

WERNER ENTERPRISES INC

FORM 10-Q (Quarterly Report)

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Address	14507 FRONTIER ROAD OMAHA, NE 68138
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Industry	Trucking
Sector	Transportation
Fiscal Year	12/31

**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 September 30, 2008

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**
(Address of principal (Zip Code)

executive offices)

Registrant's telephone number, including area code: (402) 895-6640

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 a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

--- (Do not check if a
smaller reporting
company) ---

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

Yes No X

As of October 30, 2008, 71,025,892 shares of the registrant's common
stock, par value \$.01 per share, were outstanding.

PART I - FINANCIAL INFORMATION

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PART I

FINANCIAL INFORMATION

Cautionary Note Regarding Forward-Looking Statements:

This Quarterly Report on Form 10-Q contains historical information and forward-looking statements based on information currently available to our management. The forward-looking statements in this report, including those made in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These safe harbor provisions encourage reporting companies to provide prospective information to investors. Forward-looking statements can be identified by the use of certain words, such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project" and other similar terms and language. We believe the forward-looking statements are reasonable based on currently available information. However, forward-looking statements involve risks, uncertainties and assumptions, whether known or unknown, that could cause actual results to differ materially from the anticipated results expressed in the forward-looking statements. A discussion of important factors relating to forward-looking statements is included in Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2007. Readers should not unduly rely on the forward-looking statements included in this Form 10-Q because such statements speak only to the date they were made. Unless otherwise required by applicable securities laws, we assume no obligation or duty to update or revise forward-looking statements to reflect subsequent events or circumstances.

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 were also prepared without audit. The interim consolidated financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements; although in management's opinion, the disclosures are adequate so that the information presented is not misleading.

Operating results for the three-month and nine-month periods ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. 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 and notes thereto should be read in conjunction with the financial statements and accompanying notes contained in our Annual Report on Form 10-K for the year ended December 31, 2007.

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Three Months Ended September 30,	
	2008	2007
	(Unaudited)	
Operating revenues	\$ 584,057	\$ 510,260
Operating expenses:		
Salaries, wages and benefits	150,616	150,789
Fuel	145,280	101,859
Supplies and maintenance	41,566	40,698
Taxes and licenses	26,733	28,796
Insurance and claims	28,727	22,001
Depreciation	41,653	41,087
Rent and purchased transportation	107,948	87,537
Communications and utilities	4,769	4,978
Other	(1,257)	(4,549)
Total operating expenses	546,035	473,196
Operating income	38,022	37,064
Other expense (income):		
Interest expense	3	527
Interest income	(1,012)	(1,015)
Other	27	54
Total other expense (income)	(982)	(434)
Income before income taxes	39,004	37,498
Income taxes	16,558	15,648
Net income	\$ 22,446	\$ 21,850
Earnings per share:		
Basic	\$.32	\$.30
Diluted	\$.31	\$.30
Dividends declared per share	\$.050	\$.050
Weighted average common shares outstanding:		
Basic	70,864	72,305
Diluted	71,825	73,501

See Notes to Consolidated Financial Statements (Unaudited).

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Nine Months Ended September 30,	
	2008	2007
	(Unaudited)	
Operating revenues	\$ 1,675,025	\$ 1,545,459
Operating expenses:		
Salaries, wages and benefits	442,391	451,645
Fuel	424,079	290,862
Supplies and maintenance	123,336	120,366
Taxes and licenses	82,884	88,276
Insurance and claims	77,366	70,128
Depreciation	125,132	125,273
Rent and purchased transportation	307,631	296,655
Communications and utilities	14,828	15,252
Other	(4,930)	(15,714)
Total operating expenses	1,592,717	1,442,743
Operating income	82,308	102,716
Other expense (income):		
Interest expense	9	2,920
Interest income	(3,049)	(2,989)
Other	79	172
Total other expense (income)	(2,961)	103
Income before income taxes	85,269	102,613
Income taxes	36,336	42,841
Net income	\$ 48,933	\$ 59,772
Earnings per share:		
Basic	\$.69	\$.81
Diluted	\$.68	\$.80
Dividends declared per share	\$.150	\$.145
Weighted average common shares outstanding:		
Basic	70,574	73,482
Diluted	71,575	74,810

See Notes to Consolidated Financial Statements (Unaudited).

WERNER ENTERPRISES, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands, except share amounts)	September 30,	December 31,
	2008	2007
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 136,315	\$ 25,090
Accounts receivable, trade, less allowance of \$9,921 and \$9,765, respectively	231,931	213,496
Other receivables	15,512	14,587
Inventories and supplies	10,048	10,747
Prepaid taxes, licenses and permits	7,266	17,045
Current deferred income taxes	31,433	26,702
Other current assets	23,571	21,500
Total current assets	456,076	329,167
Property and equipment	1,608,906	1,605,445
Less - accumulated depreciation	675,132	633,504
Property and equipment, net	933,774	971,941
Other non-current assets	17,457	20,300
	\$ 1,407,307	\$ 1,321,408
	=====	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 58,004	\$ 49,652
Insurance and claims accruals	86,360	76,189
Accrued payroll	28,336	21,753
Other current liabilities	27,454	19,395
Total current liabilities	200,154	166,989
Other long-term liabilities	7,447	14,165
Insurance and claims accruals, net of current portion	118,500	110,500
Deferred income taxes	200,398	196,966
Stockholders' equity:		
Common stock, \$.01 par value, 200,000,000 shares authorized; 80,533,536 shares issued; 71,025,892 and 70,373,189 shares outstanding, respectively	805	805
Paid-in capital	96,757	101,024
Retained earnings	961,752	923,411
Accumulated other comprehensive income (loss)	249	(169)
Treasury stock, at cost; 9,507,644 and 10,160,347 shares, respectively	(178,755)	(192,283)
Total stockholders' equity	880,808	832,788
	\$ 1,407,307	\$ 1,321,408
	=====	

See Notes to Consolidated Financial Statements (Unaudited).

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Nine Months Ended September 30,	
	2008	2007
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 48,933	\$ 59,772
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	125,132	125,273
Deferred income taxes	(909)	(8,930)
Gain on disposal of property and equipment	(8,768)	(19,300)
Stock-based compensation	1,113	1,192
Other long-term assets	640	1,580
Insurance claims accruals, net of current portion	8,000	5,000
Other long-term liabilities	(63)	848
Changes in certain working capital items:		
Accounts receivable, net	(18,435)	14,700
Other current assets	7,482	12,743
Accounts payable	8,352	(11,567)
Other current liabilities	17,735	5,875
Net cash provided by operating activities	189,212	187,186
Cash flows from investing activities:		
Additions to property and equipment	(145,656)	(111,899)
Retirements of property and equipment	65,265	84,621
Decrease in notes receivable	4,397	4,418
Net cash used in investing activities	(75,994)	(22,860)
Cash flows from financing activities:		
Repayment of short-term debt	-	(30,000)
Proceeds from issuance of long-term debt	-	10,000
Repayments of long-term debt	-	(70,000)
Dividends on common stock	(10,559)	(10,363)
Repurchases of common stock	(4,486)	(87,052)
Stock options exercised	8,245	8,178
Excess tax benefits from exercise of stock options	4,389	4,280
Net cash used in financing activities	(2,411)	(174,957)
Effect of foreign exchange rate fluctuations on cash	418	(132)
Net increase in cash and cash equivalents	111,225	(10,763)
Cash and cash equivalents, beginning of period	25,090	31,613
Cash and cash equivalents, end of period	\$ 136,315	\$ 20,850
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 9	\$ 3,606
Income taxes	\$ 30,034	\$ 47,574
Supplemental schedule of non-cash investing activities:		
Notes receivable issued upon sale of revenue equipment	\$ 2,194	\$ 4,846

See Notes to Consolidated Financial Statements (Unaudited).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) Comprehensive Income

Other than our net income, our only other source of comprehensive income (loss) is foreign currency translation adjustments. Comprehensive income (loss) from foreign currency translation adjustments was a loss of \$1,769,000 for the three-month period ended September 30, 2008 and a loss of \$445,000 for the same period ended September 30, 2007. Such comprehensive income (loss) was income of \$418,000 for the nine-month period ended September 30, 2008 and a loss of \$132,000 for the same period ended September 30, 2007.

(2) Long-Term Debt

As of September 30, 2008, we have two committed credit facilities with banks totaling \$225.0 million that mature in May 2009 (\$50.0 million) and May 2011 (\$175.0 million). Borrowings under these credit facilities bear variable interest based on the London Interbank Offered Rate ("LIBOR"). As of September 30, 2008, we had no borrowings outstanding under these credit facilities with banks. The \$225.0 million of credit available under these facilities is further reduced by \$39.5 million in letters of credit under which we are obligated. Each of the debt agreements includes, among other things, two financial covenants requiring us (i) not to exceed a maximum ratio of total debt to total capitalization and (ii) not to exceed a maximum ratio of total funded debt to earnings before interest, income taxes, depreciation, amortization and rentals payable (as defined in each credit facility). At September 30, 2008, we were in compliance with these covenants.

(3) Income Taxes

During first quarter 2006, in connection with an audit of our federal income tax returns for the years 1999 to 2002, we received a notice from the Internal Revenue Service ("IRS") proposing to disallow a significant tax deduction. This deduction was based on a timing difference between financial reporting and tax reporting and would result in interest charges, which we record as a component of income tax expense in the Consolidated Statements of Income. This timing difference deduction reversed in our 2004 income tax return. We formally protested this matter in April 2006. During fourth quarter 2007, we reached a tentative settlement agreement with an IRS appeals officer. During fourth quarter 2007, we also accrued in income taxes expense in our Consolidated Statements of Income the estimated cumulative interest charges for the anticipated settlement of this matter, net of income taxes, which amounted to \$4.0 million, or \$0.05 per share. During second quarter 2008, the appeals officer received the concurrence of the Joint Committee of Taxation with regard to the recommended basis of settlement. The IRS finalized the settlement during third quarter 2008, and we paid the federal accrued interest at the beginning of October 2008.

For the three-month and nine-month periods ended September 30, 2008, there were no material changes to the total amount of unrecognized tax benefits. We reclassified \$6.8 million of our total liability for unrecognized tax benefits from long-term to current during the nine-month period ended September 30, 2008. This reclassification is due to the settlement agreement with the IRS for tax years 1999 through 2002, as discussed above. We accrued interest of \$0.2 million during the three-month period and \$0.6 million during the nine-month period ended September 30, 2008. Our total gross liability for unrecognized tax benefits at September 30, 2008 is \$13.0 million. If recognized, \$8.0 million of unrecognized tax benefits would impact our effective tax rate. Interest of \$9.2 million has been reflected as a component of the total liability. We do not expect any other significant increases or decreases for uncertain tax positions during the next twelve months.

We file U.S. federal income tax returns, as well as income tax returns in various states and several foreign jurisdictions. The years 2004 through 2007 are open for examination by the IRS, and various years are open for examination by state and foreign tax authorities. The IRS completed an audit of our 2005 federal income tax return and issued a "no change letter" during second quarter 2008, under which the IRS did not propose any adjustment to the tax return.

(4) Commitments and Contingencies

As of September 30, 2008, we have committed to property and equipment purchases of approximately \$47.0 million.

We are involved in certain claims and pending litigation arising in the normal course of business. Management believes the ultimate resolution of these matters will not materially affect our consolidated financial statements.

(5) Earnings Per Share

We compute and present earnings per share in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings per Share. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of common shares plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options and stock awards. There are no differences in the numerators of our computations of basic and diluted earnings per share for any periods presented. The computation of basic and diluted earnings per share is shown below (in thousands, except per share amounts).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net income	\$ 22,446	\$ 21,850	\$ 48,933	\$ 59,772
Weighted average common shares outstanding	70,864	72,305	70,574	73,482
Common stock equivalents	961	1,196	1,001	1,328
Shares used in computing diluted earnings per share	71,825	73,501	71,575	74,810
Basic earnings per share	\$.32	\$.30	\$.69	\$.81
Diluted earnings per share	\$.31	\$.30	\$.68	\$.80

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Number of options	-	24,500	5,000	29,500
Range of option purchase prices	-	\$19.84-\$20.36	\$20.36	\$19.26-\$20.36

(6) Stock-Based Compensation

Our Equity Plan provides for grants of nonqualified stock options, restricted stock and stock appreciation rights. The Board of Directors or the Compensation Committee of our Board of Directors determine the terms of each award, including type of award, recipients, number of shares subject to each award and vesting conditions of each award. Stock option and restricted stock awards are described below. No awards of stock appreciation rights have been issued to date. The maximum number of shares of common stock that may be awarded under the Equity Plan is 20,000,000 shares. The maximum aggregate number of shares that may be awarded to any one person under the Equity Plan is 2,562,500. As of September 30, 2008, there were 8,665,182 shares available for granting additional awards.

Effective January 1, 2006, we adopted SFAS No. 123 (Revised 2004), Share-Based Payment ("No. 123R"), using a modified version of the prospective transition method. Under this transition method, compensation cost is recognized on or after January 1, 2006 for (i) the portion of outstanding awards that were not vested as of January 1, 2006, based on the grant-date fair value of those awards calculated under SFAS No. 123, Accounting for Stock-Based Compensation (as originally issued), for either recognition or pro forma disclosures and (ii) all share-based payments granted on or after January 1, 2006, based on the grant-date fair value of those awards calculated under SFAS No. 123R. Stock-based employee compensation expense was \$0.4 million for each of the three-month periods ended September 30, 2008 and September 30, 2007, \$1.1 million for the nine-month period ended September 30, 2008 and \$1.2 million for the nine-month period ended September 30, 2007. Stock-based employee compensation expense is included in salaries, wages and benefits within the Consolidated Statements of Income. The total income tax benefit recognized in the Consolidated Statements of Income for stock-based compensation arrangements was \$0.2 million for each of the three-month periods ended September 30, 2008 and September 30, 2007 and \$0.5 million for each of the nine-month periods ended September 30, 2008 and September 30, 2007. As of September 30, 2008, the total unrecognized compensation cost related to nonvested stock-based compensation awards was approximately \$3.1 million and is expected to be recognized over a weighted average period of 1.8 years.

We do not have a formal policy for issuing shares upon exercise of stock options or vesting of restricted stock, so such shares are generally issued from treasury stock. From time to time, we repurchase shares of our common stock, the timing and amount of which depends on market and other factors. Historically, the shares acquired under these regular repurchase programs have provided us with sufficient quantities of stock to issue for stock-based compensation. Based on current treasury stock levels, we do not expect to repurchase additional shares specifically for stock-based compensation during 2008.

Stock Options

Stock options are granted at prices equal to the market value of the common stock on the date the option award is granted. Option awards currently outstanding become exercisable in installments from twenty-four to

seventy-two months after the date of grant. The options are exercisable over a period not to exceed ten years and one day from the date of grant.

The following table summarizes stock option activity for the nine months ended September 30, 2008:

	Number of Options (in thousands)	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at beginning of period	3,854	\$ 12.23		
Options granted	-	\$ -		
Options exercised	(903)	\$ 9.13		
Options forfeited	(132)	\$ 17.56		
Options expired	-	\$ -		
Outstanding at end of period	2,819	\$ 12.97	4.52	\$ 24,642
Exercisable at end of period	2,055	\$ 11.31	3.43	\$ 21,362

We did not grant any stock options during the three-month and nine-month periods ended September 30, 2008 and September 30, 2007. The fair value of stock option grants is estimated using a Black-Scholes valuation model. The total intrinsic value of stock options exercised was \$9.1 million and \$3.7 million for the three-month periods ended September 30, 2008 and September 30, 2007 and \$11.8 million and \$10.4 million for the nine-month periods ended September 30, 2008 and September 30, 2007.

Restricted Stock

Restricted stock awards entitle the holder to shares of common stock when the award vests. The value of these shares may fluctuate according to market conditions and other factors. During third quarter 2008, the Compensation Committee awarded 35,000 shares of restricted stock. These restricted shares will vest sixty months from the grant date of the award. The restricted shares do not confer any voting or dividend rights to recipients until such shares fully vest and do not have any post-vesting sales restrictions.

The following table summarizes restricted stock activity for the nine months ended September 30, 2008:

	Number of Restricted Shares (in thousands)	Weighted Average Grant Date Fair Value (\$)
Nonvested at beginning of period	-	\$ -
Shares granted	35	\$ 22.88
Shares vested	-	\$ -
Shares forfeited	-	\$ -
Nonvested at end of period	35	\$ 22.88

We granted 35,000 shares of restricted stock during the three-month and nine-month periods ended September 30, 2008 and did not grant any shares of restricted stock during the three-month and nine-month periods ended September 30, 2007. We estimate the fair value of restricted stock awards based upon the market price of the underlying common stock on the date of grant, reduced by the present value of estimated future dividends because the awards are not entitled to receive dividends prior to vesting. The present value of estimated future dividends was calculated using the following assumptions:

Dividends per share (quarterly amounts) \$0.05 Risk-free interest rate 3.0%

(7) Segment Information

We have two reportable segments - Truckload Transportation Services ("Truckload") and Value Added Services ("VAS").

The Truckload segment consists of six operating fleets that are aggregated because they have similar economic characteristics and meet the other aggregation criteria of SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information ("No. 131"). The six operating fleets that comprise our Truckload segment are as follows: (i) dedicated services ("Dedicated") provides truckload services required by a specific customer, generally for a distribution center or manufacturing facility; (ii) the medium-to-long-haul van ("Van") fleet transports a variety of consumer, nondurable products and other commodities in truckload quantities over irregular routes using dry van trailers; (iii) the regional short-haul ("Regional") fleet provides comparable truckload van service within five geographic regions across the United States; (iv) the expedited ("Expedited") fleet provides time-sensitive truckload services utilizing driver teams; and the (v) flatbed ("Flatbed") and (vi) temperature- controlled ("Temperature-Controlled") fleets provide truckload services for products with specialized trailers. Revenues for the Truckload segment include non-trucking revenues of \$2.5 million and \$2.2 million for the three-month periods ended September 30, 2008 and September 30, 2007 and \$6.3 million and \$7.6 million for the nine-month periods ended September 30, 2008 and September 30, 2007. These revenues consist primarily of the portion of shipments delivered to or from Mexico where we utilize a third-party capacity provider.

The VAS segment generates the majority of our non-trucking revenues through four operating units that provide non-trucking services to our customers. These four VAS operating units are (i) truck brokerage ("Brokerage"), (ii) freight management (single-source logistics) ("Freight Management"), (iii) intermodal services ("Intermodal") and (iv) Werner Global Logistics international services ("International").

We generate other revenues related to third-party equipment maintenance, equipment leasing and other business activities. None of these operations meets the quantitative threshold reporting requirements of SFAS No. 131. As a result, these operations are grouped in "Other" in the tables below. "Corporate" includes revenues and expenses that are incidental to our activities and are not attributable to any of our operating segments. We do not prepare separate balance sheets by segment and, as a result, assets are not separately identifiable by segment. We have no significant intersegment sales or expense transactions that would require the elimination of revenue between our segments in the tables below.

The following tables summarize our segment information (in thousands):

	Revenues			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Truckload Transportation Services	\$ 505,489	\$ 451,272	\$1,456,872	\$1,332,148
Value Added Services	73,586	54,517	203,401	200,243
Other	4,218	3,781	12,177	11,178
Corporate	764	690	2,575	1,890
Total	\$ 584,057	\$ 510,260	\$1,675,025	\$1,545,459
	Operating Income			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Truckload Transportation Services	\$ 33,113	\$ 33,066	\$ 68,126	\$ 91,474
Value Added Services	4,319	3,181	11,670	9,578
Other	333	864	2,315	2,507
Corporate	257	(47)	197	(843)
Total	\$ 38,022	\$ 37,064	\$ 82,308	\$ 102,716

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") summarizes the financial statements from management's perspective with respect to our financial condition, results of operations, liquidity and other factors that may affect actual results. The MD&A is organized in the following sections:

- * Overview
- * Results of Operations
- * Liquidity and Capital Resources
- * Contractual Obligations and Commercial Commitments
- * Off-Balance Sheet Arrangements
- * Regulations
- * Critical Accounting Policies
- * Accounting Standards

The MD&A should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2007.

Overview:

We operate in the truckload sector of the trucking industry and the logistics sector of the transportation industry. In the truckload sector, we focus on transporting consumer nondurable products that ship consistently

throughout the year. In the logistics sector, besides managing transportation requirements for individual customers, we provide additional sources of truck capacity, alternative modes of transportation, a global delivery network and systems analysis to optimize transportation needs. Our success depends on our ability to efficiently manage our resources in the delivery of truckload transportation and logistics services to our customers. Resource requirements vary with customer demand, which may be subject to seasonal or general economic conditions. Our ability to adapt to changes in customer transportation requirements is essential to efficiently deploy resources and make capital investments in tractors and trailers (with respect to our Truckload segment) or obtain qualified third-party capacity at a reasonable price (with respect to our VAS segment). Although our business volume is not highly concentrated, we may also be occasionally affected by our customers' financial failures or loss of customer business.

Operating revenues consist of (i) trucking revenues generated by the six operating fleets in the Truckload segment (Dedicated, Van, Regional, Expedited, Temperature-Controlled and Flatbed) and (ii) non-trucking revenues generated primarily by the four operating units in our VAS segment (Brokerage, Freight Management, Intermodal and International). Our Truckload segment also includes a small amount of non-trucking revenues, consisting primarily of the portion of shipments delivered to or from Mexico where the Truckload segment utilizes a third-party capacity provider. Non-trucking revenues reported in the operating statistics table include those revenues generated by the VAS and Truckload segments. Trucking revenues accounted for 86% of total operating revenues in third quarter 2008, and non-trucking and other operating revenues accounted for 14% of total operating revenues.

Trucking services typically generate revenues on a per-mile basis. Other sources of trucking revenues include fuel surcharges and accessorial revenues (such as stop charges, loading/unloading charges and equipment detention charges). Because fuel surcharge revenues fluctuate in response to changes in fuel costs, these revenues are identified separately within the operating statistics table and are excluded from the statistics to provide a more meaningful comparison between periods. The non-trucking revenues in the operating statistics table include such revenues generated by a fleet whose operations fall within the Truckload segment. We do this so that we can calculate the revenue statistics in the operating statistics table using only the revenue generated by company-owned and owner-operator trucks. The key statistics used to evaluate trucking revenues (excluding fuel surcharges) are (i) average revenues per tractor per week, (ii) per-mile rates charged to customers, (iii) average monthly miles generated per tractor, (iv) average percentage of empty miles (miles without trailer cargo), (v) average trip length (in loaded miles) and (vi) average number of tractors in service. General economic conditions, seasonal trucking industry freight patterns and industry capacity are important factors that impact these statistics.

Our most significant resource requirements are company drivers, owner-operators, tractors, trailers and equipment operating costs (such as fuel and related fuel taxes, driver pay, insurance and supplies and maintenance). To mitigate our risk to fuel price increases, we recover additional fuel surcharges from our customers that recoup a majority, but not all, of the increased fuel costs; however, we cannot assure that current recovery levels will continue in future periods. Our financial results are also affected by company driver and owner-operator availability and the market for new and used revenue equipment. We are self-insured for a significant portion of bodily injury, property damage and cargo claims and for workers' compensation benefits and health claims for our employees (supplemented by premium-based insurance coverage above certain dollar levels). For that reason, our financial results may also be affected by driver safety, medical costs, weather, legal and regulatory environments and insurance coverage costs to protect against catastrophic losses.

The operating ratio is a common industry measure used to evaluate our profitability and that of our Truckload segment operating fleets. The operating ratio consists of operating expenses expressed as a percentage of operating revenues. The most significant variable expenses that impact the Truckload segment are driver salaries and benefits, fuel, fuel taxes (included in taxes and licenses expense), payments to owner-operators

(included in rent and purchased transportation expense), supplies and maintenance and insurance and claims. These expenses generally vary based on the number of miles generated. We also evaluate these costs on a per-mile basis to adjust for the impact on the percentage of total operating revenues caused by changes in fuel surcharge revenues, per-mile rates charged to customers and non-trucking revenues. As discussed further in the comparison of operating results for third quarter 2008 to third quarter 2007, several industry-wide issues could cause costs to increase in future periods. These issues include a softer freight market, changing fuel prices, higher new truck and trailer purchase prices and a weaker used equipment market. Our main fixed costs include depreciation expense for tractors and trailers and equipment licensing fees (included in taxes and licenses expense). The Truckload segment requires substantial cash expenditures for tractor and trailer purchases. We fund these purchases with net cash from operations and financing available under our existing credit facilities, as management deems necessary.

We provide non-trucking services primarily through four operating units within our VAS segment. These operating units include Brokerage, Freight Management, Intermodal and International. Unlike our Truckload segment, the VAS segment is less asset-intensive and is instead dependent upon qualified employees, information systems and qualified third-party capacity providers. The largest expense item related to the VAS segment is the cost of transportation we pay to third-party capacity providers. This expense item is recorded as rent and purchased transportation expense. Other operating expenses include salaries, wages and benefits and computer hardware and software depreciation. We evaluate VAS by reviewing the gross margin percentage (revenues less rent and purchased transportation expenses expressed as a percentage of revenues) and the operating income percentage.

Results of Operations:

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2008	2007	% Change	2008	2007	% Change
Trucking revenues, net of fuel surcharge (1)	\$367,401	\$371,746	-1.2%	\$1,084,402	\$1,113,221	-2.6%
Trucking fuel surcharge revenues (1)	135,525	77,286	75.4%	366,223	211,072	73.5%
Non-trucking revenues, including VAS (1)	76,070	56,725	34.1%	209,699	207,860	0.9%
Other operating revenues (1)	5,061	4,503	12.4%	14,701	13,306	10.5%
Total operating revenues (1)	\$584,057	\$510,260	14.5%	\$1,675,025	\$1,545,459	8.4%
Operating ratio (consolidated) (2)	93.5%	92.7%		95.1%	93.4%	
Average monthly miles per tractor	10,306	9,956	3.5%	10,189	9,846	3.5%
Average revenues per total mile (3)	\$1.480	\$1.474	0.4%	\$1.466	\$1.460	0.4%
Average revenues per loaded mile (3)	\$1.699	\$1.702	-0.2%	\$1.691	\$1.688	0.2%
Average percentage of empty miles (4)	12.88%	13.38%	-3.7%	13.31%	13.47%	-1.2%
Average trip length in miles (loaded)	539	550	-2.0%	540	561	-3.7%
Total miles (loaded and empty) (1)	248,197	252,128	-1.6%	739,571	762,327	-3.0%
Average tractors in service	8,028	8,441	-4.9%	8,065	8,603	-6.3%
Average revenues per tractor per week (3)	\$3,521	\$3,388	3.9%	\$3,448	\$3,318	3.9%
Total tractors (at quarter end)						
Company	7,335	7,620		7,335	7,620	
Owner-operator	705	810		705	810	
Total tractors	8,040	8,430		8,040	8,430	
Total trailers (Truckload and Intermodal, at quarter end)	24,140	24,765		24,140	24,765	

(1) Amounts in thousands.

(2) Operating expenses expressed as a percentage of operating revenues. Operating ratio is a common measure in the trucking industry used to evaluate profitability.

(3) Net of fuel surcharge revenues.

(4) Miles without trailer cargo.

The following table sets forth the revenues, operating expenses and operating income for the Truckload segment. Revenues for the Truckload segment include non-trucking revenues of \$2.5 million and \$2.2 million for the three-month periods ended September 30, 2008 and September 30, 2007 and \$6.3 million and \$7.6 million for the nine-month periods ended September 30, 2008 and September 30, 2007, as described on page 12.

Truckload Transportation Services (amounts in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2008		2007		2008		2007	
	\$	%	\$	%	\$	%	\$	%
Revenues	\$505,489	100.0	\$451,272	100.0	\$1,456,872	100.0	\$1,332,148	100.0
Operating expenses	472,376	93.4	418,206	92.7	1,388,746	95.3	1,240,674	93.1
Operating income	\$ 33,113	6.6	\$ 33,066	7.3	\$ 68,126	4.7	\$ 91,474	6.9
	=====		=====		=====		=====	

Higher fuel prices and higher fuel surcharge revenues increase our consolidated operating ratio and the Truckload segment's operating ratio when fuel surcharges are reported on a gross basis as revenues versus netting against fuel expenses. Eliminating fuel surcharge revenues, which are generally a more volatile source of revenue, provides a more consistent basis for comparing the results of operations from period to period. The following table calculates the Truckload segment's operating ratio as if fuel surcharges are excluded from revenue and instead reported as a reduction of operating expenses.

Truckload Transportation Services (amounts in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2008		2007		2008		2007	
	\$	%	\$	%	\$	%	\$	%
Revenues	\$505,489		\$451,272		\$1,456,872		\$1,332,148	
Less: trucking fuel surcharge revenues	135,525		77,286		366,223		211,072	
Revenues, net of fuel surcharges	369,964	100.0	373,986	100.0	1,090,649	100.0	1,121,076	100.0
Operating expenses	472,376		418,206		1,388,746		1,240,674	
Less: trucking fuel surcharge revenues	135,525		77,286		366,223		211,072	
Operating expenses, net of fuel surcharges	336,851	91.0	340,920	91.2	1,022,523	93.8	1,029,602	91.8
Operating income	\$ 33,113	9.0	\$ 33,066	8.8	\$ 68,126	6.2	\$ 91,474	8.2
	=====		=====		=====		=====	

The following table sets forth the VAS segment's non-trucking revenues, rent and purchased transportation expense, other operating expenses and operating income. Other operating expenses for the VAS segment primarily consist of salaries, wages and benefits expense. VAS also incurs smaller expense amounts in the supplies and maintenance, depreciation, rent and purchased transportation (excluding third-party transportation costs), insurance, communications and utilities and other operating expense categories.

Value Added Services (amounts in thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2008		2007		2008		2007	
	\$	%	\$	%	\$	%	\$	%
Revenues	\$ 73,586	100.0	\$ 54,517	100.0	\$203,401	100.0	\$200,243	100.0
Rent and purchased transportation expense	62,838	85.4	45,963	84.3	173,358	85.2	175,200	87.5
Gross margin	10,748	14.6	8,554	15.7	30,043	14.8	25,043	12.5
Other operating expenses	6,429	8.7	5,373	9.9	18,373	9.1	15,465	7.7
Operating income	\$ 4,319	5.9	\$ 3,181	5.8	\$ 11,670	5.7	\$ 9,578	4.8
	=====		=====		=====		=====	

Three Months Ended September 30, 2008 Compared to Three Months Ended September 30, 2007

Operating Revenues

Operating revenues increased 14.5% for the three months ended September 30, 2008, compared to the same period of the prior year. Excluding fuel surcharge revenues, trucking revenues decreased 1.2% due primarily to a 4.9% decrease in the average number of tractors in service, partially offset by a 3.5% increase in average monthly miles per tractor. In mid-March 2007, we began reducing the Van fleet to better match declining load volumes with fewer trucks. This proactive decision helped us improve performance by increasing average miles per tractor and improving revenue per total mile slightly in third quarter 2008 compared to third quarter 2007. With respect to pricing and rates, revenue per total mile, excluding fuel surcharges, increased by 0.4%.

Freight demand for the nearly 4,700 trucks in our Regional, Expedited and Van fleets (collectively the "Van Network"), as measured by the percentages of loads to trucks (pre-books), in July, August and September 2008 was approximately the same as July, August and September 2007. The strengthening of demand we experienced in June 2008 did not continue into third quarter 2008. However, third quarter 2008 pre-books were relatively stable year over year, compared to weaker year-over-year pre-books experienced during the first five months of 2008. We believe that as a result of increased carrier financial failures that occurred during the first half of 2008, industry capacity remained more balanced with freight demand in third quarter 2008, compared to the excess capacity at the beginning of 2008.

Freight demand during the latter part of third quarter 2008 and the month of October 2008 has been disappointing but not unexpected, considering the turbulence and uncertainty in the financial markets. During October, we experienced weaker year-over-year pre-books. We believe consumer spending is being affected by the current lack of confidence in the credit market and the stock market. We are planning based on the assumption that this trend will continue. We currently expect this trend will result in lackluster shipping volumes this peak freight season.

Fuel surcharge revenues represent collections from customers for the higher cost of fuel. These revenues increased 75.4% to \$135.5 million in third quarter 2008 from \$77.3 million in third quarter 2007 due to an average increase in diesel fuel costs of \$1.19 per gallon in third quarter 2008 compared to third quarter 2007. To lessen the effect of fluctuating fuel prices on our margins, we collect fuel surcharge revenues from our customers. Our fuel surcharge programs are designed to (i) recoup high fuel costs from customers when fuel prices rise and (ii) provide customers with the benefit of lower costs when fuel prices decline. These programs enable us to recover a majority, but not all, of the fuel price increases. Each year in the past four years, rising fuel costs (net of fuel surcharge collections) had a negative impact on our operating income when compared to the previous year. The total negative impact on our operating income due to fuel expense, net of fuel surcharge collections, during 2004 through 2007 was \$61 million.

When fuel prices rise rapidly, a negative earnings lag occurs because the cost of fuel rises immediately and the market indexes used to determine fuel surcharges increase at a slower pace. As a result, during these rising fuel price periods, the negative impact of fuel on our financial results is more significant. The fuel price trend in third quarter 2008 was unusual because fuel prices declined for most weeks during the quarter. In a period of declining fuel prices, we generally experience a temporary favorable earnings effect because fuel costs decline at a faster pace than the fuel surcharge collections that are determined by the market indexes. This occurred during third quarter 2008, enabling us to temporarily have lower net fuel expense, which helped to offset uncompensated fuel costs from truck idling, empty miles not billable to customers and out-of-route miles. All of these uncompensated fuel costs were higher in third quarter 2008 than third quarter 2007 due to the higher average fuel prices in third quarter

2008. Once fuel prices stabilize, we do not expect the temporary favorable trend to continue.

In the past, we negotiated higher rates with customers to recover the fuel expense shortfall in base rates per mile. However, given the softer freight market experienced during the past two years, we have not been able to recover the fuel expense shortfall in base rates. As a result, increases in fuel costs may continue to negatively impact our earnings per share until freight market conditions may allow us to recover this shortfall from customers.

We continue diversifying our services from the one-way Van fleet to our Dedicated, Regional and Expedited fleets and North America cross-border services within the Truckload segment and to the logistics units and services within the VAS segment. This ongoing diversification helped lessen the impact of a lackluster freight market in third quarter 2008. Customer response to these growing services continues to be very positive. We intend to continue expanding and developing these services.

To provide shippers with additional sources of managed capacity and network analysis, as well as a more global footprint, we continue growing our non-asset based VAS segment. In third quarter 2008, VAS began implementing new business, which began to generate additional revenues across all of our business units and fleets. Our diverse portfolio of logistics services, backed by our asset-based fleets, has become an attractive option to customers who want to ensure they have a competitive and seamless supply chain solution.

VAS revenues are generated by its four operating units: Brokerage, Freight Management, Intermodal and International. VAS revenues increased 35% to \$73.6 million in third quarter 2008 from \$54.5 million in third quarter 2007 due to an increase in Brokerage, Intermodal and International revenues. The gross margin percentage declined to 14.6% in third quarter 2008 compared to 15.7% in third quarter 2007, although gross margin dollars grew 26% on the higher revenues. The operating income percentage increased to 5.9% in third quarter 2008 compared to 5.8% in third quarter 2007.

Brokerage continued to produce strong results with 41% revenue growth but experienced a decline in its gross margin percentage. The tightening of truckload capacity due to increased carrier financial failures has made it more challenging for Brokerage to obtain qualified third party carriers at a comparable cost to prior quarters. Intermodal revenues grew 47%, and its operating margin percentage also improved. International continues to generate increased revenues and improve its operating margin.

Operating Expenses

Our operating ratio (operating expenses expressed as a percentage of operating revenues) was 93.5% for the three months ended September 30, 2008, compared to 92.7% for the three months ended September 30, 2007. Expense items that impacted the overall operating ratio are described on the following pages. The tables on page 17 show the operating ratios and operating margins for our two reportable segments, Truckload and VAS.

The following table sets forth the cost per total mile of operating expense items for the Truckload segment for the periods indicated. We evaluate operating costs for this segment on a per-mile basis, which is a better measurement tool for comparing the results of operations from period to period.

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2008	2007	per Mile	2008	2007	per Mile
Salaries, wages and benefits	\$0.582	\$0.578	\$0.004	\$0.575	\$0.573	\$0.002
Fuel	0.584	0.402	0.182	0.571	0.379	0.192
Supplies and maintenance	0.158	0.153	0.005	0.158	0.149	0.009
Taxes and licenses	0.109	0.114	(0.005)	0.112	0.115	(0.003)
Insurance and claims	0.115	0.087	0.028	0.104	0.092	0.012
Depreciation	0.163	0.157	0.006	0.164	0.158	0.006
Rent and purchased transportation	0.181	0.165	0.016	0.181	0.159	0.022
Communications and utilities	0.019	0.019	0.000	0.020	0.020	0.000
Other	(0.008)	(0.016)	0.008	(0.007)	(0.018)	0.011
Total	\$1.903	\$1.659	\$0.244	\$1.878	\$1.627	\$0.251

Owner-operator costs are included in rent and purchased transportation expense. Owner-operator miles as a percentage of total miles were 11.6% for third quarter 2008 compared to 12.7% for third quarter 2007. Owner-operators are independent contractors who supply their own tractor and driver and are responsible for their operating expenses (including driver pay, fuel, supplies and maintenance and fuel taxes). This decrease in owner-operator miles as a percentage of total miles shifted costs from the rent and purchased transportation category to other expense categories. Due to this decrease, we estimate that rent and purchased transportation expense for the Truckload segment was lower by approximately 1.6 cents per total mile, and other expense categories had offsetting increases on a total-mile basis as follows: (i) fuel, 0.7 cents; (ii) salaries, wages and benefits, 0.5 cents; (iii) depreciation, 0.2 cents; (iv) supplies and maintenance, 0.1 cents; and (v) taxes and licenses, 0.1 cents.

Salaries, wages and benefits in the Truckload segment increased slightly on a total mile basis in third quarter 2008 compared to third quarter 2007. This increase is primarily attributed to higher workers' compensation expense and, as discussed above, the shift from rent and purchased transportation to salaries, wages and benefits because of the decrease in owner-operator miles as a percentage of total miles. Within the Truckload segment, these cost increases were offset partially by a small decrease in average pay per mile for company drivers and lower non-driver pay for office and equipment maintenance personnel in the Truckload segment (due to efficiency and cost control improvements). The growing non-trucking VAS segment experienced higher non-driver salaries in third quarter 2008 compared to third quarter 2007.

We renewed our workers' compensation insurance coverage for the policy year beginning April 1, 2008. Our coverage levels are the same as the prior policy year. We continue to maintain a self-insurance retention of \$1.0 million per claim and have no annual aggregate retention amount for claims above \$1.0 million. Our workers' compensation insurance premiums for the policy year beginning April 2008 are slightly lower than the previous policy year.

The driver recruiting and retention market remained less difficult than a year ago. The weakness in the construction and automotive industries and a rising national unemployment rate continue to positively affect our driver availability and selectivity. In addition, we believe our strong mileage utilization and financial strength are attractive to drivers when compared to many other carriers. We anticipate that competition for qualified drivers will remain high and cannot predict whether we will experience future shortages. If such a shortage were to occur and driver pay rate

increases were necessary to attract and retain drivers, our results of operations would be negatively impacted to the extent that corresponding freight rate increases were not obtained.

Fuel increased 18.2 cents per total mile for the Truckload segment due primarily to higher average diesel fuel prices. Compared to unprecedented high diesel fuel prices in second quarter 2008, diesel fuel prices declined during third quarter 2008 but remained higher than diesel fuel prices in third quarter 2007. Compared to the same month in 2007, diesel fuel costs were \$1.62 per gallon higher in July 2008, \$1.12 per gallon higher in August 2008 and \$0.82 per gallon higher in September 2008. Fuel prices averaged only 5 cents per gallon higher in October 2008 compared to October 2007. Fuel expense increased \$43.4 million and rent and purchased transportation expense paid to owner-operator drivers (which increased due to the higher fuel reimbursement to owner-operators) increased \$5.9 million, when comparing third quarter 2008 to third quarter 2007.

During third quarter 2008, we continued to improve our fuel miles per gallon ("mpg") through numerous initiatives to improve fuel efficiency. These initiatives include (i) reducing truck idle time, (ii) lowering non-billable miles, (iii) continuing to increase the percentage of aerodynamic, more fuel-efficient trucks in the company truck fleet and (iv) installing auxiliary power units ("APUs") in company trucks. Truck idle time percentages can be affected by seasonal weather patterns (such as warm summer months and cold winter months) that prompt drivers to idle the engine to provide air conditioning or heating for comfort during non-driving periods. Thus, idle time percentages for trucks without APUs may be higher (and fuel mpg may be lower as a result) during the summer and winter months as compared to temperate spring and fall months. APUs provide an alternate source to power heating and air conditioning systems when the main engine is not operating, and APUs consume significantly less diesel fuel than idling the main engine. As of September 30, 2008, we had installed APUs in approximately 40% of the company-owned truck fleet, and we intend to continue increasing the percentage of trucks with APUs as we purchase new tractors. The average mpg of company trucks improved in third quarter 2008 compared to third quarter 2007. Due strictly to these mpg improvements, we purchased nearly 2.6 million fewer gallons of fuel in third quarter 2008 than in third quarter 2007. This equates to a reduction of approximately 29,000 tons of carbon dioxide emissions. As we purchase new trucks, we intend to continue installing APUs and taking part in other environmentally conscious initiatives, such as our active participation in the SmartWay Transport Partnership program of the U.S. Environmental Protection Agency ("EPA").

Shortages of fuel, increases in fuel prices or rationing of petroleum products can have a materially adverse effect on our operations and profitability. We are unable to predict whether fuel price levels will increase or decrease in the future or the extent to which fuel surcharges will be collected from customers. As of September 30, 2008, we had no derivative financial instruments to reduce our exposure to fuel price fluctuations.

Supplies and maintenance for the Truckload segment increased 0.5 cents on a total mile basis in third quarter 2008 compared to third quarter 2007. Over-the-road repair costs increased due to rising parts and labor costs assessed by over-the-road vendors (partially due to higher commodity costs that increase the costs of parts and tires) and the performance of more over-the-road repairs resulting from a decrease in our equipment maintenance personnel. The increased average age of the truck fleet also contributed to higher truck maintenance repairs.

Taxes and licenses for the Truckload segment decreased in third quarter 2008 by 0.5 cents on a total mile basis from third quarter 2007 due to a decrease in fuel taxes per mile resulting from the improvement in the company truck mpg.

Insurance and claims for the Truckload segment increased by 2.8 cents on a total mile basis in third quarter 2008 from third quarter 2007. This increase was the result of net unfavorable claims development on large claims and, to a lesser extent, on smaller claims for accidents that occurred prior to third quarter 2008. We renewed our liability insurance policies on August 1, 2008 and retained the annual \$8.0 million aggregate for claims between \$2.0 million and \$5.0 million. For claims in excess of

\$5.0 million and less than \$10.0 million, we are responsible for an aggregate of \$4.0 million of claims in the policy year, which decreased from an aggregate of \$5.0 million in the policy year that began August 1, 2007. We maintain liability insurance coverage with insurance carriers substantially in excess of the \$10.0 million per claim. Our liability insurance premiums for the policy year that began August 1, 2008 are slightly lower than the previous policy year. A portion of our insurance coverage for the current and prior policy years is provided by insurance companies that are subsidiaries of American International Group, Inc. ("AIG"). These AIG insurance subsidiaries are regulated by various state insurance departments. We do not currently believe that financial issues affecting AIG will impact our current or prior insurance coverage or our ability to obtain coverage in the future.

Depreciation expense for the Truckload segment increased 0.6 cents per total mile in third quarter 2008 compared to third quarter 2007. This increase was due primarily to depreciation of the APUs installed on company trucks. The APU depreciation expense is offset by lower fuel costs because tractors with APUs generally consume less fuel during periods of idle. The higher average miles per tractor also has the effect of lowering this fixed cost when evaluated on a per-mile basis.

Depreciation expense was historically affected by the engine emissions standards imposed by the EPA that became effective in October 2002 and applied to all new trucks purchased after that time, resulting in increased truck purchase costs. Depreciation expense is affected because in January 2007, a second set of more strict EPA engine emissions standards became effective for all newly manufactured truck engines. Compared to trucks with engines produced before 2007, the trucks with new engines manufactured under the 2007 standards have higher purchase prices. We began to take delivery of trucks with these 2007-standard engines in first quarter 2008 to replace older trucks in our fleet. The engines in our fleet of company-owned trucks as of September 30, 2008 consist of 82% Caterpillar (nearly all are pre-2007 standard engines), 12% Detroit Diesel and 6% Mercedes Benz. In June 2008, Caterpillar announced it will not produce on-highway engines for use in the United States that will comply with new EPA engine emissions standards that become effective in January 2010 but will continue to sell on-highway engines internationally. Caterpillar also announced it is pursuing a strategic alliance with Navistar. To date, we have not experienced a reduction in value of our company-owned trucks with Caterpillar engines in the used equipment market due to this announcement. Approximately one million trucks in the U.S. domestic market have Caterpillar heavy-duty engines, and Caterpillar has stated it will fully support these engines going forward.

Rent and purchased transportation expense consists mainly of payments to third-party capacity providers in the VAS segment and other non-trucking operations and payments to owner-operators in the Truckload segment. These expenses generally vary depending on changes in the volume of services generated by the VAS segment. As a percentage of VAS revenues, VAS rent and purchased transportation expense increased to 85.4% in third quarter 2008 compared to 84.3% in third quarter 2007. The tightening of truckload carrier capacity due to increased carrier financial failures has made it more challenging for VAS's Brokerage unit to obtain qualified third party carriers at a cost comparable to prior quarters.

Rent and purchased transportation expense for the Truckload segment increased 1.6 cents per total mile in third quarter 2008 primarily because of increased fuel prices that necessitated higher reimbursements to owner-operators for fuel (increased \$5.9 million) offset partially by a decrease in the number of owner-operators. Our customer fuel surcharge programs do not differentiate between miles generated by company-owned and owner-operator trucks. Challenging operating conditions, including inflationary cost increases that are the responsibility of owner-operators and higher fuel prices, have made it difficult for owner-operators to stay in business. These challenging operating conditions have made owner-operator recruitment and retention difficult. We have historically been able to add company-owned tractors and recruit additional company drivers to offset any owner-operator decreases. If a shortage of owner-operators and company drivers occurs, increases in per mile settlement rates (for owner-operators) and driver pay rates (for company drivers) may become necessary to attract and

retain these drivers. This could negatively affect our results of operations to the extent that we do not obtain corresponding freight rate increases.

Other operating expenses for the Truckload segment increased 0.8 cents per total mile in third quarter 2008. Gains on sales of assets (primarily trucks and trailers) are reflected as a reduction of other operating expenses and are reported net of sales-related expenses, including costs to prepare the equipment for sale. Gains on sales of assets decreased to \$2.8 million in third quarter 2008 from \$5.5 million in third quarter 2007. As noted in our second quarter 2008 Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission ("SEC") on August 4, 2008, we anticipated lower gains on sales of equipment in third quarter 2008 than in second quarter 2008 if the freight market and high fuel price conditions did not improve. Gains in third quarter 2008 were \$0.6 million higher than gains in second quarter 2008, which we attribute to the effect of lower fuel prices during the third quarter. The used equipment sales market remains challenging due to carrier failures and company fleet reductions increasing the number of trucks for sale while buyer demand for the purchase of used trucks remains lackluster. Our wholly-owned subsidiary, Fleet Truck Sales, is one of the largest Class 8 used truck and equipment retail entities in the United States. Fleet Truck Sales continues to be our resource for remarketing our used trucks and trailers.

Other Expense (Income)

We recorded minimal interest expense in third quarter 2008 versus \$0.5 million of interest expense in third quarter 2007. We had no debt outstanding at September 30, 2008 or during third quarter 2008 compared to \$10.0 million debt outstanding at September 30, 2007 and average outstanding debt of \$30.0 million during third quarter 2007.

Income Taxes

Our effective income tax rate (income taxes expressed as a percentage of income before income taxes) increased slightly to 42.5% for third quarter 2008 from 41.7% for third quarter 2007. The higher income tax rate was due primarily to lower income before income taxes on an annualized basis, which caused non-deductible expenses such as driver per diem to comprise a larger percentage of our income before income taxes.

Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

Operating Revenues

Operating revenues increased by 8.4% for the nine months ended September 30, 2008, compared to the same period of the prior year. Excluding fuel surcharge revenues, trucking revenues decreased 2.6% due primarily to a 6.3% decrease in the average number of tractors in service, partially offset by a 3.5% increase in average monthly miles per tractor and a 0.4% increase in average revenues per total mile. Fuel surcharge revenues increased 73.5% to \$366.2 million in the 2008 year-to-date period from \$211.1 million in the 2007 year-to-date period because of higher diesel fuel prices. VAS revenues increased 2% due to growth in Brokerage, International and Intermodal. This growth was offset by a structural change to a customer's continuing arrangement related to third party carriers that became effective in third quarter 2007. Consequently, we began reporting VAS revenues for this customer on a net basis (revenues net of purchased transportation expense) rather than on a gross basis. This change affected the reporting of VAS revenues and resulted in a reduction of VAS revenues and VAS purchased transportation expense for this customer in third quarter 2007 and subsequent periods. This reporting change reduced VAS revenues and VAS rent and purchased transportation expense by \$36.3 million from the nine months ended September 30, 2007 to the same period of 2008. Excluding the affected revenues for this customer, VAS revenues grew 24% during the nine months ended September 30, 2008 compared to the same period in 2007.

Operating Expenses

Our operating ratio (operating expenses expressed as a percentage of operating revenues) was 95.1% for the nine months ended September 30, 2008, compared to 93.4% for the same period of the previous year. Expense items that impacted the overall operating ratio are described below. The tables on page 17 show the operating ratios and operating margins for our two reportable segments, Truckload and VAS.

Owner-operator miles as a percentage of total miles were 12.0% for the nine months ended September 30, 2008 compared to 12.3% for the nine months ended September 30, 2007. This small decrease in owner-operator miles as a percentage of total miles shifted costs from the rent and purchased transportation category to other expense categories. Due to this decrease, we estimate that rent and purchased transportation expense for the Truckload segment was lower by approximately 0.4 cents per total mile, and other expense categories had offsetting increases on a total-mile basis as follows: (i) fuel, 0.2 cents; (ii) salaries, wages and benefits, 0.1 cents; and (iii) depreciation, 0.1 cents.

Salaries, wages and benefits for non-drivers decreased as a result of the reduction in office and equipment maintenance personnel in the Truckload segment (due to cost control initiatives), offset partially by an increase in VAS personnel to support the VAS segment growth. Salaries, wages and benefits for the Truckload segment increased slightly because of an increase in student driver pay resulting from a higher average number of student trainer teams offset by the lower non-driver pay related to office and equipment maintenance personnel. Fuel increased 19.2 cents per total mile due to the higher fuel expense per gallon offset partially by mpg improvements in the company truck fleet. Supplies and maintenance increased 0.9 cents per total mile because of increases in over-the-road tractor repairs and related parts and labor costs. The higher average age of the company truck fleet also contributed to higher truck maintenance repairs. Taxes and licenses were 0.3 cents per mile lower during the first nine months of 2008 than in the same period of 2007 due to the effect of improved company truck mpg on fuel taxes. Insurance increased 1.2 cents on a total mile basis due primarily to net unfavorable claims development on large claims, partially offset by a reduction in the average number of liability claims and fewer new larger dollar claims. Depreciation increased 0.6 cents per total mile because of a higher trailer-to-tractor ratio and depreciation expense on APUs. Rent and purchased transportation for the Truckload segment increased 2.2 cents per total mile primarily because of an increase in the fuel reimbursement paid to owner-operators. Rent and purchased transportation expense for the VAS segment decreased slightly, although VAS revenues increased slightly. As a percentage of VAS revenues, VAS rent and purchased transportation expense decreased to 85.2% for the nine-month period ended September 30, 2008 compared to 87.5% during the same period of 2007. Excluding the affected VAS revenues and purchased transportation expense from the 2007 period related to the structural change of a customer's continuing arrangement (described above), VAS rent and purchased transportation expense would have been 84.7% of revenues in the 2007 period. Other operating expenses increased 1.1 cents per total mile due to lower gains on sales of assets in the 2008 nine-month period.

Other Expense (Income)

We recorded minimal interest expense during the nine months ended September 30, 2008 versus \$2.9 million of interest expense during the nine months ended September 30, 2007. We had no debt outstanding during the first nine months of 2008, compared to \$10.0 million debt outstanding at September 30, 2007 after debt repayments (net of borrowings) of \$90.0 million were made during the nine-month period ended September 30, 2007. The average debt outstanding during the nine months ended September 30, 2007 was \$55.0 million.

Income Taxes

Our effective income tax rate was 42.6% for the nine months ended September 30, 2008 and 41.8% for the same period in 2007. The higher income tax rate was due primarily to lower income before income taxes on an annualized basis, which caused non-deductible expenses such as driver per diem to be a larger percentage of our income before income taxes.

Liquidity and Capital Resources:

During the nine months ended September 30, 2008, we generated cash flow from operations of \$189.2 million, a 1.1% (\$2.0 million) increase in cash flow compared to the same nine-month period one year ago. The change in operating cash flows results primarily from changes in the timing of collections of trade accounts receivable, payments to vendors and increases in insurance and claims accruals. We were able to make net capital expenditures, repurchase common stock and pay dividends (discussed below) because of the cash flow from operations and existing cash balances.

Net cash used in investing activities for the nine-month period ended September 30, 2008 increased by 232.4% (\$53.1 million), from \$22.9 million for the nine-month period ended September 30, 2007 to \$76.0 million for the nine-month period ended September 30, 2008. Net property additions (primarily revenue equipment) were \$80.4 million for the nine-month period ended September 30, 2008, compared to \$27.3 million during the same period of 2007.

As of September 30, 2008, we committed to property and equipment purchases, net of trades, of approximately \$47.0 million. We expect our net capital expenditures (primarily revenue equipment) to be in the range of \$115.0 million to \$140.0 million in 2008 and \$75.0 million to \$150.0 million in 2009. We intend to fund these net capital expenditures through cash flow from operations, existing cash balances and financing available under our existing credit facilities, as management deems necessary. In 2009, we plan to purchase only enough new trucks to replace the number of used trucks that we can sell, which will affect our net capital expenditures. Other carriers' financial failures and fleet reductions have increased the supply of used trucks for sale, while buyer demand for the purchase of used trucks remains lackluster. Based on these current used truck market conditions, we may be unable to sell enough used trucks to maintain the current 2.4 year average age of our company tractor fleet.

Net financing activities used \$2.4 million during the nine months ended September 30, 2008 and \$175.0 million during the same period in 2007. The change included debt repayments (net of borrowings) of \$90.0 million during the nine-month period ended September 30, 2007, compared to no debt repayments during the nine-month period ended September 30, 2008. We paid dividends of \$10.6 million in the nine months ended September 30, 2008 compared to \$10.4 million in the same period of 2007. Our common stock repurchases totaled \$87.1 million during the nine-month period ended September 30, 2007 compared to \$4.5 million during the same period of 2008. From time to time, we have repurchased, and may continue to repurchase, shares of our common stock. The timing and amount of such purchases depends on market and other factors. As of September 30, 2008, we had purchased 1,041,200 shares pursuant to our current Board of Directors repurchase authorization and had 6,958,800 shares remaining available for repurchase.

Management believes our financial position at September 30, 2008 is strong. As of September 30, 2008, we had \$136.3 million of cash and cash equivalents and \$880.8 million of stockholders' equity. Cash is invested in government portfolio money market funds. We do not hold any investments in auction-rate securities. As of September 30, 2008, we had \$225.0 million of available credit pursuant to credit facilities, of which we had no outstanding borrowings. The credit available under these facilities is further reduced by the \$39.5 million in letters of credit we maintain. These letters of credit are primarily required as security for insurance policies. Based on our strong financial position, management foresees no

significant barriers to obtaining sufficient financing, if necessary.

Contractual Obligations and Commercial Commitments:

The following tables set forth our contractual obligations and commercial commitments as of September 30, 2008.

	Payments Due by Period (in millions)					
	Total	Less than 1 year	1-3 years	4-5 years	Over 5 years	Period Unknown
Contractual Obligations						
Unrecognized tax benefits	\$ 13.0	\$ 7.1	\$ -	\$ -	\$ -	\$ 5.9
Equipment purchase commitments	47.0	47.0	-	-	-	-
Total contractual cash obligations	\$ 60.0	\$ 54.1	\$ -	\$ -	\$ -	\$ 5.9
Other Commercial Commitments						
Unused lines of credit	\$ 185.5	\$ 50.0	\$ 135.5	\$ -	\$ -	\$ -
Standby letters of credit	39.5	39.5	-	-	-	-
Total commercial commitments	\$ 225.0	\$ 89.5	\$ 135.5	\$ -	\$ -	\$ -
Total obligations	\$ 285.0	\$ 143.6	\$ 135.5	\$ -	\$ -	\$ 5.9

On January 1, 2007, we adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, Accounting for Uncertainty in Income Taxes- an Interpretation of FASB Statement No. 109 ("FIN 48"). As of September 30, 2008, we have recorded \$13.0 million of unrecognized tax benefits. We made payments totaling \$4.9 million subsequent to September 30, 2008 which will reduce the \$7.1 million in the "less than 1 year" category, and we expect the remaining \$2.2 million to be settled within the next 12 months. We are unable to reasonably determine when the \$5.9 million categorized as "period unknown" will be settled. The equipment purchase commitments relate to committed equipment expenditures (primarily revenue equipment). We have committed credit facilities with two banks totaling \$225.0 million, of which we had no outstanding borrowings at September 30, 2008. These credit facilities bear variable interest based on the LIBOR. The credit available under these facilities is further reduced by the amount of standby letters of credit under which we are obligated. The unused lines of credit are available to us in the event we need financing for the replacement of our fleet or for other significant capital expenditures. The standby letters of credit are primarily required for insurance policies.

Off-Balance Sheet Arrangements:

As of September 30, 2008, we did not have any non-cancelable revenue equipment operating leases or other arrangements that meet the definition of an off-balance sheet arrangement.

Regulations:

Effective October 1, 2005, all truckload carriers became subject to revised hours of service ("HOS") regulations issued by the Federal Motor Carrier Safety Administration ("FMCSA") ("2005 HOS Regulations"). The most

significant change for us from the previous regulations is that now, pursuant to the 2005 HOS Regulations, drivers using the sleeper berth must take at least eight consecutive hours off-duty in the sleeper berth during their ten hours off-duty. Previously, drivers using a sleeper berth were allowed to split their ten-hour off-duty time into two periods, provided neither period was less than two hours. The more restrictive sleeper berth regulations are requiring some drivers to plan their time better. The 2005 HOS Regulations also had a negative impact on our mileage efficiency, resulting in lower mileage productivity for those customers with multiple-stop shipments or those shipments with pick-up or delivery delays.

Effective December 27, 2007, the FMCSA issued an interim final rule that amended the 2005 HOS Regulations to (i) allow drivers up to 11 hours of driving time within a 14-hour, non-extendable window from the start of the workday (this driving time must follow ten consecutive hours of off-duty time) and (ii) restart calculations of the weekly on-duty time limits after the driver has at least 34 consecutive hours off-duty. This interim rule made essentially no changes to the 11-hour driving limit and 34-hour restart rules. In 2006 and 2007, the U.S. Court of Appeals for the District of Columbia also considered the 2005 HOS Regulations and heard arguments on the various petitions for review, one of which was submitted by Public Citizen (a consumer safety organization). On January 23, 2008, the Court denied Public Citizen's motion to invalidate the interim final rule. The FMCSA solicited comments on the interim final rule until February 15, 2008 and intends to issue a final rule in 2008 that addresses the issues identified by the Court. As of September 30, 2008, the FMCSA has not published a final rule.

On January 18, 2007, the FMCSA published a Notice of Proposed Rulemaking ("NPRM") in the Federal Register on the trucking industry's use of Electronic On-Board Recorders ("EOBRs") for compliance with HOS rules. The intent of this proposed rule is to (i) improve highway safety by fostering development of new EOBR technology for HOS compliance; (ii) encourage EOBR use by motor carriers through incentives; and (iii) require EOBR use by operators with serious and continuing HOS compliance problems. Comments on the NPRM were to be received by April 18, 2007. While we do not believe the rule, as proposed, would have a significant effect on our operations and profitability, we will continue to monitor future developments. As of September 30, 2008, the FMCSA has not published a final rule.

In 1998, we became the first trucking company in the United States to receive a U.S. Department of Transportation exemption to use a global positioning system-based paperless log system as an alternative to the paper logbooks traditionally used by truck drivers to track their daily work activities. On September 21, 2004, the FMCSA approved the exemption for our paperless log system and moved this exemption from the FMCSA-approved pilot program to permanent status. The exemption is to be renewed every two years. On September 7, 2006, the FMCSA announced in the Federal Register its decision to renew for two additional years our exemption from the FMCSA's requirement that drivers of commercial motor vehicles operating in interstate commerce prepare handwritten records of duty status (logs). In July 2008, we again applied for the two-year renewal of our paperless log exemption. The FMCSA has determined that our paperless log system satisfies the FMCSA's Automatic On-Board Recording Device requirements and that an exemption is no longer required.

On December 26, 2007, the FMCSA published an NPRM in the Federal Register regarding minimum requirements for entry-level driver training. Under the proposed rule, a commercial driver's license ("CDL") applicant would be required to present a valid driver training certificate obtained from an accredited institution or program. Entry-level drivers applying for a Class A CDL would be required to complete a minimum of 120 hours of training, consisting of 76 classroom hours and 44 driving hours. The current regulations do not require a minimum number of training hours and require only classroom education. Drivers who obtain their first CDL during the three-year period after the FMCSA issues a final rule would be exempt. The FMCSA extended the NPRM comment period until July 2008. On April 9, 2008, the FMCSA published another NPRM that (i) establishes new minimum standards to be met before states issue commercial learner's permits ("CLPs"); (ii) revises the CDL knowledge and skills testing standards; and (iii) improves anti-fraud measures within the CDL program. If one or both

of these proposed rules is approved as written, the final rules could materially impact the number of potential new drivers entering the industry. As of September 30, 2008, the FMCSA has not published a final rule.

The EPA mandated a new set of more stringent engine emissions standards for all newly manufactured truck engines. These standards became effective in January 2007. Compared to trucks with engines manufactured before 2007 and not subject to the new standards, the trucks manufactured with the new engines have higher purchase prices (approximately \$5,000 to \$10,000 more per truck). To delay the cost impact of these new emissions standards, in 2005 and 2006 we purchased significantly more new trucks than we normally buy each year, and we maintained a newer truck fleet relative to historical company and industry standards. Our newer truck fleet allowed us to delay purchases of trucks with the new 2007-standard engines until first quarter 2008, when we began to take delivery of trucks with 2007-standard engines. In January 2010, a final set of more rigorous EPA-mandated emissions standards will become effective for all new engines manufactured after that date. We are currently evaluating the options available to us to prepare for the upcoming 2010 standards.

Several U.S. states, counties and cities have enacted legislation or ordinances restricting idling of trucks to short periods of time. This action is significant when it impacts the driver's ability to idle the truck for purposes of operating air conditioning and heating systems particularly while in the sleeper berth. Many of the statutes or ordinances recognize the need of the drivers to have a comfortable environment in which to sleep and include exceptions for those circumstances. California had such an exemption; however, since January 1, 2008, the California sleeper berth exemption no longer exists. We have taken steps to address this issue in California, which include driver training, better scheduling, and the installation and use of APUs. California has also enacted restrictions on transport refrigeration unit ("TRU") emissions, which are to be phased in over several years beginning at the end of 2008, provided the EPA issues a waiver of preemption to California. If the law becomes effective as scheduled, it will require companies to operate only compliant TRUs in California. There are several alternatives for meeting these requirements that we are currently evaluating.

Critical Accounting Policies:

We operate in the truckload sector of the trucking industry and the logistics sector of the transportation industry. In the truckload sector, we focus on transporting consumer nondurable products that ship consistently throughout the year. In the logistics sector, besides managing transportation requirements for individual customers, we provide additional sources of truck capacity, alternative modes of transportation, a global delivery network and systems analysis to optimize transportation needs. Our success depends on our ability to efficiently manage our resources in the delivery of truckload transportation and logistics services to our customers. Resource requirements vary with customer demand and may be subject to seasonal or general economic conditions. Our ability to adapt to changes in customer transportation requirements is essential to efficient resource deployment, making capital investments in tractors and trailers or obtaining qualified third-party carrier capacity at a reasonable price. Although our business volume is not highly concentrated, we may also be occasionally affected by our customers' financial failures or loss of customer business.

Our most significant resource requirements are company drivers, owner- operators, tractors, trailers and related equipment operating costs (such as fuel and related fuel taxes, driver pay, insurance and supplies and maintenance). To mitigate our risk to fuel price increases, we recover additional fuel surcharges from our customers that recoup a majority, but not all, of the increased fuel costs; however, we cannot assure that current recovery levels will continue in future periods. Our financial results are also affected by company driver and owner-operator availability and the new and used revenue equipment market. Because we are self-insured for a significant portion of bodily injury, property damage and cargo claims and for workers' compensation benefits and health claims for our employees (supplemented by premium-based insurance coverage above certain dollar

levels), financial results may also be affected by driver safety, medical costs, weather, legal and regulatory environments and insurance coverage costs to protect against catastrophic losses.

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

- * Selections of estimated useful lives and salvage values for purposes of depreciating tractors and trailers. Depreciable lives of tractors and trailers range from five to 12 years. Estimates of salvage value at the expected date of trade-in or sale (for example, three years for tractors) are based on the expected market values of equipment at the time of disposal. Although our normal replacement cycle for tractors is three years, we calculate depreciation expense for financial reporting purposes using a five-year life and 25% salvage value. Depreciation expense calculated in this manner continues at the same straight-line rate (which approximates the continuing declining market value of the tractors) when a tractor is held beyond the normal three-year age. Calculating depreciation expense using a five-year life and 25% salvage value results in the same annual depreciation rate (15% of cost per year) and the same net book value at the normal three-year replacement date (55% of cost) as using a three-year life and 55% salvage value. We continually monitor the adequacy of the lives and salvage values used in calculating depreciation expense and adjust these assumptions appropriately when warranted.
- * Impairment of long-lived assets. We review our long-lived assets for impairment whenever events or circumstances indicate the carrying amount of a long-lived asset may not be recoverable. An impairment loss would be recognized if the carrying amount of the long-lived asset is not recoverable and the carrying amount exceeds its fair value. For long-lived assets classified as held and used, the carrying amount is not recoverable when the carrying value of the long-lived asset exceeds the sum of the future net cash flows. We do not separately identify assets by operating segment because tractors and trailers are routinely transferred from one operating fleet to another. As a result, none of our long-lived assets have identifiable cash flows from use that are largely independent of the cash flows of other assets and liabilities. Thus, the asset group used to assess impairment would include all of our assets. Long-lived assets classified as "held for sale" are reported at the lower of their carrying amount or fair value less costs to sell.
- * Estimates of accrued liabilities for insurance and claims for liability and physical damage losses and workers' compensation. The insurance and claims accruals (current and noncurrent) are recorded at the estimated ultimate payment amounts and are based upon individual case estimates (including negative development) and estimates of incurred-but-not-reported losses using loss development factors based upon past experience. An actuary reviews our self-insurance reserves for bodily injury and property damage claims and workers' compensation claims every six months.
- * Policies for revenue recognition. Operating revenues (including fuel surcharge revenues) and related direct costs are recorded when the shipment is delivered. For shipments where a third-party capacity provider (including owner-operators under contract with us) is utilized to provide some or all of the service and we (i) are the primary obligor in regard to the shipment delivery, (ii) establish customer pricing separately from carrier rate negotiations, (iii) generally have discretion in carrier selection and/or (iv) have credit risk on the shipment, we record both revenues for the dollar value of services we bill to the customer and rent and purchased transportation expense for transportation costs we pay to the third-party provider upon the shipment's delivery. In the absence of the conditions listed above, we record revenues net of those expenses related to third-party providers.
- * Accounting for income taxes. Significant management judgment is required to determine (i) the provision for income taxes, (ii) whether deferred income taxes will be realized in full or in part and (iii) the liability for unrecognized tax benefits in accordance

with the provisions of FIN 48. Deferred income tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years when those temporary differences are expected to be recovered or settled. When it is more likely that all or some portion of specific deferred income tax assets will not be realized, a valuation allowance must be established for the amount of deferred income tax assets that are determined not to be realizable. A valuation allowance for deferred income tax assets has not been deemed necessary due to our profitable operations. Accordingly, if facts or financial circumstances change and consequently impact the likelihood of realizing the deferred income tax assets, we would need to apply management's judgment to determine the amount of valuation allowance required in any given period.

* Allowance for doubtful accounts. The allowance for doubtful accounts is our estimate of the amount of probable credit losses in our existing accounts receivable. We review the financial condition of customers prior to granting credit. We determine the allowance based on our historical write-off experience and national economic conditions. During third quarter 2008, numerous significant events affected the U.S. financial markets and resulted in a significant reduction of credit availability and liquidity. Current economic data also indicates the U.S. economy will soon be experiencing a recession. Consequently, we believe some of our customers may be unable to obtain or retain adequate financing to support their businesses in the future. We anticipate that because of these combined factors, some of our customers may also be compelled to restructure their businesses or may be unable to pay amounts owed to us. We have formal policies in place to continually monitor credit extended to customers and to manage our credit risk. We evaluate the adequacy of our allowance for doubtful accounts quarterly and believe our allowance for doubtful accounts is adequate based on information currently available.

Management periodically re-evaluates these estimates as events and circumstances change. Together with the effects of the matters discussed above, these factors may significantly impact our results of operations from period to period.

Accounting Standards:

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements ("No. 157"). This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements and is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position No. 157-2 ("FSP No. 157- 2"). FSP No. 157-2 delays the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. These nonfinancial items include assets and liabilities such as reporting units measured at a fair value in a goodwill impairment test and nonfinancial assets acquired and liabilities assumed in a business combination. Effective January 1, 2008, we adopted SFAS No. 157 for financial assets and liabilities recognized at fair value on a recurring basis. The partial adoption of SFAS No. 157 for financial assets and liabilities had no effect on our financial position, results of operations and cash flows. As of September 30, 2008, management believes that fully adopting SFAS No. 157 will not have a material effect on our financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ("No. 141R"). This statement establishes requirements for (i) recognizing and measuring in an acquiring company's financial statements the

identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree, (ii) recognizing and measuring the goodwill acquired in the business combination or a gain from a bargain purchase and (iii) determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The provisions of SFAS No. 141R are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. As of September 30, 2008, management believes that SFAS No. 141R will not have a material effect on our financial position, results of operations and cash flows.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51 ("No. 160"). This statement amends Accounting Research Bulletin No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The provisions of SFAS No. 160 are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. As of September 30, 2008, management believes that SFAS No. 160 will not have a material effect on our financial position, results of operations and cash flows.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133 ("No. 161"). This statement amends FASB Statement No. 133 to require enhanced disclosures about an entity's derivative and hedging activities. The provisions of SFAS No. 161 are effective for fiscal years, and interim periods within those fiscal years, beginning on or after November 15, 2008. As of September 30, 2008, management believes that SFAS No. 161 will not have a material effect on our financial position, results of operations and cash flows.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles ("No. 162"). This statement identifies the sources of and framework for selecting the accounting principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles ("GAAP") in the United States ("GAAP hierarchy"). Because the current GAAP hierarchy is set forth in the American Institute of Certified Public Accountants Statement on Auditing Standards No. 69, it is directed to the auditor rather than to the entity responsible for selecting accounting principles for financial statements presented in conformity with GAAP. Accordingly, the FASB concluded the GAAP hierarchy should reside in the accounting literature established by the FASB and issued this statement to achieve that result. The provisions of SFAS No. 162 will become effective on November 15, 2008, which is 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. As of September 30, 2008, management believes that SFAS No. 162 will not have any effect on our current accounting practices or on our financial position, results of operations and cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk from changes in commodity prices, foreign currency exchange rates and interest rates.

Commodity Price Risk

The price and availability of diesel fuel are subject to fluctuations attributed to changes in the level of global oil production, refining capacity, seasonality, weather and other market factors. Historically, we have recovered a majority, but not all, of fuel price increases from customers in the form of fuel surcharges. We implemented customer fuel surcharge programs with most of our customers to offset much of the higher fuel cost per gallon. However, we do not recover all of the fuel cost increase through these surcharge programs. We cannot predict the extent to which fuel prices will increase or decrease in the future or the extent to which fuel surcharges could be collected. As of September 30, 2008, we had

no derivative financial instruments to reduce our exposure to fuel price fluctuations.

Foreign Currency Exchange Rate Risk

We conduct business in several foreign countries, including Mexico, Canada and China. Foreign currency transaction gains and losses were not material to our results of operations for third quarter 2008 and prior periods. To date, most foreign revenues are denominated in U.S. Dollars, and we receive payment for foreign freight services primarily in U.S. Dollars to reduce direct foreign currency risk. Accordingly, we are not currently subject to material risks involving any foreign currency exchange rate and the effects that such exchange rate movements would have on our future costs or future cash flows.

Interest Rate Risk

We had no debt outstanding at September 30, 2008. Interest rates on our unused credit facilities are based on the LIBOR. Increases in interest rates could impact our annual interest expense on future borrowings. As of September 30, 2008, we do not have any derivative financial instruments to reduce our exposure to interest rate increases.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 15d-15(e) of the Securities Exchange Act of 1934 ("Exchange Act"). Our disclosure controls and procedures are designed to provide reasonable assurance of achieving the desired control objectives. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in enabling us to record, process, summarize and report information required to be included in our periodic filings with the SEC within the required time period.

Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, concluded that no changes in our internal control over financial reporting occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We have confidence in our internal controls and procedures. Nevertheless, our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the internal controls or disclosure procedures and controls will prevent all errors or intentional fraud. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of such internal controls are met. Further, the design of an internal control system must reflect that resource constraints exist, and the benefits of controls must be relative to their costs. Because of the inherent limitations in all internal control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

PART II

OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On October 15, 2007, we announced that on October 11, 2007 our Board of Directors approved an increase in the number of shares of our common stock that Werner Enterprises, Inc. (the "Company") is authorized to repurchase. Under this new authorization, the Company is permitted to repurchase an additional 8,000,000 shares. As of September 30, 2008, the Company had purchased 1,041,200 shares pursuant to this authorization and had 6,958,800 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 unless withdrawn by the Board of Directors.

No shares of common stock were repurchased during the third quarter of 2008 by either the Company or any "affiliated purchaser," as defined by Rule 10b-18 of the Exchange Act.

Item 6. Exhibits.

Exhibit No. -----	Exhibit -----	Incorporated by Reference to: -----
3(i)	Restated Articles of Incorporation of Werner Enterprises, Inc.	Exhibit 3(i) to the registrant's report on Form 10-Q for the quarter ended June 30, 2007
3(ii)	Revised and Restated By-Laws of Werner Enterprises, Inc.	Exhibit 3(ii) to the registrant's report on Form 10-Q for the quarter ended June 30, 2007
10.1	Form of Restricted Stock Award Agreement for recipients under the Werner Enterprises, Inc. Equity Plan	Filed herewith
10.2	The Executive Nonqualified Excess Plan of Werner Enterprises, Inc., as amended	Filed herewith
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 (Section 302 of the Sarbanes-Oxley Act of 2002)	Filed herewith
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 (Section 302 of the Sarbanes-Oxley Act of 2002)	Filed herewith
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)	Filed herewith
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)	Filed herewith

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: November 3, 2008

By: /s/ John J. Steele

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

Date: November 3, 2008

By: /s/ James L. Johnson

James L. Johnson
*Senior Vice President, Controller and
Corporate Secretary*

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement") is made and entered into as of the [_____] day of [_____] 20 [_____] (the "Grant Date"), by and between Werner Enterprises, Inc., a Nebraska corporation (the "Company"), and [_____] an eligible participant and recipient ("Participant") under the Werner Enterprises, Inc. Equity Plan (as defined and described below). As set forth herein, this Agreement is subject to the terms and conditions of the Werner Enterprises, Inc. Equity Plan, as may be amended from time to time.

RECITALS

WHEREAS, the Company has in effect the Werner Enterprises, Inc. Equity Plan, which was initially adopted by the Company on May 12, 1987 and ratified and approved by the stockholders of the Company on June 9, 1987 as the Werner Enterprises, Inc. Stock Option Plan (as amended and restated on May 3, 1994, February 8, 2000, May 9, 2000, February 25, 2003 and May 11, 2004), and which was amended, restated and renamed the Werner Enterprises, Inc. Equity Plan by the Company on March 15, 2007 and ratified and approved by the stockholders of the Company on May 8, 2007 (the "Plan"), and which may be amended and restated from time to time;

WHEREAS, the Plan permits shares of the Company's common stock, \$0.01 par value (the "Common Stock"), to be granted as restricted stock to (i) any key employee (including an employee who is a member of the Company's Board of Directors (the "Board") and/or an officer of the Company and its subsidiaries) and (ii) any non- employee member of the Board;

WHEREAS, the Company believes it to be in the best interests of the Company and its stockholders for certain key employees and non-employee members of the Board to obtain or increase their stock ownership interest in the Company in order to establish a greater incentive in providing services to the Company and to further align their interests with those of the stockholders of the Company; and

WHEREAS, Participant is a key employee of the Company and has been selected by the Compensation Committee of the Board (the "Committee") to receive an award of restricted stock under the Plan.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and of the covenants and agreements herein set forth, the parties hereby mutually covenant and agree as follows:

1. Grant of Restricted Stock. Subject to the terms and conditions of the Plan (attached hereto as Exhibit A and made a part hereof) and this Agreement, the Company hereby grants to Participant an aggregate number of [_____] thousand] ([_____,000]) restricted shares of Common Stock (such restricted shares of Common Stock are hereinafter referred to as the "Restricted Stock" or the "Award"). The Restricted Stock granted under this Agreement is exempt from Section 409A of the Internal Revenue

Code of 1986, as amended. The Restricted Stock was granted to Participant on the Grant Date of [_____, 20__].

2. Acceptance of Award. The granting of this Restricted Stock Award does not impose any obligation on Participant to accept such Award. By accepting the Award, however, Participant agrees to be subject to and bound in accordance with the terms and conditions of this Agreement and the Plan. Participant's execution of this Agreement shall evidence and constitute Participant's acceptance of the Award contemplated herein.

3. Vesting. The Restricted Stock shall become nonrestricted and fully vested, and restrictions on such Restricted Stock shall lapse, on [_____, 20__], the fifth (5th) anniversary of the Grant Date (the "Vesting Date"). Until the occurrence of the Vesting Date, all of the Restricted Stock shall be non-vested, may be canceled and forfeited upon Participant's termination of employment and may not be subject to further vesting under this Agreement, pursuant to the Plan and Section 7 of this Agreement.

4. Value of Restricted Stock. Participant acknowledges that the value of each share of Restricted Stock granted under this Agreement is not predetermined, fixed, permanent or otherwise set, specified or guaranteed whatsoever. On the Vesting Date and each subsequent date thereafter, the value of such shares that fully vest and become unrestricted shall equal the Fair Market Value of the Common Stock of the Company on the respective date. Participant acknowledges that the Fair Market Value of such shares may fluctuate and vary according to market conditions and other factors. "Fair Market Value" means the closing trading price of one share of Common Stock on the NASDAQ Global Select MarketSM securities exchange, as published by the Wall Street Journal for the date in question.

5. Taxes. Participant will be solely responsible for any federal, state, local or other taxes imposed in connection with the granting and acceptance of the Restricted Stock pursuant to this Agreement and the Plan and with the delivery of Restricted Stock that has vested and become unrestricted pursuant thereto. Participant acknowledges that upon Participant's recognition of the income with respect to the Restricted Stock granted hereunder, the Company may withhold taxes pursuant to the terms of the Plan.

6. Issuance Upon Vesting; Withholdings.

(a) On the designated Vesting Date, Participant shall have all rights as a stockholder and be entitled to certificates for Restricted Stock that vested and became unrestricted upon (i) Participant's satisfaction of all applicable tax withholding amounts and requirements and (ii) Participant's execution of the Investor Representations and Warranties Regarding Restricted Stock Awards form (attached hereto as Exhibit B). The shares are payable to Participant upon vesting.

(b) The Company is not obligated to deliver any Restricted Stock that has vested and become unrestricted unless Participant has satisfied all applicable federal, state, local and other tax withholding requirements. Participant may pay all required withholding amounts pursuant to the provisions of the Plan.

7. Termination of Employment; Death. Subject to the Plan and this Agreement and unless the Plan and Agreement provide otherwise, during Participant's lifetime, only Participant is entitled to receive the Restricted Stock granted hereunder. Termination of Participant's employment with the Company will affect the forfeiture of any Restricted Stock granted herein and shall be governed by the provisions of the Plan. In the event Participant dies while holding Restricted Stock (not otherwise forfeited), all service period and other restrictions applicable to such Restricted Stock shall lapse, and such Restricted Stock shall become fully vested and nonforfeitable in accordance with the Plan.

8. Nonassignability of Award. The Award of Restricted Stock shall not be assigned, mortgaged, pledged, attached, sold, transferred or otherwise encumbered by Participant other than by will or the applicable laws of descent and distribution, except as may be permitted by the Board or Committee from time to time in accordance with the Plan. If Participant attempts to alienate, assign, pledge, hypothecate or otherwise dispose of Participant's Restricted Stock Award, such Award may be terminated and become null and void pursuant to the Plan.

9. No Stockholder and Dividend Rights. Participant shall not be deemed for any purpose to have any dividend, voting, liquidation or other rights with respect to the Restricted Stock granted hereunder, except to the extent that such Restricted Stock vests and becomes unrestricted and Participant then becomes entitled to an issued stock certificate for such vested and unrestricted shares, pursuant to this Agreement and the Plan.

10. Restrictions on Transfers of Common Stock.

(a) Participant agrees individually and for Participant's heirs, legatees and legal representatives, with respect to all unrestricted shares of Common Stock acquired pursuant to the terms and conditions of this Agreement (or any shares of Common Stock issued pursuant to a stock dividend or stock split thereon or any securities issued in lieu thereof or in substitution or exchange therefor), that Participant and Participant's heirs, legatees and legal representatives shall not sell or otherwise dispose of such shares except pursuant to an effective registration statement under the Securities Act of 1933 (the "1933 Act") or except in a transaction which, in the opinion of counsel for the Company, is exempt from the registration and prospectus delivery requirements under the Act. As further conditions to Participant's receipt of the unrestricted Common Stock acquired pursuant to this Agreement and the Plan, Participant agrees individually and for Participant's heirs, legatees and legal representatives, prior to such acquisition, to execute and deliver to the Company those investment representations and warranties set forth in Exhibit B hereto and to take those other actions, as counsel for the Company determines may be necessary or appropriate for compliance with the 1933 Act and any applicable securities laws.

(b) Unless otherwise determined by the Board, Participant agrees that any certificate representing restricted shares of Common Stock acquired under this Agreement and in accordance with the Plan shall bear a legend substantially similar to the following (and any other legend as may be required by state securities laws):

The shares of Common Stock of Werner Enterprises, Inc. represented by this certificate are restricted securities as that term is defined under Rule 144 promulgated

under the Securities Act of 1933, as amended (the "Act"). These shares may not be sold, assigned, transferred or disposed of unless (i) such shares are registered under the Act or (ii) such sale, assignment, transfer or disposition of such shares is exempt from the registration and prospectus delivery requirements of the Act and any applicable state securities laws. Any sale, assignment, exchange, gift, transfer or other disposition of the Common Stock represented by this certificate is subject to the terms and provisions of the Werner Enterprises, Inc. Equity Plan and the Restricted Stock Award Agreement, dated [_____, 20___], by and between Werner Enterprises, Inc. and [_____].

(c) Unless the Board determines otherwise, any certificate representing unrestricted shares of Common Stock acquired under this Agreement and in accordance with the Plan shall bear a legend substantially similar to the aforementioned legend in Section 9(b) of this Agreement (and any other legend as may be required by state securities laws); however, the final sentence of such legend may be removed by the Company upon the full vesting and lapse of restrictions of the Restricted Stock granted hereunder.

11. Adjustments. In the event there is change in the number or rights and privileges of the outstanding shares of Common Stock (or of any stock or other securities into which such Common Stock may be changed or for which it may be exchanged), then the Board or Committee may adjust the number or rights and privileges of the shares subject to the Restricted Stock Award if the Board or Committee in its sole discretion determines that such change equitably requires such an adjustment. As part of the adjustment, the Board or Committee shall determine, in its sole discretion, the manner of any such adjustment. Any adjustment or substitution provided for in this Section 11 or the Plan shall not result in the issuance of any fractional shares.

12. Board and Committee Authority. As consistent with the Plan and this Agreement, the Board and Committee have the power and discretion to interpret this Agreement; adopt rules for the administration, interpretation and application of this Agreement; and interpret or revoke any such rules (including, but not limited to, determinations of employment termination and whether any Restricted Stock has vested or shall be deemed vested). All actions taken and all interpretations and determinations made by the Board and Committee in good faith will be final and binding upon Participant, the Company and all other interested parties. No member of the Board or Committee will be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement.

13. Rights and Powers of Company Not Affected. The existence of the Restricted Stock granted under this Agreement shall not affect in any way the rights or powers of the Company or its stockholders to authorize and effect any or all adjustments, recapitalizations, reorganizations or other transformations or alterations to the Company's capital structure, business or operations; any merger or acquisition of the Company; any issuance of bonds or debentures; any preferred or prior preference stock ahead of or affecting the Common Stock or the rights thereof; a dissolution or liquidation of the Company; any sale or transfer of all or any part of the Company's assets or

business; or any other lawful corporate act or proceeding of a similar character or otherwise.

14. No Right to Employment. The provisions of this Agreement (including the granting and vesting of the Restricted Stock) do not confer upon Participant any right to continued employment with the Company or its subsidiaries, nor do any of such provisions interfere in any way with the right of the Company or subsidiary (as the case may be) to terminate Participant's employment or to make any modification to Participant's compensation at any time.

15. Changes in Circumstances Affecting Common Stock. Participant expressly understands and agrees that Participant assumes all risks incident to (i) any change hereafter in any applicable laws or regulations or (ii) any change in the value of the Restricted Stock issued under this Agreement or the outstanding Common Stock after the date hereof.

16. Notice. All notices, claims, certificates, requests, demands and other communications provided hereunder shall be in writing and shall be deemed duly given if personally delivered or if sent by a recognized overnight courier; registered or certified mail (return receipt requested and postage prepaid); or telecopy, facsimile or other means of electronic correspondence (confirmation of receipt requested). Participant shall send notice to the Corporate Secretary of the Company at the Company's principal executive offices in Omaha, Nebraska, and the Company shall send notice to Participant at an address designated and provided by Participant to the Corporate Secretary. Notice shall be deemed to be received as follows: (i) for personal delivery, on the date of such delivery; (ii) for recognized courier, on the next business day after sent; (iii) for registered or certified mail, on the third business day following that on which the notice was postmarked; and (iv) for telecopy, facsimile or electronic correspondence, when receipt of confirmation is given (or if no receipt is provided, on the business day after the date sent).

17. Assignment of Agreement. Participant is prohibited from assigning, transferring or otherwise conveying this Agreement, including any or all of Participant's duties and obligations hereunder, until the terms, conditions and restrictions contained herein have been satisfied and released or unless the Board or Committee consents and permits otherwise.

18. Amendment or Modification; Counterparts. This Agreement may be amended, modified or supplemented only by a written instrument executed by all parties to this Agreement. This Agreement may be executed in one or more counterparts. Each counterpart shall be deemed original, but all such counterparts together shall constitute but one agreement.

19. Severability. If any provision of this Agreement is adjudicated or determined by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any lawful reason, such provision (as to such jurisdiction) shall be ineffective and rendered null and void. In such event, the remaining provisions of this Agreement shall remain effective, valid and enforceable.

20. Governing Law. This Agreement shall be governed by the laws of the State of Nebraska without regard to the principles of conflicts of laws and with respect to all matters, including (but not limited to) matters of validity, construction, effect, performance and remedies. Participant expressly submits to the exclusive personal jurisdiction and exclusive venue of the federal and state courts of competent jurisdiction in the State of Nebraska.

21. Waiver of Jury Trial. Each party to this Agreement hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, the right to trial by jury in any suit, action or proceeding arising hereunder.

22. Terms of the Plan Govern. All parties acknowledge that the Restricted Stock is granted under and pursuant to the Plan, which shall govern all rights, interests, obligations and undertakings of the Company and Participant. The Plan shall govern and be controlling in the event (i) any of the terms of the Plan and this Agreement are inconsistent or conflict or (ii) this Agreement is silent and does not include provisions with respect to a particular matter or circumstance. All capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Plan.

IN WITNESS WHEREOF, the parties hereto agree to the terms and conditions herein and have executed this Restricted Stock Award Agreement, effective as of the Grant Date first set forth above.

PARTICIPANT: WERNER ENTERPRISES, INC.:

By:	
----- Signature	----- Signature
----- Name (Print)	----- Name (Print)
----- Title	----- Title
----- Date	----- Date

EXHIBIT A

**WERNER ENTERPRISES, INC.
EQUITY PLAN**

EXHIBIT B

**INVESTOR REPRESENTATIONS AND WARRANTIES
REGARDING RESTRICTED STOCK AWARDS**

The undersigned hereby acknowledges, represents, warrants and agrees with Werner Enterprises, Inc. (the "Company") with respect to the following:

1. The undersigned is acquiring [_____ thousand] ([____,000]) restricted shares (the "Shares") of the common stock, \$0.01 par value, of the Company. Such Shares (whether unvested and restricted or whether vested and unrestricted), are for his own account, for investment purposes only and are not acquired with a view to or for the resale, distribution or fractionalization thereof, in whole or in part; and no other person has a direct or indirect beneficial interest in the Shares.
2. The undersigned acknowledges his understanding that the offering and acceptance of the Shares is intended to be exempt from registration under the Securities Act of 1933, as amended (the "Act"). In furtherance thereof, the undersigned represents and warrants to and agrees with the Company as follows:
 - (a) The undersigned acknowledges his understanding of the risks inherent in an investment of this nature and that he has the financial ability to bear the economic risk of his acquired investment in the Company (including a possible loss of such investment), has adequate means for providing for his current needs and personal contingencies and has no need for liquidity with respect to his acquired investment in the Company.
 - (b) The undersigned has knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an acquired investment in the Shares and has obtained, in his judgment, sufficient information from the Company to evaluate the merits and risks of such an investment in the Shares.
3. The undersigned:
 - (a) Has had reasonable opportunity to obtain information concerning the Shares, the Company and all other information relating to an acquired investment in the Shares; and
 - (b) Has been given the opportunity to ask questions of, and receive answers from, the officers of the Company in order for him to evaluate the merits and risks of an acquired investment in the Shares.
4. In making his decision to accept the Shares, the undersigned has relied solely upon the Restricted Stock Award Agreement between the undersigned and the Company dated [_____, 20__], the Werner Enterprises, Inc. Equity Plan (as defined in such Restricted Stock Award Agreement), any written information supplied by the Company or its authorized

representatives and any independent investigations made by him. The undersigned is not relying on the Company or any of its officers or members of the Board of Directors with respect to tax advice or other economic considerations involved in this investment relating to the undersigned's own tax and economic situation.

5. The undersigned represents, warrants and agrees that he will not sell or otherwise transfer the Shares (whether unvested and restricted or whether vested and unrestricted) without registration under the Act or an exemption therefrom, and he fully understands and agrees that he must bear the economic risk of his acquired investment for an indefinite period of time. The undersigned also understands that sales or transfers of the Shares are further restricted by the provisions of the Werner Enterprises, Inc. Equity Plan and applicable federal and state securities laws.

IN WITNESS WHEREOF, the undersigned has executed this Investor Representations and Warranties Regarding Restricted Stock Awards form as of the date set forth below.

Signature

Name (Print)

Title

Date

**THE EXECUTIVE NONQUALIFIED EXCESS PLAN
PLAN DOCUMENT**

THE EXECUTIVE NONQUALIFIED EXCESS PLAN

Section 1. Purpose:

By execution of the Adoption Agreement, the Employer has adopted the Plan set forth herein, and in the Adoption Agreement, to provide a means by which certain management Employees or Independent Contractors of the Employer may elect to defer receipt of current Compensation from the Employer in order to provide retirement and other benefits on behalf of such Employees or Independent Contractors of the Employer, as selected in the Adoption Agreement. The Plan is intended to be a nonqualified deferred compensation plan that complies with the provisions of Section 409A of the Internal Revenue Code (the "Code"). The Plan is also intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA") and independent contractors. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

Section 2. Definitions:

As used in the Plan, including this Section 2, references to one gender shall include the other, unless otherwise indicated by the context:

2.1 "Active Participant" means, with respect to any day or date, a Participant who is in Service on such day or date; provided, that a Participant shall cease to be an Active Participant (i) immediately upon a determination by

the Committee that the Participant has ceased to be an

Employee or Independent Contractor, or (ii) at the end of

the Plan Year that the Committee determines the Participant

no longer meets the eligibility requirements of the Plan.

2.2 "Adoption Agreement" means the written agreement

pursuant to which the Employer adopts the Plan. The Adoption

Agreement is a part of the Plan as applied to the Employer.

2.3 "Beneficiary" means the person, persons, entity or

entities designated or determined pursuant to the provisions

of Section 13 of the Plan.

2.4 "Board" means the Board of Directors of the

Company, if the Company is a corporation. If the Company is

not a corporation, "Board" shall mean the Company.

2.5 "Change in Control Event" means an event described

in Section 409A(a)(2)(A)(v) of the Code (or any successor

provision thereto) and the regulations thereunder.

2.6 "Committee" means the persons or entity designated

in the Adoption Agreement to administer the Plan. If the

Committee designated in the Adoption Agreement is unable to

serve, the Employer shall satisfy the duties of the

Committee provided for in Section 9.

2.7 "Company" means the company designated in the

Adoption Agreement as such.

2.8 "Compensation" shall have the meaning designated

in the Adoption Agreement.

2.9 "Crediting Date" means the date designated in the

Adoption Agreement for crediting the amount of any

Participant Deferral Credits to the Deferred Compensation

Account of a Participant. Employer Credits may be credited

to the Deferred Compensation Account of a Participant on any day that securities are traded on a national securities exchange.

2.10 "Deferred Compensation Account" means the account maintained with respect to each Participant under the Plan.

The Deferred Compensation Account shall be credited with Participant Deferral Credits and Employer Credits, credited or debited for deemed investment gains or losses, and adjusted for payments in accordance with the rules and elections in effect under Section 8. The Deferred Compensation Account of a Participant shall include any In-Service or Education Account of the Participant, if applicable.

2.11 "Disabled" means Disabled within the meaning of Section 409A of the Code and the regulations thereunder.

Generally, this means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Employer.

2.12 "Education Account" is an In-Service Account which will be used by the Participant for educational purposes.

2.13 "Effective Date" shall be the date designated in

the Adoption Agreement.

2.14 "Employee" means an individual in the Service of
the Employer if the relationship between the individual and
the Employer is the legal relationship of employer and

employee. An individual shall cease to be an Employee upon the Employee's separation from Service.

2.15 "Employer" means the Company, as identified in the Adoption Agreement, and any Participating Employer which adopts this Plan. An Employer may be a corporation, a limited liability company, a partnership or sole proprietorship.

2.16 "Employer Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.2.

2.17 "Grandfathered Amounts" means, if applicable, the amounts that were deferred under the Plan and were earned and vested within the meaning of Section 409A of the Code and regulations thereunder as of December 31, 2004.

Grandfathered Amounts shall be subject to the terms designated in the Adoption Agreement.

2.18 "Independent Contractor" means an individual in the Service of the Employer if the relationship between the individual and the Employer is not the legal relationship of employer and employee. An individual shall cease to be an Independent Contractor upon the termination of the Independent Contractor's Service. An Independent Contractor shall include a director of the Employer who is not an Employee.

2.19 "In-Service Account" means a separate account to be kept for each Participant that has elected to take in-service distributions as described in Section 5.4. The In-Service Account shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and elections in

effect under Section 8.

2.20 "Normal Retirement Age" of a Participant means the age designated in the Adoption Agreement.

2.21 "Participant" means with respect to any Plan Year an Employee or Independent Contractor who has been designated by the Committee as a Participant and who has entered the Plan or who has a Deferred Compensation Account under the Plan; provided that if the Participant is an Employee, the individual must be a highly compensated or management employee of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.22 "Participant Deferral Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.1.

2.23 "Participating Employer" means any trade or business (whether or not incorporated) which adopts this Plan with the consent of the Company identified in the Adoption Agreement.

2.24 "Participation Agreement" means a written agreement entered into between a Participant and the Employer pursuant to the provisions of Section 4.1

2.25 "Performance-Based Compensation" means compensation where the amount of, or entitlement to, the compensation is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least twelve months. Organizational or individual performance criteria are considered preestablished if established in writing within 90 days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria

are established. Performance-based compensation may include

payments based upon subjective performance criteria as provided in regulations and administrative guidance promulgated under Section 409A of the Code.

2.26 "Plan" means The Executive Nonqualified Excess

Plan, as herein set out and as set out in the Adoption

Agreement, or as duly amended. The name of the Plan as

applied to the Employer shall be designated in the Adoption

Agreement.

2.27 "Plan-Approved Domestic Relations Order" shall

mean a judgment, decree, or order (including the approval of

a settlement agreement) which is:

2.27.1 Issued pursuant to a State's domestic relations law;

2.27.2 Relates to the provision of child support,

alimony payments or marital property rights to a Spouse, former Spouse, child or other dependent of the Participant;

2.27.3 Creates or recognizes the right of a Spouse, former Spouse, child or other dependent of the Participant to receive all or a portion of the Participant's benefits under the Plan;

2.27.4 Requires payment to such person of their interest in the Participant's benefits in an immediate lump payment; and

2.27.5 Meets such other requirements established by the Committee.

2.28 "Plan Year" means the twelve-month period ending

on the last day of the month designated in the Adoption

Agreement; provided that the initial Plan Year may have

fewer than twelve months.

2.29 "Qualifying Distribution Event" means (i) the

Separation from Service of the Participant, (ii) the date

the Participant becomes Disabled, (iii) the death of the

Participant, (iv) the time specified by the Participant for

an In-Service or Education Distribution, (v) a Change in

Control Event, or (vi) an Unforeseeable Emergency, each to

the extent provided in Section 5.

2.30 "Seniority Date" shall have the meaning designated in the Adoption Agreement.

2.31 "Separation from Service" or "Separates from Service" means a "separation from service" within the meaning of Section 409A of the Code.

2.32 "Service" means employment by the Employer as an Employee. For purposes of the Plan, the employment relationship is treated as continuing intact while the Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee's right to reemployment is provided either by statute or contract. If the Participant is an Independent Contractor, "Service" shall mean the period during which the contractual relationship exists between the Employer and the Participant. The contractual relationship is not terminated if the Participant anticipates a renewal of the contract or becomes an Employee.

2.33 "Service Bonus" means any bonus paid to a Participant by the Employer which is not Performance-Based Compensation.

2.34 "Specified Employee" means an employee who meets the requirements for key employee treatment under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and without regard to Section 416(i)(5) of the Code) at any time during the twelve month period ending on December 31 of each year (the "identification date"). Unless binding corporate action is taken to establish different rules for determining Specified Employees for all plans of the Company and its

controlled group members that are subject to Section 409A of
the Code, the foregoing rules and the other default rules
under the regulations of Section 409A of the Code shall

apply. If the person is a key employee as of any identification date, the person is treated as a Specified Employee for the twelve-month period beginning on the first day of the fourth month following the identification date.

2.35 "Spouse" or "Surviving Spouse" means, except as otherwise provided in the Plan, a person who is the legally married spouse or surviving spouse of a Participant.

2.36 "Unforeseeable Emergency" means an "unforeseeable emergency" within the meaning of Section 409A of the Code.

2.37 "Years of Service" means each Plan Year of Service completed by the Participant. For vesting purposes, Years of Service shall be calculated from the date designated in the Adoption Agreement and Service shall be based on service with the Company and all Participating Employers.

Section 3. Participation:

The Committee in its discretion shall designate each Employee or Independent Contractor who is eligible to participate in the Plan. A Participant who separates from Service with the Employer and who later returns to Service will not be an Active Participant under the Plan except upon satisfaction of such terms and conditions as the Committee shall establish upon the Participant's return to Service, whether or not the Participant shall have a balance remaining in the Deferred Compensation Account under the Plan on the date of the return to Service.

Section 4. Credits to Deferred Compensation Account:

4.1 Participant Deferral Credits. To the extent provided in the Adoption Agreement, each Active Participant may elect, by entering into a Participation Agreement with the Employer, to defer the receipt of Compensation from the

Employer by a dollar amount or percentage specified in the Participation Agreement. The amount of Compensation the Participant elects to defer, the Participant Deferral Credit, shall be credited by the Employer to the Deferred Compensation Account maintained for the Participant pursuant to Section 8. The following special provisions shall apply with respect to the Participant Deferral Credits of a

Participant:

4.1.1 The Employer shall credit to the Participant's Deferred Compensation Account on each Crediting Date an amount equal to the total Participant Deferral Credit for the period ending on such Crediting Date.

4.1.2 An election pursuant to this Section 4.1 shall be made by the Participant by executing and delivering a Participation Agreement to the Committee. Except as otherwise provided in this Section 4.1, the Participation Agreement shall become effective with respect to such Participant as of the first day of January following the date such Participation Agreement is received by the Committee. A Participant's election may be changed at any time prior to the last permissible date for making the election as permitted in this Section 4.1, and shall thereafter be irrevocable. The election of a Participant shall continue in effect for subsequent years until modified by the Participant as permitted in this Section 4.1.

4.1.3 A Participant may execute and deliver a Participation Agreement to the Committee within 30 days after the date the Participant first becomes eligible to participate in the Plan to be effective as of the first payroll period next following the date the Participation Agreement is fully executed. Whether a Participant is treated as newly eligible for participation under this Section shall be determined in accordance with Section 409A of the Code and the regulations thereunder, including (i) rules that treat all elective deferral account balance plans as one plan, and (ii) rules that treat a previously eligible employee as newly eligible if his benefits had been previously distributed or if he has been ineligible for 24 months. For Compensation that is earned based upon a specified performance period (for example, an annual bonus), where a deferral election is made under this Section but after the beginning of the performance period, the election will only apply to the portion of the Compensation equal to the total amount of the Compensation for the service period multiplied by the ratio of the number of days remaining in the performance period after the election over the total number of days in the performance period.

4.1.4 A Participant may unilaterally modify a Participation Agreement (either to terminate, increase or decrease the portion of his future Compensation which is subject to deferral within the percentage limits set forth in Section 4.1 of the Adoption Agreement) by providing a written modification of the Participation Agreement to the Committee. The modification shall become effective as of the first day of January following the date such written modification is received by the Committee.

4.1.5 If the Participant performed services continuously from the later of the beginning of the performance period or the date upon which the performance criteria are established through the date upon which the Participant makes an initial deferral election, a Participation Agreement relating to the deferral of Performance-Based Compensation may be executed and delivered to the Committee no later than the date which is 6 months prior to the end of the performance period, provided that in no event may an election to defer Performance-Based Compensation be made after such Compensation has become readily ascertainable.

4.1.6 If the Employer has a fiscal year other than the calendar year, Compensation relating to Service in the fiscal year of the Employer (such as a bonus based on the fiscal year of the Employer), of which no amount is paid or payable during the fiscal year, may be deferred at the Participant's election if the election to defer is made not later than the close of the Employer's fiscal year next preceding the first fiscal year in which the Participant performs any services for which such Compensation is payable.

4.1.7 Compensation payable after the last day of the Participant's taxable year solely for services provided during the final payroll period containing the last day of the Participant's taxable year (i.e., December 31) is treated for purposes of this Section 4.1 as Compensation for services performed in the subsequent taxable year.

4.1.8 The Committee may from time to time establish policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which Participant Deferral Credits may be made.

4.1.9 If a Participant becomes Disabled or applies for and is eligible for a distribution on account of an Unforeseeable Emergency during a Plan Year, his deferral election for such Plan Year shall be cancelled.

4.2 Employer Credits. If designated by the Employer in the Adoption Agreement, the Employer shall cause the Committee to credit to the Deferred Compensation Account of each Active Participant an Employer Credit as determined in accordance with the Adoption Agreement. A Participant must make distribution elections with respect to any Employer Credits credited to his Deferred Compensation Account by the deadline that would apply under Section 4.1 for distribution elections with respect to Participant Deferral Credits credited at the same time, on a Participation Agreement that

is timely executed and delivered to the Committee pursuant to Section 4.1.

4.3 Deferred Compensation Account. All Participant Deferral Credits and Employer Credits shall be credited to the Deferred Compensation Account of the Participant as provided in Section 8.

Section 5. Qualifying Distribution Events:

5.1 Separation from Service. If the Participant Separates from Service with the Employer, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7.

Notwithstanding the foregoing, no distribution shall be made earlier than six months after the date of Separation from Service (or, if earlier, the date of death) with respect to a Participant who as of the date of Separation from Service is a Specified Employee of a corporation the stock in which is traded on an established securities market or otherwise.

Any payments to which such Specified Employee would be entitled during the first six months following the date of Separation from Service shall be accumulated and paid on the first day of the seventh month following the date of Separation from Service.

5.2 Disability. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan when a Participant becomes Disabled, and the Participant becomes Disabled while in Service, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7.

5.3 Death. If the Participant dies while in Service, the Employer shall pay a benefit to the Participant's Beneficiary in the amount designated in the Adoption Agreement. Payment of such benefit shall be made by the Employer as provided in Section 7.

5.4 In-Service or Education Distributions. If the Employer designates in the Adoption Agreement that in-service or education distributions are permitted under the Plan, a Participant may designate in the Participation Agreement to have a specified amount credited to the Participant's In-Service or Education Account for in-service or education distributions at the date specified by the Participant. In no event may an in-service or education distribution of an amount be made before the date that is two years after the first day of the year in which such amount was credited to the In-Service or Education Account. Notwithstanding the foregoing, if a Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance in the In-Service or Education Account has been distributed, then the balance in the In-Service or Education Account on the date of the Qualifying Distribution Event shall be paid as provided under Section 7.1 for payments on such Qualifying Distribution Event.

5.5 Change in Control Event. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of a Change in Control Event, the Participant may designate in the Participation Agreement to have the vested balance in the Deferred Compensation Account paid to the Participant upon a Change in Control Event by the Employer as provided in

Section 7.

5.6 Unforeseeable Emergency. If the Employer

designates in the Adoption Agreement that distributions are

permitted under the Plan upon the occurrence of an

Unforeseeable Emergency event, a distribution from the

Deferred Compensation Account may be made to a Participant

in the event of an Unforeseeable Emergency, subject to the

following provisions:

5.6.1 A Participant may, at any time prior to his Separation from Service for any reason, make application to the Committee to receive a distribution in a lump sum of all or a portion of the vested balance in the Deferred Compensation Account (determined as of the date the distribution, if any, is made under this Section 5.6) because of an Unforeseeable Emergency. A distribution because of an Unforeseeable Emergency shall not exceed the amount required to satisfy the Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution, after taking into account the extent to which the Unforeseeable Emergency may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by stopping current deferrals under the Plan pursuant to Section 4.1.9.

5.6.2 The Participant's request for a distribution on account of Unforeseeable Emergency must be made in writing to the Committee. The request must specify the nature of the financial hardship, the total amount requested to be distributed from the Deferred Compensation Account, and the total amount of the actual expense incurred or to be incurred on account of the Unforeseeable Emergency.

5.6.3 If a distribution under this Section 5.6 is approved by the Committee, such distribution will be made as soon as practicable following the date it is approved. The processing of the request shall be completed as soon as practicable from the date on which the Committee receives the properly completed written request for a distribution on account of an Unforeseeable Emergency. If a Participant's Separation from Service occurs after a request is approved in accordance with this Section 5.6.3, but prior to distribution of the full amount approved, the approval of the request shall be automatically null and void and the benefits which the Participant is entitled to receive under the Plan shall be distributed in accordance with the applicable distribution provisions of the Plan.

5.6.4 The Committee may from time to time adopt additional policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which such distributions may be made so that the Plan may be conveniently administered.

Section 6. Vesting:

A Participant shall be fully vested in the portion of

his Deferred Compensation Account attributable to Participant

Deferral Credits, and all income, gains and losses attributable thereto. A Participant shall become fully vested in the portion of his Deferred Compensation Account attributable to Employer Credits, and income, gains and losses attributable thereto, in accordance with the vesting schedule and provisions designated by the Employer in the Adoption Agreement. If a **Participant's Deferred Compensation Account is not fully** vested upon Separation from Service, the portion of the Deferred Compensation Account that is not fully vested shall thereupon be forfeited.

Section 7. Distribution Rules:

7.1 Payment Options. The Employer shall designate in the Adoption Agreement the payment options which may be elected by the Participant (lump sum, annual installments, or a combination of both). Different payment options may be made available for each Qualifying Distribution Event, and different payment options may be available for different types of Separations from Service, all as designated in the Adoption Agreement. The Participant shall elect in the Participation Agreement the method under which the vested balance in the Deferred Compensation Account will be distributed from among the designated payment options. The Participant may at such time elect a different method of payment for each Qualifying Distribution Event as specified in the Adoption Agreement. If the Participant is permitted by the Employer in the Adoption Agreement to elect different payment options and does not make a valid election, the vested balance in the Deferred Compensation Account will be distributed as a lump sum.

Notwithstanding the foregoing, if certain Qualifying

Distribution Events occur prior to the date on which the

vested balance of a Participant's Deferred Compensation

Account is completely paid pursuant to this Section 7.1

following the occurrence of certain initial Qualifying

Distribution Events, the following rules apply:

7.1.1 If the initial Qualifying Distribution Event is a Separation from Service or Disability, and the Participant subsequently dies, the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as a lump sum.

7.1.2 If the initial Qualifying Distribution Event is a Change in Control Event, and any subsequent Qualifying Distribution Event occurs (except an In-Service or Education Distribution described in Section 2.29(iv)), the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as provided under Section 7.1 for payments on such subsequent Qualifying Distribution Event.

7.2 Timing of Payments. Payment shall be made in the

manner elected by the Participant and shall commence as soon

as practicable after (but no later than 60 days after) the

distribution date elected for the Qualifying Distribution

Event. In the event the Participant fails to make a valid

election of the payment method, the distribution will be

made in a single lump sum payment as soon as practicable

after (but no later than 60 days after) the Qualifying

Distribution Event. A payment may be further delayed to the

extent permitted in accordance with regulations and guidance

under Section 409A of the Code.

7.3 Installment Payments. If the Participant elects to

receive installment payments upon a Qualifying Distribution

Event, the payment of each annual installment shall be made

on the anniversary of the date of the first installment

payment, and the amount of the annual installment shall be

adjusted on such anniversary for credits or debits to the

Participant's account pursuant to Section 8 of the Plan.

Such adjustment shall be made by dividing the balance in the

Deferred Compensation Account on such date by the number of

annual installments remaining to be paid hereunder; provided

that the last annual installment due under the Plan shall be the entire amount credited to the Participant's account on the date of payment.

7.4 De Minimis Amounts. Notwithstanding any payment election made by the Participant, if the Employer designates a pre-determined de minimis amount in the Adoption Agreement, the vested balance in the Deferred Compensation Account of the Participant will be distributed in a single lump sum payment if at the time of a permitted Qualifying Distribution Event the vested balance does not exceed such pre-determined de minimis amount; provided, however, that such distribution will be made only where the Qualifying Distribution Event is a Separation from Service, death, Disability (if applicable) or Change in Control Event (if applicable). Such payment shall be made on or before the later of (i) December 31 of the calendar year in which the Qualifying Distribution Event occurs, or (ii) the date that is 2-1/2 months after the Qualifying Distribution Event occurs. In addition, the Employer may distribute a Participant's vested balance at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan as provided under Section 409A of the Code.

7.5 Subsequent Elections. With the consent of the Committee, a Participant may delay or change the method of payment of the Deferred Compensation Account subject to the following requirements:

7.5.1 The new election may not take effect until at least 12 months after the date on which the new election is made.

7.5.2 If the new election relates to a payment for a Qualifying Distribution Event other than the death of the Participant, the Participant

becoming Disabled, or an Unforeseeable Emergency, the new election must provide for the deferral of the payment for a period of at least five years from the date such payment would otherwise have been made.

7.5.3 If the new election relates to a payment from the In-Service or Education Account, the new election must be made at least 12 months prior to the date of the first scheduled payment from such account.

For purposes of this Section 7.5 and Section 7.6, a payment is each separately identified amount to which the Participant is entitled under the Plan; provided, that entitlement to a series of installment payments is treated as the entitlement to a single payment.

7.6 Acceleration Prohibited. The acceleration of the time or schedule of any payment due under the Plan is prohibited except as expressly provided in regulations and administrative guidance promulgated under Section 409A of the Code (such as accelerations for domestic relations orders and employment taxes). It is not an acceleration of the time or schedule of payment if the Employer waives or accelerates the vesting requirements applicable to a benefit under the Plan.

Section 8. Accounts; Deemed Investment; Adjustments

to Account:

8.1 Accounts. The Committee shall establish a book reserve account, entitled the "Deferred Compensation Account," on behalf of each Participant. The Committee shall also establish an In-Service or Education Account as a part of the Deferred Compensation Account of each Participant, if applicable. The amount credited to the Deferred Compensation Account shall be adjusted pursuant to the provisions of Section 8.3.

8.2 Deemed Investments. The Deferred Compensation Account of a Participant shall be credited with an investment return determined as if the account were invested in one or more investment funds made available by the Committee. The Participant shall elect the investment funds

in which his Deferred Compensation Account shall be deemed
to be invested. Such election shall be made in the manner
prescribed by the Committee and shall take effect upon the

entry of the Participant into the Plan. The investment election of the Participant shall remain in effect until a new election is made by the Participant. In the event the Participant fails for any reason to make an effective election of the investment return to be credited to his account, the investment return shall be determined by the **Committee.**

8.3 Adjustments to Deferred Compensation Account. With respect to each Participant who has a Deferred Compensation Account under the Plan, the amount credited to such account shall be adjusted by the following debits and credits, at the times and in the order stated:

8.3.1 The Deferred Compensation Account shall be debited each business day with the total amount of any payments made from such account since the last preceding business day to him or for his benefit.

8.3.2 The Deferred Compensation Account shall be credited on each Crediting Date with the total amount of any Participant Deferral Credits and Employer Credits to such account since the last preceding Crediting Date.

8.3.3 The Deferred Compensation Account shall be credited or debited on each day securities are traded on a national stock exchange with the amount of deemed investment gain or loss resulting from the performance of the investment funds elected by the Participant in accordance with Section 8.2. The amount of such deemed investment gain or loss shall be determined by the Committee and such determination shall be final and conclusive upon all concerned.

Section 9. Administration by Committee:

9.1 Membership of Committee. If the Committee consists of individuals appointed by the Board, they will serve at the pleasure of the Board. Any member of the Committee may resign, and his successor, if any, shall be appointed by the **Board.**

9.2 General Administration. The Committee shall be responsible for the operation and administration of the Plan and for carrying out its provisions. The Committee shall have the full authority and discretion to make, amend,

interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with this Plan. Any such action taken by the Committee shall be final and conclusive on any party. To the extent the Committee has been granted discretionary authority under the Plan, the Committee's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Employer with respect to the Plan. The Committee may, from time to time, employ agents and delegate to such agents, including employees of the Employer, such administrative or other duties as it sees fit.

9.3 Indemnification. To the extent not covered by insurance, the Employer shall indemnify the Committee, each employee, officer, director, and agent of the Employer, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all legal fees relating thereto, arising in connection with the exercise of their duties and responsibilities with respect to the Plan, provided however that the Employer shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct

Section 10. Contractual Liability:

10.1 Contractual Liability. Unless otherwise elected in the Adoption Agreement, the Company shall be obligated to make

all payments hereunder. This obligation shall constitute a contractual liability of the Company to the Participants, and such payments shall be made from the general funds of the Company. The Company shall not be required to establish

or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Participants shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. To the extent that any person acquires a right to receive payment from the Company, such right shall be no greater than the right of an unsecured creditor of the Company.

10.2 Trust. The Employer may establish a trust to assist it in meeting its obligations under the Plan. Any such trust shall conform to the requirements of a grantor trust under Revenue Procedures 92-64 and 92-65 and at all times during the continuance of the trust the principal and income of the trust shall be subject to claims of general creditors of the Employer under federal and state law. The establishment of such a trust would not be intended to cause Participants to realize current income on amounts contributed thereto, and the trust would be so interpreted and administered.

Section 11. Allocation of Responsibilities:

The persons responsible for the Plan and the duties and responsibilities allocated to each are as follows:

11.1 Board.

- (i) To amend the Plan;
- (ii) To appoint and remove members of the Committee; and
- (iii) To terminate the Plan as permitted in Section 14

11.2 Committee.

- (i) To designate Participants;
- (ii) To interpret the provisions of the Plan and to determine the rights of the Participants under the Plan, except to the extent otherwise provided in Section 16 relating to claims procedure;

(iii) To administer the Plan in accordance with its terms, except to the extent powers to administer the Plan are specifically delegated to another person or persons as provided in the Plan;

(iv) To account for the amount credited to the Deferred Compensation Account of a Participant;

(v) To direct the Employer in the payment of benefits;

(vi) To file such reports as may be required with the United States Department of Labor, the Internal Revenue Service and any other government agency to which reports may be required to be submitted from time to time; and

(vii) To administer the claims procedure to the extent provided in Section 16.

Section 12. Benefits Not Assignable; Facility of Payments:

12.1 Benefits Not Assignable. No portion of any benefit

credited or paid under the Plan with respect to any

Participant shall be subject in any manner to anticipation,

alienation, sale, transfer, assignment, pledge, encumbrance

or charge, and any attempt so to anticipate, alienate, sell,

transfer, assign, pledge, encumber or charge the same shall

be void, nor shall any portion of such benefit be in any

manner payable to any assignee, receiver or any one trustee,

or be liable for his debts, contracts, liabilities,

engagements or torts. Notwithstanding the foregoing, in the

event that all or any portion of the benefit of a

Participant is transferred to the former Spouse of the

Participant incident to a divorce, the Committee shall

maintain such amount for the benefit of the former Spouse

until distributed in the manner required by an order of any

court having jurisdiction over the divorce, and the former

Spouse shall be entitled to the same rights as the

Participant with respect to such benefit.

12.2 Plan-Approved Domestic Relations Orders. The

Committee shall establish procedures for determining whether

an order directed to the Plan is a Plan-Approved Domestic

Relations Order. If the Committee determines that an order

is a Plan-Approved Domestic Relations Order, the Committee shall cause the payment of amounts pursuant to or segregate a separate account as provided by (and to prevent any payment or act which might be inconsistent with) the Plan-Approved Domestic Relations Order.

12.3 Payments to Minors and Others. If any individual entitled to receive a payment under the Plan shall be physically, mentally or legally incapable of receiving or acknowledging receipt of such payment, the Committee, upon the receipt of satisfactory evidence of his incapacity and satisfactory evidence that another person or institution is maintaining him and that no guardian or committee has been appointed for him, may cause any payment otherwise payable to him to be made to such person or institution so maintaining him. Payment to such person or institution shall be in full satisfaction of all claims by or through the Participant to the extent of the amount thereof.

Section 13. Beneficiary:

The Participant's beneficiary shall be the person, persons, entity or entities designated by the Participant on the beneficiary designation form provided by and filed with the Committee or its designee. If the Participant does not designate a beneficiary, the beneficiary shall be his Surviving Spouse. If the Participant does not designate a beneficiary and has no Surviving Spouse, the beneficiary shall be the Participant's estate. The designation of a beneficiary may be changed or revoked only by filing a new beneficiary designation form with the Committee or its designee. If a beneficiary (the "primary beneficiary") is receiving or is entitled to receive payments under the Plan

and dies before receiving all of the payments due him, the
balance to which he is entitled shall be paid to the
contingent beneficiary, if any, named in the Participant's

current beneficiary designation form. If there is no contingent beneficiary, the balance shall be paid to the estate of the primary beneficiary. Any beneficiary may disclaim all or any part of any benefit to which such beneficiary shall be entitled hereunder by filing a written disclaimer with the Committee before payment of such benefit is to be made. Such a disclaimer shall be made in a form satisfactory to the Committee and shall be irrevocable when filed. Any benefit disclaimed shall be payable from the Plan in the same manner as if the beneficiary who filed the disclaimer had predeceased the Participant.

Section 14. Amendment and Termination of Plan:

The Company may amend any provision of the Plan or terminate the Plan at any time; provided, that in no event shall such amendment or termination reduce the balance in any Participant's Deferred Compensation Account as of the date of such amendment or termination, nor shall any such amendment affect the terms of the Plan relating to the payment of such Deferred Compensation Account.

Notwithstanding the foregoing, the following special provisions shall apply:

14.1 Termination in the Discretion of the Employer.

Except as otherwise provided in Sections 14.2, the Company in its discretion may terminate the Plan and distribute benefits to Participants subject to the following requirements and any others specified under Section 409A of the Code:

14.1.1 All arrangements sponsored by the Employer that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations are terminated.

14.1.2 No payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination date.

14.1.3 All benefits under the Plan are paid within 24 months of the termination date.

14.1.4 The Employer does not adopt a new arrangement that would be aggregated with the Plan under Section 1.409A- 1(c) of the Treasury Regulations providing for the deferral of compensation at any time within 3 years following the date of termination of the Plan.

14.1.5 The termination does not occur proximate to a downturn in the financial health of the Employer.

14.2 Termination Upon Change in Control Event. If the

Company terminates the Plan within thirty days preceding or

twelve months following a Change in Control Event, the

Deferred Compensation Account of each Participant shall

become fully vested and payable to the Participant in a lump

sum within twelve months following the date of termination,

subject to the requirements of Section 409A of the Code.

Section 15. Communication to Participants:

The Employer shall make a copy of the Plan available

for inspection by Participants and their beneficiaries

during reasonable hours at the principal office of the

Employer.

Section 16. Claims Procedure:

The following claims procedure shall apply with respect

to the Plan:

16.1 Filing of a Claim for Benefits. If a Participant

or Beneficiary (the "claimant") believes that he is entitled

to benefits under the Plan which are not being paid to him

or which are not being accrued for his benefit, he shall

file a written claim therefore with the Committee.

16.2 Notification to Claimant of Decision. Within 90

days after receipt of a claim by the Committee (or within

180 days if special circumstances require an extension of

time), the Committee shall notify the claimant of the

decision with regard to the claim. In the event of such

special circumstances requiring an extension of time, there

shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set forth: (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent provisions of the Plan on which the denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the procedure for review of the denial and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review.

Notwithstanding the foregoing, if the claim relates to a disability determination, the Committee shall notify the claimant of the decision within 45 days (which may be extended for an additional 30 days if required by special circumstances).

16.3 Procedure for Review. Within 60 days following receipt by the claimant of notice denying his claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant may appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the

decision denying the claim. Prior to the decision of the Committee, the claimant shall be given an opportunity to review pertinent documents and to submit issues and comments in writing.

16.4 Decision on Review. The decision on review of a

claim denied in whole or in part by the Committee shall be

made in the following manner:

16.4.1 Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. Notwithstanding the foregoing, if the claim relates to a disability determination, the Committee shall notify the claimant of the decision within 45 days (which may be extended for an additional 45 days if required by special circumstances).

16.4.2 With respect to a claim that is denied in whole or in part, the decision on review shall set forth specific reasons for the decision, shall be written in a manner calculated to be understood by the claimant, and shall set forth:

(i) the specific reason or reasons for the adverse determination;

(ii) specific reference to pertinent Plan provisions on which the adverse determination is based;

(iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and

(iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures, as well as a statement of the claimant's right to bring an action under ERISA section 502(a).

16.4.3 The decision of the Committee shall be final and conclusive.

16.5 Action by Authorized Representative of Claimant.

All actions set forth in this Section 16 to be taken by the

claimant may likewise be taken by a representative of the

claimant duly authorized by him to act in his behalf on such

matters. The Committee may require such evidence as either

may reasonably deem necessary or advisable of the authority

to act of any such representative.

Section 17. Miscellaneous Provisions:

17.1 Set off. Notwithstanding any other provision of this Plan, the Employer may reduce the amount of any payment otherwise payable to or on behalf of a Participant hereunder (net of any required withholdings) at the time payment is due by the amount of any loan, cash advance, extension of credit or other obligation of the Participant to the Employer that is then due and payable, and the Participant shall be deemed to have consented to such reduction. In addition, the Employer may at any time offset a Participant's Deferral Compensation Account by an amount up to \$5,000 to collect any such amount in accordance with the requirements of Section 409A of the Code.

17.2 Notices. Each Participant who is not in Service and each Beneficiary shall be responsible for furnishing the Committee or its designee with his current address for the mailing of notices and benefit payments. Any notice required or permitted to be given to such Participant or Beneficiary shall be deemed given if directed to such address and mailed by regular United States mail, first class, postage prepaid. If any check mailed to such address is returned as undeliverable to the addressee, mailing of checks will be suspended until the Participant or Beneficiary furnishes the proper address. This provision shall not be construed as requiring the mailing of any notice or notification otherwise permitted to be given by posting or by other publication.

17.3 Lost Distributees. A benefit shall be deemed forfeited if the Committee is unable to locate the Participant or Beneficiary to whom payment is due on or before the fifth anniversary of the date payment is to be

made or commence; provided, that the deemed investment rate of return pursuant to Section 8.2 shall cease to be applied to the Participant's account following the first anniversary of such date; provided further, however, that such benefit

shall be reinstated if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit.

17.4 Reliance on Data. The Employer and the Committee shall have the right to rely on any data provided by the Participant or by any Beneficiary. Representations of such data shall be binding upon any party seeking to claim a benefit through a Participant, and the Employer and the Committee shall have no obligation to inquire into the accuracy of any representation made at any time by a Participant or Beneficiary.

17.5 Receipt and Release for Payments. Subject to the provisions of Section 17.1, any payment made from the Plan to or with respect to any Participant or Beneficiary, or pursuant to a disclaimer by a Beneficiary, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Plan and the Employer with respect to the Plan. The recipient of any payment from the Plan may be required by the Committee, as a condition precedent to such payment, to execute a receipt and release with respect thereto in such form as shall be acceptable to the Committee.

17.6 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

17.7 Continuation of Employment. The establishment of the Plan shall not be construed as conferring any legal or other rights upon any Employee or any persons for continuation of employment, nor shall it interfere with the right of the Employer to discharge any Employee or to deal

with him without regard to the effect thereof under the
Plan.

17.8 Merger or Consolidation; Assumption of Plan. No

Employer shall consolidate or merge into or with another corporation or entity, or transfer all or substantially all of its assets to another corporation, partnership, trust or other entity (a "Successor Entity") unless such Successor Entity shall assume the rights, obligations and liabilities of the Employer under the Plan and upon such assumption, the Successor Entity shall become obligated to perform the terms and conditions of the Plan. Nothing herein shall prohibit the assumption of the obligations and liabilities of the Employer under the Plan by any Successor Entity.

17.9 Construction. The Employer shall designate in the Adoption Agreement the state according to whose laws the provisions of the Plan shall be construed and enforced, except to the extent that such laws are superseded by ERISA and the applicable requirements of the Code.

17.10 Taxes. The Employer or other payor may withhold a benefit payment under the Plan or a Participant's wages, or the Employer may reduce a Participant's Account balance, in order to meet any federal, state, or local or employment tax withholding obligations with respect to Plan benefits, as permitted under Section 409A of the Code. The Employer or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

Section 18. Transition Rules:

This Section 18 does not apply to plans newly established on or after January 1, 2009.

18.1 2005 Election Termination. Notwithstanding

Section 4.1.4, at any time during 2005, a Participant may

terminate a Participation Agreement, or modify a
Participation Agreement to reduce the amount of Compensation
subject to the deferral election, so long as the
Compensation subject to the terminated or modified
Participation Agreement is includible in the income of the

Participant in 2005 or, if later, in the taxable year in

which the amounts are earned and vested.

18.2 2005 Deferral Election. The requirements of

Section 4.1.2 relating to the timing of the Participation

Agreement shall not apply to any deferral elections made on

or before March 15, 2005, provided that (a) the amounts to

which the deferral election relate have not been paid or

become payable at the time of the election, (b) the Plan was

in existence on or before December 31, 2004, (c) the

election to defer compensation is made in accordance with

the terms of the Plan as in effect on December 31, 2005

(other than a requirement to make a deferral election after

March 15, 2005), and (d) the Plan is otherwise operated in

accordance with the requirements of Section 409A of the

Code.

18.3 2005 Termination of Participation; Distribution.

Notwithstanding anything in this Plan to the contrary, at

any time during 2005, a Participant may terminate his or her

participation in the Plan and receive a distribution of his

Deferred Compensation Account balance on account of that

termination, so long as the full amount of such distribution

is includible in the Participant's income in 2005 or, if

later, in the taxable year of the Participant in which the

amount is earned and vested.

18.4 Payment Elections. Notwithstanding the provisions

of Sections 7.1 or 7.5 of the Plan, a Participant may elect

on or before December 31, 2008, the time or form of payment

of amounts subject to Section 409A of the Code provided that

such election applies only to amounts that would not

otherwise be payable in the year of the election and does

not cause an amount to paid in the year of the election that
would not otherwise be payable in such year.

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (SECTION 302 OF THE SARBANES-OXLEY ACT OF
2002)**

I, Gregory 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure 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 the 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: November 3, 2008

/s/ Gregory L. Werner

Gregory L. Werner
President and Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (SECTION 302 OF THE SARBANES-OXLEY ACT OF
2002)**

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure 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 the 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: November 3, 2008

/s/ John J. Steele

John J. Steele

Executive Vice President, Treasurer and Chief Financial Officer

**CERTIFICATION OF THE 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 September 30, 2008 (the "Report"), filed with the Securities and Exchange Commission, I, Gregory L. Werner, President 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.

November 3, 2008

/s/ Gregory L. Werner

Gregory L. Werner

President and Chief Executive Officer

CERTIFICATION OF THE 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 September 30, 2008 (the "Report"), filed with the Securities and Exchange Commission, I, John J. Steele, Executive 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.

November 3, 2008

/s/ John J. Steele

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