NEWS RELEASE

# Werner Enterprises Reports Improved Second Quarter 2012 Revenues and Earnings

7/18/2012

OMAHA, Neb.--(BUSINESS WIRE)--Jul. 18, 2012-- Werner Enterprises, Inc. (NASDAQ: WERN), one of the nation's largest transportation and logistics companies, reported revenues and earnings for the second quarter ended June 30, 2012.

Summarized financial results for second quarter 2012 compared to second quarter 2011 are as follows (dollars in thousands, except per share data):

| | 2Q12 | 2Q11 | % Change | YTD12 | YTD11 | % Change |
|---|---|---|---|---|---|---|
| Total revenues | $ 521,812 | $ 515,897 | 1% | $ 1,020,188 | $ 985,326 | 4% |
| Trucking revenues, net of fuel surcharge | $ 331,974 | $ 333,709 | (1)% | $ 653,200 | $ 650,156 | 0% |
| Value Added Services ("VAS") revenues | $ 84,024 | $ 71,227 | 18% | $ 160,778 | $ 134,800 | 19% |
| Operating income | $ 51,113 | $ 46,767 | 9% | $ 86,515 | $ 74,209 | 17% |
| Net income | $ 30,680 | $ 27,518 | 11% | $ 51,925 | $ 43,811 | 19% |
| Earnings per diluted share | $ 0.42 | $ 0.38 | 11% | $ 0.71 | $ 0.60 | 18% |

Werner Enterprises achieved 11% growth in earnings per diluted share in second quarter 2012 compared to second quarter 2011, resulting from a seasonally improving freight market, operating margin expansion and logistics growth.

Second quarter 2012 freight demand demonstrated typical seasonal trends and improved into June similar to second quarter 2011. Freight demand to date in July 2012 continues to show typical seasonal trends similar to July 2011. Freight demand trends are being helped both by supply side constraints limiting truckload capacity and demand generated by economic activity from our customers.

Average revenues per total mile, net of fuel surcharge, rose 2.6% in second quarter 2012 compared to second quarter 2011. Contractual rate increase percentage awards to date in 2012 are similar to the same period of 2011. Our truckload segment experienced a balanced freight market with respect to freight and trucks during second quarter 2012 with normal seasonal strengthening at the end of the quarter. Spot pricing was slightly higher in second quarter 2012 compared to second quarter 2011; however, the number of special freight projects with customers was lower for both our truck fleets and VAS Brokerage unit in second quarter 2012. Project freight is generally high volume but short duration and therefore commands a premium price. We continue to be successful in this tightening capacity environment by working jointly with our customers to secure sustainable transportation solutions across all modes and to offset increased rates through enhanced optimization and transportation solutions whenever possible.

In the last half of 2011, we operated slightly below our fleet goal of 7,300 trucks due to the challenging driver market, and we ended 2011 with 7,200 trucks. During the last week of first quarter 2012, we reached our goal of 7,300 trucks. Throughout second quarter 2012, we maintained our fleet at the 7,300 truck level or slightly higher. We intend to maintain our fleet size at approximately this level. Our primary objectives continue to be improving our operating margin percentage and our returns on assets, equity and invested capital, while staying true to our broad transportation services portfolio. Only through enhanced returns can we continue our commitment to reinvest in our fleet and our expanded portfolio of services.

We remain an industry leader in miles per truck productivity; however, due to several factors, we had a decline in miles per truck of 3.4% in second quarter 2012 compared to second quarter 2011. We had a decrease in student/trainer driver teams, a 3.4% reduction in our average loaded length of haul and changes in truck counts by fleet within our Dedicated fleet division. We are working hard to increase our student/trainer driver team truck count. Our empty miles percentage increased 3.6%, as it was affected by the shorter average length of haul. Our empty miles per trip remained flat at 66 miles per trip in second quarter 2012 and second quarter 2011.

Capacity in our industry remains constrained by economic, safety and regulatory factors. From 2007 to 2010, the number of new class 8 trucks built was well below historical replacement levels for our industry. This led to the oldest average industry truck age in 40 years. Carriers were compelled to begin upgrading their aging truck fleets, which led to increased replacement purchases of new and later-model used trucks during 2011. Orders for new class 8 trucks slowed in recent months. We believe these orders slowed as current freight rate relief is not keeping pace with the increased costs and capital requirements for new and much more expensive EPA-compliant trucks. The significantly higher costs of new equipment and related diesel exhaust fluid will not be recovered through a single year rate review cycle; however, we remain committed to investing in a best in class fleet for the benefit of our customers, our drivers and the Werner brand.

In July, Congress passed the federal transportation bill which requires the U.S. Department of Transportation (“DOT”) to promulgate rules and regulations mandating the use of electronic on-board recorders (“EOBRs”) by July 2013 with full adoption for all trucking companies by no later than July 2015. We are the recognized industry leader for electronic logging of driver hours as we proactively adopted a paperless log system in 1996 that was subsequently approved for our use by the Federal Motor Carrier Safety Administration (“FMCSA”) in 1998. We believe that as EOBRs become the industry standard and industry requirement, EOBR use will help to level the competitive field for transit times, driver recruiting, driver retention and rates.

We continue to diversify our business model with the goal of achieving a balanced portfolio of revenues comprised of One-Way Truckload (which includes the short-haul Regional, medium-to-long-haul Van and Expedited fleets), Specialized Services and VAS. Our Specialized Services unit, primarily Dedicated, ended the quarter with 3,495 trucks (or 48% of our total fleet).

The driver recruiting and retention market remained challenging in second quarter 2012 and was similar to first quarter 2012. Driver pay increased 1.5 cents per mile year-over-year as we made certain pay adjustments over the last year to attract and retain drivers for specific fleets. While historically higher national unemployment rates have aided our driver recruiting and retention efforts, we believe that an improved freight market, extended government unemployment benefit programs, a reduction in available truck driving school graduates and changing industry safety regulations tightened driver supply. While we are not immune to fluctuations in the driver market, we continue to believe we are in a better position in the current market than many competitors because over 70% of our driving jobs are in more attractive, shorter-haul Regional and Dedicated fleet operations that enable us to return these drivers to their homes on a more frequent and consistent basis.

Gains on sales of assets were $5.7 million in second quarter 2012 compared to $5.6 million in second quarter 2011 and $4.7 million in first quarter 2012. The market for the sale of used trucks and trailers remains strong. Gains on sales are reflected as a reduction of Other Operating Expenses in our income statement.

We continue to buy new trucks to replace older trucks we sell or trade. We continue to invest in environmentally friendly equipment solutions such as more aerodynamic truck features, idle reduction systems, tire inflation systems and trailer skirts which improve the mile per gallon efficiency of our fleet. Over the last year, we reduced our annual carbon footprint by almost 98,000 tons. Our net capital expenditures in second quarter 2012 were $39 million which puts year-to-date net capital expenditures for 2012 at $122 million. We expect our net capital expenditures for the full year 2012 to be in a range of $180 million to $210 million. The average age of our truck fleet as of June 30, 2012 was 2.3 years, and we expect to further reduce our average truck age to approximately 2.1 years as of December 31, 2012. We remain committed to the ongoing investment required to maintain a best-in-class fleet while focusing on the lowest operating cost model for our customers.

To provide shippers with additional sources of managed capacity and network analysis, we continue to develop our non-asset-based VAS segment. VAS includes Brokerage, Freight Management, Intermodal and Werner Global Logistics (International).

| Value Added Services (amounts in 000's) | 2Q12 | | 2Q11 | |
|---|---|---|---|---|
| Revenues | $ 84,024 | 100.0% | $ 71,227 | 100.0% |
| Rent and purchased transportation expense | 71,154 | 84.7 | 60,385 | 84.8 |
| Gross margin | 12,870 | 15.3 | 10,842 | 15.2 |
| Other operating expenses | 8,568 | 10.2 | 7,123 | 10.0 |
| Operating income | $ 4,302 | 5.1 | $ 3,719 | 5.2 |

The following table shows the change in shipment volume and average revenue (excluding logistics fee revenue) per shipment for all VAS shipments.

| | 2Q12 | 2Q11 | Difference | % Change |
|---|---|---|---|---|
| Total VAS shipments | 68,376 | 63,671 | 4,705 | 7% |
| Less: Non-committed shipments to Truckload segment | 18,808 | 20,247 | (1,439) | (7)% |
| Net VAS shipments | 49,568 | 43,424 | 6,144 | 14% |
| Average revenue per shipment | $ 1,595 | $ 1,531 | $ 64 | 4% |

In second quarter 2012, VAS revenues increased $13 million or 18%, gross margin dollars increased 19% and operating income dollars increased 16% compared to second quarter 2011.

Brokerage revenues in second quarter 2012 increased 11% compared to second quarter 2011 due to a 10%

increase in shipment volume and a 1% increase in average revenue per shipment. Brokerage gross margin percentage declined 80 basis points due to rising capacity costs and lower special project business, which in turn caused Brokerage operating income to be essentially flat compared to second quarter 2011. Intermodal revenues increased 20%, and Intermodal operating income was slightly lower comparing second quarter 2012 to second quarter 2011. Werner Global Logistics revenues increased 57% in second quarter 2012 compared to second quarter 2011 and had a larger percentage increase in operating income.

Comparisons of the operating ratios (net of fuel surcharge revenues) for the Truckload segment and VAS segment for second quarters 2012 and 2011 and year-to-date 2012 and 2011 are shown below.

| Operating Ratios | 2Q12 | 2Q11 | Difference |
|---|---|---|---|
| Truckload Transportation Services | 86.6% | 86.7% | (0.1)% |
| Value Added Services | 94.9 | 94.8 | 0.1 |
| | YTD12 | YTD11 | Difference |
| Truckload Transportation Services | 88.4% | 89.5% | (1.1)% |
| Value Added Services | 94.8 | 94.7 | 0.1 |

Fluctuating fuel prices and fuel surcharge collections impact the total company 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 Truckload segment's operating ratios for second quarter 2012 and second quarter 2011 are 89.6% and 89.8%, respectively, and for year-to- date 2012 and 2011 are 91.0% and 91.8%, respectively, when fuel surcharge revenues are reported as revenues instead of a reduction of operating expenses.

Diesel fuel prices were 16 cents per gallon lower in second quarter 2012 than in second quarter 2011 and were 15 cents per gallon lower than in first quarter 2012. For the first 18 days of July 2012, the average diesel fuel price per gallon was 26 cents lower than the average diesel fuel price per gallon in the same period of 2011 and 20 cents lower than in third quarter 2011.

Our financial position remains strong. As of June 30, 2012 we had no debt and $772.8 million of stockholders' equity.

INCOME STATEMENT DATA

(Unaudited)

(In thousands, except per share amounts)

| | Quarter Ended 6/30/12 | % of Operating Revenues | Quarter Ended 6/30/11 | % of Operating Revenues |
|---|---|---|---|---|
| Operating revenues | $ 521,812 | 100.0 | $ 515,897 | 100.0 |
| Operating expenses: | | | | |
| Salaries, wages and benefits | 138,512 | 26.5 | 135,265 | 26.2 |
| Fuel | 99,322 | 19.0 | 110,502 | 21.4 |
| Supplies and maintenance | 44,741 | 8.6 | 43,085 | 8.4 |
| Taxes and licenses | 22,967 | 4.4 | 23,414 | 4.5 |
| Insurance and claims | 15,103 | 2.9 | 16,531 | 3.2 |
| Depreciation | 41,506 | 8.0 | 39,246 | 7.6 |
| Rent and purchased transportation | 108,496 | 20.8 | 98,605 | 19.1 |
| Communications and utilities | 3,344 | 0.6 | 3,843 | 0.8 |
| Other | (3,292) | (0.6) | (1,361) | (0.3) |
| Total operating expenses | 470,699 | 90.2 | 469,130 | 90.9 |
| Operating income | 51,113 | 9.8 | 46,767 | 9.1 |
| Other expense (income): | | | | |
| Interest expense | 65 | 0.0 | 10 | 0.0 |
| Interest income | (433) | (0.1) | (345) | (0.1) |
| Other | (82) | (0.0) | 263 | 0.1 |
| Total other expense (income) | (450) | (0.1) | (72) | (0.0) |
| Income before income taxes | 51,563 | 9.9 | 46,839 | 9.1 |
| Income taxes | 20,883 | 4.0 | 19,321 | 3.8 |
| Net income | $ 30,680 | 5.9 | $ 27,518 | 5.3 |
| Diluted shares outstanding | 73,412 | | 73,239 | |
| Diluted earnings per share | $ 0.42 | | $ 0.38 | |

OPERATING STATISTICS

| | Quarter Ended 6/30/12 | % Change | Quarter Ended 6/30/11 |
|---|---|---|---|
| Trucking revenues, net of fuel surcharge (1) | $ 331,974 | -0.5% | $ 333,709 |
| Trucking fuel surcharge revenues (1) | 97,389 | -5.6% | 103,187 |
| Non-trucking revenues, including VAS (1) | 87,440 | 17.8% | 74,240 |
| Other operating revenues (1) | 5,009 | 5.2% | 4,761 |
| Operating revenues (1) | $ 521,812 | 1.1% | $ 515,897 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Average monthly miles per tractor | | 9,713 | -3.4% | | 10,059 |
| Average revenues per total mile (2) | $ | 1.555 | 2.6% | $ | 1.516 |
| Average revenues per loaded mile (2) | $ | 1.772 | 3.1% | $ | 1.719 |
| Average percentage of empty miles | | 12.23% | 3.6% | | 11.80% |
| Average trip length in miles (loaded) (3) | | 476 | -3.4% | | 493 |
| Total miles (loaded and empty) (1) | | 213,488 | -3.0% | | 220,142 |
| Average tractors in service | | 7,327 | 0.4% | | 7,295 |
| Average revenues per tractor per week (2) | $ | 3,485 | -1.0% | $ | 3,519 |
| Capital expenditures, net (1) | $ | 39,377 | | $ | 85,886 |
| Cash flow from operations (1) | $ | 54,799 | | $ | 63,230 |
| Return on assets (annualized) | | 9.2% | | | 9.1% |
| Total tractors (at quarter end) | | | | | |
| Company | | 6,675 | | | 6,675 |
| Independent contractor | | 650 | | | 625 |
| Total tractors | | 7,325 | | | 7,300 |
| Total trailers (truck and intermodal, quarter end) | | 23,355 | | | 23,320 |

(1) Amounts in thousands.

(2) Net of fuel surcharge revenues.

(3) Quarter ended 6/30/11 trip length corrected. See **www.werner.com** ("Investors tab" under "Featured Documents") for correction of prior quarterly and annual trip length data.

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INCOME STATEMENT DATA
(Unaudited)
(In thousands, except per share amounts)

| | | Six Months Ended 6/30/12 | % of Operating Revenues | | Six Months Ended 6/30/11 | % of Operating Revenues |
|---|---|---|---|---|---|---|
| Operating revenues | $ | 1,020,188 | 100.0 | $ | 985,326 | 100.0 |
| Operating expenses: | | | | | | |
| Salaries, wages and benefits | | 272,360 | 26.7 | | 268,128 | 27.2 |
| Fuel | | 202,259 | 19.8 | | 208,433 | 21.2 |
| Supplies and maintenance | | 86,578 | 8.5 | | 84,274 | 8.6 |
| Taxes and licenses | | 45,499 | 4.5 | | 46,440 | 4.7 |
| Insurance and claims | | 34,327 | 3.4 | | 34,591 | 3.5 |
| Depreciation | | 82,177 | 8.0 | | 78,964 | 8.0 |

| | | | | |
|---|---|---|---|---|
| Rent and purchased transportation | 209,006 | 20.5 | 187,102 | 19.0 |
| Communications and utilities | 7,163 | 0.7 | 7,766 | 0.8 |
| Other | (5,696) | (0.6) | (4,581) | (0.5) |
| Total operating expenses | 933,673 | 91.5 | 911,117 | 92.5 |
| Operating income | 86,515 | 8.5 | 74,209 | 7.5 |
| | | | | |
| Other expense (income): | | | | |
| Interest expense | 207 | 0.0 | 38 | 0.0 |
| Interest income | (855) | (0.1) | (690) | (0.0) |
| Other | (106) | (0.0) | 289 | 0.0 |
| Total other expense (income) | (754) | (0.1) | (363) | (0.0) |
| Income before income taxes | 87,269 | 8.6 | 74,572 | 7.5 |
| Income taxes | 35,344 | 3.5 | 30,761 | 3.1 |
| Net income | $ 51,925 | 5.1 | $ 43,811 | 4.4 |
| | | | | |
| Diluted shares outstanding | 73,401 | | 73,190 | |
| Diluted earnings per share | $ 0.71 | | $ 0.60 | |

OPERATING STATISTICS

| | YTD 12 | % Change | YTD 11 |
|---|---|---|---|
| Trucking revenues, net of fuel surcharge (1) | $ 653,200 | 0.5% | $ 650,156 |
| Trucking fuel surcharge revenues (1) | 190,596 | 2.2% | 186,460 |
| Non-trucking revenues, including VAS (1) | 167,223 | 19.1% | 140,405 |
| Other operating revenues (1) | 9,169 | 10.4% | 8,305 |
| Operating revenues (1) | $ 1,020,188 | 3.5% | $ 985,326 |
| | | | |
| Average monthly miles per tractor | 9,687 | -2.0% | 9,882 |
| Average revenues per total mile (2) | $ 1.548 | 2.6% | $ 1.509 |
| Average revenues per loaded mile (2) | $ 1.760 | 3.2% | $ 1.706 |
| Average percentage of empty miles | 12.06% | 4.5% | 11.54% |
| Average trip length in miles (loaded) (3) | 483 | -2.8% | 497 |
| Total miles (loaded and empty) (1) | 421,995 | -2.0% | 430,776 |
| Average tractors in service | 7,261 | -0.0% | 7,265 |
| Average revenues per tractor per week (2) | $ 3,460 | 0.5% | $ 3,442 |
| Capital expenditures, net (1) | $ 121,926 | | $ 105,940 |
| Cash flow from operations (1) | $ 138,798 | | $ 117,030 |
| Return on assets (annualized) | 7.8% | | 7.4% |
| Total tractors (at quarter end) | | | |
| Company | 6,675 | | 6,675 |
| Independent contractor | 650 | | 625 |
| Total tractors | 7,325 | | 7,300 |
| | | | |
| Total trailers (truck and intermodal, quarter end) | 23,355 | | 23,320 |

(1) Amounts in thousands.

(2) Net of fuel surcharge revenues.

(3) YTD 2011 trip length data corrected. See **www.werner.com** ("Investors tab" under "Featured Documents") for correction of prior quarterly and annual trip length data.

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BALANCE SHEET DATA
(In thousands, except share amounts)

| | 6/30/12 | 12/31/11 |
|---|---|---|
| | (Unaudited) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 18,184 | $ 12,412 |
| Accounts receivable, trade, less allowance of $10,457 and $10,154, respectively | 219,635 | 218,712 |
| Other receivables | 9,693 | 9,213 |
| Inventories and supplies | 26,070 | 30,212 |
| Prepaid taxes, licenses and permits | 7,037 | 15,094 |
| Current deferred income taxes | 26,901 | 25,805 |
| Other current assets | 15,907 | 29,883 |
| Total current assets | 323,427 | 341,331 |
| Property and equipment | 1,666,943 | 1,625,008 |
| Less – accumulated depreciation | 686,737 | 682,872 |
| Property and equipment, net | 980,206 | 942,136 |
| Other non-current assets | 21,927 | 18,949 |
| | $ 1,325,560 | $ 1,302,416 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Checks issued in excess of cash balances | $ 0 | $ 6,671 |
| Accounts payable | 77,153 | 93,486 |
| Insurance and claims accruals | 55,274 | 62,681 |
| Accrued payroll | 23,328 | 19,483 |

| | | |
|---|---|---|
| Other current liabilities | 23,017 | 16,504 |
| Total current liabilities | 178,772 | 198,825 |
| Other long-term liabilities | 15,074 | 14,194 |
| Insurance and claims accruals, net of current portion | 120,950 | 121,250 |
| Deferred income taxes | 237,978 | 243,000 |
| Stockholders' equity: | | |
| Common stock, $.01 par value, 200,000,000 shares authorized; 80,533,536 shares issued; 72,869,626 and 72,847,576 shares outstanding, respectively | 805 | 805 |
| Paid-in capital | 96,628 | 94,396 |
| Retained earnings | 824,633 | 779,994 |
| Accumulated other comprehensive loss | (4,804) | (5,170) |
| Treasury stock, at cost; 7,663,910 and 7,685,960 shares, respectively | (144,476) | (144,878) |
| Total stockholders' equity | 772,786 | 725,147 |
| | $ 1,325,560 | $ 1,302,416 |

Werner Enterprises, Inc. was founded in 1956 and is a premier transportation and logistics company, with coverage throughout North America, Asia, Europe, South America, Africa and Australia. Werner maintains its global headquarters in Omaha, Nebraska and maintains offices in the United States, Canada, Mexico, China and Australia. Werner is among the five largest truckload carriers in the United States, with a diversified portfolio of transportation services that includes dedicated van, temperature-controlled and flatbed; medium-to-long-haul, regional and local van; and expedited services. Werner's Value Added Services portfolio includes freight management, truck brokerage, intermodal, and international services. International services are provided through Werner's domestic and global subsidiary companies and include ocean, air and ground transportation; freight forwarding; and customs brokerage.

Werner Enterprises, Inc.'s common stock trades on The NASDAQ Global Select MarketSM under the symbol "WERN". For further information about Werner, visit the Company's website at **www.werner.com**.

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements are based on information presently available to the Company's management and are current only as of the date made. Actual results could also differ materially from those anticipated as a result of a number of factors, including, but not limited to, those discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2011. For those reasons, undue reliance should not be placed on any forward-looking statement. The Company assumes no duty or obligation to update or revise any forward-looking statement, although it may do so from time to time as management believes is warranted or as may be required by applicable securities law. Any such updates or revisions may be made by filing reports with the U.S. Securities and Exchange Commission, through the issuance of press releases or by other methods of public disclosure.

Source: Werner Enterprises, Inc.


## Werner Enterprises, Inc.

John J. Steele, 402-894-3036

Executive Vice President, Treasurer and

Chief Financial Officer