

WERNER ENTERPRISES INC

FORM 10-Q (Quarterly Report)

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

FORM 10-Q

[Mark one]

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2004

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

(State or other jurisdiction of
incorporation or organization)

47-0648386

(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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes X No

As of July 31, 2004, 79,250,571 shares of the registrant's common stock, par value \$.01 per share, were outstanding.

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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. The interim consolidated financial statements 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, 2004, are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. 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, 2003.

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Three Months Ended June 30	
	2004	2003
	(Unaudited)	
Operating revenues	\$ 411,115	\$ 362,290
Operating expenses:		
Salaries, wages and benefits	134,296	127,821
Fuel	50,105	37,188
Supplies and maintenance	34,802	29,709
Taxes and licenses	27,428	25,836
Insurance and claims	20,022	17,881
Depreciation	35,644	32,981
Rent and purchased transportation	71,201	54,961
Communications and utilities	4,450	3,980
Other	(1,824)	357
Total operating expenses	376,124	330,714
Operating income	34,991	31,576
Other expense (income):		
Interest expense	4	283
Interest income	(551)	(508)
Other	57	28
Total other expense (income)	(490)	(197)
Income before income taxes	35,481	31,773
Income taxes	13,861	11,914
Net income	\$ 21,620	\$ 19,859
Average common shares outstanding	79,233	79,831
Basic earnings per share	\$.27	\$.25
Diluted shares outstanding	80,891	81,680
Diluted earnings per share	\$.27	\$.24
Dividends declared per share	\$.035	\$.024

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Six Months Ended June 30	
	2004	2003
	(Unaudited)	
Operating revenues	\$ 797,395	\$ 709,498
Operating expenses:		
Salaries, wages and benefits	267,608	250,948
Fuel	95,857	82,133
Supplies and maintenance	67,696	58,468
Taxes and licenses	54,940	51,556
Insurance and claims	39,529	37,022
Depreciation	70,629	65,702
Rent and purchased transportation	134,351	105,043
Communications and utilities	8,998	7,975
Other	(2,063)	92
Total operating expenses	737,545	658,939
Operating income	59,850	50,559
Other expense (income):		
Interest expense	6	588
Interest income	(1,086)	(782)
Other	94	37
Total other expense (income)	(986)	(157)
Income before income taxes	60,836	50,716
Income taxes	23,648	19,018
Net income	\$ 37,188	\$ 31,698
Average common shares outstanding	79,414	79,766
Basic earnings per share	\$.47	\$.40
Diluted shares outstanding	81,116	81,561
Diluted earnings per share	\$.46	\$.39
Dividends declared per share	\$.06	\$.04

WERNER ENTERPRISES, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands, except share amounts)	June 30	December 31
	2004	2003
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 138,264	\$ 101,409
Accounts receivable, trade, less allowance of \$7,480 and \$6,043, respectively	153,475	152,461
Other receivables	8,758	8,892
Inventories and supplies	8,754	9,877
Prepaid taxes, licenses and permits	7,957	14,957
Other current assets	18,557	17,691
Total current assets	335,765	305,287
Property and equipment	1,299,375	1,261,252
Less - accumulated depreciation	487,949	455,565
Property and equipment, net	811,426	805,687
Other non-current assets	10,448	10,553
	\$1,157,639	\$1,121,527
	=====	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 43,152	\$ 40,903
Insurance and claims accruals	58,706	55,201
Accrued payroll	17,758	15,828
Current deferred income taxes	15,513	15,151
Other current liabilities	15,679	15,392
Total current liabilities	150,808	142,475
Insurance and claims accruals, net of current portion	78,301	71,301
Deferred income taxes	198,420	198,640
Stockholders' equity:		
Common stock, \$.01 par value, 200,000,000 shares authorized; 80,533,536 shares issued; 79,170,167 and 79,714,271 shares outstanding, respectively	805	805
Paid-in capital	108,931	108,706
Retained earnings	646,445	614,011
Accumulated other comprehensive loss	(1,015)	(837)
Treasury stock, at cost; 1,363,369 and 819,265 shares, respectively	(25,056)	(13,574)
Total stockholders' equity	730,110	709,111
	\$1,157,639	\$1,121,527
	=====	

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Six Months Ended June 30	
	2004	2003
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 37,188	\$ 31,698
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	70,629	65,702
Deferred income taxes	142	(7,637)
Gain on disposal of property and equipment	(5,396)	(2,641)
Tax benefit from exercise of stock options	973	1,232
Other long-term assets	403	61
Insurance claims accruals, net of current portion	7,000	8,500
Changes in certain working capital items:		
Accounts receivable, net	(1,014)	(11,947)
Other current assets	7,391	12,705
Accounts payable	2,249	(11,281)
Other current liabilities	4,943	12,779
Net cash provided by operating activities	124,508	99,171
Cash flows from investing activities:		
Additions to property and equipment	(118,306)	(48,194)
Retirements of property and equipment	45,282	23,754
Decrease in notes receivable	1,754	796
Net cash used in investing activities	(71,270)	(23,644)
Cash flows from financing activities:		
Dividends on common stock	(3,975)	(2,551)
Repurchases of common stock	(14,178)	(3,997)
Stock options exercised	1,948	2,898
Net cash used in financing activities	(16,205)	(3,650)
Effect of exchange rate fluctuations on cash	(178)	52
Net increase in cash and cash equivalents	36,855	71,929
Cash and cash equivalents, beginning of period	101,409	29,885
Cash and cash equivalents, end of period	\$ 138,264	\$ 101,814
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 6	\$ 588
Income taxes	\$ 24,632	\$ 15,408
Supplemental schedule of non-cash investing activities:		
Notes receivable issued upon sale of revenue equipment	\$ 2,052	\$ 493

WERNER ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Comprehensive Income

Other than its net income, the Company's only other source of comprehensive income (loss) is foreign currency translation adjustments. Other comprehensive income (loss) from foreign currency translation adjustments was (\$273) and \$139 (in thousands) for the three-month periods and (\$178) and \$52 (in thousands) for the six-month periods ended June 30, 2004 and 2003, respectively.

(2) Long-Term Debt

As of June 30, 2004, the Company has two credit facilities with banks totaling \$75 million which expire May 16, 2006 and October 22, 2005 and bear variable interest based on the London Interbank Offered Rate (LIBOR), on which no borrowings were outstanding. As of June 30, 2004, the credit available pursuant to these bank credit facilities is reduced by \$32.4 million in letters of credit the Company maintains. Each of the debt agreements require, among other things, that the Company maintain a minimum consolidated tangible net worth and not exceed a maximum ratio of total funded debt to earnings before interest, income taxes, depreciation, amortization and rentals payable (EBITDAR) as defined in the credit facility. While the Company had no borrowings pursuant to these credit facilities as of June 30, 2004, the Company was in compliance with these covenants at June 30, 2004.

On May 16, 2004, the Company renewed the \$50 million bank credit facility and extended the maturity date from May 16, 2005 to May 16, 2006.

(3) Commitments

As of June 30, 2004, the Company has commitments for net capital expenditures of approximately \$133 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	
	2004	2003	2004	2003
Net income	\$ 21,620	\$ 19,859	\$ 37,188	\$ 31,698
Average common shares outstanding	79,233	79,831	79,414	79,766
Common stock equivalents	1,658	1,849	1,702	1,795
Diluted shares outstanding	80,891	81,680	81,116	81,561
Basic earnings per share	\$.27	\$.25	\$.47	\$.40
Diluted earnings per share	\$.27	\$.24	\$.46	\$.39

There were no options to purchase shares of common stock which were outstanding during the periods indicated above, but 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.

(5) Stock Based Compensation

At June 30, 2004, the Company has a nonqualified stock option plan. The Company granted 787,000 stock options during the three-month period ended June 30, 2004. The Company applies the intrinsic value based method of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its stock option plan. No stock-based employee compensation cost is reflected in net income, as all options granted under the plan had an exercise price equal to the market value of the underlying common stock on the date of grant. The Company's pro forma net income and earnings per share would have been as indicated below had the fair value of all option grants been charged to salaries, wages, and benefits in accordance with SFAS No. 123, Accounting for Stock-Based Compensation.

	(in thousands, except per share amounts)			
	Three Months Ended June 30		Six Months Ended June 30	
	2004	2003	2004	2003
Net income, as reported	\$ 21,620	\$ 19,859	\$ 37,188	\$ 31,698
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	557	629	911	1,258
Net income, pro forma	\$ 21,063	\$ 19,230	\$ 36,277	\$ 30,440
Earnings per share:				
Basic - as reported	\$.27	\$.25	\$.47	\$.40
Basic - pro forma	\$.27	\$.24	\$.46	\$.38
Diluted - as reported	\$.27	\$.24	\$.46	\$.39
Diluted - pro forma	\$.26	\$.24	\$.45	\$.37

At the May 11, 2004 Annual Meeting of Stockholders, the stockholders approved an amendment to increase the maximum number of shares that may be optioned or sold under the Stock Option Plan by 5,416,666 shares and an amendment to increase the maximum aggregate number of options that may be granted to any one person under the Plan by 1,000,000. The maximum number of shares of common stock that may be optioned under the Stock Option Plan has increased to 20,000,000 shares, and the maximum aggregate number of options that may be granted to any one person has increased to 2,562,500 options.

(6) Segment Information

The Company has two reportable segments - Truckload Transportation Services and Value Added Services. The Truckload Transportation 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 Value Added Services segment, which generates the majority of the Company's non-trucking revenues, provides freight brokerage, freight transportation management, and intermodal services. Value Added Services was identified as a new reportable segment as of June 30, 2004. The 2003 and 2004 amounts shown in the following table have been reclassified to account for the change in composition of the Company's reportable segments.

The Company generates other revenue related to third-party equipment maintenance, equipment leasing, 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 segment 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		Six Months Ended	
	June 30		June 30	
	2004	2003	2004	2003
Truckload Transportation				
Services	\$ 369,564	\$ 338,858	\$ 720,224	\$ 666,476
Value Added Services	38,986	21,148	72,353	38,708
Other	1,505	1,174	3,060	2,371
Corporate	1,060	1,110	1,758	1,943
Total	\$ 411,115	\$ 362,290	\$ 797,395	\$ 709,498
=====				
	Operating Income			
	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2004	2003	2004	2003
Truckload Transportation				
Services	\$ 33,986	\$ 31,538	\$ 58,334	\$ 50,047
Value Added Services	1,169	23	2,098	159
Other	574	122	1,249	533
Corporate	(738)	(107)	(1,831)	(180)
Total	\$ 34,991	\$ 31,576	\$ 59,850	\$ 50,559
=====				

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, 2003. 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.

Overview:

The Company operates in the truckload segment of the trucking industry, with a focus on transporting consumer nondurable products that ship more consistently throughout the year. Operating revenues consist of trucking revenues generated by the Company's five trucking fleets (medium/long-haul van, dedicated, regional short-haul, flatbed, and temperature-controlled) and non-trucking revenues generated primarily by the Company's Value Added Services division. The Company also records non-trucking revenues for the Mexican portion of shipments delivered to or from Mexico where it utilizes a third-party carrier, and for a few of its dedicated accounts where the services of third-party carriers are used to meet customer capacity requirements. Trucking revenues accounted for 89% of total operating revenues in second quarter 2004, and non-trucking and other operating revenues accounted for 11%.

Trucking services typically generate revenue on a per-mile basis. Other sources of trucking revenue include fuel surcharges and accessorial revenue such as stop charges, loading/unloading charges, and equipment detention charges. Because fuel surcharge revenues fluctuate in response to changes in the cost of fuel, these revenues are identified separately within the operating statistics table and are excluded from the statistics to provide a more meaningful comparison between periods. Non-trucking revenues generated by a fleet whose operations are part of the Truckload Transportation segment are included in non-trucking revenue in the operating statistics table so that the revenue statistics in the table reflect only the revenues generated by the Company's trucks. The key statistics used to evaluate trucking revenues, excluding fuel surcharges, are revenue per truck per week, the per-mile rates charged to customers, the average monthly miles generated per tractor, the percentage of empty miles, the average trip length, and the number of tractors in service. General economic conditions, seasonal freight patterns in the trucking industry, and industry capacity are key factors that impact these statistics.

The primary industry measure used to evaluate the profitability of the Company and its trucking operating fleets is the operating ratio (operating expenses as a percentage of operating revenues). The most significant variable expenses that impact the trucking operation are driver salaries and benefits, payments to owner-operators (included in rent and purchased transportation expense), fuel, fuel taxes (included in taxes and licenses expense), supplies and maintenance, and insurance and claims. These expenses generally vary based on the number of miles generated. As such, the Company also evaluates these costs on a per-mile basis to adjust for the possible distortion of the percentage of total operating revenues caused by changes in fuel surcharge revenues and non-trucking revenues. As discussed further in the comparison of operating results for second quarter 2004 to second quarter 2003, several industry-wide issues, including the new hours of service regulations, a challenging driver recruiting market, and rising fuel prices, could cause costs to increase in future periods. The Company's main fixed costs include depreciation expense for tractors and trailers, equipment licensing fees (included in taxes and licenses expense), and the fixed component of insurance and claims expense representing cargo and liability insurance premiums. These costs have been affected by the new engine emission standards that became effective in October 2002 and are increasing truck purchase costs and the increases in insurance premiums over the last few years. The trucking operations require substantial cash expenditures for tractors and trailers. The Company has maintained a three-year replacement cycle for company-owned

tractors. These purchases are funded by net cash from operations, as the Company repaid its last remaining debt in December 2003.

Non-trucking services provided by the Company, primarily through its Value Added Services division, include freight brokerage, freight transportation management, intermodal, and other services. Unlike the Company's trucking operations, the non-trucking operations are less asset intensive and are dependent upon information systems, qualified employees, and the services of other third-party freight providers. For shipments where a third-party provider is utilized to provide some or all of the service and the Company is the primary obligor in regards to the delivery of the shipment, establishes customer pricing separately from carrier rate negotiations, generally has discretion in carrier selection, and/or has credit risk on the shipment, the Company records revenue upon delivery for the shipment for the dollar value of services billed by the Company to the customer and records the costs of transportation paid by the Company to the third-party provider as rent and purchased transportation expense. In the absence of any of the conditions listed above, the Company records revenue on a net basis. Other expenses include salaries and benefits and systems- related depreciation. The Company evaluates the non-trucking operations by reviewing the gross margin (non-trucking revenues less non-trucking rent and purchased transportation expense) and the operating ratios. The operating ratios for the non-trucking business are generally higher than those of the trucking operations resulting in lower operating margins, but the returns on assets are higher.

Financial Condition:

During the six months ended June 30, 2004, the Company generated cash flow from operations of \$124.5 million, a 25.5% increase (\$25.3 million) in cash flow compared to the same six-month period a year ago. The increase in cash flow from operations is due primarily to the improvement in days sales in accounts receivable and a \$15.0 decrease in the accounts payable for revenue equipment from December 2002 to June 2003 compared to a \$0.2 million decrease in the accounts payable for revenue equipment from December 2003 to June 2004. These changes were primarily the result of the Company pre-buying tractors beginning in third quarter 2002 (as explained in the next paragraph) which were paid by the end of first quarter 2003 and purchasing fewer tractors during 2003 as a result of the pre-buy. These changes in the accounts payable for revenue equipment resulted in an increase in cash flow from operations between periods of \$14.8 million. The cash flow from operations enabled the Company to make net property additions, primarily revenue equipment, of \$73.0 million, repurchase common stock of \$14.2 million, and pay common stock dividends of \$4.0 million. Based on the Company's strong financial position, management foresees no significant barriers to obtaining sufficient financing, if necessary.

Net cash used in investing activities for the six-month period ended June 30, 2004 increased by \$47.6 million from \$23.6 million for the six-month period ended June 30, 2003 to \$71.3 million for the six-month period ended June 30, 2004. The large increase was due primarily to the Company's accelerated purchases of tractors with pre-October 2002 engines in the latter part of 2002 and purchasing fewer tractors in 2003, including the first six months. The Environmental Protection Agency (EPA) required all truck engines manufactured after October 1, 2002 to comply with new engine emission standards. In 2002, the Company purchased a significant number of new trucks with engines manufactured prior to October 2002, in addition to the normal number of new trucks required for the Company's three-year replacement cycle. This pre-buy enabled the Company to delay the impact of using trucks with new engines in its fleet by approximately one year and provided for additional testing time. The last group of pre-buy trucks were placed into service during the third quarter of 2003, resulting in increased purchases in subsequent quarters. As of June 30, 2004, approximately 23% of the company-owned truck fleet consisted of trucks with new EPA-compliant engines compared to 10% at December 31, 2003. Company data continues to indicate that the fuel mile per gallon (mpg) degradation is a reduction of approximately 0.3 mpg to 0.5 mpg, or a 6% to 9% reduction in fuel efficiency. Also, depreciation expense is increasing due to the higher cost of the new engines. The average age of the Company's truck

fleet is 1.7 years at June 30, 2004. The Company anticipates the average age of its truck fleet will decrease in the second half of 2004 and intends to fund the new truck purchases through existing cash on hand and cash flow from operations.

Management believes the Company's financial position at June 30, 2004 is strong. As of June 30, 2004, the Company had \$138.3 million of cash and cash equivalents, no debt, and \$730.1 million of stockholders' equity. As of June 30, 2004, the Company has no equipment operating leases, and, therefore has no off-balance sheet equipment debt. The Company maintains \$32.4 million in letters of credit as of June 30, 2004. These letters of credit are primarily required as security for insurance policies. As of June 30, 2004, the Company has \$75 million of credit pursuant to credit facilities, on which no borrowings were outstanding. The credit available under these facilities is reduced by the \$32.4 million in letters of credit.

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		Six Months Ended June 30	
	2004	2003	2004	2003
Operating revenues	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Salaries, wages and benefits	32.6	35.3	33.6	35.4
Fuel	12.2	10.3	12.0	11.6
Supplies and maintenance	8.4	8.2	8.5	8.2
Taxes and licenses	6.7	7.1	6.9	7.3
Insurance and claims	4.9	4.9	5.0	5.2
Depreciation	8.7	9.1	8.9	9.3
Rent and purchased transportation	17.3	15.2	16.8	14.8
Communications and utilities	1.1	1.1	1.1	1.1
Other	(0.4)	0.1	(0.3)	0.0
Total operating expenses	91.5	91.3	92.5	92.9
Operating income	8.5	8.7	7.5	7.1
Net interest expense (income) and other	(0.1)	(0.1)	(0.1)	(0.1)
Income before income taxes	8.6	8.8	7.6	7.2
Income taxes	3.3	3.3	2.9	2.7
Net income	5.3%	5.5%	4.7%	4.5%

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

	Three Months Ended June 30		%	Six Months Ended June 30		%
	2004	2003	Change	2004	2003	Change
Trucking revenues, net of fuel surcharge (1)	\$341,966	\$321,418	6.4%	\$671,699	\$627,933	7.0%
Trucking fuel surcharge revenues (1)	24,016	14,934	60.8%	41,987	33,500	25.3%
Non-trucking revenues (1)	42,639	23,854	78.7%	78,892	44,003	79.3%
Other operating revenues (1)	2,494	2,084	19.7%	4,817	4,062	18.6%
Operating revenues (1)	\$411,115	\$362,290	13.5%	\$797,395	\$709,498	12.4%
	=====	=====		=====	=====	
Average monthly miles per tractor	10,254	10,249	0.0%	10,144	10,078	0.7%
Average revenues per total mile (2)	\$1.318	\$1.271	3.7%	\$1.309	\$1.259	4.0%
Average revenues per loaded mile (2)	\$1.482	\$1.420	4.4%	\$1.476	\$1.408	4.8%
Average percentage of empty miles	11.03%	10.52%	4.8%	11.36%	10.55%	7.7%
Average trip length in miles (loaded)	588	641	(8.3%)	584	652	(10.4%)
Average tractors in service	8,432	8,228	2.5%	8,434	8,248	2.3%
Average revenues per truck per week (2)	\$3,119	\$3,005	3.8%	\$3,063	\$2,929	4.6%
Total tractors (at quarter end)						
Company	7,520	7,225		7,520	7,225	
Owner-operator	930	925		930	925	
Total tractors	8,450	8,150		8,450	8,150	
Total trailers (at quarter end)	22,920	21,355		22,920	21,355	

(1) Amounts in thousands.

(2) Net of fuel surcharge revenues.

Three Months Ended June 30, 2004 Compared to Three Months Ended June 30, 2003

Operating revenues increased 13.5% for the three months ended June 30, 2004, compared to the same period of the prior year. Excluding fuel surcharge revenues, trucking revenues increased 6.4% due primarily to a 3.7% increase in revenue per total mile, excluding fuel surcharges, and a 2.5% increase in the average number of tractors in service. Revenue per total mile, excluding fuel surcharges, increased due to customer rate increases, an improvement in freight selection, and an 8.3% decrease in the average loaded trip length due to growth in the Company's regional and dedicated fleets. The Company grew its dedicated fleet by 850 trucks, from almost one-quarter of the total truck fleet in second quarter 2003 to over one-third of the total truck fleet in second quarter 2004. The majority of the growth in the dedicated fleet was offset by a decrease in the Company's medium-to-long haul van fleet. Dedicated fleet business tends to have lower miles per trip, a higher empty mile percentage, a higher rate per loaded mile, and lower miles per truck. The growth in dedicated business had a corresponding effect on these same operating statistics, as reported above, for the entire Company. Freight demand in second quarter 2004 continued to strengthen as truckload capacity tightened.

A substantial portion of the Company's freight is under contract with customers and provides for annual pricing increases. Much of the Company's non-dedicated fleet business renews in the latter part of third quarter and fourth quarter. To recoup the significant cost increases in fuel, driver pay, equipment, and insurance and to improve margins, the Company will be seeking increased year-over-year improvement in its revenue per total mile through freight rate increases. Management has continued to keep its truck capacity commitments with its partner customers, rather than shifting truck capacity to other non-partner customers that have freight available at

attractive rates in this improving freight market. The Company believes that standing by its truck capacity commitments with partner customers is in the best long-term interests of the Company.

On January 4, 2004, new hours of service (HOS) regulations became effective for the trucking industry. The Company anticipated that the new regulations could have an overall negative impact on our average miles per tractor due to operational changes, primarily resulting from the new 14-hour on-duty rule. However, for second quarter 2004 compared to second quarter 2003, average miles per tractor remained essentially the same, even after considering the 8.3% decline in average trip length. This is attributable to the Company's extensive HOS planning and driver training, effective utilization of its paperless log software, improved freight demand, better throughput at customer shipping and receiving facilities, and the new 34-hour restart driving rule. As discussed further in the Regulations section, on July 16, 2004, a federal appeals court ruled in favor of a lawsuit challenging the new hours of service regulations. The court vacated the new rules in their entirety and remanded the matter to the Federal Motor Carriers Safety Administration (FMCSA) for reconsideration.

Fuel surcharge revenues, which represent collections from customers for the higher cost of fuel, increased from \$14.9 million in second quarter 2003 to \$24.0 million in second quarter 2004 due to higher average fuel prices in second quarter 2004 (see fuel explanation below).

Non-trucking revenues increased by 78.7% for the three months ended June 30, 2004, compared to the same period of the prior year. Most of this revenue growth came from the Company's brokerage group within Value Added Services. Non-trucking revenue consists primarily of freight brokerage, freight transportation management, intermodal, and other services. During the latter part of 2003 and continuing into 2004, the Company expanded its brokerage and intermodal service offerings by adding senior management and developing new computer systems. During second quarter 2004, the Company expanded to six regional brokerage offices and plans to expand to eight offices by the end of third quarter. The following table details the non-trucking revenue, related rent and purchased transportation expense, and gross margin for the Value Added Services division:

Value Added Services (amounts in 000's)	Three Months Ended June 30		Six Months Ended June 30	
	2004	2003	2004	2003
Revenues	\$ 38,986	\$ 21,148	\$ 72,353	\$ 38,708
Rent and purchased transportation expense	35,318	19,775	65,559	35,968
Gross margin	\$ 3,668	\$ 1,373	\$ 6,794	\$ 2,740

Operating expenses, expressed as a percentage of operating revenues, were 91.5% for the three months ended June 30, 2004, compared to 91.3% for the three months ended June 30, 2003. Because the Company's non-trucking business operates with a lower operating margin and a higher return on assets than the trucking business, the substantial growth in the non-trucking business in second quarter 2004 affected the Company's overall operating ratio. The significant increase in fuel expense and related fuel surcharge revenues also affected the operating ratio. If non-trucking rent and purchased transportation expenses are offset against non-trucking revenues and fuel surcharge revenues are offset against fuel expense, the Company's operating ratio would be 160 basis points lower in second quarter 2004 and 100 basis points lower in second quarter 2003. Other expense items, when expressed as a percentage of total revenues, are lower in second quarter 2004 versus second quarter 2003 because of the additional non-trucking revenue and trucking fuel surcharge revenue as well as the higher revenue per mile. Owner-operator miles as a percentage of total miles were 12.7% in second quarter 2004 compared to 12.9% in second quarter 2003. 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, attracting and retaining owner-operator drivers continued to be difficult due to the challenging operating conditions.

Salaries, wages and benefits decreased from 35.3% to 32.6% of revenues due primarily to the effect of the increases in non-trucking and fuel surcharge revenues and revenue per mile. On a cost per total mile basis, salaries, wages and benefits increased from 50.5 cents per mile to 51.8 cents per mile. The increase on a per-mile basis is primarily the result of higher non-driver salaries, wages, and benefits related to the non-trucking operations, higher driver pay per mile, and higher group health insurance, offset by lower workers' compensation. As a result of the new hours of service (HOS) regulations effective at the beginning of 2004, the Company increased driver pay in the non-dedicated fleets for multiple stop shipments. Additional revenue from increased rates per stop offset most of the increased driver pay. In addition, effective July 2003, the Company changed its monthly mileage bonus pay program for Van solo drivers. The monthly mileage bonus pay increased from \$0.9 million in second quarter 2003 to \$1.4 million in second quarter 2004. The increase in dedicated business as a percentage of total trucking business also contributed to the increase in driver pay per mile as dedicated drivers are usually compensated at a higher rate per mile due to the lower average miles per truck.

The market for recruiting drivers remained extremely challenging in second quarter 2004. In recent months, the market for recruiting experienced drivers tightened. Despite this, the Company maintained its recruiting numbers for experienced drivers, continued to have success recruiting drivers from driver training schools, and saw a slight improvement in driver turnover compared to a year ago. The Company instituted an optional per diem reimbursement program for eligible company drivers (approximately 52% of total non-student company drivers) beginning in April 2004. This program increases a company driver's net pay per mile, after taxes. As a result, salaries, wages, and benefits were slightly lower, and the Company's effective income tax rate was higher beginning in second quarter 2004 compared to first quarter 2004. The Company expects the cost of the per diem program to be neutral, because the combined driver pay rate per mile and per diem reimbursement under the per diem program is about one cent per mile lower than mileage pay without per diem reimbursement, which offsets the Company's increased income taxes caused by the nondeductible portion of the per diem. The per diem program increases driver satisfaction through higher net pay per mile.

Beginning August 1, 2004, the Company is increasing pay for Company solo drivers in the medium-to-long haul Van division by two cents per mile. The Company fully expects the support of its customers due to their expressed desire for increased truck capacity. This pay increase will affect approximately one quarter of the Company's existing drivers and is intended to retain and attract more drivers to meet increasing customer demand. 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 additional 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 10.3% to 12.2% of revenues due primarily to higher fuel prices, partially offset by the effect of the increases in non-trucking and fuel surcharge revenues and revenue per mile. Average fuel prices in second quarter 2004 were 28 cents a gallon, or 33%, higher than second quarter 2003. To lessen the effect of fluctuating fuel prices on the Company's margins, the Company collects fuel surcharge revenues from its customers. These surcharge programs, which automatically adjust weekly through fuel surcharge price brackets, continued to be in effect during second quarter 2004. The Company's fuel surcharge program recoups much of the higher cost of fuel, except for miles not billable to customers, out of route miles, and truck engine idling. Because collections of fuel surcharges typically trail fuel price changes, the rapid price increases in April and May 2004 caused a temporarily unfavorable effect of fuel prices increasing more rapidly than fuel surcharge revenues. This effect is expected to reverse if fuel prices fall. Fuel expense, after considering the amounts collected from customers through fuel surcharge programs, net of reimbursement to owner-operators, had a four-cent negative impact on second quarter 2004 earnings per share compared to second quarter 2003 earnings per share. As previously disclosed by the Company, second quarter 2003 earnings were positively impacted by two cents per share due to the temporarily favorable effect of higher fuel surcharge collections in a

declining fuel price market. 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 continue to increase or decrease in the future or the extent to which fuel surcharges will be collected from customers. As of June 30, 2004, the Company had no derivative financial instruments to reduce its exposure to fuel price fluctuations.

Diesel fuel prices for the month of July 2004 averaged 31 cents a gallon, or 35%, higher than average fuel prices for third quarter 2003. Assuming prices remain at these price levels for the remainder of third quarter 2004, the effect of changing fuel prices on earnings for third quarter 2004 compared to third quarter 2003 is expected to have a negative impact of three cents per share. Using the same fuel price assumption, earnings for fourth quarter 2004 compared to fourth quarter 2003 are expected to be negatively impacted by three cents per share.

In the western United States (five western states in DOE PADD 5), prices averaged 52 cents a gallon, or 59%, higher than second quarter 2003. Approximately 10% of the Company's miles are in these western states. Most shipper/carrier contracts use the DOE National Average fuel price to determine the weekly fuel surcharge rate per mile. Since the Company's trucks have historically yielded about six miles per gallon, before considering the mpg degradation related to the new engines, each six-cent per gallon increase in the cost of fuel increases the Company's cost per mile by about one cent per mile. During second quarter 2004, management met with its larger customers that have a significant number of miles in these Western states to discuss the recent rapid increase in fuel pricing in the West and negotiate changes to its fuel surcharge contracts for certain of these customers. Most of these customers agreed to an increase in fuel surcharges for miles in these western states.

Insurance and claims were flat as a percentage of revenue due to the effect of the increases in non-trucking and fuel surcharge revenues and revenue per mile, but increased on a per-mile basis due primarily to negative development on existing claims. 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, 2003 for a one-year period.

For the policy year beginning August 2003, the Company's total premiums for liability insurance increased by approximately \$1.3 million. This increase includes premiums for terrorism coverage. The Company has been responsible for liability claims up to \$500,000, plus administrative expenses, for each occurrence involving personal injury or property damage since August 1, 1992. The Company is also responsible for varying annual aggregate amounts of liability for claims above \$500,000 and below \$10.0 million. For the policy year beginning August 1, 2003, these annual aggregate amounts total \$13.5 million. For the policy year beginning August 1, 2003, the Company is self-insured for claims in excess of \$3.0 million and less than \$5.0 million, subject to an annual maximum aggregate of \$6.0 million if several claims were to occur in this layer. For claims in excess of \$5.0 million and less than \$10.0 million, the Company is responsible for the first \$5.0 million of claims. Liability claims in excess of \$10.0 million per claim, if they occur, are covered under premium-based policies with reputable insurance companies to coverage levels that management considers adequate. The Company's primary liability insurance policies for coverage up to \$10.0 million per claim renew on August 1, 2004.

Effective August 1, 2004, the self-insured retention will increase to \$2.0 million per claim with an annual aggregate of \$3.0 million for claims between \$2.0 million and \$3.0 million, and the Company will be fully insured (i.e., no aggregate) for claims between \$3.0 million to \$5.0 million. The increased self-insured retention from \$500,000 to \$2.0 million is due to changes in the trucking insurance market and is similar to increased claim retention levels experienced by other truckload carriers. The Company maintains liability insurance coverage with reputable insurance carriers substantially in excess of the self-insured retention amount. The Company expects its liability insurance premiums for

the policy year beginning August 1, 2004 to be approximately the same as the previous policy year.

Rent and purchased transportation increased from 15.2% to 17.3% of revenues due primarily to the increase in non-trucking revenues and the corresponding increase in purchased transportation expense related to this business, as described above. Rent and purchased transportation also includes payments to owner-operators. On a per-mile basis, payments to owner-operators increased due to higher reimbursements to owner-operators for fuel resulting from higher fuel prices. The Company experienced difficulty recruiting and retaining owner-operators for over two years because of challenging operating conditions.

Other operating expenses were 0.1% of revenues in second quarter 2003 and (0.4)% in second quarter 2004. Gains on sales of revenue equipment increased due to the Company selling over two and one-half times as many used trucks in second quarter 2004 compared to second quarter 2003. The Company's goal is to sell most of its used trucks through its 16-store Fleet Truck Sales network rather than rely on trading used trucks to original equipment manufacturers. Gains from trading trucks to original equipment manufacturers for new trucks lower the depreciable cost of the new trucks and therefore reduce depreciation. As the Company continues to sell more of its used trucks rather than trade trucks to original equipment manufacturers, depreciation expense is expected to increase, and gains on sales of equipment are also expected to increase.

The Company's effective income tax rate (income taxes as a percentage of income before income taxes) increased from 37.5% for the three-month period ended June 30, 2003 to 39.1% for the three-month period ended June 30, 2004 due to an increase in non-deductible expenses for tax purposes related to the implementation of a per diem pay program for student drivers in fourth quarter 2003 and a per diem pay program for eligible company drivers in April 2004.

Six Months Ended June 30, 2004 Compared to Six Months Ended June 30, 2003

Operating revenues increased by 12.4% for the six months ended June 30, 2004, compared to the same period of the previous year. Excluding fuel surcharge revenues, trucking revenues increased 7.0% due primarily to a 4.0% increase in revenue per total mile excluding fuel surcharges, a 2.3% increase in the average number of tractors in service, and a 0.7% increase in miles per truck. Non-trucking revenues increased by \$34.9 million (79.3%), and fuel surcharge revenues increased by \$8.5 million (25.3%).

Operating expenses, expressed as a percentage of operating revenues, were 92.5% for the six months ended June 30, 2004, compared to 92.9% for the same period of the previous year. The Company's overall operating ratio was negatively affected to a greater extent in the first six months of 2004 compared to the first six months of 2003 by higher non-trucking revenues and higher fuel surcharge revenues. Other expense items, when expressed as a percentage of total revenue, appear lower in the first six months of 2004 versus the first six months of 2003 because of the additional non-trucking and fuel surcharge revenues as well as the higher revenue per mile.

Salaries, wages and benefits decreased from 35.4% to 33.6% of revenues due primarily to the effect of the increases in non-trucking and fuel surcharge revenues and revenue per mile. Salaries increased on a per-mile basis due to higher non-driver salaries, wages and benefits related to the non-trucking operations and higher driver accessorial and bonus pay. Fuel increased from 11.6% to 12.0% of revenues due to higher fuel prices, partially offset by the effect of the revenue increases described above. Average fuel prices for the first six months of 2004 were 13 cents a gallon, or 13%, higher than the first six months of 2003. Rent and purchased transportation increased from 14.8% to 16.8% of revenues related to the increase in non-trucking revenues and the corresponding increase in purchased transportation expense related to this business. Other operating expenses decreased from 0.0% to (0.3)% of revenues due to the Company selling more used trucks to third parties and recognizing additional gains.

The Company's effective income tax rate was 37.5% for the six months ended June 30, 2003. The rate increased to 38.5% for first quarter 2004 and to 39.1% for second quarter 2004 related to the implementation of per diem pay programs for student drivers and eligible company drivers.

Regulations:

The Federal Motor Carrier Safety Administration (FMCSA) of the U.S. Department of Transportation issued a final rule on April 24, 2003, that made several changes to the regulations which govern truck drivers' hours of service (HOS). The new rules became effective on January 4, 2004. Beginning October 2003, Werner Enterprises started testing the HOS with its drivers using its proprietary Paperless Log System software, modified for the new HOS rules. This testing, combined with a comprehensive driver- training program, helped to prepare the Company for the HOS changes. Effective January 2004, the Company increased its accessorial charges to customers for multiple stop shipments and its rates for tractor detention. Werner also raised its driver pay for multiple stop shipments and unanticipated delays.

On April 13, 2004, oral arguments were heard before the United States Circuit Court of Appeals for the District of Columbia on a lawsuit filed by Public Citizen challenging the revised hours-of-service regulations that went into effect on January 4, 2004. On July 16, 2004, the United States Circuit Court of Appeals for the District of Columbia vacated the new hours of service rules in their entirety and remanded the matter to the FMCSA for reconsideration. The current rules will remain in effect for at least 45 days while the Department of Transportation reviews the decision and considers its next step. At this point the FMCSA has not indicated what rule changes will be made, if any, once the court's ruling becomes effective. Any changes in the current rules governing hours of service could impact the Company's operations.

Accounting Standards:

The Financial Accounting Standards Board (FASB) issued an exposure draft on March 31, 2004 addressing accounting for share-based payments. The objective of this proposed statement is to make one accounting standard available for share-based payments that would require a company to recognize in its financial statements the cost of employee services received in exchange for valuable equity instruments issued, and liabilities incurred, to employees in share-based payment transactions (e.g., stock options). For public entities, the proposed statement would be applied prospectively for awards that are granted, modified, or settled in fiscal years beginning after December 15, 2004. Additionally, public entities would apply the provisions of the proposed statement in recognizing compensation cost for any portion of awards granted or modified after December 15, 1994, that is not yet vested at the date the standard is adopted. If the final statement is issued as proposed, management anticipates that adopting the new statement will have a negative impact of approximately two cents per share for the year ending December 31, 2005, representing the expense to be recognized for the unvested portion of awards which were granted prior to January 1, 2005.

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. The Company has implemented customer fuel surcharges programs 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 will continue in the future or the extent to which fuel surcharges could be collected to offset such increases. As of June 30, 2004, 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 2004 and prior periods. To date, 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.

Item 4. Controls and Procedures.

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

PART II

OTHER INFORMATION

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

On December 29, 1997, the Company announced that its Board of Directors had authorized the Company to repurchase up to 4,166,666 shares of its common stock. On November 24, 2003, the Company announced that its Board of Directors approved an increase to its authorization for common stock repurchases of 3,965,838 shares for a total of 8,132,504 shares. As of June 30, 2004, the Company had purchased 3,933,704 shares pursuant to this authorization and had 4,198,800 shares remaining available for repurchase. The Company may purchase shares from time to time depending on market, economic, and other factors. The authorization will continue until withdrawn by the Board of Directors.

The following tables summarize the Company's common stock repurchases during the second quarter of 2004 made pursuant to this authorization. No shares were purchased during the quarter other than through this program.

Issuer Purchases of Equity Securities

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1-30, 2004	-	-	-	4,458,400
May 1-31, 2004	259,600	\$18.2371	259,600	4,198,800
June 1-30, 2004	-	-	-	4,198,800
Total	259,600	\$18.2371	259,600	4,198,800

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

The Annual Meeting of Stockholders of Werner Enterprises, Inc. was held on May 11, 2004 for the purpose of electing three directors for three- year terms, voting on two proposed amendments to the Company's Stock Option Plan (the "Plan"), and considering a stockholder proposal regarding board inclusiveness. 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. Of the 79,269,963 shares entitled to vote, stockholders representing 77,168,557 shares (97.3%) were present in person or by proxy.

On April 30, 2004, Mr. Curtis G. Werner, one of the three directors standing for election, tendered his resignation as an officer and director of the Company effective immediately and did not stand for re-election. The Company's Board of Directors (the "Board") amended the Company's By- Laws on April 30, 2004 to change the number of directors on the Board from nine to eight. Each of management's two remaining nominees for director as listed in the proxy statement was elected. The voting tabulation was as follows:

	Shares Voted "FOR"	Shares Voted "ABSTAIN"
	-----	-----
Gerald H. Timmerman	71,569,565	5,598,992
Kenneth M. Bird	71,643,480	5,525,077

The stockholders approved the amendment to the Company's Stock Option Plan to increase the number of shares that may be optioned or sold under the Plan from 14,583,334 to 20,000,000. The voting tabulation was as follows:

	Shares Voted "FOR"	Shares Voted "AGAINST"	Shares Voted "ABSTAIN"
	-----	-----	-----
Stock Option Plan Amendment	61,989,378	15,133,026	46,151

The stockholders also approved the amendment to the Company's Stock Option Plan to increase the maximum aggregate number of shares that may be granted to any one person from 1,562,500 to 2,562,500. The voting tabulation was as follows:

	Shares Voted "FOR"	Shares Voted "AGAINST"	Shares Voted "ABSTAIN"
	-----	-----	-----
Stock Option Plan Amendment	64,611,399	12,510,506	46,650

The stockholders voted against the stockholder proposal regarding board inclusiveness. The voting tabulation was as follows:

	Shares Voted "FOR"	Shares Voted "AGAINST"	Shares Voted "ABSTAIN"
	-----	-----	-----
Board Inclusiveness	5,596,711	63,251,693	1,850,478

Item 5. Other Information

On May 11, 2004 the Company's Board of Directors amended the Company's By-Laws to clarify the date by which the Nominating Committee shall submit names to the Board of Directors. Under the Company's amended By-Laws, the Nominating Committee shall submit names to the Board Secretary no later than 75 days before the annual meeting. Under the previous provisions, the deadline for stockholder nominations was ten days prior to the date of the annual meeting. The revised and restated by-laws are filed as an exhibit to this Form 10-Q.

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

(a) Exhibits

Exhibit 3(i)(A) Revised and Amended Articles of Incorporation (Incorporated by reference to Exhibit 3 to Registration Statement on Form S-1, Registration No. 33-5245) Exhibit 3(i)(B) Articles of Amendment to Articles of Incorporation (Incorporated by reference to Exhibit 3(i) to the Company's report on Form 10-Q for the quarter ended May 31, 1994) Exhibit 3(i)(C) Articles of Amendment to Articles of Incorporation (Incorporated by reference to Exhibit 3(i) to the Company's report on Form 10-K for the year ended December 31, 1998) Exhibit 3(ii) Revised and Restated By-Laws Exhibit 10.1 Amended and Restated Stock Option Plan Exhibit 31.1 Rule 13a-14(a)/15d-14(a) Certification Exhibit 31.2 Rule 13a-14(a)/15d-14(a) Certification Exhibit 32.1 Section 1350 Certification Exhibit 32.2 Section 1350 Certification

(b) Reports on Form 8-K.

(i) A report on Form 8-K, filed April 19, 2004, regarding a news release on April 15, 2004, announcing the Company's operating revenues and earnings for the first quarter ended March 31, 2004.

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 2, 2004

By: /s/ John J. Steele

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

Date: August 2, 2004

By: /s/ James L. Johnson

James L. Johnson
Vice President, Controller and
Corporate Secretary

**REVISED AND RESTATED BY-LAWS
OF
WERNER ENTERPRISES, INC.
(May 11, 2004)**

**ARTICLE I.
SHAREHOLDERS**

Section 1. Annual Meeting. The annual meeting of the Shareholders shall be held on the second Tuesday in the month of May in each year, or such other time on such other day within such month as shall be fixed by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Nebraska, such meeting shall be held on the next succeeding business day. Annual meetings shall be held in the office of the corporation or at such other place, either within or without the State of Nebraska, as shall be determined by the Board of Directors. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Shareholders as soon thereafter as conveniently may be.

Section 2. Special Meetings. Special meetings of the Shareholders may be called by the Chairman of the Board, the President or a majority of the Board of Directors. Special meetings shall be held at such place, either within or without the State of Nebraska, as shall be stated in the notice.

Section 3. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each Shareholder of record entitled to vote at such meeting.

Section 4. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, or Shareholders entitled to receive payment of any dividend, or in order to make a determination of Shareholders for any other proper purpose, the Board of Directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the stock transfer books shall be closed for the purpose of determining Shareholders entitled to notice of or to vote at a meeting of Shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of Shareholders, such date in any case to be not more than fifty (50) days and, in the case of a meeting of Shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of Shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of Shareholders entitled to notice of or to vote at a meeting of Shareholders, or Shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be

the record date for such determination of Shareholders. When a determination of Shareholders entitled to vote at any meeting of Shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 5. Voting Record. The officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten (10) days before each meeting of Shareholders, a complete record of the Shareholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order with the address of and the number of shares held by each. For a period of ten (10) days prior to such meeting, the list shall be kept on file at the registered office of the corporation and shall be subject to inspection by any Shareholder at any time during usual business hours. Such record, or a duplicate thereof, shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Shareholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to who are the Shareholders entitled to examine such record or transfer books or to vote at any meeting of Shareholders.

Section 6. Quorum. A majority of the outstanding shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Shareholders. The holders or their representatives of a majority of the shares present at a meeting, even though less than a majority of the shares outstanding, may adjourn the meeting from time to time without notice other than an announcement at the meeting, until such time as a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the Shareholders, unless the vote of a greater number is required by law, by the Articles of Incorporation, or by these By-Laws.

Section 7. Proxies. At all meetings of the Shareholders, a Shareholder may vote either in person or by proxy executed in writing by a Shareholder or his duly authorized attorney in fact. Proxies solicited on behalf of the management shall be voted as directed by the Shareholder or, in the absence of such direction, as determined by a majority of the Board of Directors. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

Section 8. Voting of Shares. Subject to the provisions of Sections 9 and 10 of this Article I, each Shareholder entitled to vote shall be entitled to one (1) vote for each share of stock held by him upon each matter submitted to a vote at a meeting of Shareholders.

Section 9. Voting of Shares by Certain Holders. Treasury shares shall not be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

Shares standing in the name of another corporation may be voted by such officer, agent, or proxy as the By-Laws of such corporation may prescribe, or in the absence of such provision, as the Board of Directors of such corporation may determine.

Shares held by an administrator, executor, guardian, or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so be contained in an appropriate order of the Court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee and thereafter the pledgee shall be entitled to vote the shares so transferred.

Section 10. Cumulative Voting. At each election for directors, every Shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate said shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them upon the same principle among as many candidates as he shall think fit.

Section 11. Informal Action by Shareholders. Any action required to be taken at a meeting of the Shareholders, or any action which may be taken at a meeting of the Shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Shareholders entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of Shareholders and may be stated as such in any articles or document filed with the Secretary of State under applicable state law.

Section 12. Inspectors of Election. In advance of any meeting of Shareholders, the Board of Directors may appoint any persons, other than nominees for office, as inspectors of election to act at such meeting or any adjournment thereof. The number of inspectors shall be either one (1) or three (3). If the Board of Directors so appoints either one (1) or three (3) inspectors, that appointment shall not be altered at the meeting. If inspectors of election are not so appointed, the Chairman of the Board of Directors or the President may make such appointment at the meeting. In case any person appointed as inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment by the Board of Directors in advance of the meeting or at the meeting by the Chairman of the Board of Directors or the President.

Unless otherwise prescribed by applicable regulations, the duties of such inspectors shall include: determining the number of shares of stock and the voting power of each share, the shares of stock represented at the meeting, the existence of a quorum,

the authenticity, validity, and effect of proxies; receiving votes, ballots, or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining the result; and such acts as may be proper to conduct the election or vote with fairness to all Shareholders.

Section 13. Nominations. Nominations to fill positions on the Board of Directors shall be made by the Board of Directors. Recommendations of persons to fill positions on the Board of Directors shall be made by a Nominating Committee consisting of three or more independent directors appointed by the Board. The Nominating Committee will be governed by a charter and policies established by the Board. Except in the case of a nominee substituted as a result of the death or other incapacity of a nominee, the Nominating Committee shall submit names to the Board Secretary no later than 75 days before the annual meeting. Stockholders may also submit nominations in accordance with policy set by the Board.

Section 14. New Business. Any new business to be taken up at the annual meeting shall be stated in writing and filed with the Secretary of the corporation at least twenty (20) days before the date of the annual meeting, and all business so stated, proposed and filed shall be considered at the annual meeting, but no other proposal shall be acted upon at the annual meeting. Any Shareholder may make any other proposal at the annual meeting and the same may be discussed and considered, but, unless stated in writing and filed with the Secretary at least twenty (20) days before the meeting, such proposal shall be laid over for action at an adjourned, special, or annual meeting of the Shareholders taking place thirty (30) days or more thereafter. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors and committees, but, in connection with such reports, no new business shall be acted upon at such annual meeting unless stated and filed as herein provided.

ARTICLE II DIRECTORS

Section 1. Number and Qualifications. The business and affairs of the corporation shall be managed by a Board of Directors consisting of eight (8) Directors. The Directors need not be residents of the State of Nebraska, nor Shareholders of the corporation. Although the number and qualifications of the Directors may be changed from time to time by amendment to these By-Laws, no change shall affect the incumbent Directors during the terms for which they were elected.

Section 2. Classification of Board. The Board of Directors shall be divided, with respect to the time during which the Directors shall hold office, into classes which are designated as Classes I, II and III. The number of Directors in each such class shall be the same as in each other such class to the extent possible. When creating a new directorship through expansion of the size of the Board of Directors or when eliminating a directorship through reduction of the size of the Board of Directors, the Board shall designate the class of the new or eliminated directorship and any newly created or eliminated directorships resulting from an increase or decrease shall be apportioned by the Board among the classes of Directors

so as to maintain such classes as nearly equal as possible. The term of office of the Class I will expire at the 1995 annual meeting of Shareholders, the term of office of the Class II will expire at the 1996 annual meeting of Shareholders and the term of office of the Class III will expire at the 1997 annual meeting of Shareholders with Directors in each class to hold office until his or her successor shall have been duly elected and qualified. The class into which each Director elected at the 1994 annual meeting of Shareholders shall be designated and the Directors then elected will hold office for terms corresponding to their respective class. At each subsequent annual meeting of Shareholders, Directors elected to succeed those Directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of Shareholders after their election, with each Director to hold office until his or her successor is elected and qualified.

Section 3. Removal and Vacancies. A Director may be removed by vote of the holders of a majority of the shares entitled to vote at an election of Directors which vote is taken at a meeting of the Shareholders called expressly for that purpose. However, if less than the entire Board is to be removed at such special meeting, then no individual Director may be removed if the votes cast against the removal of such Director would be sufficient to elect such Director if then cumulatively voted at an election of Directors for the class of which such Director is a member. Any vacancies in the Board of Directors, occurring for any reason, shall be filled by the vote of the remaining Directors, even if less than a quorum, or by a sole remaining Director. The Director class of any Directors chosen to fill vacancies shall be designated by the Board and such Directors shall hold office until the next election of Directors of the class of which they are a member and until their successors shall be elected and qualified.

Section 4. Quorum. A majority of the number of directors fixed by the By-Laws shall constitute a quorum for the transaction of any business at any meeting of the Board of Directors. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is specified by the Articles of Incorporation or these By-Laws. If less than a quorum is present at any meeting, the majority of these present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 5. Annual Meeting. The annual meeting of the Board of Directors shall be held without notice other than this By-Law immediately following adjournment of the annual meeting of Shareholders and shall be held at the same place as the annual meeting of Shareholders unless some other place is agreed upon.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President or a majority of the Board of Directors, and shall be held at the office of the corporation or at such other place, either within or without the State of Nebraska, as the notice may state.

Section 7. Notice. Notice of special meetings shall be mailed to each director at his last known address at least five (5) days prior to the date of holding said meetings. Any director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business

because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 8. Action Without a Meeting. Any action required to be taken at a meeting of the Board of Directors, or of any committee, may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, or all of the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote. The consent may be executed by the directors in counterparts.

Section 9. Voting. At all meetings of the Board of Directors, each director shall have one (1) vote irrespective of the number of shares he may hold. Members of the Board of Directors may vote and participate in meetings by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other.

Section 10. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 11. Compensation. By resolution of the Board of Directors, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 12. Committees. The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, appoint an executive committee, an audit committee, and one or more other committees, each committee to consist of two (2) or more directors of the corporation, which committees shall, to the extent permitted by law, have and may exercise such powers of the Board of Directors in the management of the business and affairs of the corporation as shall be delegated to them.

Section 13. Advisory Directors. The Board of Directors may by resolution appoint advisory directors to the Board, who shall serve as directors emeritus, and shall have such authority and receive such compensation and reimbursement as the Board of Directors shall provide. Advisory directors shall not have the authority to participate by vote in the transaction of business.

ARTICLE III OFFICERS

Section 1. Number and Qualifications. The officers of the corporation shall be a Chairman of the Board, one or more Vice-Chairmen (as the Board of Directors shall determine), a President, one or more Vice-Presidents (including Executive Vice- Presidents, Senior Executive Vice-Presidents, or Senior Vice- Presidents, as the Board of Directors shall determine), a Secretary, and a Treasurer and such other officers and agents as may be deemed necessary by the Board of Directors. Any two (2) or more offices may be held by the same person.

Section 2. Election and Tenure. The officers of the corporation shall be elected by the Board of Directors at its annual meeting. Each officer shall hold office for a term of one (1) year or until his successor shall have been duly elected and shall have become qualified, unless his service is specified by an employment contract of greater length or is terminated sooner because of death, resignation, or otherwise. The Board of Directors may authorize the corporation to enter into an employment contract with any officer in accordance with state law.

Section 3. Removal. Any officer or agent of the corporation, elected or appointed by the Board of Directors, may be removed by the Board of Directors whenever in its judgment the best interests of the corporation should be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

Section 4. Vacancies. Vacancies occurring in any office by reason of death, resignation, or otherwise may be filled by the Board of Directors at any meeting.

Section 5. Chairman of the Board. The Chairman of the Board shall be the Chief Executive Officer of the corporation and, subject to the control of the Board of Directors, shall, in general, supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the Shareholders and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by the By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incidental to the office of Chief Executive Officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice-Chairman of the Board. The Vice- Chairman, whether one or more, of the Board, shall, subject to the control of the Board of Directors, advise and assist the Chairman in the general supervision and control of the business and affairs of the corporation. The Vice-Chairman shall, in the absence of the Chairman (or in the event there should be more than one Vice-Chairman, the Vice-Chairmen in the order designated at time of their election, or in the absence of any such designation, then in the order of their election) preside at all

meetings of the Shareholders and of the Board of Directors. He may sign with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by the By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties as may be prescribed by the Board of Directors from time to time.

Section 7. The President. The President shall be the principal operating officer of the corporation and, subject to the control of the Board of Directors and the direction of the Chairman of the Board, shall in general supervise and control the operation of the business and affairs of the corporation. He shall, in the absence of the Chairman of the Board, preside at all meetings of the Shareholders and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the corporation, certificates for shares of the corporation, and deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 8. The Vice-Presidents. In the absence of the President or in the event of his death, inability, or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. In that event, the Senior Executive Vice-President, the Executive Vice- President, Senior Vice-President, or Vice-President, designated at time of his election, shall perform the duties of the President. In the absence of any such designation, the position shall be filled by the first elected Senior Executive Vice- President, or if none, the first elected Executive Vice- President, or if none, the first elected Senior Vice-President, or if none, the first elected Vice-President. Any Senior Executive Vice-President, Executive Vice-President, Senior Vice- President, or Vice-President may sign with the Secretary or any other proper officer of the corporation, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 9. Secretary. The Secretary shall: (a) keep minutes of the proceedings of the Shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be the custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each Shareholder which shall be furnished to the Secretary by such Shareholder; (e) sign with the Chairman of the Board of Directors, President or a Vice- President, certificates for shares of the corporation, the issuance of which shall be authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books

of the corporation; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 10. The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies, or in other depositories as shall be selected in accordance with the provisions of these By-Laws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 11. Other Officers. Other officers shall perform such duties and have such powers as may be assigned to them by the Board of Directors.

Section 12. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

ARTICLE IV SEAL

The corporate seal of the corporation shall contain the name of the corporation and shall be in such form as the Board of Directors shall prescribe.

ARTICLE V CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares. The shares of the corporation shall be represented by certificates signed by the Chairman of the Board of Directors or by the President or a Vice- President and by the Treasurer or by the Secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. Any or all of the signatures upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. If an officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before the certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

Section 2. Form of Share Certificates. Each certificate representing shares shall state upon the face thereof; that the corporation is organized under the laws of the State of Nebraska; the name of the person to whom issued; the number and class of shares; the designation of the series, if any, which such certificate represents; the par value of each share represented

by such certificate, or a statement that the shares are without par value. Other matters in regard to the form of the certificates shall be determined by the Board of Directors.

Section 3. Loss or Destruction. In case of loss or destruction of a certificate of stock, no new certificate shall be issued in lieu thereof except upon satisfactory proof to the Board of Directors of such loss or destruction, and upon the giving of satisfactory security by bond or otherwise against loss to the corporation.

Section 4. Transfer of Shares. Transfer of shares of capital stock of the corporation shall be made only on its stock transfer books. Authority for such transfer shall be given only by the holder of record thereof or by his legal representative, who shall furnish proper evidence of such authority, or by his attorney thereunto authorized by power of attorney duly executed and filed with the corporation. Such transfer shall be made only on surrender for cancellation of the certificate for such shares. The person in whose name shares of capital stock stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

ARTICLE VI DIVIDENDS AND BANK ACCOUNT

Section 1. Dividends. In addition to other dividends authorized by law, the Board of Directors, by resolution, may from time to time declare dividends to be paid out of the unreserved and unrestricted earned surplus of the corporation, but no dividend shall be paid when the corporation is insolvent, when the payment thereof would render the corporation insolvent or when otherwise prohibited by law.

Section 2. Bank Account. The funds of the corporation shall be deposited in such banks, trust funds, or depositories as the Board of Directors may designate and shall be withdrawn upon the signature of the President and upon the signatures of such other person or persons as the directors may by resolution authorize.

ARTICLE VII AMENDMENTS

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors.

ARTICLE VIII WAIVER OF NOTICE

Whenever any notice is required to be given to any Shareholder or Director of the corporation under the provisions of the Articles of Incorporation or under the provisions of applicable state law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or

after the time stated therein, shall be equivalent to the giving of such notice.

**ARTICLE IX
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS**

At the discretion of the Board of Directors, and subject to the provisions of the Articles of Incorporation, the corporation may indemnify any person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or other agent of another corporation, partnership, trust, or other enterprise as permitted by the Nebraska Business Corporation Act, as amended from time to time.

**ARTICLE X
DIRECTORS' INTEREST IN CONTRACTS**

In the absence of fraud, no contract or other transaction between the corporation and any other person, corporation, firm, syndicate, association, partnership or joint venture shall be either void or voidable or otherwise affected by reason of the fact that one or more directors of the corporation are or become directors or officers of such other corporation, firm, syndicate or association or members of such partnership or joint venture, or are pecuniarily or otherwise interested in such contract or transaction, provided that (1) the fact such director or directors of the corporation are so situated or so interested, or both, is disclosed or known to the Board of Directors or committee which authorizes, approves, or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; (2) that such fact is disclosed or known to the Shareholders entitled to vote and they authorize, approve, or ratify such contract or transaction by vote or written consent; or (3) the contract or transaction is fair and reasonable to the corporation. Any director of the corporation who is also a director or officer of such other corporation, firm, syndicate, or association, or a member of such partnership or joint venture or is pecuniarily or otherwise interested in such contract or transaction, may be counted for the purpose of determining the presence of a quorum at any meeting of the Board of Directors which shall authorize any such contract or transaction.

**ARTICLE XI
FISCAL YEAR**

Section 1. Fiscal Year. The fiscal year of the corporation shall begin on the 1st day of January in each year, or at such other time as may be determined by the Board of Directors.

WERNER ENTERPRISES, INC.

**AMENDED AND RESTATED
STOCK OPTION PLAN**

1. Purpose. The purpose of the Werner Enterprises, Inc. (the "Company") Stock Option Plan (the "Plan") is to advance the interests of the Company and its shareholders by attracting and retaining those individuals whose skill and initiative enhance the Company's continued success, growth and profitability. This Plan is a nonqualified stock option plan, with stock appreciation rights. This Plan authorizes the grant of nonqualified stock options and stock appreciation rights in order to help attract and retain key employees, by providing them with participatory rights in the future success and growth of the Company, without necessarily requiring a financial outlay by these employees to ensure their participation in the Plan benefits.

2. Definitions. The following words shall have the following meaning:

(a) "Company" shall mean Werner Enterprises, Inc., a Nebraska corporation.

(b) "Board of Directors" shall mean the Board of Directors of the Company.

(c) "Committee" shall mean the Option Committee, which is appointed by the Board of Directors, and which shall be composed of three or more members of the Board of Directors, and none of whom, for one year prior to his or her appointment to the committee, has been granted or awarded any equity security, including any derivative security such as an Option or Stock Appreciation Right, of the Company pursuant to this Plan or any other plan of the Company.

(d) "Common Stock" shall mean the common stock of the Company, par value \$.01 per share.

(e) "Option" shall mean a right to purchase Common Stock, granted pursuant to the Plan.

(f) "Option Price" shall mean the purchase price for Common Stock under an Option, as determined in Section 6 below.

(g) "Plan" shall mean this Werner Enterprises, Inc. Stock Option Plan.

(h) "Participant" shall mean an employee of the Company (or any of its subsidiaries) to whom an Option is granted under the Plan.

(i) "Stock Appreciation Right" shall mean a right to receive cash or stock, granted pursuant to Section 8 below.

3. Stock To Be Optioned. Subject to the provisions of Section 13 of the Plan, the maximum number of shares of Common Stock that may be optioned or sold under the Plan is 20,000,000 shares. Such shares may be treasury, or authorized but unissued, shares of Common Stock of the Company.

4. Administration. The Plan shall be administered by the Committee. Two members of the Committee shall constitute a quorum for the transaction of business. The Committee is granted the authority to determine the recipients of the Options and the Stock Appreciation Rights, the number of shares subject to such Options and the corresponding Stock Appreciation Rights, the date on which these Options and Stock Appreciation Rights are to be granted and are exercisable, whether or not such Options and Stock Appreciation Rights may be exercisable in installments, and any other terms of the Options and Stock Appreciation Rights consistent with the terms of this Plan. Options for no more than 2,562,500 shares in the aggregate may be granted to one person, and Options may be granted at any time during the Plan's duration. The interpretation and construction of any provision of the Plan by the Committee shall be final, unless otherwise determined by a majority of the entire Board of Directors. No member of the Board of Directors or the Committee shall be liable for any action or determination made by him in good faith.

5. Eligibility. The Committee may grant options to any management employee (including an employee who is a director and/or an officer of the Company and its subsidiaries). Options may be awarded by the Committee at any time and may include or exclude new or previous Participants as the Committee shall determine. Options granted at different times need not contain similar provisions.

6. Option Price. The purchase price of Common Stock under each Option shall be 100 percent of the fair market value of the Common Stock on the date the Option is granted, but in no event less than the par value of the Common Stock. If the Common Stock is traded in a public trading market, the fair market value will be the last reported sales price on the date preceding the date of determination. If there is no active public trading market for the Common Stock, the fair market value shall be determined in good faith by the Committee. In addition, the Plan allows, at the discretion of the Committee, the surrender of an Option and its subsequent regrant. The regranting of the Option may allow for lower-priced shares (as then valued) to be granted or for a lesser number of shares than originally intended to be issued. However, as with the originally issued option shares, the price to the Participant may not be less than the fair market value of the regrant option shares, as determined at the time of regrant.

7. Terms and Conditions of Options. Options granted pursuant to this Plan shall comply with and be subject to the following terms and conditions:

(a) Time and Method of Payment. The Option Price shall be paid in full in cash at the time an Option is exercised under the Plan. Exercise of an Option without concurrent payment in full in cash shall be invalid and of no effect. Upon the exercise of an Option and the payment of the full Option Price, the Participant shall be entitled to the issuance of a stock certificate evidencing his ownership of such Common Stock and, as of that date, the

Participant shall have all the rights of a shareholder. No adjustment will be made for dividends or other rights for which the record date is prior to the date the Participant is entitled to the issuance of a stock certificate.

(b) Number of Shares. Each Option shall state the total number of shares of Common Stock to which it pertains. The number of shares to which a Participant is entitled under an Option shall be reduced by the number of Stock Appreciation Rights (described in Section 8 below) related to the Option that have been previously exercised by the Participant.

(c) Option Period and Limitations on Exercise of Options. The Committee may in its discretion provide that an Option may become exercisable only after the expiration of a period of time specified in the Option agreement. Except as provided in the Option agreement, Options shall not be exercisable until the expiration of six months from the date the Option is granted, and any Option may be exercised in whole or in part. No Option may be exercised after the expiration of ten years and one day from the date it is granted. Unless otherwise noted in the Option agreement, no Option may be exercised for a fractional share of Common Stock.

8. Terms and Conditions of Stock Appreciation Rights. The Committee may grant Stock Appreciation Rights at the same time as Participants are awarded Options under the Plan. Such Stock Appreciation Rights shall be evidenced by agreements which shall comply with, and be subject to, the following terms and conditions:

(a) Grant. Each Stock Appreciation Right shall relate to a specific Option under the Plan and shall be awarded to a Participant concurrently with the grant of such Option. The number of Stock Appreciation Rights granted to a Participant may be equal to the number of shares that the Participant is entitled to receive pursuant to the related Option. The number of Stock Appreciation Rights held by a Participant shall be the number of Stock Appreciation Rights granted reduced by:

(1) the number of Stock Appreciation Rights exercised for Common Stock or cash pursuant to the Stock Appreciation Rights agreement;

(2) the number of shares of Common Stock purchased by such Participant pursuant to the related Option.

(b) Manner of Exercise. A Participant shall exercise Stock Appreciation Rights by giving written notice of such exercise to the Company. The date on which such written notice is received by the Company shall be the exercise date for the Stock Appreciation Rights.

(c) Appreciation Available. Each Stock Appreciation Right shall entitle a Participant to the excess of the fair market value of a share of Common Stock on the exercise date over the Option Price of the related Option.

(d) Payment of Appreciation. In the discretion of the Committee, the appreciation available to a Participant from an exercise of Stock Appreciation Rights may be paid to the Participant either in cash or Common Stock. If paid in cash, the amount thereof shall be the amount of appreciation available (see (c) above). If paid in Common Stock, the number of shares that shall be issued pursuant to the exercise of Stock Appreciation Rights shall be determined by dividing the amount of appreciation by the fair market value of a share of Common Stock on the exercise date of the Stock Appreciation Rights; provided, however, that no fractional shares shall be issued upon the exercise of Stock Appreciation Rights.

(e) Limitations Upon Exercise of Stock Appreciation Rights. If a Participant exercises a Stock Appreciation Right for cash, the Option to which the Stock Appreciation Right relates shall expire. Stock Appreciation Rights may be exercised only at such times and by such persons as may exercise Options under the Plan. Adjustment to the number of shares in the Plan and the price per share pursuant to Section 13 below shall also be made to any Stock Appreciation Rights held by each Participant.

9. Termination of Employment. A Participant's Options and Stock Appreciation Rights will immediately terminate and his or her right to exercise Options and Stock Appreciation Rights will immediately terminate upon the involuntary termination by the Company of the Participant's employment with the Company or a subsidiary of the Company. If a Participant's employment with the Company or a subsidiary of the Company is voluntarily terminated by the Participant, the Participant may exercise his or her Options or Stock Appreciation Rights that are otherwise exercisable pursuant to this Plan on the date of such termination for up to and including one hundred and eighty (180) days after such termination of his or her employment, but in no event shall any Option or Stock Appreciation Right be exercisable more than ten years and one day from the date it was granted. The Committee has the right to cancel an Option or Stock Appreciation Right during such 180 day period if the Participant engages in employment or activities contrary, in the opinion of the Committee, to the best interests of the Company. The Committee shall also determine in each case whether a termination of employment (including a termination due to disability) shall be considered voluntary or involuntary. In addition, the Committee shall determine, subject to applicable law, whether a leave of absence or similar circumstance shall constitute a termination of employment and the date upon which a termination resulting therefrom became effective. Any such determination of the Committee shall be final and conclusive, unless overruled by the entire Board of Directors at its next regular or special meeting. A Participant's right to exercise Options or Stock Appreciation Rights after his or her death are governed by Section 10 of this Plan.

10. Rights in Event of Death. If a Participant dies while employed by the Company, or within one hundred and eighty (180) days after having retired or voluntarily terminated his or her employment, and at the time of death had unexercised Options or Stock Appreciation Rights, the executors or administrators, or legatees or heirs, of his estate shall have the right to exercise such Options and Stock Appreciation Rights within one year of the Participant's death to the extent that such deceased Participant was entitled to exercise the Options and Stock Appreciation

Rights on the date of his death; provided, however, that in no event shall the Options or Stock Appreciation Rights be exercisable more than ten years and one day from the date they were granted. As a condition to any such exercise, the Committee may require any such executor, administrator, legatee or heir seeking to exercise such Options or Stock Appreciation Rights to provide evidence satisfactory to the Committee, in its sole discretion, of his or her authority to exercise such Options or Stock Appreciation Rights on behalf of the Participant's estate.

11. No Obligation To Exercise Option of Stock Appreciation Rights. The granting of an Option or Stock Appreciation Rights shall impose no obligation upon the Participant to exercise such Option or Stock Appreciation Rights.

12. Nonassignability. Options and Stock Appreciation Rights shall not be transferable other than by will or by the laws of descent and distribution and during a Participant's lifetime shall be exercisable only by such Participant.

13. Effect of Change in Stock Subject to the Plan. The aggregate number of shares of Common Stock available for Options under the Plan, the aggregate number of options that may be granted to any one person, the shares subject to any Option, the price per share, and the number of related Stock Appreciation Rights shall all be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock subsequent to the effective date of the Plan resulting from (1) a subdivision or consolidation of shares or any other capital adjustment, (2) the payment of a stock dividend or (3) other increase or decrease in such shares effected without receipt of consideration by the Company. If the Company shall be the surviving corporation in any merger or consolidation, any Option or Stock Appreciation Rights shall pertain, apply and relate to the securities to which a holder of the number of shares of Common Stock subject to the Option would have been entitled after the merger or consolidation. Upon dissolution or liquidation of the Company, or upon a merger or consolidation in which the Company is not the surviving corporation, all outstanding Options and Stock Appreciation Rights under the Plan shall terminate; provided, however, that each Participant shall have the right, immediately prior to such dissolution or liquidation, or such merger or consolidation, to exercise such Options and Stock Appreciation Rights in whole or in part, but only those Options and Stock Appreciation Rights exercisable on the date of the dissolution, liquidation, merger or consolidation.

14. Amendment. The Board of Directors, by resolution, may terminate, amend or revise the Plan with respect to any shares as to which Options have not been granted. Neither the Board of Directors nor the Committee may, without the consent of the holder of an Option, alter or impair any Options or Stock Appreciation Rights previously granted pursuant to the Plan, except as authorized herein.

15. Agreement and Representation of Employees. As a condition to the exercise of a portion of any Options or Stock Appreciation Rights, the Company may require the person exercising such Options or Stock Appreciation Rights to represent and warrant at the time of such exercise that any shares of Common Stock acquired by exercise are being acquired only for investment and without any present intention to sell or distribute such shares, if, in the opinion of counsel for the

Company, such a representation is required under the Securities Act of 1933 or any other applicable law, regulation or rule of any governmental agency.

16. Reservation of Shares of Common Stock. The Company, during the term of the Plan, will at all times reserve and keep available the number of shares of Common Stock that shall be sufficient to satisfy the requirements of this Plan. The inability of the Company to obtain from any regulatory body having jurisdiction the authority deemed necessary by legal counsel for the Company for the lawful issuance and sale of its Common Stock hereunder shall relieve the Company of any liability in respect of the failure to issue or sell Common Stock as to which the requisite authority has not been obtained.

17. Effective Date of Plan. The Plan shall be effective as of June 9, 1987.

18. Termination Date of Plan. This Plan may be terminated by the Board of Directors, in its sole discretion, and no Options or Stock Appreciation Rights shall be granted pursuant to this Plan after such termination. Termination of this Plan shall not affect any Options or Stock Appreciation Rights granted during the term of this Plan.

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Clarence L. Werner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Werner Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2004

/s/ Clarence L. Werner

Clarence L. Werner

Chairman and Chief Executive Officer

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, John J. Steele, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Werner Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2004

/s/ John J. Steele

John J. Steele

Vice President, Treasurer and Chief Financial Officer

Exhibit 32.1

**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, 2004, (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 2, 2004

/s/ Clarence L. Werner

Clarence L. Werner

Chairman and Chief Executive Officer

**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, 2004, (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 2, 2004

/s/ John J. Steele

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