

4Q 2021 AND 2021 EARNINGS PRESENTATION

February 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, 2020, and subsequently filed Quarterly Reports on Form 10-Q. 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 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, 4Q 2021 AND 2021 HIGHLIGHTS

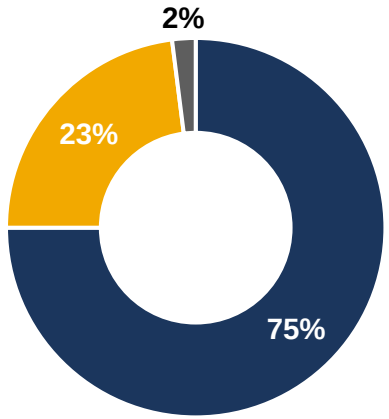
Derek Leathers
Chairman, President and Chief Executive Officer

WERNER OVERVIEW

Premium Truckload Transportation & Logistics Services Provider

Omaha, NE	$3.0B	5,235	3,105	13,815	1.1%
Headquarters	Market Cap[1]	Dedicated Fleet Size[1]	One-Way Fleet Size[1]	Associates[2]	Dividend Yield[1]

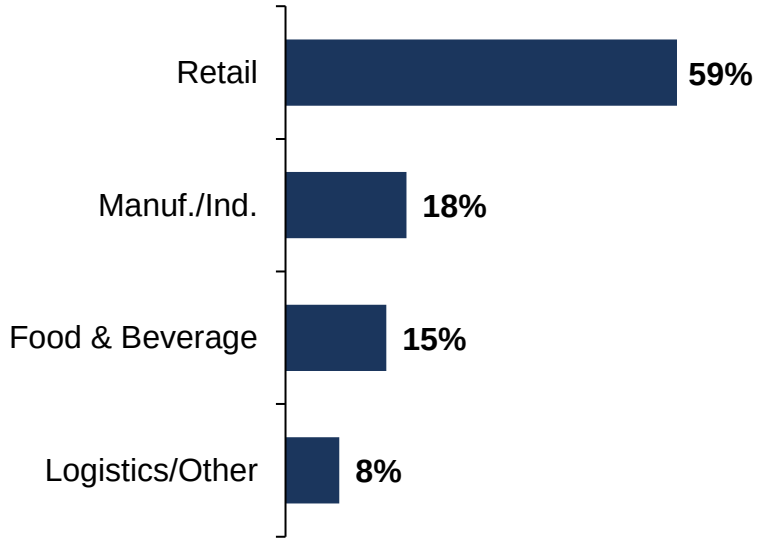
2021 Revenues by Segment



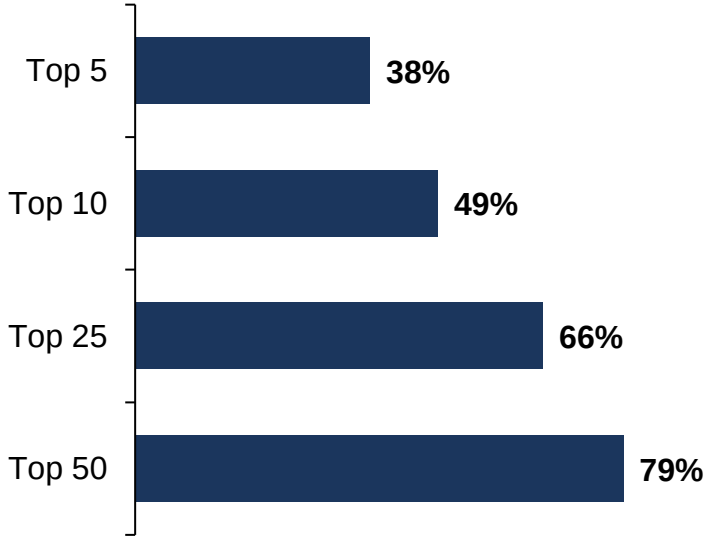
- Truckload Transportation Services (TTS)[3]
- Werner Logistics
- Driver Training Schools and Other

2021 Revenues by Vertical

Top 50 Customers



2021 Revenues by Customer



WERNER WE KEEP AMERICA MOVING®

[1] As of 1/28/22 for Market Cap and Dividend Yield and as of 12/31/21 for Dedicated Fleet Size and One-Way Truckload Fleet Size. [2] Associates as of 12/31/21 includes 13,525 employees and 290 independent contractor drivers. [3] TTS includes Dedicated and One-Way Truckload.

4Q 2021 AND 2021 HIGHLIGHTS

Financial Highlights	4Q21	2021
Revenues	↑ 23% to $765M	↑ 15% to $2.7B
GAAP EPS	↑ 31% to $1.15	↑ 57% to $3.82
Adjusted EPS[1]	↑ 27% to $1.13	↑ 33% to $3.45
Adjusted operating income[1]	↑ 22% to $101M	↑ 31% to $317M
Adjusted TTS operating margin[1, 2]	↔ Flat at 18.2%	↑ 190 bps to 15.9%

Strategic Updates and Other Developments

Comparisons to prior year quarter unless otherwise noted

- Record 4Q21 and 2021 operating income and EPS; exceeded $100M of quarterly adjusted operating income for the first time in the Company's history
- Continued strong freight demand in Dedicated, One-Way Truckload and Logistics
- Driver recruiting market remains difficult; added 6 driver training school locations YTD including 2 schools since 3Q21, 3 more schools planned by the end of 1Q22 (reaching 22 schools)
- Mark-to-market of minority equity investments resulted in non-operating income of $4.0M (excluded from GAAP EPS to determine non-GAAP adjusted EPS)
- Consistent with our fourth quarter guidance, we sold one-third fewer trucks and one-half fewer trailers in fourth quarter 2021, however, an increasingly strong used truck and trailer pricing market resulted in higher than expected equipment gains
- Closed on purchase of 100% equity interest in leading final mile carrier NEHDS Logistics, LLC on 11/22/21 (LTM September 2021 revenues of $71M)

[1] 4Q21 operating income (GAAP) was $98.5M and TTS operating margin (GAAP) was 15.7%. 2021 operating income (GAAP) was $309.1M and TTS operating margin (GAAP) was 13.8%. See attached Reconciliation of Non-GAAP Financial Measures.

[2] Net of fuel surcharge revenues.



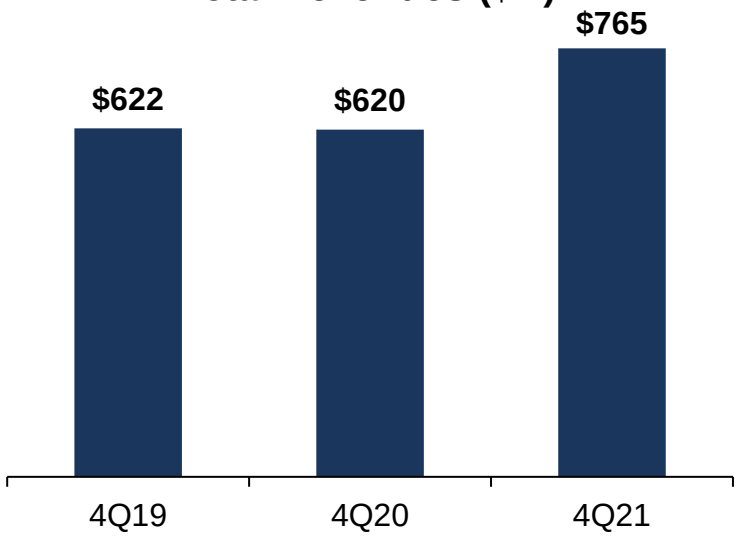


4Q 2021 AND 2021 COMPANY AND SEGMENT FINANCIAL RESULTS

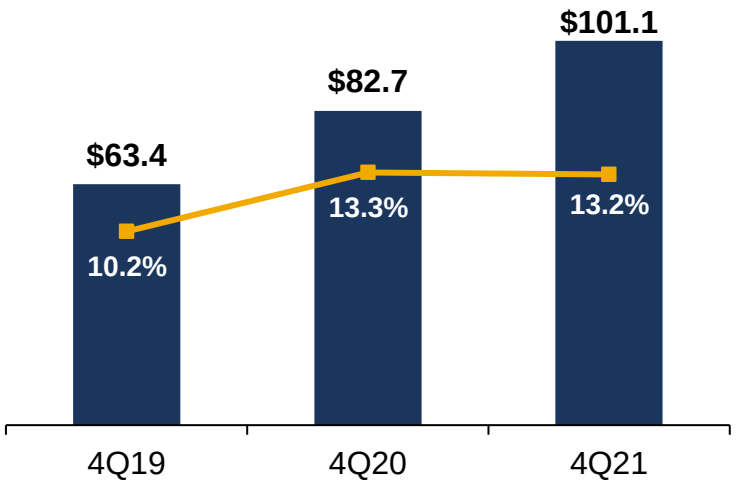
John Steele
EVP, Treasurer and Chief Financial Officer

4Q FINANCIAL PERFORMANCE

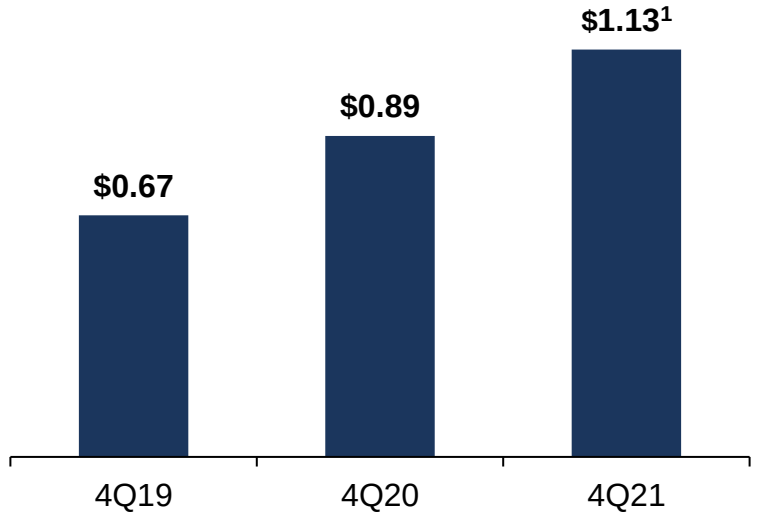
Total Revenues ($M)



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



Adjusted EPS[1]



YoY Commentary (4Q21 vs. 4Q20)

- Total revenues increased $145M
- 5.5% higher TTS revenues per truck per week[2]
- 6.7% growth in TTS average trucks
- 42% Logistics revenues increase

- 22% growth in adjusted operating income, or $18.4M
- Adjusted TTS operating income[1,3] increased $10.2M
- Logistics operating income increased $9.1M

- Adjusted EPS increased by 27%

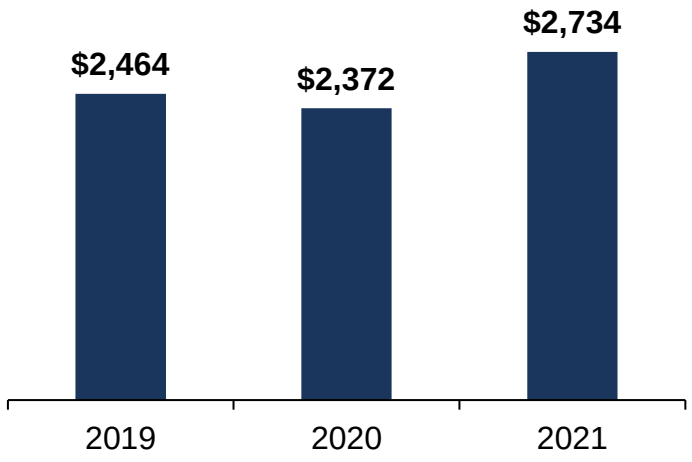
[1] Operating income (GAAP) was $65.7M in 4Q19, $81.5M in 4Q20, and $98.5M in 4Q21. Operating margin (GAAP) was 10.6% in 4Q19, 13.1% in 4Q20, and 12.9% in 4Q21. EPS (GAAP) was $0.70 in 4Q19, $0.88 in 4Q20 and $1.15 in 4Q21. See attached Reconciliation of Non-GAAP Financial Measures.

[2] Net of fuel surcharge revenues.

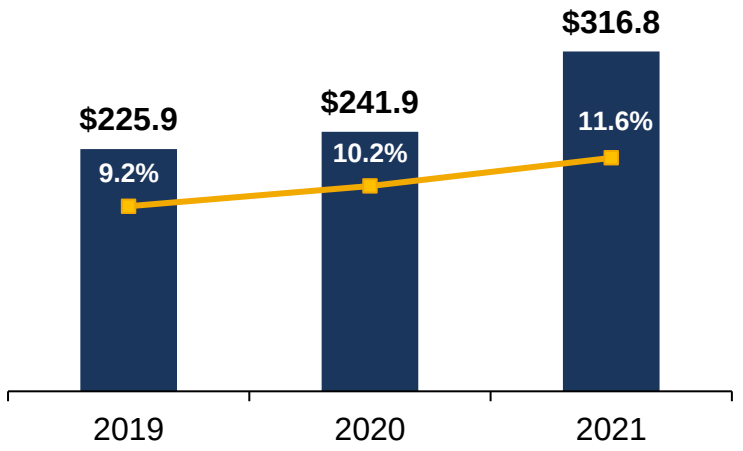
[3] See attached Reconciliation of Non-GAAP Financial Measures.

FULL YEAR FINANCIAL PERFORMANCE

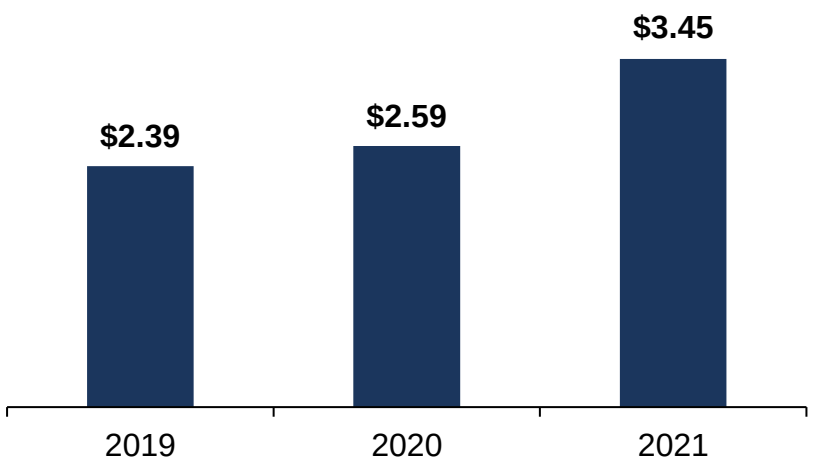
Total Revenues ($M)



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



Adjusted EPS[1]



YoY Commentary (2021 vs. 2020)

- Total revenues increased $362M
- 4.3% higher TTS revenues per truck per week[2]
- 2.9% growth in TTS average trucks
- 32% Logistics revenues increase

- 31% growth in adjusted operating income, or $74.9M
- Adjusted TTS operating income[1,3] increased $52.2M
- Logistics operating income increased $21.9M

- Adjusted EPS increased by 33%
- Adjusted EPS exceeded $3.00 for the first time in Company history

[1] *Operating income (GAAP) was $225.5M in 2019, $227.4M in 2020 and $309.1M in 2021. Operating margin (GAAP) was 9.2% in 2019, 9.6% in 2020 and 11.3% in 2021. EPS (GAAP) was $2.38 in 2019, $2.44 in 2020 and $3.82 in 2021. See attached Reconciliation of Non-GAAP Financial Measures.*

[2] *Net of fuel surcharge revenues.*

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

TRUCKLOAD TRANSPORTATION SERVICES (TTS)
4Q RESULTS

	4Q19	4Q20	4Q21	4Q21 vs. 4Q20
Revenues ($M)	$486.6	$475.0	$563.2	19%
Adjusted Operating Income[1] ($M)	$60.4	$79.9	$90.0	13%
Adjusted Operating Margin[1, 2]	14.0%	18.2%	18.2%	0 bps
Adjusted Operating Ratio[1, 2]	86.0%	81.8%	81.8%	0 bps

YoY Commentary (4Q21 vs. 4Q20)

- Revenues increased 19% due to a 15% increase in rates and $32M higher fuel surcharges, including a 5.5% increase in revenues per truck

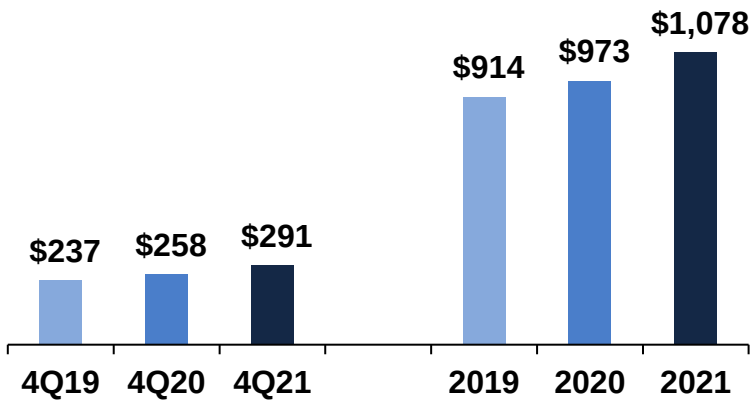
[1] TTS operating income (GAAP) was $59.2M in 4Q19, $78.6M in 4Q20, and $88.2M in 4Q21. TTS operating margin (GAAP) was 12.2% in 4Q19, 16.5% in 4Q20, and 15.7% in 4Q21. TTS operating ratio (GAAP) was 87.8% in 4Q19, 83.5% in 4Q20, and 84.3% in 4Q21. See attached Reconciliation of Non-GAAP Financial Measures.

[2] Net of fuel surcharge revenues.

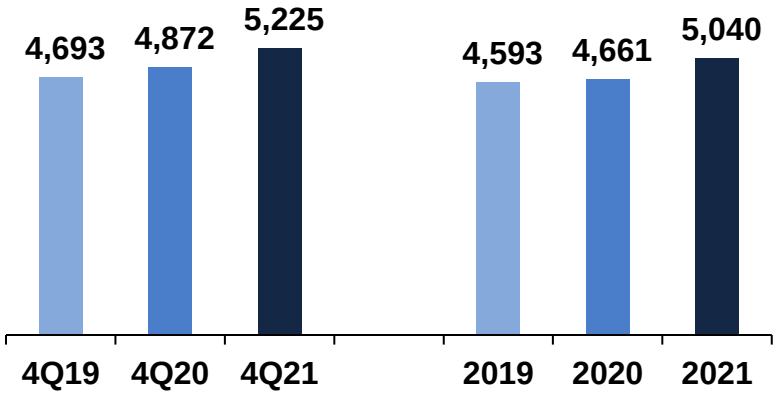
TTS[1] FLEET METRICS UPDATE

Dedicated Truckload

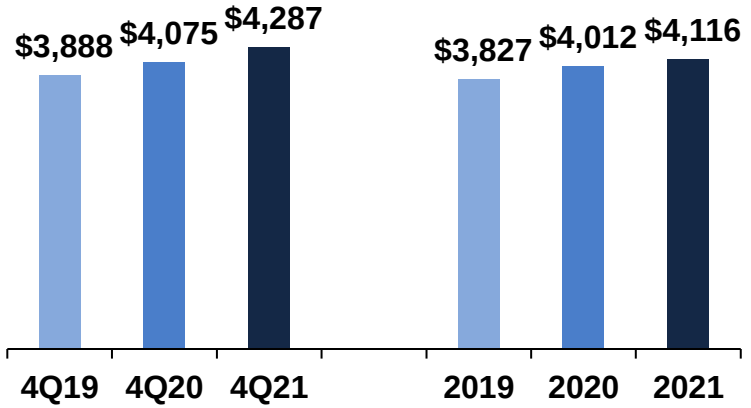
Trucking Revenues[2] ($M)



Average Trucks

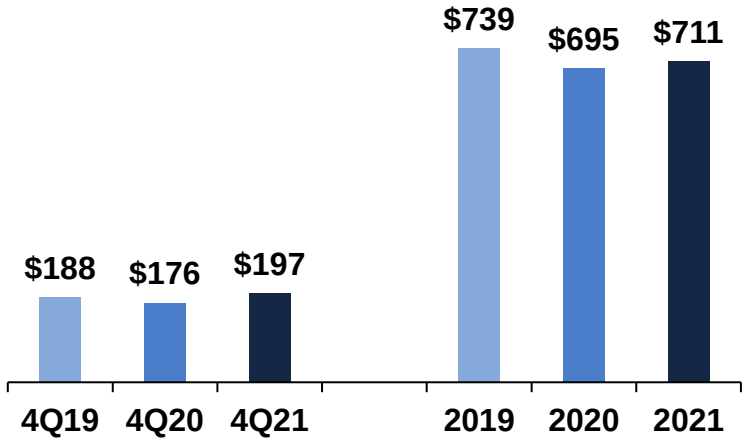


Revenues / Truck / Week[2]

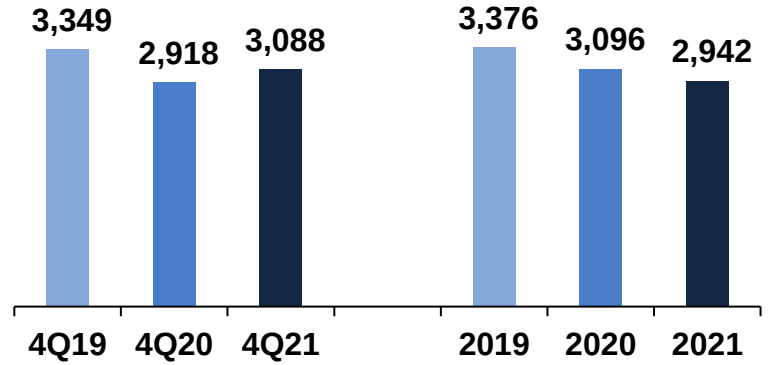


One-Way Truckload

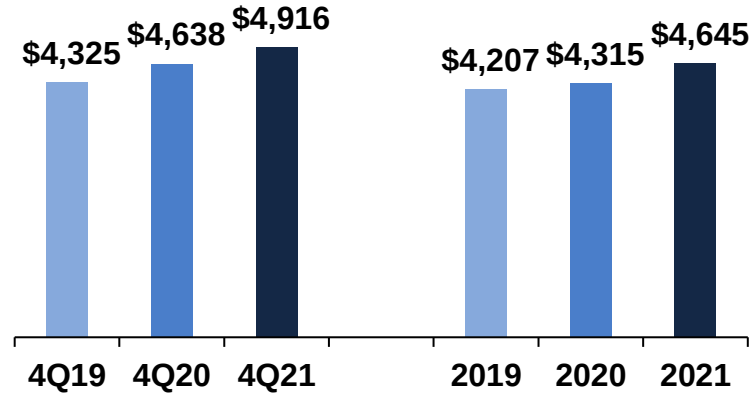
Trucking Revenues[2] ($M)



Average Trucks



Revenues / Truck / Week[2]



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[1] *TTS consists of the Dedicated and One-Way Truckload fleets.*

[2] *Net of fuel surcharge revenues.*

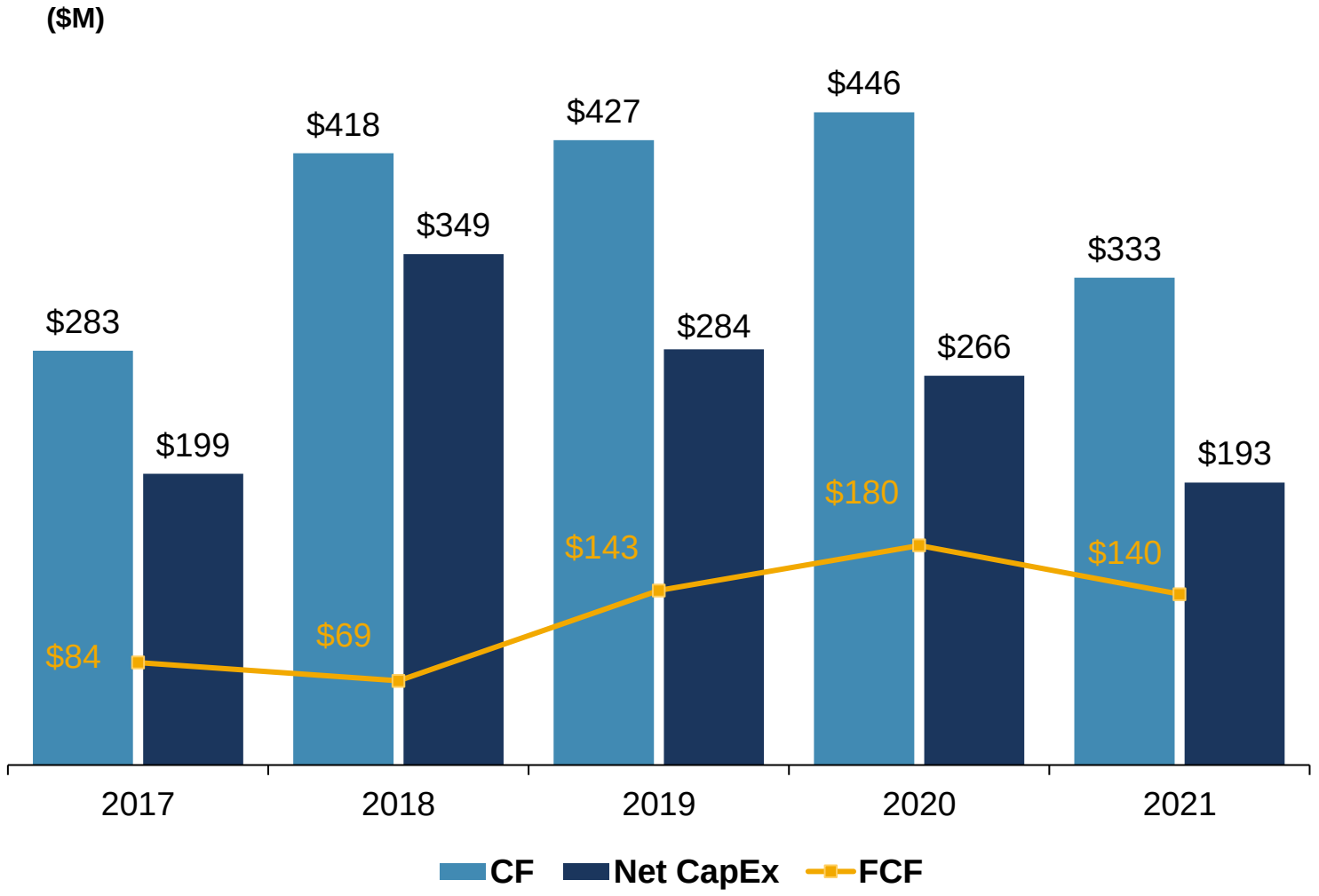
WERNER LOGISTICS RESULTS

	4Q19	4Q20	4Q21	4Q21 vs. 4Q20
Revenues ($M)	$120.1	$130.1	$185.0	42%
Revenues, less purchased transportation expense ($M)	$18.4	$16.2	$29.5	82%
Operating Income ($M)	$3.4	$2.6	$11.7	+$9.1M
Operating Margin	2.8%	2.0%	6.3%	430 bps

YoY Commentary (4Q21 vs. 4Q20)

- Truckload Logistics revenues (68% of total Logistics revenues) increased 58%
- Intermodal revenues (26% of total Logistics revenues) grew 37%
- Final Mile revenues (6% of total logistics revenues) grew by $9M. Includes approximately six weeks of NEHDS Logistics, LLC which was acquired 11/22/21
- Sold Werner Global Logistics (WGL) in 1Q21; Werner Logistics revenues increased 58% YoY excluding WGL revenues from 4Q20

STRONG FCF GENERATION; EXPECTED TO CONTINUE



COMMENTARY

- FCF generation of $140M in 2021
- 2022 Net CapEx expected to be in the range of $275M to $325M; 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)

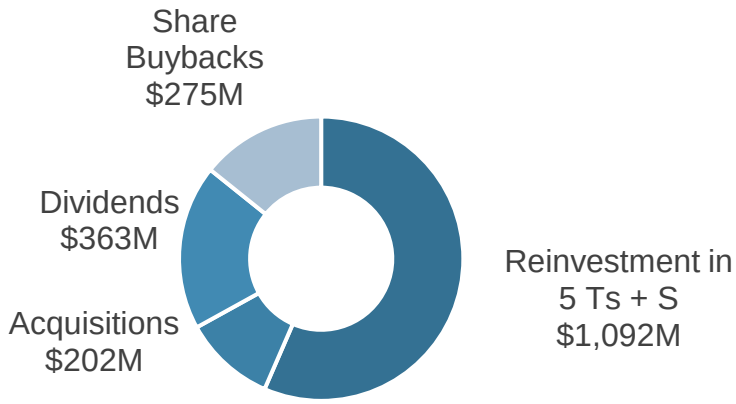
Committed to Return Value to Shareholders

- Continued quarterly dividends since July 1987; raised quarterly dividend by 11% in 1Q21 and another 20% in 2Q21
- 1,118,345 shares purchased for $51.2M in 4Q21, average price of $45.76

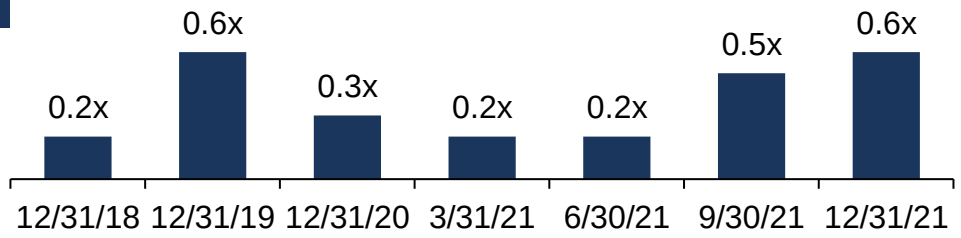
Maintain a Strong and Flexible Financial Position

- Debt of $428M, Equity of $1,328M (as of 12/31/21)
- 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	▪ Maintained newer truck age; trailer age increased slightly, due to OEM new equipment delivery delays
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 17 to 19 locations; adding 3 more school locations in 1Q22
4. Terminals	▪ Expansive network of terminals, dedicated fleet locations, and driving schools	▪ Three of 22 drivers named in January 2022 to ATA's America's Road Team are Werner drivers
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 most Logistics offices
+ Sustainability	▪ Further develop our sustainability practices with specific milestone goals through a multi-phased strategy	▪ Multiple ESG updates in 4Q21 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***

4Q 2021

- Established stand-alone ESG sub-committee of our Board of Directors
- Participated in CODE (Commitment to Opportunity, Diversity and Equity) assessment focusing on inclusion, perspective, and company culture
- Purchased a battery diesel hybrid vehicle and initiated purchase of 10 BEV (battery electric vehicle) trucks
- Recognized with 2021 SmartWay Excellence Award for fifth straight year and eight of last nine years

SmartWay®

PREVIOUS MILESTONES

4Q 2020
- Formally launched ESG program, adding "Sustainability" as core component of 5Ts strategy (Trucks, Trailers, Talent, Terminals and Technology)

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

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

SASB (Sustainability Accounting Standards Board)

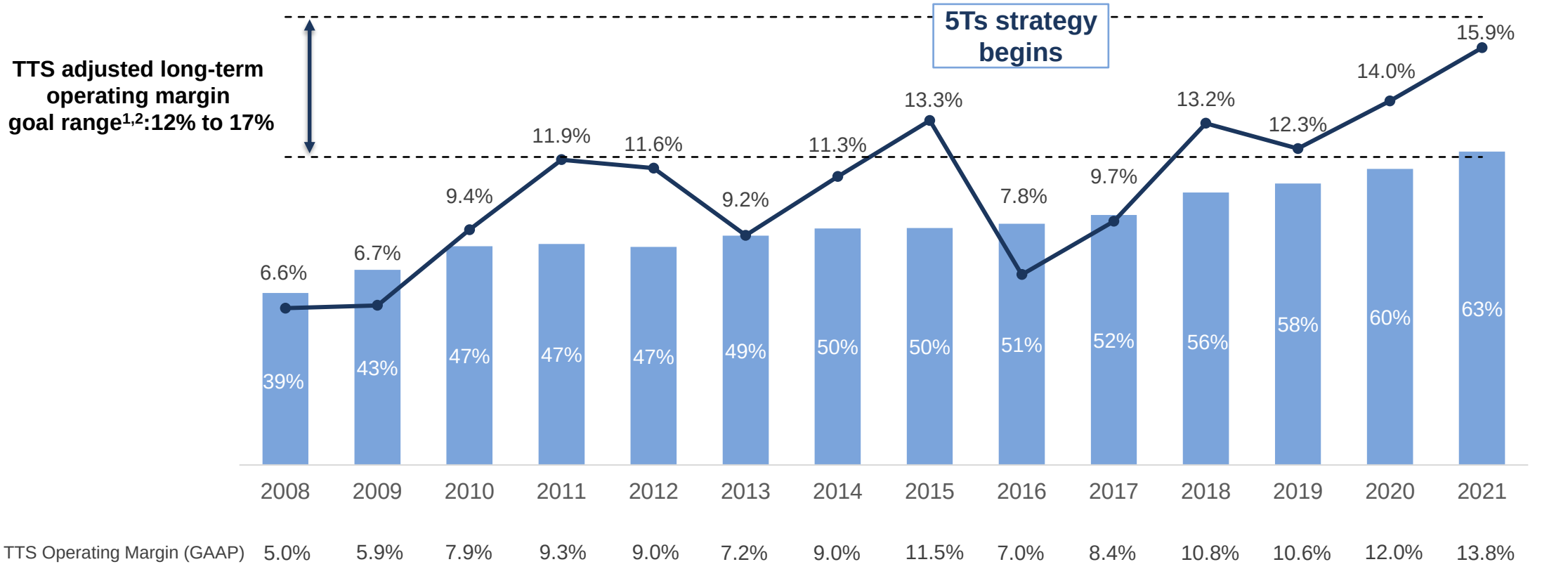
SUSTAINABLE DEVELOPMENT GOALS

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

WernerBlue

LONG-TERM GOAL RANGE FOR TTS ANNUAL ADJUSTED OPERATING MARGIN[1]

- Raised long-term TTS adjusted operating margin percentage goal to a range of 12% to 17% (October 2021)
- Carefully constructed fleet mix generates strong financial performance in good TL freight markets
- Demonstrated resilience with large and growing Dedicated Fleet, produces superior financial performance in softer TL freight markets



[1] Adjusted operating income as a % of revenues (adjusted operating margin), net of fuel surcharge

[2] TTS annual adjusted operating margin goal, net of fuel surcharge (range of 12% to 17%)

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

2021 AND 2022 GUIDANCE METRICS AND ASSUMPTIONS

	Guidance (as of 10/28/21)	Actual (as of 12/31/21)	2022 Guidance (as of 2/3/22)	Commentary
2021 and 2022 Guidance				
TTS truck growth from BoY to EoY	3% to 5% (annual)	7% (2021)	2% to 5% (annual)	Subject to driver availability and timing of delivery of new trucks from OEM's
Net capital expenditures	$250M to $275M (annual)	$193.0M (2021)	$275M to $325M (annual)	Subject to timing of delivery of new trucks and trailers from OEM's
TTS Guidance				
Dedicated RPTPW[1] growth	1% to 2% (4Q21 vs. 4Q20)	5.2% (4Q21 vs. 4Q20)	3% to 5% (annual)	Expect strong rate levels partially mitigated by lower miles per truck
One-Way Truckload RPTM[1] growth	17% to 19% (4Q21 vs. 4Q20)	19.2% (4Q21 vs. 4Q20)	16% to 19% (1H22 vs. 1H21)	Strong contractual rate increases and elevated spot rates combined with fleet mix changes
Assumptions				
Effective income tax rate	24.5% to 25.5% (annual)	23.0% (4Q21)	24.5% to 25.5% (annual)	
Truck age	2.2 years	2.2 years	2.2 years	Subject to timing and availability of delivery of new trucks and trailers from OEM's
Trailer age	4.4 years	4.5 years	4.8 years	

[1] *Net of fuel surcharge revenues.*



Q&A



INVEST WITH US

Executing in strong freight market; expected to continue well into 2022

- Achieved record Adjusted operating income and Adjusted EPS
- Positioned to deliver cash flow stability through the cycle

Focused on operational excellence and our performance

- Aligning with leading edge technology partners
- Expanding driver training school network

Achieving ESG goals, backed by committed management team

- Issued Inaugural Corporate Social Responsibility (CSR) report in July; available at werner.com

Positioned to continue growing earnings and free cash flow

- While achieving long-term, sustainable shareholder value creation



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 December 31,					
	2019		2020		2021	
	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.
Operating income and operating margin — (GAAP)	$ 65,654	10.6%	$ 81,451	13.1%	$ 98,488	12.9%
Non-GAAP adjustments:						
Insurance and claims [2]	1,198	0.2%	1,259	0.2%	1,321	0.1%
Acquisition expenses [5]	-	0.0%	-	0.0%	630	0.1%
Gain on sale of real estate [3]	(3,439)	-0.6%	-	0.0%	-	0.0%
Amortization of intangible assets [4]	-	0.0%	-	0.0%	659	0.1%
Non-GAAP adjusted operating income and non-GAAP adjusted operating margin	$ 63,413	10.2%	$ 82,710	13.3%	$ 101,098	13.2%

	Year Ended December 31,					
	2019		2020		2021	
	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.
Operating income and operating margin — (GAAP)	$ 225,472	9.2%	$ 227,438	9.6%	$ 309,146	11.3%
Non-GAAP adjustments:						
Insurance and claims [2]	3,914	0.1%	4,893	0.2%	5,137	0.2%
Acquisition expenses [5]	-	0.0%	-	0.0%	1,622	0.1%
Gain on sale of Werner Global Logistics [6]	-	0.0%	-	0.0%	(1,013)	-0.1%
Gain on sale of real estate [3]	(3,439)	-0.1%	-	0.0%	-	0.0%
Depreciation [8]	-	0.0%	9,614	0.4%	-	0.0%
Amortization of intangible assets [4]	-	0.0%	-	0.0%	1,885	0.1%
Non-GAAP adjusted operating income and non-GAAP adjusted operating margin	$ 225,947	9.2%	$ 241,945	10.2%	$ 316,777	11.6%

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

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

	Quarter Ended December 31,					
	2019		2020		2021	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 48,496	$ 0.70	$ 60,556	$ 0.88	$ 76,767	$ 1.15
Non-GAAP adjustments:						
Insurance and claims [2]	1,198	0.01	1,259	0.02	1,321	0.02
Acquisition expenses [5]	-	-	-	-	630	0.01
Gain on sale of real estate [3]	(3,439)	(0.05)	-	-	-	-
Amortization of intangible assets, net of amount attributable to noncontrolling interest [4]	-	-	-	-	560	0.01
Gain on investments in equity securities, net [9]	-	-	-	-	(4,036)	(0.06)
Income tax effect of above adjustments [10]	566	0.01	(321)	(0.01)	382	-
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 46,821	$ 0.67	$ 61,494	$ 0.89	$ 75,624	$ 1.13

	Year Ended December 31,					
	2019		2020		2021	
	$	Diluted EPS	$	Diluted EPS	$	Diluted EPS
Net income attributable to Werner and diluted EPS — (GAAP)	$ 166,944	$ 2.38	$ 169,078	$ 2.44	$ 259,052	$ 3.82
Non-GAAP adjustments:						
Insurance and claims [2]	3,914	0.06	4,893	0.07	5,137	0.08
Acquisition expenses [5]	-	-	-	-	1,622	0.02
Gain on sale of Werner Global Logistics [6]	-	-	-	-	(1,013)	(0.02)
Gain on sale of real estate [3]	(3,439)	(0.05)	-	-	-	-
Depreciation [8]	-	-	9,614	0.14	-	-
Amortization of intangible assets, net of amount attributable to noncontrolling interest [4]	-	-	-	-	1,541	0.02
Gain on investments in equity securities, net [9]	-	-	-	-	(40,317)	(0.59)
Income tax effect of above adjustments [10]	(120)	-	(3,699)	(0.06)	8,258	0.12
Non-GAAP adjusted net income attributable to Werner and non-GAAP adjusted diluted EPS	$ 167,299	$ 2.39	$ 179,886	$ 2.59	$ 234,280	$ 3.45

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 December 31,						Year Ended December 31,			
	2019		2020		2021		2020		2021	
	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.
Operating income and operating margin — (GAAP)	$ 59,172	12.2%	$ 78,613	16.5%	$ 88,231	15.7%	$ 222,007	12.0%	$ 281,823	13.8%
Non-GAAP adjustments:										
Insurance and claims [2]	1,198	0.2%	1,259	0.3%	1,321	0.2%	4,893	0.3%	5,137	0.2%
Depreciation [3]	-	0.0%	-	0.0%	-	0.0%	9,614	0.5%	-	0.0%
Amortization of intangible assets [4]	-	0.0%	-	0.0%	492	0.1%	-	0.0%	1,718	0.1%
Non-GAAP adjusted operating income and non-GAAP adjusted operating margin	$ 60,370	12.4%	$ 79,872	16.8%	$ 90,044	16.0%	$ 236,514	12.8%	$ 288,678	14.1%

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

	Quarter Ended December 31,					
	2019		2020		2021	
	$	% of Op. Rev.	$	% of Op. Rev.	$	% of Op. Rev.
Operating expenses and operating ratio — (GAAP)	$ 427,403	87.8%	$ 396,424	83.5%	$ 474,996	84.3%
Non-GAAP adjustments:						
Insurance and claims [2]	(1,198)	-0.2%	(1,259)	-0.3%	(1,321)	-0.2%
Amortization of intangible assets [4]	-	0.0%	-	0.0%	(492)	-0.1%
Non-GAAP adjusted operating expenses and non-GAAP adjusted operating ratio	$ 426,205	87.6%	$ 395,165	83.2%	$ 473,183	84.0%

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

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 December 31,			Year Ended December 31,		
	2019	2020	2021	2019	2020	2021
	$	$	$	$	$	$
Operating revenues — (GAAP)	$ 486,575	$ 475,037	$ 563,227	$ 1,909,776	$ 1,843,209	$ 2,045,073
Less: Trucking fuel surcharge [11]	(56,485)	(36,563)	(68,501)	(234,366)	(158,611)	(234,164)
Operating revenues, net of fuel surcharge — (Non-GAAP)	430,090	438,474	494,726	1,675,410	1,684,598	1,810,909
Operating expenses — (GAAP)	427,403	396,424	474,996	1,707,116	1,621,202	1,763,250
Non-GAAP adjustments:						
Trucking fuel surcharge [11]	(56,485)	(36,563)	(68,501)	(234,366)	(158,611)	(234,164)
Insurance and claims [2]	(1,198)	(1,259)	(1,321)	(3,914)	(4,893)	(5,137)
Depreciation [8]	-	-	-	-	(9,614)	-
Amortization of intangible assets [4]	-	-	(492)	-	-	(1,718)
Non-GAAP adjusted operating expenses, net of fuel surcharge	369,720	358,602	404,682	1,468,836	1,448,084	1,522,231
Non-GAAP adjusted operating income	$ 60,370	$ 79,872	$ 90,044	$ 206,574	$ 236,514	$ 288,678
Non-GAAP adjusted operating margin, net of fuel surcharge	14.0%	18.2%	18.2%	12.3%	14.0%	15.9%
Non-GAAP adjusted operating ratio, net of fuel surcharge	86.0%	81.8%	81.8%	87.7%	86.0%	84.1%

	Year Ended December 31,										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	$	$	$	$	$	$	$	$	$	$	$
Operating revenues — (GAAP)	$ 1,881,803	$ 1,437,527	$ 1,550,601	$ 1,694,965	$ 1,699,349	$ 1,657,854	$ 1,702,137	$ 1,644,874	$ 1,533,981	$ 1,635,244	$ 1,881,323
Less: Trucking fuel surcharge [11]	(442,614)	(176,744)	(254,764)	(373,384)	(376,104)	(354,616)	(349,763)	(212,489)	(155,293)	(205,515)	(265,078)
Operating revenues, net of fuel surcharge — (Non-GAAP)	1,439,189	1,260,783	1,295,837	1,321,581	1,323,245	1,303,238	1,352,374	1,432,385	1,378,688	1,429,729	1,616,245
Operating expenses — (GAAP)	1,786,789	1,353,003	1,428,393	1,537,361	1,546,207	1,538,257	1,549,145	1,455,024	1,426,268	1,497,185	1,678,742
Non-GAAP adjustments:											
Trucking fuel surcharge [11]	(442,614)	(176,744)	(254,764)	(373,384)	(376,104)	(354,616)	(349,763)	(212,489)	(155,293)	(205,515)	(265,078)
Insurance and claims [2]	-	-	-	-	-	-	-	-	-	-	(15,189)
Property tax settlement [7]	-	-	-	-	-	-	-	-	-	-	4,900
Non-GAAP adjusted operating expenses, net of fuel surcharge	1,344,175	1,176,259	1,173,629	1,163,977	1,170,103	1,183,641	1,199,382	1,242,535	1,270,975	1,291,670	1,403,375
Non-GAAP adjusted operating income	$ 95,014	$ 84,524	$ 122,208	$ 157,604	$ 153,142	$ 119,597	$ 152,992	$ 189,850	$ 107,713	$ 138,059	$ 212,870
Non-GAAP adjusted operating margin, net of fuel surcharge	6.6%	6.7%	9.4%	11.9%	11.6%	9.2%	11.3%	13.3%	7.8%	9.7%	13.2%
Non-GAAP adjusted operating ratio, net of fuel surcharge	93.4%	93.3%	90.6%	88.1%	88.4%	90.8%	88.7%	86.7%	92.2%	90.3%	86.8%

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 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 expenses; and GAAP operating ratio, which are their most directly comparable GAAP financial measures.

(2) In 2018, we accrued $15,189 of pre-tax insurance and claims expense (including interest and legal fees) 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 fourth quarter 2019, we sold two parcels of real estate which resulted in a $3,439 pre-tax gain on sale. During 2018, we sold two parcels of real estate which resulted in a $5,927 pre-tax gain on sale. These items are included in our Corporate segment.

(4) Amortization expense related to intangible assets acquired in the ECM and NEHDS acquisitions 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.

(5) We incurred legal and professional fees related to the acquisitions of ECM and NEHDS. Acquisition-related expenses are excluded as management believes these costs are not representative of the costs of managing our on-going business. The expenses are included in our Corporate segment.

(6) 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.

(7) During 2018, we reached a favorable settlement related to a property tax dispute that reduced taxes and licenses expense by $4,900, for property taxes that were previously expensed and paid over a multi-year period. This item is included in our Truckload Transportation Services segment.

(8) 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.

(9) Represents non-operating mark-to-market adjustments for 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.

(10) 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.

(11) 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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