more of our major customers, could have a materially adverse effect on our business and operating results. In addition, if any of our major customers experience financial hardship, the demand for our services could decrease, which could negatively affect our operating results.

Indebtedness under our Credit Agreement could have adverse consequences on our future operations.

Prior to the acquisition of GTI, we had not had outstanding indebtedness since the third quarter of 1997. Accordingly, we had not been required to devote any cash flows from operations to debt service payments, and we were not subject to affirmative and negative covenants customarily in a bank debt facility that impose restrictions on the operation of our business. In conjunction with the acquisition of GTI, we entered into a five-year, unsecured credit agreement with Wells Fargo Bank, National Association (the "Credit Agreement"), in the original amount of \$250.0 million. The Credit Agreement includes affirmative and negative covenants and periodic, permanent reductions in the lending commitment during the term of the facility. As of November 1, 2015, the lending commitment was reduced to \$200.0 million. At December 31, 2015, we had no outstanding borrowings under the Credit Agreement and \$4.7 million in standby letters of credit. We were in compliance with respective covenants at December 31, 2015. Any indebtedness under the Credit Agreement could have adverse consequences on our future operations, including:

- resulting in an event of default if we fail to comply with the financial and other covenants contained in the Credit Agreement, which could result in all of our debt thereunder becoming immediately due and payable;
- reducing the availability of our cash flows to fund organic growth, working capital, capital expenditures, dividends, stock repurchases, acquisitions and other general corporate purposes; and

- limiting our flexibility in planning for or reacting to and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy.

If our cash flows and capital resources are inadequate to service our obligations under the Credit Agreement, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the event that we need to refinance all or a portion of our outstanding debt before maturity or as it matures, we may be unable to obtain terms as favorable as the current terms of the Credit Agreement.

We have significant ongoing capital requirements that could affect our profitability if we are unable to generate sufficient cash from operations and obtain financing on favorable terms.

The truckload industry is capital intensive, and our historical policy of operating late-model revenue equipment requires us to invest significant amounts annually to maintain a newer average age for our fleet of revenue equipment. We expect to pay for projected capital expenditures with cash flows from operations, proceeds from sales of equipment being replaced, and with proceeds of borrowings if necessary. If we are unable to generate sufficient cash from operations, or proceeds from sales of equipment being replaced, or utilize borrowing capacity on our Credit Agreement, we would need to seek alternative sources of capital, including additional financing, to meet our capital requirements. In the event that we are unable to generate sufficient cash from operations or obtain additional financing on favorable terms in the future, we may have to limit our fleet size, enter into less favorable financing arrangements, or operate our revenue equipment for longer periods, any of which could have a materially adverse effect on our profitability.

Increased prices, reduced productivity, and restricted availability of new revenue equipment and decreased demand and value of used equipment may adversely affect our earnings and cash flows.

We are subject to risk with respect to higher prices for new tractors. Prices may increase due to, among other reasons, (i) increases in commodity prices, (ii) government regulations applicable to newly manufactured tractors, trailers and diesel engines and (iii) the pricing discretion of equipment manufacturers. In addition, the engines installed in our newer tractors are subject to emissions control regulations issued by the EPA. The regulations require reductions in exhaust emissions from diesel engines manufactured in or after 2010. Compliance with such regulations has increased the cost of our new tractors and could impair equipment productivity, lower fuel mileage and increase our operating expenses. These adverse effects, combined with the uncertainty as to the reliability of the vehicles equipped with the newly designed diesel engines and the residual values realized from the disposition of these vehicles, could increase our costs or otherwise adversely affect our business or operations as the regulations become effective.

The market for used equipment is cyclical and can be volatile, and any downturn in the market could negatively impact our earnings and cash flows. In recent periods, we have recognized significant gains on the sale of our used tractors and trailers, in part because of a strong used equipment market. During periods of lower used equipment values, we may generate lower gains on sale, which would reduce our earnings and cash flows, and could adversely impact our liquidity and financial condition. Alternatively, we could decide, or be forced, to operate our equipment longer, which could negatively impact maintenance and repairs expense, customer service, and driver satisfaction.

If fuel prices increase significantly, our results of operations could be adversely affected.

Our operations are dependent upon fuel. Prices and availability of petroleum products are subject to political, economic, weather-related, geographic and market factors that are outside our control and each of which may lead to fluctuations in the cost of fuel. Because our operations are dependent upon fuel, significant increases in fuel costs could materially and adversely affect our results of operations and financial condition if we are unable to pass increased costs on to customers through rate increases or fuel surcharges. Even if we are able to pass some increased costs on to customers, fuel surcharge programs generally do not protect us against all of the increases in fuel prices. Moreover, in times of rising fuel prices, the lag between purchasing the fuel, and the billing for the surcharge (which typically is based on the prior week's average price), can negatively impact our earnings and cash flows. In addition, the terms of each customer's fuel surcharge agreement vary, and customers may seek to modify the terms of their fuel surcharge agreements to minimize recoverability for fuel price increases. Our results of operations and cash flows would be negatively affected to the extent we cannot recover higher fuel costs or fail to improve our fuel price protection through our fuel surcharge program. Increases in fuel prices, or a shortage or rationing of fuel, could also materially and adversely affect our results of operations.

Difficulty in attracting and retaining drivers, including independent contractors, may have a materially adverse effect on our business.

Difficulty in attracting or retaining qualified drivers, including independent contractors, could have a materially adverse effect on our growth and profitability. Competition for drivers, which has been historically intense, may increase even more as the overall demand for freight services increases with improvements in economic conditions. We have seen evidence that CSA and stricter hours-of-service (“HOS”) regulations adopted by the United States DOT in July 2013 have tightened, and may continue to tighten, the market for eligible drivers. The recent ELD regulations, requiring compliance by 2017, are expected to further tighten the market for eligible drivers. If a shortage of drivers were to occur, or if we were unable to attract and contract with independent contractors, we could be forced to, among other things, limit our growth, decrease the number of our tractors in service, or adjust our driver compensation package or independent contractor compensation, which could adversely affect our profitability and results of operations if not offset by a corresponding increase in customer rates. In addition, our independent contractors are



responsible for paying for their own equipment, fuel and other operating costs. Significant increases in these costs could cause them to seek higher compensation from us or seek other opportunities within or outside the trucking industry.

If our independent contractors are deemed by regulators or judicial process to be employees, our business and results of operations could be adversely affected.

Tax and other regulatory authorities have in the past sought to assert that independent contractors in the trucking industry are employees rather than independent contractors. Members of Congress have frequently proposed federal legislation that would make it easier to reclassify independent contractors as employees and impose increased recordkeeping and compliance obligations on businesses that use independent contractors. Some states have put initiatives in place to increase their revenues from items such as unemployment, workers' compensation and income taxes, and a reclassification of independent contractors as employees would help states with this initiative. Further, class actions and other lawsuits have been filed in our industry seeking to reclassify independent contractors as employees for a variety of purposes, including workers' compensation and health care coverage. Taxing and other regulatory authorities and courts apply a variety of standards in their determination of independent contractors' status. If our independent contractors are determined to be our employees, we would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings.

We operate in a highly regulated industry and increased costs of compliance with, or liability for violation of, existing or future regulations could have a materially adverse effect on our business.

We operate in the United States pursuant to operating authority granted by the DOT. Our company drivers and independent contractors also must comply with the safety and fitness regulations of the DOT, including those relating to CSA safety performance and measurements, drug and alcohol testing and HOS. Weight and equipment dimensions also are subject to government regulations. We also may become subject to new or more restrictive regulations relating to exhaust emissions, drivers' HOS, ergonomics, collective bargaining, security at ports, and other matters affecting safety or operating methods.

In 2011, the FMCSA issued new rules that would require nearly all carriers, including us, to install and use ELDs in their tractors to electronically monitor truck miles and enforce hours-of-service. These rules, however, were vacated by the Seventh Circuit Court of Appeals in August 2011. The final rule related to mandatory use of ELDs was published in December 2015, and requires the use of ELDs by nearly all carriers by December 10, 2017. Although we were not required to install ELDs in our tractors, we proactively installed ELDs on 100% of our over-the-road tractors in 2011. We believe such early adoption and implementation of ELDs among our fleet during 2011 has provided cost savings to us by implementing ELDs prior to any final rules by the FMCSA as well as positioning us for future rules mandating the use of ELDs.

Federal, state, and municipal authorities have implemented and continue to implement various security measures, including checkpoints and travel restrictions on large trucks. The TSA has adopted regulations that require a determination by the TSA that each driver who applies for or renews his or her license for carrying hazardous materials is not a security threat. This could reduce the pool of qualified drivers, which could require us to increase driver compensation, limit our fleet growth, or let trucks sit idle. These regulations also could complicate the matching of available equipment with hazardous material shipments, thereby increasing our response time on customer orders and our non-revenue miles. As a result, it is possible we may fail to meet the needs of our customers or may incur increased expenses to do so. These security measures could negatively impact our operating results.

Some states and municipalities have begun to restrict the locations and amount of time where diesel-powered tractors, such as ours, may idle, in order to reduce exhaust emissions. These restrictions could force us to alter our drivers' behavior, purchase on-board power units (for portions of our tractor fleet that do not currently have them) that do not

require the engine to idle, or face a decrease in productivity.

Future laws and regulations may be more stringent and require changes in our operating practices, influence the demand for transportation services or require us to incur significant additional costs. Higher costs incurred by us or by our suppliers who pass the costs on to us through higher prices could adversely affect our results of operations. The Regulation section in Item 1 of this Annual Report discusses several proposed, pending, and final regulations that could significantly impact our business and operations.

Safety-related evaluations and rankings under CSA could adversely affect our profitability and operations, our ability to maintain or grow our fleet, and our customer relationships.

Under CSA, drivers and fleets are evaluated and ranked based on certain safety-related standards. The methodology for determining a carrier's DOT safety rating has been expanded to include the on-road safety performance of the carrier's drivers. As a result,

12

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certain current and potential drivers may no longer be eligible to drive for us, our fleet could be ranked poorly as compared to our peers, and our safety rating could be adversely impacted. A reduction in eligible drivers or a poor fleet ranking may result in difficulty attracting and retaining qualified drivers, including impacting our number of unmanned trucks, and could cause our customers to direct their business away from us and to carriers with higher fleet rankings, which would adversely affect our results of operations. Additionally, competition for drivers with favorable safety ratings may increase and thus provide for increases in driver related compensation cost. From time to time we could exceed the FMCSA's established intervention thresholds under certain categories, which could cause our drivers to be prioritized for intervention action or roadside inspection by regulatory authorities. Such action or inspection could adversely affect our results of operations and we may incur greater than expected expenses in our attempts to improve our scores.

Our operations are subject to various environmental laws and regulations, the violation of which could result in substantial fines or penalties.

We are subject to various environmental laws and regulations dealing with the hauling and handling of hazardous materials, waste oil, fuel storage tanks, air emissions from our vehicles and facilities, engine idling, and discharge and retention of storm water. Our truck terminals often are located in industrial areas where groundwater or other forms of environmental contamination could occur. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. Certain of our facilities have waste oil or fuel storage tanks and fueling islands. If we are involved in a spill or other accident involving hazardous substances, if there are releases of hazardous substances we transport, if soil or groundwater contamination is found at our facilities or results from our operations, or if we are found to be in violation of applicable laws or regulations, we could be subject to cleanup costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on our business and operating results.

EPA regulations limiting exhaust emissions became more restrictive in 2010. In 2010, an executive memorandum was signed directing the NHTSA and the EPA to develop new, stricter fuel efficiency standards for heavy trucks. In 2011, the NHTSA and the EPA adopted final rules that established the first-ever fuel economy and greenhouse gas standards for medium-and heavy-duty vehicles. These standards apply to model years 2014 to 2018, which are required to achieve an approximate 20 percent reduction in fuel consumption by model year 2018, and equates to approximately four gallons of fuel for every 100 miles traveled. In addition, in February 2014, President Obama announced that his administration will begin developing the next phase of tighter fuel efficiency standards for medium-and heavy-duty vehicles and directed the EPA and NHTSA to develop new fuel efficiency and greenhouse gas standards by March 31, 2016. In response, in June 2015, the EPA and NHTSA jointly proposed new stricter standards that would apply to trailers beginning with model year 2018 and tractors beginning with model year 2021. After an extended comment period ending in October 2015, a final rule has not been published. If this rule or a similar rule was enacted, we believe these requirements could result in increased new tractor prices and additional parts and maintenance costs incurred to retrofit our tractors with technology to achieve compliance with such standards, which could adversely affect our operating results and profitability, particularly if such costs are not offset by potential fuel savings. We cannot predict, however, the extent to which our operations and productivity will be impacted.

We are exposed to risks related to our acquisition of GTI and we may not be able to achieve the benefits we expected at the time of the acquisition. Any failure to implement our business strategy with respect to the GTI acquisition could negatively impact our business, financial condition and results of operations.

We have partially completed the integration of GTI's business into our own. However, additional activities remain to be completed, and many of these activities involve third parties, including customers, drivers, and suppliers, whose actions are out of our control. We have not yet achieved, and may never achieve, the full benefit of the revenue enhancements and cost savings we expected at the time of the acquisition. In addition, even if we achieve the expected benefits, we may be unable to achieve them within the anticipated time frame. Also, the cost savings and other

benefits may be offset by unexpected costs incurred in integrating GTI, increases in other expenses, or problems in the business unrelated to the GTI acquisition. If the integration is not successful, or if we fail to implement our business strategy with respect to the acquisition, we may be unable to achieve expected results and our business, financial condition and results of operations may be materially and adversely affected.

Specific risks associated with the remaining integration include the following:

13

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- the potential loss of customers, employees, suppliers, other business partners or independent contractors;
- failure to effectively consolidate functional areas, which may be impeded by inconsistencies in, or conflicts between, standards, controls, procedures, policies, business cultures and compensation structures;
- potential future impairment charges, write-offs, write-downs or restructuring charges that could adversely affect our results of operations;
- significant deficiencies or material weaknesses in financial controls over financial reporting;
- increased tax liability or other tax risk if future earnings are less than anticipated, there is a change in the deductibility of items, or we are unable to realize the benefits of a special tax election referred to as a “Section 338(h)(10) election”;
- exposure to unknown liabilities or other obligations of GTI, which may include matters relating to employment, labor and employee benefits, litigation, accident claims and environmental issues, and which may affect our ability to comply with applicable laws;
- the coordination of resources across broad geographical areas;
- the loss of truck drivers of GTI or our historical operations due to differences in pay, policies, business culture, branding, or other factors, or an increase in costs of recruiting and retaining truck drivers; and
- the challenges of moving toward a single brand and market identity.

We may not make acquisitions in the future, or if we do, we may not be successful in integrating the acquired company, either of which could have a materially adverse effect on our business.

Historically, acquisitions have been a part of our growth. There is no assurance that we will be successful in identifying, negotiating, or consummating any future acquisitions. If we fail to make any future acquisitions, our growth rate could be materially and adversely affected. Any additional acquisitions we undertake could involve the dilutive issuance of equity securities, incurring indebtedness and/or incurring large one-time expenses. In addition, acquisitions involve numerous risks, including difficulties in assimilating the acquired company's operations, the diversion of our management's attention from other business concerns, risks of entering into markets in which we have had no or only limited direct experience, and the potential loss of customers, key employees and drivers of the acquired company, all of which could have a materially adverse effect on our business and operating results. If we make acquisitions in the future, we cannot guarantee that we will be able to successfully integrate the acquired companies or assets into our business, which would have a materially adverse effect on our business, financial condition, and results of operations.

If we are unable to retain our key employees or find, develop and retain terminal managers, our business, financial condition and results of operations could be adversely affected.

We are highly dependent upon the services of several executive officers and key management employees. The loss of any of their services could have a short-term, negative impact on our operations and profitability. We currently do not have employment agreements with any of our key employees or executive officers, and the loss of any of their services could negatively impact our operations and future profitability. We must continue to develop and retain a core group of managers if we are to realize our goal of expanding our operations and continuing our growth. Failing to develop and retain a core group of managers could have a materially adverse effect on our business.

Seasonality and the impact of weather affect our operations and profitability.

Weather and other seasonal events could adversely affect our operating results. Our tractor productivity decreases during the winter season because inclement weather impedes operations, and some shippers reduce their shipments after the winter holiday season. Revenue can also be affected by bad weather and holidays, since revenue is directly related to available working days of shippers. At the same time, operating expenses increase and fuel efficiency declines because of engine idling and harsh weather, which creates higher accident frequency, increased claims, and more equipment repairs. We can also suffer short-term impacts

14

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from weather-related events such as hurricanes, blizzards, ice storms, and floods that could harm our results or make our results more volatile.

We self-insure for a significant portion of our claims exposure, which could significantly increase the volatility of, and decrease the amount of, our earnings.

Our future insurance and claims expense might exceed historical levels, which could reduce our earnings. We self-insure for a portion of our claims exposure resulting from workers' compensation, auto liability, general liability, cargo and property damage claims, as well as employees' health insurance. We are also responsible for our legal expenses relating to such claims. We reserve currently for anticipated losses and related expenses. We periodically evaluate and adjust our claims reserves to reflect trends in our own experience as well as industry trends. However, ultimate results may differ from our estimates, which could result in losses over our reserved amounts. We do not currently maintain directors' and officers' insurance coverage, although we are obligated to indemnify them against certain liabilities they may incur while serving in such capacities.

We maintain insurance with licensed insurance carriers for the amounts in excess of our self-insured portion. It is possible that one or more claims could exceed our aggregate coverage limits. Insurance carriers that provide excess insurance coverage to us currently and for past claim years have encountered financial issues. Recently, there have been several insurance carriers that have exited the excess reinsurance market. Insurance carriers have raised premiums for many businesses, including trucking companies. As a result, our insurance and claims expense could increase, or we could raise our self-insured retention when our policies are renewed or replaced. If these expenses increase, or if we experience a claim in excess of our coverage limits, or we experience a claim for which coverage is not provided or we experience a claim that is covered and our insurance company fails to perform, results of our operations and financial condition could be materially and adversely affected.

We are dependent on computer and communications systems, and a systems failure could cause a significant disruption to our business.

Our business depends on the efficient and uninterrupted operation of our computer and communications hardware systems and infrastructure including our communications with our fleet of revenue equipment. We currently use a centralized computer network and regular communication to achieve system-wide load coordination. Our operating system is critical to understanding customer demands, accepting and planning loads, dispatching drivers and equipment, and billing and collecting for our services. Our operations and those of our technology and communications service providers are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure, terrorist attacks, internet failures, computer viruses, deliberate attacks of unauthorized access to systems, denial-of-service attacks on websites and other events beyond our control. If any of our critical systems fail or become otherwise unavailable, whether as a result of the upgrade project or otherwise, we would have to perform the functions manually, which could temporarily impact our ability to manage our fleet efficiently, to respond to customers' requests effectively, to maintain billing and other records reliably and to bill for services and prepare financial statements accurately or in a timely manner. Any significant system failure, upgrade complication, security breach or other system disruption could interrupt or delay our operations, damage our reputation, cause us to lose customers or impact our ability to manage our operations and report our financial performance, any of which could have a materially adverse effect on our business.

Concentrated ownership of our stock can influence stockholder decisions, may discourage a change in control, and may have an adverse effect on share price of our stock.

Investors who purchase our common stock may be subject to certain risks due to the concentrated ownership of our common stock. The Gerdin family, our directors, and our executive officers, as a group, own or control approximately 45% of our common stock. This ownership concentration may have the effect of discouraging, delaying, or preventing

a change in control, and may also have an adverse effect on the market price of our shares. As a result of their ownership, the Gerdin family, the executive officers and directors, as a group, may have the ability to influence the outcome of any matter submitted to our stockholders for approval, including the election of directors. This concentration of ownership could limit the price that some investors might be willing to pay for our common stock, and could allow the Gerdin family to prevent or could discourage or delay a change of control, which other stockholders may favor. Further, our bylaws have been amended to “opt out” of the Nevada control share statute. Accordingly, an acquisition of more than a majority of our common stock by the Gerdin family will not result in certain shares in excess of a majority losing their voting rights and may enhance the Gerdin family's ability to exercise control over decisions affecting us. The interests of the Gerdin family may conflict with the interests of other holders of our common stock, and they may take actions affecting us with which other stockholders disagree.



Efforts by labor unions could divert management's attention and could have a materially adverse effect on our operating results.

Any attempt to organize by our employees could result in increased legal and other associated costs. In addition, if an attempted organizing effort were successful and we were to enter into a collective bargaining agreement, the terms could negatively affect our costs, efficiency and ability to generate acceptable returns on the affected operations.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

#### ITEM 2. PROPERTIES

Our headquarters is located in North Liberty, Iowa which is located on Interstate 380 near the intersection of Interstates 380 and 80. The headquarters is located on 40 acres of land along the Cedar Rapids/Iowa City business corridor and includes a 65,000 square foot office building and a 32,600 square foot shop and maintenance building.

The following table provides information regarding our terminal facilities:

Company Location	Office	Shop	Fuel	Owned or Leased
Albany, Oregon	Yes	Yes	Yes	Leased
Atlanta, Georgia	Yes	Yes	Yes	Owned
Boise, Idaho	Yes	Yes	No	Owned
Carlisle, Pennsylvania	Yes	Yes	Yes	Owned
Chester, Virginia	Yes	Yes	Yes	Owned
Clackamas, Oregon	Yes	Yes	No	Leased
Columbus, Ohio	Yes	Yes	Yes	Owned
Denver, Colorado	No	Yes	No	Leased
Green Bay, Wisconsin	Yes	No	No	Leased
Indianapolis, Indiana <sup>(1)</sup>	Yes	Yes	No	Leased
Jacksonville, Florida	Yes	Yes	Yes	Owned
Kingsport, Tennessee	Yes	Yes	Yes	Owned
Lathrop, California	Yes	Yes	Yes	Owned
Medford, Oregon	Yes	Yes	Yes	Owned
North Liberty, Iowa <sup>(2)</sup>	Yes	Yes	Yes	Owned
Olive Branch, Mississippi	Yes	Yes	Yes	Owned
Pacific, Washington	Yes	Yes	Yes	Leased
Phoenix, Arizona	Yes	Yes	Yes	Owned
Pontoon Beach, Illinois	Yes	Yes	No	Owned
Rancho Cucamonga, California	Yes	Yes	Yes	Owned
Seagoville, Texas	Yes	Yes	Yes	Owned

(1) This location includes a land lease for a location that is separate from the terminal location.

(2) Corporation headquarters.

#### ITEM 3. LEGAL PROCEEDINGS

We are a party to ordinary, routine litigation and administrative proceedings incidental to our business. These proceedings primarily involve claims for personal injury, property damage, cargo, and workers' compensation incurred in connection with the transportation of freight. We maintain insurance to cover liabilities arising from the transportation of freight for amounts in excess of certain self-insured retentions.

ITEM 4. MINE SAFETY DISCLOSURES

None.

16

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## PART II

ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND  
5. ISSUER PURCHASES OF EQUITY SECURITIES

## Price Range of Common Stock

Our common stock trades on The NASDAQ Global Select Market under the symbol HTLD. The following table sets forth, for the calendar periods indicated, the range of high and low price quotations for our common stock as reported by The NASDAQ Global Select Market and our Company's dividends declared per common share from January 1, 2014 to December 31, 2015.

Period	High	Low	Dividends declared per Common Share
Calendar Year 2015			
1 <sup>st</sup> Quarter	\$27.80	\$23.31	\$0.02
2 <sup>nd</sup> Quarter	23.80	19.78	0.02
3 <sup>rd</sup> Quarter	22.13	19.09	0.02
4 <sup>th</sup> Quarter	21.95	16.35	0.02
Calendar Year 2014			
1 <sup>st</sup> Quarter	\$23.05	\$19.41	\$0.02
2 <sup>nd</sup> Quarter	23.53	19.96	0.02
3 <sup>rd</sup> Quarter	25.07	21.10	0.02
4 <sup>th</sup> Quarter	27.96	22.30	0.02

On February 24, 2016, the last reported sale price of our common stock on The NASDAQ Global Select Market was \$18.95 per share.

The prices reported reflect inter-dealer quotations without retail mark-ups, markdowns or commissions, and may not represent actual transactions. As of February 24, 2016, we had 208 stockholders of record of our common stock. However, we estimate that we have a significantly greater number of stockholders because a substantial number of our shares of record are held by brokers or dealers for their customers in street names.

## Dividend Policy

During the third quarter of 2003, we announced the implementation of a quarterly cash dividend program. We have declared and paid quarterly dividends for the past fifty consecutive quarters. During 2015 and 2014, we declared quarterly dividends as detailed below.

	2015			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Payment amount (per common share)	\$0.02	\$0.02	\$0.02	\$0.02
Payment amount total for all shares (in millions)	\$1.8	\$1.8	\$1.7	\$1.7
	2014			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Payment amount (per common share)	\$0.02	\$0.02	\$0.02	\$0.02
Payment amount total for all shares (in millions)	\$1.7	\$1.7	\$1.8	\$1.8



We currently intend to continue the quarterly cash dividend program. However, future payments of cash dividends will depend upon our financial condition, results of operations and capital requirements, as well as other factors deemed relevant by the Board of Directors.

### Stock Repurchase

In 2001, our Board of Directors authorized a program to repurchase 15.4 million shares, adjusted for stock splits, of our common stock in open market or negotiated transactions using available cash, cash equivalents and investments which was subsequently amended in February 2012. Upon completing prior authorizations, the Board approved new authorizations of 4.8 million shares in November, 2015. Approximately 4.2 million shares remained authorized for repurchase under the program as of December 31, 2015 and the program has no expiration date. There were 3.8 million shares repurchased in the open market during the year ended December 31, 2015 and no shares were repurchased during the years ended December 31, 2014 and 2013. Shares repurchased during 2015 were accounted for as treasury stock.

Shares repurchased during the three month period ended December 31, 2015 are as follows:

	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number of shares that may yet be purchased under the plans or programs
October 1, 2015 - October 31, 2015	589,076	\$ 19.52	589,076	1,451,817
November 1, 2015 - November 10, 2015 (prior authorization)	862,741	\$ 19.60	862,741	862,741
November 11, 2015 (new authorization)	—	—	—	4,750,000
November 12, 2015 - November 30, 2015	134,705	\$ 19.36	134,705	4,615,295
December 1, 2015 - December 31, 2015	397,117	\$ 18.14	397,117	4,218,178

As of February 24, 2016, we had repurchased an additional 0.9 million shares of our common stock for \$14.7 million. The specific timing and amount of repurchases will be determined by market conditions, cash flow requirements, securities law limitations, and other factors. Repurchases are expected to continue from time to time, as conditions permit, until the number of shares authorized to be repurchased have been bought, or until the authorization to repurchase is terminated, whichever occurs first. The share repurchase authorization is discretionary and has no expiration date. The repurchase program may be suspended, modified, or discontinued at any time without prior notice.

### Stock-based Compensation

In July 2011, a Special Meeting of Stockholders of Heartland Express, Inc. was held, at which meeting the approval of the Heartland Express, Inc. 2011 Restricted Stock Award Plan (the "Plan") was ratified. The Plan authorized the issuance of up to 0.9 million shares and is administered by the Compensation Committee of our Board of Directors (the "Committee"). In accordance with and subject to the provisions of the Plan, the Committee has the authority to determine all provisions of awards of restricted stock, including, without limitation, the employees who will receive awards, the number of shares awarded to individual employees, the time or times when awards will be granted, restrictions and other conditions (including, for example, the lapse of time) to which the vesting of awards may be subject, and other terms and conditions and form of agreement to be entered into by us and employees subject to awards of restricted stock. Per the terms of the awards, employees receiving awards will have all of the rights of a stockholder with respect to the unvested restricted shares including, but not limited to, the right to receive such cash

dividends, if any, as may be declared on such shares from time to time and the right to vote such shares at any meeting of our stockholders.

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The following table summarizes, as of December 31, 2015, information about compensation plans under which our equity securities are authorized for issuance:

	Number of Securities to be Issued upon Expiration of Vesting Requirements (a)	Weighted Average Stock Price on Date of Grant (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plan approved by stockholders	102,449	\$ 18.36	462,736
Equity compensation plans not approved by stockholders	—	—	—
Total	102,449	\$ 18.36	462,736

The following table summarizes our restricted stock award activity for the years ended December 31, 2015, December 31, 2014, and December 31, 2013.

	2015 Number of Restricted Stock Awards (in thousands)	Weighted Average Grant Date Fair Value
Unvested at beginning of year	183.1	\$ 16.78
Granted	17.9	20.92
Vested	(98.6)	) 16.49
Forfeited	—	—
Outstanding (unvested) at end of year	102.4	\$ 18.36
	2014 Number of Restricted Stock Awards (in thousands)	Weighted Average Grant Date Fair Value
Unvested at beginning of year	211.5	\$ 13.81
Granted	52.2	25.40
Vested	(75.6)	) 14.34
Forfeited	(5.0)	) 13.57
Outstanding (unvested) at end of year	183.1	\$ 16.78
	2013 Number of Restricted Stock Awards (in thousands)	Weighted Average Grant Date Fair Value
Unvested at beginning of year	276.8	\$ 13.57
Granted	23.0	17.28
Vested	(75.3)	) 14.04
Forfeited	(13.0)	) 13.57
Outstanding (unvested) at end of year	211.5	\$ 13.81





## ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data presented below is derived from our consolidated financial statements. The information set forth below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and notes thereto within this Annual Report.

	Year Ended December 31,				
	(in thousands, except per share amounts)				
	2015	2014	2013 (4)	2012	2011
Statements of Income Data:					
Operating revenue	\$736,345	\$871,355	\$582,257	\$545,745	\$528,623
Operating expenses:					
Salaries, wages, and benefits	277,318	278,126	178,736	167,073	166,717
Rent and purchased transportation	34,489	51,950	12,808	6,273	7,527
Fuel	123,714	219,261	172,315	168,981	161,915
Operations and maintenance	34,025	39,052	22,345	25,282	20,938
Operating taxes and licenses	18,095	20,370	10,516	8,694	9,225
Insurance and claims	21,618	17,946	14,888	14,906	13,142
Communications and utilities	6,001	6,494	3,552	2,953	2,957
Depreciation and amortization (1)	110,973	108,566	68,908	57,158	57,226
Other operating expenses	28,572	31,266	19,157	14,633	14,552
Gain on disposal of property and equipment	(35,040 )	(33,544 )	(33,270 )	(15,109 )	(32,133 )
	619,765	739,487	469,955	450,844	422,066
Operating income (1)	116,580	131,868	112,302	94,901	106,557
Interest income	210	195	462	674	773
Interest expense	(19 )	(446 )	(208 )	—	—
Income before income taxes (1)	116,771	131,617	112,556	95,575	107,330
Federal and state income taxes	43,715	46,783	41,974	34,034	37,398
Net income (1)	\$73,056	\$84,834	\$70,582	\$61,541	\$69,932
Weighted average shares outstanding (5)					
Basic	86,974	87,748	85,209	85,892	89,656
Diluted	87,109	87,923	85,441	86,201	89,673
Earnings per share (1)					
Basic	\$0.84	\$0.97	\$0.83	\$0.72	\$0.78
Diluted	\$0.84	\$0.96	\$0.83	\$0.71	\$0.78
Dividends declared per share (2)	\$0.08	\$0.08	\$0.08	\$1.08	\$0.08
Balance Sheet data:					
Net working capital	\$70,276	\$81,944	\$55,732	\$146,070	\$167,772
Total assets	736,030	759,994	724,841	467,737	525,666
Long-term debt (3)	—	24,600	75,000	—	—
Stockholders' equity (2)	469,928	476,587	397,653	290,364	340,771

- Effective July 1, 2013, we changed our estimate of depreciation expense on tractors to the 125% declining balance from the 150% declining balance method because a stable used equipment market supported a return to our historical estimate of depreciation on tractor equipment over its expected useful life.
- (1)
- (2) During 2012 we paid a special dividend of \$1.00 per share (\$85.0 million), which was in addition to regular quarterly dividends declared.
- (3) During 2013 we entered into an unsecured reducing line of credit agreement. Maximum borrowing capacity as of December 31, 2015 was \$200.0 million. Based on outstanding letters of credit, we had available borrowing capacity of \$195.3 million under such line of credit.
- (4) We acquired 100% of the outstanding stock of GTI in November 2013. Therefore, our operating results for the year ended December 31, 2013, include the operating results of GTI for only the period of November 11, 2013, to December 31, 2013.
- (5) The difference between basic and diluted weighted average shares outstanding is due to the effect of unvested restricted stock granted under the 2011 Restricted Stock Award Plan.

#### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Item 7, as well as other items of this Annual Report, contains certain statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended and such statements are subject to the safe harbor created by those sections and the Private Securities Litigation Reform Act of 1995, as amended. All statements, other than statements of historical or current fact, are statements that could be deemed forward-looking statements, including without limitation: any projections of earnings, revenues, or other financial items; any statement of plans, strategies, and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; and any statements of belief and any statement of assumptions underlying any of the foregoing. In this Item 7, statements relating to expected sources of working capital, liquidity and funds for meeting equipment purchase obligations, expected capital expenditures, future acquisitions and dispositions of revenue equipment, future market for used equipment, future trucking capacity, expected freight demand and volumes, future rates and prices, future depreciation and amortization, future asset utilization, expected tractor and trailer count, expected fleet age, future driver market, expected gains on sale of equipment, expected driver compensation, expected independent contractor usage, planned allocation of capital, future equipment costs, future income taxes, future insurance and claims, future growth, expected impact of regulatory changes, future inflation, future share repurchases, if any, fuel expense and the future effectiveness of fuel surcharge programs and price hedges, among others, are forward-looking statements. Such statements may be identified by their use of terms or phrases such as "expects," "estimates," "projects," "believes," "anticipates," "intends," "may," "could," "plans," similar terms and phrases. Forward-looking statements are based on currently available operating, financial, and competitive information. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, which could cause future events and actual results to differ materially from those set forth in, contemplated by, or underlying the forward-looking statements. Known factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section entitled "Risk Factors" set forth above. Readers should review and consider the factors discussed in "Risk Factors" of this Annual Report, along with various disclosures in our press releases, stockholder reports, and other filings with the Securities and Exchange Commission.

All such forward-looking statements speak only as of the date of this Annual Report. You are cautioned not to place undue reliance on such forward-looking statements. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in the events, conditions, or circumstances on which any such

statement is based.

#### Overview

We are a short-to-medium haul truckload carrier of general commodities with corporate headquarters in North Liberty, Iowa. We provide nationwide transportation services to major shippers spanning from Washington to Florida and New England to California as well as parts of Canada. We offer primarily asset-based transportation services in the dry van truckload market and also offer temperature-controlled transportation services and non asset-based freight brokerage services although such temperature-controlled and non asset-based services are not material sources of revenue. We provide these transportation services using predominately company-owned and leased revenue equipment. We also obtain additional capacity through the use of independent contractor tractors, although this source of capacity is not significant to our overall operations. We generally earn revenue based on the number of miles per load delivered. We believe the keys to success are maintaining high levels of customer service and safety.

21

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Management believes achieving high levels of customer service and safety is predicated on the availability of late-model equipment and experienced drivers. Management believes that our service standards, safety record, and equipment availability have made us a core carrier for many of our major customers.

We achieve operating efficiencies and cost controls through equipment utilization, which is optimized by a common information system platform, a fleet of late model equipment, industry-leading driver to non-driver employee ratio, and effective management of fixed and variable operating costs. The demand for freight services was moderate in 2013 and strong in 2014 as demand for freight services generally outpaced industry capacity in 2014 and into early 2015. The demand for freight services generally slowed in the later months of 2015 compared to 2014 levels. Industry capacity continues to be hindered by an insufficient quantity of qualified drivers, which is further challenged by various regulations that reduce drivers' availability. Industry regulations, including the thirty minute break within the first eight hours of driving requirement that became effective July 1, 2013, have and will continue to reduce driver utilization compared to previous periods. Further, conformity to the ELD requirement will continue to reduce overall industry capacity and driver availability. We cannot predict how future regulations will impact driver utilization. An industry shortage of qualified drivers, in conjunction with reduced driver utilization, creates a favorable rate environment, but also a general industry trend toward increased driver wages to attract and retain qualified drivers. We cannot currently predict how long this volatility will continue or its future impact.

Competition for drivers, which has historically been intense, has recently escalated due to higher demand for freight services and decreasing numbers of qualified drivers in the industry, and we have experienced increased difficulties attracting and retaining qualified drivers. We continue to explore new strategies to attract and retain qualified drivers. We hire the majority of our drivers with at least six to nine months of over-the-road experience and safe driving records. In order to attract and retain experienced drivers who understand the importance of customer service, we have sought to solidify our position as an industry leader in driver compensation in our operating markets. We implemented increases to our driver pay package in late 2014 and early 2015, raising driver compensation, on average, by approximately 13%. Our new driver pay package includes future pay increases based on years of continued service to us and increased rates for accident-free miles of operation. We believe this compensation increase solidified our leadership position in terms of driver pay within the industry and rewards our drivers for years of service with safe operating mileage benchmarks which are critical to our operational and financial performance.

Containment of fuel cost continues to be one of management's top priorities as fuel expense, at approximately 16.8% of operating revenues at December 31, 2015, is our highest cost after salaries, wages and benefits to our drivers and other employees. Average DOE diesel fuel prices for 2013 through 2015 were, \$3.92, \$3.81, and \$2.69 respectively. The average price per gallon in 2016, through February 24, 2016, was \$2.05. Although the average price per gallon in 2015 is the lowest it has been since 2009, we cannot predict what fuel prices will be throughout 2016. We are not able to pass through all fuel price increases through fuel surcharge agreements with customers due to tractor idling time, along with empty and out-of-route miles. Therefore, our operating income is negatively impacted with increased net fuel costs (fuel expense less fuel surcharge revenue) in a rising fuel environment and is positively impacted in a declining fuel environment. We continue to manage and implement fuel initiative strategies that we believe will effectively manage fuel costs. These initiatives include strategic fueling of our trucks, whether it be terminal fuel or over-the-road fuel, reducing tractor idle time, controlling out-of-route miles, controlling empty miles, utilizing on-board power units to minimize idling, educating drivers to save energy, trailer skirting, and increasing fuel economy through the purchase of newer, more fuel efficient tractors. At December 31, 2015, 99% of our over-the-road sleeper berth tractor fleet was equipped with idle management controls. At December 31, 2015, our tractor fleet had an average age of 1.25 years and our trailer fleet had an average age of 4.6 years.

We continue to focus on growing organically by providing quality service to targeted customers with a high density of freight in our regional operating areas. In addition to the development of our regional operating areas, we have made six acquisitions since 1987. Future growth depends upon several factors including the level of economic growth and the related customer demand, the available capacity in the trucking industry, our ability to identify and consummate

future acquisitions, our ability to integrate operations of acquired companies to realize efficiencies, and our ability to attract and retain experienced drivers that meet our hiring standards.

We ended 2015 with operating revenues of \$736.3 million, including fuel surcharges, net income of \$73.1 million, and basic net income per share of \$0.84 on basic weighted average outstanding shares of 87.0 million compared to operating revenues of \$871.4 million, including fuel surcharges, net income of \$84.8 million, and basic net income per share of \$0.97 on basic weighted average shares of 87.7 million in 2014. We posted an 84.2% operating ratio (which represents operating expenses as a percentage of operating revenues) for the year ended December 31, 2015, compared to 84.9% for the same period of 2014, and a 9.9% net margin (which represents net income as a percentage of operating revenues) for 2015, compared to 9.7% in same period of 2014. We had total assets of \$736.0 million at December 31, 2015. We achieved a return on assets of 9.5% and a return on equity of 14.8% over the year ended December 31, 2015, compared to 11.4% and 19.1% respectively, for 2014.

Our cash flow from operating activities for the twelve months ended December 31, 2015 of \$190.5 million was 25.9% of operating revenues, compared to \$172.5 million and 19.8% in 2014. During 2015, we used \$67.2 million in net investing cash flows, of which \$68.5 million was used in net purchases of revenue equipment. We used \$107.3 million in financing activities, of which \$74.0 million was for repurchases of common stock, \$24.6 million repayment of acquisition-related debt, and \$6.9 million was used to pay dividends to our shareholders during 2015. As a result, our cash and cash equivalents increased \$15.9 million during the year ended December 31, 2015 compared to 2014. We ended 2015 with cash and cash equivalents of \$33.2 million and no outstanding debt.

### Results of Operations

The following table sets forth the percentage relationships of expense items to total operating revenue for the periods indicated:

	Year Ended December 31,					
	2015		2014		2013	
Operating revenue	100.0		% 100.0		% 100.0	%
Operating expenses:						
Salaries, wages, and benefits	37.7		% 31.9		% 30.7	%
Rent and purchased transportation	4.7		6.0		2.2	
Fuel	16.8		25.2		29.6	
Operations and maintenance	4.6		4.5		3.8	
Operating taxes and licenses	2.5		2.3		1.8	
Insurance and claims	2.9		2.1		2.6	
Communications and utilities	0.8		0.7		0.6	
Depreciation and amortization	15.1		12.5		11.8	
Other operating expenses	3.9		3.6		3.3	
Gain on disposal of property and equipment	(4.8	)	(3.8	)	(5.7	)
	84.2		% 84.9		% 80.7	%
Operating income	15.8		% 15.1		% 19.3	%
Interest income	0.0		% 0.0		% 0.0	%
Interest expense	0.0		% 0.0		% 0.0	%
Income before income taxes	15.8		% 15.1		% 19.3	%
Income taxes	5.9		5.4		7.2	
Net income	9.9		% 9.7		% 12.1	%

### Year Ended December 31, 2015 Compared With the Year Ended December 31, 2014

Operating revenue decreased \$135.1 million (15.5%), to \$736.3 million for the year ended December 31, 2015 from \$871.4 million for the year ended December 31, 2014. The decrease in revenue was the result of a decrease in fuel surcharge revenue of \$78.6 million and a decrease in trucking revenues of \$56.4 million. Operating revenues (the total of trucking and fuel surcharge revenue) are primarily earned based on loaded miles driven in providing truckload transportation services. The number of loaded miles is affected by general freight supply and demand trends and the number of revenue earning equipment vehicles (tractors). The number of revenue earning equipment vehicles (tractors) is directly affected by the number of available company drivers and independent contractors providing capacity to us. Our operating revenues are reviewed regularly on a combined basis across the United States due to the similar nature of our services offerings and related similar base pricing structure. The net trucking revenue decrease was the result of a 12.6% decrease in loaded miles combined with an increase in the rate per loaded mile compared to 2014.

Fuel surcharge revenues represent fuel costs passed on to customers based on customer specific fuel charge recovery rates and billed loaded miles. Fuel surcharge revenues decreased primarily as a result of a decrease in average DOE diesel fuel prices of 29.5% during 2015 compared to 2014, as reported by the DOE along with decreased loaded miles during the same period.

Salaries, wages, and benefits decreased \$0.8 million (0.3%), to \$277.3 million for the year ended December 31, 2015 from \$278.1 million in the 2014 period. Salaries, wages, and benefits decreased slightly due to the net effect of decreased driver and non-

driver payroll expense mostly offset by increased healthcare insurance and workers' compensation claims expense. Salaries, wages, and benefits decreased \$6.7 million which was a result of less miles driven and a decrease in non-driver personnel payroll as we improved our ratio of driver to non-driver employees during 2015. The reduction in miles driven outpaced the rate per mile pay increase implemented in 2015. The decrease in driver and non-driver payroll was mostly offset by an increase of health insurance and workers' compensation claims expense of \$5.9 million which was due to increased severity and frequency of claims.

Rent and purchased transportation decreased \$17.5 million (33.6%), to \$34.5 million for the year ended December 31, 2015 from \$52.0 million in the comparable period of 2014. The decrease was attributable to a decrease in amounts paid to third party carriers on brokered loads of \$6.1 million, a decrease in amounts paid to independent contractors of \$4.9 million, and a decrease in amounts paid for operating leases of revenue equipment and leased property expense of \$6.5 million. The decreases in third party broker expense, operating leases of revenue equipment, and leased terminal property expense were due to lower volumes of brokered loads and less revenue equipment and terminal properties under lease agreements. The decrease in amounts paid to independent contractors was due to a decrease in the miles driven by independent contractors during 2015 as compared to 2014. During the year ended December 31, 2015, independent contractors accounted for 3.1% of the total fleet miles compared to 3.6% for the same period of 2014.

Fuel decreased \$95.6 million (43.6%), to \$123.7 million for the year ended December 31, 2015 from \$219.3 million for the same period of 2014. The decrease was primarily the result of fuel cost per mile, net of fuel surcharge, decreasing 27.9% in 2015 compared to 2014, due in part to a 29.5% decrease in the average diesel price per gallon as reported by the DOE. In addition, further reductions were due to decreased miles, increased fuel economy on our tractor fleet, and operational efficiencies. Other factors contributing to the decrease in fuel cost per mile, net of fuel surcharge, included increased fuel economy due to newer, more fuel efficient revenue equipment, decreases in fuel surcharge revenues as a percentage of fuel costs due to prices in effect at fuel purchase compared to revenues collected, idle management controls, and a reduction of non-revenue miles as a result of improved network efficiencies.

Depreciation and amortization increased \$2.4 million (2.2%), to \$111.0 million during the year ended December 31, 2015 from \$108.6 million in the same period of 2014. The increase is mainly attributable to an increase in the amount of depreciation expense recognized per unit. Tractor depreciation increased \$4.0 million due to a 12.9% increase in the depreciation recognized per unit during the year ended December 31, 2015, compared to the same period of 2014. As tractors are depreciated using the declining balance method, depreciation expense is highest in the first year of use and declines in subsequent years. Compared to 2014, trailer and other equipment depreciation decreased \$1.6 million due mainly to a 14.4% decrease in the number of trailer units depreciated during the year ended December 31, 2015, partially offset by 8.8% higher depreciation expense per unit.

Operating and maintenance expense decreased \$5.1 million (12.9%), to \$34.0 million during the year ended December 31, 2015, from \$39.1 million in the same period of 2014. Operating and maintenance costs decreased mainly due to a decrease in the number of revenue equipment units in the fleet and a decrease in miles driven.

Operating taxes and licenses expense decreased \$2.3 million (11.2%), to \$18.1 million during the year ended December 31, 2015 from \$20.4 million in 2014, due to a decrease in the number of revenue equipment units (tractors and trailers) being licensed and reduced fuel taxes due to less miles driven. Insurance and claims expense increased \$3.7 million (20.5%), to \$21.6 million during the year ended December 31, 2015 from \$17.9 million in 2014, due to increased severity and frequency of claims in 2015. Other operating expenses decreased \$2.7 million (8.6%), to \$28.6 million, during the year ended December 31, 2015 from \$31.3 million in 2014, due to a decrease in miles driven.

Gains on the disposal of property and equipment increased \$1.5 million (4.5%), to \$35.0 million during the year ended December 31, 2015, from \$33.5 million in the same period of 2014. The increase was mainly the combined effect of an increase of \$12.2 million in gains on trailer equipment sales, \$0.8 million increase in gains on sale of real estate



property, offset by a decrease of \$11.5 million in gains on sales of tractor equipment. The increase in gains on trailer sales was due to a 34% increase in the number of units sold and a gain per unit increase of 57%. The decrease in gains on sales of tractor equipment was due to a 64% decrease in gains per unit offset partially by an increase in the number of units sold. We currently anticipate tractor and trailer equipment sale activity during 2016 to decrease significantly compared to 2015 levels with total estimated gains of approximately \$6.0 to \$7.0 million.

Interest expense decreased \$0.4 million during the year ended December 31, 2015 compared to 2014. We had outstanding borrowings, on our line of credit, throughout 2014. All outstanding borrowings, on our line of credit, were repaid in January, 2015.

Our effective tax rate was 37.4% and 35.5% for years ended December 31, 2015 and 2014, respectively. The increase in the effective tax rate for 2015 is primarily attributable to the absence of a favorable provision to return adjustment which occurred in 2014.

As a result of the foregoing, our operating ratio (operating expenses as a percentage of operating revenue) was 84.2% during the year ended December 31, 2015, compared to 84.9% during the year ended December 31, 2014. Net income decreased \$11.8 million (13.9%), to \$73.1 million for the year ended December 31, 2015, from \$84.8 million during the 2014 period as a result of the net effects discussed above.

#### Year Ended December 31, 2014 Compared With the Year Ended December 31, 2013

We acquired 100% of the outstanding stock of GTI on November 11, 2013 and therefore our operating results for year ended December 31, 2014 include the operating results of GTI for the full year, while our operating results for the year ended December 31, 2013 include the operating results of GTI only for the period of November, 11, 2013 to December 31, 2013. GTI's operations in 2014 impacted operating revenues, salaries, wages and benefits, rent and purchased transportation, fuel expense, operating and maintenance expense, and depreciation and amortization compared to 2013, as further explained below. Per authoritative guidance on segment reporting, we have included GTI's operating results in our single segment. See Note 1 of the consolidated financial statements for additional information on segment reporting.

Operating revenue increased \$289.1 million (49.7%), to \$871.4 million for the year ended December 31, 2014 from \$582.3 million for the year ended December 31, 2013. The increase in revenue was the result of an increase in trucking revenues of \$237.1 million (51.1%) and a \$52.0 million (43.9%) increase in fuel surcharge revenue from \$118.4 million in 2013 to \$170.4 million in 2014. Operating revenues (the total of trucking and fuel surcharge revenue) are primarily earned based on loaded miles driven in providing truckload transportation services. The number of loaded miles is affected by general freight supply and demand trends and the number of revenue earning equipment vehicles (tractors). The number of revenue earning equipment vehicles (tractors) is directly affected by the number of available company drivers and independent contractors providing capacity to us. Our operating revenues are reviewed regularly on a combined basis across the United States due to the similar nature of our services offerings and related similar base pricing structure. The net trucking revenue increase was the result of a 44.7% increase in loaded miles due to an increase in drivers, primarily driven by the GTI acquisition, combined with an increase in the rate per loaded mile compared to 2013.

Fuel surcharge revenues represent fuel costs passed on to customers based on customer specific fuel charge recovery rates and billed loaded miles. Fuel surcharge revenues increased primarily as a result of increased loaded miles during 2014 compared to 2013, offset by a 2.8% decrease in the average DOE diesel fuel prices during 2014 compared to 2013, as reported by the DOE.

Salaries, wages, and benefits increased \$99.4 million (55.6%), to \$278.1 million for the year ended December 31, 2014 from \$178.7 million in the 2013 period. Salaries, wages, and benefits increased \$56.9 million (44.9%) due to an increase in driver wages, which was attributable to increases in driver miles directly related to the GTI acquisition, as discussed above, and an increase in our driver compensation toward the end of 2014, offset by a decrease in the number of driver employees. We currently expect that our expenses relating to driver wages, as a percentage of operating revenues, will increase in 2015 as compared to 2014, with or without changes in driver miles, due to increases in average driver wages paid per mile implemented in late 2014. The increases in driver wages per mile are due to current market conditions caused by a lack of qualified drivers in the industry. Another \$20.4 million (86.1%) of the increase in salaries, wages, and benefits was due to non-driver wages, which was directly attributable to a 119% increase in the average number of non-driver employees period over period, primarily as a result of the GTI acquisition. Salaries, wages and benefits increased \$10.7 million due to health insurance expense, \$6.7 million increase due to increased payroll taxes, associated with the increase in driver and non-driver wages, and \$4.5 million

due to increased workers' compensation claims. Health insurance and workers compensation expense also increased slightly, mainly due to an increase in the number of covered participants resulting from additional employees gained from the GTI acquisition, and an associated increase in the amount of claims.

Rent and purchased transportation increased \$39.1 million (305.6%), to \$52.0 million for the year ended December 31, 2014 from \$12.8 million in the comparable period of 2013. The increase was attributable to an increase in amounts paid to third party carriers on brokered loads of \$16.7 million, an increase in amounts paid to independent contractors of \$11.6 million, an increase in amounts paid for operating leases of revenue equipment of \$7.0 million, and an increase in leased property expense of \$4.0 million. The increases in third party broker expense, operating leases of revenue equipment, and leased property expense were due to the fact we did not incur these types of expenses prior to the GTI acquisition. The increase in amounts paid to independent contractors was due to an increase in the miles driven by independent contractors during 2014 as compared to 2013. During the year ended December 31, 2014, independent contractors accounted for 3.6% of the total fleet miles compared to 1.7% for the same period of 2013.

25

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Fuel increased \$46.9 million (27.2%), to \$219.3 million for the year ended December 31, 2014 from \$172.3 million for the same period of 2013. The increase was primarily the result of increased miles, offset by cost savings attributable to decreased fuel prices, increased fuel economy on our tractor fleet, and operational efficiencies. Fuel cost per mile, net of fuel surcharge, decreased 31.5% in 2014 compared to 2013, due in part to a 2.8% decrease in the average diesel price per gallon as reported by the DOE. Other factors contributing to the decrease in fuel cost per mile, net of fuel surcharge, included increased fuel economy due to newer, more fuel efficient, revenue equipment, increases in fuel surcharge revenues as a percentage of fuel costs due to prices in effect at fuel purchase compared to revenues collected, idle management controls, and a reduction of non-revenue miles as a result of improved network efficiencies.

Depreciation and amortization increased \$39.7 million (57.6%), to \$108.6 million during the year ended December 31, 2014 from \$68.9 million in the same period of 2013. The increase is mainly attributable to an increase in the number of revenue equipment units (tractors and trailers) being depreciated. Tractor depreciation increased \$26.8 million, giving effect to the change in depreciation method for tractors further discussed below, on a 42.9% increase in the number of tractor units depreciated during the year ended December 31, 2014, compared to the same period of 2013. As tractors are depreciated using the declining balance method, depreciation expense is highest in the first year of use and declines in subsequent years. Effective July 2013, we changed our estimate of depreciation expense on tractors to the 125% declining balance method from the 150% declining balance method because a stable used equipment market supported a return to our historical estimate of depreciation on tractor equipment over its expected useful life. Changing to the 125% declining balance method from the 150% declining balance method increased operating income and decreased depreciation expense by \$3.3 million during the year ended December 31, 2014 compared to the same period of 2013. Compared to 2013, trailer depreciation increased \$9.4 million on a 61.5% increase in the number of trailer units depreciated during the year ended December 31, 2014. Increases in all other depreciation and amortization totaled \$3.6 million, mainly related to amortization of intangible assets and depreciation associated with leasehold improvements of leased terminal facilities.

Operating and maintenance expense increased \$16.7 million (74.8%), to \$39.1 million during the year ended December 31, 2014, from \$22.3 million in the same period of 2013. Operating and maintenance costs increased mainly due to an increase in the number of revenue equipment units in the fleet period over period as discussed above. There were additional increases due to costs associated with preparing equipment for sale as we continue to upgrade our tractor and trailer fleets.

Operating taxes and licenses expense increased \$9.9 million (93.7%), to \$20.4 million during the year ended December 31, 2014 from \$10.5 million in 2013, due to an increase in the number of revenue equipment units (tractors and trailers) being licensed and fuel taxes due to additional fuel purchases and an increase in miles driven. Insurance and claims expense increased \$3.1 million (20.5%), to \$17.9 million during the year ended December 31, 2014 from \$14.9 million in 2013, due to increased severity and frequency of claims offset by an actuarial adjustment to reduce the overall reserve for expected future payments. Other operating expenses increased \$12.1 million (63.2%), to \$31.3 million, during the year ended December 31, 2014 from \$19.2 million in 2013, due to an increase in miles driven.

Gains on the disposal of property and equipment increased \$0.3 million (0.8%), to \$33.5 million during the year ended December 31, 2014, from \$33.3 million in the same period of 2013. The increase was mainly the combined effect of a decrease in gains on sales of tractor equipment of \$2.6 million and an increase in gains on trailer equipment sales of \$3.1 million. The decrease in gains on tractor sales was the net effect of selling 11% more tractors during 2014, offset by lower gains per unit as certain units sold were GTI units that were adjusted to market value at the time of the GTI acquisition. The increase in gains on trailer sales was due to a 137% increase in the number of units sold with an offsetting gain per unit decrease of 41%, due to certain units being GTI units that were adjusted to market value at the time of the GTI acquisition.

Interest expense increased \$0.2 million, to \$0.4 million in the year ended December 31, 2014 due to our outstanding borrowings, on our line of credit during 2014, which were directly attributable to the GTI acquisition.

Our effective tax rate was 35.5% and 37.3% for years ended December 31, 2014 and 2013, respectively. The decrease in the effective tax rate for 2014 is primarily attributable to an increase in favorable income tax expense adjustments resulting from the roll off of certain state tax contingencies and a provision to return adjustment.

As a result of the foregoing, our operating ratio (operating expenses as a percentage of operating revenue) was 84.9% during the year ended December 31, 2014, compared to 80.7% during the year ended December 31, 2013. Net income increased \$14.3 million (20.2%), to \$84.8 million for the year ended December 31, 2014, from \$70.6 million during the 2013 period as a result of the net effects discussed above.

## Inflation and Fuel Cost

Most of our operating expenses are inflation-sensitive, with inflation generally producing increased costs of operations. During the past three years, inflation has been fairly modest with its impacts mostly related to revenue equipment prices, tire prices and compensation paid to drivers. Innovations in equipment technology, EPA mandated new engine emission requirements and driver comfort have resulted in higher tractor prices. We historically have limited the effects of inflation through increases in freight rates and certain cost control efforts. We also continue to update our fleet with more fuel-efficient, EPA emission-compliant late-model engines which are more expensive than tractors that were previously purchased with engines meeting 2010 EPA requirements. General improvement of economic conditions and the imbalance of industry supply and demand for freight services in recent years have allowed certain rate increases, although the rate increases received have significantly lagged the increases in depreciation expense per year due to increased prices paid for new revenue equipment over the same period.

In addition to inflation, significant fluctuations in fuel prices can adversely affect our operating results and profitability. We have attempted to limit the effects of increases in fuel prices through certain cost control efforts and our fuel surcharge program. We impose fuel surcharges on substantially all accounts. Although we historically have 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, these arrangements generally do not fully protect us from short-term fuel price increases and also may prevent us from receiving the full benefit of any fuel price decreases. Additionally, we are not able to recover fuel surcharge on empty miles, out of route miles, or fuel used in idling.

## Liquidity and Capital Resources

The growth of our business requires significant investments in new revenue equipment. Historically, except for acquisitions, we have been debt-free, funding revenue equipment purchases with cash flow provided by operating activities and sales of equipment. Our primary source of liquidity is cash flow provided by operating activities. We entered into a line of credit during the fourth quarter of 2013, described below, to partially finance an acquisition, including the payoff of debt we assumed. Our primary source of liquidity during 2015 was cash flow generated from operating activities, although we maintained our line of credit to provide assistance with additional cash requirements, if necessary, to fund capital expenditures. During 2015, we were able to fund revenue equipment purchases with cash flows provided by operating activities and sales of equipment as well as eliminate the outstanding balance on our line of credit. We had no outstanding borrowings at December 31, 2015.

On November 11, 2013, we entered into a Credit Agreement with Wells Fargo Bank, National Association, (the "Bank"). Pursuant to the Credit Agreement, the Bank provided a five-year, \$250.0 million unsecured revolving line of credit, which was used to assist in the repayment of all debt acquired at the time of acquisition, and which may be used for future working capital, equipment financing, and general corporate purposes. The Bank's commitment decreased to \$200.0 million on November 1, 2015, and will decrease to \$175.0 million on November 1, 2016 through October 31, 2018.

The Credit Agreement is unsecured, with a negative pledge against all assets of our consolidated group, except for debt associated with permitted acquisitions, new purchase-money debt and capital lease obligations as described in the Credit Agreement. The Credit Agreement matures on October 31, 2018, subject to the ability of Heartland Express, Inc. of Iowa (the "Borrower") to terminate the commitment at any time at no additional cost to the Borrower. Borrowings under the Credit Agreement can either be, at the Borrower's election, (i) one-month or three-month LIBOR (Index) plus 0.625%, floating, or (ii) Prime (Index) plus 0%, floating. The weighted average variable annual percentage rate is not calculated since there were no amounts borrowed and outstanding at December 31, 2015. There is a commitment fee on the unused portion of the line of credit under the Credit Agreement at 0.0625%, due monthly.

The Credit Agreement contains customary financial covenants including, but not limited to, (i) a maximum adjusted leverage ratio of 2, measured quarterly, (ii) required minimum net income of \$1.00, measured quarterly, (iii) required minimum tangible net worth of \$200 million, measured quarterly, and (iv) limitations on other indebtedness and liens. The Credit Agreement also includes customary events of default, conditions, representations and warranties, and indemnification provisions. We were in compliance with the respective financial covenants during 2015.

Operating cash flow for 2015 was \$190.5 million compared to \$172.5 million during the same period of 2014. This was primarily a result of net income (excluding non-cash depreciation, changes in deferred taxes, stock-based compensation, and gains on disposal of equipment) being approximately \$41.4 million lower during 2015 compared to 2014, offset by an increase in cash flow generated by operating assets and liabilities of approximately \$59.4 million. The net increase in cash provided by operating assets and liabilities was mainly attributable to decreases in accounts receivable related to timing of customer payments and a reduced income tax receivable position at December 31, 2015. Additionally, the change in accounts payable due to timing of revenue equipment payments resulted in improved cash flows during 2015 compared to 2014. Cash flows from operating activities during 2014 were \$172.5 million compared to \$111.2 million during the same period of 2013. This was primarily a result of net income (excluding

non-cash depreciation, changes in deferred taxes, stock-based compensation, loss on sale of investments and gains on disposal of equipment) being approximately \$82.5 million higher during 2014 compared to 2013 offset by a decrease in cash flow generated by operating assets and liabilities of approximately \$21.3 million. Cash flow from operating activities was 25.9% of operating revenues for the year ended December 31, 2015, compared to 19.8% and 19.1%, respectively, for the same periods of 2014 and 2013.

Cash flows used in investing activities was \$67.2 million during 2015, a decrease in cash used of \$48.3 million compared to cash flows used in investing activities of \$115.5 million during 2014. The decrease in cash used in investing activities was mainly the result of a decrease in net capital expenditures (cash used in equipment purchases less cash provided from equipment sales) of \$45.3 million, and a \$3.0 million decrease in amounts paid for acquisition activity. Cash flows used in investing activities was \$115.5 million during 2014 compared to cash flows used in investing activities of \$133.5 million during 2013 or a decrease in cash used of \$18.0 million. The decrease in cash used in investing activities was mainly the result of a \$107.9 million decrease in amounts paid for acquisition activity, offset by increases in net capital expenditures (cash used in equipment purchases less cash provided from equipment sales) of \$70.8 million and a decrease in calls of investments in auction rate security investments of \$21.1 million compared to 2013. We currently anticipate net capital expenditures to be approximately \$45 million to \$55 million for 2016, most of which relates to tractor and trailer purchases throughout 2016.

Cash flows used in financing activities increased \$49.9 million in 2015 compared to 2014. During 2015, we repurchased \$74.0 million of our common stock and did not have any repurchases in 2014 or 2013. We had debt repayments of \$24.6 million on the Credit Agreement in 2015 compared to \$50.4 million net repayments of debt during 2014. In addition, we declared and paid \$6.9 million of dividends to our shareholders in 2015 compared to \$7.0 million in 2014. Cash flows used in financing activities decreased \$22.4 million in 2014 compared to 2013. During 2014, we had borrowings of \$19.1 million and repayments of \$69.5 million, resulting in net repayments of \$50.4 million on the Credit Agreement during 2014 compared to \$75.0 million net borrowings of debt mainly used to refinance acquired debt during 2013. In addition, we declared and paid \$7.0 million of dividends to our shareholders in 2014 compared to \$6.9 million in 2013.

In 2001, our Board of Directors authorized a program to repurchase 15.4 million shares, adjusted for stock splits, of our common stock in open market or negotiated transactions using available cash, cash equivalents and investments which was subsequently amended in February 2012. Upon completing prior authorizations, the Board approved new authorizations of 4.8 million shares in November, 2015. Approximately 4.2 million shares remained authorized for repurchase under the program as of December 31, 2015 and the program has no expiration date. There were 3.8 million shares repurchased in the open market during the year ended December 31, 2015 and no shares were repurchased during the years ended December 31, 2014 and 2013. Shares repurchased during 2015 were accounted for as treasury stock. The specific timing and amount of repurchases will be determined by market conditions, cash flow requirements, securities law limitations, and other factors. Repurchases are expected to continue from time to time, as conditions permit, until the number of shares authorized to be repurchased have been bought, or until the authorization to repurchase is terminated, whichever occurs first. The share repurchase authorization is discretionary and has no expiration date. The repurchase program may be suspended, modified, or discontinued at any time without prior notice.

We paid income taxes, net of refunds, of \$24.7 million in 2015, which was \$1.0 million higher than income taxes paid during 2014 of \$23.7 million, and lower than the \$38.1 million paid in 2013. The increase in 2015 compared to 2014 was mainly due to an increase in taxable income offset by approximately \$15.0 million in refunds received in 2015. The increase in taxable income was largely the result of reduced tax depreciation due to lower net capital expenditures in 2015 compared to 2014. We paid income taxes, net of refunds, of \$23.7 million in 2014, which was \$14.4 million lower than income taxes paid during 2013 of \$38.1 million. The decrease was mainly due to a decrease in taxable income driven by higher tax depreciation on revenue equipment purchases. The higher tax depreciation resulted from a 50% bonus depreciation for tax purposes on new tractor and trailer equipment purchases and accelerated tax



methods on the remaining depreciable basis after the effects of bonus depreciation.

Management believes we have adequate liquidity to meet our current and projected needs in the foreseeable future. Management believes we will continue to have significant capital requirements over the long-term, which we expect to fund with cash flows provided by operating activities, proceeds from the sale of used equipment and available capacity on the Credit Agreement. At December 31, 2015, we had \$33.2 million in cash and cash equivalents, no outstanding debt, and \$195.3 million available borrowing capacity on the Credit Agreement.

#### Off-Balance Sheet Transactions

The Company's liquidity and financial condition is not materially affected by off-balance sheet transactions. In conjunction with an acquisition, we became party to certain operating leases to finance a portion of our revenue equipment and terminal facilities. Operating lease expense during 2015 was \$7.2 million compared to \$12.5 million in 2014. The future operating lease obligations are detailed in the Contractual Obligations and Commercial Commitments table below.

## Contractual Obligations and Commercial Commitments

The following sets forth our contractual obligations and commercial commitments at December 31, 2015.

Contractual Obligations	Payments due by period (in millions)				
	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Purchase obligation (1)	\$43.1	\$43.1	\$—	\$—	\$—
Operating lease obligations	7.1	3.4	3.7	—	—
Obligations for unrecognized tax benefits (2)	16.2	—	—	—	16.2
	\$66.4	\$46.5	\$3.7	\$—	\$16.2

- (1) Relates mainly to our commitment on revenue equipment purchases, net of estimated sale values of tractor equipment where we have contracted values for used equipment.
- (2) Obligations for unrecognized tax benefits represent potential liabilities and include interest and penalties of \$4.7 million. We are unable to reasonably determine when these amounts will be settled.

At December 31, 2015, we had a total of \$11.6 million in gross unrecognized tax benefits. Of this amount, \$7.3 million represents the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate as of December 31, 2015. The total net amount of accrued interest and penalties for such unrecognized tax benefits was \$4.7 million at December 31, 2015, and is included in income taxes payable per the consolidated balance sheet. Income tax expense is increased each period for the accrual of interest on outstanding positions and penalties when the uncertain tax position is initially recorded. Income tax expense is reduced in periods by the amount of accrued interest and penalties associated with reversed uncertain tax positions due to lapse of applicable statute of limitations, when applicable or when a position is settled. These unrecognized tax benefits relate to risks associated with state income tax filing positions for our corporate subsidiaries. A reconciliation of the obligations for unrecognized tax benefits is as follows:

	December 31, 2015 (in thousands)
Gross unrecognized tax benefits	\$11,569
Accrued penalties and interest associated with the unrecognized tax benefits (net of benefit of interest deduction)	4,659
Obligations for unrecognized tax benefits	\$16,228

A number of years may elapse before an uncertain tax position is audited and ultimately settled. It is difficult to predict the ultimate outcome or the timing of resolution for uncertain tax positions. It is reasonably possible that the amount of unrecognized tax benefits could significantly increase or decrease within the next twelve months. These changes could result from the expiration of the statute of limitations, examinations or other unforeseen circumstances. We do not have any outstanding litigation related to tax matters. At this time, management's best estimate of the reasonably possible change in the amount of gross unrecognized tax benefits to be a decrease of approximately \$1.8 million to \$2.8 million during the next twelve months mainly due to the expiration of certain statute of limitations, net of additions. The federal statute of limitations remains open for the years 2012 and forward. Tax years 2005 and forward may be subject to audit by state tax authorities depending on the tax code and administrative practice of each state.

As of December 31, 2015, we did not have any capital lease obligations.

## Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the probable future resolution of the uncertainties increase, these judgments become even more subjective and complex. We have identified certain accounting policies, described below, that are the most important to the portrayal of our current financial condition and results of operations.

29

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The most significant accounting policies and estimates that affect the financial statements include the following:

#### Property, plant, and equipment

Management estimates the useful lives of revenue equipment based on estimated use of the asset. For tractors, it has been our historical practice to buy new tractor and trailer equipment directly from manufacturers. Tractors and trailers are depreciated using the 125% declining balance method and straight-line method, respectively, as management believes this is the best matching of depreciation expense with the decline in estimated tractor and trailer values based on the use of the tractor and trailers. Depreciable lives of tractors and trailers are 5 and 7 years, respectively, when purchased new. Management estimates the useful lives on tractors based on average miles per truck per year as well as manufacturer warranty periods. We have not historically run tractors outside of manufacturer warranty periods. Management estimates the useful lives of trailers based on manufacturer warranty periods as well as our internal maintenance programs. Estimates of salvage value are based upon the expected market values of equipment at the end of the expected useful life. A key component to expected market values of equipment is our historical maintenance programs which in management's opinion are critical to the resale value of equipment. Management selects depreciation methods that it believes most accurately reflects the timing of benefit received from the applicable assets.

Management estimated the remaining useful lives of revenue equipment and other assets acquired from acquisition during 2013 based on the original purchase date, estimated life of the asset, the estimated remaining life of the asset as of the acquisition date, and estimated holding period of the asset.

We periodically evaluate property and equipment for impairment upon the occurrence of events or changes in circumstances that indicate the carrying amount of assets may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of an asset group to future net undiscounted cash flows expected to be generated by the group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount over which the carrying amount of the assets exceeds the fair value of the assets. There were no impairment charges recognized during the years ended December 31, 2015, 2014, and 2013.

#### Goodwill and other intangibles

We perform an annual impairment test on goodwill. This annual assessment is conducted at the end of September unless events or circumstances indicate that it is more likely than not that impairment has occurred prior to that date or from the assessment date through our year end, December 31st.

We periodically evaluate other intangibles that are amortizable for impairment when the occurrence of events or changes in circumstances that indicate the carrying amount of assets may not be recoverable. Recoverability of assets to be held and used is evaluated by a comparison of the carrying amount of an asset group to future net undiscounted cash flows expected to be generated by the group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount over which the carrying amount of the assets exceeds the fair value of the assets. There were no impairment charges related to goodwill or other intangibles recognized during the years ended December 31, 2015, 2014, and 2013.

#### Contingent consideration

We estimate and record the acquisition date estimated fair value of contingent consideration as part of purchase price consideration for acquisitions. Additionally, each reporting period, we estimate changes in the fair value of contingent consideration, and any change in fair value is recognized in the consolidated statements of comprehensive income. An increase in the earn-out expected to be paid in connection with an acquisition will result in a charge to operations in the year that the anticipated fair value of contingent consideration increases, while a decrease in the earn-out expected

to be paid will result in a credit to operations in the year that the anticipated fair value of contingent consideration decreases. The estimate of the fair value of contingent consideration requires assumptions to be made of future operating results, discount rates, and probabilities assigned to various potential operating result scenarios. Future revisions to these assumptions could materially change the estimate of the fair value of contingent consideration and, therefore, materially affect our future financial results.

#### Self-insurance accruals

Management estimates accruals for the self-insured portion of pending accident liability, workers' compensation, physical damage and cargo damage claims. These accruals are based upon individual case estimates, including reserve development, and estimates of incurred-but-not-reported losses based upon past experience. Industry development as well as our historical case results are

30

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used to determine development of individual case claims. These liabilities are undiscounted and represent management's best estimate of our ultimate obligations.

#### Income taxes

Significant management judgment is required to determine the provision for income taxes and to determine whether deferred income taxes will be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. Recent tax law changes have not significantly affected our expectation of tax rates. A valuation allowance is required to be established for the amount of deferred income tax assets that are determined not to be realizable. We have not recorded a valuation allowance against deferred tax assets as it is management's opinion that it is more likely than not we will be able to utilize the remaining deferred tax assets based on our history of profitability and taxable income.

Management judgment is required in the accounting for uncertainty in income taxes recognized in the financial statements based on recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The unrecognized tax benefits relate to risks associated with state income filing positions and not federal income tax filing positions. Measurement of uncertain income tax positions is based on statutes of limitations, penalty rates, and interest rates on a state by state and year by year basis.

#### New Accounting Pronouncements

See Note 1 of the consolidated financial statements for a full description of recent accounting pronouncements and the respective dates of adoption and effects on results of operations and financial position.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### General

We are exposed to market risk changes in interest rates on our long-term debt; to the extent we have outstanding borrowings and from changes in commodity prices, primarily fuel and rubber. We do not currently use derivative financial instruments for risk management purposes, although we have used instruments in the past for fuel price risk management, and do not use them for either speculation or trading. Because substantially all of our operations are confined to the United States, we are not directly subject to a material foreign currency risk.

#### Interest Rate Risk

We had no debt outstanding at December 31, 2015. Interest rates associated with borrowings under the Credit Agreement can either be, at our election, (i) one-month or three-month LIBOR (Index) plus 0.625%, floating, or (ii) Prime (Index) plus 0%, floating. Increases in interest rates would not currently impact our annual interest expense as we do not have any outstanding borrowings but could impact our annual interest expense on future borrowings.

#### Commodity Price Risk

We are subject to commodity price risk primarily with respect to purchases of fuel and rubber. We have fuel surcharge agreements with most customers that enable us to pass through most long-term price increases therefore limiting our exposure to commodity price risk. Fuel surcharges that can be collected do not always fully offset an increase in the cost of fuel as we are not able to pass through fuel costs associated with out-of-route miles, empty miles, and tractor idle time. Based on our actual fuel purchases for 2015, assuming miles driven, fuel surcharges as a percentage of

revenue, percentage of unproductive miles, and miles per gallon remained consistent with 2015 amounts, a \$1.00 increase in the average price of fuel, year over year, would decrease our income before income taxes by approximately \$7.8 million. We use a significant amount of tires to maintain our revenue equipment. We are not able to pass through 100% of price increases from tire suppliers due to the severity and timing of increases and current rate environment. Historically, we have sought to minimize tire price increases through bulk tire purchases from our suppliers. Based on our expected tire purchases for 2016, a 10% increase in the price of tires would increase our tire purchase expense by \$1.4 million, resulting in a corresponding decrease in income before income taxes.

ITEM 8. FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA

The report of KPMG LLP, our independent registered public accounting firm, our consolidated financial statements, and the notes thereto, and the financial statement schedule are included beginning on page F-1.

31

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ITEM CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND  
9. FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures– We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) to ensure that material information relating to us, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and the Board of Directors.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Accounting and Financial Officer), of the effectiveness of the design and operations of our disclosure controls and procedures, as defined in Exchange Act Rule 15d-15(e). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in enabling us to record, process, summarize and report information required to be included in our periodic SEC filings within the required time period.

Management’s Annual Report on Internal Control Over Financial Reporting – Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f) of the Exchange Act. This is a process designed by, or under the supervision of the principal executive and principal financial officers and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- prescribe the maintenance of records that in reasonable detail accurately and fairly reflect our transactions;
- provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements;
- provide reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control– Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as of December 31, 2015. Based on our evaluation under the framework in Internal Control– Integrated Framework (2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2015.

Our auditor, KPMG LLP, an independent registered public accounting firm, has issued their audit report on the effectiveness of our internal control over financial reporting, which is included in this Annual Report beginning on page F-1.



Changes in Internal Control Over Financial Reporting – There were no other changes in the Company’s internal control over financial reporting that occurred during the quarter ended December 31, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by Item 10 of Part III, with the exception of the Code of Ethics discussed below, is incorporated herein by reference to our Proxy Statement for the annual shareholders' meeting to be held on May 5, 2016 (the "Proxy Statement").

Code of Ethics

We have adopted a code of ethics known as the "Code of Business Conduct and Ethics" that applies to our employees including the principal executive officer, principal financial officer, controller, and persons performing similar functions. In addition, we have adopted a code of ethics known as "Code of Ethics for Senior Financial Officers" that applies to our senior financial officers, including our chief executive officer, treasurer, controller, and other senior financial officers performing similar functions who have been identified by the chief executive officer. We make these codes available on our website at [www.heartlandexpress.com](http://www.heartlandexpress.com) (and in print to any shareholder who requests them). Information on our website is not incorporated by reference into this Annual Report.

ITEM 11. EXECUTIVE  
COMPENSATION

The information required by Item 11 of Part III is incorporated herein by reference to our Proxy Statement and is included within the Proxy Statement under the heading Compensation Discussion and Analysis.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, AND  
RELATED STOCKHOLDER MATTERS

The information required by Item 12 of Part III is incorporated herein by reference to the Proxy Statement and is included within the Proxy Statement under the heading Security Ownership of Principal Stockholders and Management.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 of Part III is incorporated herein by reference to the Proxy Statement and is included within the Proxy Statement under the headings Certain Relationships and Related Transactions and Corporate Governance and Board of Directors.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 of Part III is incorporated herein by reference to the Proxy Statement and is included within the Proxy Statement under the heading Relationship with Independent Registered Public Accounting Firm.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements and Schedules.

<u>Report of Independent Registered Public Accounting Firm</u>	<u>F- 1</u>
<u>Consolidated Balance Sheets - as of December 31, 2015 and 2014</u>	<u>F- 2</u>
<u>Consolidated Statements of Comprehensive Income - Years ended December 31, 2015, 2014 and 2013</u>	<u>F- 3</u>
<u>Consolidated Statements of Stockholders' Equity - Years ended December 31, 2015, 2014 and 2013</u>	<u>F- 4</u>
<u>Consolidated Statements of Cash Flows - Years ended December 31, 2015, 2014, and 2013</u>	<u>F- 5</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F- 6</u>

2. Financial Statements Schedule

<u>Schedule II - Valuation and Qualifying Accounts and Reserves - Years ended December 31, 2015, 2014, and 2013</u>	<u>S 1</u>
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Schedules not listed have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.

3. Exhibits—The exhibits required by Item 601 of Regulation S-K are listed at paragraph (b) below.

(b) Exhibits. The following exhibits are filed with this form 10-K or incorporated herein by reference to the document set forth next to the exhibit listed below:

EXHIBIT INDEX

2.1	Stock Purchase Agreement, dated November 11, 2013, by and among Gordon Trucking, Inc., the Stockholders of Gordon Trucking, Inc., Heartland Express, Inc. of Iowa, Heartland Express, Inc. in its capacity as guarantor and Larry Gordon, in his capacity as Sellers' Representative. Incorporated by reference to Exhibit 2.1 to the Company's Form 10-K, for the year ended December 31, 2013. Commission file no. 0-15087.
3.1	Articles of Incorporation. Incorporated by reference to the Company's registration statement on Form S-1, Registration No. 33-8165, effective November 5, 1986.
3.2	Amended and Restated Bylaws. Incorporated by reference to Exhibit 3.2 to the Company's Form 10-K, for the year ended December 31, 2007, dated February 28, 2008.
3.3	Certificate of Amendment to Articles of Incorporation. Incorporated by reference to Exhibit 3.3 to the Company's Form 10-QA, for the quarter ended June 30, 1997, dated March 20, 1998.
4.1	Articles of Incorporation. Incorporated by reference to the Company's registration statement on Form S-1, Registration No. 33-8165, effective November 5, 1986.
4.2	Amended and Restated Bylaws. Incorporated by reference to Exhibit 3.2 to the Company's Form 10-K, for the year ended December 31, 2007, dated February 28, 2008.
4.3	Certificate of Amendment to Articles of Incorporation. Incorporated by reference to Exhibit 3.3 to the Company's Form 10-QA, for the quarter ended June 30, 1997, dated March 20, 1998.
9.1	Voting Trust Agreement dated June 6, 1997 between Larry Crouse, as trustee under the Gerdin Educational Trusts, and Lawrence D. Crouse, voting trustee. Incorporated by reference to Exhibit 9.1 to the Company's Form 10-K for the year ended December 31, 1997. Commission file no. 0-15087.
10.1*	Heartland Express, Inc. 2011 Restricted Stock Award Plan. Incorporated by reference to Appendix A to the Company's Schedule 14-A filed June 13, 2011. Commission file no. 0-15087.
10.2*	Nonqualified Deferred Compensation Plan. Incorporated by reference to Exhibit 10.3 to the Company's Form 10-K for the year ended December 31, 2006. Commission file no. 0-15087.
10.3*	Form Award Notice under the 2011 Restricted Stock Award Plan. Incorporated by reference to Exhibit 10.3 to the Company's Form 10-K for the year ended December 31, 2011. Commission file no. 0-15087.
10.4	Credit Agreement, dated November 11, 2013, by and between Wells Fargo Bank, National Association and Heartland Express, Inc. of Iowa, Heartland Express, Inc., A&M Express Express, Inc., Heartland Express, Maintenance Services, Inc., Heartland Express Services, Inc., and Gordon Trucking Inc. Incorporated by reference to Exhibit 10.4 to the Company's Form 10-K for the year ended December 31, 2013. Commission file no. 0-15087.
21	Subsidiaries of the Registrant. Filed herewith.
31.1**	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2**	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.



101.INS***	XBRL Instance Document.
101.SCH***	XBRL Taxonomy Extension Schema Document
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF***	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document

\* Management contract or compensatory plan or arrangement.

\*\* Filed with the Company's Annual Report on Form 10-K for the period ended December 31, 2015, filed with the Securities and Exchange Commission on February 29, 2016.

\*\*\* In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 shall be deemed to be "furnished" and not "filed."

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

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Act of 1934, the registrant has duly caused the report to be signed on its behalf by the undersigned thereunto duly authorized.

HEARTLAND EXPRESS, INC.

Date: February 29, 2016

By: /s/ Michael J. Gerdin  
 Michael J. Gerdin  
 Chairman, President, and Chief Executive Officer  
 (Principal Executive Officer)

By: /s/ John P. Cosaert  
 John P. Cosaert  
 Executive Vice President of Finance, Treasurer and Chief Financial Officer  
 (Principal Accounting and Financial Officer)

Pursuant to the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael J. Gerdin Michael J. Gerdin	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)	February 29, 2016
/s/ John P. Cosaert John P. Cosaert	Executive Vice President of Finance, Treasurer and Chief Financial Officer (Principal Accounting and Financial Officer)	February 29, 2016
/s/ Benjamin J. Allen Benjamin J. Allen	Director	February 29, 2016
/s/ Lawrence D. Crouse Lawrence D. Crouse	Director	February 29, 2016
/s/ James G. Pratt James G. Pratt	Director	February 29, 2016
/s/ Tahira K. Hira Tahira K. Hira	Director	February 29, 2016