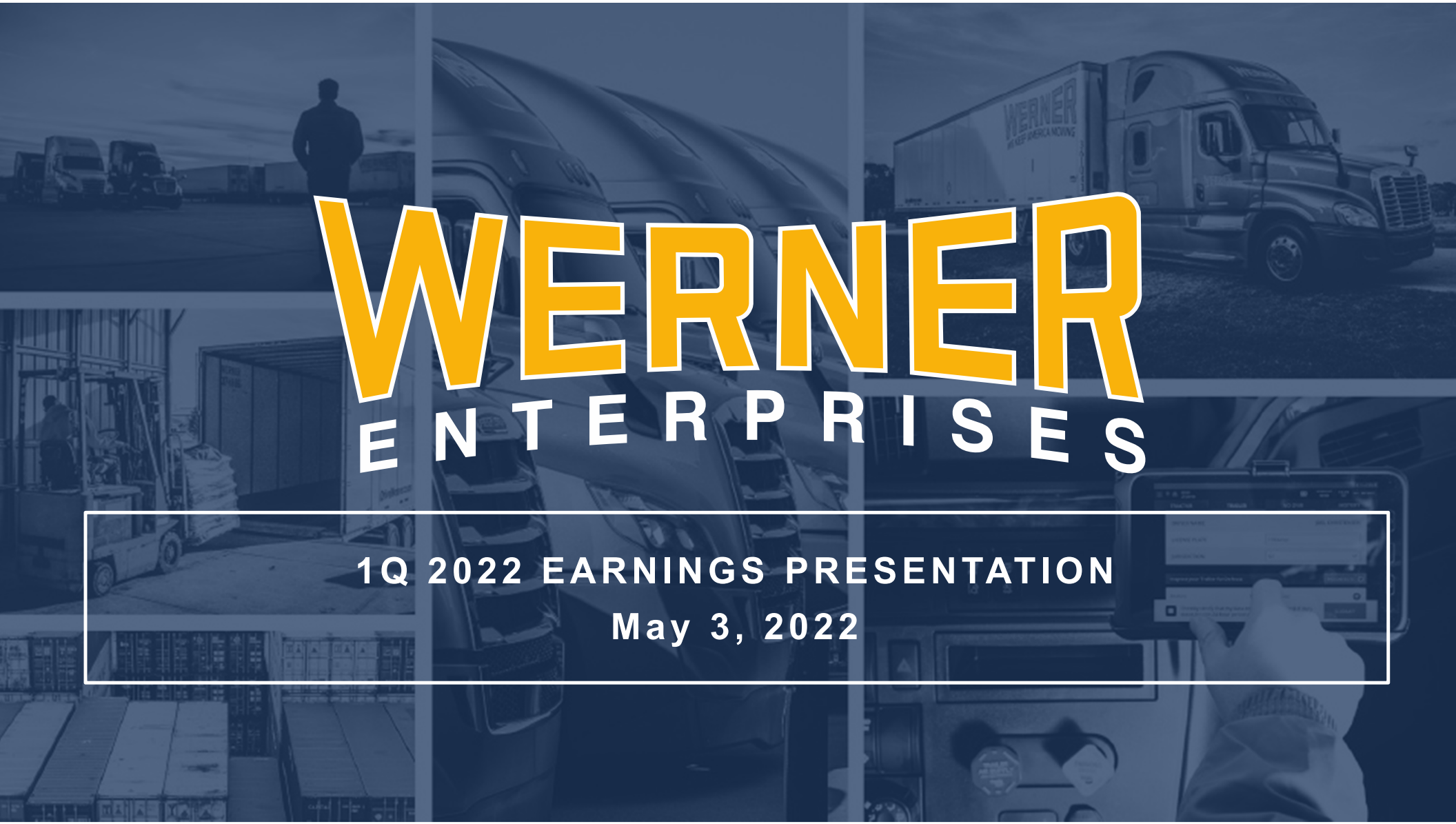


1Q 2022 EARNINGS PRESENTATION

May 3, 2022

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. Such statements are by nature subject to uncertainties and risks, including but not limited to, the impact of the coronavirus pandemic (COVID-19) and the operational, financial and legal risks detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated.

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.

Non-GAAP Financial Measures and Reconciliations

To supplement our financial results presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"), we provide certain non-GAAP financial measures as defined by the SEC Regulation G, including non-GAAP adjusted operating income; non-GAAP adjusted operating margin; non-GAAP adjusted operating margin, net of fuel surcharge; non-GAAP adjusted net income attributable to Werner; non-GAAP adjusted diluted earnings per share; non-GAAP adjusted operating revenues, net of fuel surcharge; non-GAAP adjusted operating expenses; non-GAAP adjusted operating expenses, net of fuel surcharge; non-GAAP adjusted operating ratio; and non-GAAP adjusted operating ratio, net of fuel surcharge. We believe these non-GAAP financial measures provide a more useful comparison of our performance from period to period because they exclude the effect of items that, in our opinion, do not reflect our core operating performance. Our non-GAAP financial measures are not meant to be considered in isolation or as substitutes for their comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. There are limitations to using non-GAAP financial measures. Although we believe that they improve comparability in analyzing our period-to-period performance, they could limit comparability to other companies in our industry if those companies define these measures differently. Because of these limitations, our non-GAAP financial measures should not be considered measures of income generated by our business. Management compensates for these limitations by primarily relying on GAAP results and using non-GAAP financial measures on a supplemental basis.





WERNER OVERVIEW, 1Q 2022

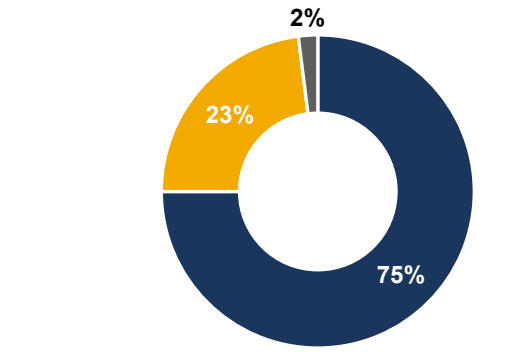
Derek Leathers
Chairman, President and Chief Executive Officer

WERNER OVERVIEW

Premium Truckload Transportation & Logistics Services Provider

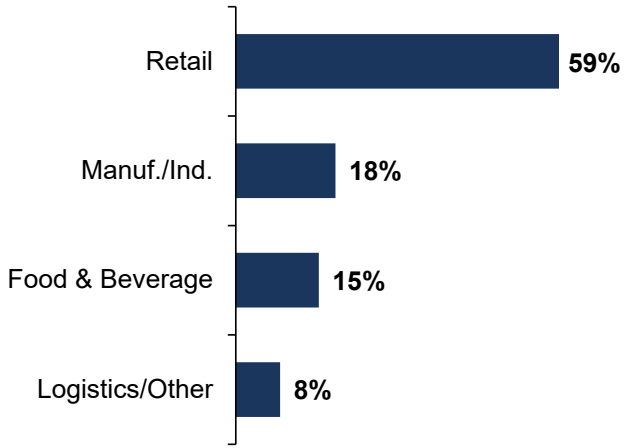
Omaha, NE	$2.6B	5,185	3,040	13,908	1.2%
Headquarters	Market Cap[1]	Dedicated Fleet Size[1]	One-Way Fleet Size[1]	Associates[2]	Dividend Yield[1]

2021 Revenues by Segment

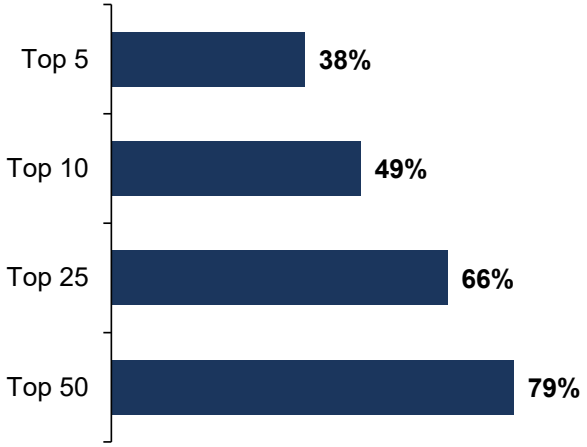


2021 Revenues by Vertical

Top 50 Customers



2021 Revenues by Customer



WERNER WE KEEP AMERICA MOVING®

[1] As of 4/29/22 for Market Cap and Dividend Yield and as of 3/31/22 for Dedicated Fleet Size and One-Way Truckload Fleet Size. [2] Associates as of 3/31/22 includes 13,643 employees and 265 independent contractor drivers. [3] TTS includes Dedicated and One-Way Truckload.

1Q 2022 HIGHLIGHTS

Financial Highlights		
	Revenues	↑ 24% to $765M
	GAAP EPS	↑ 20% to $0.82
	Adjusted EPS[1]	↑ 40% to $0.96
	Adjusted operating income[1]	↑ 37% to $86.2M
	Adjusted TTS operating margin[1, 2]	↑ 220 bps to 16.4%

Strategic Updates and Other Developments

Comparisons to prior year quarter unless otherwise noted

- Record first quarter operating income and EPS, the seventh consecutive quarter of record quarterly adjusted EPS
- Strong freight demand in Dedicated, One-Way Truckload and Logistics
- Driver recruiting and retention remains difficult; added 1 new driver training school location in 1Q22 and 2 more locations in April, we now have 22 schools
- An unusually strong used truck and trailer pricing market resulted in $10.0 million higher equipment gains compared to first quarter 2021
- Secured additional $200M of credit capacity with existing bank group; with no significant changes to pricing, terms or covenants
- Mark-to-market of minority equity investments resulted in non-operating loss of $9.8M (excluded from GAAP EPS to determine non-GAAP adjusted EPS)

[1] 1Q22 operating income (GAAP) was $83.5M and TTS operating margin (GAAP) was 13.6%. See attached Reconciliation of Non-GAAP Financial Measures.

[2] Net of fuel surcharge revenues.



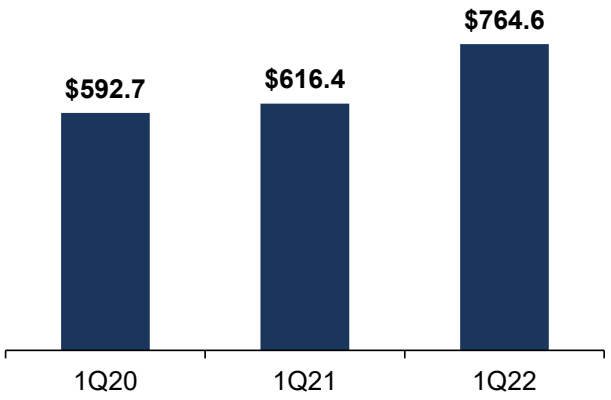


1Q 2022 COMPANY AND SEGMENT FINANCIAL RESULTS

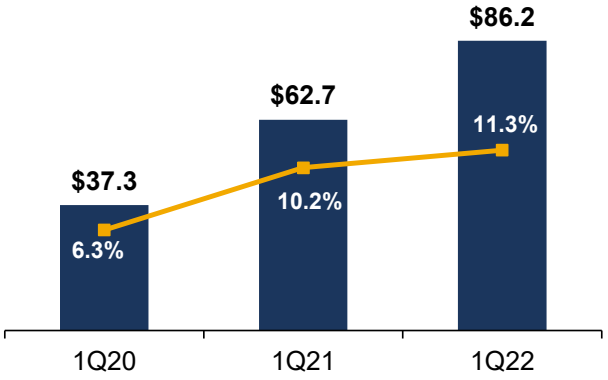
John Steele
EVP, Treasurer and Chief Financial Officer

1Q 2022 FINANCIAL PERFORMANCE

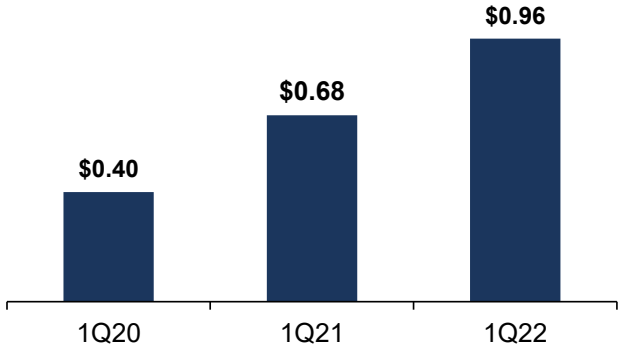
Total Revenues ($M)



Adjusted Operating Income[1] ($M) and Adjusted Operating Margin[1]



Adjusted EPS[1]



YoY Commentary (1Q22 vs. 1Q21)

- $148.2M increase in total revenues
- 8.8% higher TTS revenues per truck per week[1]
- 5.8% higher TTS average trucks
- 37% higher Logistics revenues

- 37% growth in adjusted operating income, or $23.5M
- Adjusted TTS operating income[2] increased $19.4M, or 33%
- Adjusted Logistics operating income[2] increased $5.6M, or 158%
- Corporate and Other operating income decreased $1.5M

- 40% growth in adjusted EPS
- Highest first quarter adjusted EPS in company history and second highest quarterly adjusted EPS in any quarter

[1]Operating income (GAAP) was $31.1M in 1Q20, $62.5M in 1Q21, and $83.5M in 1Q22. Operating margin (GAAP) was 5.2% in 1Q20, 10.1% in 1Q21, and 10.9% in 1Q22. EPS (GAAP) was $0.33 in 1Q20, $0.68 in 1Q21 and $0.82 in 1Q22. See attached Reconciliation of Non-GAAP Financial Measures.

[2] See attached Reconciliation of Non-GAAP Financial Measures.

TRUCKLOAD TRANSPORTATION SERVICES (TTS) RESULTS

	1Q20	1Q21	1Q22	1Q22 vs. 1Q21
Revenues ($M)	$464.9	$462.9	$558.4	21%
Adjusted Operating Income[1] ($M)	$35.3	$58.9	$78.3	33%
Adjusted Operating Margin[1,2]	8.5%	14.2%	16.4%	220 bps
Adjusted Operating Ratio[1,2]	91.5%	85.8%	83.6%	(220) bps

YoY Commentary (1Q22 vs. 1Q21)

- Revenues increased $95.5M due to a 15% increase in revenues per total mile, offset by a 5% decrease in miles per truck (fleet mix, fewer teams, driver turnover, Omicron)
- Strength of the operational execution of our Dedicated fleet (63% of average TTS trucks) and improved One-Way Truckload performance produced 33% adjusted operating income growth

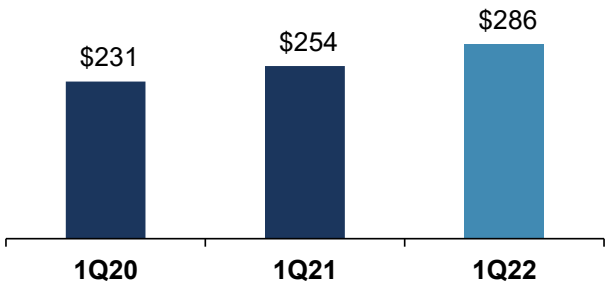
[1] TTS operating income (GAAP) was $29.1M in 1Q20, $57.6M in 1Q21, and $76.1M in 1Q22. TTS operating margin (GAAP) was 6.3% in 1Q20, 12.4% in 1Q21, and 13.6% in 1Q22. TTS operating ratio (GAAP) was 93.7% in 1Q20, 87.6% in 1Q21, and 86.4% in 1Q22. See attached Reconciliation of Non-GAAP Financial Measures.

[2] Net of fuel surcharge revenues.

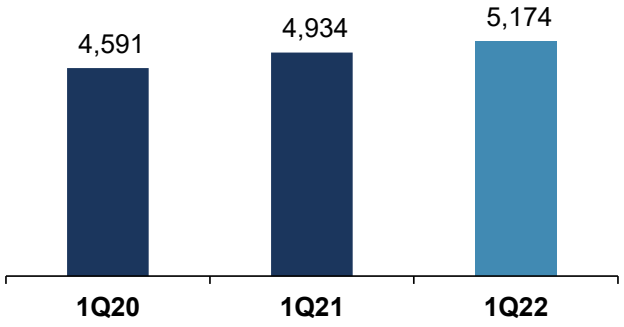
TTS[1] FLEET METRICS UPDATE

Dedicated Truckload

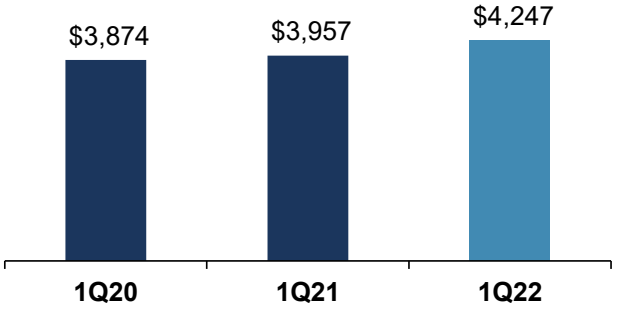
Trucking Revenues[2] ($M)



Average Trucks

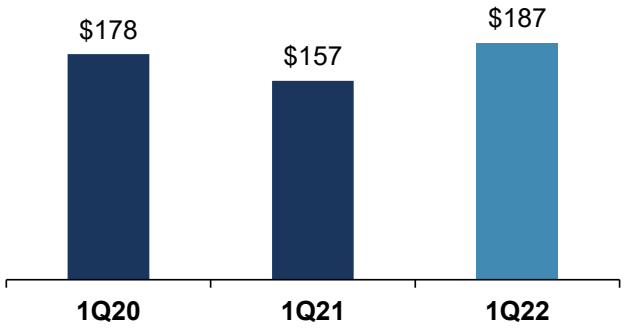


Revenues / Truck / Week[2]

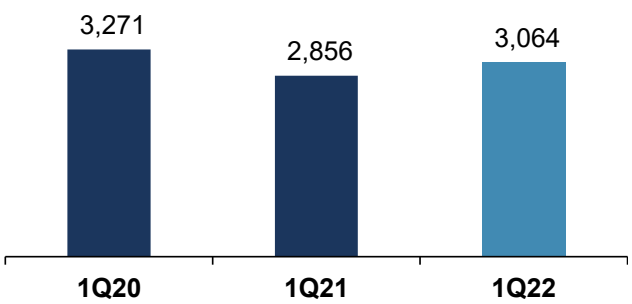


One-Way Truckload

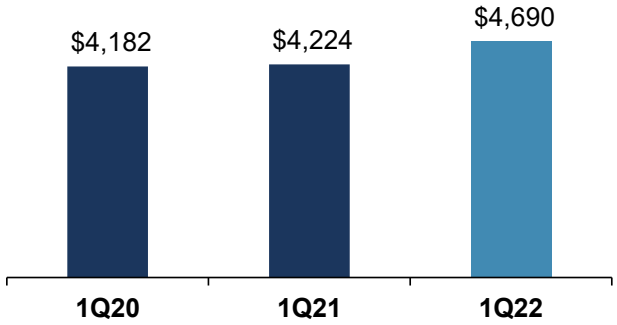
Trucking Revenues[2] ($M)



Average Trucks



Revenues / Truck / Week[2]

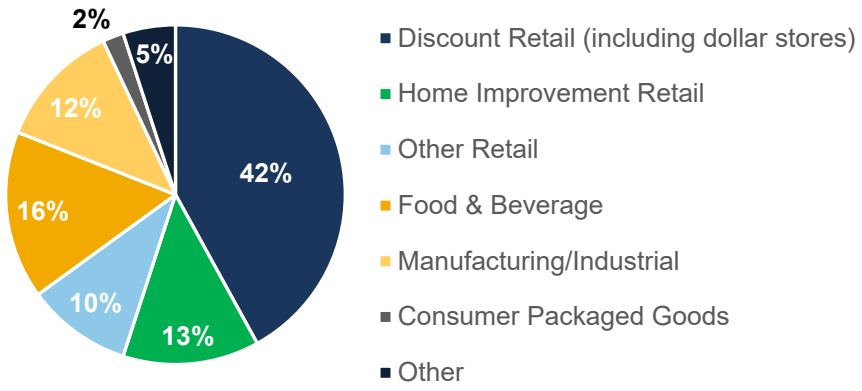


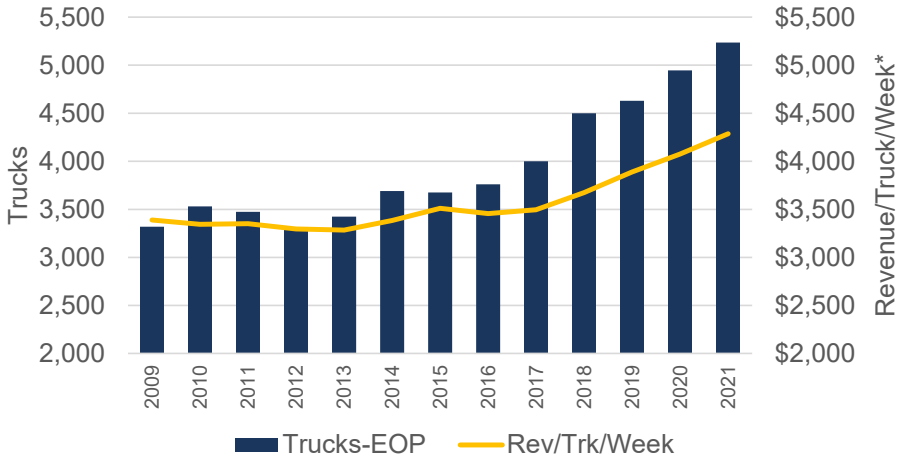
WERNER WE KEEP AMERICA MOVING®

[1] *TTS consists of the Dedicated and One-Way Truckload fleets.*
[2] *Net of fuel surcharge revenues.*

STABILITY AND DURABILITY OF WERNER'S DEDICATED FLEET

2021 Revenues by Vertical





** Net of fuel surcharge revenues*

Growing Business Segment Within TTS

- Dedicated fleet percentage of TTS fleet has grown from 46% in 2009 to 53% in 2016 to 63% in 2021
- Over 95% customer retention rate

Stable Customer Base

- 65% retail, with discount retail emphasis
- High service business with 99%+ on-time, safety-focused service with customers who view supply chain as competitive advantage
- Four of our five largest Dedicated customers have been in the top five every year for the last 10 years

Durable and Consistent Business Model

- Attractive and consistent operating margins in all economic conditions (e.g., rates remained positive YoY in 2019 downturn vs. 2018)
- Longer duration contracts
- Shorter-haul shipments; attractive driving positions with many home nightly or home weekly jobs
- All-miles pricing with minimum guarantees included in most of contracts
- Revenue per truck per week (net of fuel) has been positive YoY for the last five years and for seven of the last eight years

WERNER PREMIUM FLEET BENEFITS

Trucks

Modern truck fleet, with GPS tracking, from top-quality OEMs with an average age of 2.3 years[2] (vs. industry average of 5.6 years[1])

- Well-equipped with the latest technology and driver amenities to enhance operations and safety:
  - ~100% collision mitigation
  - ~100% auto manual transmission
  - ~100% forward-facing cameras
- Tablet-based telematics solution supports a safer and more efficient experience for our drivers

[1] ACT Research
[2] As of 3/31/22

Trailers

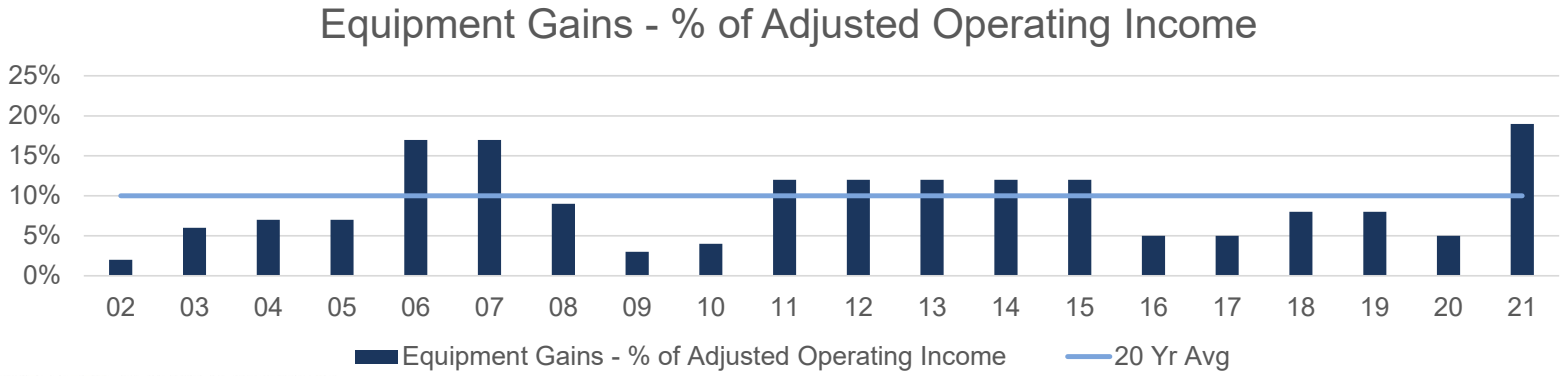
Modern 53' trailers with an average age of 4.6 years[2]

- 95% dry van, 4% temperature controlled, 1% flatbed
- GPS trailer tracking, trailer skirts and tire inflation systems on all trailing equipment



Werner Fleet Sales Strategy Maximizes Resale Value

- Nearly 30 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 buyers
- Late-model trucks with low mileage of 375k-425k
- Trucks are premium equipped to maximize ultimate resale value
- Ahead-of-curve equipment features are attractive to second buyers (CM & AMT)
- Remaining warranty



WERNER LOGISTICS RESULTS

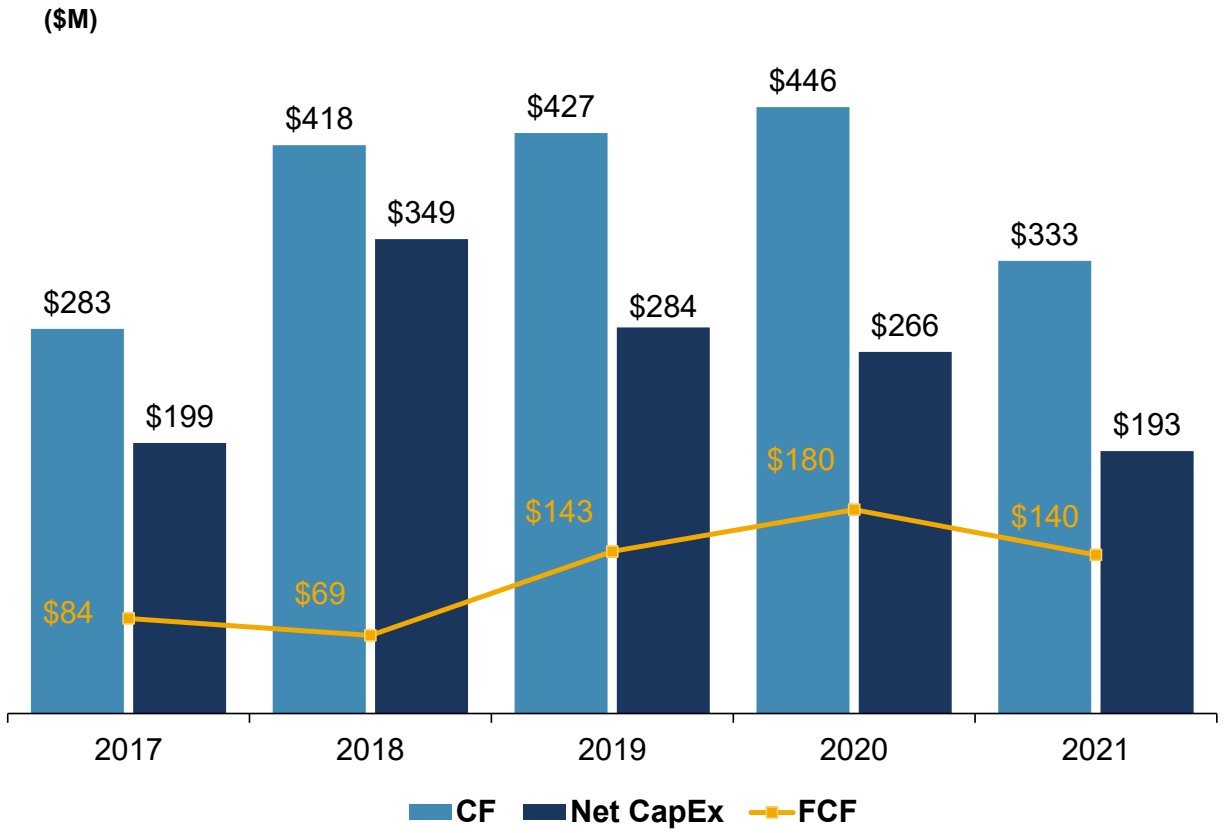
	1Q20	1Q21	1Q22	1Q22 vs. 1Q21
Revenues ($M)	$112.2	$137.9	$189.0	37%
Revenues, less purchased transportation expense ($M)	$16.2	$17.3	$31.5	82%
Adjusted Operating Income ($M)[1]	$1.1	$3.6	$9.2	158%
Adjusted Operating Margin[1]	1.0%	2.6%	4.9%	230 bps

YoY Commentary (1Q22 vs. 1Q21)

- Truckload Logistics revenues (67% of Logistics revenues) increased 46% in 1Q22 (a 24% increase in revenues per shipment and a 19% increase in shipments)
- Intermodal revenues (23% of Logistics revenues) grew 29% in 1Q22 (37% increase in revenues per shipment partially offset by a 6% decrease in shipments)
- Final Mile revenues (10% of Logistics revenues) increased $18.1 million, primarily due to our November 2021 Final Mile acquisition of NEHDS

[1] Werner Logistics operating income (GAAP) was $1.1M in 1Q20, $4.6M in 1Q21, and $8.7M in 1Q22. Werner Logistics operating margin (GAAP) was 1.0% in 1Q20, 3.3% in 1Q21, and 4.6% in 1Q22. See attached Reconciliation of Non-GAAP Financial Measures.

STRONG FCF GENERATION; EXPECTED TO CONTINUE



COMMENTARY

- FCF generation of $140M in 2021
- 2022 Net CapEx expected to be in the range of $250M to $300M; over the long-term, targeting Net CapEx at 11-13% of annual revenues
- Investment focused on maintaining a new truck/trailer fleet with the latest safety/equipment technology, modern terminal network, investing in our driver training school network, continued IT modernization, and advancing truck technologies

DISCIPLINED CAPITAL ALLOCATION

Priorities

Continual and Consistent Investment in the 5 Ts + S

- Reinvestments in new, feature-rich trucks and trailers, including the latest safety technology, that extend sustainable competitive advantages for customers and drivers
- Werner EDGE enhanced IT (better, faster, less expensive, more secure)

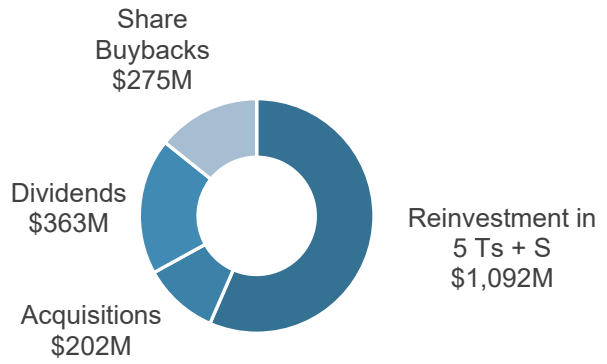
Committed to Return Value to Shareholders

- Continued quarterly dividends since 1987; raised quarterly dividend by 11% in 1Q21 and another 20% in 2Q21
- 845,100 shares purchased for $36.2M in 1Q22

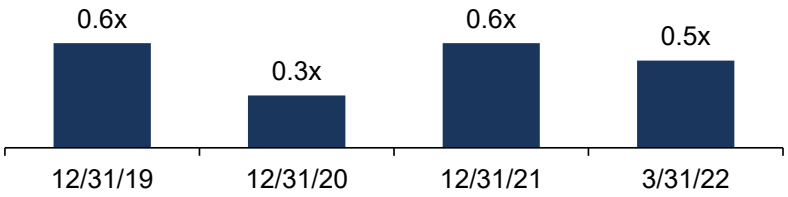
Maintain a Strong and Flexible Financial Position

- Expanded unsecured credit capacity from $600M to $800M in March 2022 with two lead banks
- Debt of $426M, Equity of $1,341M (as of 03/31/22)
- Long-term goal of net debt to EBITDA of 0.5x to 1.0x

Capital Allocation History 2018-2021 $1.9B



Net Debt to LTM EBITDA







UPDATE ON BUSINESS & FINANCIAL OUTLOOK

Derek Leathers
Chairman, President and Chief Executive Officer

5 Ts + S
ARE CORE COMPONENTS OF OUR STRATEGY
COMMITTED TO REMAINING AT THE FOREFRONT OF OUR INDUSTRY

	KEY FOCUS AREAS	RELEVANT UPDATES
1. Trucks	▪ Maintain the age of our industry-leading modern truck fleet, which includes state-of-the-art safety technology	▪ Truck and and trailer age increased slightly, due to OEM new equipment delivery delays; 60% lower than industry average truck age
2. Trailers	▪ Remain at forefront of industry with young trailer fleet age	
3. Talent	▪ Rigorous hiring and retention processes to attract and retain industry-leading talent	▪ Expanded driver training school network from 19 to 22 locations
4. Terminals	▪ Expansive network of terminals, dedicated fleet locations, and driving schools	
5. Technology	▪ Continuously upgraded and modernized IT infrastructure and data security (e.g., Werner EDGE)	▪ Expanded roll out of Mastery's MasterMind transportation management system to all Logistics offices
+ Sustainability	▪ Further develop our sustainability practices with specific milestone goals through a multi-phased strategy	▪ Multiple ESG updates in 1Q22 on next slide

THE EVOLUTION OF OUR ESG EFFORT

"While ESG concepts have long been woven into the fabric of Werner's history, the release of our inaugural CSR report further elevates our commitment to conducting business in a socially and environmentally responsible manner. We are excited to demonstrate our ongoing commitment to Sustainability, and we fully anticipate transformative growth and positive impact enabled by our ESG endeavor in the years to come." ***~ Derek J. Leathers, Chairman, President and Chief Executive Officer***

1Q 2022

- In April, launched a commercial pilot with autonomous truck start-up Aurora Innovation to test autonomous trucks between Fort Worth and El Paso
- Completed 2022 CSR report goal of launching WernerBlue Task Force, consisting of senior leadership, associates and board members to further ESG efforts
- Ongoing pilot with Cummins, Navistar and Eaton to use predictive analytics to enable predictive maintenance and increase MPG efficiency
- Took immediate action to further strengthen cybersecurity protection and compliance

PREVIOUS MILESTONES

1Q 2021
- Created two new roles and named diverse leaders: AVP of Sustainability and AVP of Diversity, Inclusion, and Learning
- Created three new Associate Resource Groups (ARGs)

2Q 2021
- Adopted SASB Disclosure Framework and aligned with specific U.N. SDGs
- Created two new ARGs

3Q 2021
- Published inaugural CSR Report
- Gained endorsement by Sustainability Accounting Standards Board (SASB)
- Set new ESG goals and milestones
- Created three additional ARGs
- Launched WernerBlue, our branded Sustainability endeavor

4Q 2021
- Established standalone ESG subcommittee of Board of Directors
- Participated in CODE (Commitment to Opportunity, Diversity, and Equity) assessment
- Purchased a battery diesel hybrid vehicle and ordered 10 BEV (battery electric vehicle) trucks
- Earned 2021 EPS SmartWay Excellence Award (5th consecutive year)

2022 GUIDANCE METRICS AND ASSUMPTIONS

	2022 Guidance (as of 2/3/22)	Actual (as of 3/31/22)	2022 Guidance (as of 5/3/22)	Commentary
2022 Guidance				
TTS truck growth from BoY to EoY	2% to 5% (annual)	(1%) (1Q22)	2% to 5% (annual)	Subject to driver availability and timing of delivery of new trucks from OEM's
Net capital expenditures	$275M to $325M (annual)	$37.1 M (1Q22)	$250M - $300M (annual)	Subject to timing of delivery of new trucks and trailers from OEM's
TTS Guidance				
Dedicated RPTPW[1] growth	3% to 5% (annual)	7.3% (1Q22 vs. 1Q21)	4% to 6% (annual)	Strong rate levels partially offset by lower miles per truck
One-Way Truckload RPTM[1] growth	16% to 19% (1H22 vs. 1H21)	20.8% (1Q22 vs. 1Q21)	14% to 17% (2Q22 vs 2Q21)	Continued strong contractual rate increases, moderating spot rates combined with fleet mix changes
Assumptions				
Effective income tax rate	24.5% to 25.5% (annual)	24.1% (1Q22)	24.5% to 25.5% (annual)	
Truck age	2.2 years	2.3 years	2.2 years	Subject to timing and availability of delivery of new trucks and trailers from OEM's
Trailer age	4.8 years	4.6 years	4.8 years	

[1] *Net of fuel surcharge revenues.*



Q&A

INVEST WITH US

Positioned for strong performance in a truckload freight market that is beginning to moderate from peak levels

- Large, stable and growing Dedicated fleet with winning customers who value our superior service; attractive driving positions with frequent home time
- Diversified One-Way fleet with strategic focus on MX cross-border, engineered lanes, team expedited, and regional business
- Expanding Logistics segment with proven truckload brokerage, intermodal and final mile delivery solutions

Focused on operational excellence and our performance

- Durable and consistent operations led by a credible and experienced management team
- Aligning with leading edge technology partners
- Industry-leading driver training school network

Achieving ESG goals, backed by experienced management team

- Corporate Social Responsibility (CSR) report available at werner.com

Positioned to generate superior earnings and free cash flow

- Driving long-term, sustainable shareholder value creation
- Strong balance sheet and disciplined cost management



WERNER ENTERPRISES



APPENDIX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – CONSOLIDATED
(unaudited)
(In thousands, except per share amounts)

Non-GAAP Adjusted Operating Income and Non-GAAP Adjusted Operating Margin [1]

	Quarter Ended March 31,					
	2020		2021		2022	
	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.
Operating income and operating margin — (GAAP)	$ 31,066	5.2%	$ 62,471	10.1%	$ 83,511	10.9%
Non-GAAP adjustments:						
Insurance and claims [2]	1,198	0.2%	1,258	0.2%	1,321	0.2%
Gain on sale of Werner Global Logistics [3]	-	0.0%	(1,013)	-0.1%	-	0.0%
Depreciation [4]	5,014	0.9%	-	0.0%	-	0.0%
Amortization of intangible assets [5]	-	0.0%	-	0.0%	1,359	0.2%
Non-GAAP adjusted operating income and non-GAAP adjusted operating margin	$ 37,278	6.3%	$ 62,716	10.2%	$ 86,191	11.3%

Non-GAAP Adjusted Net Income Attributable to Werner and Non-GAAP Adjusted Diluted EPS [1]

	Quarter Ended March 31,					
	2020		2021		2022	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 23,058	$ 0.33	$ 46,492	$ 0.68	$ 53,749	$ 0.82
Non-GAAP adjustments:						
Insurance and claims [2]	1,198	0.02	1,258	0.02	1,321	0.02
Gain on sale of Werner Global Logistics [3]	-	-	(1,013)	(0.02)	-	-
Depreciation [4]	5,014	0.07	-	-	-	-
Amortization of intangible assets, net of amount attributable to noncontrolling interest [5]	-	-	-	-	1,187	0.02
Loss on investments in equity securities [6]	-	-	-	-	9,806	0.15
Income tax effect of above adjustments [7]	(1,584)	(0.02)	(61)	-	(3,079)	(0.05)
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 27,686	$ 0.40	$ 46,676	$ 0.68	$ 62,984	$ 0.96

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – TRUCKLOAD TRANSPORTATION SERVICES (TTS) SEGMENT
(unaudited)
(In thousands)

Non-GAAP Adjusted Operating Income and Non-GAAP Adjusted Operating Margin [1]

	Quarter Ended March 31,					
	2020		2021		2022	
	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.
Operating income and operating margin — (GAAP)	$ 29,089	6.3%	$ 57,628	12.4%	$ 76,093	13.6%
Non-GAAP adjustments:						
Insurance and claims [2]	1,198	0.2%	1,258	0.3%	1,321	0.2%
Depreciation [4]	5,014	1.1%	-	0.0%	-	0.0%
Amortization of intangible assets [5]	-	0.0%	-	0.0%	859	0.2%
Non-GAAP adjusted operating income and non-GAAP adjusted operating margin	$ 35,301	7.6%	$ 58,886	12.7%	$ 78,273	14.0%

Non-GAAP Adjusted Operating Expenses and Non-GAAP Adjusted Operating Ratio [1]

	Quarter Ended March 31,					
	2020		2021		2022	
	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.
Operating expenses and operating ratio — (GAAP)	$ 435,774	93.7%	$ 405,321	87.6%	$ 482,324	86.4%
Non-GAAP adjustments:						
Insurance and claims [2]	(1,198)	-0.2%	(1,258)	-0.3%	(1,321)	-0.2%
Depreciation [4]	(5,014)	-1.1%	-	0.0%	-	0.0%
Amortization of intangible assets [5]	-	0.0%	-	0.0%	(859)	-0.2%
Non-GAAP adjusted operating expenses and non-GAAP adjusted operating ratio	$ 429,562	92.4%	$ 404,063	87.3%	$ 480,144	86.0%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – TRUCKLOAD TRANSPORTION SERVICES (TTS) SEGMENT
(unaudited)
(In thousands)

Non-GAAP Adjusted Operating Expenses, Net of Fuel Surcharge; Non-GAAP Adjusted Operating Margin, Net of Fuel Surchage; and Non-GAAP Adjusted Operating Ratio, Net of Fuel Surcharge [1]

	Quarter Ended March 31,		
	2020	2021	2022
	$	$	$
Operating revenues — (GAAP)	$ 464,863	$ 462,949	$ 558,417
Less: Trucking fuel surcharge [8]	(51,041)	(47,459)	(79,815)
Operating revenues, net of fuel surcharge — (Non-GAAP)	413,822	415,490	478,602
Operating expenses — (GAAP)	435,774	405,321	482,324
Non-GAAP adjustments:			
Trucking fuel surcharge [8]	(51,041)	(47,459)	(79,815)
Insurance and claims [2]	(1,198)	(1,258)	(1,321)
Depreciation [4]	(5,014)	-	-
Amortization of intangible assets [5]	-	-	(859)
Non-GAAP adjusted operating expenses, net of fuel surcharge	378,521	356,604	400,329
Non-GAAP adjusted operating income	$ 35,301	$ 58,886	$ 78,273
Non-GAAP adjusted operating margin, net of fuel surcharge	8.5%	14.2%	16.4%
Non-GAAP adjusted operating ratio, net of fuel surcharge	91.5%	85.8%	83.6%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES – WERNER LOGISTICS SEGMENT
(unaudited)
(In thousands)

Non-GAAP Adjusted Operating Income and Non-GAAP Adjusted Operating Margin [1]

	Quarter Ended March 31,					
	2020		2021		2022	
	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.
Operating income and operating margin — (GAAP)	$ 1,085	1.0%	$ 4,574	3.3%	$ 8,681	4.6%
Non-GAAP adjustments:						
Gain on sale of Werner Global Logistics [3]	-	0.0%	(1,013)	-0.7%	-	0.0%
Amortization of intangible assets [5]	-	0.0%	-	0.0%	500	0.3%
Non-GAAP adjusted operating income and non-GAAP adjusted operating margin	$ 1,085	1.0%	$ 3,561	2.6%	$ 9,181	4.9%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(1) Non-GAAP adjusted operating income; non-GAAP adjusted operating margin; non-GAAP adjusted operating margin, net of fuel surcharge; non-GAAP adjusted net income attributable to Werner; non-GAAP adjusted diluted earnings per share; non-GAAP adjusted operating revenues, net of fuel surcharge; non-GAAP adjusted operating expenses; non-GAAP adjusted operating expenses, net of fuel surcharge; non-GAAP adjusted operating ratio; and non-GAAP adjusted operating ratio, net of fuel surcharge should be considered in addition to, rather than as substitutes for, GAAP operating income; GAAP operating margin; GAAP net income attributable to Werner; GAAP diluted earnings per share; GAAP operating revenues; GAAP operating expenses; and GAAP operating ratio, which are their most directly comparable GAAP financial measures.

(2) We accrued pre-tax insurance and claims expense for interest related to a previously disclosed excess adverse jury verdict rendered on May 17, 2018 in a lawsuit arising from a December 2014 accident. The Company is appealing this verdict. 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. We continue to accrue pre-tax insurance and claims expense for interest at $0.4 million per month until such time as the outcome of our appeal is finalized. 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 our Truckload Transportation Services segment.

(3) During first quarter 2021, we sold Werner Global Logistics ("WGL") freight forwarding services for international ocean and air shipments to Scan Global Logistics Group, which resulted in the pre-tax gain on sale. Management believes excluding the effect of this unusual and infrequent item provides a more useful comparison of our performance from period to period. This item is included in our Werner Logistics segment.

(4) During first quarter 2020, we changed the estimated life of certain trucks expected to be sold in 2020 to more rapidly depreciate these trucks to their estimated residual values due to the weak used truck market. These trucks continued to depreciate at the same higher rate per truck, until all were sold. Management believes excluding the effect of this unusual and infrequent item provides a more useful comparison of our performance from period to period. This item is included in our Truckload Transportation Services segment.

(5) Amortization expense related to intangible assets acquired in the ECM Associated, LLC ("ECM") and NEHDS Logistics, LLC ("NEHDS") acquisitions on July 1, 2021 and November 22, 2021, respectively, is excluded because management does not believe it is indicative of our core operating performance. Amortization expense for ECM and NEHDS is included in our Truckload Transportation Services and Werner Logistics segments, respectively.

(6) Represents non-operating mark-to-market adjustments for unrealized gains/losses on our minority equity investments, which we account for under ASC 321, *Investments - Equity Securities*. We record changes in the value of our investments in equity securities in other expense (income) in our Income Statement. Management believes excluding the effect of gains/losses on our investments in equity securities provides a more useful comparison of our performance from period to period.

(7) The income tax effect of the non-GAAP adjustments is calculated using the incremental income tax rate excluding discrete items, and the income tax effect for 2021 has been updated to reflect the annual incremental income tax rate.

(8) Fluctuating fuel prices and fuel surcharge revenues impact the total company operating ratio and the TTS segment operating ratio when fuel surcharges are reported on a gross basis as revenues versus netting the fuel surcharges against fuel expenses. Management believes netting fuel surcharge revenues, which are generally a more volatile source of revenue, against fuel expenses provides a more consistent basis for comparing the results of operations from period to period.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