WERNER ENTERPRISES INC

FORM 10-Q
(Quarterly Report)

Filed 08/14/01 for the Period Ending 06/30/01

Address	14507 FRONTIER ROAD OMAHA, NE 68138
Telephone	4028956640
CIK	0000793074
Symbol	WERN
SIC Code	4213 - Trucking, Except Local
Industry	Trucking
Sector	Transportation
Fiscal Year	12/31

WERNER ENTERPRISES INC

FORM 10-Q
(Quarterly Report)

Filed 8/14/2001 For Period Ending 6/30/2001

Address	14507 FRONTIER ROAD P O BOX 45308
	OMAHA, Nebraska 68145
Telephone	402-895-6640
CIK	0000793074
Industry	Trucking
Sector	Transportation
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarter ended Commission file number
June 30, 2001 0-14690

WERNER ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

NEBRASKA	47-0648386
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

14507 FRONTIER ROAD
POST OFFICE BOX 45308
OMAHA, NEBRASKA 68145-0308 (402) 895-6640
(Address of principal (Zip Code)(Registrant's telephone number)

executive offices)

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 [X] NO [ ]

As of July 31, 2001, 47,504,527 shares of the registrant's common stock, par value $.01 per share, were outstanding.

INDEX TO FORM 10-Q

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

The interim consolidated financial statements contained herein reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the financial condition and results of operations for the periods presented. They have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

Operating results for the three-month and six-month periods ended June 30, 2001, are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. In the opinion of management, the information set forth in the accompanying consolidated condensed balance sheets is fairly stated in all material respects in relation to the consolidated balance sheets from which it has been derived.

These interim consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Three Months Ended June 30	
	2001	2000
	(Unaudited)	
Operating revenues	$322,777	$307,242
Operating expenses:		
Salaries, wages and benefits	114,862	107,540
Fuel	35,714	31,839
Supplies and maintenance	29,275	26,327
Taxes and licenses	23,192	22,186
Insurance and claims	10,911	8,224
Depreciation	28,908	26,794
Rent and purchased transportation	55,245	59,338
Communications and utilities	3,567	3,475
Other	1,170	(899)
Total operating expenses	302,844	284,824
Operating income	19,933	22,418
Other expense (income):		
Interest expense	834	1,978
Interest income	(554)	(625)
Other	307	235
Total other expense	587	1,588
Income before income taxes	19,346	20,830
Income taxes	7,255	7,915
Net income	$ 12,091	$ 12,915
Average common shares outstanding	47,270	47,061
Basic earnings per share	$ .26	$ .27
Diluted shares outstanding	47,917	47,304
Diluted earnings per share	$ .25	$ .27
Dividends declared per share	$ .025	$ .025

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Six Months Ended June 30 2001	Six Months Ended June 30 2000
	(Unaudited)	
Operating revenues	$627,354	$598,621
Operating expenses:		
Salaries, wages and benefits	223,936	210,852
Fuel	70,778	63,048
Supplies and maintenance	56,219	51,639
Taxes and licenses	46,270	43,648
Insurance and claims	21,652	15,204
Depreciation	58,103	53,115
Rent and purchased transportation	105,517	116,365
Communications and utilities	7,310	7,161
Other	1,577	(3,364)
Total operating expenses	591,362	557,668
Operating income	35,992	40,953
Other expense (income):		
Interest expense	2,240	4,213
Interest income	(1,448)	(1,072)
Other	726	340
Total other expense	1,518	3,481
Income before income taxes	34,474	37,472
Income taxes	12,928	14,239
Net income	$ 21,546	$ 23,233
Average common shares outstanding	47,172	47,077
Basic earnings per share	$ .46	$ .49
Diluted shares outstanding	47,792	47,277
Diluted earnings per share	$ .45	$ .49
Dividends declared per share	$ .050	$ .050

WERNER ENTERPRISES, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)	June 30 2001 (Unaudited)	December 31 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,756	$ 25,485
Accounts receivable, net	135,951	123,518
Receivable from unconsolidated affiliate	-	5,332
Other receivables	9,082	10,257
Prepaid taxes, licenses and permits	6,918	12,396
Other current assets	30,787	29,789
Total current assets	202,494	206,777
Property and equipment	1,070,872	1,021,679
Less - accumulated depreciation	344,669	313,881
Property and equipment, net	726,203	707,798
Notes receivable	4,198	4,420
Investment in unconsolidated affiliate	4,687	5,324
Other non-current assets	2,652	2,888
	$ 940,234	$ 927,207
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 32,510	$ 30,710
Insurance and claims accruals	37,426	36,057
Accrued payroll	15,614	12,746
Payable to unconsolidated affiliate	2,092	-
Other current liabilities	16,163	21,906
Total current liabilities	103,805	101,419
Long-term debt	55,000	105,000
Insurance, claims and other long-term accruals	35,301	32,301
Deferred income taxes	184,907	152,403
Stockholders' equity	561,221	536,084
	$ 940,234	$ 927,207

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Six Months Ended June 30	
	2001	2000
	(Unaudited)	
Cash flows from operating activities:		
Net income	$ 21,546	$ 23,233
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	58,103	53,115
Deferred income taxes	32,504	5,808
Loss(gain) on disposal of property and equipment	465	(3,999)
Equity in loss of unconsolidated affiliate	637	120
Tax benefit from exercise of stock options	1,138	65
Other long-term assets	236	-
Insurance claims and other long-term accruals	3,000	-
Changes in certain working capital items:		
Accounts receivable, net	(12,433)	(6,599)
Prepaid expenses and other current assets	10,987	1,728
Accounts payable	1,800	(7,541)
Other current liabilities	577	9,151
Net cash provided by operating activities	118,560	75,081
Cash flows from investing activities:		
Additions to property and equipment	(99,607)	(81,859)
Proceeds from sales of property and equipment	22,429	44,013
Investment in unconsolidated affiliate	-	(750)
Proceeds from collection of notes receivable	427	36
Net cash used in investing activities	(76,751)	(38,560)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	5,000	-
Repayments of short-term debt	-	(25,000)
Repayments of long-term debt	(55,000)	(5,000)
Dividends on common stock	(2,360)	(2,356)
Repurchases of common stock	-	(2,135)
Stock options exercised	4,822	302
Net cash used in financing activities	(47,538)	(34,189)
Net (decrease)increase in cash and cash equivalents	(5,729)	2,332
Cash and cash equivalents, beginning of period	25,485	15,368
Cash and cash equivalents, end of period	$ 19,756	$ 17,700
Supplemental disclosures of cash flow information:		
Cash paid (received) during the period for:		
Interest	$ 2,762	$ 4,165
Income taxes	$(15,810)	$ 1,797
Supplemental schedule of non-cash investing activities:		
Notes receivable issued upon sale of revenue equipment	$ 205	$ 2,406

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Investment in Unconsolidated Affiliate

Effective June 30, 2000, the Company contributed its non-asset based logistics business to Transplace, LLC (TPC), in exchange for an equity interest in TPC of approximately 15%. TPC is a joint venture of five large transportation companies - Covenant Transport, Inc.; J. B. Hunt Transport Services, Inc.; Swift Transportation Co., Inc.; U. S. Xpress Enterprises, Inc.; and Werner Enterprises, Inc. Accordingly, the Company is accounting for its investment in TPC using the equity method. Management believes this method is appropriate because the Company has the ability to exercise significant influence over operating and financial policies of TPC through its representation on the TPC board of directors. At June 30, 2001, the investment in unconsolidated affiliate includes a $5,000,000 investment in TPC less $313,100, which represents the Company's 15% equity in the operations of unconsolidated affiliate.

(2) Long-Term Debt

Long-term debt consists of the following (in thousands):

	June 30, 2001	December 31, 2000
Notes payable to banks under committed credit facilities	$ 5,000	$ 55,000
6.55% Series A Senior Notes, due November 2002	20,000	20,000
6.02% Series B Senior Notes, due November 2002	10,000	10,000
5.52% Series C Senior Notes, due December 2003	20,000	20,000
Long-term debt	$ 55,000	$105,000

The notes payable to banks under committed credit facilities bear variable interest (4.14% at June 30, 2001) based on the London Interbank Offered Rate (LIBOR) and mature in August 2002. The Company has an additional $95 million of available long-term credit facilities with banks which bear variable interest based on LIBOR, on which no borrowings were outstanding at June 30, 2001.

(3) Commitments

As of June 30, 2001, the Company has commitments for net capital expenditures of approximately $25 million.

(4) Earnings Per Share

A reconciliation of the numerator and denominator of basic and diluted earnings per share is shown below. Common stock equivalents represent the dilutive effect of outstanding stock options for all periods presented.

	(in thousands, except per share amounts)			
	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Net income	$ 12,091	$ 12,915	$ 21,546	$ 23,233
Average common shares outstanding	47,270	47,061	47,172	47,077
Common stock equivalents	647	243	620	200
Diluted shares outstanding	47,917	47,304	47,792	47,277
Basic earnings per share	$ .26	$ .27	$ .46	$ .49
Diluted earnings per share	$ .25	$ .27	$ .45	$ .49

Options to purchase shares of common stock which were outstanding during the periods indicated above, but were excluded from the computation of diluted earnings per share because the option purchase price was greater than the average market price of the common shares, were:

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Number of shares under option	7,500	684,437	7,500	684,437
Range of option purchase prices	$19.13-$20.50	$14.94-$20.50	$19.13-$20.50	$14.94-$20.50

(5) Segment Information

The Company has one reportable segment- Truckload transportation services. This segment consists of five operating fleets that have been aggregated since they have similar economic characteristics and meet the other aggregation criteria of SFAS No. 131. The Medium- to Long-Haul Van fleet transports a variety of consumer, non-durable products and other commodities in truckload quantities over irregular routes using dry van trailers. The Regional Short-Haul fleet provides comparable truckload van service within five geographic areas. The Flatbed and Temperature- Controlled fleets provide truckload services for products with specialized trailers. The Dedicated Services fleet provides truckload services required by a specific company, plant, or distribution center.

The Company generates non-trucking revenues related to freight transportation management, third-party equipment maintenance, and other business activities. None of these operations meet the quantitative threshold reporting requirements of SFAS No. 131. As a result, these operations are grouped in "Other" in the table below. The Company does not prepare separate balance sheets by segments and, as a result, assets are not separately identifiable by segment. The Company has no significant intersegment sales or expense transactions that would result in adjustments necessary to eliminate amounts between the Company's segments.

The following tables summarize the Company's segment information (in thousands of dollars):

	Revenues			
	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Truckload Transportation Services	$303,413	$286,502	$593,224	$558,661
Other	19,364	20,740	34,130	39,960
Total	$322,777	$307,242	$627,354	$598,621

	Operating Income			
	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Truckload Transportation Services	$19,802	$22,819	$35,504	$41,614
Other	131	(401)	488	(661)
Total	$19,933	$22,418	$35,992	$40,953

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

This report contains forward-looking statements which are based on information currently available to the Company's management. Actual results could differ materially from those anticipated in forward-looking statements as a result of a number of factors, including, but not limited to, those discussed in Item 7, "Management's Discussion and Analysis of Results of Operations and Financial Condition", of the Company's Annual Report on Form 10-K for the year ended December 31, 2000. The Company assumes no obligation to update any forward-looking statement to the extent it becomes aware that it will not be achieved for any reason.

Financial Condition:

During the six months ended June 30, 2001, the Company generated cash flow from operations of $119 million. The portion of the increase in operating cash flow from deferred income taxes from the six months ended June 30, 2000 to the six months ended June 30, 2001 was due primarily to the implementation of certain tax strategies. The cash flow from operations enabled the Company to make net property additions, primarily revenue equipment, of $77.2 million, repay $50 million of debt, and pay common stock dividends of $2.4 million. Based on the Company's strong financial position, management foresees no significant barriers to obtaining sufficient financing, if necessary, to continue with its growth plans.

The Company's debt to equity ratio at June 30, 2001 was 9.8%, compared with 19.6% at December 31, 2000. The Company's debt to total capitalization ratio (total capitalization equals total debt plus total stockholders' equity) was 8.9% at June 30, 2001 compared to 16.4% at December 31, 2000.

Results of Operations:

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

	Percentage of Operating Revenues			
	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Operating revenues	100.0 %	100.0 %	100.0 %	100.0 %
Operating expenses:				
Salaries, wages and benefits	35.6	35.0	35.7	35.2
Fuel	11.1	10.4	11.3	10.5
Supplies and maintenance	9.1	8.6	9.0	8.6
Taxes and licenses	7.2	7.2	7.4	7.3
Insurance and claims	3.4	2.7	3.4	2.5
Depreciation	8.9	8.7	9.3	8.9
Rent and purchased transportation	17.1	19.3	16.8	19.4
Communications and utilities	1.1	1.1	1.2	1.2
Other	0.3	(0.3)	0.2	(0.6)
Total operating expenses	93.8	92.7	94.3	93.2
Operating income	6.2	7.3	5.7	6.8
Net interest expense and other	0.2	0.5	0.2	0.6
Income before income taxes	6.0	6.8	5.5	6.3
Income taxes	2.3	2.6	2.1	2.4
Net income	3.7 %	4.2 %	3.4 %	3.9 %

	Operating Statistics	
Average monthly miles per tractor	10,357	10,647
Average revenues per total mile (1)	$1.204	$1.187
Average revenues per loaded mile (1)	$1.335	$1.315
Average percentage of empty miles	9.81%	9.74%
Average tractors in service	7,746	7,271
Non-trucking revenues (in thousands)	$19,364	$20,740
Total tractors (at quarter end)		
Company	6,590	6,125
Owner-operator	1,135	1,200
Total tractors	7,725	7,325
Total trailers (at quarter end)	19,850	19,200

(1) Net of fuel surcharge revenues.

Three Months Ended June 30, 2001 and 2000

Operating revenues increased 5.1% for the three months ended June 30, 2001, compared to the same period of the prior year, due in part to a 6.5% increase in the average number of tractors in service. Revenue per mile, excluding fuel surcharges, increased 1.4%, and revenue per mile, including fuel surcharges, increased 2.2% compared to second quarter 2000. Excluding fuel surcharge revenues, trucking revenues increased 5.1% for the three months ended June 30, 2001, compared to the same period of the prior year. These increases were offset by a 2.7% decrease in miles per truck compared to second quarter 2000 and a $1.4 million net decrease (6.6% decrease) in revenues from logistics and other non-trucking transportation services. Logistics business representing $11.6 million of revenues for the three months ended June 30, 2000 was transferred to Transplace; however, during the three months ended June 30, 2001, this was offset by an increase in other non-trucking transportation services. See discussion of Transplace on the following pages.

Operating expenses, expressed as a percentage of operating revenues, were 93.8% for the three months ended June 30, 2001, compared to 92.7% for the three months ended June 30, 2000. The decrease in owner-operator miles as a percentage of total miles (16.5% in second quarter 2001 compared to 18.9% in second quarter 2000), contributed to a shift in costs from the rent and purchased transportation expense category to several other expense categories, as described on the following pages. Owner-operators are independent contractors who supply their own tractor and driver, and are responsible for their operating expenses including fuel, supplies and maintenance, and fuel taxes. Over the past year, it has become more difficult to retain owner-operator drivers due to the challenging operating conditions for owner-operators.

Salaries, wages and benefits increased from 35.0% to 35.6% of revenues due to a higher percentage of company drivers as compared to owner-operators in second quarter 2001 and an increase in the number of student drivers. This was offset by a reduction in non-driver salaries due to a higher ratio of tractors to non-driver employees in second quarter 2001 compared to second quarter 2000. Workers' compensation expense increased due to rising medical costs and higher weekly claim payments. The market for attracting company drivers has improved during 2001; however, the Company anticipates that the competition for qualified drivers will continue to be high, and cannot predict whether it will experience shortages in the future. If such a shortage was to occur and increases in driver pay rates became necessary to attract and retain drivers, the Company's results of operations would be negatively impacted to the extent that corresponding freight rate increases were not obtained.

Fuel increased from 10.4% to 11.1% of revenues due mainly to a higher percentage of company drivers compared to owner-operators during the quarter compared to the same quarter of the prior year. Diesel fuel prices were about 6% higher during second quarter 2001 compared to second quarter 2000. The Company's customer fuel surcharge reimbursement programs recovered most of the increase in fuel cost. After considering the amounts collected from customers through fuel surcharge programs, net of reimbursements to owner-operators, there was no significant impact on second quarter 2001 earnings per share compared to second quarter 2000 earnings per share due to higher fuel costs. Shortages of fuel, increases in fuel prices or rationing of petroleum products can have a materially adverse effect on the operations and profitability of the Company. The Company is unable to predict whether higher fuel price levels will continue or the extent to which fuel surcharges will be collected from customers. As of June 30, 2001, the Company had no derivative financial instruments to reduce its exposure to fuel price fluctuations.

Supplies and maintenance increased from 8.6% to 9.1% of revenues due to a higher percentage of company drivers compared to owner-operators during the second quarter 2001.

Insurance and claims increased from 2.7% to 3.4% of revenues due primarily to unfavorable claims experience in second quarter 2001. Insurance premiums in the liability insurance market have increased in recent months. Since the Company is self-insured for $500,000 of liability for each claim, these premium increases only affect the Company for coverage above this amount. The Company anticipates that the cost of liability coverage above this level will increase the Company's total insurance and claims expense by approximately 5% beginning in August 2001. Depreciation increased from 8.7% to 8.9% of revenues because of the larger percentage of company-owned trucks versus owner-operator trucks.

Rent and purchased transportation decreased from 19.3% to 17.1% of revenues due primarily to transferring most of the Company's logistics business to Transplace and the decrease in owner-operator miles as a percentage of total miles. The Company has experienced difficulty in recruiting and retaining owner-operators because of high fuel prices, a weak used truck pricing market, and other factors. This has resulted in a reduction of the number of owner-operator tractors from 1,200 as of June 30, 2000, to 1,135 as of June 30, 2001. The Company reimburses owner- operators for the higher cost of fuel based on fuel surcharge reimbursements collected from customers.

On June 30, 2000, the Company transferred its logistics business unit to Transplace. The Company is one of six large truckload transportation companies that contributed their logistics businesses to this commonly owned, Internet-based logistics company. Each of the six founding members of Transplace contributed their logistics business, related intangible assets, and $5 million of cash. The Company transferred logistics business representing $11.6 million of revenues for the three months ended June 30, 2000 to Transplace. The Company is recording its approximate 15% investment in Transplace using the equity method of accounting and is accruing its percentage share of Transplace's earnings as an other non- operating item. In second quarter 2001, the Company recorded a loss of approximately $0.2 million as its percentage share of estimated Transplace losses.

Other operating expenses changed from a credit of (0.3)% to 0.3% of revenues due to a weak market for the sale of used trucks. Record levels of trucks manufactured over the past two years, an increased supply of used trucks caused in part by trucking company business failures, and slower fleet growth by many carriers have all contributed to a decline in the market value of used trucks. During second quarter 2001, the Company traded more of its used trucks, and the excess of the trade price over the net book value of the truck reduced the cost basis of the new truck. In second quarter of 2000, the Company sold most of its used trucks to third parties through its Fleet Truck Sales retail network and realized gains of $1.2 million. Due to a reduced number of trucks sold to third parties and a lower average sale price per truck, in second quarter 2001 the Company realized losses of $0.5 million. The Company cannot predict whether the current state of the used truck market will continue.

Interest expense decreased from 0.6% to 0.3% of revenues due to a reduction in the Company's borrowings. Average debt outstanding in second quarter 2001 was $57.5 million versus $120 million in second quarter 2000.

The Company's effective income tax rate (income taxes as a percentage of income before income taxes) was 37.5% and 38.0% for the three-month periods ended June 30, 2001 and 2000, respectively. The effective income tax rate for the 2001 period decreased due to the implementation of certain tax strategies.

Six Months Ended June 30, 2001 and 2000

Operating revenues increased by 4.8% for the six months ended June 30, 2001, compared to the same period of the previous year, primarily due to a 6.2% increase in the average number of tractors. Revenue per mile, excluding fuel surcharges, increased 1.4% due primarily to rate increases.

Operating expenses, expressed as a percentage of operating revenues, were 94.3% for the six months ended June 30, 2001, compared to 93.2% for the same period of the previous year.

Salaries, wages and benefits increased from 35.2% to 35.7% of revenues, primarily due to a higher percentage of company drivers as compared to owner-operators and an increase in the number of student drivers. Fuel increased from 10.5% to 11.3% of revenues due to higher fuel prices and an increase in the percentage of company drivers. Supplies and maintenance increased from 8.6% to 9.0% of revenues due to an increase in the number of company drivers. Insurance and claims increased from 2.5% to 3.4% of revenues due to unfavorable claims experience, including an increase in the frequency of property damage and cargo damage accidents. Depreciation increased from 8.9% to 9.3% due to the increase in the percentage of company drivers. Rent and purchased transportation decreased from 19.4% to 16.8% of revenues due to a decrease in the number of owner- operator trucks and a decrease in purchased transportation from logistics business that was transferred to Transplace. Other operating expenses changed from (0.6)% to 0.2% of revenues due to a weaker used truck market. Interest expense decreased from 0.7% to 0.3% of revenues due to a reduction in borrowings.

Accounting Standards:

On July 20, 2001, the Financial Accounting Standards Board issued SFAS No. 141, Business Combinations and No. 142, Goodwill and Other Intangible Assets. SFAS 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Business combinations accounted for as poolings-of-interests and initiated prior to June 30, 2001 are grandfathered. SFAS 142 replaces the requirement to amortize intangible assets with indefinite lives and goodwill with a requirement for an impairment test. SFAS 142 also requires an evaluation of intangible assets and their useful lives and a transitional impairment test for goodwill and certain intangible assets upon adoption. After transition, the impairment tests will be performed annually. SFAS 142 is effective for fiscal years beginning after December 15, 2001, as of the beginning of the year. As of June 30, 2001, the Company has no goodwill or intangible assets recorded in its financial statements. Management believes that SFAS 141 and SFAS 142 will have no effect on the financial position, results of operations and cash flows of the Company.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company is exposed to market risk from changes in interest rates and commodity prices.

Interest Rate Risk

The Company had $5 million of variable rate debt at June 30, 2001. The interest rates on the variable rate debt are based on the London Interbank Offered Rate (LIBOR). Assuming this level of borrowings, a hypothetical one-percentage point increase in the LIBOR interest rate would increase the Company's annual interest expense by $50,000.

Commodity Price Risk

The price and availability of diesel fuel are subject to fluctuations due to changes in the level of global oil production, seasonality, weather, and other market factors. Historically, the Company has been able to recover a majority of fuel price increases from customers in the form of fuel surcharges. As of June 30, 2001, the Company has implemented customer fuel surcharges with most of its revenue base to offset most of the higher fuel cost per gallon. The Company cannot predict the extent to which high fuel price levels will occur in the future or the extent to which fuel surcharges could be collected to offset such increases. As of June 30, 2001, the Company had no derivative financial instruments to reduce its exposure to fuel price fluctuations.

PART II

OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of Werner Enterprises, Inc. was held on May 1, 2001 for the purpose of electing three directors for three-year terms. Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities Exchange Act of 1934, and there was no solicitation in opposition to management's nominees. Each of management's nominees for director as listed in the Proxy Statement was elected. Of the 47,091,895 shares entitled to vote, stockholders representing 45,007,010 shares (95.6%) were present in person or by proxy. The voting tabulation was as follows:

	Shares Voted "FOR"	Shares Voted "ABSTAIN"
Curtis G. Werner	41,551,937	3,455,073
Gerald H. Timmerman	44,023,462	983,548
Donald W. Rogert	44,017,959	989,051

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

None

(b) Reports on Form 8-K.

(i) A report on Form 8-K, filed April 19, 2001, regarding a news release on April 16, 2001, announcing the Company's operating revenues and earnings for the first quarter ended March 31, 2001.
(ii) A report on Form 8-K, filed May 18, 2001, regarding a news release on May 18, 2001, announcing the opening of the Laredo, Texas terminal.

SIGNATURES

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

WERNER ENTERPRISES, INC.

Date: August 14, 2001 By: /s/ John J. Steele

John J. Steele
Vice President, Treasurer and
Chief Financial Officer

Date: August 14, 2001 By: /s/ James L. Johnson

James L. Johnson
Vice President, Controller and
Corporate Secretary