



**WERNER ENTERPRISES**  
TRUCKS - TRAILERS

QUEST FOR  
QUALITY  
WERNER ENTERPRISES

**WERNER ENTERPRISES**  
SPECIALIZED CARRIER

**W**erner Enterprises is a full-service transportation company providing truckload and other transportation services throughout the 48 contiguous states and the southern provinces of Canada—with trailer service in and out of Mexico. With annual revenues of over \$770 million, Werner Enterprises is one of the five largest truckload carriers in the United States with a fleet of 5,350 tractors and 14,700 trailers.

Werner's commitment to full-service transportation services is demonstrated by the breadth of its service divisions. The largest division is the Medium- to Long-Haul Van division, which transports a variety of consumer, nondurable products, and other commodities for a diversified customer base. The Regional Short-Haul division provides comparable van service within five specific geographic regions. The Temperature-Controlled and Flatbed divisions provide transportation for customers with more specialized trailer needs. Werner's Dedicated Services division provides all trucking services required by a specific company, plant, or distribution center, giving customers the opportunity to truly outsource their private fleet operations.

Werner's Logistics Services division provides customers an open-ended service that is a single-source freight solution, including transportation management, mode selection, routing, brokerage, intermodal, and transloading. At December 1997, tractors were allotted among service divisions as follows: Medium- to Long-Haul Dry Van—3,455; Regional Short-Haul Van—550; Temperature-Controlled—260; Flatbed—360; and Dedicated—725.

Werner's corporate headquarters and main terminal is located in Omaha, Nebraska, which is near the geographic center of its service area. The company also maintains full-service terminals (with 24-hour, 7-days-a-week service) in:

- Lithia Springs, Georgia (near Atlanta) • Dallas, Texas
- Phoenix, Arizona • Henderson, Colorado (near Denver)
- Fontana, California (near Los Angeles).

Limited service terminals are located in: • Little Rock, Arkansas • Allentown, Pennsylvania • Shorewood, Illinois (near Chicago) • Indianapolis, Indiana.

Werner's common stock is traded on the Nasdaq National Market tier of the Nasdaq Stock Market under the symbol WERN. Werner's web page is [www.werner.com](http://www.werner.com).

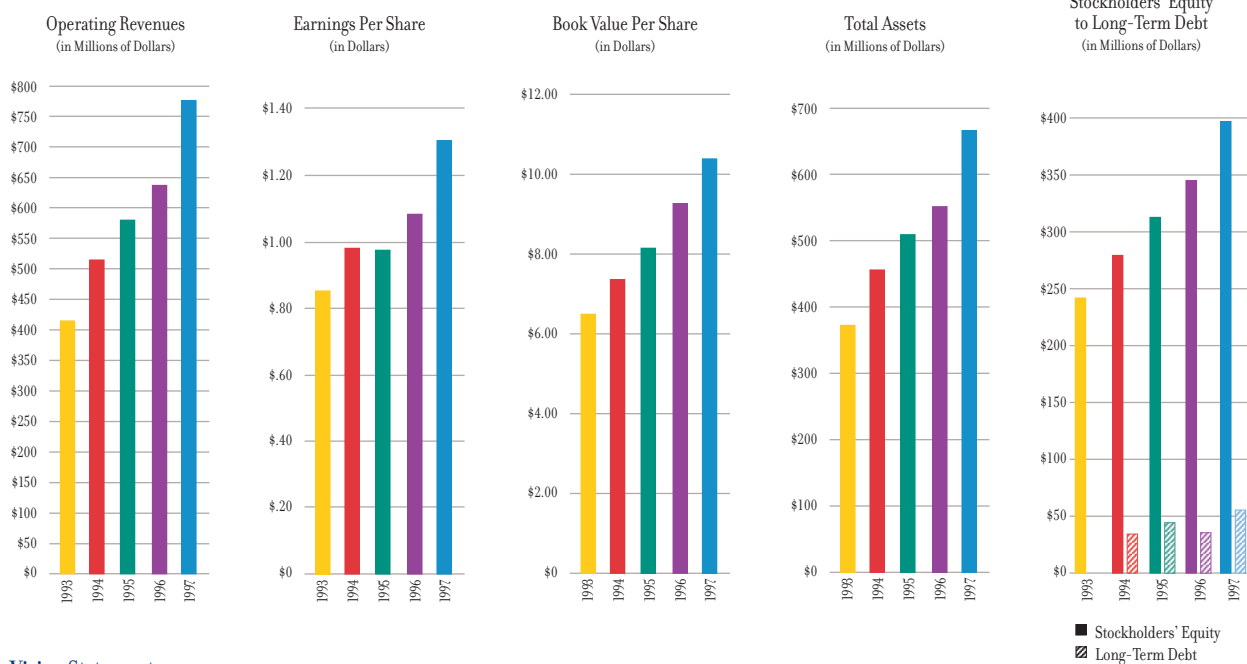
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## Financial Highlights

(Dollars in thousands, except per share amounts)

	1997	1996	1995	1994	1993
Operating revenues	\$772,095	\$643,274	\$576,022	\$516,006	\$418,308
Net income	48,378	40,555	36,380	36,662	29,964
Earnings per share	1.27	1.07	.96	.97	.85
Diluted earnings per share	1.26	1.07	.96	.96	.85
Cash dividends declared per share	.10	.09	.08	.07	.06
Return on average stockholders' equity	13.1%	12.4%	12.5%	14.1%	15.9%
Operating ratio	89.9%	89.7%	89.4%	88.3%	87.8%
Book value per share	10.34	9.17	8.18	7.31	6.45
Total assets	667,638	549,211	507,679	453,637	373,375
Long-term obligations	60,000	30,000	40,000	30,000	-
Stockholders' equity	395,118	348,371	309,052	276,414	245,004



## Vision Statement

A clear vision—to be recognized as the premier provider of truckload transportation services.

**D**ear Stockholders:  
1997 was another record year for Werner Enterprises. Revenues rose 20% to \$772 million and earnings grew 19% to \$48.4 million. I am pleased to report that Werner Enterprises, once again, generated more profits than any other publicly traded truckload carrier.

Werner Enterprises' business model continues to reap substantial benefits. We are investing heavily in premium-equipped tractors and trailers and technology to expand our competitive advantage. Our significant fleet size, unwavering commitment to make on-time pickups and deliveries, and broad-based service offerings provide shippers with a unique transportation solution.

As larger shippers continue the trend to consolidate their carrier bases or outsource their transportation departments, Werner is one of only a handful of carriers capable of meeting and exceeding their expectations. Most importantly, Werner Enterprises has one of the best driver work forces in the industry.

I am optimistic about all of our target markets which include medium- to long-haul van, regional van, temperature-controlled, flatbed, dedicated, and logistics.

Today, Werner Enterprises has a small, but growing 1% share of these target markets. Over time, the large, financially stable carriers should continue to get larger to meet the requirements and

expectations of larger customers. Shippers require more from their carriers each year and only those carriers that can invest in new equipment, experienced drivers, and technology will be positioned to meet their expectations.

To meet our goal of increasing revenues and earnings at an average annual rate of 15% to 20%, we have established a goal of adding 800 trucks in 1998. From a freight demand standpoint, we see many existing and new customer opportunities to help us to achieve this goal.

While we fully expect that the market for experienced drivers will remain tight, Werner is taking action to lessen this significant concern. We are targeting 30% to 50% of our 1998 fleet growth in



our dedicated fleet and regional fleet divisions, which generally results in improved driver recruiting and retention due to predictable routes and frequent home time.

Over the past several months, Werner has worked closely with the Federal Highway Administration for approval of our proprietary automated hours of service system. When approved, this system, which we have already used to dispatch drivers in our operation for over two years, will save Werner drivers the hassle and inconvenience of handwriting paper logbooks on a daily basis. Drivers prefer to drive rather than fill out paperwork, and we expect this system will provide us with a driver retention and recruiting advantage as 1998 progresses. At my direction, we have further intensified our efforts to lower driver turnover. Since many drivers who leave do so in the first several months with the company, we are paying particular attention to all issues facing the new driver.

A sincere thank you to our customers for voting Werner Enterprises a 1997 Quality Carrier in the annual *Distribution* magazine survey. Werner was one of only four truckload carriers to receive this award. We are especially honored to receive this prestigious award since it reflects the opinions of thousands of shippers in the areas of on-time service, value, equipment and operations, customer service, and administration. Werner Enterprises has received the Quality Carrier Award each of the last five years. No other

truckload carrier received this award in both 1996 and 1997.

I am confident that our management team has the experience, industry knowledge, and depth to help us meet our growth goals. Over the years, I have worked to surround myself with the best management talent in the industry. Werner Enterprises is not dependent on one or a few key people. We have talented officers and managers in all critical areas of the Company.

Thank you for your investment in Werner Enterprises. I sincerely appreciate the confidence you have placed in our Company. I believe the future has never been brighter for Werner Enterprises and I look forward in anticipation to 1998 and the years to come.



Chairman of the Board and Chief Executive Officer

February 26, 1998



When a family emergency arose for Werner driver Marty Maguire, his Werner family responded. For two months in the fall of 1997, Marty needed to be at home frequently. The Werner family then rolled into action, because Werner understands that when one of our drivers has an emergency, it becomes everyone's concern. Fellow drivers met Marty enroute to swap trailers with him so he could get home. Marty's fleet manager and load planners made sure Marty's deliveries took him close to his New Jersey home. Everyone went "the extra mile" to demonstrate that Werner is not only a trucking company,

Werner is a driver company. Werner has successfully grown to become a large trucking company by remaining true to one of its earliest founding principles: treat each driver with care, respect, and dignity.

At Werner, our biggest competitive advantage is our people. Attracting, retaining, and building on the best driver force in the industry is a challenge. Our driver is the critical link between our customer and the Company—they are our front-line employees. Werner is grateful for its excellent drivers and reputation for

being one of the safest, most on-time carriers in the industry.

Recognizing that competitive, economic, demographic, and other factors are making it increasingly more difficult to attract and retain the type of driver that allows trucking companies to grow, the Company took an important proactive step. At the beginning of 1997, Werner raised driver pay by two

cents a mile, or about 8%. This driver pay increase helped ensure Werner would continue to provide premium on-time delivery service to its customers and maintain one of the top driver work forces in the trucking industry. In addition to mileage pay, Werner drivers



receive additional financial rewards for productivity, economical fuel usage, and longevity with the Company.

Along with one of the top compensation packages in the industry, Werner's trademark new, blue trucks help the Company attract and keep drivers. Several years ago, when our drivers told us they preferred conventional trucks rather than cabover trucks, the Company responded by phasing in its now all-conventional truck fleet.

A driver's truck is more than a vehicle—it is a driver's temporary home. Werner trucks include spacious cab interiors and additional room for comfort on the road. Drivers prefer that Werner assigns each driver their own truck, as compared to some carriers that require their drivers to change trucks each time they go home.

Along with a better ride and comfort, the Werner truck offers the drivers the horsepower they need to maintain a consistent speed, whether driving through Nebraska's plains or the hill country of Pennsylvania. Consistent speed helps driver productivity and safety.

Drivers know there's no place like home, and Werner works hard to get its drivers home on the exact date they want to be home. The Werner home time system automatically reminds drivers and fleet managers to agree on the next home time date each time the driver leaves his home. The computer system monitors and flags the time remaining until the next home time date. As the date approaches, the fleet manager works with load planners to get the driver routed in the direction of his home. Home time is planned and scheduled in advance, and we measure ourselves on our success in meeting our driver's expectations.



Each driver is treated as an individual. While we are one of the largest trucking companies in the U.S., our fleet managers have responsibility for a small group of about 45-50 drivers to give each driver the personal consideration that he or she needs. Each fleet manager and his or her drivers operate as a small unit of the larger Company, thereby enabling us to retain our small company culture while reaping the benefits of a large company.

The Company constantly seeks ways to enhance the driver's compensation and overall Werner experience. The Company's outstanding benefits for drivers include vacation pay, health and dental insurance with a prescription card, a passenger rider program, a 401(k) retirement plan, and an in-cab internet e-mail and phone voice mail communications system.

Werner offers a driver training program that is one of the most comprehensive in the industry. The length and quality of our training program is second to none. The program is strengthened by Werner's tuition reimbursement program and paid driver orientation.



Each driver also has the opportunity to attend regular monthly meetings to discuss ideas and concerns with the Werner management team. The Company has made a number of operational, marketing, safety, and other improvements as a result of driver suggestions from these meetings.

Two new, strategically placed terminals—Allentown, Pennsylvania, and Indianapolis, Indiana—opened in 1997 to accommodate freight growth in these geographic areas. New construction projects in Omaha, Nebraska, include an addition to the cafeteria which will double its current size and enable us to better serve our drivers when they are in Omaha; the

new off-site facility in south Omaha to be used as a fully equipped, back-up office site in the event of a natural disaster; an addition to the office building which includes one floor to be devoted exclusively to services for drivers; and preparations for new equipment maintenance facilities.

Werner's stable, disciplined work force with strong values is also a key factor in the Company's success. Our management team is one of the most experienced and qualified in the industry. Most

managers and officers have many years of experience at Werner.

The best people in the industry translate into the best service for our customers. By listening to the needs of our customers, and employee concerns, Werner builds a partnership that helps the Company grow with new and existing customers.

In 1997, the Company once again was awarded one of the industry's top recognitions: It was named *Distribution* magazine's "Reader's Best of the Best" Quality Carrier. Werner received the award for the fifth consecutive year—an industry record—and is the only truckload carrier to receive this award both

of the last two years. Special significance rests on the award because shippers, with whom we work on a daily basis, vote for the recipients. The Quality Carrier Award focuses on customer ratings for on-time performance, value, equipment and operations, customer service, and staff. The award is achieved by Werner's outstanding people, especially the best drivers in the industry.





**W**erner's well-maintained trucks and trailers are among the newest on the road. This important priority keeps our fleet operating at its peak performance, results in less equipment breakdown time, and improves on-time service. Less breakdown time also means Werner drivers are able to spend more time driving and earning greater pay.

Most drivers prefer to drive a new truck, and at Werner, our late-model trucks are a driver recruiting tool. New trucks also save money on maintenance, accidents, and driver recruiting. Newer equipment helps Werner adopt upgraded equipment technology more rapidly since the

Werner fleet is fully replaced every three years.

The average age of Werner tractors is 1.4 years and is 2.8 years for trailers. At year-end, the Company operated 14,700 trailers pulled by a fleet of 5,350 tractors.

Werner listens to drivers' preferences and we know the specifications they look for in a tractor. Based on driver input, our tractors are spec'd to attract and retain the best drivers. The raised roof

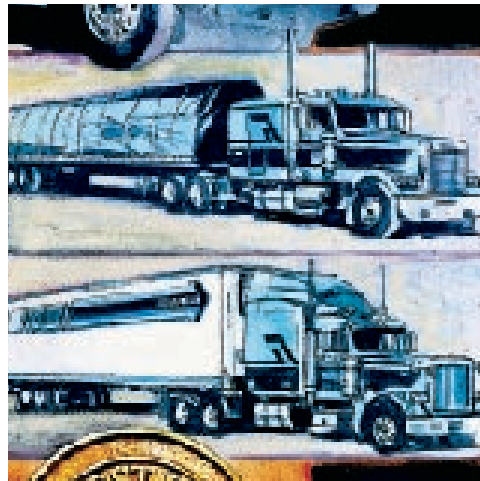
air-ride cab has an upgraded interior which includes power windows, tilt and telescoping steering wheel, power mirrors, extensive cabinetry, cruise control, captain's seats with armrests, an AM/FM stereo with cassette, and a writing desk.

Under the hood, Werner is increasing tractor horsepower in 1998 to enable drivers to maintain a consistent speed over various road grades.

Newer equipment offers better resale, which also saves money in the long run. Historically, Werner's three-year-old conventional tractors have commanded a good price in the used equipment market. Buyers prefer to buy trucks with driver-preferred speci-

fications and excellent maintenance records.

In keeping with its tradition of operating the newest equipment in the industry, Werner is adding to its van trailer fleet, with air-ride, composite van trailers. Air-ride trailers offer a softer, smoother ride for the cargo and the driver. Composite trailers are more durable and are preferred by some customers for their products.





If you want to see the future of trucking technology, look at Werner today. Werner Enterprises is leading the way with new technology that is becoming the industry standard.

A few examples of how the Company uses technology to improve its business include the proactive management of driver hours, prevention of late deliveries, and diagnosis of possible engine problems.

One such innovation could change the way the entire industry views driver logbooks. Electronic logbooks, developed by Werner Enterprises, are replacing the tedious paper logbooks used today throughout the industry.

Our electronic logging system, connected via satellite through Qualcomm™, helps assist Werner drivers in better use of their time. At Werner, we have been testing our proprietary electronic logging system for over two years. The system enables our load planners, fleet managers, and drivers to preplan the assignment of loads to maximize productivity within the legal driving hour limits. Also, without the added hassle of paper logbooks, drivers can relax and focus on driving.

When approval is received from the Federal

Highway Administration, Werner will begin a formal trial of the new technology in 1998. Werner is expected to be the first carrier in the United States to receive approval to implement such a system. The new electronic system is impressive, even in its early stages.

Another technological innovation from Werner that saves time and stress is its proprietary load monitoring system. The system prevents late loads by automatically

monitoring driver activity via satellite. While in transit, the computer system monitors loads and continually estimates the expected delivery time, based on the predicted average miles per hour, miles remaining, and hours the driver is available to drive.

If it appears that a late load is possible, the Company can take corrective action to avoid a late delivery or, at worst, to inform the customer in advance.

Advanced use of technology also allows Werner to track potential truck problems before they occur. If a truck is low on coolant, for example, Werner's enroute maintenance team will be automatically notified before it becomes a problem. Using satellite communications and our advanced engine diagnostic system, a driver is notified that he or she has a limited amount of time



to find a safe haven to check the problem. This forewarning saves on possible severe engine damage and adds to driver satisfaction. Each truck receives approximately 20 ongoing diagnostic checks at all times.

Werner has planned for the next millennium with the goal of having our computer systems year-2000 compliant by the fall of 1998. This progress and quick action illustrates Werner's ability to tackle larger day-to-day issues while staying ahead in overall technological applications.

While technology improvement is essential in the trucking business, Werner constantly balances the need for improved technology with the associated costs. We make sure that the bene-

fits to be gained from the technology outweigh the costs before we embark on a new technology project.

Our satellite communications providers tell us we use satellite technology more than any other trucking company. For more than five years, Werner trucks have been equipped with satellite communications devices. We have taken the base level of data and communications messaging from this system and have developed innovative applications to improve on-time service, get drivers home when

they want to be home, prevent equipment breakdowns, keep our drivers informed, and proactively manage drivers' hours of service without compromising productivity. The effective use of satellite communications technology has created a competitive advantage for Werner Enterprises.

Werner has recognized its increasing dependence on computer and communications technology. During

1998, we expect to complete construction of a fully functional, off-site disaster recovery facility. This facility will assist us in our goal of being able to rapidly move from our home office to another location in Omaha within 12 hours if a tornado, fire, or other disaster were



to occur. This would help us keep from skipping a beat with our customers and our drivers. The dual-purpose facility will also house records and additional information systems staff.

Werner's commitment to the latest trucking industry technology brings new meaning to "information highway." While some companies react to technological advances, Werner is one of the trucking companies that is leading the way.

**WERNER ENTERPRISES**  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

THE FOLLOWING TABLE SETS FORTH THE PERCENTAGE RELATIONSHIP OF INCOME AND EXPENSE ITEMS TO OPERATING REVENUES FOR THE YEARS INDICATED.

	1997	1996	1995
<b>Operating revenues</b>	<b>100.0%</b>	100.0%	100.0%
<b>Operating expenses</b>			
Salaries, wages and benefits	36.1	34.9	36.2
Fuel	8.8	9.6	8.2
Supplies and maintenance	8.2	8.3	8.8
Taxes and licenses	7.6	8.0	8.6
Insurance and claims	2.7	2.9	3.5
Depreciation	9.4	10.1	10.6
Rent and purchased transportation	17.1	15.2	13.1
Communications and utilities	1.1	1.3	1.4
Other	(1.1)	(.6)	(1.0)
Total operating expenses	<b>89.9</b>	89.7	89.4
<b>Operating income</b>	<b>10.1</b>	10.3	10.6
Net interest expense and other	.2	.1	.2
Income before income taxes	<b>9.9</b>	10.2	10.4
Income taxes	<b>3.6</b>	3.9	4.1
<b>Net income</b>	<b>6.3%</b>	6.3%	6.3%

THE FOLLOWING TABLE SETS FORTH CERTAIN INDUSTRY DATA REGARDING THE FREIGHT REVENUES AND OPERATIONS OF THE COMPANY.

	1997	1996	1995	1994	1993
Operating ratio	<b>89.9%</b>	89.7%	89.4%	88.3%	87.8%
Average revenues per tractor per week (1)	<b>\$2,755</b>	\$2,710	\$2,606	\$2,563	\$2,507
Average annual miles per tractor	<b>126,598</b>	126,221	121,728	120,312	122,304
Average miles per trip	<b>799</b>	808	785	835	881
Average revenues per mile (1)	<b>\$1.132</b>	\$1.116	\$1.113	\$1.108	\$1.066
Total tractors (at year end)					
Company owned	<b>4,490</b>	3,840	3,674	3,473	3,085
Owner-operator owned	<b>860</b>	760	676	527	442
Total tractors	<b>5,350</b>	4,600	4,350	4,000	3,527
Total trailers (at year end)	<b>14,700</b>	12,170	11,060	10,300	8,420

(1) Net of fuel surcharge revenues.

**WERNER ENTERPRISES**  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

## **RESULTS OF OPERATIONS**

### *1997 Compared to 1996*

Operating revenues increased by 20% over 1996, primarily due to a 15% increase in the average number of tractors in service and a 1% increase in the average revenue per mile, excluding fuel surcharges. The increased revenue per mile resulted from the Company obtaining rate increases from customers to partially offset a 2 cent per mile driver and owner-operator pay increase which became effective January 1, 1997. A \$24.3 million increase in revenues from logistics and other non-trucking transportation services also contributed to the overall increase in operating revenues. The Company's operating ratio (operating expenses expressed as a percentage of operating revenues) increased slightly from 89.7% to 89.9%. The increase in logistics transportation services resulted in a shift in costs to the rent and purchased transportation expense category from several other categories, as described below.

Salaries, wages and benefits increased from 34.9% to 36.1% of revenues due primarily to the impact of the 2 cent per mile driver pay increase. The increase was partially offset by the 1% increase in average revenue per mile, favorable workers compensation claim experience and increased revenues from logistics transportation services. At times, there have been shortages of drivers in the trucking industry. The Company anticipates that the competition for qualified drivers will continue to be high, and cannot predict whether it will experience shortages in the future. If such a shortage were to occur and increases in driver pay rates became necessary to attract and retain drivers, the Company's results of operations would be negatively impacted to the extent that corresponding freight rate increases were not obtained.

Fuel decreased from 9.6% to 8.8% of revenues due mainly to lower average fuel prices in 1997, compared to the unusually high prices during most of 1996. Increased revenues from logistics transportation services also contributed to the decrease. Fuel prices began rising at the end of the first quarter of 1996 and, for the most part, remained at elevated price levels during the remainder of 1996 and the beginning of the first quarter of 1997. The Company cannot predict whether higher price levels will return or the extent to which fuel surcharges could be collected from customers to offset such increases.

Taxes and licenses decreased from 8.0% to 7.6% of revenues due to increased revenues from logistics

transportation services, and refunds and favorable development of state tax issues. Insurance and claims decreased from 2.9% to 2.7% of revenues, due primarily to fewer severe accident claims and continued favorable claims experience in 1997, and increased revenues from logistics transportation services. Depreciation decreased from 10.1% to 9.4% of revenues, due principally to increased revenues from logistics transportation services, and a 2% increase in the average revenue per tractor per week, excluding fuel surcharges.

Rent and purchased transportation increased from 15.2% to 17.1% of revenues due primarily to the Company's increase in logistics transportation services. The shift in costs to the rent and purchased transportation category from several other expense categories can be expected to continue if the Company's logistics transportation revenues continue to grow at a faster rate than trucking revenues.

Other operating revenues changed from (.6%) to (1.1%) of revenues due to an increase in gains on sales of revenue equipment to third parties resulting from an increase in the number of tractors and trailers sold.

The Company's effective income tax rate (income taxes as a percentage of income before income taxes) was 36.4% in 1997, compared to 38.2% in 1996, as described in Note 3 of the Notes to Consolidated Financial Statements.

### *1996 Compared to 1995*

Operating revenues increased by 12%, due primarily to a 6% increase in the average number of tractors in service and a 4% increase in the average miles per tractor. The increase in average miles per tractor was attributable to an increase in freight serviced by team drivers, management focus on maximizing equipment utilization, and improved freight demand. The growth in team driver freight largely contributed to a 3% increase in the average miles per trip. Increased revenues from logistics transportation services and the implementation of a fuel surcharge to recover the higher cost of fuel beginning in April 1996 also contributed, to a lesser extent, to the increase in operating revenues. The Company's operating ratio increased slightly from 89.4% to 89.7%, as described below.

Owner-operator tractors represented a larger percentage of total tractors in service during 1996 (17%), compared to 1995 (15%), which caused a shift in expenses from the salaries, wages and benefits; fuel; supplies and maintenance; taxes and licenses; and depreciation categories (owner-operators are independent contractors and are responsible for these costs



**WERNER ENTERPRISES**  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

under their contracts with the Company) to the rent and purchased transportation category. The increase in logistics transportation services also contributed to the shift in costs to rent and purchased transportation.

Salaries, wages and benefits decreased as a percentage of revenues primarily due to an increase in the percentage of owner-operator tractors and increased revenues from logistics services, partially offset by reductions in the estimated liability for accrued driver payroll of approximately \$2.9 million during 1995.

Fuel costs increased from 8.2% to 9.6% of revenues due mainly to a 24% increase in average fuel prices, partially offset by the increased percentage of owner-operator tractors. In April 1996, the Company began efforts to recover a portion of the increased cost of fuel from customers via the use of fuel surcharges. The higher average fuel prices, net of fuel surcharges collected from customers, resulted in a \$.12 per share decrease in earnings for 1996 compared to 1995.

Supplies and maintenance decreased from 8.8% to 8.3% of revenues, due primarily to the increased percentage of owner-operator tractors and the increase in logistics transportation revenues. Taxes and licenses decreased from 8.6% to 8.0% of revenues, principally due to the increased percentage of owner-operators, increase in logistics revenues, and refunds of state sales taxes.

Insurance and claims decreased from 3.5% to 2.9% of revenues primarily due to improved accident claims experience during 1996. Depreciation decreased from 10.6% to 10.1% of revenues due primarily to the increased percentage of owner-operator tractors, increased tractor utilization, and the effect of a change in the estimated salvage value of certain trailers effective April 1995. Other operating expenses changed from (1.0%) to (.6%) of revenues due to a decrease in gains realized on the sale of revenue equipment to third parties.

The Company's effective income tax rate was 38.2% for 1996, compared with 39.0% for 1995, as described in Note 3 of the Notes to Consolidated Financial Statements.

***Liquidity and Capital Resources***

The growth of the Company's business has required significant investment in new revenue equipment. Net capital expenditures in 1997, 1996, and 1995 were \$152.6 million, \$86.2 million, and \$95.5 million, respectively. The capital expenditures were financed primarily with cash generated from operations and, to a lesser extent, borrowings. The Company

has committed to approximately \$75 million of capital expenditures (after trade-in allowances) which is a portion of its estimated 1998 capital expenditures. The Company expects to fund these expenditures primarily with cash generated from operations.

From time to time, the Company has and may continue to repurchase shares of its common stock. The timing and amount of such purchases depends on market and other factors.

The Company's financial position is strong. The Company has \$60 million of long-term debt and \$395 million in stockholders' equity. Based on the Company's strong financial position, management foresees no significant barriers to obtaining sufficient financing, if necessary, to continue with its growth plans.

***Year 2000 Issue***

Many computer programs were developed without considering the impact of the upcoming change from the year 1999 to the year 2000. If not corrected, these computer programs could fail or create erroneous results by or at the Year 2000. The Year 2000 issue affects virtually all companies and organizations. The Company has been working on a plan to convert its computer programs for the last two years, with the goal of being Year 2000 compliant for all systems by the Fall of 1998. The costs of addressing the Year 2000 issue are being expensed in the Consolidated Statement of Income as they are incurred and are not significant. If such modifications are not completed timely, the Year 2000 issue could have a significant impact on the operations of the Company.

***Forward-Looking Statements***

This report contains forward-looking statements which are based on information currently available to the Company's management. Although the Company believes the expectations reflected in such forward-looking statements to be reasonable, no assurance can be given that the expectations will be realized. Factors currently known to management that could cause actual results to differ materially from the expectations reflected in forward-looking statements include the following: price and availability of diesel fuel; availability of an adequate number of qualified drivers; competitive factors including rate competition; unanticipated changes in laws, regulations, and taxation; and the amount and severity of accident claims. General economic conditions and weather conditions may also significantly affect the Company's results, as its equipment utilization depends on the level of business activity of shippers in a variety of industries.

**WERNER ENTERPRISES**  
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

	1997	1996	1995
<b>Operating revenues (Note 1)</b>	<b>\$772,095</b>	\$643,274	\$576,022
<b>Operating expenses:</b>			
Salaries, wages and benefits	278,968	224,721	208,669
Fuel	67,600	61,611	47,431
Supplies and maintenance	63,060	53,337	50,646
Taxes and licenses	58,513	51,807	49,636
Insurance and claims	21,212	18,927	19,776
Depreciation (Note 1)	72,634	65,010	61,195
Rent and purchased transportation	132,261	97,525	75,229
Communications and utilities	8,358	8,164	8,086
Other	(8,158)	(3,958)	(5,662)
Total operating expenses	694,448	577,144	515,006
<b>Operating income</b>	<b>77,647</b>	66,130	61,016
Other expense (income):			
Interest expense	3,002	2,063	2,317
Interest income	(1,580)	(1,709)	(1,072)
Other	130	112	132
Total other expense	1,552	466	1,377
Income before income taxes	76,095	65,664	59,639
Income taxes (Notes 1 and 3)	27,717	25,109	23,259
<b>Net income</b>	<b>\$ 48,378</b>	\$ 40,555	\$ 36,380
Average common shares outstanding (Note 1)	38,205	37,873	37,757
<b>Earnings per share (Note 1)</b>	<b>\$1.27</b>	\$1.07	\$.96
Diluted shares outstanding (Note 1)	38,367	38,060	37,943
<b>Diluted earnings per share (Note 1)</b>	<b>\$1.26</b>	\$1.07	\$.96

The accompanying notes are an integral part of these consolidated financial statements.

**WERNER ENTERPRISES**  
**CONSOLIDATED BALANCE SHEETS**

(In thousands, except share amounts)

	December 31	
	1997	1996
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 1)	\$ 22,294	\$ 22,136
Accounts receivable, less allowance of \$3,126 and \$3,359, respectively	93,461	67,928
Prepaid taxes, licenses, and permits	8,405	7,753
Current deferred income taxes (Notes 1 and 3)	6,200	6,800
Other	15,432	11,547
Total current assets	<u>145,792</u>	<u>116,164</u>
Property and equipment, at cost (Note 1)		
Land	17,856	16,598
Buildings and improvements	35,195	30,127
Revenue equipment	578,903	480,008
Service equipment and other	66,145	52,342
Total property and equipment	698,099	579,075
Less - accumulated depreciation	176,253	146,028
Property and equipment, net	<u>521,846</u>	<u>433,047</u>
	<u>\$667,638</u>	<u>\$549,211</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 44,167	\$ 19,025
Insurance and claims accruals (Note 1)	22,161	19,758
Accrued payroll	9,116	8,970
Income taxes payable	6,983	3,752
Driver escrow	2,635	3,064
Other	6,729	4,496
Total current liabilities	<u>91,791</u>	<u>59,065</u>
Long-term debt (Note 2)	60,000	30,000
Deferred income taxes (Notes 1 and 3)	91,400	82,500
Insurance, claims and other long-term accruals (Note 1)	29,329	29,275
Commitments and contingencies (Note 5)		
Stockholders' equity (Notes 1 and 4):		
Common stock, \$.01 par value, 60,000,000 shares authorized; 38,656,773 shares issued; 38,226,135 and 37,988,079 shares outstanding, respectively	387	387
Paid-in capital	104,764	101,528
Retained earnings	296,533	251,976
Treasury stock, at cost; 430,638 and 668,694 shares, respectively	(6,566)	(5,520)
Total stockholders' equity	<u>395,118</u>	<u>348,371</u>
	<u>\$667,638</u>	<u>\$549,211</u>

The accompanying notes are an integral part of these consolidated financial statements.

**WERNER ENTERPRISES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

	1997	1996	1995
<b>Cash flows from operating activities:</b>			
Net income	\$ 48,378	\$ 40,555	\$ 36,380
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	72,634	65,010	61,195
Deferred income taxes	9,500	6,500	8,700
Gain on disposal of operating equipment	(8,789)	(5,156)	(6,921)
Tax benefit from exercise of stock options	1,610	788	123
Insurance, claims and other long-term accruals	54	539	4,300
Changes in certain working capital items:			
Accounts receivable, net	(25,533)	(10,057)	(5,349)
Prepaid expenses and other current assets	(4,537)	1,097	(1,403)
Accounts payable	25,142	3,306	(2,845)
Accrued payroll	146	1,252	(2,170)
Other current liabilities	7,432	122	1,794
Net cash provided by operating activities	<u>126,037</u>	<u>103,956</u>	<u>93,804</u>
<b>Cash flows from investing activities:</b>			
Additions to property and equipment	(215,585)	(117,599)	(131,585)
Retirements of property and equipment	62,941	31,382	36,088
Net cash used in investing activities	<u>(152,644)</u>	<u>(86,217)</u>	<u>(95,497)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of debt	50,000	-	10,000
Repayments of debt	(20,000)	(10,000)	-
Dividends on common stock	(3,815)	(3,344)	(2,895)
Repurchases of common stock	(2,471)	-	(1,013)
Stock options exercised	3,051	1,514	168
Net cash provided by (used in) financing activities	<u>26,765</u>	<u>(11,830)</u>	<u>6,260</u>
<b>Net increase in cash and cash equivalents</b>	<b>158</b>	<b>5,909</b>	<b>4,567</b>
Cash and cash equivalents, beginning of year	22,136	16,227	11,660
Cash and cash equivalents, end of year	<u>\$ 22,294</u>	<u>\$ 22,136</u>	<u>\$ 16,227</u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during year for:			
Interest	\$ 2,766	\$ 3,398	\$ 3,294
Income taxes	13,328	15,904	15,822

The accompanying notes are an integral part of these consolidated financial statements.

**WERNER ENTERPRISES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

(In thousands, except share amounts)

(Note 1)

	Common Stock	Paid-In Capital	Retained Earnings	Treasury Stock	Total Stockholders' Equity
BALANCE, December 31, 1994	\$ 258	\$100,171	\$181,599	\$ (5,614)	\$276,414
Purchases of 75,000 shares of common stock	-	-	-	(1,013)	(1,013)
Dividends on common stock (\$.08 per share)	-	-	(3,020)	-	(3,020)
Exercise of stock options, 36,000 shares	-	123	-	168	291
Net income	-	-	36,380	-	36,380
BALANCE, December 31, 1995	258	100,294	214,959	(6,459)	309,052
Dividends on common stock (\$.09 per share)	-	-	(3,538)	-	(3,538)
Exercise of stock options, 216,886 shares	-	1,363	-	939	2,302
Three-for-two stock split (Note 1)	129	(129)	-	-	-
Net income	-	-	40,555	-	40,555
BALANCE, December 31, 1996	387	101,528	251,976	(5,520)	348,371
Purchases of 126,500 shares of common stock	-	-	-	(2,471)	(2,471)
Dividends on common stock (\$.10 per share)	-	-	(3,821)	-	(3,821)
Exercise of stock options, 364,556 shares	-	3,236	-	1,425	4,661
Net income	-	-	48,378	-	48,378
BALANCE, December 31, 1997	\$ 387	\$104,764	\$296,533	\$ (6,566)	\$395,118

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Stockholders and Board of Directors of Werner Enterprises, Inc.:

We have audited the accompanying consolidated balance sheets of Werner Enterprises, Inc. (a Nebraska corporation) and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Werner Enterprises, Inc. and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Omaha, Nebraska,  
January 20, 1998.

## **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### ***Nature of Business***

Werner Enterprises, Inc. (the Company) is a transportation company operating under the jurisdiction of the Department of Transportation and various state regulatory commissions. The Company maintains a diversified freight base with no one customer or industry making up a significant percentage of the Company's receivables or revenues.

### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of Werner Enterprises, Inc. and its majority-owned subsidiaries. All significant intercompany accounts and transactions relating to these entities have been eliminated.

### ***Use of Management Estimates***

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

The Company considers all highly liquid investments, purchased with a maturity of three months or less, to be cash equivalents.

### ***Property, Equipment and Depreciation***

Additions and improvements to property and equipment are capitalized at cost, while maintenance and repair expenditures are charged to operations as incurred. At the time of trade-in, the cost of new equipment is recorded at an amount equal to the lower of the monetary consideration paid plus the net book value of the traded property or the fair value of the new equipment.

Depreciation is calculated based on the cost of the asset, reduced by its estimated salvage value, using the straight line method. Accelerated depreciation methods are used for income tax purposes. The lives and salvage values assigned to certain assets for financial reporting purposes are different than for income tax

purposes. For financial reporting purposes, assets are depreciated over the estimated useful lives of 30 years for buildings and improvements, 5 to 7 years for revenue equipment and 3 to 8 years for service equipment and other.

The Company periodically reviews its estimates related to the useful lives and salvage values of its revenue equipment. Effective April 1, 1995, the Company changed, on a prospective basis, the estimated salvage value for certain trailers. This change was to better reflect the value of used equipment and lower trailer utilization due to a higher trailer to tractor ratio and a decrease in the average miles per trip. The change resulted in a decrease in depreciation expense of approximately \$2,600,000 and an increase in net income of approximately \$1,600,000 (\$.04 per share) for the year ended December 31, 1995.

### ***Tires***

Tires placed on new revenue equipment are capitalized as a part of the equipment cost. Replacement tires are expensed when placed in service.

### ***Insurance and Claims Accruals***

Insurance and claims accruals, both current and noncurrent, reflect the estimated cost for cargo loss and damage, bodily injury and property damage (BI/PD), group health and workers' compensation claims, including estimated loss development and loss adjustment expenses, not covered by insurance. The costs for cargo and BI/PD are included in insurance and claims, while the costs of group health and workers' compensation claims are included in salaries, wages and benefits in the Consolidated Statements of Income.

The Company is responsible for liability up to \$500,000, plus administrative expenses, for each occurrence involving personal injury or property damage. The Company is also responsible for a \$1,500,000 annual aggregate amount of liability for claims between \$500,000 and \$1,000,000. Liability in excess of these amounts is assumed by the insurance carriers in amounts which management considers adequate.

The Company has assumed responsibility for workers' compensation, maintains a \$6,000,000 bond, has statutory coverage and has obtained insurance for individual claims above \$500,000.

Under these insurance arrangements, the Company maintains \$6,400,000 in letters of credit, as of December 31, 1997.

**WERNER ENTERPRISES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Revenue Recognition**

The Consolidated Statements of Income reflect recognition of operating revenues and related direct costs when the shipment is delivered.

**Income Taxes**

The Company uses the asset and liability method of Statement of Financial Accounting Standards (SFAS) No. 109 in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

**Common Stock and Earnings Per Share**

On August 9, 1996, the Company issued shares for a three-for-two common stock split effected in the form of a 50% stock dividend from authorized and unissued shares to stockholders of record on July 26, 1996. All references in the Consolidated Financial Statements and Notes to Consolidated Financial Statements with regard to the number of shares of common stock and the per share amounts have been adjusted to reflect the effect of the stock split. The stated par value of common stock of \$.01 per share did not change.

SFAS No. 128 "Earnings per Share" established standards for computing and presenting earnings per share (EPS) and became effective for the Company's 1997 financial statements. It requires dual presentation of basic and diluted EPS on the face of the income statement and a reconciliation of the basic EPS computation to the diluted EPS computation. Basic EPS is computed based on the weighted average number of common shares outstanding. The computation of diluted EPS is similar to basic EPS, except that it reflects the number of additional common shares that would have been outstanding if potentially dilutive common shares had been issued. The difference between the Company's weighted average shares outstanding and diluted shares outstanding is due to the dilutive effect of stock options for all periods presented. There are no differences in the numerator of the Company's computations of basic and diluted EPS for any period presented.

**(2) LONG-TERM DEBT**

Long-term debt consists of the following at December 31 (in thousands):

	1997	1996
Notes payable to banks under committed credit facilities	<b>\$40,000</b>	\$30,000
Series A Senior Notes	<b>20,000</b>	-
	<b><u>\$60,000</u></b>	<u>\$30,000</u>

The notes payable to banks under committed credit facilities bear variable interest (6.2% at December 31, 1997) based on the London Interbank Offered rate and mature in June 1999. The Series A Senior Notes bear fixed interest at 6.55% and mature in November 2002. Each of the debt agreements require, among other things, that the Company not exceed a maximum ratio of indebtedness to total capitalization of .6 to 1.

The carrying amount of the Company's long-term debt approximates fair value due to the duration of the notes and their interest rates.

**(3) INCOME TAXES**

Income tax expense consists of the following (in thousands):

	1997	1996	1995
Current			
Federal	<b>\$15,217</b>	\$17,109	\$ 12,472
State	<b>3,000</b>	1,500	2,087
	<b><u>18,217</u></b>	<u>18,609</u>	<u>14,559</u>
Deferred			
Federal	<b>8,017</b>	4,465	6,887
State	<b>1,483</b>	2,035	1,813
	<b><u>9,500</u></b>	<u>6,500</u>	<u>8,700</u>
Total income tax expense	<b><u>\$27,717</u></b>	<u>\$25,109</u>	<u>\$23,259</u>

### (3) INCOME TAXES, CONTINUED

The effective income tax rate differs from the federal corporate tax rate of 35% in 1997, 1996 and 1995 as follows (in thousands):

	1997	1996	1995
Tax at statutory rate	\$26,633	\$22,982	\$20,874
State income taxes, net of federal tax benefits	2,914	2,298	2,535
Favorable settlement of income tax issues	(2,000)	-	-
Other, net	170	(171)	(150)
	<u>\$27,717</u>	<u>\$25,109</u>	<u>\$23,259</u>

At December 31, deferred tax assets and liabilities consisted of the following (in thousands):

	1997	1996
Deferred tax assets:		
Insurance and claims accruals	\$ 19,904	\$18,713
Allowance for uncollectible accounts	860	1,341
Other	2,255	2,971
	<u>\$ 23,019</u>	<u>\$23,025</u>
Deferred tax liabilities:		
Property and equipment	\$103,291	\$94,384
Prepaid taxes, licenses and insurance	4,341	3,869
Other	587	472
	<u>\$108,219</u>	<u>\$98,725</u>

### (4) STOCK OPTION AND EMPLOYEE BENEFIT PLANS

#### Stock Option Plan

The Company's Stock Option Plan (the Stock Option Plan) is a nonqualified plan that provides for the grant of options to management employees. Options are granted at prices equal to the market value of the common stock on the date the option is granted.

Options granted become exercisable in installments from six to sixty-six 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 maximum number of shares of common stock that may be optioned under the Stock Option Plan is 3,000,000 shares.

At December 31, 1997, 688,062 shares were available for granting further options. At December 31, 1997, 1996 and 1995, options for 327,204, 481,611 and 586,856 shares with weighted average exercise prices of \$14.19, \$9.79, and \$7.73 were exercisable, respectively.

The following table summarizes Stock Option Plan activity for the three years ended December 31, 1997:

	Options Outstanding	
	Shares	Weighted-Average Exercise Price
Balance, December 31, 1994	1,100,100	\$10.87
Options granted	437,136	13.08
Options exercised	(36,000)	4.67
Options canceled	(15,750)	15.00
Balance, December 31, 1995	1,485,486	11.62
Options exercised	(216,886)	6.98
Options canceled	(58,313)	14.72
Balance, December 31, 1996	1,210,287	12.31
Options granted	450,500	20.13
Options exercised	(364,556)	8.37
Options canceled	(31,335)	13.80
Balance, December 31, 1997	<u>1,264,896</u>	<u>16.19</u>

The following tables summarize information about stock options outstanding and exercisable at December 31, 1997:

Range of Exercise Prices	Number Outstanding	Options Outstanding	
		Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
\$5.92	19,300	2.5 years	\$ 5.92
\$13.08 to \$16.00	795,096	6.6 years	14.21
\$20.13	450,500	9.9 years	20.13
	<u>1,264,896</u>	7.7 years	16.19

Range of Exercise Prices	Number Exercisable	Options Exercisable	
		Weighted-Average Exercise Price	
\$5.92	19,300	\$ 5.92	
\$13.08 to \$16.00	307,904	14.71	
\$20.13	-	20.13	
	<u>327,204</u>	14.19	

The Company applies the intrinsic value based method of Accounting Principles Board (APB) Opinion No. 25 and related interpretations in accounting for its Stock Option Plan. SFAS No. 123 "Accounting for Stock-Based Compensation" requires pro forma disclosure of net income and earnings per share had the estimated fair value of option grants on their grant date been charged to salaries, wages and benefits. If the fair value based method of SFAS 123 had been applied for 1997, 1996 and 1995, compensation expense related to stock options and the effect on net income and earnings per share would not have been significant. The fair value of the options granted during 1997 and 1995 was estimated using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 6 percent; dividend yield of 0.5 percent; expected life of 5.5 years; and volatility of 30 percent. The weighted-average fair value of options granted during 1997 and 1995 was \$7.64 and \$4.97 per share, respectively.



**WERNER ENTERPRISES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

***Employee Stock Purchase Plan***

Employees meeting certain eligibility requirements may participate in the Company's Employee Stock Purchase Plan (the Purchase Plan). Eligible participants designate the amount of regular payroll deductions and/or single annual payment, subject to a yearly maximum amount, that is used to purchase shares of the Company's common stock on the Over-The-Counter Market subject to the terms of the Purchase Plan. The Company contributes an amount equal to 15% of each participant's contributions under the Purchase Plan. Company contributions for the Purchase Plan were \$85,062, \$67,704 and \$79,977 for 1997, 1996 and 1995, respectively. Interest accrues on Purchase Plan contributions at a rate of 5.25%. The broker's commissions and administrative charges related to purchases of common stock under the Purchase Plan are paid by the Company.

***401(k) Retirement Savings Plan***

The Company has an Employees' 401(k) Retirement Savings Plan (the 401(k) Plan). Employees are eligible to participate in the 401(k) Plan if they have been continuously employed with the Company or its subsidiaries for six months or more. The Company matches a portion of the amount each employee contributes to the 401(k) Plan. It is the Company's intention, but not its obligation, that the Company's total annual contribution for employees will equal 2 1/2 percent of net income (exclusive of extraordinary items). Salaries, wages and benefits

expense in the accompanying Consolidated Statements of Income includes Company 401(k) Plan contributions and administrative expenses of \$1,014,633, \$1,030,248 and \$952,129 for 1997, 1996 and 1995, respectively.

**(5) COMMITMENTS AND CONTINGENCIES**

The Company has committed to approximately \$75,000,000 of net capital expenditures, which is a portion of its estimated 1998 capital expenditures.

The Company is involved in certain claims and pending litigation arising in the normal course of business. Management believes the ultimate resolution of these matters will not have a material effect on the financial condition of the Company.

**(6) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)**

(In thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>1997:</b>				
Operating revenues	\$172,049	\$193,635	\$200,237	\$206,174
Operating income	11,453	20,049	23,027	23,118
Net income	7,449	12,532	14,199	14,198
Earnings per share	.20	.33	.37	.37
Diluted earnings per share	.19	.33	.37	.37
<b>1996:</b>				
Operating revenues	\$147,903	\$159,640	\$167,155	\$168,576
Operating income	12,235	16,645	19,238	18,012
Net income	7,288	10,023	11,732	11,512
Earnings per share	.19	.27	.31	.30
Diluted earnings per share	.19	.26	.31	.30

**WERNER ENTERPRISES**  
CORPORATE INFORMATION

***Price Range of Common Stock***

The Company's common stock trades on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol WERN. The following table sets forth for the quarters indicated the high and low sale prices per share of the Company's common stock in the Nasdaq National Market from January 1, 1996, through December 31, 1997.

	High	Low
<b>1997</b>		
Quarter ended:		
March 31	19.25	15.88
June 30	20.75	18.25
September 30	24.75	17.50
December 31	26.63	19.00
<b>1996</b>		
Quarter ended:		
March 31	16.50	12.83
June 30	17.58	14.50
September 30	18.75	15.42
December 31	18.25	15.63

As of February 24, 1998, the Company's common stock was held by 244 stockholders of record and approximately 6,200 stockholders through nominee or street name accounts with brokers.

***Dividend Policy***

The Company has been paying cash dividends on its common stock following each of its quarters since the fiscal quarter ended May 31, 1987. The Company intends to continue payment of dividends on a quarterly basis and does not currently anticipate any restrictions on its future ability to pay such dividends. However, no assurance can be given that dividends will be paid in the future since they are dependent on earnings, the financial condition of the Company and other factors.

***Corporate Offices***

Werner Enterprises, Inc.  
14507 Frontier Road  
P.O. Box 45308  
Omaha, Nebraska 68145-0308  
Telephone: (402) 895-6640  
<http://www.werner.com>  
e-mail: [werner@werner.com](mailto:werner@werner.com)

***Annual Meeting***

The Annual Meeting will be held on Tuesday, May 12, 1998 at 10:00 a.m. in the Peter Kiewit Conference Center, 1313 Farnam Street, Omaha, Nebraska.

***Stock Listing***

The Company's common stock trades on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol WERN.

***Independent Public Accountants***

Arthur Andersen LLP  
1700 Farnam Street  
Omaha, Nebraska 68102

***Stock Transfer Agent and Registrar***

ChaseMellon Shareholder Services, L.L.C.  
Overpeck Centre  
85 Challenger Road  
Ridgefield Park, NJ 07660  
Telephone: (800)288-9541  
<http://www.chasemellon.com>

***Form 10-K***

A copy of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission may be obtained by calling or writing the Investor Relations Department, P.O. Box 45308, Omaha, Nebraska 68145-0308, (402) 895-6640.

## Werner Enterprises Directors and Officers

### Directors

**Clarence L. Werner**

Chairman of the Board and  
Chief Executive Officer (2), (3)

**Gary L. Werner**

Vice Chairman

**Curtis G. Werner**

Vice Chairman—Corporate Development

**Irving B. Epstein**

Attorney—Epstein and Epstein (1), (2), (3)

**Martin F. Thompson**

Retired President—Cherry County  
Livestock Auction Co. (1), (2), (3)

**Gerald H. Timmerman**

President—Timmerman & Sons (1), (3)

**Gregory L. Werner**

President

**Donald W. Rogert**

President—Mallard Sand and Gravel Co. (1)

**Jeffrey G. Doll**

President—Western Iowa Wine, Inc.

(1) Serves on audit committee.

(2) Serves on option committee.

(3) Serves on executive compensation committee.

### Officers

**Clarence L. Werner**

Chairman of the Board and  
Chief Executive Officer

**Gary L. Werner**

Vice Chairman

**Curtis G. Werner**

Vice Chairman—Corporate Development

**Gregory L. Werner**

President

**Robert E. Synowicki, Jr.**

Executive Vice President and  
Chief Operating Officer

**Richard S. Reiser**

Executive Vice President and  
General Counsel

**Alan D. Adams**

Vice President—Operations

**Mark A. Martin**

Vice President—Van Division

**Duane D. Henn**

Vice President—Safety

**Larry P. Williams**

Vice President—Logistics

**John J. Steele**

Vice President, Treasurer, and  
Chief Financial Officer

**Dwayne O. Haug**

Vice President—Maintenance

**James L. Johnson**

Corporate Secretary and Controller

P.O. Box 45308 • Omaha, Nebraska 68145-0308 • (402) 895-6640

[www.werner.com](http://www.werner.com)