WERNER ENTERPRISES INC

FORM 10-Q
(Quarterly Report)

Filed 08/13/02 for the Period Ending 06/30/02

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 8/13/2002 For Period Ending 6/30/2002

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

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2002
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 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 executive offices)	(Zip Code)	(Registrant's telephone number, including area code)

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, 2002, 63,782,066 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, results of operations, and cash flows 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 accounting principles generally accepted in the United States of America for complete financial statements.

Operating results for the three-month and six-month periods ended June 30, 2002, are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. 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, 2001.

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Three Months Ended June 30	
	2002	2001
	(Unaudited)	
Operating revenues	$340,405	$322,777
Operating expenses:		
Salaries, wages and benefits	122,417	114,862
Fuel	30,401	35,714
Supplies and maintenance	31,112	29,275
Taxes and licenses	24,723	23,192
Insurance and claims	12,793	10,911
Depreciation	29,521	28,908
Rent and purchased transportation	57,852	55,245
Communications and utilities	3,644	3,567
Other	804	1,170
Total operating expenses	313,267	302,844
Operating income	27,138	19,933
Other expense (income):		
Interest expense	801	834
Interest income	(602)	(554)
Other	419	307
Total other expense	618	587
Income before income taxes	26,520	19,346
Income taxes	9,945	7,255
Net income	$ 16,575	$ 12,091
Average common shares outstanding	63,801	63,027
Basic earnings per share	$ .26	$ .19
Diluted shares outstanding	65,192	63,889
Diluted earnings per share	$ .25	$ .19
Dividends declared per share	$ .020	$ .019

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Six Months Ended June 30 2002	Six Months Ended June 30 2001
	(Unaudited)	
Operating revenues	$652,980	$627,354
Operating expenses:		
Salaries, wages and benefits	237,919	223,936
Fuel	55,462	70,778
Supplies and maintenance	61,168	56,219
Taxes and licenses	48,605	46,270
Insurance and claims	24,399	21,652
Depreciation	58,723	58,103
Rent and purchased transportation	113,267	105,517
Communications and utilities	7,361	7,310
Other	1,653	1,577
Total operating expenses	608,557	591,362
Operating income	44,423	35,992
Other expense (income):		
Interest expense	1,559	2,240
Interest income	(1,276)	(1,448)
Other	631	726
Total other expense	914	1,518
Income before income taxes	43,509	34,474
Income taxes	16,316	12,928
Net income	$ 27,193	$ 21,546
Average common shares outstanding	63,802	62,896
Basic earnings per share	$ .43	$ .34
Diluted shares outstanding	65,250	63,723
Diluted earnings per share	$ .42	$ .34
Dividends declared per share	$ .040	$ .038

WERNER ENTERPRISES, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)	June 30 2002 (Unaudited)	December 31 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 85,214	$ 74,366
Accounts receivable, trade, less allowance of $5,393 and $4,966, respectively	127,803	121,354
Other receivables	10,375	8,527
Inventories and supplies	8,926	8,432
Prepaid taxes, licenses and permits	7,095	12,333
Other current assets	14,164	11,055
Total current assets	253,577	236,067
Property and equipment	1,107,695	1,069,605
Less - accumulated depreciation	366,332	354,122
Property and equipment, net	741,363	715,483
Other non-current assets	14,999	12,464
	$1,009,939	$ 964,014
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 34,906	$ 33,188
Current portion of long-term debt	30,000	30,000
Insurance and claims accruals	46,566	40,254
Accrued payroll	17,348	15,008
Current deferred income taxes	20,473	20,473
Other current liabilities	12,010	13,334
Total current liabilities	161,303	152,257
Long-term debt, net of current portion	20,000	20,000
Insurance and claims accruals, net of current portion	42,301	38,801
Deferred income taxes	169,869	162,907
Stockholders' equity:		
Common stock, $.01 par value, 200,000,000 shares authorized; 64,427,780 shares issued; 63,794,567 and 63,636,823 shares outstanding, respectively	644	644
Paid-in capital	106,958	106,058
Retained earnings	515,582	490,942
Accumulated other comprehensive loss	(81)	(43)
Treasury stock, at cost; 633,206 and 790,957 shares, respectively	(6,637)	(7,552)
Total stockholders' equity	616,466	590,049
	$1,009,939	$ 964,014

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Six Months Ended June 30 2002	2001
	(Unaudited)	
Cash flows from operating activities:		
Net income	$ 27,193	$ 21,546
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	58,723	58,103
Deferred income taxes	6,962	32,504
Loss on disposal of property and equipment	61	465
Equity in loss of unconsolidated affiliate	637	637
Tax benefit from exercise of stock options	995	1,138
Other long-term assets	(83)	236
Insurance claims and other long-term accruals	3,500	3,000
Changes in certain working capital items:		
Accounts receivable, net	(6,449)	(12,433)
Prepaid expenses and other current assets	(213)	10,987
Accounts payable	1,718	1,800
Other current liabilities	7,207	577
Net cash provided by operating activities	100,251	118,560
Cash flows from investing activities:		
Additions to property and equipment	(117,359)	(99,607)
Retirements of property and equipment	32,646	22,429
(Increase) decrease in notes receivable	(3,040)	427
Net cash used in investing activities	(87,753)	(76,751)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	-	5,000
Repayments of long-term debt	-	(55,000)
Dividends on common stock	(2,470)	(2,360)
Payment of stock split fractional shares	(12)	-
Repurchases of common stock	(1,556)	-
Stock options exercised	2,388	4,822
Net cash used in financing activities	(1,650)	(47,538)
Net increase (decrease) in cash and cash equivalents	10,848	(5,729)
Cash and cash equivalents, beginning of period	74,366	25,485
Cash and cash equivalents, end of period	$ 85,214	$ 19,756
Supplemental disclosures of cash flow information:		
Cash paid (received) during the period for:		
Interest	$ 1,559	$ 2,762
Income taxes	$ 9,881	$(15,810)
Supplemental schedule of non-cash investing activities:		
Notes receivable issued upon sale of revenue equipment	$ 49	$ 205

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 (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, 2002, the investment in unconsolidated affiliate (in thousands), which is included in other non-current assets, is $3,023 (which includes a $5,000 cash investment in TPC less $1,977, which represents the Company's 15% equity in the loss from operations of unconsolidated affiliate since June 30, 2000). The Company is not responsible for the debt of Transplace.

(2) Commitments

As of June 30, 2002, the Company has commitments for net capital expenditures of approximately $135 million.

(3) 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	
	2002	2001	2002	2001
Net income	$ 16,575	$ 12,091	$ 27,193	$ 21,546
Average common shares outstanding	63,801	63,027	63,802	62,896
Common stock equivalents	1,391	862	1,448	827
Diluted shares outstanding	65,192	63,889	65,250	63,723
Basic earnings per share	$ .26	$ .19	$ .43	$ .34
Diluted earnings per share	$ .25	$ .19	$ .42	$ .34

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	
	2002	2001	2002	2001
Number of shares under option	-	10,000	-	10,000
Range of option purchase prices	-	$14.35-$15.38	-	$14.35-$15.38

(4) 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	
	2002	2001	2002	2001
Truckload Transportation Services	$316,432	$303,413	$607,464	$593,224
Other	23,973	19,364	45,516	34,130
Total	$340,405	$322,777	$652,980	$627,354

	Operating Income			
	Three Months Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
Truckload Transportation Services	$26,887	$19,802	$43,599	$35,504
Other	251	131	824	488
Total	$27,138	$19,933	$44,423	$35,992

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, 2001. 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, 2002, the Company generated cash flow from operations of $100.3 million, a 5.4% increase ($5.1 million) in cash flow compared to the same six-month period a year ago, excluding the $23.4 million refund of income taxes received in first quarter 2001 which resulted from the implementation of certain tax strategies. Including the income tax refund, cash flow from operations was $118.6 million for the six months ended June 30, 2001. The cash flow from operations enabled the Company to make net property additions, primarily revenue equipment, of $84.7 million, repurchase common stock of $1.6 million, and pay common stock dividends of $2.5 million. The average age of the Company's truck fleet was reduced from 1.5 years as of December 31, 2001 to 1.4 years at March 31, 2002 and to 1.3 years at June 30, 2002. The decrease in the average age of the Company truck fleet is due to buying a large number of pre-October 2002 trucks which are not subject to the new engine emission standards mandated by the Environmental Protection Agency. Based on the Company's strong financial position, management foresees no significant barriers to obtaining sufficient financing, if necessary.

The Company's debt to equity ratio at June 30, 2002 was 8.1%, compared with 8.5% at December 31, 2001. The Company's debt to total capitalization ratio (total capitalization equals total debt plus total stockholders' equity) was 7.5% at June 30, 2002 compared to 7.8% at December 31, 2001.

Results of Operations:

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

	Three Months Ended June 30 2002	Three Months Ended June 30 2001	Six Months Ended June 30 2002	Six Months Ended June 30 2001
Operating revenues	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Salaries, wages and benefits	36.0	35.6	36.4	35.7
Fuel	8.9	11.1	8.5	11.3
Supplies and maintenance	9.1	9.1	9.4	9.0
Taxes and licenses	7.3	7.2	7.4	7.4
Insurance and claims	3.7	3.4	3.7	3.4
Depreciation	8.7	8.9	9.0	9.3
Rent and purchased transportation	17.0	17.1	17.4	16.8
Communications and utilities	1.1	1.1	1.1	1.2
Other	0.2	0.3	0.3	0.2
Total operating expenses	92.0	93.8	93.2	94.3
Operating income	8.0	6.2	6.8	5.7
Net interest expense and other	0.2	0.2	0.1	0.2
Income before income taxes	7.8	6.0	6.7	5.5
Income taxes	2.9	2.3	2.5	2.1
Net income	4.9%	3.7%	4.2%	3.4%

The following table sets forth certain industry data regarding the freight revenues and operations of the Company.

	Three Months Ended June 30 2002	Three Months Ended June 30 2001	% Change	Six Months Ended June 30 2002	Six Months Ended June 30 2001	% Change
Average monthly miles per tractor	10,550	10,357	1.9%	10,320	10,300	0.2%
Average revenues per total mile (1)	$1.228	$1.204	2.0%	$1.220	$1.197	1.9%
Average revenues per loaded mile (1)	$1.354	$1.335	1.4%	$1.350	$1.333	1.3%
Average percentage of empty miles	9.31%	9.81%	(5.1%)	9.64%	10.23%	(5.8%)
Average tractors in service	7,973	7,746	2.9%	7,928	7,646	3.7%
Average revenues per truck per week (1)	$2,989	$2,878	3.9%	$2,905	$2,845	2.1%
Non-trucking revenues (in thousands)	$23,973	$19,364	23.8%	$45,516	$34,130	33.4%
Total tractors (at quarter end)						
Company	6,800	6,590		6,800	6,590	
Owner-operator	1,150	1,135		1,150	1,135	
Total tractors	7,950	7,725		7,950	7,725	
Total trailers (at quarter end)	19,855	19,850		19,855	19,850	

(1) Net of fuel surcharge revenues.

Three Months Ended June 30, 2002 Compared to Three Months Ended June 30, 2001

Operating revenues increased 5.5% for the three months ended June 30, 2002, compared to the same period of the prior year, due in part to a 2.9% increase in the average number of tractors in service and a 1.9% increase in average miles per tractor in service. Freight volumes were unusually stronger than normal in second quarter 2002, due in part to some shippers restocking low inventory levels and, to a lesser degree, increased shipping in the West Coast markets due to concerns about the potential for a work stoppage at the Los Angeles port. This enabled the Company to be more selective with the freight it hauls and resulted in a lower empty mile percentage, higher miles per truck, and higher revenue per mile. The Company does not know if it will experience these same unusually strong volumes in the third quarter and fourth quarter 2002. Revenue per total mile, excluding fuel surcharges, increased 2.0%. Fuel surcharges, which represent collections from customers for the higher cost of fuel, decreased from $13.6 million in second quarter 2001 to $6.6 million in second quarter 2002 due to lower average fuel prices (see fuel explanation below). Excluding fuel surcharge revenues, trucking revenues increased 6.9% for the three months ended June 30, 2002, compared to the same period of the prior year.

Operating expenses, expressed as a percentage of operating revenues, were 92.0% for the three months ended June 30, 2002, compared to 93.8% for the three months ended June 30, 2001. Owner-operator miles as a percentage of total miles were 16.2% in second quarter 2002 compared to 16.5% in second quarter 2001. 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 been more difficult to attract and retain owner-operator drivers due to the challenging operating conditions.

Salaries, wages and benefits increased from 35.6% to 36.0% of revenues due in part to an increase in the number of workers' compensation claims and the average cost per claim and an increase in the workers' compensation insurance premiums. The Company renewed its workers' compensation insurance coverage, and for the policy year beginning April 2002, the Company increased its self-insurance retention from $0.5 million to $1.0 million per claim and has premium-based coverage with a reputable insurance company for claims above this amount. The Company's premiums for this coverage increased by approximately $1.3 million over the premiums from the prior policy year. In addition, the Company increased employees in its maintenance department to reduce the higher cost of over-the-road repairs. The market for attracting company drivers is becoming more challenging, and the Company anticipates that the competition for qualified drivers will 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 decreased from 11.1% to 8.9% of revenues due to lower fuel prices. Average diesel fuel prices remained higher than normal compared to historical price levels, but were 18 cents per gallon lower in second quarter 2002 compared to the high prices of second quarter 2001. The Company's customer fuel surcharge reimbursement programs have historically enabled the Company to recover most of the higher fuel prices from its customers compared to normalized average fuel prices. These surcharge programs, which generally adjust weekly based on fuel pricing changes, continued to be in effect during second quarter 2002. After considering the amounts collected from customers through fuel surcharge programs, net of reimbursement to owner-operators, there was no significant impact on second quarter 2002 earnings per share compared to second quarter 2001 earnings per share due to lower 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 fuel price levels will increase or decrease in the future or the extent to which fuel surcharges will be collected from customers. As of June 30, 2002, the Company had no derivative financial instruments to reduce its exposure to fuel price fluctuations.

Insurance and claims increased from 3.4% to 3.7% of revenues due to higher excess insurance premiums and unfavorable claims experience in second quarter 2002. Insurance premiums in the liability insurance market have increased significantly for many truckload carriers. Since the Company is self-insured for $0.5 million of liability for each claim and varying annual aggregate amounts of liability for claims above $0.5 million and below $4.0 million, these premium increases only affect the Company for coverage above these amounts. The Company has been self-insured and managed its own claims for liability, cargo, and property damage for over ten years. The Company renewed its annual liability insurance coverage for coverage in excess of $0.5 million per claim effective August 1, 2001. The effect of the August 2001 insurance renewal was an increase in the Company's total insurance and claims expense of less than 10% of the Company's total annual insurance and claims expense. The Company's premium rate for liability coverage up to $3.0 million per claim is fixed through August 1, 2004, while coverage levels above $3.0 million per claim were renewed effective August 1, 2002. For the policy year beginning August 2002, the Company's total premiums for liability insurance remained almost the same as the prior policy year while the Company assumed liability for claims above $3.0 million and below $5.0 million per claim. Liability claims in excess of $5.0 million per claim, if they occur, are covered under premium-based policies with reputable insurance companies.

Rent and purchased transportation decreased from 17.1% to 17.0% of revenues due primarily to a decrease in payments to owner-operators for fuel reimbursement. The Company reimburses owner-operators for the higher cost of fuel based on fuel surcharge reimbursements collected from customers. This decrease was offset by an increase in carrier charges for non-trucking services.

Other operating expenses decreased from 0.3% to 0.2% of revenues due to improvements in the used truck market. Record levels of trucks manufactured during 1999 and 2000, 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. In the past few months, the pricing for the Company's used trucks has improved, and the Company has been selling more trucks. Over the last year, the Company has expanded its nationwide retail truck sales network that has been a leading seller of used Company trucks for over ten years. In second quarter 2002 the Company realized gains of $0.1 million on sales of used trucks to third parties through its Fleet Truck Sales Retail network compared to losses of $0.5 million in second quarter 2001.

The Company's effective income tax rate (income taxes as a percentage of income before income taxes) was 37.5% for the three-month periods ended June 30, 2002 and 2001.

Six Months Ended June 30, 2002 Compared to Six Months Ended June 30, 2001

Operating revenues increased by 4.1% for the six months ended June 30, 2002, compared to the same period of the previous year, primarily due to a 3.7% increase in the average number of tractors in service. Revenue per total mile, excluding fuel surcharges, increased 1.9%.

Operating expenses, expressed as a percentage of operating revenues, were 93.2% for the six months ended June 30, 2002, compared to 94.3% for the same period of the previous year.

Salaries, wages and benefits increased from 35.7% to 36.4% of revenues, due to the Company increasing employees in its maintenance department to reduce the higher cost of over-the-road repairs and increases in workers' compensation and health insurance expense due to rising medical costs and higher weekly state workers' compensation payment rates. Fuel decreased from 11.3% to 8.5% of revenues due to lower fuel prices. Supplies and maintenance increased from 9.0% to 9.4% of revenues due to more maintenance being performed over-the-road than at company facilities. As referred to on page 11, the Company has begun adding more maintenance employees. Insurance and claims increased from 3.4% to 3.7% of revenues primarily due to higher excess insurance premiums and unfavorable claims experience. Rent and purchased transportation increased from 16.8% to 17.4% primarily due to an increase in purchased transportation relating to non-trucking operations, offset by a decrease in payments to owner- operators for fuel reimbursement.

Accounting Standards:

During June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, Accounting for Asset Retirement Obligations. This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS 143 requires an enterprise to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of a tangible long-lived asset. SFAS 143 is effective for fiscal years beginning after June 15, 2002. As of June 30, 2002, management believes that SFAS 143 will have no significant effect on the financial position, results of operations, and cash flows of the Company.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statement No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections. The provisions of this statement related to the rescission of Statement No. 4 shall be applied in fiscal years beginning after May 15, 2002. As of June 30, 2002, management believes that SFAS 145 will have no significant effect on the financial position, results of operations, and cash flows of the Company.

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002. As of June 30, 2002, management believes that SFAS 146 will have no significant 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 commodity prices.

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, 2002, 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 higher fuel price levels may occur in the future or the extent to which fuel surcharges could be collected to offset such increases. As of June 30, 2002, the Company had no derivative financial instruments to reduce its exposure to fuel price fluctuations.

The Company conducts business in Mexico and Canada. Foreign currency transaction gains and losses were not material to the Company's results of operations for second quarter 2002 and prior periods. The Company receives payment for freight services performed in Mexico and Canada primarily in U.S. dollars to reduce foreign currency risk. Accordingly, the Company is not currently subject to material foreign currency exchange rate risks from the effects that exchange rate movements of foreign currencies would have on the Company's future costs or on future cash flows.

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 14, 2002 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 63,861,942 shares entitled to vote, stockholders representing 62,513,359 shares (97.9%) were present in person or by proxy. The voting tabulation was as follows:

	Shares Voted "FOR"	Shares Voted "ABSTAIN"
Gary L. Werner	53,662,560	8,850,799
Gregory L. Werner	53,599,450	8,913,909
Michael L. Steinbach	61,272,703	1,240,656

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

(a) Exhibits

Exhibit 99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 Exhibit 99.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K.

(i) A report on Form 8-K, filed April 22, 2002, regarding a news release on April 16, 2002, announcing the Company's operating revenues and earnings for the first quarter ended March 31, 2002.

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 12, 2002	*By: /s/ John J. Steele* *John J. Steele* *Vice President, Treasurer and* *Chief Financial Officer*
Date: August 12, 2002	*By: /s/ James L. Johnson* *James L. Johnson* *Vice President, Controller and* *Corporate Secretary*

Exhibit 99.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of Werner Enterprises, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2002, (the "Report") filed with the Securities and Exchange Commission, I, Clarence L. Werner, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 12, 2002

/s/ Clarence L. Werner

Clarence L. Werner
Chairman and Chief Executive Officer

Exhibit 99.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the Quarterly Report of Werner Enterprises, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2002, (the "Report") filed with the Securities and Exchange Commission, I, John J. Steele, Vice President, Treasurer, and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 12, 2002

/s/ John J. Steele

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