

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[Mark one]

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 0-14690

WERNER ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Nebraska	47-0648386
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
14507 Frontier Road	
Post Office Box 45308	
Omaha , Nebraska	68145-0308
(Address of principal executive offices)	(Zip Code)
(402) 895-6640	
(Registrant's telephone number, including area code)	

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 Par Value	WERN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2024, 61,807,803 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

WERNER ENTERPRISES, INC.

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PART I

FINANCIAL INFORMATION

Cautionary Note Regarding Forward-Looking Statements:

This Quarterly Report on Form 10-Q contains historical information and forward-looking statements based on information currently available to our management. The forward-looking statements in this report, including those made in Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations) of Part I, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These safe harbor provisions encourage reporting companies to provide prospective information to investors. Forward-looking statements can be identified by the use of certain words, such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project" and other similar terms and language. We believe the forward-looking statements are reasonable based on currently available information. However, forward-looking statements involve risks, uncertainties and assumptions, whether known or unknown, that could cause our actual results, business, financial condition and cash flows to differ materially from those anticipated in the forward-looking statements. A discussion of important factors relating to forward-looking statements is included in Part II, Item 1A (Risk Factors) of this Quarterly Report and in Part I, Item 1A (Risk Factors) of our Annual Report on Form 10-K for the year ended December 31, 2023 ("2023 Form 10-K"). Readers should not unduly rely on the forward-looking statements included in this Form 10-Q because such statements speak only to the date they were made. Unless otherwise required by applicable securities laws, we undertake no obligation or duty to update or revise any forward-looking statements contained herein to reflect subsequent events or circumstances or the occurrence of unanticipated events.

Item 1. Financial Statements.

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands, except per share amounts)	2024	2023	2024	2023
Operating revenues	\$ 745,701	\$ 817,744	\$ 2,275,579	\$ 2,461,554
Operating expenses:				
Salaries, wages and benefits	258,335	268,054	783,492	802,742
Fuel	64,886	90,369	214,506	259,523
Supplies and maintenance	61,548	60,181	185,311	193,370
Taxes and licenses	23,565	25,852	74,223	76,685
Insurance and claims	27,678	31,261	95,937	104,552
Depreciation and amortization	71,584	74,586	218,526	223,797
Rent and purchased transportation	211,667	224,556	626,009	661,866
Communications and utilities	4,186	4,555	13,019	13,957
Other	4,657	430	11,762	(13,422)
Total operating expenses	728,106	779,844	2,222,785	2,323,070
Operating income	17,595	37,900	52,794	138,484
Other expense (income):				
Interest expense	11,093	8,661	28,084	24,716
Interest income	(1,834)	(1,727)	(5,305)	(5,178)
Loss on investments in equity securities, net	37	34	227	36
Loss (earnings) from equity method investment	(295)	110	(21)	954
Other	50	284	(181)	377
Total other expense, net	9,051	7,362	22,804	20,905
Income before income taxes	8,544	30,538	29,990	117,579
Income tax expense	2,004	7,034	8,002	28,521
Net income	6,540	23,504	21,988	89,058
Net loss (income) attributable to noncontrolling interest	25	200	354	(249)
Net income attributable to Werner	\$ 6,565	\$ 23,704	\$ 22,342	\$ 88,809
Earnings per share:				
Basic	\$ 0.11	\$ 0.37	\$ 0.36	\$ 1.40
Diluted	\$ 0.11	\$ 0.37	\$ 0.36	\$ 1.39
Weighted-average common shares outstanding:				
Basic	61,808	63,390	62,659	63,360
Diluted	62,022	63,737	62,862	63,703

See Notes to Consolidated Financial Statements (Unaudited).

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(In thousands)				
Net income	\$ 6,540	\$ 23,504	\$ 21,988	\$ 89,058
Other comprehensive income (loss):				
Foreign currency translation adjustments	(2,426)	(1,333)	(6,011)	4,410
Change in fair value of interest rate swaps, net of tax	(4,606)	(694)	(5,742)	(1,768)
Other comprehensive income (loss)	(7,032)	(2,027)	(11,753)	2,642
Comprehensive income (loss)	(492)	21,477	10,235	91,700
Comprehensive loss (income) attributable to noncontrolling interest	25	200	354	(249)
Comprehensive income (loss) attributable to Werner	\$ (467)	\$ 21,677	\$ 10,589	\$ 91,451

See Notes to Consolidated Financial Statements (Unaudited).

WERNER ENTERPRISES, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands, except share amounts)	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 54,660	\$ 61,723
Accounts receivable, trade, less allowance of \$ 7,496 and \$9,337, respectively	384,023	444,944
Other receivables	25,199	25,479
Inventories and supplies	15,442	18,077
Prepaid taxes, licenses and permits	7,218	16,505
Other current assets	60,424	67,900
Total current assets	546,966	634,628
Property and equipment, at cost	3,022,296	2,951,654
Less – accumulated depreciation	1,001,471	978,698
Property and equipment, net	2,020,825	1,972,956
Goodwill	129,104	129,104
Intangible assets, net	78,924	86,477
Other non-current assets	345,898	334,771
Total assets	\$ 3,121,717	\$ 3,157,936
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 164,410	\$ 135,990
Current portion of long-term debt	—	2,500
Insurance and claims accruals	81,155	81,794
Accrued payroll	54,833	50,549
Accrued expenses	22,227	30,282
Other current liabilities	35,084	29,470
Total current liabilities	357,709	330,585
Long-term debt, net of current portion	690,000	646,250
Other long-term liabilities	66,867	54,275
Insurance and claims accruals, net of current portion	228,192	239,700
Deferred income taxes	292,139	320,180
Total liabilities	1,634,907	1,590,990
Commitments and contingencies		
Temporary equity - redeemable noncontrolling interest	38,253	38,607
Stockholders' equity:		
Common stock, \$0.01 par value, 200,000,000 shares authorized; 80,533,536 shares issued; 61,807,803 and 63,444,681 shares outstanding, respectively	805	805
Paid-in capital	137,219	134,894
Retained earnings	1,949,543	1,953,385
Accumulated other comprehensive loss	(21,437)	(9,684)
Treasury stock, at cost; 18,725,733 and 17,088,855 shares, respectively	(617,573)	(551,061)
Total stockholders' equity	1,448,557	1,528,339
Total liabilities, temporary equity and stockholders' equity	\$ 3,121,717	\$ 3,157,936

See Notes to Consolidated Financial Statements (Unaudited).

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 21,988	\$ 89,058
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	218,526	223,797
Deferred income taxes	(26,133)	23,775
Gain on disposal of property and equipment	(8,848)	(39,346)
Non-cash equity compensation	7,071	8,671
Insurance and claims accruals, net of current portion	(11,508)	(6,866)
Loss on investments in equity securities, net	227	36
Loss (earnings) from equity method investment	(21)	954
Other	(10,509)	(4,741)
Changes in certain working capital items:		
Accounts receivable, net	60,921	69,079
Other current assets	18,007	(12,135)
Accounts payable	(9,821)	5,844
Other current liabilities	(1,200)	(2,107)
Net cash provided by operating activities	258,700	356,019
Cash flows from investing activities:		
Additions to property and equipment	(332,999)	(530,085)
Proceeds from sales of property and equipment	126,894	155,924
Net cash invested in acquisition	—	(188)
Investment in equity securities, net	(32)	(2,865)
Payment to acquire equity method investment	(2,360)	(2,645)
Purchase of promissory note	—	(25,000)
Decrease in notes receivable	2,028	2,809
Net cash used in investing activities	(206,469)	(402,050)
Cash flows from financing activities:		
Repayments of short-term debt	(72,500)	(33,750)
Proceeds from issuance of short-term debt	70,000	30,000
Repayments of long-term debt	(156,250)	(50,000)
Proceeds from issuance of long-term debt	200,000	50,000
Change in checks issued in excess of cash balances	—	14,659
Dividends on common stock	(26,413)	(25,333)
Repurchases of common stock	(67,086)	—
Tax withholding related to net share settlements of restricted stock awards	(4,172)	(5,554)
Net cash used in financing activities	(56,421)	(19,978)
Effect of exchange rate fluctuations on cash	(2,873)	1,523
Net decrease in cash and cash equivalents	(7,063)	(64,486)
Cash and cash equivalents, beginning of period	61,723	107,240
Cash and cash equivalents, end of period	\$ 54,660	\$ 42,754
Supplemental disclosures of cash flow information:		
Interest paid	\$ 27,403	\$ 25,299
Income taxes paid	14,847	17,140
Supplemental schedule of non-cash investing and financing activities:		
Notes receivable issued upon sale of property and equipment	\$ 1,795	\$ 1,968
Change in fair value of interest rate swaps	(5,742)	(1,768)
Property and equipment acquired included in accounts payable	52,480	4,701
Dividends accrued but not yet paid at end of period	8,653	8,875
Contingent consideration associated with acquisitions	—	(800)

See Notes to Consolidated Financial Statements (Unaudited).

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND
TEMPORARY EQUITY - REDEEMABLE NONCONTROLLING INTEREST
(Unaudited)

Three Months Ended September 30, 2024

(In thousands, except share and per share amounts)	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity	Temporary Equity - Redeemable Noncontrolling Interest
BALANCE, June 30, 2024	\$ 805	\$ 134,769	\$ 1,951,631	\$ (14,405)	\$ (617,573)	\$ 1,455,227	\$ 38,278
Net income attributable to Werner	—	—	6,565	—	—	6,565	—
Net loss attributable to noncontrolling interest	—	—	—	—	—	—	(25)
Other comprehensive loss	—	—	—	(7,032)	—	(7,032)	—
Dividends on common stock (\$0.14 per share)	—	—	(8,653)	—	—	(8,653)	—
Non-cash equity compensation expense	—	2,450	—	—	—	2,450	—
BALANCE, September 30, 2024	\$ 805	\$ 137,219	\$ 1,949,543	\$ (21,437)	\$ (617,573)	\$ 1,448,557	\$ 38,253

Three Months Ended September 30, 2023

(In thousands, except share and per share amounts)	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity	Temporary Equity - Redeemable Noncontrolling Interest
BALANCE, June 30, 2023	\$ 805	\$ 130,694	\$ 1,923,865	\$ (6,623)	\$ (551,671)	\$ 1,497,070	\$ 39,148
Net income attributable to Werner	—	—	23,704	—	—	23,704	—
Net loss attributable to noncontrolling interest	—	—	—	—	—	—	(200)
Other comprehensive loss	—	—	—	(2,027)	—	(2,027)	—
Dividends on common stock (\$0.14 per share)	—	—	(8,875)	—	—	(8,875)	—
Equity compensation activity, 1,020 shares	—	(36)	—	—	(1)	(37)	—
Non-cash equity compensation expense	—	2,380	—	—	—	2,380	—
BALANCE, September 30, 2023	\$ 805	\$ 133,038	\$ 1,938,694	\$ (8,650)	\$ (551,672)	\$ 1,512,215	\$ 38,948

See Notes to Consolidated Financial Statements (Unaudited).

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND
TEMPORARY EQUITY - REDEEMABLE NONCONTROLLING INTEREST (CONTINUED)
(Unaudited)

Nine Months Ended September 30, 2024

(In thousands, except share and per share amounts)	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity	Temporary Equity - Redeemable Noncontrolling Interest
BALANCE, December 31, 2023	\$ 805	\$ 134,894	\$ 1,953,385	\$ (9,684)	\$ (551,061)	\$ 1,528,339	\$ 38,607
Net income attributable to Werner	—	—	22,342	—	—	22,342	—
Net loss attributable to noncontrolling interest	—	—	—	—	—	—	(354)
Other comprehensive loss	—	—	—	(11,753)	—	(11,753)	—
Repurchases of common stock, 1,787,810 shares	—	—	—	—	(67,086)	(67,086)	—
Dividends on common stock (\$0.42 per share)	—	—	(26,184)	—	—	(26,184)	—
Equity compensation activity, 150,932 shares	—	(4,746)	—	—	574	(4,172)	—
Non-cash equity compensation expense	—	7,071	—	—	—	7,071	—
BALANCE, September 30, 2024	\$ 805	\$ 137,219	\$ 1,949,543	\$ (21,437)	\$ (617,573)	\$ 1,448,557	\$ 38,253

Nine Months Ended September 30, 2023

(In thousands, except share and per share amounts)	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity	Temporary Equity - Redeemable Noncontrolling Interest
BALANCE, December 31, 2022	\$ 805	\$ 129,837	\$ 1,875,873	\$ (11,292)	\$ (551,588)	\$ 1,443,635	\$ 38,699
Net income attributable to Werner	—	—	88,809	—	—	88,809	—
Net income attributable to noncontrolling interest	—	—	—	—	—	—	249
Other comprehensive income	—	—	—	2,642	—	2,642	—
Dividends on common stock (\$0.41 per share)	—	—	(25,988)	—	—	(25,988)	—
Equity compensation activity, 167,513 shares	—	(5,470)	—	—	(84)	(5,554)	—
Non-cash equity compensation expense	—	8,671	—	—	—	8,671	—
BALANCE, September 30, 2023	\$ 805	\$ 133,038	\$ 1,938,694	\$ (8,650)	\$ (551,672)	\$ 1,512,215	\$ 38,948

See Notes to Consolidated Financial Statements (Unaudited).

WERNER ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Basis of Presentation and Recent Accounting Pronouncements

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of Werner Enterprises, Inc. and its subsidiaries (collectively, the “Company” or “Werner”). Redeemable noncontrolling interest on the consolidated condensed balance sheets represents the portion of a consolidated entity in which we do not have a direct equity ownership. In these notes, the terms “we,” “us,” or “our” refer to Werner Enterprises, Inc. and its subsidiaries. All significant intercompany accounts and transactions relating to these entities have been eliminated.

These consolidated financial statements have been prepared in accordance with the U.S. Securities and Exchange Commission (“SEC”) instructions to Form 10-Q and, in the opinion of management, reflect all adjustments, which are all of normal recurring nature, necessary to present fairly the financial condition, results of operations and cash flows for the periods presented in conformity with U.S. generally accepted accounting principles (“GAAP”). These consolidated financial statements do not include all information and footnotes required by GAAP for complete financial statements; although in management’s opinion, the disclosures are adequate so that the information presented is not misleading.

Operating results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. In the opinion of management, the information set forth in the accompanying consolidated condensed balance sheets is fairly stated in all material respects in relation to the consolidated balance sheets from which it has been derived.

These consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and accompanying notes contained in our 2023 Form 10-K.

Recently Issued Accounting Pronouncements, Not Yet Effective

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2023-07 *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, with the objective of improving financial reporting, primarily through enhanced disclosures about significant segment expenses. The provisions of this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, using a retrospective approach. We are evaluating the impact of adopting ASU 2023-07, and we expect this ASU to impact our disclosures but not our results of operations, cash flows, and financial condition.

In December 2023, FASB issued ASU 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, with the objective of enhancing the transparency and decision usefulness of income tax information through income tax disclosure improvements, primarily related to the rate reconciliation and income taxes paid information. The provisions of this update are effective for annual periods beginning after December 15, 2024, using a prospective approach. Retrospective application is permitted. We are evaluating the impact of adopting ASU 2023-09, and we expect this ASU to impact our disclosures but not our results of operations, cash flows, and financial condition.

(2) Revenue

Revenue Recognition

Revenues are recognized over time as control of the promised services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those services.

The following table presents our revenues disaggregated by revenue source (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Truckload Transportation Services	\$ 522,803	\$ 572,195	\$ 1,610,998	\$ 1,730,717
Werner Logistics	206,774	230,252	618,168	683,470
Inter-segment eliminations	(3,248)	(4,402)	(10,582)	(13,185)
Transportation services	726,329	798,045	2,218,584	2,401,002
Other revenues	19,372	19,699	56,995	60,552
Total revenues	\$ 745,701	\$ 817,744	\$ 2,275,579	\$ 2,461,554

The following table presents our revenues disaggregated by geographic areas in which we conduct business (in thousands). Operating revenues for foreign countries include revenues for (i) shipments with an origin or destination in that country and (ii) other services provided in that country. If both the origin and destination are in a foreign country, the revenues are attributed to the country of origin.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
United States	\$ 702,875	\$ 769,524	\$ 2,141,294	\$ 2,317,133
Mexico	35,597	38,941	110,882	118,092
Other	7,229	9,279	23,403	26,329
Total revenues	<u>\$ 745,701</u>	<u>\$ 817,744</u>	<u>\$ 2,275,579</u>	<u>\$ 2,461,554</u>

Contract Balances and Accounts Receivable

A receivable is an unconditional right to consideration and is recognized when shipments have been completed and the related performance obligation has been fully satisfied. At September 30, 2024 and December 31, 2023, the accounts receivable, trade, net, balance was \$384.0 million and \$444.9 million, respectively. Contract assets represent a conditional right to consideration in exchange for goods or services and are transferred to receivables when the rights become unconditional. At September 30, 2024 and December 31, 2023, the balance of contract assets was \$6.8 million and \$7.4 million, respectively. We have recognized contract assets within the other current assets financial statement caption on the consolidated condensed balance sheets. These contract assets are considered current assets as they will be settled in less than 12 months.

Contract liabilities represent advance consideration received from customers and are recognized as revenues over time as the related performance obligation is satisfied. At September 30, 2024 and December 31, 2023, the balance of contract liabilities was \$2.1 million and \$0.9 million, respectively. The amount of revenues recognized in the nine months ended September 30, 2024 that was included in the December 31, 2023 contract liability balance was \$0.9 million. We have recognized contract liabilities within the accounts payable and other current liabilities financial statement captions on the consolidated condensed balance sheets. These contract liabilities are considered current liabilities as they will be settled in less than 12 months.

Performance Obligations

We have elected to apply the practical expedient in Accounting Standards Codification ("ASC") Topic 606, *Revenue From Contracts With Customers*, to not disclose the value of remaining performance obligations for contracts with an original expected length of one year or less. Remaining performance obligations represent the transaction price allocated to future reporting periods for freight shipments started but not completed at the reporting date that we expect to recognize as revenue in the period subsequent to the reporting date; transit times generally average approximately 3 days.

During the nine months ended September 30, 2024 and 2023, revenues recognized from performance obligations related to prior periods (for example, due to changes in transaction price) were not material.

(3) Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of net identifiable tangible and intangible assets acquired in business combinations. There were no changes in the carrying amount of goodwill by segment for the nine months ended September 30, 2024.

The following table presents acquired intangible assets (in thousands):

	September 30, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 80,200	\$ (20,005)	\$ 60,195	\$ 80,200	\$ (13,989)	\$ 66,211
Trade names	24,600	(5,871)	18,729	24,600	(4,334)	20,266
Total intangible assets	<u>\$ 104,800</u>	<u>\$ (25,876)</u>	<u>\$ 78,924</u>	<u>\$ 104,800</u>	<u>\$ (18,323)</u>	<u>\$ 86,477</u>

Amortization expense on intangible assets was \$2.5 million and \$7.6 million for the three and nine months ended September 30, 2024, respectively, and \$2.5 million and \$7.8 million for the three and nine months ended September 30, 2023, respectively, and is reported in depreciation and amortization on the consolidated statements of income. As of September 30, 2024, we estimate future amortization expense for intangible assets will be \$2.5 million for the remainder of 2024, and \$10.1 million for each of the five succeeding fiscal years.

(4) Leases

We have entered into operating leases primarily for real estate. The leases have terms which range from 1 year to 18 years, and some include options to renew. Renewal terms are included in the lease term when it is reasonably certain that we will exercise the option to renew.

Operating leases are included in other non-current assets, other current liabilities and other long-term liabilities on the consolidated condensed balance sheets. These assets and liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date, using our incremental borrowing rate because the rate implicit in each lease is not readily determinable. We have certain contracts for real estate that may contain lease and non-lease components which we have elected to treat as a single lease component. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Variable lease expense is recognized in the period in which the obligation for those payments is incurred. Lease expense is reported in rent and purchased transportation on the consolidated statements of income.

The following table presents balance sheet and other operating lease information (dollars in thousands):

	September 30, 2024	December 31, 2023
Right-of-use assets (recorded in other non-current assets)	\$ 41,184	\$ 34,814
Current lease liabilities (recorded in other current liabilities)	\$ 10,216	\$ 9,017
Long-term lease liabilities (recorded in other long-term liabilities)	32,865	27,495
Total operating lease liabilities	\$ 43,081	\$ 36,512
Weighted-average remaining lease term for operating leases	5.61 years	6.15 years
Weighted-average discount rate for operating leases	4.6 %	3.6 %

The following table presents the maturities of operating lease liabilities as of September 30, 2024 (in thousands):

2024 (remaining)	\$ 3,110
2025	11,515
2026	9,835
2027	7,807
2028	6,504
Thereafter	9,555
Total undiscounted operating lease payments	\$ 48,326
Less: Imputed interest	(5,245)
Present value of operating lease liabilities	\$ 43,081

Cash Flows

During the nine months ended September 30, 2024 and 2023, right-of-use assets of \$ 14.8 million and \$3.8 million, respectively, were recognized as non-cash asset additions that resulted from new operating lease liabilities. Cash paid for amounts included in the present value of operating lease liabilities was \$8.9 million and \$8.4 million for the nine months ended September 30, 2024 and 2023, respectively, and are included in operating cash flows.

Operating Lease Expense

Operating lease expense was \$4.8 million and \$14.2 million for the three and nine months ended September 30, 2024, respectively, and \$ 5.7 million and \$17.8 million for the three and nine months ended September 30, 2023, respectively. This expense included \$ 3.2 million and \$9.1 million for the three and nine months ended September 30, 2024, respectively, and \$2.8 million and \$8.8 million for the three and nine months ended September 30, 2023, respectively, for long-term operating leases, with the remainder for variable and short-term lease expense.

Lessor Operating Leases

We are the lessor of tractors and trailers under operating leases with initial terms of 3 to 8 years. We recognize revenue for such leases on a straight-line basis over the term of the lease. Revenues were \$2.3 million and \$7.1 million for the three and nine

months ended September 30, 2024, respectively, and \$2.8 million and \$8.2 million for the three and nine months ended September 30, 2023, respectively.

The following table presents information about the maturities of these operating leases as of September 30, 2024 (in thousands):

2024 (remaining)	\$	2,170
2025		4,607
2026		291
2027		73
2028		—
Thereafter		—
Total	\$	<u>7,141</u>

(5) Fair Value

Fair Value Measurement — Definition and Hierarchy

ASC 820-10, *Fair Value Measurement*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date.

ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs reflect our own assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels, as follows:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access.

Level 2 — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Such inputs include quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active and inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Unobservable inputs for the asset or liability, where there is little, if any, observable market activity or data for the asset or liability.

In general, and where applicable, we use quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to our Level 1 assets and liabilities. If quoted prices in active markets for identical assets and liabilities are not available to determine fair value, then we use quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable, either directly or indirectly. This pricing methodology would apply to Level 2 assets and liabilities.

The following table presents the fair value hierarchy for our assets and liabilities measured at fair value on a recurring basis (in thousands):

	Level in Fair Value Hierarchy	Fair Value	
		September 30, 2024	December 31, 2023
Assets:			
Other non-current assets:			
Equity securities ⁽¹⁾	1	\$ 83	\$ 310
Liabilities:			
Other long-term liabilities:			
Contingent consideration associated with acquisition	3	\$ 9,208	\$ 8,896

⁽¹⁾ Represents our investment in an autonomous technology company. For additional information regarding the valuation of this equity security, see Note 6 – Investments.

The following table presents changes in the fair value of our contingent earnout liabilities (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Balance at beginning of period	\$ 9,102	\$ 13,028	\$ 8,896	\$ 13,400
Measurement period adjustment associated with the acquisition of ReedTMS Logistics ⁽¹⁾	—	—	—	(800)
Change in fair value	106	155	312	583
Balance at end of period	\$ 9,208	\$ 13,183	\$ 9,208	\$ 13,183

⁽¹⁾ The measurement period adjustment was recorded in goodwill on the consolidated condensed balance sheet.

The estimated fair values of our contingent consideration arrangements are based upon probability-adjusted inputs for each acquired entity. Additionally, as the liability is stated at present value, the passage of time alone will increase the estimated fair value of the liability each reporting period. Change in fair value is recorded in other operating expenses on the consolidated statements of income.

We have ownership interests in investments, primarily Mastery Logistics Systems, Inc. ("MLSI"), which do not have readily determinable fair values and are accounted for using the measurement alternative in ASC 321, *Investments - Equity Securities*. Our ownership interest in Autotech Fund III, L.P. (the "Autotech Fund") is accounted for under ASC 323, *Investments - Equity Method and Joint Ventures*. For additional information regarding the valuation of these investments, see Note 6 – Investments.

Fair Value of Financial Instruments Not Recorded at Fair Value

Cash and cash equivalents, accounts receivable trade, and accounts payable are short-term in nature and accordingly are carried at amounts that approximate fair value.

The carrying amount of our fixed-rate debt not measured at fair value on a recurring basis was \$ 88.8 million as of December 31, 2023. We had no fixed-rate debt outstanding as of September 30, 2024. The estimated fair value of our fixed-rate debt using the income approach, based on its net present value, discounted at our current borrowing rate, was \$86.7 million as of December 31, 2023 (categorized as Level 2 of the fair value hierarchy). The carrying amount of our variable-rate long-term debt approximates fair value due to the duration of our credit arrangement and the variable interest rate.

(6) Investments

Equity Investments without Readily Determinable Fair Values

Our strategic equity investments without readily determinable fair values primarily consist of our investment in MLSI, a transportation management systems company. MLSI has developed a cloud-based transportation management system using its SaaS technology, and we have obtained a license. Our investments are being accounted for under ASC 321 using the measurement alternative and are recorded in other noncurrent assets on the consolidated condensed balance sheets. We record changes in the values of our investments based on events that occur that would indicate the values have changed, in loss (gain) on investments in equity securities on the consolidated statements of income. As of September 30, 2024 and December 31, 2023, the value of our investment in MLSI was \$89.8 million, and the value of our other equity investments without readily determinable fair values was \$348 thousand and \$316 thousand, respectively. No gains or losses were recorded for the three and nine months ended September 30, 2024 and 2023.

The following table summarizes the activity related to our equity investments without readily determinable fair values during the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Investment in equity securities	\$ 11	\$ 3,000	\$ 32	\$ 3,000

As of September 30, 2024, cumulative upward adjustments on our equity securities without readily determinable fair values totaled \$ 56.8 million.

Equity Investments with Readily Determinable Fair Values

We own a strategic minority equity investment in an autonomous technology company, which is being accounted for under ASC 321 and is recorded in other noncurrent assets on the consolidated condensed balance sheets. As of September 30, 2024 and December 31, 2023, the value of this investment was \$0.1 million and \$0.3 million, respectively. For additional information regarding the fair value of this equity investment, see Note 5 – Fair Value.

The following table summarizes the activity related to our equity investments with readily determinable fair values during the periods presented (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Loss on investments in equity securities, net	\$ 37	\$ 34	\$ 227	\$ 36
Portion of net unrealized loss for the period related to equity securities still held at the reporting date	37	35	227	28

Equity Method Investment

In January 2023, we committed to make a \$ 20.0 million investment in the Autotech Fund pursuant to a limited partnership agreement. The Autotech Fund is managed by Autotech Ventures, a venture capital firm focused on ground transportation technology. Our interest, which represents an ownership percentage of less than 20%, is being accounted for under ASC 323, "Investments - Equity Method and Joint Ventures." As a limited partner, we will make periodic capital contributions toward this total commitment amount. As of September 30, 2024, our cumulative contributions in the Autotech Fund were \$5.7 million. We contributed \$2.4 million and \$2.6 million to the Autotech Fund during the nine months ended September 30, 2024 and 2023, respectively. As of September 30, 2024 and December 31, 2023, the value of our investment in the Autotech Fund was \$ 4.7 million and \$2.3 million, respectively, and is recorded in other noncurrent assets on the consolidated condensed balance sheets. The carrying amount of the Autotech Fund as of September 30, 2024 approximates its fair value as of June 30, 2024, as this is the most recent information available to us at this time. We recognized earnings of \$0.3 million and \$21 thousand from the Autotech Fund for the three and nine months ended September 30, 2024, respectively, and a loss of \$0.1 million and \$1.0 million from the Autotech Fund for the three and nine months ended September 30, 2023, respectively, which is reported in loss (earnings) from equity method investment on the consolidated statements of income.

(7) Debt and Credit Facilities

On December 20, 2022, we entered into a \$1.075 billion unsecured credit facility with a group of lenders (the "2022 Credit Agreement"), replacing our previous credit facilities. The 2022 Credit Agreement is scheduled to mature on December 20, 2027, and has a \$100.0 million maximum limit for the aggregate amount of letters of credit issued.

Revolving credit loans drawn under the 2022 Credit Agreement bear interest, at our option, at (i) the Base Rate (the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.50%, or (c) the one-month Term SOFR plus 1.10%), plus a margin ranging between 0.125% and 0.750%, or (ii) Term SOFR plus 0.10% and a margin ranging between 1.125% and 1.750%. Swingline loans drawn under the 2022 Credit Agreement bear interest at the Base Rate, as defined above, plus a margin ranging between 0.125% and 0.750%. The 2022 Credit Agreement also requires us to pay quarterly (i) a letter of credit commission on the daily amount available to be drawn under such standby letters of credit at rates ranging between 1.125% and 1.750% per annum and (ii) a nonrefundable commitment fee on the average daily unused amount of the commitment at rates ranging between 0.125% and 0.250% per annum. The margin, letter of credit commission, and commitment fee rates are based on our ratio of net funded debt to earnings before interest, income taxes, depreciation and amortization ("EBITDA"). There are no scheduled principal payments due on the 2022 Credit Agreement until the maturity date, and interest is payable in arrears at periodic intervals not to exceed three months.

We have entered into variable-for-fixed interest rate swap agreements in order to limit our exposure to increases in interest rates on a portion of our variable-rate indebtedness. Under the terms of our interest rate swap agreements, we receive monthly variable-rate interest payments based on one-month Term SOFR and make monthly fixed-rate interest payments as specified in the interest rate swap agreements. We have designated our interest rate swap agreements as cash flow hedges. Changes in fair value of outstanding derivatives in cash flow hedges are recorded in other comprehensive income (loss) in the consolidated statements of comprehensive income until earnings are impacted by the hedged transactions. Two variable-for-fixed interest rate swap agreements with an aggregate notional amount of \$150.0 million matured in May 2024. In August 2024, we entered into a variable-for-fixed interest rate swap agreement with a notional amount of \$75.0 million, maturing in 2028, and during the three months ended June 30, 2024, we entered into two variable-for-fixed interest rate swap agreements with an aggregate notional amount of \$ 150.0 million, maturing in 2027.

On June 30, 2021, we entered into a \$100.0 million unsecured 1.28% fixed-rate term loan commitment with BMO Harris, with quarterly principal payments of \$1.25 million and a final payment of principal and interest due and payable on May 14, 2024 ("BMO Term Loan"). We repaid the remaining \$86.3 million outstanding principal balance under the BMO Term Loan in May 2024 using proceeds from the 2022 Credit Agreement.

As of September 30, 2024 and December 31, 2023, our outstanding debt totaled \$ 690.0 million and \$648.8 million, respectively. As of September 30, 2024, our outstanding revolving credit loan balance under the 2022 Credit Agreement, consisted of:

- \$335.0 million at a variable interest rate of 6.81%;
- \$40.0 million which is effectively fixed at 6.45% with interest rate swap agreements through July 2025;
- \$90.0 million which is effectively fixed at 6.12% with interest rate swap agreements through July 2026;
- \$75.0 million which is effectively fixed at 6.23% with an interest rate swap agreement through April 2027;
- \$75.0 million which is effectively fixed at 6.09% with an interest rate swap agreement through May 2027; and
- \$75.0 million which is effectively fixed at 5.14% with an interest rate swap agreement through August 2028.

Subsequent to the end of the quarter, in October 2024, we borrowed \$ 45.0 million on our revolving line of credit. Our total available borrowing capacity under the 2022 Credit Agreement was \$379.1 million as of September 30, 2024, after considering \$ 5.9 million in stand-by letters of credit under which we are obligated.

Availability of such funds under the current debt agreement is conditional upon various customary terms and covenants. Such covenants include, among other things, two financial covenants requiring us (i) not to exceed a maximum ratio of net funded debt to EBITDA and (ii) to exceed a minimum ratio of EBITDA to interest expense. As of September 30, 2024, we were in compliance with these covenants.

At September 30, 2024, the aggregate future maturities of long-term debt by year are as follows (in thousands):

2024 (remaining)	\$	—
2025		—
2026		—
2027		690,000
2028		—
Total	\$	690,000

(8) Commitments and Contingencies

We have committed to property and equipment purchases of approximately \$ 81.1 million at September 30, 2024.

We are involved in certain claims and pending litigation, including those described herein, arising in the ordinary course of business. The majority of these claims relate to bodily injury, property damage, cargo and workers' compensation incurred in the transportation of freight, as well as certain class action litigation related to personnel and employment matters. We accrue for the uninsured portion of contingent losses from these and other pending claims when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Based on the knowledge of the facts, management believes the resolution of claims and pending litigation, taking into account existing reserves, will not have a material adverse effect on our consolidated financial statements. Moreover, the results of complex legal proceedings are difficult to predict, and our view of these matters may change in the future as the litigation and related events unfold.

On May 17, 2018, in Harris County District Court in Houston, Texas, a jury rendered an adverse verdict against the Company in a lawsuit arising from a December 30, 2014 accident between a Werner tractor-trailer and a passenger vehicle. On July 30, 2018, the court entered a final judgment against Werner for \$92.0 million, including pre-judgment interest.

The Company has premium-based liability insurance to cover the potential outcome from this jury verdict. Under the Company's insurance policies in effect on the date of this accident, the Company's maximum liability for this accident is \$10.0 million (plus pre-judgment and post-judgment interest) with premium-based coverage that exceeds the jury verdict amount. As a result of this jury verdict, the Company had recorded a liability of \$42.8 million as of September 30, 2024, and \$39.8 million as of December 31, 2023. Under the terms of the Company's insurance policies, the Company is the primary obligor of the verdict, and as such, the Company has also recorded a \$79.2 million receivable from its third-party insurance providers in other non-current assets and a corresponding liability of the same amount in the long-term portion of insurance and claims accruals in the consolidated condensed balance sheets as of September 30, 2024 and December 31, 2023.

The Company pursued an appeal of this verdict, and on May 18, 2023, the Texas Court of Appeals overruled Werner's appeal and affirmed the trial court's judgment. The Company has since filed a Petition for Review with the Texas Supreme Court, seeking further review of the Texas Court of Appeals decision. On August 30, 2024 the Texas Supreme Court granted the Company's Petition for Review. Oral argument is scheduled for December 3, 2024. No assurances can be given regarding the outcome of the review.

We are also involved in certain class action litigation in which the plaintiffs allege claims for failure to provide meal and rest breaks, unpaid wages, unauthorized deductions and other items. Based on the knowledge of the facts, management does not currently believe the outcome of these class actions is likely to have a material adverse effect on our financial position or results of operations. However, the final disposition of these matters and the impact of such final dispositions cannot be determined at this time.

(9) Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to Werner by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to Werner by the weighted average number of common shares outstanding plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding restricted stock awards. Performance awards are excluded from the calculation of dilutive potential common shares until the threshold performance conditions have been satisfied. There are no differences in the numerators of our computations of basic and diluted earnings per share for any periods presented.

The computation of basic and diluted earnings per share is shown below (in thousands, except per share amounts).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income attributable to Werner	\$ 6,565	\$ 23,704	\$ 22,342	\$ 88,809
Weighted average common shares outstanding	61,808	63,390	62,659	63,360
Dilutive effect of stock-based awards	214	347	203	343
Shares used in computing diluted earnings per share	62,022	63,737	62,862	63,703
Basic earnings per share	\$ 0.11	\$ 0.37	\$ 0.36	\$ 1.40
Diluted earnings per share	\$ 0.11	\$ 0.37	\$ 0.36	\$ 1.39

(10) Segment Information

We have two reportable segments – Truckload Transportation Services (“TTS”) and Werner Logistics.

The TTS segment consists of two operating units, Dedicated and One-Way Truckload. These units are aggregated because they have similar economic characteristics and meet the other aggregation criteria described in the accounting guidance for segment reporting. Dedicated provides truckload services dedicated to a specific customer, generally for a retail distribution center or manufacturing facility, utilizing either dry van or specialized trailers. One-Way Truckload is comprised of the following operating fleets: (i) the medium-to-long-haul van (“Van”) fleet transports a variety of consumer nondurable products and other commodities in truckload quantities over irregular routes using dry van trailers, including Mexico cross-border routes; (ii) the expedited (“Expedited”) fleet provides time-sensitive truckload services utilizing driver teams; (iii) the regional short-haul (“Regional”) fleet provides comparable truckload van service within geographic regions across the United States; and (iv) the Temperature Controlled fleet provides truckload services for temperature sensitive products over irregular routes utilizing temperature-controlled trailers. Revenues for the TTS segment include a small amount of non-trucking revenues which consist primarily of the intra-Mexico portion of cross-border shipments delivered to or from Mexico where we utilize a third-party capacity provider.

The Werner Logistics segment is a non-asset-based transportation and logistics provider. Werner Logistics provides services throughout North America and generates the majority of our non-trucking revenues through three operating units. These three Werner Logistics operating units are as follows: (i) Truckload Logistics, which uses contracted carriers to complete shipments for brokerage customers and freight management customers for which we offer a full range of single-source logistics management services and solutions; (ii) the Intermodal (“Intermodal”) unit offers rail transportation through alliances with rail and drayage providers as an alternative to truck transportation; and (iii) Werner Final Mile (“Final Mile”) offers residential and commercial deliveries of large or heavy items using third-party agents, independent contractors, and Company employees with two-person delivery teams operating a liftgate straight truck.

We generate other revenues from our driver training schools, transportation-related activities such as third-party equipment maintenance and equipment leasing, and other business activities. None of these operations meets the quantitative reporting thresholds. As a result, these operations are grouped in “Other” in the tables below. “Corporate” includes revenues and expenses that are incidental to our activities and are not attributable to any of our operating segments, including gains and losses on sales of property and equipment not attributable to our operating segments.

We do not prepare separate balance sheets by segment and, as a result, assets are not separately identifiable by segment. Based on our operations, certain revenue-generating assets (primarily tractors and trailers) are interchangeable between segments. Depreciation for these interchangeable assets is allocated to segments based on the actual number of units utilized by the segment during the period. Other depreciation and amortization is allocated to segments based on specific identification or as a percentage of a metric such as average number of tractors. Inter-segment eliminations represent transactions between reporting segments that are eliminated in consolidation.

The following tables summarize our segment information (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues by Segment				
Truckload Transportation Services	\$ 522,803	\$ 572,195	\$ 1,610,998	\$ 1,730,717
Werner Logistics	206,774	230,252	618,168	683,470
Other	18,698	19,212	55,118	59,089
Corporate	674	487	1,877	1,463
Subtotal	748,949	822,146	2,286,161	2,474,739
Inter-segment eliminations	(3,248)	(4,402)	(10,582)	(13,185)
Total	\$ 745,701	\$ 817,744	\$ 2,275,579	\$ 2,461,554
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating Income (Loss) by Segment				
Truckload Transportation Services	\$ 21,607	\$ 38,846	\$ 63,445	\$ 134,991
Werner Logistics	(345)	2,012	(2,124)	11,304
Other	(980)	(150)	(2,155)	313
Corporate	(2,687)	(2,808)	(6,372)	(8,124)
Total	\$ 17,595	\$ 37,900	\$ 52,794	\$ 138,484
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Depreciation and Amortization by Segment				
Truckload Transportation Services	\$ 64,352	\$ 67,819	\$ 196,857	\$ 202,276
Werner Logistics	3,862	3,682	11,274	11,606
Other	2,541	2,946	7,808	8,733
Corporate	829	139	2,587	1,182
Total	\$ 71,584	\$ 74,586	\$ 218,526	\$ 223,797

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A") summarizes the financial statements from management's perspective with respect to our financial condition, results of operations, liquidity and other factors that may affect actual results. The MD&A is organized in the following sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Regulations
- Critical Accounting Estimates

The MD&A should be read in conjunction with our 2023 Form 10-K.

Overview:

We have two reportable segments, TTS and Werner Logistics, and we operate in the truckload and logistics sectors of the transportation industry. In the truckload sector, we focus on transporting consumer nondurable products that generally ship more consistently throughout the year. In the logistics sector, besides managing transportation requirements for individual customers, we provide additional sources of truck capacity, alternative modes of transportation, a North American delivery network and systems analysis to optimize transportation needs. Our success depends on our ability to efficiently and effectively manage our resources in the delivery of truckload transportation and logistics services to our customers. Resource requirements vary with customer demand, which may be subject to seasonal or general economic conditions. Our ability to adapt to changes in customer transportation requirements is essential to efficiently deploy resources and make capital investments in tractors and trailers (with respect to our TTS segment) or obtain qualified third-party capacity at a reasonable price (with respect to our Werner Logistics segment). We may also be affected by our customers' financial failures or loss of customer business.

Revenues for our TTS segment operating units (Dedicated and One-Way Truckload) are typically generated on a per-mile basis and also include revenues such as stop charges, loading and unloading charges, equipment detention charges and equipment repositioning charges. To mitigate our risk to fuel price increases, we recover additional fuel surcharge revenues from our customers that generally recoup a majority of the increased fuel costs; however, we cannot assure that current recovery levels will continue in future periods. Because fuel surcharge revenues fluctuate in response to changes in fuel costs, we identify them separately and exclude them from the statistical calculations to provide a more meaningful comparison between periods. The key statistics used to evaluate trucking revenues, net of fuel surcharge, are (i) average revenues per tractor per week, (ii) average percentage of empty miles (miles without trailer cargo), (iii) average trip length (in loaded miles) and (iv) average number of tractors in service. General economic conditions, seasonal trucking industry freight patterns and industry capacity are important factors that impact these statistics. Our TTS segment also generates a small amount of revenues categorized as non-trucking revenues, which consist primarily of the intra-Mexico portion of cross-border shipments delivered to or from Mexico where the TTS segment utilizes a third-party capacity provider. We exclude such revenues from the statistical calculations.

Our most significant resource requirements are company drivers, independent contractors, tractors, and trailers with respect to our TTS segment and qualified third-party capacity providers with respect to our Werner Logistics segment. Independent contractors supply their own tractors and drivers and are responsible for their operating expenses. Our financial results are affected by company driver and independent contractor availability and the markets for new and used revenue equipment. We are self-insured for a significant portion of bodily injury, property damage and cargo claims; workers' compensation claims; and associate health claims (supplemented by premium-based insurance coverage above certain dollar levels). For that reason, our financial results may also be affected by driver safety, medical costs, weather, legal and regulatory environments and insurance coverage costs to protect against catastrophic losses.

The operating ratio is a common industry measure used to evaluate our profitability and that of our TTS segment operating fleets. The operating ratio consists of operating expenses expressed as a percentage of operating revenues. The most significant variable expenses that impact the TTS segment are driver salaries and benefits, fuel, fuel taxes (included in taxes and licenses expense), payments to independent contractors (included in rent and purchased transportation expense), supplies and maintenance and insurance and claims. As discussed further in the comparison of operating results for third quarter 2024 to third quarter 2023, several industry-wide issues have caused, and could continue to cause, costs to increase in future periods. These issues include shortages of drivers or independent contractors, changing fuel prices, changing used truck and trailer pricing, compliance with new or proposed regulations and tightening of the commercial truck liability insurance market. Our main fixed costs include depreciation expense for tractors and trailers and equipment licensing fees (included in taxes and licenses expense). The TTS segment requires substantial cash expenditures for tractor and trailer purchases. We fund these purchases with net cash from operations and financing available under our existing credit facility, as management deems necessary.

We provide non-trucking services primarily through the three operating units within our Werner Logistics segment (Truckload Logistics, Intermodal, and Final Mile). Unlike our TTS segment, the Werner Logistics segment is less asset-intensive and is instead dependent upon qualified associates, information systems and qualified third-party capacity providers. The largest expense item related to the Werner Logistics segment is the cost of purchased transportation we pay to third-party capacity providers. This expense item is recorded as rent and purchased transportation expense. Other operating expenses consist primarily of salaries, wages and benefits, as well as depreciation and amortization, supplies and maintenance, and other general expenses. We evaluate the Werner Logistics segment's financial performance by reviewing operating expenses and operating income expressed as a percentage of revenues. Purchased transportation expenses as a percentage of revenues can be impacted by the rates charged to customers and the costs of securing third-party capacity. We have a mix of contracted long-term rates and variable rates for the cost of third-party capacity, and we cannot assure that our operating results will not be adversely impacted in the future if our ability to obtain qualified third-party capacity providers changes or the rates of such providers increase.

Results of Operations:

The following table sets forth the consolidated statements of income in dollars and as a percentage of total operating revenues and the percentage increase or decrease in the dollar amounts of those items compared to the prior year.

	Three Months Ended (3ME)				Nine Months Ended (9ME)				Percentage Change in	
	September 30,				September 30,				Dollar Amounts	
	2024		2023		2024		2023		3ME	9ME
(in thousands)	\$	%	\$	%	\$	%	\$	%	%	%
Operating revenues	\$ 745,701	100.0	\$ 817,744	100.0	\$ 2,275,579	100.0	\$ 2,461,554	100.0	(8.8)	(7.6)
Operating expenses:										
Salaries, wages and benefits	258,335	34.6	268,054	32.8	783,492	34.4	802,742	32.6	(3.6)	(2.4)
Fuel	64,886	8.7	90,369	11.0	214,506	9.4	259,523	10.5	(28.2)	(17.3)
Supplies and maintenance	61,548	8.2	60,181	7.4	185,311	8.2	193,370	7.9	2.3	(4.2)
Taxes and licenses	23,565	3.2	25,852	3.2	74,223	3.3	76,685	3.1	(8.8)	(3.2)
Insurance and claims	27,678	3.7	31,261	3.8	95,937	4.2	104,552	4.2	(11.5)	(8.2)
Depreciation and amortization	71,584	9.6	74,586	9.1	218,526	9.6	223,797	9.1	(4.0)	(2.4)
Rent and purchased transportation	211,667	28.4	224,556	27.5	626,009	27.5	661,866	26.9	(5.7)	(5.4)
Communications and utilities	4,186	0.6	4,555	0.6	13,019	0.6	13,957	0.6	(8.1)	(6.7)
Other	4,657	0.6	430	—	11,762	0.5	(13,422)	(0.5)	983.0	(187.6)
Total operating expenses	728,106	97.6	779,844	95.4	2,222,785	97.7	2,323,070	94.4	(6.6)	(4.3)
Operating income	17,595	2.4	37,900	4.6	52,794	2.3	138,484	5.6	(53.6)	(61.9)
Total other expense, net	9,051	1.2	7,362	0.9	22,804	1.0	20,905	0.8	22.9	9.1
Income before income taxes	8,544	1.2	30,538	3.7	29,990	1.3	117,579	4.8	(72.0)	(74.5)
Income tax expense	2,004	0.3	7,034	0.8	8,002	0.3	28,521	1.2	(71.5)	(71.9)
Net income	6,540	0.9	23,504	2.9	21,988	1.0	89,058	3.6	(72.2)	(75.3)
Net loss (income) attributable to noncontrolling interest	25	—	200	—	354	—	(249)	—	(87.5)	(242.2)
Net income attributable to Werner	\$ 6,565	0.9	\$ 23,704	2.9	\$ 22,342	1.0	\$ 88,809	3.6	(72.3)	(74.8)

The following tables set forth the operating revenues, operating expenses and operating income for the TTS segment and certain statistical data regarding our TTS segment operations, as well as statistical data for the One-Way Truckload and Dedicated operating units within TTS.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	\$	%	\$	%	\$	%	\$	%
TTS segment (in thousands)								
Trucking revenues, net of fuel surcharge	\$ 449,864		\$ 482,169		\$ 1,377,883		\$ 1,462,037	
Trucking fuel surcharge revenues	62,749		82,735		205,698		247,713	
Non-trucking and other operating revenues	10,190		7,291		27,417		20,967	
Operating revenues	522,803	100.0	572,195	100.0	1,610,998	100.0	1,730,717	100.0
Operating expenses	501,196	95.9	533,349	93.2	1,547,553	96.1	1,595,726	92.2
Operating income	<u>\$ 21,607</u>	4.1	<u>\$ 38,846</u>	6.8	<u>\$ 63,445</u>	3.9	<u>\$ 134,991</u>	7.8

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
TTS segment						
Average tractors in service	7,414	8,226	(9.9)%	7,660	8,379	(8.6)%
Average revenues per tractor per week ⁽¹⁾	\$ 4,667	\$ 4,509	3.5 %	\$ 4,612	\$ 4,474	3.1 %
Total tractors (at quarter end)						
Company	7,155	7,905	(9.5)%	7,155	7,905	(9.5)%
Independent contractor	290	265	9.4 %	290	265	9.4 %
Total tractors	7,445	8,170	(8.9)%	7,445	8,170	(8.9)%
Total trailers (at quarter end)	25,860	27,150	(4.8)%	25,860	27,150	(4.8)%

One-Way Truckload

Trucking revenues, net of fuel surcharge (in 000's)	\$ 164,577	\$ 175,690	(6.3)%	\$ 502,697	\$ 535,644	(6.2)%
Average tractors in service	2,605	2,972	(12.3)%	2,707	3,079	(12.1)%
Total tractors (at quarter end)	2,540	2,910	(12.7)%	2,540	2,910	(12.7)%
Average percentage of empty miles	15.33 %	14.43 %	6.2 %	14.98 %	14.18 %	5.6 %
Average revenues per tractor per week ⁽¹⁾	\$ 4,860	\$ 4,548	6.9 %	\$ 4,763	\$ 4,460	6.8 %
Average % change in revenues per total mile ⁽¹⁾	0.3 %	(4.8)%		(1.2)%	(4.4)%	
Average % change in total miles per tractor per week	6.6 %	3.3 %		5.9 %	0.1 %	
Average completed trip length in miles (loaded)	578	564	2.5 %	586	595	(1.5)%

Dedicated

Trucking revenues, net of fuel surcharge (in 000's)	\$ 285,287	\$ 306,479	(6.9)%	\$ 875,186	\$ 926,393	(5.5)%
Average tractors in service	4,809	5,254	(8.5)%	4,953	5,300	(6.5)%
Total tractors (at quarter end)	4,905	5,260	(6.7)%	4,905	5,260	(6.7)%
Average revenues per tractor per week ⁽¹⁾	\$ 4,563	\$ 4,488	1.7 %	\$ 4,531	\$ 4,482	1.1 %

⁽¹⁾ Net of fuel surcharge revenues.

The following tables set forth the Werner Logistics segment's revenues, purchased transportation expense, other operating expenses (primarily salaries, wages and benefits expense), total operating expenses, and operating income, as well as certain statistical data regarding the Werner Logistics segment.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	\$	%	\$	%	\$	%	\$	%
<u>Werner Logistics segment (in thousands)</u>								
Operating revenues	\$ 206,774	100.0	\$ 230,252	100.0	\$ 618,168	100.0	\$ 683,470	100.0
Operating expenses:								
Purchased transportation expense	176,205	85.2	194,921	84.7	525,758	85.1	568,816	83.2
Other operating expenses	30,914	15.0	33,319	14.4	94,534	15.2	103,350	15.1
Total operating expenses	207,119	100.2	228,240	99.1	620,292	100.3	672,166	98.3
Operating income (loss)	\$ (345)	(0.2)	\$ 2,012	0.9	\$ (2,124)	(0.3)	\$ 11,304	1.7

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<u>Werner Logistics segment</u>						
Average tractors in service	20	37	(45.9)%	22	36	(38.9)%
Total tractors (at quarter end)	20	41	(51.2)%	20	41	(51.2)%
Total trailers (at quarter end)	3,475	2,865	21.3 %	3,475	2,865	21.3 %

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

Operating Revenues

Operating revenues decreased 8.8% for the three months ended September 30, 2024, compared to the same period of the prior year. When comparing third quarter 2024 to third quarter 2023, TTS segment revenues decreased \$49.4 million, or 8.6%, and Werner Logistics revenues decreased \$23.5 million, or 10.2%.

Dedicated freight demand remains steady and durable despite a continued challenging freight market, and the Dedicated customer retention rate and pipeline of opportunities remain strong. In One-Way Truckload, our pricing discipline, combined with better freight options and strong miles per tractor, led to a 6.9% increase in average revenues per tractor per week, net of fuel surcharge during third quarter 2024. Werner Logistics revenues and profitability continue to be impacted by ongoing pricing pressure.

Trucking revenues, net of fuel surcharge, decreased 6.7% in third quarter 2024 compared to third quarter 2023 due to a 9.9% decrease in the average number of tractors in service, partially offset by a 3.5% increase in average revenues per tractor per week, net of fuel surcharge. During third quarter 2024, One-Way Truckload average revenues per total mile, net of fuel surcharge, increased 0.3%. One-Way Truckload average tractors in service decreased 12.3%, partially offset with 6.6% higher average total miles per tractor per week in third quarter 2024. As a result, One-Way Truckload total miles were down only 6.6% compared to third quarter 2023. We expect average revenues per total mile, net of fuel surcharge, for the One-Way Truckload fleet to remain flat or increase up to 3% in fourth quarter 2024 compared to fourth quarter 2023, as we see increasing opportunity for favorable rate changes going forward. Dedicated average revenues per tractor per week, net of fuel surcharge, increased 1.7%. We continue to expect Dedicated average revenues per tractor per week, net of fuel surcharge, to remain flat or increase up to 3% in 2024 compared to 2023.

The average number of tractors in service in the TTS segment decreased 9.9% to 7,414 in third quarter 2024 from 8,226 in third quarter 2023. The prolonged weak freight market combined with the impact from certain fleet losses as a result of maintaining our pricing and operating margin discipline resulted in fewer tractors at the end of third quarter 2024. We ended third quarter 2024 with 7,445 tractors in the TTS segment, a year-over-year decrease of 725 tractors compared to the end of third quarter 2023, and a sequential decrease of 15 tractors compared to the end of second quarter 2024. Within TTS, our Dedicated unit ended third quarter 2024 with 4,905 tractors (or 66% of our total TTS segment fleet) compared to 5,260 tractors (or 64%) a year ago. We currently expect our TTS segment fleet size at the end of 2024 to decrease in a range of 8% to 6% when compared to the fleet size at the end of 2023, as we see potential for a decrease in our Dedicated fleet, partially offset by growth in our One-Way fleet in fourth quarter 2024. We cannot predict whether future driver shortages, if any, would have a further adverse effect on our fleet size. If such a driver market shortage were to occur, it could result in further fleet size reductions, and our results of operations could be adversely affected.

Trucking fuel surcharge revenues decreased 24.2% to \$62.7 million in third quarter 2024 from \$82.7 million in third quarter 2023. These revenues represent collections from customers for the increase in fuel and fuel-related expenses, including the fuel

component of our independent contractor cost (recorded as rent and purchased transportation expense) and fuel taxes (recorded in taxes and licenses expense), when diesel fuel prices rise. Conversely, when fuel prices decrease, fuel surcharge revenues decrease. To lessen the effect of fluctuating fuel prices on our margins, we collect fuel surcharge revenues from our customers for the cost of diesel fuel and taxes in excess of specified base fuel price levels according to terms in our customer contracts. Fuel surcharge rates generally adjust weekly based on an independent U.S. Department of Energy fuel price survey which is released every Monday. Our fuel surcharge programs are designed to (i) recoup higher fuel costs from customers when fuel prices rise and (ii) provide customers with the benefit of lower fuel costs when fuel prices decline. These programs generally enable us to recover a majority, but not all, of the fuel price increases. The remaining portion is generally not recoverable because it results from empty and out-of-route miles (which are not billable to customers) and tractor idle time. Fuel prices that change rapidly in short time periods also impact our recovery because the surcharge rate in most programs only changes once per week.

Werner Logistics revenues are generated by its three operating units. Werner Logistics recorded revenue and brokered freight expense of \$3.2 million in third quarter 2024 and \$4.4 million in third quarter 2023 for certain shipments performed by the TTS segment (also recorded as trucking revenue by the TTS segment), and these transactions between reporting segments are eliminated in consolidation. In third quarter 2024, Werner Logistics revenues decreased \$23.5 million, or 10.2%, compared to third quarter 2023. Truckload Logistics revenues (75% of total Werner Logistics segment revenues) decreased \$20.9 million, or 12%, in third quarter 2024, driven by a decrease in shipments, partially offset by an increase in revenue per shipment. The Power Only solution, which utilizes third-party carriers who provide only a driver and a tractor, represented a growing portion of the Truckload Logistics volume in third quarter 2024, as Power Only volumes increased over 18% in third quarter 2024 compared to third quarter 2023. Intermodal revenues (14% of total Werner Logistics segment revenues) increased \$2.0 million, or 7%, in third quarter 2024, due to an increase in shipments, partially offset by lower revenue per shipment. Final Mile revenues (11% of total Werner Logistics segment revenues) decreased \$4.6 million, or 17%, in third quarter 2024 due to lower volume for furniture and appliances, and timing of isolated churn ahead of new customer facilities being implemented. Werner Logistics had an operating loss of \$0.3 million in third quarter 2024 compared to operating income of \$2.0 million in third quarter 2023, and its operating margin percentage decreased to (0.2)% in third quarter 2024 from 0.9% in third quarter 2023. The operating environment continues to be competitive, which is pressuring Werner Logistics operating margins in the short term.

Operating Expenses

Our operating ratio (operating expenses expressed as a percentage of operating revenues) was 97.6% in third quarter 2024 compared to 95.4% in third quarter 2023. Expense items that impacted the overall operating ratio are described on the following pages. The tables on pages 20 through 22 show the consolidated statements of income in dollars and as a percentage of total operating revenues and the percentage increase or decrease in the dollar amounts of those items compared to the same period of the prior year, as well as the operating ratios, operating margins, and certain statistical information for our two reportable segments, TTS and Werner Logistics.

Salaries, wages and benefits decreased \$9.7 million or 3.6% in third quarter 2024 compared to third quarter 2023 and increased 1.8% as a percentage of operating revenues to 34.6%. The lower dollar amount of salaries, wages and benefits expense in the third quarter of 2024 was due primarily to the impact of 12.2 million fewer company tractor miles and decreased non-driver pay in the third quarter 2024, partially offset by higher benefit costs resulting primarily from elevated health care claims. The decrease in non-driver pay was due primarily to a smaller average number of non-driver employees. Non-driver salaries, wages and benefits in our non-trucking Werner Logistics segment decreased 11% in third quarter 2024 compared to third quarter 2023.

We renewed our workers' compensation insurance coverage on April 1, 2024. Our coverage levels are the same as the prior policy year. We continue to maintain a self-insurance retention of \$2.0 million per claim. Our workers' compensation insurance premiums for the policy year beginning April 2024 are \$0.3 million higher than the previous policy year.

While we currently believe the driver recruiting and retention market may be less difficult in the near term, a competitive driver market presents labor challenges for customers and carriers alike. Several factors impacting the driver market include a declining number of, and increased competition for, driver training school graduates, aging truck driver demographics and increased truck safety regulations. We continue to take significant actions to strengthen our driver recruiting and retention as we strive to be the truckload employer of choice, including competitive driver pay, providing a modern tractor and trailer fleet with the latest safety equipment and technology, investing in our driver training school network and offering a wide variety of driving positions including daily and weekly home time opportunities. We are unable to predict whether we will experience future driver shortages or maintain our current driver retention rates. If such a driver shortage were to occur and driver pay rate increases became necessary to attract and retain drivers, our results of operations would be negatively impacted to the extent that we could not obtain corresponding freight rate increases.

Fuel decreased \$25.5 million or 28.2% in third quarter 2024 compared to third quarter 2023 and decreased 2.3% as a percentage of operating revenues, due primarily to lower average diesel fuel prices and 12.2 million fewer company tractor miles in third quarter 2024. Average diesel fuel prices were 69 cents per gallon lower in third quarter 2024 than in third quarter 2023 and were 16 cents per gallon lower than in second quarter 2024.

We continue to employ measures to improve our fuel mpg such as (i) limiting tractor engine idle time by installing auxiliary power units, (ii) optimizing the speed, weight and specifications of our equipment and (iii) implementing mpg-enhancing equipment changes to our fleet including new tractors, more aerodynamic tractor features, idle reduction systems, trailer tire inflation systems, trailer skirts and automated manual transmissions to reduce our fuel gallons purchased. However, fuel savings from mpg improvement is partially offset by higher depreciation expense and the additional cost of diesel exhaust fluid. Although our fuel management programs require significant capital investment and research and development, we intend to continue these and other environmentally conscious initiatives, including our active participation as a U.S. Environmental Protection Agency ("EPA") SmartWay Transport Partner. The SmartWay Transport Partnership is a national voluntary program developed by the EPA and freight industry representatives to reduce greenhouse gases and air pollution and promote cleaner, more efficient ground freight transportation.

For October 2024, the average diesel fuel price per gallon was approximately 86 cents lower than the average diesel fuel price per gallon in October 2023 and approximately 58 cents lower than in fourth quarter 2023.

Shortages of fuel, increases in fuel prices and petroleum product rationing can have a material adverse effect on our operations and profitability. We are unable to predict whether fuel price levels will increase or decrease in the future or the extent to which fuel surcharges will be collected from customers. As of September 30, 2024, we had no derivative financial instruments to reduce our exposure to fuel price fluctuations.

Supplies and maintenance increased \$1.4 million or 2.3% in third quarter 2024 compared to third quarter 2023 and increased 0.8% as a percentage of operating revenues. Supplies and maintenance expense increased due primarily to the higher costs for over-the-road tractor maintenance despite 12.2 million fewer company tractor miles. We have taken steps to reduce repair and maintenance expense by growing our in-house maintenance capabilities throughout our terminal network.

Insurance and claims decreased \$3.6 million or 11.5% in third quarter 2024 compared to third quarter 2023 and decreased 0.1% as a percentage of operating revenues. We had lower expense for small dollar liability claims, resulting primarily from lower expense for new claims and a higher amount of favorable reserve development. Our expense for large dollar liability claims was also lower, primarily due to a lower amount of unfavorable reserve development, partially offset by higher expense for new claims. Expense for new claims was impacted by decreased cost per claim in third quarter 2024 compared to third quarter 2023. We also incurred insurance and claims expense of \$1.5 million in third quarter 2024 and \$1.4 million for third quarter 2023, for accrued interest related to a previously-disclosed adverse jury verdict rendered on May 17, 2018, which we are continuing to defend. Interest is accrued at \$0.5 million per month until such time as the outcome of the litigation is finalized, excluding months where the plaintiffs requested an extension of time to respond to our petition for review. For additional information related to this lawsuit, see Note 8 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report. The majority of our insurance and claims expense results from our claim experience and claim development under our self-insurance program; the remainder results from insurance premiums for claims in excess of our self-insured limits.

We renewed our liability insurance policies on August 1, 2024, and are responsible for the first \$15.0 million per claim on all claims with an annual \$7.5 million aggregate for claims between \$15.0 million and \$20.0 million. For the policy year that began August 1, 2023, we were responsible for the first \$10.0 million per claim on all claims with an annual \$12.5 million aggregate for claims between \$10.0 million and \$20.0 million. We maintain liability insurance coverage with insurance carriers in excess of the \$15.0 million per claim. Our liability insurance premiums for the policy year that began August 1, 2024 are lower than premiums for the previous policy year as a result of changes in our retention levels.

Depreciation and amortization expense decreased \$3.0 million or 4.0% in third quarter 2024 compared to third quarter 2023 and increased 0.5% as a percentage of operating revenues due primarily to decreases in depreciation of tractors as we had fewer average tractors in service, and technology equipment as we continue to transition to more cloud-based technology solutions. These decreases were partially offset by the higher cost of new tractors and trailers.

The average age of our tractor fleet remains low by industry standards and was 2.0 years as of September 30, 2024, and the average age of our trailers was 5.2 years. We are continuing to invest in new tractors and trailers, technology, and our terminal network in 2024 to improve our driver experience, increase operational efficiency and more effectively manage our maintenance, safety and fuel costs. During the remainder of 2024, we expect the average age of our tractor and trailer fleets to increase slightly.

Rent and purchased transportation expense decreased \$12.9 million or 5.7% in third quarter 2024 compared to third quarter 2023, and increased 0.9% as a percentage of operating revenues. Rent and purchased transportation expense consists mostly of payments to third-party capacity providers in the Werner Logistics segment and other non-trucking operations, payments to independent contractors in the TTS segment, and cloud-based technology fees. The payments to third-party capacity providers generally vary depending on changes in the volume of services generated by the Werner Logistics segment. Werner Logistics recorded revenue and brokered freight expense of \$3.2 million in third quarter 2024 and \$4.4 million in third quarter 2023 for certain shipments performed by the TTS segment (also recorded as trucking revenue by the TTS segment), and these transactions between reporting segments are eliminated in consolidation. Werner Logistics purchased transportation expense decreased \$18.7 million in third quarter 2024 as a result of lower logistics revenues, but increased to 85.2% as a percentage of Werner Logistics revenues in third quarter 2024 from 84.7% in third quarter 2023 due to the competitive operating environment in 2024.

Rent and purchased transportation expense for the TTS segment increased \$4.6 million in third quarter 2024 compared to third quarter 2023 due primarily to higher cloud-based technology fees and independent contractor miles, partially offset by lower reimbursements to independent contractors because of lower average diesel fuel prices. Independent contractor miles increased approximately 0.4 million miles in third quarter 2024 and as a percentage of total miles were 5.1% in third quarter 2024 compared to 4.6% in third quarter 2023. Because independent contractors supply their own tractors and drivers and are responsible for their operating expenses, the increase in independent contractor miles as a percentage of total miles shifted costs from other expense categories, including (i) salaries, wages and benefits, (ii) fuel, (iii) depreciation, (iv) supplies and maintenance and (v) taxes and licenses to the rent and purchased transportation category.

Challenging operating conditions continue to make independent contractor recruitment and retention difficult. Such conditions include inflationary cost increases that are the responsibility of independent contractors and a shortage of financing available to independent contractors for equipment purchases. Historically, we have been able to add company tractors and recruit additional company drivers to offset any decrease in the number of independent contractors. If a shortage of independent contractors and company drivers were to occur, increases in per-mile settlement rates (for independent contractors) and driver pay rates (for company drivers) may become necessary to attract and retain these drivers. These increased expenses could negatively affect our results of operations to the extent that we would not be able to obtain corresponding freight rate increases.

Other operating expenses increased \$4.2 million in third quarter 2024 compared to third quarter 2023 and increased 0.6% as a percentage of operating revenues due to lower gains on sales of property and equipment (primarily used tractors and trailers), partially offset by decreased bad debt expense and decreased costs associated with professional technology services. Gains on sales of property and equipment are reflected as a reduction of other operating expenses and are reported net of sales-related expenses (which include costs to prepare the equipment for sale). Gains on sales of property and equipment were \$2.6 million in third quarter 2024 compared to \$9.1 million in third quarter 2023. We sold fewer tractors and substantially more trailers in third quarter 2024 compared to third quarter 2023 and realized lower average gains per tractor and trailer due to lower pricing in the market for our used equipment. We expect our gains on sales of property and equipment to be considerably lower in 2024 compared to 2023, in a range between \$7 million and \$11 million for the year, not including gains of \$1.8 million from the sale of real estate in second quarter 2024, as we expect lower pricing for our used equipment to continue.

Other Expense (Income)

Other expense, net of other income, increased \$1.7 million in third quarter 2024 compared to third quarter 2023, due primarily to a \$2.3 million increase in net interest expense, partially offset by a \$0.4 million increase in the amount of earnings recognized from our equity method investment (see Note 6 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report for information regarding our equity method investment). Net interest expense increased due to the impact of replacing lower-cost debt and interest rate swaps with higher-cost debt and interest rate swaps upon maturity, an increase in average debt outstanding, and higher interest rates for variable-rate debt. In May 2024, we repaid the remaining outstanding principal balance under the BMO Term Loan using proceeds from the 2022 Credit Agreement, and two variable-for-fixed interest rate swap agreements with an aggregate notional amount of \$150.0 million matured. In August 2024, we entered into a variable-for-fixed interest rate swap with a notional amount of \$75 million, and during the second quarter 2024, we entered into two variable-for-fixed interest rate swap agreements with an aggregate notional amount of \$150.0 million to limit our exposure to increases in interest rates on a portion of our variable-rate indebtedness (see Note 7 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report for further information on our debt and interest rate swaps). We continue to expect net interest expense for full-year 2024 to be higher than 2023, primarily due to repricing of the BMO Term Loan that matured in May 2024 and the impact of two lower-priced interest rate swaps that matured in May 2024 as described above.

Income Tax Expense

Income tax expense decreased \$5.0 million in third quarter 2024 compared to third quarter 2023, due primarily to lower pre-tax income. Our effective income tax rate (income taxes expressed as a percentage of income before income taxes) was 23.5% in third quarter 2024 compared to 23.0% in third quarter 2023. The lower effective income tax rate in both third quarter 2024 and 2023 are attributed primarily to favorable discrete income tax items. We currently estimate our full year 2024 effective income tax rate will increase to a range of 25.5% to 26.5%.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Operating Revenues

Operating revenues decreased 7.6% for the nine months ended September 30, 2024, compared to the same period of the prior year. When comparing the first nine months of 2024 to the first nine months of 2023, TTS segment revenues decreased \$119.7 million, or 6.9%, and Werner Logistics revenues decreased \$65.3 million, or 9.6%. In the TTS segment, trucking revenues, net of fuel surcharge, decreased \$84.2 million, due primarily to an 8.6% decrease in average tractors in service, partially offset by a 3.1% increase in average revenues per tractor per week, net of fuel surcharge. TTS segment fuel surcharge revenues for the nine months ended September 30, 2024 decreased \$42.0 million, or 17.0%, when compared to the same period of the prior year due to lower average diesel fuel prices in the 2024 period. The lower Logistics revenues resulted from continued pricing pressure.

Operating Expenses

Our operating ratio (operating expenses expressed as a percentage of operating revenues) was 97.7% for the nine months ended September 30, 2024 and 94.4% for the nine months ended September 30, 2023. Expense items that impacted the overall operating ratio are described on the following pages. The tables on pages 20 through 22 show the consolidated statements of income in dollars and as a percentage of total operating revenues and the percentage increase or decrease in the dollar amounts of those items compared to the same period of the prior year, as well as the operating ratios, operating margins, and certain statistical information for our two reportable segments, TTS and Werner Logistics.

Salaries, wages and benefits decreased \$19.3 million, or 2.4%, in the first nine months of 2024 compared to the same period in 2023 and increased 1.8% as a percentage of operating revenues to 34.4%. The lower dollar amount of salaries, wages and benefits expense in the first nine months of 2024 was due primarily to the impact of 22.1 million fewer company tractor miles and decreased non-driver pay in the first nine months of 2024, partially offset by higher benefit costs. The decrease in non-driver pay was due primarily to a smaller average number of non-driver employees. Non-driver salaries, wages and benefits in our non-trucking Werner Logistics segment decreased 10% in the first nine months of 2024 compared to the same period in 2023.

Fuel decreased \$45.0 million, or 17.3%, in the first nine months of 2024 compared to the same period in 2023 and decreased 1.1% as a percentage of operating revenues due to lower average diesel fuel prices and 22.1 million fewer company tractor miles in the first nine months of 2024. Average diesel fuel prices were 35 cents per gallon lower in the first nine months of 2024 than in same period in 2023.

Supplies and maintenance decreased \$8.1 million, or 4.2%, in the first nine months of 2024 compared to the same period in 2023 and increased 0.3% as a percentage of operating revenues. Supplies and maintenance expense decreased due primarily to lower driver and placement driver-related costs such as lodging and driver advertising, lower costs for over-the-road repairs and tires, and the impact of 22.1 million fewer company tractor miles. These decreases were partially offset by higher costs for tolls.

Insurance and claims decreased \$8.6 million, or 8.2%, in the first nine months of 2024 compared to the same period in 2023 and remained flat as a percentage of operating revenues. We had lower expense for small dollar liability claims, resulting primarily from a higher amount of favorable reserve development, partially offset by higher expense for new claims. Our expense for large dollar liability claims was also lower, primarily due to a lower amount of unfavorable reserve development, partially offset by higher expense for new claims. Higher expense for new claims was impacted by increased cost per claim in the first nine months of 2024 compared to the same period in 2023.

Depreciation and amortization expense decreased \$5.3 million, or 2.4%, in the first nine months of 2024 compared to the same period in 2023 and increased 0.5% as a percentage of operating revenues due primarily to decreases in depreciation of tractors as we had fewer average tractors in service, and technology equipment as we continue to transition to more cloud-based technology solutions. Depreciation of other service equipment also decreased due to certain assets becoming fully depreciated. These decreases were partially offset by the higher cost of new tractors and trailers.

Werner Logistics purchased transportation expense decreased \$43.1 million in the first nine months of 2024 as a result of lower logistics revenues, and increased 1.9% as a percentage of Werner Logistics revenues to 85.1% in the first nine months of 2024 from 83.2% in the same period in 2023. Rent and purchased transportation expense for the TTS segment increased \$4.4 million

in the first nine months of 2024 compared to the same period in 2023 due primarily to higher cloud-based technology fees, partially offset by fewer independent contractor miles and lower reimbursements to independent contractors because of lower average diesel fuel prices in the first nine months of 2024. Independent contractor miles decreased approximately 0.9 million miles in the first nine months of 2024 and as a percentage of total miles were 4.7% in the first nine months of 2024 and 2023.

Other operating expenses increased \$25.2 million in the first nine months of 2024 compared to the same period in 2023 and increased 1.0% as a percentage of operating revenues due primarily to lower gains on sales of property and equipment, partially offset by decreased costs associated with professional technology services and decreased bad debt expense. Gains on sales of property and equipment were \$8.8 million in the first nine months of 2024, including \$1.8 million from the sale of real estate, compared to \$39.3 million in the same period in 2023. We sold fewer tractors and substantially more trailers in the first nine months of 2024 compared to the same period in 2023 and realized lower average gains per tractor and trailer due to lower pricing in the market for our used equipment.

Other Expense (Income)

Other expense, net of income, increased \$1.9 million in the first nine months of 2024 compared to the same period in 2023 due primarily to a \$3.2 million increase in net interest expense, partially offset by a \$1.0 million increase in the amount of earnings from our equity method investment (see Note 6 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report for information regarding our equity method investment). Net interest expense increased due to the impact of replacing lower-cost debt and interest rate swaps with higher-cost debt and interest rate swaps upon certain maturities in the second quarter of 2024, and higher interest rates for variable-rate debt, partially offset by a decrease in average debt outstanding (see Note 7 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report for further information on our debt and interest rate swaps).

Income Tax Expense

Income tax expense decreased \$20.5 million in the first nine months of 2024 compared to the same period in 2023, due primarily to lower pre-tax income, partially offset by an increase in the effective income tax rate. Our effective income tax rate (income taxes expressed as a percentage of income before income taxes) was 26.7% in the first nine months of 2024 compared to 24.3% in the first nine months of 2023. The higher income tax rate was attributed primarily to differences in discrete income tax items in the first nine months of 2024.

Liquidity and Capital Resources:

We closely manage our liquidity and capital resources. Our liquidity requirements depend on key variables, including the level of investment needed to support business strategies, the performance of the business, capital expenditures, borrowing arrangements, and working capital management. Capital expenditures, business acquisitions, stock repurchases, and dividend payments are components of our cash flow and capital management strategy, which to a large extent, can be adjusted in response to economic and other changes in the business environment. Management's approach to capital allocation focuses on investing in key priorities that support our business and growth strategies and providing stockholder returns, while funding ongoing operations.

Management believes our financial position at September 30, 2024 is strong. As of September 30, 2024, we had \$54.7 million of cash and cash equivalents and \$1.4 billion of stockholders' equity. Cash is invested primarily in short-term money market funds. In addition, we have a \$1.075 billion credit facility, for which our total available borrowing capacity was \$379.1 million as of September 30, 2024 (see Note 7 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report for information regarding our credit agreements). After considering developments in the banking sector, we believe the six commercial banks in our \$1.075 billion syndicated credit facility all have strong tier-one capital ratios and good loan-to-deposit ratios. We believe our liquid assets, cash generated from operating activities, and borrowing capacity under our existing credit facility will provide sufficient funds to meet our cash requirements and our planned stockholder returns for the foreseeable future.

Item 7 of Part II of our 2023 Form 10-K includes our disclosure of material cash requirements as of December 31, 2023. There were no material changes in the nature of these items during the nine months ended September 30, 2024.

Cash Flows

During the nine months ended September 30, 2024, we generated cash flow from operations of \$258.7 million, a 27.3% or \$97.3 million decrease in cash flows compared to the same nine-month period a year ago. The decrease in net cash provided by operating activities was due primarily to a decrease in net income for the nine-month period ended September 30, 2024 and working capital changes. We were able to make net capital expenditures, repay debt, make strategic investments, pay dividends,

and repurchase company stock with the net cash provided by operating activities and existing cash balances, supplemented by borrowings under our existing credit facility.

Net cash used in investing activities was \$206.5 million for the nine-month period ended September 30, 2024 compared to \$402.1 million during the same period in 2023. Net property and equipment additions (primarily revenue equipment) were \$206.1 million for the nine-month period ended September 30, 2024, compared to \$374.2 million during the same period of 2023. We currently estimate net capital expenditures (primarily revenue equipment) in 2024 to be in the range of \$240 million to \$260 million, compared to net capital expenditures in 2023 of \$408.7 million. We intend to fund these net capital expenditures through cash flows from operations and financing available under our existing credit facility, if necessary. As of September 30, 2024, we were committed to property and equipment purchases of approximately \$81.1 million. During the nine-month period ended September 30, 2023, we purchased a \$25.0 million subordinated promissory note from MLSI with a maturity date of January 24, 2030.

Net financing activities used \$56.4 million during the nine months ended September 30, 2024 compared to \$20.0 million during the same period in 2023. We had net borrowings on our debt of \$41.3 million during the nine months ended September 30, 2024, increasing our outstanding debt to \$690.0 million at September 30, 2024. We had net repayments on our debt of \$3.8 million during the nine months ended September 30, 2023. We paid dividends of \$26.4 million during the nine months ended September 30, 2024 and \$25.3 million during the same period in 2023. We currently plan to continue paying a quarterly dividend.

Financing activities for the nine months ended September 30, 2024, also included common stock repurchases of 1,787,810 shares at a cost of \$67.1 million. We did not repurchase any shares of common stock during the same period in 2023. The Company has repurchased, and may continue to repurchase, shares of the Company's common stock. The timing and amount of such purchases depend upon economic and stock market conditions and other factors. On May 14, 2024, the Board of Directors approved a new stock repurchase program under which the Company is authorized to repurchase up to 5,000,000 shares of its common stock. Upon approval of the new program, the Board of Directors withdrew the previous stock repurchase authorization, which had 1,627,651 shares remaining available for repurchase. As of September 30, 2024, the Company had purchased 1,103,651 shares pursuant to the new authorization and had 3,896,349 shares remaining available for repurchase.

Regulations:

Item 1 of Part I of our 2023 Form 10-K includes a discussion of pending proposed regulations that may have an effect on our operations if they become adopted and effective as proposed. The following is an update to the regulations set forth in our 2023 Form 10-K.

In March 2024, U.S. Environmental Protection Agency ("EPA") released a Final Rule governing Greenhouse Gas ("GHG") Emissions Standards for Heavy-Duty Vehicles - Phase 3, which requires more stringent greenhouse gas standards for heavy-duty vehicles and revises the "Phase 2" greenhouse gas standards established in 2016. Short haul (day cab) and long haul (sleeper cab) tractor GHG standards under the Final Rule phase in starting with model years 2028 through 2032. Werner continues to evaluate the Final Rule and any EPA-related developments impacting its fleet.

There have been no other material changes in the status of the proposed regulations previously disclosed in the 2023 Form 10-K.

Critical Accounting Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the (i) reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and (ii) reported amounts of revenues and expenses during the reporting period. We evaluate these estimates on an ongoing basis as events and circumstances change, utilizing historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results could differ from those estimates and may significantly impact our results of operations from period to period. It is also possible that materially different amounts would be reported if we used different estimates or assumptions.

Information regarding our Critical Accounting Estimates can be found in our 2023 Form 10-K. Estimates of accrued liabilities for insurance and claims for bodily injury and property damage is a critical accounting estimate that requires us to make significant judgments and estimates and affects our financial statements.

There have been no material changes to this critical accounting estimate from that discussed in our 2023 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk from changes in commodity prices, foreign currency exchange rates, and interest rates.

Commodity Price Risk

The price and availability of diesel fuel are subject to fluctuations attributed to changes in the level of global oil production, refining capacity, regulatory changes, seasonality, weather and other market factors. Historically, we have recovered a majority, but not all, of fuel price increases from customers in the form of fuel surcharges. We implemented customer fuel surcharge programs with most of our customers to offset much of the higher fuel cost per gallon. However, we do not recover all of the fuel cost increase through these surcharge programs. As of September 30, 2024, we had no derivative financial instruments to reduce our exposure to fuel price fluctuations.

Foreign Currency Exchange Rate Risk

We conduct business in foreign countries, primarily in Mexico. To date, most foreign revenues are denominated in U.S. Dollars, and we receive payment for foreign freight services primarily in U.S. Dollars to reduce direct foreign currency risk. Assets and liabilities maintained by a foreign subsidiary company in the local currency are subject to foreign exchange gains or losses. Foreign currency translation gains and losses primarily relate to changes in the value of revenue equipment owned by a subsidiary in Mexico, whose functional currency is the Peso. Foreign currency translation losses were \$2.4 million and \$1.3 million for third quarter 2024 and 2023, respectively. These losses were recorded in accumulated other comprehensive loss within stockholders' equity in the consolidated condensed balance sheets.

Interest Rate Risk

We manage interest rate exposure through a mix of variable interest rate debt and interest rate swap agreements. We had \$355.0 million of variable interest rate debt outstanding at September 30, 2024, for which the interest rate is effectively fixed at 5.97% with interest rate swap agreements to reduce our exposure to interest rate increases. In addition, we had \$335.0 million of variable interest rate debt outstanding at September 30, 2024. The interest rates on our credit facility are based on Secured Overnight Financing Rate ("SOFR"). See Note 7 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report for further detail of our debt and interest rate swaps. Assuming this level of borrowing, a hypothetical one-percentage point increase in the SOFR interest rate would increase our interest expense by approximately \$3.4 million for the next 12-month period.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). Our disclosure controls and procedures are designed to provide reasonable assurance of achieving the desired control objectives. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at a reasonable assurance level in enabling us to record, process, summarize and report information required to be included in our periodic filings with the SEC within the required time period and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, concluded that no changes in our internal control over financial reporting occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We have confidence in our internal controls and procedures. Nevertheless, our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the internal controls or disclosure procedures and controls will prevent all errors or intentional fraud. An internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of such internal controls are met. Further, the design of an internal control system must reflect that resource constraints exist, and the benefits of controls must be evaluated relative to their costs. Because of the inherent limitations in all internal control systems, no evaluation of controls can provide absolute assurance that all control issues, misstatements and instances of fraud, if any, have been prevented or detected.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings.

For information regarding legal proceedings, see Note 8 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed under Item 1A (Risk Factors) in our 2023 Form 10-K, which could materially affect our business, financial condition, and future results of operations. The risks described in our 2023 Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and results of operations.

The following risk factor amends and restates in its entirety the risk factor included in our 2023 Form 10-K. Only the last paragraph of this risk factor has been modified to describe recent events. There have been no other material changes from the risk factors disclosed in our 2023 Form 10-K.

Labor and employment matters, including difficulty in recruiting and retaining experienced drivers, recent driver training school graduates and independent contractors, could impact our results of operations and financial condition.

At times, the trucking industry has experienced driver shortages. Driver availability may be affected by changing workforce demographics, alternative employment opportunities, national unemployment rates, freight market conditions, availability of financial aid for driver training schools and changing industry regulations. If such a shortage were to occur and driver pay rate increases became necessary to attract and retain drivers, our results of operations would be negatively impacted to the extent that we could not obtain corresponding freight rate increases. Additionally, a shortage of drivers could result in idled equipment, which would affect our profitability and would limit growth opportunities.

Independent contractor availability may also be affected by both inflationary cost increases that are the responsibility of independent contractors and the availability and cost of equipment financing. Ongoing federal and state legislative challenges to the independent contractor model could also affect independent contractor availability. In recent years, the topic of the classification of individuals as employees or independent contractors has gained increased attention among federal and state regulators as well as the plaintiffs' bar. Various legislative or regulatory proposals have been introduced at the federal and state levels that may affect the classification status of individuals as independent contractors or employees for either employment tax purposes (e.g., withholding, social security, Medicare and unemployment taxes) or other benefits available to employees (e.g., workers' compensation benefits and minimum wage). Recently, certain states have seen significant increased activity by tax and other regulators regarding worker classification, and class action lawsuits alleging misclassification by transportation companies have resulted in significant damage awards or monetary settlements. Potential changes, if any, that could impact the legal classification of the independent contractor relationship between us and our independent contractors could have a material adverse effect on our ability to recruit and retain independent contractors. If a shortage of independent contractors occurs, increases in per-mile settlement rates (for independent contractors) and driver pay rates (for company drivers) may become necessary to attract and retain a sufficient number of drivers. These increases would negatively affect our results of operations to the extent that we would be unable to obtain corresponding freight rate increases.

During 2023, union organizing efforts occurred at two locations of a U.S. subsidiary, which resulted in fewer than 30 of our employees being represented by a union. In September 2024, that small group of drivers filed a petition seeking to decertify the union and end their union's representation. The union responded by voluntarily ending its representation of those drivers and, as a result, those drivers are no longer unionized. Unionization, if broad-based, could have a material adverse effect on our costs, efficiency, and profitability. Driver or other employee dissatisfaction and regulations that govern organization procedures could impact our ability to effectively or timely address any organization efforts.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities.

On May 15, 2024, we announced a new stock repurchase program under which the Company is authorized to repurchase up to 5,000,000 shares of its common stock. As of September 30, 2024, the Company had purchased 1,103,651 shares pursuant to this authorization and had 3,896,349 shares remaining available for repurchase. The Company may purchase shares from time to time depending on market, economic, and other factors. The authorization will continue unless withdrawn by the Board of Directors.

No shares of common stock were repurchased during third quarter 2024 by either the Company or any “affiliated purchaser,” as defined by Rule 10b-18 of the Exchange Act.

Item 5. Other Information

Information Required to be Disclosed on Form 8-K

The following disclosure is provided under Item 5.03 of Form 8-K:

On November 8, 2024, the Board of Directors approved and adopted Revised and Restated By-Laws (the “Restated By-Laws”), which became effective immediately. Among other things, the amendments: (a) enhance the procedural mechanics and disclosure requirements relating to business proposals submitted and director nominations made by stockholders, including by adopting certain provisions to promote consistency with the SEC’s adoption of Rule 14a-19 under the Exchange Act, relating to the universal proxy rules, and by requiring certain background information regarding the proposing stockholders, proposed nominees or business (as applicable) and certain other persons related to such matters; (b) require that a stockholder directly or indirectly soliciting proxies from other stockholders use a proxy card color other than white; (c) enhance the organizational mechanics relating to the conduct of stockholder meetings, including, among other things, with respect to the fixing of record dates, the adjournment of meetings of stockholders and the appointment of inspectors of election; (d) state that action on a matter at a meeting of stockholders (other than the election of directors) is approved if the votes cast favoring the action exceed the votes cast opposing the action unless the vote of a greater number is required by law, the Company’s articles of incorporation, or the Restated By-Laws; (e) enhance the organizational mechanics relating to the Board of Directors, including, among other things, removing timing requirements with respect to the Nominating and Corporate Governance Committee’s recommendation of director nominees to the Board of Directors, revising the requirements relating to notice of meetings, and including the organizational mechanics relating to committee meetings and the ability of the Board of Directors to meet via teleconference or video conference; (f) enhance the procedures regarding a stockholder-requested special meeting, including requiring a stockholder seeking to call a special meeting to first request that the Board of Directors fix a record date to determine the stockholders entitled to demand a special meeting; (g) provide for certain procedures relating to the use of electronic signatures; and (h) revise certain provisions relating to the appointment and authority of the Company’s officers.

In addition to the changes described herein, the Restated By-Laws include various other revisions, including certain modernizing, technical, conforming and clarifying changes. The foregoing descriptions are not complete descriptions of the Restated By-Laws and all the rights and obligations thereunder and are qualified in their entirety by reference to the full text of the Restated By-Laws, which are filed as Exhibit 3(ii) to this Form 10-Q and incorporated herein by reference.

Changes to Stockholder Recommendation Procedures

On November 8, 2024, the Board of Directors replaced its current Policy Regarding Director Nominations by Stockholders (“Previous Recommendation Policy”) and Nominating Committee Directorship Guidelines and Selection Policy with a Director Selection Guidelines & Recommendation Policy (“New Policy”). The New Policy is available on our website, www.werner.com, under the “Investors” link (Corporate Governance heading).

Two requirements in the Previous Recommendation Policy have been removed. A stockholder is no longer required to meet a two percent (2%) stock ownership and twelve (12)-month stock holding period requirement to qualify to recommend a director candidate to the Board of Directors. A candidate recommended by the Board of Directors who did not receive at least twenty-five (25%) of the votes cast is no longer precluded from being a nominee for four (4) years.

The New Policy provides, among other requirements, that the recommending stockholder must submit all information necessary for proper disclosure of director nominee information in a proxy statement and such other information as the Nominating and Corporate Governance Committee may reasonably require, including without limitation certain information, representations or agreements as set forth in the Restated By-Laws. The Nominating and Corporate Governance Committee reviews stockholder-recommended candidates under the New Policy in the same manner as other candidates. The deadline for submitting a recommendation continues to be one hundred twenty (120) days prior to the first anniversary of the mailing date of the proxy statement relating to the previous annual meeting of stockholders.

In addition to the changes from the Previous Recommendation Policy described herein, the New Policy includes various other revisions, including certain modernizing, technical, conforming and clarifying changes. The foregoing is not a complete description of the New Policy and all the rights and obligations thereunder and are qualified in their entirety by reference to the full text of the New Policy on our website.

Director and Officer Trading Arrangements

During third quarter 2024, no Company director or officer adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as such terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

<u>Exhibit No.</u>	<u>Exhibit</u>	<u>Incorporated by Reference to:</u>
3(i)	Restated Articles of Incorporation of Werner Enterprises, Inc.	Exhibit 3(i) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007
3(ii)	Revised and Restated By-Laws of Werner Enterprises, Inc.	Filed herewith
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 (Section 302 of the Sarbanes-Oxley Act of 2002)	Filed herewith
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 (Section 302 of the Sarbanes-Oxley Act of 2002)	Filed herewith
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)	Furnished herewith
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)	Furnished herewith
101	The following unaudited financial information from Werner Enterprises' Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language) includes: (i) Consolidated Statements of Income for the three and nine months ended September 30, 2024 and 2023, (ii) Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2024 and 2023, (iii) Consolidated Condensed Balance Sheets as of September 30, 2024 and December 31, 2023, (iv) Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023, (v) Consolidated Statements of Stockholders' Equity and Temporary Equity - Redeemable Noncontrolling Interest for the three and nine months ended September 30, 2024 and 2023, and (vi) the Notes to Consolidated Financial Statements (Unaudited) as of September 30, 2024.	
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL (included as Exhibit 101).	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WERNER ENTERPRISES, INC.

Date: November 12, 2024

By: /s/ Christopher D. Wikoff
Christopher D. Wikoff
Executive Vice President, Treasurer and
Chief Financial Officer

Date: November 12, 2024

By: /s/ James L. Johnson
James L. Johnson
Executive Vice President and
Chief Accounting Officer

**REVISED AND RESTATED BY-LAWS
OF
WERNER ENTERPRISES, INC.
(November 8, 2024)**

**ARTICLE I
SHAREHOLDERS**

Section 1. Annual Meeting. The annual meeting of the Shareholders shall be held on the second Tuesday in the month of May in each year, or such other time on such other day within such month as shall be fixed by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may come before the annual meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Nebraska, such annual meeting shall be held on the next succeeding business day. Annual meetings shall be held in the office of the corporation or at such other place, either within or without the State of Nebraska, as shall be determined by the Board of Directors. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Shareholders as soon thereafter as is convenient. The Board of Directors may postpone, reschedule or cancel any previously scheduled annual meeting of Shareholders.

Section 2. Special Meetings. Special meetings of the Shareholders may be called by the Chair of the Board (or the Executive Chair if one has been appointed), the Chief Executive Officer, the President or a majority of the Board of Directors. Special meetings shall be held at such time on such day and at such place, either within or without the State of Nebraska, as shall be fixed by the Board of Directors or an authorized officer and stated in the notice, and only business within the purpose or purposes described in the notice may be conducted at a special meeting of Shareholders. The Board of Directors may postpone, reschedule or cancel any previously scheduled special meeting of Shareholders.

Section 3. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each Shareholder of record entitled to vote at such meeting.

Section 4. Fixing of Record Date. For the purpose of determining Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, or Shareholders entitled to receive payment of any dividend, or in order to make a determination of Shareholders for any other proper purpose (except as set forth in the next paragraph), the Board of Directors may fix in advance a date as the record date for any such determination of Shareholders, such date in any case to be not more than seventy (70) days and, in the case of a meeting of Shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of Shareholders is to be taken. If no record date is fixed for the determination of Shareholders entitled to notice of or to vote at a meeting of Shareholders, or Shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is

adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of Shareholders entitled to vote at any meeting of Shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the Board of Directors fixes a new record date or dates, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

In the case of a special meeting governed by Section 21-254(a)(2) of the Nebraska Model Business Corporation Act (or any successor provision), a Shareholder seeking to demand a special meeting shall first request that the Board of Directors fix a record date to determine the Shareholders entitled to demand a special meeting (the "Ownership Record Date") by delivering notice in writing to the Secretary at the principal executive offices of the corporation (the "Record Date Request Notice"). A Record Date Request Notice shall contain information about the number and class of shares of the corporation that are owned of record and beneficially by the Shareholder and state the purpose or purposes for which the meeting is to be held. Upon receiving a Record Date Request Notice, the Board of Directors may set an Ownership Record Date. Notwithstanding any other provision of these By-Laws, the Ownership Record Date shall not precede the date upon which the resolution fixing the Ownership Record Date is adopted by the Board of Directors, and shall not be more than ten (10) days after the Close of Business (as defined in Section 16(c)(ii) of this Article I) on the date upon which the resolution fixing the Ownership Record Date is adopted by the Board of Directors. If the Board of Directors, within ten (10) days after the date upon which a valid Record Date Request Notice is received by the Secretary, does not adopt a resolution fixing the Ownership Record Date, the Ownership Record Date shall be the Close of Business on the tenth (10th) day after the date upon which a valid Record Date Request Notice is received by the Secretary (or, if such tenth (10th) day is not a business day, the first business day thereafter).

Section 5. Voting Record. The officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten (10) days before each meeting of Shareholders, a complete record of the Shareholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order with the address of and the number of shares held by each. For a period of ten (10) days prior to such meeting, the list shall be kept on file at the registered office of the corporation and shall be subject to inspection by any Shareholder at any time during usual business hours. Such record, or a duplicate thereof, shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Shareholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence of the Shareholders entitled to examine such record or transfer books or to vote at any meeting of Shareholders.

Section 6. Quorum. A majority of the outstanding shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Shareholders. If a quorum is not present or represented at any meeting of Shareholders, the chair of the meeting or the holders or their representatives of a majority of the shares present at the meeting, even though less than a quorum, may adjourn the meeting from time to time without notice other than an announcement at the meeting, until such time as a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. If a quorum is present, action on a matter is approved if the

votes cast favoring the action exceed the votes cast opposing the action unless the vote of a greater number is required by law, the Articles of Incorporation, or these By-Laws.

Section 7. Proxies. At all meetings of the Shareholders, a Shareholder may vote either in person or by proxy executed in writing by a Shareholder or such Shareholder's duly authorized attorney in fact. Proxies shall be voted as directed by the Shareholder, subject to applicable laws, rules and regulations. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.

Section 8. Voting of Shares. Subject to the provisions of Sections 9 and 10 of this Article I, each Shareholder entitled to vote shall be entitled to one (1) vote for each share of stock held by such Shareholder upon each matter submitted to a vote at a meeting of Shareholders.

Section 9. Voting of Shares by Certain Holders. Treasury shares shall not be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the By-Laws of such corporation may prescribe, or in the absence of such provision, as the Board of Directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by such person, either in person or by proxy, without a transfer of such shares into such person's name. Shares standing in the name of a trustee may be voted by such person, either in person or by proxy.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into such receiver's name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

A Shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee and thereafter the pledgee shall be entitled to vote the shares so transferred.

Section 10. Cumulative Voting. At each election for Directors, as required by Section 21-270 of the Nebraska Model Business Corporation Act (or any successor provision) and by Article XII-1 of the Constitution of the State of Nebraska, every Shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by such Shareholder for as many persons as there are Directors to be elected and for whose election such Shareholder has a right to vote, or to cumulate said shares and give one candidate as many votes as the number of Directors multiplied by the number of such Shareholder's shares shall equal, or to distribute them upon the same principle among as many candidates as such Shareholder shall think fit.

Section 11. Informal Action by Shareholders. Any action required to be taken at a meeting of the Shareholders, or any action which may be taken at a meeting of the Shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be

signed by all of the Shareholders entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of Shareholders and may be stated as such in any articles or documents filed with the Secretary of State under applicable state law.

Section 12. Inspectors of Election. In advance of any meeting of Shareholders, the Board of Directors may appoint one or more persons, other than nominees for office, as inspectors of election to act at such meeting or any adjournment thereof. If the Board of Directors appoints inspectors, that appointment shall not be altered at the meeting. If inspectors of election are not so appointed, the Chair of the Board (or the Executive Chair if one has been appointed), the Chief Executive Officer or the President may make such appointment(s) at the meeting. In case any person appointed as inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment by the Board of Directors in advance of the meeting or at the meeting by the Chair of the Board (or the Executive Chair if one has been appointed) or the President.

Unless otherwise prescribed by applicable regulations, the duties of such inspector(s) shall include: determining the number of shares of stock and the voting power of each share, the shares of stock represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies; receiving votes, ballots or consents; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes or consents; determining the result; and such acts as may be proper to conduct the election or vote with fairness to all Shareholders.

Section 13. Conduct of Meetings.

(a) Unless otherwise determined by the Board of Directors, meetings of Shareholders shall be presided over by the Chair of the Board (or the Executive Chair if one has been appointed), the Chief Executive Officer or the President, or in the absence of any such persons by another Director or officer of the corporation so designated by the Board of Directors. Any annual or special meeting of Shareholders, whether or not a quorum is present, may be adjourned for any or no reason from time to time by the chair of the meeting, subject to any rules and regulations adopted by the Board of Directors pursuant to Section 13(b) of this Article I.

(b) The opening and the closing of the polls for each matter upon which the Shareholders shall vote at a meeting of Shareholders shall be announced at the meeting. The Board of Directors may adopt such rules and regulations for the conduct of any meeting of Shareholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chair of the meeting shall have the authority to adopt and enforce such rules and regulations for the conduct of any meeting of Shareholders and the safety of those in attendance as, in the judgment of the chair, are necessary, appropriate or convenient for the conduct of the meeting. Rules and regulations for the conduct of meetings of Shareholders, whether adopted by the Board of Directors or by the chair of the meeting, may include, without limitation, establishing: (i) an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to Shareholders entitled to vote at the meeting, their duly authorized and constituted proxies and such other persons as the chair of the meeting shall permit; (iv) restrictions on entry to the meeting after the time fixed for the

commencement thereof; (v) limitations on the time allotted for consideration of each agenda item and for questions and comments by participants; (vi) regulations for the opening and closing of the polls for balloting and matters which are to be voted on by ballot (if any); (vii) procedures (if any) requiring attendees to provide the corporation advance notice of their intent to attend the meeting; and (viii) prohibitions against recording or distributing materials at the meeting.

(c) The Board of Directors may, in its sole discretion, determine that Shareholders and proxyholders may participate in a meeting of Shareholders by means of remote communication in accordance with Section 21-261 of the Nebraska Model Business Corporation Act (or any successor provision); provided, however, that the meeting is held at the office of the corporation or such other place determined as provided in Sections 1 or 2 of this Article I and that such participation is subject to such guidelines and procedures as the Board of Directors may adopt. If such determination is made, and subject to any such guidelines and procedures, Shareholders and proxyholders not physically present at a meeting of Shareholders may, by means of remote communication be deemed present in person and vote at a meeting of Shareholders provided that: (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a Shareholder or proxyholder; and (ii) the corporation shall implement reasonable measures to provide such Shareholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the Shareholders, including an opportunity to communicate and to read or hear the proceedings of the meeting substantially concurrently with such proceedings. If any Shareholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

Section 14. Nominations by the Board of Directors. Nominations to fill positions on the Board of Directors shall be made by the Board of Directors, except as otherwise provided in these By-Laws. Recommendations of nominees of the Board of Directors to fill positions on the Board of Directors shall be made by a Nominating and Corporate Governance Committee consisting of three (3) or more independent Directors appointed by the Board of Directors. The Nominating and Corporate Governance Committee will be governed by a charter and policies established by the Board of Directors. Shareholders may also submit nominations in accordance with these By-Laws.

Section 15. Submission of Information by Director Nominees

(a) To be eligible to be a nominee for election or re-election as a Director of the corporation, a person must deliver to the Secretary at the principal executive offices of the corporation the following information:

(i) a written representation and agreement, which shall be signed by such person and pursuant to which such person shall represent and agree that such person: (A) consents to serving as a Director if elected and to being named as a nominee in a proxy statement and form of proxy relating to the meeting at which Directors are to be elected, and currently intends to serve as a Director for the full term for which such person is standing for election; (B) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity: (1) as to how the person, if elected as a Director, will act or vote on any issue or question that has not been

disclosed to the corporation; or (2) that could limit or interfere with the person's ability to comply, if elected as a Director, with such person's fiduciary duties under applicable law; (C) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a Director or nominee that has not been disclosed to the corporation; and (D) if elected as a Director, will comply with all of the corporation's corporate governance policies and guidelines related to conflict of interest, confidentiality, stock ownership and stock trading, and any other policies and guidelines applicable to Directors (which will be promptly provided following a request therefor); and

(ii) all fully completed and signed questionnaires in substantially the same form(s) required of the corporation's Directors (all of the foregoing, "Questionnaires"). The Questionnaires will be promptly provided following a request therefor.

(b) A nominee for election or re-election as a Director of the corporation shall also provide to the corporation such other information as it may reasonably request. The corporation may request such additional information as necessary to permit the corporation to determine whether such person can be considered an independent Director.

(c) If a Shareholder has submitted notice of an intent to nominate a candidate for election or re-election as a Director pursuant to Section 16 of this Article I, all written and signed representations and agreements described in Section 15(a)(i) above and all fully completed and signed Questionnaires described in Section 15(a)(ii) above shall be provided to the corporation at the same time as such notice, and the additional information described in Section 15(b) above shall be provided to the corporation promptly upon request by the corporation, but in any event within five (5) business days after such request. All information provided pursuant to this Section 15 shall be deemed part of the Shareholder's notice submitted pursuant to Section 16 of this Article I.

(d) Notwithstanding the foregoing, if any information or communication submitted pursuant to this Section 15 is inaccurate or incomplete in any material respect (as determined by the Board of Directors (or any authorized committee thereof)) such information shall be deemed not to have been provided in accordance with this Section 15. Any Shareholder providing information pursuant to this Section 15 shall promptly notify the Secretary in writing at the principal executive office of the corporation of any inaccuracy or change in any previously provided information within two (2) business days after becoming aware of such inaccuracy or change. Upon written request of the Secretary, such Shareholder shall provide, within seven (7) business days after delivery of such request (or such longer period as may be specified in such request), (i) written verification, reasonably satisfactory to the corporation, to demonstrate the accuracy of any information submitted and (ii) a written affirmation of any information submitted as of an earlier date. If the Shareholder giving notice of an intent to nominate a candidate for election fails to provide such written verification or affirmation within such period, the information as to which written verification or affirmation was requested may be deemed not to have been provided in accordance with this Section 15.

Section 16. Notice of Nominations and Other Shareholder Business

(a) Annual Meeting.

(i) Nominations of persons for election to the Board of Directors and the proposal of business other than nominations to be considered by the Shareholders may be made at an annual meeting of Shareholders only: (A) pursuant to the corporation's notice of meeting (or any supplement thereto); (B) by or at the direction of the Board of Directors (or any authorized committee thereof); or (C) by any Shareholder of the corporation who is a Shareholder of record at the time the notice provided for in this Section 16(a) is delivered to the Secretary, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 16(a). For the avoidance of doubt, the foregoing clause (C) shall be the exclusive means for a Shareholder to make nominations or propose other business at an annual meeting of Shareholders (other than a proposal included in the corporation's proxy statement pursuant to and in compliance with Rule 14a-8 under the Securities Exchange Act of 1934 (the "Exchange Act")).

(ii) For nominations or other business to be properly brought before an annual meeting by a Shareholder pursuant to clause (C) of the foregoing paragraph, the Shareholder must have given timely notice thereof in writing to the Secretary and, in the case of business other than nominations, such business must be a proper subject for Shareholder action. To be timely, a Shareholder's notice must be delivered to the Secretary at the principal executive offices of the corporation not later than the Close of Business (as defined in Section 16(c)(ii) below) on the ninetieth (90th) day nor earlier than the Close of Business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than thirty (30) days after such anniversary date, or if no annual meeting was held in the preceding year, notice by the Shareholder to be timely must be so delivered not earlier than the Close of Business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the Close of Business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the date on which Public Announcement (as defined in Section 16(c)(ii) below) of the date of such meeting is first made by the corporation. In no event shall an adjournment of an annual meeting, or a postponement of an annual meeting for which notice of the meeting has already been given to Shareholders or a Public Announcement of the meeting date has already been made, commence a new time period (or extend any time period) for the giving of a Shareholder's notice as described above. The number of nominees a Shareholder may nominate for election at the annual meeting (or in the case of a Shareholder giving the notice on behalf of a beneficial owner, the number of nominees a Shareholder may nominate for election at the annual meeting on behalf of the beneficial owner) shall not exceed the number of Directors to be elected at such annual meeting. Such Shareholder's notice shall set forth:

(A) as to each person whom the Shareholder proposes to nominate for election or re-election as a Director: (1) a written statement, not to exceed five hundred (500) words, in support of such person; (2) all information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the

Exchange Act; and (3) the information required to be submitted by nominees pursuant to Section 15(a) above, including, within the time period specified in Section 15(c) above, all completed and signed Questionnaires described in Section 15(a)(ii) above, which will be promptly provided following a request therefor;

(B) as to any other business that the Shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the By-Laws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any substantial interest (within the meaning of Item 5 of Schedule 14A under the Exchange Act) in such business of such Shareholder and the beneficial owner (within the meaning of Section 13(d) of the Exchange Act), if any, on whose behalf the proposal is made, and if such Shareholder or beneficial owner is an entity, any related person;

(C) as to the Shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made or the other business is proposed: (1) the name and address of such Shareholder, as they appear on the corporation's books, and the name and address of such beneficial owner; (2) the number and class of shares of the corporation that are owned of record by such Shareholder and such beneficial owner as of the date of the notice; and a representation that the Shareholder will notify the corporation in writing within five (5) business days after the record date for such meeting of the class or series and number of shares of stock of the corporation owned of record by the Shareholder and such beneficial owner as of the record date for the meeting, and (3) a representation that the Shareholder (or a qualified representative of the Shareholder) intends to appear at the meeting to make such nomination or propose such business; and

(D) as to the Shareholder giving the notice and the beneficial owner, if any, and if such Shareholder or beneficial owner is an entity, as to each director, executive, officer, general partner or managing member of such entity or any other entity that has or shares control of such entity (any such individual entity, a "related person"):

(1) the number and class of shares of the corporation that are beneficially owned (as defined in Section 16(c)(ii) below) by such Shareholder or beneficial owner and by any related person as of the date of the notice, and a representation that the Shareholder will notify the corporation in writing within five (5) business days after the record date for such meeting of the number and class of shares of stock of the corporation beneficially owned by such Shareholder or beneficial owner and by any related person as of the record date for the meeting;

(2) a description of (x) any plans or proposals which such Shareholder, beneficial owner, if any, or related person may have with respect to securities of the corporation that would be required to be disclosed pursuant to Item 4 of Exchange Act Schedule 13D and (y) any agreement, arrangement or understanding with respect to the nomination or other business between or among such Shareholder, beneficial owner, if any, or related person and any other person, including, without limitation any agreements that would be required to be disclosed pursuant to Item 5 or Item 6 of Exchange Act Schedule 13D, which description shall include, in addition to all other information, information identifying all parties thereto (in the

case of either clause (x) or (y), regardless of whether the requirement to file an Exchange Act Schedule 13D is applicable);

(3) a description (which description shall include, in addition to all other information, information identifying all parties thereto) of any agreement, arrangement or understanding (including, without limitation, any option, warrant, forward contract, swap, contract of sale or other derivative or similar agreement or short positions, profit interests, options, hedging or pledging transactions, voting rights, dividend rights and/or borrowed or loaned shares) that has been entered into as of the date of the Shareholder's notice by, or on behalf of, such Shareholder, beneficial owner, if any, or related person, the effect or intent of which is to mitigate loss, manage risk or benefit from changes in the share price of any class or series of the corporation's stock or the share price of any class of the capital stock of any principal competitor of the corporation (as defined for the purposes of Section 8 of the Clayton Antitrust Act of 1914), or maintain, increase or decrease the voting power of the Shareholder, beneficial owner, if any, or related person with respect to securities of the corporation, and a representation that the Shareholder will notify the corporation in writing within five (5) business days after the record date for such meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting;

(4) any equity interests in any principal competitor of the corporation (as defined for the purposes of Section 8 of the Clayton Antitrust Act of 1914) held by or on behalf of such Shareholder or beneficial owner, if any, or related person, and a representation that the Shareholder will notify the corporation in writing within five (5) business days after the record date for such meeting of any such equity interests held as of the record date for the meeting;

(5) any performance-related fees (other than an asset-based fee) that such Shareholder, beneficial owner, if any, or related person is directly or indirectly entitled to be based on any increase or decrease in the value of shares of the corporation or in any agreement, arrangement or understanding under clause (a)(ii)(D)(3) of this Section 16 and a representation that the Shareholder will notify the corporation in writing within five (5) business days after the record date for such meeting of any performance-related fees in effect as of the record date for the meeting;

(6) a representation as to whether the Shareholder, beneficial owner, if any, related person or any other participant (as defined in Item 4 of Schedule 14A under the Exchange Act) will engage in a solicitation with respect to such nomination or proposal and, if so, whether or not such solicitation will be conducted as an exempt solicitation under Rule 14a-2(b) of the Exchange Act, the name of each participant in such solicitation and the amount of the cost of solicitation that has been and will be borne, directly or indirectly, by each participant in such solicitation and (x) in the case of a proposal of business other than nominations, whether such person or group intends to deliver, through means satisfying each of the conditions that would be applicable to the corporation under either Exchange Act Rule 14a-16(a) or Exchange Act Rule 14a-16(n), a proxy statement and form of proxy to holders (including any beneficial owners pursuant to Rule 14b-1 and Rule 14b-2 of the Exchange Act) of at least the percentage of the corporation's voting shares required under applicable law to carry the proposal or (y) in the case of any solicitation that is subject to Rule 14a-19 of the Exchange

Act, confirming that such person or group will deliver, through means satisfying each of the conditions that would be applicable to the corporation under either Exchange Act Rule 14a-16(a) or Exchange Act Rule 14a-16(n), a proxy statement and form of proxy to holders (including any beneficial owners pursuant to Rule 14b-1 and Rule 14b-2 of the Exchange Act) of at least sixty-seven percent (67%) of the voting power of the corporation's stock entitled to vote generally in the election of Directors; and

(7) a representation that immediately after soliciting the Shareholders referred to in the representation required under clause (a)(ii)(D)(6) of this Section 16, such Shareholder or beneficial owner will provide the corporation with documents, which may take the form of a certified statement and documentation from a proxy solicitor, specifically demonstrating that the necessary steps have been taken to deliver a proxy statement and form of proxy to holders of such percentage of the corporation's stock.

(iii) Notwithstanding anything in Section 16(a)(ii) above or Section 16(b) below to the contrary, if the record date for determining the Shareholders entitled to vote at any meeting of Shareholders is different from the record date for determining the Shareholders entitled to notice of the meeting, a Shareholder's notice required by this Section 16 shall set forth a representation that the Shareholder will notify the corporation in writing within five (5) business days after the record date for determining the Shareholders entitled to vote at the meeting, or by the opening of business on the date of the meeting (whichever is earlier), of the information required under clauses (ii)(C)(2) and (ii)(D)(1)–(5) of this Section 16(a), and such information when provided to the corporation shall be current as of the record date for determining the Shareholders entitled to vote at the meeting.

(iv) This Section 16(a) shall not apply to a proposal proposed to be made by a Shareholder if the Shareholder has notified the corporation of its intention to present the proposal at an annual or special meeting only pursuant to and in compliance with Rule 14a-8 under the Exchange Act and such proposal has been included in a proxy statement that has been prepared by the corporation to solicit proxies for such meeting.

(v) Notwithstanding anything in this Section 16(a) to the contrary, in the event that the number of Directors to be elected to the Board of Directors at an annual meeting is increased and there is no Public Announcement by the corporation naming all of the nominees for Director or specifying the size of the increased Board of Directors made by the corporation at least ten (10) days prior to the last day a Shareholder may deliver a notice in accordance with Section 16(a)(ii) above, a Shareholder's notice required by this Section 16(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is delivered to the Secretary at the principal executive offices of the corporation not later than the Close of Business on the tenth (10th) day following the day on which such Public Announcement is first made by the corporation.

(b) Special Meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of Shareholders at which Directors are to be elected pursuant to the corporation's notice of meeting: (i) by or at the direction of the Board of Directors; or (ii) provided that the Board of Directors has determined that one or more Directors are to be elected at such meeting, by any Shareholder of the corporation who is a Shareholder of record at the time the notice provided for in this Section 16(b) is delivered to the Secretary, who is entitled

to vote at the meeting and upon such election and who delivers notice thereof in writing setting forth the information required by Section 16(a) above and provides the additional information required by Section 15 above. In the event the corporation calls a special meeting of Shareholders for the purpose of electing one or more Directors to the Board of Directors, any Shareholder entitled to vote in such election of Directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the corporation's notice of meeting, if the notice required by this Section 16(b) shall be delivered to the Secretary at the principal executive offices of the corporation not earlier than the Close of Business on the one hundred twentieth (120th) day prior to such special meeting and not later than the Close of Business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the date on which Public Announcement of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting is first made by the corporation. The number of nominees a Shareholder may nominate for election at the special meeting (or in the case of a Shareholder giving the notice on behalf of a beneficial owner, the number of nominees a Shareholder may nominate for election at the annual meeting on behalf of such beneficial owner) shall not exceed the number of Directors to be elected at such special meeting. In no event shall an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a Shareholder's notice as described above.

(c) General.

(i) Except as otherwise required by law, only such persons who are nominated in accordance with the procedures set forth in this Section 16 shall be eligible to be elected at any meeting of Shareholders of the corporation to serve as Directors and only such other business shall be conducted at a meeting of Shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 16. Notwithstanding any other provision of these By-Laws, a Shareholder submitting a nomination or proposal (and any beneficial owner on whose behalf a nomination is made or other business is proposed, and if such Shareholder or beneficial owner is an entity, any related person), shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 16. The Board of Directors (or any authorized committee thereof), the Chair of the Board (or the Executive Chair if one has been appointed) or the chair of the meeting shall determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 16 (including whether a Shareholder or beneficial owner solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in compliance with such Shareholder's representation as required by clauses (a)(ii)(D)(6)–(7) of this Section 16 or complied or did not comply with the requirements of Rule 14a-19 under the Exchange Act). If any proposed nomination or other business proposal is not in compliance with this Section 16, including due to a failure to comply with the requirements of Rule 14a-19 under the Exchange Act, then except as otherwise required by law, the chair of the meeting shall declare that such nomination shall be disregarded or such other business proposal shall not be transacted, notwithstanding that votes and proxies in respect of any such nomination or other business proposal have been received by the corporation. In furtherance and not by way of limitation of the foregoing provisions of this Section 16, unless otherwise required by law, or otherwise determined by the Board of Directors (or any authorized committee thereof), the Chair

of the Board (or the Executive Chair if one has been appointed) or the chair of the meeting, (A) if the Shareholder does not provide the information required under Section 15 or 16(a) or (b) of this Article I to the corporation within the time frames specified herein or (B) if the Shareholder (or a qualified representative of the Shareholder) does not appear at the annual or special meeting of Shareholders of the corporation to present a nomination or other business proposal, any such nomination shall be disregarded or any such other business shall not be transacted, notwithstanding that votes and proxies in respect of any such nomination or other business proposal may have been received by the corporation. To be considered a qualified representative of a Shareholder for purposes of these By-Laws, a person must be a duly authorized officer, manager or partner of such Shareholder or authorized by a writing executed by such Shareholder (or a reliable reproduction of the writing) delivered to the corporation prior to the making of such nomination or business proposal at such meeting (and in any event not fewer than five (5) business days before the meeting) stating that such person is authorized to act for such Shareholder as proxy at the meeting of Shareholders.

(ii) For purposes of these By-Laws, the "Close of Business" shall mean 6:00 p.m. local time at the principal executive offices of the corporation on any calendar day, whether or not the day is a business day, and a "Public Announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act. For purposes of Section 16(a)(ii)(D)(1) above, shares shall be treated as "beneficially owned" by a person if the person beneficially owns such shares, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Regulations 13D and 13G thereunder or has or shares pursuant to any agreement, arrangement or understanding (whether or not in writing): (A) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time or the fulfillment of a condition or both); (B) the right to vote such shares, alone or in concert with others; and/or (C) investment power with respect to such shares, including the power to dispose of, or to direct the disposition of, such shares.

(iii) Any Shareholder directly or indirectly soliciting proxies from other Shareholders must use a proxy card color other than white, which shall be reserved for the exclusive use for solicitation by the Board of Directors.

ARTICLE II DIRECTORS

Section 1. Number and Qualifications. The business and affairs of the corporation shall be managed by a Board of Directors consisting of not less than seven (7) nor more than nine (9) Directors. The Directors need not be residents of the State of Nebraska, nor Shareholders of the corporation. Although the number and qualifications of the Directors may be changed from time to time by amendment to these By-Laws, no change shall affect the incumbent Directors during the terms for which they were elected.

Section 2. Classification of Board of Directors. The Board of Directors shall be divided, with respect to the time during which the Directors shall hold office, into classes which are designated as Classes I, II and III. The number of Directors in each such class shall be the same as in each other such class to the extent possible. When creating a new directorship through

expansion of the size of the Board of Directors or when eliminating a directorship through reduction of the size of the Board of Directors, the Board of Directors shall designate the class of the new or eliminated directorship and any newly created or eliminated directorships resulting from an increase or decrease shall be apportioned by the Board of Directors among the classes of Directors so as to maintain such classes as nearly equal as possible. The term of office of the Class I will expire at the 1995 annual meeting of Shareholders, the term of office of the Class II will expire at the 1996 annual meeting of Shareholders and the term of office of the Class III will expire at the 1997 annual meeting of Shareholders with Directors in each class to hold office until such Director's successor shall have been duly elected and qualified. The class into which each Director elected at the 1994 annual meeting of Shareholders shall be designated and the Directors then elected will hold office for terms corresponding to their respective class. At each subsequent annual meeting of Shareholders, Directors elected to succeed those Directors whose terms then expire shall be elected for a term of office to expire at the third (3rd) succeeding annual meeting of Shareholders after their election, with each Director to hold office until such Director's successor is elected and qualified.

Section 3. Removal and Vacancies. A Director may be removed by vote of the holders of a majority of the shares entitled to vote at an election of Directors which vote is taken at a meeting of the Shareholders called expressly for that purpose. A Director may be removed if the votes cast against the removal of such Director would be sufficient to elect such Director if then-cumulatively voted at an election of Directors for the class of which such Director is a member. Any vacancies in the Board of Directors, occurring for any reason (other than an increase in the number of Directors within the permitted range), shall be filled by the vote of the remaining Directors, even if less than a quorum, or by a sole remaining Director. Any vacancies resulting from an increase in the number of Directors within the permitted range may be filled by the vote of the remaining Directors, even if less than a quorum, or by a sole remaining Director. A Director chosen to fill a vacancy shall be assigned to the same class as the Director being replaced and be elected by the Shareholders at the next annual meeting following appointment and shall serve for a term expiring at the annual meeting of Shareholders at which the term of office of the class to which such Director is assigned expires and until such Director's successor is elected and qualified.

Section 4. Quorum. A majority of the number of Directors in office before a meeting begins shall constitute a quorum for the transaction of any business at any meeting of the Board of Directors. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is specified by the Articles of Incorporation or these By-Laws. The chair of any meeting may adjourn the meeting, whether or not a quorum is present. If less than a quorum is present at any meeting, the majority of those present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 5. Annual Meeting. The annual meeting of the Board of Directors shall be held without notice immediately following adjournment of the annual meeting of Shareholders and shall be held at the same place as the annual meeting of Shareholders unless some other place is agreed upon.

Section 6. Special Meetings. Special meetings of the Board of Directors may be called by the Chair of the Board (or the Executive Chair if one has been appointed), the Chief Executive Officer, the President or a majority of the Board of Directors and shall be held at the office of the corporation or at such other place, either within or without the State of Nebraska, as the notice may state.

Section 7. Notice. No notice is required for regular meetings of the Board of Directors and its committees. Notice of special meetings of the Board of Directors and its committees, stating the date, time and place thereof, shall be given in a manner described herein at least one (1) day prior to the date of the meeting. The purpose of the meeting need not be given in the notice. Any Director's attendance at a meeting shall constitute a waiver of notice of such meeting, except where the Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Notice must be in writing unless oral notice is reasonable in the circumstances. A notice or other communication may be given or sent by any method of delivery, including personal delivery, mail or electronic transmission; provided that electronic transmissions must be in accordance with Section 21- 215 of the Nebraska Model Business Corporation Act (or any successor provision). Written notice is effective at the earliest of the following: (a) if in physical form, when received; (b) when deposited in the U.S. mail with postage prepaid and correctly addressed to the recipient at the earliest of when it is actually received or five (5) days after deposited in the U.S. mail; and (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee. If notice is given by electronic transmission, such notice shall be deemed received when the electronic transmission enters a processing system recipient has designated or uses for such purpose and is in a form capable of being processed by that system unless otherwise agreed upon the recipient and sender.

Section 8. Action Without a Meeting. Any action required to be taken at a meeting of the Board of Directors, or of any committee, may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, or all of the members of a committee, as the case may be. Such consent shall have the same effect as a unanimous vote. The consent may be executed by the Directors in counterparts. To the maximum extent permissible under applicable law, all communications, approvals, signatures, and other acts involving the Board of Directors of the corporation may be accomplished by electronic means governed by applicable provisions of the Uniform Electronic Transactions Act as adopted by the State of Nebraska.

Section 9. Voting. At all meetings of the Board of Directors, each Director shall have one (1) vote irrespective of the number of shares such Director may hold.

Section 10. Presumption of Assent. A Director of the corporation who is present at a meeting of the Board of Directors or a committee of the Board of Directors at which action on any corporate matter is taken shall be deemed to have assented to the action taken unless: (a) the Director objects at the beginning of the meeting, or promptly upon arrival, to holding the meeting or transacting business at the meeting; (b) the Director's dissent, recusal or abstention from the action taken shall be entered in the minutes of the meeting; or (c) the Director delivers written notice of the Director's dissent or abstention to the chair of the meeting before the adjournment

thereof or to the Secretary immediately after the adjournment of the meeting. Such right to dissent or abstain shall not be available to a Director who votes in favor of the action taken.

Section 11. Compensation. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated compensation as Director or both. Directors may also participate in equity compensation plans of the corporation, as permitted by each such plan. No such payment shall preclude any Director from serving the corporation in any other capacity and receiving compensation therefor.

Section 12. Committees. The Board of Directors may appoint an executive committee, an audit committee, and one or more other committees, each committee to consist of two (2) or more Directors of the corporation, which committees shall, to the extent permitted by law, have and may exercise such powers of the Board of Directors in the management of the business and affairs of the corporation as shall be delegated to such committee(s). A majority of the Directors then serving on a committee shall constitute a quorum for the transaction of business by a committee except as otherwise required by law, the Articles of Incorporation or these By-Laws, and except as otherwise provided in a resolution of the Board of Directors; provided, however, that in no case shall a quorum be less than one third (1/3) of the Directors then serving on a committee. Unless the Articles of Incorporation, these By-Laws or a resolution of the Board of Directors requires a greater number, the vote of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of a committee.

Section 13. Advisory Directors. The Board of Directors may by resolution appoint advisory directors to the Board of Directors, who shall serve as directors emeritus, and shall have such authority and receive such compensation and reimbursement as the Board of Directors shall provide. Advisory directors shall not have the authority to participate by vote in the transaction of business.

Section 14. Chair of the Board or Executive Chair; Vice Chair of the Board

(a) The Board of Directors from time to time shall appoint one of the Directors to serve in the role as the Chair of the Board or Executive Chair. The Chair of the Board shall preside at all meetings of the Shareholders, unless otherwise provided in Section 13 of Article I, and of the Board of Directors and shall perform all duties normally incidental to the office of Chair and such other duties as may be prescribed by the Board of Directors from time to time. If the Chair of the Board (or Executive Chair if one has been appointed) is not present at a meeting of the Board of Directors, the Chief Executive Officer (if such role is separate from Chair of the Board and such person is serving as a Director) or another Director designated by or in the manner provided by the Board of Directors shall preside. The Board of Directors may, but is not required to, designate the Chair of the Board as the Executive Chair, having the additional authorities and duties described in Section 5 of Article III; provided, however, that, as provided in Section 1 of Article III, the Executive Chair may not hold any other office. There shall not be a Chair of the Board if an Executive Chair has been appointed.

(b) The Board of Directors may appoint, from time to time, one of the Directors to serve in the role as the Vice Chair of the Board. The Vice Chair of the Board shall perform such duties as may be prescribed by the Board of Directors from time to time.

(c) A Director serving as Chair of the Board (or the Executive Chair if one has been appointed) or Vice Chair of the Board is not required to be an independent Director.

Section 15. Remote Participation in Meetings. Members of the Board of Directors, or of any committee thereof, may vote and participate in a meeting of such Board of Directors or committee by means of telephone conference, video conference or other communications equipment by which all Directors participating may simultaneously hear each other during the meeting, and participation in a meeting by such means shall be deemed presence in person at such meeting.

ARTICLE III OFFICERS

Section 1. Officers and Qualifications. The officers of the corporation shall include a President, a Secretary and a Treasurer. The officers of the corporation may include a Chief Executive Officer, an Executive Chair (if appointed by the Board of Directors pursuant to Section 5 of this Article III), a Senior Executive Vice President, one or more Executive Vice Presidents as the Board of Directors shall determine, and such other officers and agents as may be deemed necessary or advisable by the Board of Directors. Any two (2) or more offices may be held by the same person; provided, however, that the person serving as the Executive Chair shall not simultaneously serve as any other officer and the person acting as Chief Executive Officer or as President shall not simultaneously serve as Secretary.

Section 2. Appointment and Tenure. The officers of the corporation shall be appointed by the Board of Directors from time to time and each officer shall hold office until such officer resigns such office, is removed from such office pursuant to Section 3 of this Article III or is no longer able to serve as such due to such officer's death or incapacity. The Board of Directors may delegate its authority to appoint officers to the Executive Chair (if one has been appointed), the Chief Executive Officer or the President, provided however, that the authority to appoint the Executive Chair, the Chief Executive Officer and the President shall not be delegated by the Board of Directors. The Board of Directors may authorize the corporation to enter into an employment contract with any officer on such terms as it determines; provided however, the mere appointment of an individual to serve as an officer shall not, of itself, create any contract rights of employment or other rights enforceable against the corporation.

Section 3. Removal. Any officer of the corporation, whether appointed by the Board of Directors, the Executive Chair, the Chief Executive Officer or the President, may be removed by the Board of Directors at any time, with or without cause, provided that such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Vacancies occurring in any office shall be filled by the Board of Directors or, in the case of an officer appointed by the Executive Chair, the Chief Executive Officer or the President, the vacancy may be filled by the Executive Chair, the Chief Executive Officer or the President, or such office may be left vacant unless Section 1 of this Article III or applicable law requires a position to be filled.

Section 5. Executive Chair. The Board of Directors may, but is not required to, appoint an Executive Chair, who is a Director and is not serving in any other officer position as

provided in Section 1 of this Article III. The Executive Chair, if one is so designated by the Board of Directors, shall not be responsible for the direct management, supervision or control of the regular and on-going business operations and affairs of the corporation, but shall have plenary authority to oversee, review and make all significant or material business decisions of the corporation, including any decisions made with respect thereto by the other officers of the corporation, and shall perform such other duties and responsibilities as may be prescribed by the Board of Directors from time to time. The Executive Chair shall report only to the Board of Directors.

Section 6. Chief Executive Officer. The Chief Executive Officer shall be the principal executive officer of the corporation for all purposes and, subject to the control of the Board of Directors and the retained authority of the Executive Chair (if one has been appointed), the Chief Executive Officer shall manage, supervise and control all of the business and affairs of the corporation. The Chief Executive Officer shall have presumptive authority to sign certificates for shares of the corporation as provided in Article V, as well as any and all other agreements, deeds, mortgages, bonds, contracts or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general, shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board of Directors from time to time. The Chief Executive Officer shall report to the Board of Directors and to the Executive Chair (if one has been appointed).

Section 7. President. The President shall be the principal operating officer of the corporation and, subject to the control of the Board of Directors and the direction of the Chair of the Board or the Executive Chair (if one has been appointed) and the Chief Executive Officer, shall in general supervise and control the operation of the day-to-day business and affairs of the corporation. The President shall have presumptive authority to sign certificates for shares of the corporation as provided in Article V, as well as any and all other agreements, deeds, mortgages, bonds, contracts or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall report to the Board of Directors, the Chief Executive Officer and the Executive Chair (if one has been appointed).

Section 8. Vice Presidents. The Board of Directors may appoint one or more Vice Presidents, including a Senior Executive Vice President, Executive Vice Presidents and Senior Vice Presidents, and the Board of Directors, the Executive Chair (if one has been appointed), the Chief Executive Officer and the President may assign such titles, duties and responsibilities to any such position as they may determine from time to time. A person having the title of Vice President is not an officer of the corporation unless the Board of Directors (or an officer to whom the authority to designate officers has been granted under Section 2 of this Article III) designates such person as an officer; provided, however, that a Senior Executive Vice President, Executive Vice President or Senior Vice President is deemed to be an officer upon appointment. In the absence of the President or in the event of the President's death, inability or refusal to act, the

Senior Executive Vice President, if one is appointed (or if a Senior Executive Vice President has not been appointed, the Executive Vice President with the longest period of continuous service in such position) shall perform the duties of the President. The Senior Executive Vice President may sign certificates for shares of the corporation as provided in Article V.

Section 9. Secretary. The Secretary shall: (a) keep minutes of the proceedings of the Shareholders and of the Board of Directors in the corporate records; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be the custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all applicable documents, the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each Shareholder which shall be furnished to the Secretary by such Shareholder; (e) sign with the Chair of the Board (or the Executive Chair if one has been appointed), or any person holding the office of Chief Executive Officer, President or Senior Executive Vice President, certificates for shares of the corporation as provided in Article V, the issuance of which shall be authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Chair of the Board (or the Executive Chair if one has been appointed), the Chief Executive Officer, the President or the Board of Directors.

Section 10. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such banks, trust companies, or in other depositories as shall be selected in accordance with the provisions of these By-Laws; (c) sign with the Chair of the Board (or the Executive Chair if one has been appointed), or any person holding the office of Chief Executive Officer, President or Senior Executive Vice President, certificates for shares of the corporation as provided in Article V, the issuance of which shall be authorized by resolution of the Board of Directors; and (d) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Chair of the Board, the Executive Chair, the Chief Executive Officer, the President or the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of the Treasurer's duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 11. Other Officers. Other officers shall perform such duties and have such powers as may be assigned to them by the Board of Directors or the officer who was authorized to appoint them.

Section 12. Officers Serving as Directors. No officer shall be prevented from receiving compensation by reason of the fact that such person is also a Director of the corporation.

ARTICLE IV SEAL

The corporate seal of the corporation shall contain the name of the corporation and shall be in such form as the Board of Directors shall prescribe.

ARTICLE V CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares. The shares of the corporation may be certificated or uncertificated, as authorized by the Board of Directors in accordance with Nebraska law. If certificated, all shares shall be represented by certificates signed by the Chair of the Board (or the Executive Chair if one has been appointed) or any person holding the office of Chief Executive Officer, President or Senior Executive Vice President, and by the Treasurer or by the Secretary, and may be sealed with the seal of the corporation or a facsimile thereof. Any or all of the signatures upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. If an officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before the certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer at the date of its issue.

Section 2. Form of Share Certificates. Each certificate representing shares shall state upon the face thereof: that the corporation is organized under the laws of the State of Nebraska; the name of the person to whom it is issued; the number and class of shares; the designation of the series, if any, which such certificate represents; and the par value of each share represented by such certificate, or a statement that the shares are without par value. Other matters in regard to the form of the certificates shall be determined by the Board of Directors.

Section 3. Loss or Destruction. In case of loss or destruction of a certificate of stock, no new certificate shall be issued in lieu thereof except upon satisfactory proof to the Board of Directors of such loss or destruction, and upon the giving of satisfactory security by bond or otherwise against loss to the corporation.

Section 4. Transfer of Shares. Transfer of shares of stock of the corporation shall be made only on its stock transfer records. Authority for such transfer shall be given only by the holder of record thereof or by such holder's legal representative, who shall furnish proper evidence of such authority, or by such holder's attorney thereunto authorized by a power of attorney duly executed and filed with the corporation. Transfer of certificated shares shall be made only on surrender for cancellation of the certificate for such shares. The person in whose name shares of stock stand on the records of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

ARTICLE VI DIVIDENDS AND BANK ACCOUNTS

Section 1. Dividends. In addition to other dividends authorized by law, the Board of Directors, by resolution, may from time to time declare dividends to be paid out of the unreserved and unrestricted earned surplus of the corporation, but no dividend shall be paid when

the corporation is insolvent, when the payment thereof would render the corporation insolvent or when otherwise prohibited by law.

Section 2. Bank Accounts. The funds of the corporation shall be deposited in such banks, trust funds or depositories as the Board of Directors may designate or delegate to two or more of the corporation's officers the authority to designate. The funds of the corporation shall be withdrawn upon the signatures of such person or persons as the Directors may by resolution authorize or delegate to two or more of the corporation's officers the authority to authorize.

ARTICLE VII AMENDMENTS

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors, or by consent in writing pursuant to Section 8 of Article II.

ARTICLE VIII WAIVER OF NOTICE

Whenever any notice is required to be given to any Shareholder or Director of the corporation under the provisions of the Articles of Incorporation or under the provisions of applicable state law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

ARTICLE IX INDEMNIFICATION OF NON-DIRECTOR OR NON-OFFICER EMPLOYEES AND AGENTS

At the discretion of the Board of Directors, the corporation may indemnify any person who is or was a non-Director, non-officer employee or agent of the corporation, or is or was serving at the request of the corporation as a Director, officer, partner, member of a limited liability company, trustee, employee or other agent of another domestic or foreign corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other entity, as permitted by the Nebraska Model Business Corporation Act, as amended from time to time.

The indemnification of the officers and Directors shall be as provided by Article VIII of the Articles of Incorporation of the corporation.

ARTICLE X DIRECTORS' INTEREST IN CONTRACTS

In the absence of fraud, no contract or other transaction between the corporation and any other person, corporation, firm, syndicate, association, partnership or joint venture shall be either void or voidable or otherwise affected by reason of the fact that one or more Directors of the corporation are or become directors or officers of such other corporation, firm, syndicate or association or members of such partnership or joint venture, or are pecuniarily or otherwise interested in such contract or transaction, provided that (a) the fact such Director or Directors of the corporation are so situated or so interested, or both, is disclosed or known to the Board of

Directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested Directors; (b) such fact is disclosed or known to the Shareholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or (c) the contract or transaction is fair and reasonable to the corporation. Any Director of the corporation who is also a director or officer of such other corporation, firm, syndicate or association, or a member of such partnership or joint venture or is pecuniarily or otherwise interested in such contract or transaction, may be counted for the purpose of determining the presence of a quorum at any meeting of the Board of Directors which shall authorize any such contract or transaction.

ARTICLE XI FISCAL YEAR

The fiscal year of the corporation shall begin on the 1st day of January in each year, or at such other time as may be determined by the Board of Directors.

EXHIBIT 31.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
(SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)**

I, Derek J. Leathers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Werner Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Derek J. Leathers

Derek J. Leathers

Chairman and Chief Executive Officer

EXHIBIT 31.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
(SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002)**

I, Christopher D. Wikoff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Werner Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2024

/s/ Christopher D. Wikoff

Christopher D. Wikoff

Executive Vice President, Treasurer and Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

In connection with the Quarterly Report of Werner Enterprises, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2024 (the "Report"), filed with the Securities and Exchange Commission, I, Derek J. Leathers, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 12, 2024

/s/ Derek J. Leathers

Derek J. Leathers

Chairman and Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

In connection with the Quarterly Report of Werner Enterprises, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2024 (the "Report"), filed with the Securities and Exchange Commission, I, Christopher D. Wikoff, Executive Vice President, Treasurer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 12, 2024

/s/ Christopher D. Wikoff

Christopher D. Wikoff

Executive Vice President, Treasurer and
Chief Financial Officer