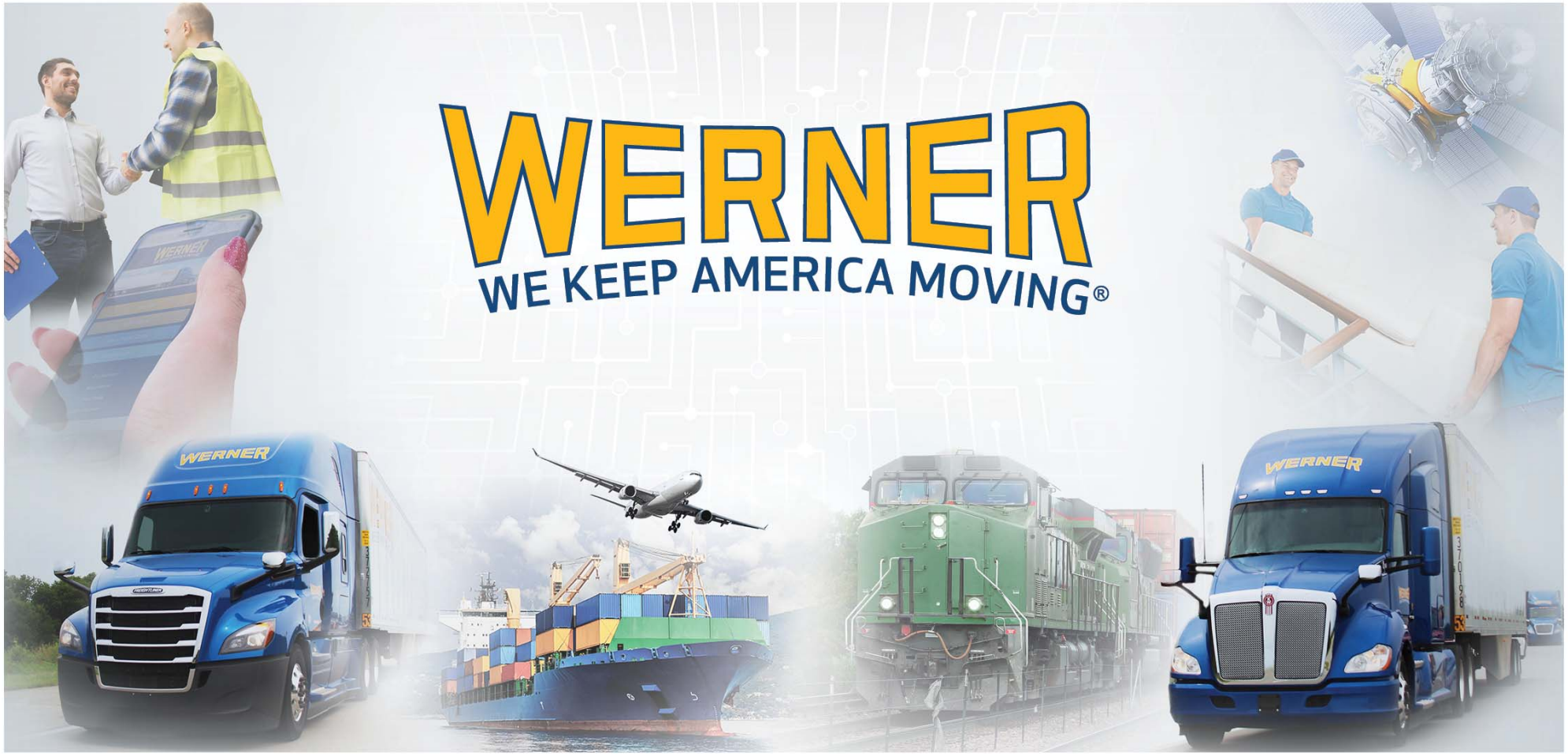


KeyBanc Capital Markets Industrials and Basic Materials Conference 2019

May 29, 2019

DISCLOSURE STATEMENT

This presentation 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, 2018.

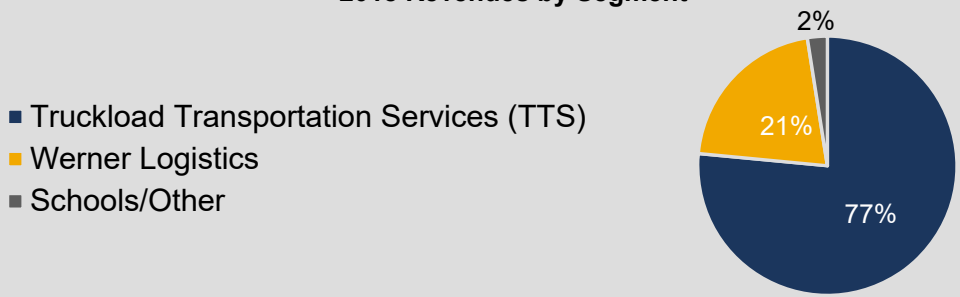
For those reasons, undue reliance should not be placed on any forward-looking statement. The Company assumes no duty or obligation to update or revise any forward-looking statement, although it may do so from time to time as management believes is warranted or as may be required by applicable securities 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.

WERNER OVERVIEW

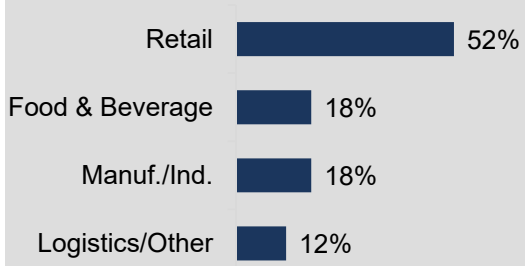
Premium Truckload Transportation & Logistics Services Provider

Headquarters	Omaha, NE
Market Cap[1]	$2.3B
Dedicated Fleet Size[1]	4,560
One-Way Fleet Size[1]	3,385
Associates[2]	13,450
Quarterly Dividend Yield[1]	1.1%

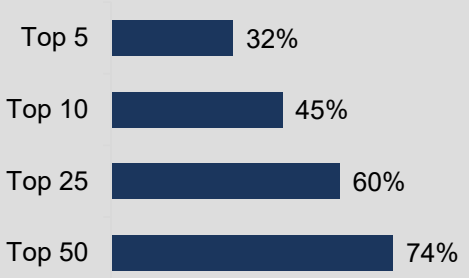
2018 Revenues by Segment



2018 Revenues by Vertical
Top 50 Customers



2018 Revenues by Customer



1 As of 5/15/19 for Market Cap and Quarterly Dividend Yield, and as of 3/31/19 for Dedicated Fleet Size and One-Way Truckload Fleet Size.
2 Associates as of 3/31/19 includes approximately 12,860 employees and 590 independent contractor drivers

COMPREHENSIVE, CUSTOMER FOCUSED SOLUTIONS

FREIGHT MANAGEMENT



FREIGHT MOVEMENT



WERNER ONE-WAY TRUCKLOAD

3,385 Trucks

- Dry Van
- Expedited
- Cross Border
- Temp Control

WERNER DEDICATED

4,560 Trucks

- DC to store replenishment
- Engineered fleets
- Private fleet conversion
- Specialty equipment

WERNER LOGISTICS

40 Trucks

- Brokerage
- Freight Management
- Intermodal
- Global
- Final Mile

GLOBAL IMPLEMENTATION



TECHNOLOGICAL ADVANTAGES



FIVE T'S STRATEGY EXECUTION

01	Tractors		▪ Reduced tractor age to 1.8 years; maintain at or near this level going forward
02	Trailers		▪ Reduced trailer age to 4.1 years, lowest level since the year 2000
03	Talent		▪ Despite an extremely competitive driver market, reduced driver turnover to the second-lowest 1Q level in the last 20 years
04	Terminals		▪ Upgraded and expanded our terminal network to improve driver training, safety, equipment maintenance and throughput
05	Technology		▪ Upgrading and modernizing our IT infrastructure and data security; expanding driver mobility by strengthening our Drive Werner app and developing a new in-cab technology solution; enhancing our logistics applications software to improve real-time execution and decision making.

Best in Class Customer Service

MODERN, DRIVER-PREFERRED FLEET



TRACTORS

- New, modern, well-equipped, aerodynamic, driver-preferred fleet from top-quality OEMs
- 1.8 average age; industry average 5.8 years
- ~100% collision mitigation (auto-braking for safety)
- ~100% auto manual transmission – helps with training and fuel efficiency
- Adding forward-facing cameras with substantial fleet completion by year-end 2019

TRAILERS

- Newer, modern trailers; average age of 4.1 years
- 93% dry van, 6% temp controlled, 1% specialized
- Transitioning fleet to white trailers with new branding beginning in 2015 – 63% of trailer fleet to date
- Trailer tracking beginning to lower our trailer/tractor ratio, resulting in slightly higher trailer sales volume than originally planned in 1H19
- ~100% GPS trailer tracking with cargo sensors
- Trailer skirts for enhanced fuel mpg management
- Tire inflation systems for improved performance and fuel efficiency

FLEET SALES STRATEGY MAXIMIZES RESALE VALUE

- 27 years in the remarketing business of our premium, pre-owned trucks and trailers
- Experienced and knowledgeable fleet sales team
- Enhanced search engine and mobile device features to attract truck sales business
- Late-model trucks with low mileage of 350-400k
- Trucks are premium equipped to maximize ultimate resale value
- Ahead-of-curve equipment features attractive to second buyers (CM & AMT)
- Remaining warranty, tax reform incentives

OUR DRIVER STRATEGY IS WORKING IN A VERY COMPETITIVE LABOR MARKET

Werner Programs are Attracting and Retaining Talent



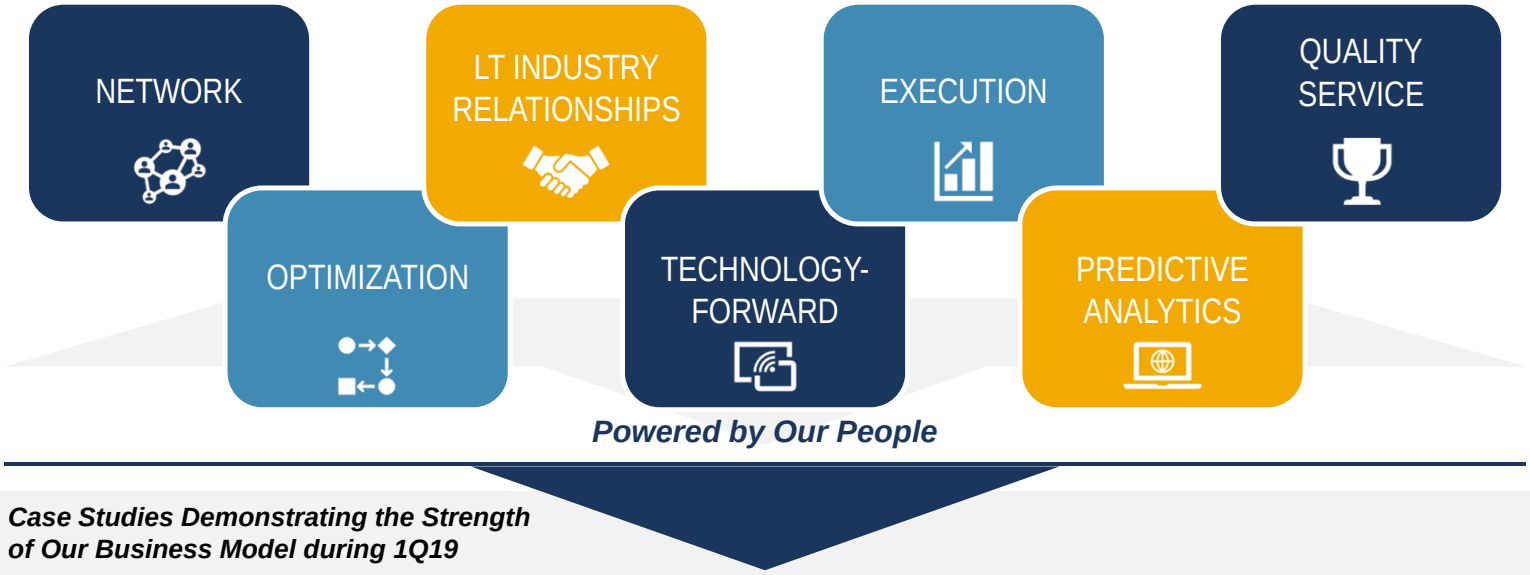
Photo Caption: CEO Derek Leathers meets with drivers at April 2019 Driver Appreciation Event

For 1Q19, 2nd Lowest 1Q Driver Turnover % in the Last 20 Years

New, modern & operationally efficient tractors and trailers	**Advanced truck fleet** with nearly 100% auto-manual transmissions & active-braking collision mitigation technology	**Top tier driver pay** packages for multiple & varied driving options	Nearly 60% of driving jobs in Dedicated with **better home time frequency**
Large driver training school network (14 locations in 11 states)	Industry-leading driver recruiting & retention program for **former military personnel**	**Female driver** percentage double the industry average	**Over 20 years & 18 billion miles** of ELD experience

WERNER OPERATIONAL EXCELLENCE

OUR BUSINESS MODEL ENABLES STRONG EXECUTION



Case Studies Demonstrating the Strength of Our Business Model during 1Q19

Strong Execution Amid Difficult Weather Events	Deftly Managed Mexico Border Delays	Agility in Response to Changing Market Dynamics in Logistics

1Q 2019 HIGHLIGHTS

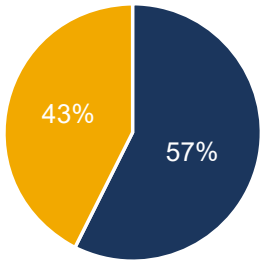
1Q19 Financial Highlights	▪ Revenues increased 6% to $596M ▪ GAAP EPS increased 34% to $0.51 ▪ Adj. EPS increased 37% to $0.52 ▪ Adj. operating income increased 40% to $49.2M ▪ Adj. operating margin improved ~200 bps to 8.2%
Strategic Updates and Other Developments	▪ Freight demand for our One-Way Truckload fleet was seasonally better than normal in 1Q19, but not as strong as the unusually strong 1Q18 ▪ At 3/31/19, 7,945 total tractors in TTS, up 560 YoY and 125 sequentially ▪ We effectively managed winter weather challenges that resulted in lower costs and higher margin performance in the quarter compared to 1Q18

TRUCKLOAD TRANSPORTATION SERVICES (TTS) RESULTS

	1Q18	1Q19	Change YoY
Revenues ($M)	$431.6	$462.9	7%
Adj. Op. Income ($M)	$33.4	$44.1	32%
Adj. Op. Margin	7.7%	9.5%	180 bps
Adj. OR, net FSC[1]	91.0%	89.1%	(190) bps

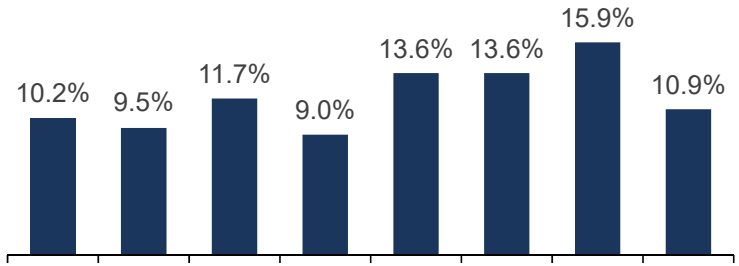
- TTS RPTPW[1] +2.8%. One-Way TL RPTPW[1] +2.8%, including 6.5% higher One-Way TL RPTM[1]
- TTS RPTPW[1] increases and operating margin expansion led to $10.7M Adj. operating income growth
- 8 consecutive quarters of improvement in adjusted TTS operating margin, net of fuel

Dedicated increased to 57% of TTS Fleet in 1Q19 from 42% in 1Q09



- Diversification strategy is working
- Balanced portfolio has positioned Werner to perform well in various market scenarios

Adjusted TTS Operating Margin, Net of Fuel



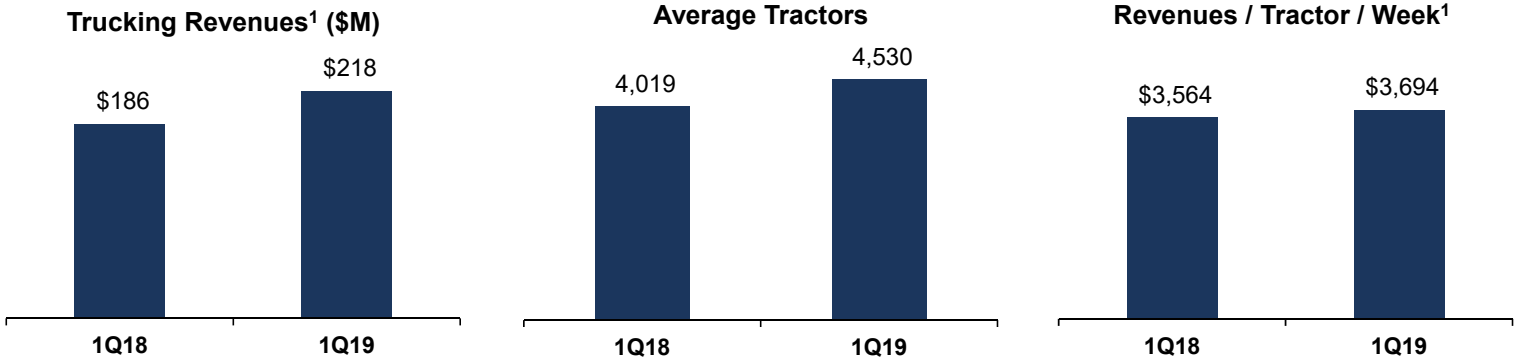
2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
350	370	240	200	340	410	420	190

YOY Change (BPS)

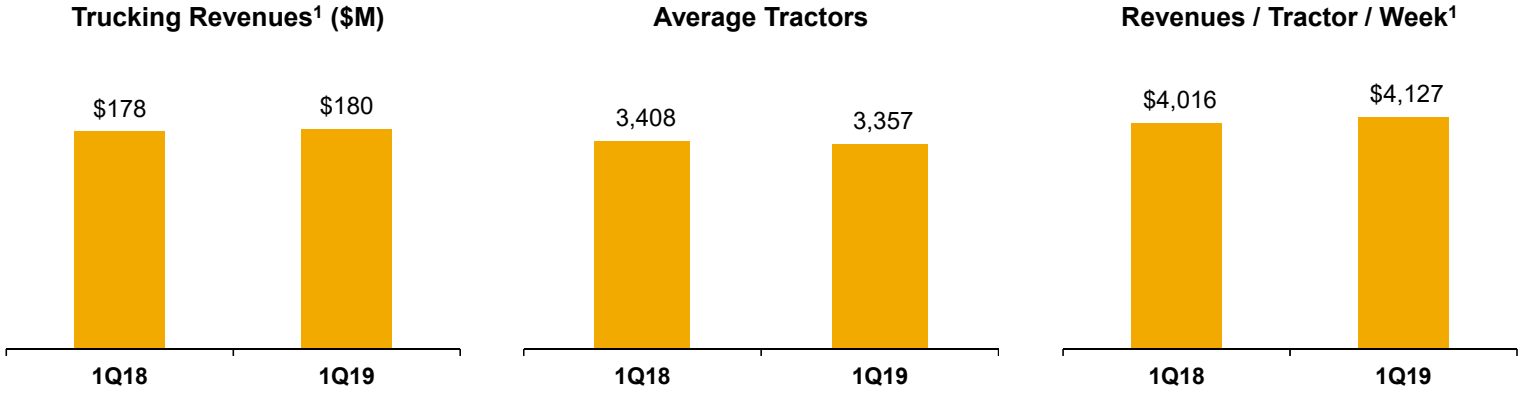
1 Net of fuel surcharge revenues

TTS[2] FLEET METRICS

Dedicated Truckload



One-Way Truckload



1 Net of fuel surcharge revenues

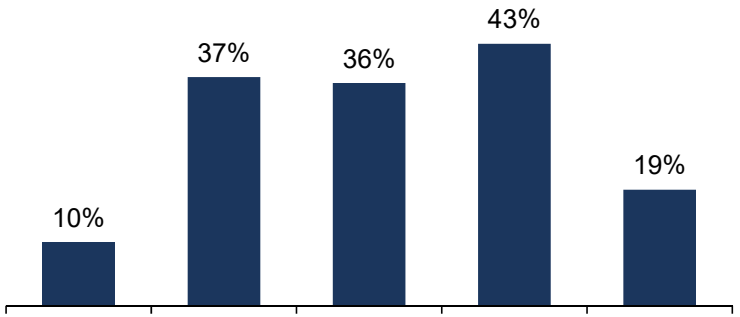
2 TTS consists of the Dedicated and One-Way Truckload fleets

WERNER LOGISTICS RESULTS

	1Q18	1Q19	Change YoY
Revenues ($M)	$117.4	$117.4	0%
Gross Margin	14.6%	17.3%	270 bps
Op. Income ($M)	$2.8	$4.7	71%
Op. Margin	2.3%	4.0%	170 bps

- A good, but less robust freight market led to fewer project freight opportunities, lower spot rates and winter weather challenges, which kept revenues flat YOY
- Continued investments in logistics technology enabled our team to more effectively source capacity and increase productivity which led to improved gross margin and operating margin

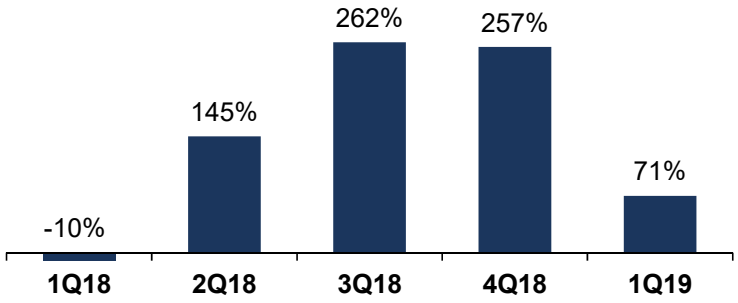
% Change in Gross Margin $



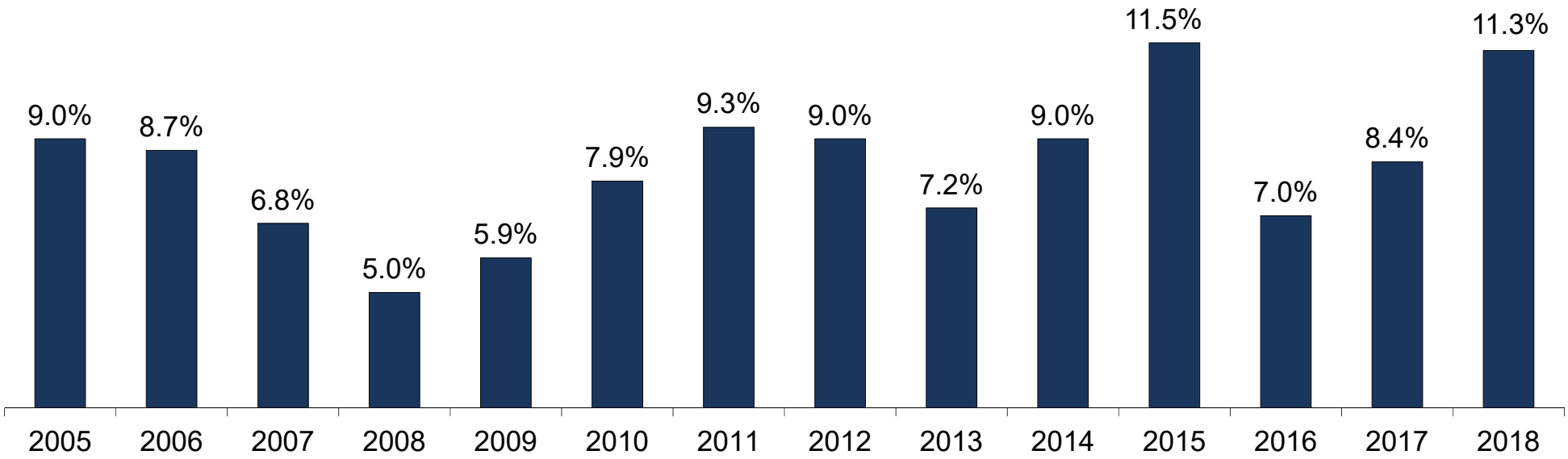
1Q18	2Q18	3Q18	4Q18	1Q19
-100	50	150	240	270

YOY Change (BPS)

% Change in Operating Margin $



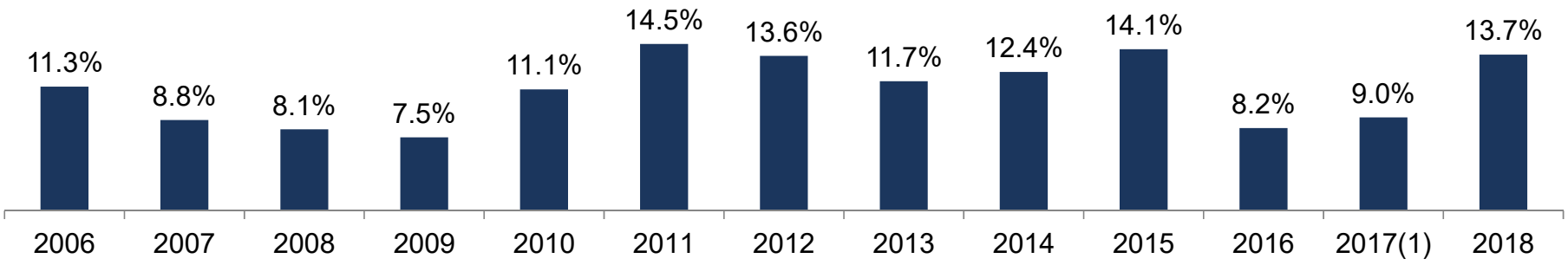
WERN TTS[(B)] ADJUSTED OPERATING MARGIN[(A)]



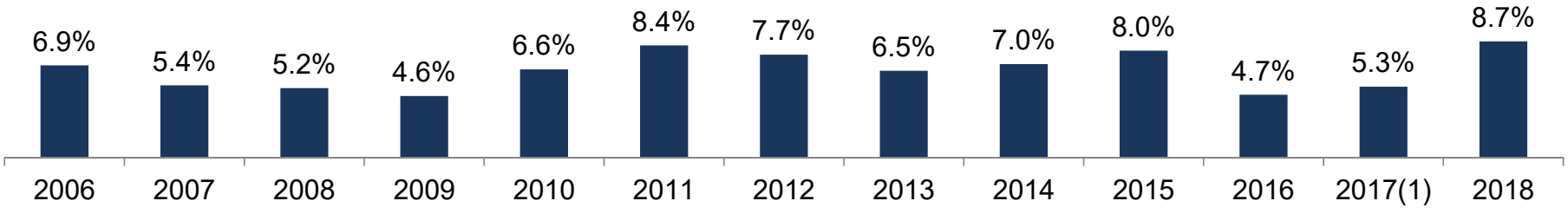
(A) Above percentages include fuel (fuel surcharge revenues and fuel expense)

(B) Truckload Transportation Services (includes Dedicated and One-Way Truckload)

ROE

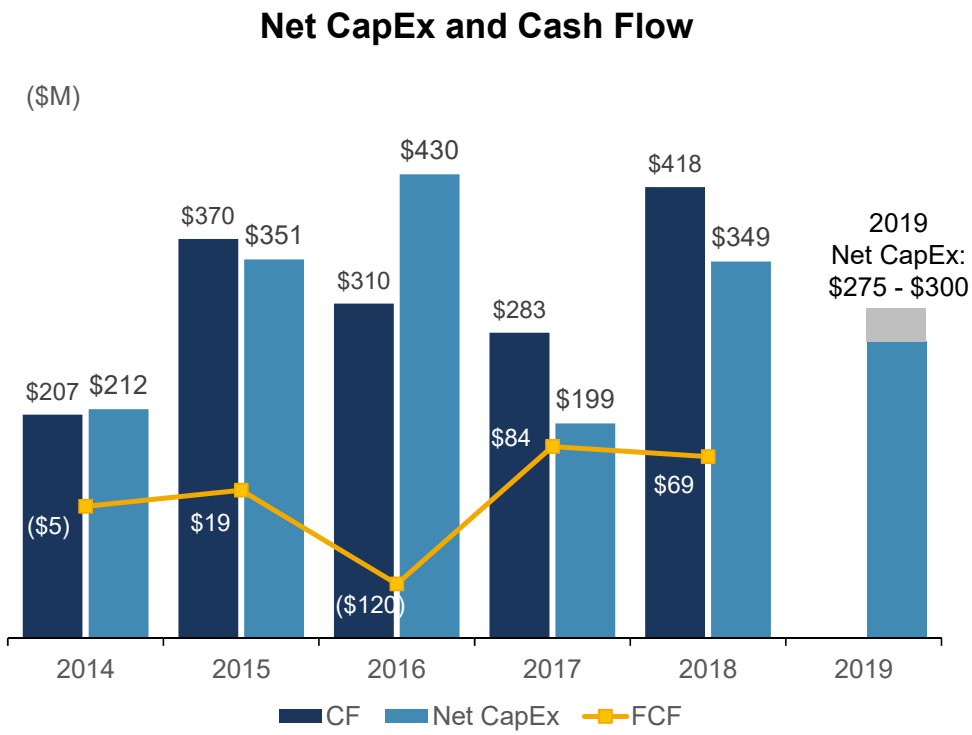


ROA



(1) Net income used for ROE and ROA excludes the non-cash income tax benefit of $111 million for the net deferred income tax liability reduction in 4Q17 due to the Tax Act.

CAPEX MODERATING IN 2019; STRONG FCF GENERATION FORTHCOMING



Commentary

- 2019 Net CapEx expected to normalize in the range of $275M to $300M; over the long term, targeting Net CapEx at 11-13% of gross revenues
- Net CapEx expected to be higher in 1H19 than in 2H19
- Investment in 2019 focused on continued IT modernization, commercial and operational excellence initiatives and advancing truck technologies
- Free Cash Flow expected to be in excess of $100M in 2019

CAPITAL ALLOCATION STRATEGY

Continue to Invest in Growth and Productivity

- First priority remains continued investment in the business across cycles; operational and commercial excellence initiatives in place
- 2019 Net CapEx spend lower than 2018 and more normalized
- Fleet and terminal network improved; continuing upgrades to IT infrastructure and truck technology

Return Cash to Shareholders

- Long history of returning cash via dividends and share repurchases
- Quarterly cash dividend rate per common share of $0.09 per quarter ($0.36 per year)
- In 1Q19, repurchased 600K shares for total cost of $20.5M;
- Announced on 5/14/19:
  - Special dividend of $3.75/share ($262M) to shareholders of record 5/24/19 and payable 6/7/19
  - New share repurchase authorization of 5 million shares
  - New 5-year bank credit facilities with existing banks in lending group, expanding credit capacity from $325M to $575M

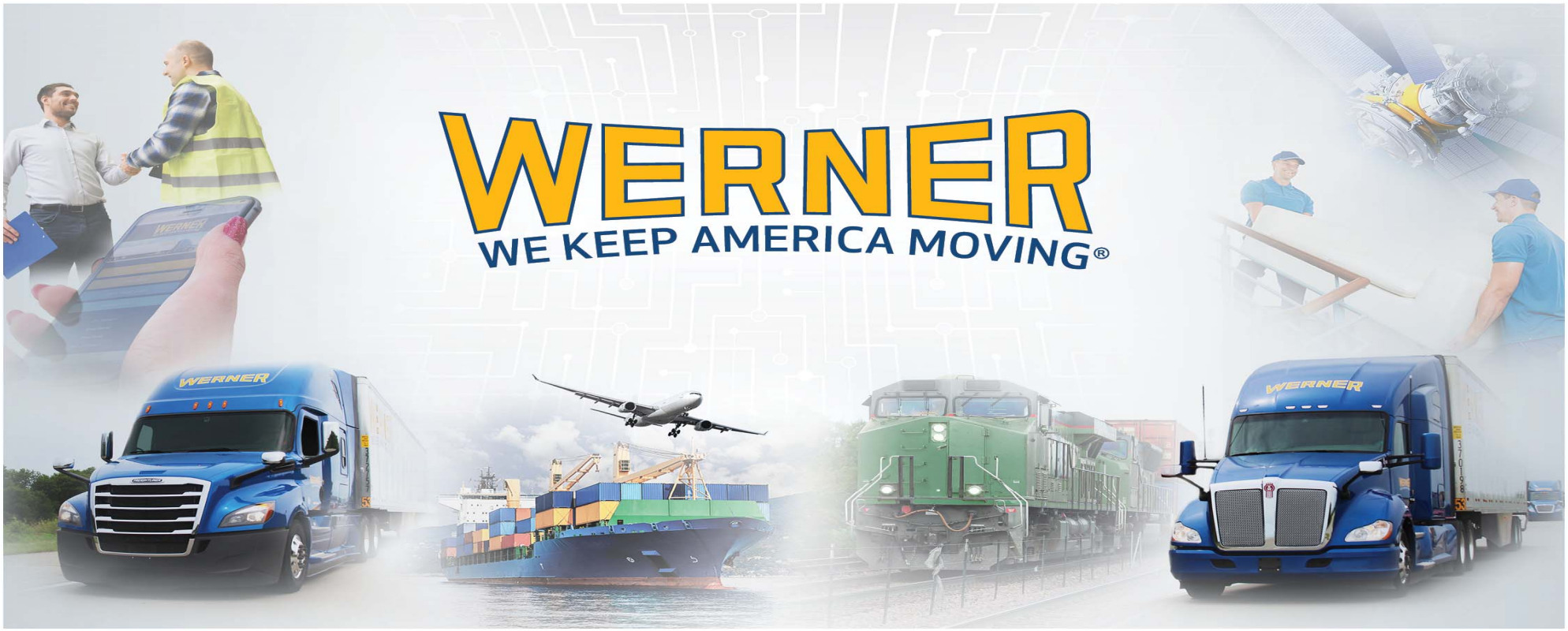
Flexible Balance Sheet

- Financial position remains strong
- As of March 31, 2019, $125M of debt outstanding, $65M of cash and nearly $1.3B of stockholders' equity; LTM EBITDA of $475M
- Provides flexibility to continue to invest in the business across cycles and opportunistically return capital to further drive shareholder value

SUMMARY – INVEST WITH US



Focused effort over the past several years to balance the portfolio toward more consistent revenue streams positions us well across various freight markets	Heavy capex period to transform our company is behind us; we will continue to invest strategically and are generating higher free cash flow	Our new, technologically-advanced fleet, updated terminal network and industry-leading experienced drivers will continue to serve as a differentiator	Long-term margin and return expectations going forward are higher than the past	We are a stronger, better positioned company than we were three years ago; we will continue to deliver shareholder value



APPENDIX

GAAP TO NON-GAAP RECONCILIATION

(UNAUDITED)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended March 31,	
	2019	**2018**
Operating revenues	$ 596,117	$ 562,684
Operating expenses	548,098	527,569
Adjusted for:		
Insurance and claims[1]	(1,150)	0
Adjusted operating expenses	546,948	527,569
Adjusted operating income[2]	49,169	35,115
Total other expense (income)	(161)	(205)
Adjusted income before income taxes	49,330	35,320
Adjusted income tax expense	12,384	7,513
Adjusted net income[2]	36,946	27,807
Diluted shares outstanding	70,572	72,671
Adjusted diluted earnings per share[2]	$ 0.52	$ 0.38

(1) During first quarter 2019, we accrued $1,150 of interest related to a previously disclosed excess adverse jury verdict rendered on May 17, 2018 in a lawsuit arising from a December 2014 accident. Additional information about the accident was included in our Current Report on Form 8-K dated May 17, 2018. Under our insurance policies in effect on the date of this accident, our maximum liability for this accident is $10.0 million (plus pre-judgment and post-judgment interest) with premium-based insurance coverage that exceeds the jury verdict amount. The Company is appealing this verdict. Management believes excluding the effect of this item provides a more useful comparison of our performance from period to period. This item is included in the Truckload Transportation Services segment in our Segment Information table.

(2) Our definition of the non-GAAP measures adjusted operating income, adjusted net income and adjusted diluted earnings per share begins with (a) operating expenses, the most comparable GAAP measure. We subtract the insurance and claims jury verdict interest accrual from (a) to arrive at adjusted operating expenses, which we subtract from operating revenues to arrive at (b) adjusted operating income. We subtract (c) total other expense (income) from (b) adjusted operating income to arrive at (d) adjusted income before income taxes. We calculate adjusted income tax expense (benefit) by applying the incremental income tax rate excluding discrete items to the net pre-tax adjustments and adding this additional income tax to actual income tax expense. We then subtract adjusted income tax expense from adjusted income before income taxes to arrive at adjusted net income. The adjusted net income is divided by the diluted shares outstanding to calculate the adjusted diluted earnings per share.

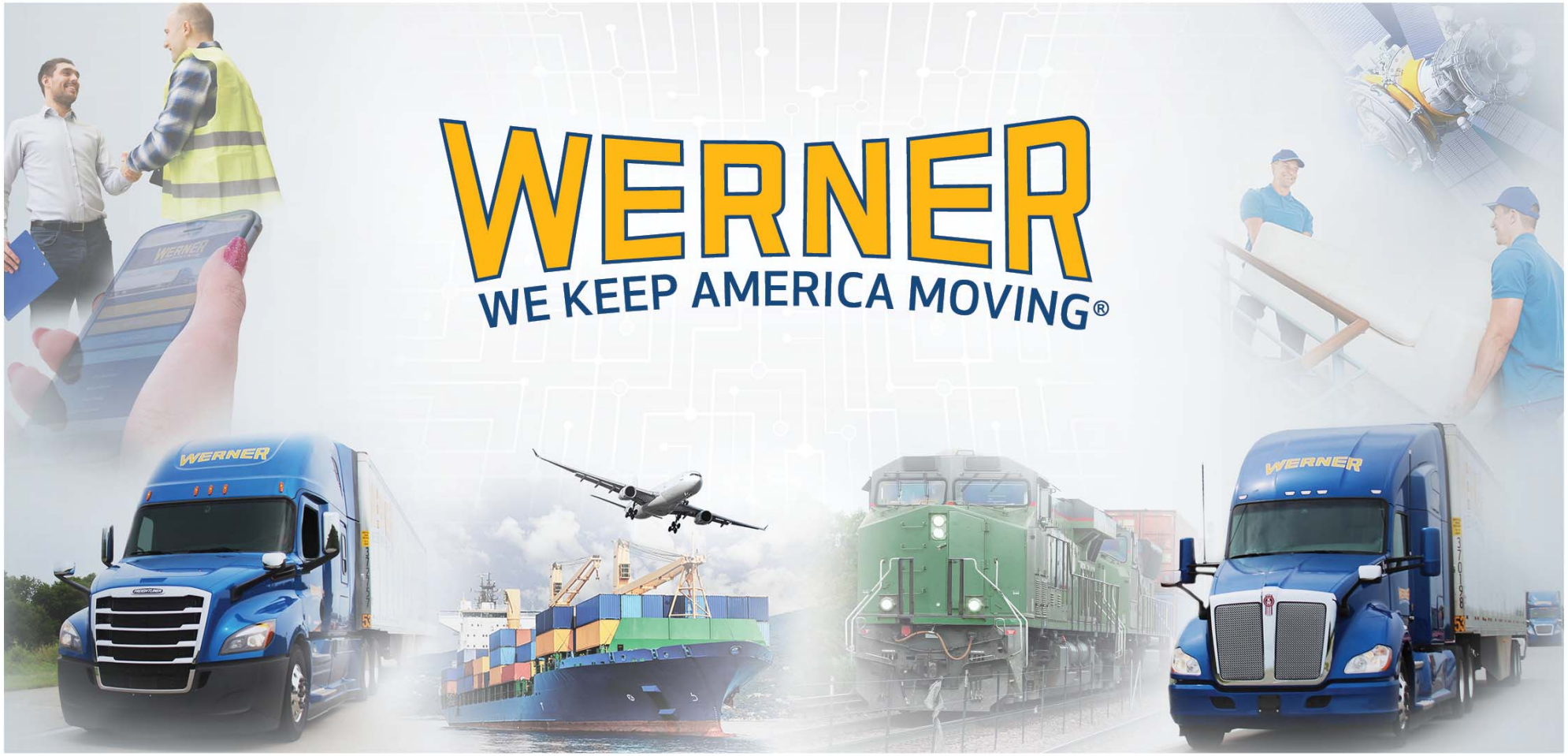
WERNER WELL-POSITIONED FOR POTENTIAL ECONOMIC OUTCOMES

Bullish case (domestic GDP growth > 2.5%, driver supply tight, freight demand solid)

- Werner continues to provide outstanding customer service with new fleet, more experienced drivers, enhanced IT, strong operational execution
- One-Way Truckload RPTM and driver pay increases rise in the mid-to-high single digit percentage range (2019 vs 2018)

Bearish case (domestic GDP growth < 2.5%, driver supply increases, freight demand moderates)

- Werner continues to provide outstanding customer service with new fleet, more experienced drivers, enhanced IT, strong operational execution
- One-Way Truckload RPTM and driver pay increases moderate to the low-to-mid single digit percentage range (2019 vs 2018)
- Werner already prepared with nearly 60% of trucks/drivers in more stable and predictable Dedicated; over 20% Logistics revenues; less exposure to One-Way Truckload market. Fleet already new, fleet does not need to be aggressively refreshed as we did during the last softer industry period in 2016.



For more information visit **Werner.com**