

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 March 31, 2022

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  
(State or other jurisdiction of  
incorporation or organization)  
  
14507 Frontier Road  
Post Office Box 45308  
Omaha, Nebraska  
(Address of principal executive offices)

47-0648386  
(I.R.S. Employer  
Identification No.)

68145-0308  
(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 April 29, 2022, 65,057,763 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

**WERNER ENTERPRISES, INC.**

**INDEX**

	<u>PAGE</u>
<b><u>PART I – FINANCIAL INFORMATION</u></b>	
	<a href="#"><u>Cautionary Note Regarding Forward-Looking Statements</u></a> 3
Item 1.	<a href="#"><u>Financial Statements:</u></a> 4
	<a href="#"><u>Consolidated Statements of Income for the Three Months Ended March 31, 2022 and 2021</u></a> 4
	<a href="#"><u>Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2022 and 2021</u></a> 5
	<a href="#"><u>Consolidated Condensed Balance Sheets as of March 31, 2022 and December 31, 2021</u></a> 6
	<a href="#"><u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2022 and 2021</u></a> 7
	<a href="#"><u>Consolidated Statements of Stockholders' Equity and Temporary Equity - Redeemable Noncontrolling Interest for the Three Months Ended March 31, 2022 and 2021</u></a> 8
	<a href="#"><u>Notes to Consolidated Financial Statements (Unaudited) as of March 31, 2022</u></a> 9
Item 2.	<a href="#"><u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></a> 17
Item 3.	<a href="#"><u>Quantitative and Qualitative Disclosures About Market Risk</u></a> 26
Item 4.	<a href="#"><u>Controls and Procedures</u></a> 26
<b><u>PART II – OTHER INFORMATION</u></b>	
Item 1.	<a href="#"><u>Legal Proceedings</u></a> 27
Item 1A.	<a href="#"><u>Risk Factors</u></a> 27
Item 2.	<a href="#"><u>Unregistered Sales of Equity Securities and Use of Proceeds</u></a> 27
Item 6.	<a href="#"><u>Exhibits</u></a> 28

**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 I, Item 1A (Risk Factors) of our Annual Report on Form 10-K for the year ended December 31, 2021 (“2021 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**

	Three Months Ended March 31,	
	2022	2021
	(Unaudited)	
(In thousands, except per share amounts)		
Operating revenues	\$ 764,605	\$ 616,446
Operating expenses:		
Salaries, wages and benefits	241,996	204,853
Fuel	88,421	50,838
Supplies and maintenance	57,025	46,147
Taxes and licenses	23,833	23,233
Insurance and claims	27,492	22,056
Depreciation and amortization	67,229	63,951
Rent and purchased transportation	185,237	146,493
Communications and utilities	3,926	3,022
Other	(14,065)	(6,618)
Total operating expenses	681,094	553,975
Operating income	83,511	62,471
Other expense (income):		
Interest expense	1,439	838
Interest income	(275)	(297)
Loss on investments in equity securities	9,806	—
Other	73	42
Total other expense (income)	11,043	583
Income before income taxes	72,468	61,888
Income tax expense	17,433	15,396
Net income	55,035	46,492
Net income attributable to noncontrolling interest	(1,286)	—
Net income attributable to Werner	\$ 53,749	\$ 46,492
Earnings per share:		
Basic	\$ 0.82	\$ 0.68
Diluted	\$ 0.82	\$ 0.68
Weighted-average common shares outstanding:		
Basic	65,543	67,932
Diluted	65,878	68,223

See Notes to Consolidated Financial Statements (Unaudited).

**WERNER ENTERPRISES, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In thousands)	Three Months Ended March 31,	
	2022	2021
	(Unaudited)	
Net income	\$ 55,035	\$ 46,492
Other comprehensive income (loss):		
Foreign currency translation adjustments	1,153	(1,568)
Change in fair value of interest rate swaps, net of tax	3,631	1,303
Other comprehensive income (loss)	4,784	(265)
Comprehensive income	59,819	46,227
Comprehensive income attributable to noncontrolling interest	(1,286)	—
Comprehensive income attributable to Werner	\$ 58,533	\$ 46,227

See Notes to Consolidated Financial Statements (Unaudited).

**WERNER ENTERPRISES, INC.**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**

(In thousands, except share amounts)	March 31, 2022 (Unaudited)	December 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 125,949	\$ 54,196
Accounts receivable, trade, less allowance of \$9,539 and \$9,169, respectively	449,602	460,518
Other receivables	25,907	24,449
Inventories and supplies	12,105	11,140
Prepaid taxes, licenses and permits	13,716	17,549
Other current assets	51,075	63,361
Total current assets	<u>678,354</u>	<u>631,213</u>
Property and equipment	2,600,896	2,557,825
Less – accumulated depreciation	991,296	944,582
Property and equipment, net	<u>1,609,600</u>	<u>1,613,243</u>
Goodwill	74,404	74,618
Intangible assets, net	53,956	55,315
Other non-current assets	232,712	229,324
Total assets	<u>\$ 2,649,026</u>	<u>\$ 2,603,713</u>
<b>LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 113,657	\$ 93,987
Current portion of long-term debt	5,000	5,000
Insurance and claims accruals	66,818	72,594
Accrued payroll	50,367	44,333
Accrued expenses	30,061	28,758
Other current liabilities	24,368	24,011
Total current liabilities	<u>290,271</u>	<u>268,683</u>
Long-term debt, net of current portion	421,250	422,500
Other long-term liabilities	47,757	43,314
Insurance and claims accruals, net of current portion	241,690	237,220
Deferred income taxes	269,361	268,499
Total liabilities	<u>1,270,329</u>	<u>1,240,216</u>
Commitments and contingencies		
Temporary equity - redeemable noncontrolling interest	37,233	35,947
Stockholders' equity:		
Common stock, \$0.01 par value, 200,000,000 shares authorized; 80,533,536 shares issued; 65,057,763 and 65,790,112 shares outstanding, respectively	805	805
Paid-in capital	121,157	121,904
Retained earnings	1,713,046	1,667,104
Accumulated other comprehensive loss	(15,820)	(20,604)
Treasury stock, at cost; 15,475,773 and 14,743,424 shares, respectively	(477,724)	(441,659)
Total stockholders' equity	<u>1,341,464</u>	<u>1,327,550</u>
Total liabilities, temporary equity and stockholders' equity	<u>\$ 2,649,026</u>	<u>\$ 2,603,713</u>

See Notes to Consolidated Financial Statements (Unaudited).

**WERNER ENTERPRISES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)	Three Months Ended March 31,	
	2022	2021
	(Unaudited)	
<b>Cash flows from operating activities:</b>		
Net income	\$ 55,035	\$ 46,492
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	67,229	63,951
Deferred income taxes	(254)	3,487
Gain on disposal of property and equipment	(20,458)	(10,520)
Non-cash equity compensation	3,026	2,502
Insurance and claims accruals, net of current portion	4,470	4,212
Other	(2,080)	1,285
Loss on investments in equity securities	9,806	—
Changes in certain working capital items:		
Accounts receivable, net	11,279	(6,798)
Other current assets	13,152	551
Accounts payable	12,330	18,481
Other current liabilities	1,422	12,224
Net cash provided by operating activities	154,957	135,867
<b>Cash flows from investing activities:</b>		
Additions to property and equipment	(73,629)	(82,555)
Proceeds from sales of property and equipment	36,555	44,689
Net cash invested in acquisition	705	—
Investment in equity securities	—	(5,000)
Decrease in notes receivable	1,831	1,575
Net cash used in investing activities	(34,538)	(41,291)
<b>Cash flows from financing activities:</b>		
Repayments of short-term debt	(1,250)	(25,000)
Repayments of long-term debt	(100,000)	—
Proceeds from issuance of long-term debt	100,000	—
Dividends on common stock	(7,895)	(6,114)
Repurchases of common stock	(36,180)	(5,507)
Tax withholding related to net share settlements of restricted stock awards	(3,658)	(3,740)
Net cash used in financing activities	(48,983)	(40,361)
Effect of exchange rate fluctuations on cash	317	(419)
Net increase in cash and cash equivalents	71,753	53,796
Cash and cash equivalents, beginning of period	54,196	29,334
Cash and cash equivalents, end of period	\$ 125,949	\$ 83,130
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	\$ 1,536	\$ 878
Income taxes paid	837	536
<b>Supplemental schedule of non-cash investing and financing activities:</b>		
Notes receivable issued upon sale of property and equipment	\$ 1,613	\$ 988
Change in fair value of interest rate swaps	3,631	1,303
Property and equipment acquired included in accounts payable	13,671	23,570
Property and equipment disposed included in other receivables	154	17
Dividends accrued but not yet paid at end of period	7,807	6,792

See Notes to Consolidated Financial Statements (Unaudited).

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

(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
	(Unaudited)						
BALANCE, December 31, 2021	\$ 805	\$ 121,904	\$ 1,667,104	\$ (20,604)	\$ (441,659)	\$ 1,327,550	\$ 35,947
Net income attributable to Werner	—	—	53,749	—	—	53,749	—
Net income attributable to noncontrolling interest	—	—	—	—	—	—	1,286
Other comprehensive income	—	—	—	4,784	—	4,784	—
Purchases of 845,100 shares of common stock	—	—	—	—	(36,180)	(36,180)	—
Dividends on common stock (\$0.12 per share)	—	—	(7,807)	—	—	(7,807)	—
Equity compensation activity, 112,751 shares	—	(3,773)	—	—	115	(3,658)	—
Non-cash equity compensation expense	—	3,026	—	—	—	3,026	—
BALANCE, March 31, 2022	<u>\$ 805</u>	<u>\$ 121,157</u>	<u>\$ 1,713,046</u>	<u>\$ (15,820)</u>	<u>\$ (477,724)</u>	<u>\$ 1,341,464</u>	<u>\$ 37,233</u>
BALANCE, December 31, 2020	\$ 805	\$ 116,039	\$ 1,438,916	\$ (22,833)	\$ (337,887)	\$ 1,195,040	\$ —
Net income attributable to Werner	—	—	46,492	—	—	46,492	—
Other comprehensive loss	—	—	—	(265)	—	(265)	—
Purchases of 130,446 shares of common stock	—	—	—	—	(5,507)	(5,507)	—
Dividends on common stock (\$0.10 per share)	—	—	(6,792)	—	—	(6,792)	—
Equity compensation activity, 116,868 shares	—	(3,953)	—	—	213	(3,740)	—
Non-cash equity compensation expense	—	2,502	—	—	—	2,502	—
BALANCE, March 31, 2021	<u>\$ 805</u>	<u>\$ 114,588</u>	<u>\$ 1,478,616</u>	<u>\$ (23,098)</u>	<u>\$ (343,181)</u>	<u>\$ 1,227,730</u>	<u>\$ —</u>

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 controlled subsidiaries (collectively, the “Company” or “Werner”). 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-month period ended March 31, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. 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 2021 Form 10-K.

**New Accounting Pronouncements Adopted**

In the first quarter 2022, we adopted Accounting Standards Update (“ASU”) No. 2020-04, *Reference Rate Reform (Topic 848)*, which provides optional guidance for a limited period of time to ease the potential burden in accounting for reference rate reform on financial reporting. The provisions of this update are effective for all entities as of March 12, 2020 through December 31, 2022 and apply only to contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued because of reference rate reform. The adoption of the new guidance did not have a material impact on our consolidated financial statements.

**(2) Business Acquisitions**

On July 1, 2021, we acquired an 80% ownership interest in ECM Associated, LLC (“ECM”) for a final purchase price of \$141.3 million after net working capital changes and net of cash acquired. ECM, through its ECM Transport, LLC (“ECM Transport”) and Motor Carrier Service, LLC (“MCS”) subsidiaries, provides regional truckload carrier services in the Mid-Atlantic, Ohio, and Northeast regions of the United States. The results of operations for ECM are included in our consolidated financial statements beginning July 1, 2021, and the noncontrolling interest is presented as a separate component of the consolidated financial statements.

On November 22, 2021, we acquired 100% of the equity interests in NEHDS Logistics, LLC (“NEHDS”) for a final purchase price of \$62.3 million after including the impacts of contingent consideration and net working capital changes. The purchase price allocation for NEHDS is considered final as of March 31, 2022. NEHDS is a final mile residential delivery provider serving customers primarily in the Northeast and Midwest U.S. markets. NEHDS delivers primarily big and bulky products (primarily furniture and appliances) using 2-person delivery teams performing residential and commercial deliveries. The results of operations for NEHDS are included in our consolidated financial statements beginning November 22, 2021.

Amortization expense on intangible assets was \$1.4 million for the three months ended March 31, 2022.

**(3) 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 March 31,	
	2022	2021
Truckload Transportation Services	\$ 558,417	\$ 462,949
Werner Logistics	189,008	137,853
Inter-segment eliminations	(722)	(134)
Transportation services	746,703	600,668
Other revenues	17,902	15,778
Total revenues	\$ 764,605	\$ 616,446

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 March 31,	
	2022	2021
United States	\$ 710,904	\$ 555,239
Mexico	43,291	38,756
Other	10,410	22,451
Total revenues	\$ 764,605	\$ 616,446

**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 March 31, 2022 and December 31, 2021, the accounts receivable, trade, net, balance was \$449.6 million and \$460.5 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 March 31, 2022 and December 31, 2021, the balance of contract assets was \$10.9 million and \$9.0 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. The balance of contract liabilities was \$1.2 million at both March 31, 2022 and December 31, 2021. The amount of revenues recognized in the three months ended March 31, 2022 that was included in the December 31, 2021 contract liability balance was \$1.2 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 three months ended March 31, 2022 and 2021, revenues recognized from performance obligations related to prior periods (for example, due to changes in transaction price) were not material.

#### (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):

	March 31, 2022	December 31, 2021
<b>Balance Sheet Classification</b>		
Right-of-use assets (recorded in other non-current assets)	\$ 36,649	\$ 28,458
Current lease liabilities (recorded in other current liabilities)	\$ 7,231	\$ 6,380
Long-term lease liabilities (recorded in other long-term liabilities)	30,291	22,634
Total operating lease liabilities	\$ 37,522	\$ 29,014
<b>Other Information</b>		
Weighted-average remaining lease term for operating leases	7.45 years	7.63 years
Weighted-average discount rate for operating leases	2.6 %	2.7 %

The following table presents the maturities of operating lease liabilities as of March 31, 2022 (in thousands):

<b>Maturity of Lease Liabilities</b>		
2022 (remaining)		\$ 6,074
2023		7,055
2024		6,279
2025		5,578
2026		4,485
Thereafter		11,883
Total undiscounted operating lease payments		\$ 41,354
Less: Imputed interest		(3,832)
Present value of operating lease liabilities		\$ 37,522

#### Cash Flows

During the three months ended March 31, 2022 and 2021, right-of-use assets of \$10.2 million and \$0.5 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 \$1.8 million and \$0.9 million for the three months ended March 31, 2022 and 2021, respectively, and are included in operating cash flows.

#### Operating Lease Expense

Operating lease expense was \$5.1 million and \$3.6 million for the three months ended March 31, 2022 and 2021, respectively. This expense included \$2.1 million and \$1.0 million for the three months ended March 31, 2022 and 2021, 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 1 to 10 years. We recognize revenue for such leases on a straight-line basis over the term of the lease. Revenues were \$3.2 million and \$3.1 million for the three months

ended March 31, 2022 and 2021, respectively. The following table presents information about the maturities of these operating leases as of March 31, 2022 (in thousands):

2022 (remaining)	\$	6,124
2023		1,637
2024		—
2025		—
2026		—
Thereafter		—
<b>Total</b>	<b>\$</b>	<b>7,761</b>

## (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 Company's fair value hierarchy for assets measured at fair value on a recurring basis (in thousands):

	Level in Fair Value Hierarchy	Fair Value	
		March 31, 2022	December 31, 2021
<b>Other non-current assets:</b>			
Equity securities <sup>(1)</sup>	1	\$ 7,360	\$ 17,166

<sup>(1)</sup>Represents our investments in autonomous technology companies. For additional information regarding the valuation of these equity securities, see Note 6 – Investments.

We have no material liabilities measured at fair value on a recurring basis for the periods presented.

Our ownership interest in Mastery Logistics Systems, Inc. (“MLSI”) does not have a readily determinable fair value and is accounted for using the measurement alternative in ASC 321, *Investments - Equity Securities*. For additional information regarding the valuation of our investment in MLSI, see Note 6 – Investments.

### **Fair Value of Financial Instruments Not Recorded at Fair Value**

Cash, accounts receivable trade, and accounts payable are short-term in nature and accordingly are carried at amounts that approximate fair value. These financial instruments are recorded at or near their respective transaction prices and historically have been settled or converted to cash at approximately that value (categorized as Level 2 of the fair value hierarchy).

The carrying amounts of our long-term debt approximate fair value due to the duration of our credit arrangements and the variable interest rates (categorized as Level 2 of the fair value hierarchy).

### **(6) Investments**

#### **Equity Investments without Readily Determinable Fair Values**

In 2020, we entered into a strategic partnership with MLSI, a transportation management systems company. We are collaborating with MLSI to develop a cloud-based transportation management system using MLSI's SaaS technology which we have agreed to license. This minority equity investment is being accounted for under ASC 321 using the measurement alternative, and is recorded in other noncurrent assets on the consolidated condensed balance sheets. As of March 31, 2022 and December 31, 2021, the value of our investment was \$38.2 million. We record changes in the value of this investment, based on events that occur that would indicate the value of our investment in MLSI has changed, in gain or loss on investments in equity securities on the consolidated statements of income. No gains or losses were recorded in the three months ended March 31, 2022 and 2021. At March 31, 2022, cumulative unrealized gains on our investment in MLSI totaled \$28.2 million.

#### **Equity Investments with Readily Determinable Fair Values**

We own strategic minority equity investments in autonomous technology companies, which are being accounted for under ASC 321 and are recorded in other noncurrent assets on the consolidated condensed balance sheets. We record changes in the value of these investments, based on the share prices reported by Nasdaq, in gain or loss on investments in equity securities on the consolidated statements of income. In the three months ended March 31, 2022, we recognized a \$9.8 million unrealized loss on these investments. No gains or losses were recorded in the three months ended March 31, 2021. For additional information regarding the fair value of these equity investments, see Note 5 – Fair Value.

### **(7) Debt and Credit Facilities**

On March 25, 2022, we entered into a new credit agreement (the “Wells Credit Agreement”) with Wells Fargo Bank, National Association (“Wells Fargo”), replacing our previous credit agreement with Wells Fargo dated May 14, 2019, as amended. The Wells Credit Agreement provides for a \$300.0 million unsecured revolving line of credit (“Wells Line of Credit”), with a \$75.0 million maximum limit for the aggregate amount of letters of credit issued, and expires on May 14, 2024. The Wells Credit Agreement also provides for an unsecured term loan commitment not to exceed a principal amount of \$100.0 million (“Wells Term Loan”), with the outstanding principal balance due and payable in full on May 14, 2024. The proceeds of the Wells Line of Credit and Wells Term Loan may be used for the Company's general corporate purposes.

Amounts drawn under the Wells Line of Credit and the outstanding principal balance of the Wells Term Loan bear interest either, at our option, (i) at a variable rate based on the daily Secured Overnight Financing Rate (“SOFR”) plus 0.10% and a margin ranging between 0.675% and 0.925%, or (ii) at a fixed rate based on the Term SOFR in effect on the first day of an applicable interest period designated by us plus 0.10% in the case of one month Term SOFR, 0.15% in the case of three month Term SOFR, 0.25% in the case of six month Term SOFR, and plus, in each case, a margin ranging between 0.675% and 0.925%, payable monthly. The margin rates are based on our ratio of total funded debt to earnings before interest, income taxes, depreciation and amortization (“EBITDA”). The Wells Credit Agreement also requires us to pay Wells Fargo (i) an annualized letter of credit fee based on the face amount of each letter of credit outstanding at rates ranging between 0.55% and 0.80% per annum and (ii) a nonrefundable commitment fee on the average daily unused amount of the Wells Line of Credit (after deducting undrawn letters of credit) at rates ranging between 0.11% and 0.15% per annum. The rates for the letter of credit and nonrefundable commitment fees are based on our ratio of total funded debt to EBITDA.

On March 25, 2022, we also entered into a second amendment to our existing unsecured revolving line of credit agreement, dated May 14, 2019, with BMO Harris Bank N.A. (“BMO Harris”), expiring May 14, 2024 (“BMO Line of Credit”). The second amendment increased our BMO Line of Credit from \$200.0 million to \$300.0 million and changed the variable interest rate calculation by replacing the LIBOR with the SOFR. Amounts drawn under the BMO Line of Credit bear interest, for a selected interest period, at a variable rate based on the SOFR plus 0.10% and a margin ranging between 0.70% and 1.50%, based on our ratio of total funded debt to EBITDA, payable at the end of the applicable interest period. No changes were made to the annualized letter of credit fee, nonrefundable commitment fee, and financial covenants as a result of the second amendment. We also have a \$100.0 million unsecured fixed-rate term loan commitment with BMO Harris, with quarterly principal payments of \$1.25 million, which began on September 30, 2021, and a final payment of principal and interest due and

payable on May 14, 2024 ("BMO Term Loan"). The outstanding principal balance of the BMO Term Loan bears interest at a fixed rate of 1.28%, payable quarterly in arrears.

As of March 31, 2022 and December 31, 2021, our outstanding debt totaled \$426.3 million and \$427.5 million, respectively. As of March 31, 2022, we had a total of \$230.0 million outstanding under our revolving lines of credit, including (i) \$80.0 million at a weighted average variable interest rate of 1.02%; (ii) \$75.0 million at a variable interest rate of 0.99%, which is effectively fixed at 2.32% with an interest rate swap agreement through May 14, 2024; and (iii) \$75.0 million at a variable interest rate of 0.93%, which is effectively fixed at 2.36% with an interest rate swap agreement through May 14, 2024. The total borrowing capacity of \$600.0 million under our revolving lines of credit at March 31, 2022, is further reduced by \$53.9 million in stand-by letters of credit under which we are obligated. In addition, as of March 31, 2022, we had \$100.0 million outstanding under the Wells Term Loan at a variable interest rate of 1.05% and \$96.3 million outstanding under the BMO Term Loan at a fixed interest rate of 1.28%. Availability of such funds under the debt agreements is conditional upon various customary terms and covenants. Such covenants include, among other things, financial covenants requiring us (i) to exceed a minimum ratio of earnings before interest, income taxes, depreciation and amortization to interest expense and/or (ii) not to exceed a maximum ratio of total funded debt to earnings before interest, income taxes, depreciation and amortization (as such terms are defined in each credit facility). As of March 31, 2022 we were in compliance with these covenants.

At March 31, 2022, the aggregate future maturities of long-term debt by year are as follows (in thousands):

2022 (remaining)	\$	3,750
2023		5,000
2024		417,500
2025		—
2026		—
Total	\$	<u>426,250</u>

#### **(8) Commitments and Contingencies**

We have committed to property and equipment purchases of approximately \$182.3 million at March 31, 2022.

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 \$30.1 million as of March 31, 2022, and \$28.8 million as of December 31, 2021. 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 March 31, 2022 and December 31, 2021.

The Company is pursuing an appeal of this verdict. No assurances can be given regarding the outcome of any such appeal.

We have been involved in class action litigation in the U.S. District Court for the District of Nebraska, in which the plaintiffs allege that we owe drivers for unpaid wages under the Fair Labor Standards Act ("FLSA") and the Nebraska Wage Payment and Collection Act and that we failed to pay minimum wage per hour for drivers in our Career Track Program, related to short break time and sleeper berth time. The period covered by this class action suit is August 2008 through March 2014. The case was tried to a jury in May 2017, resulting in a verdict of \$0.8 million in plaintiffs' favor on the short break matter and a verdict in our favor on the sleeper berth matter. As a result of various post-trial motions, the court awarded \$0.5 million to the plaintiffs.

for attorney fees and costs. Plaintiffs appealed the post-verdict amounts awarded by the trial court for fees, costs and liquidated damages, and the Company filed a cross appeal on the verdict that was in plaintiffs' favor. The United States Court of Appeals for the Eighth Circuit denied Plaintiffs' appeal and granted Werner's appeal, vacating the judgment in favor of the plaintiffs. The appellate court sent the case back to the trial court for proceedings consistent with the appellate court's opinion. On June 22, 2020, the trial court denied Plaintiffs' request for a new trial and entered judgment in favor of the Company, dismissing the case with prejudice. On July 21, 2020, Plaintiffs' counsel filed a notice of appeal of that dismissal, and that appeal remains pending. As of March 31, 2022, we have an accrual for the jury's award, attorney fees and costs in the short break matter and had not accrued for the sleeper berth matter.

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 March 31,	
	2022	2021
Net income attributable to Werner	\$ 53,749	\$ 46,492
Weighted average common shares outstanding	65,543	67,932
Dilutive effect of stock-based awards	335	291
Shares used in computing diluted earnings per share	65,878	68,223
Basic earnings per share	\$ 0.82	\$ 0.68
Diluted earnings per share	\$ 0.82	\$ 0.68

## (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, including ECM, 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 generates the majority of our non-trucking revenues through three operating units that provide non-trucking services to our customers. 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”), including NEHDS, 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. In

first quarter 2021, we completed the sale of the Werner Global Logistics (“WGL”) freight forwarding services for international ocean and air shipments to Scan Global Logistics Group, and we realized a \$1.0 million gain when the transaction closed on February 26, 2021. Werner Logistics continues to provide North American truck brokerage, freight management, intermodal and final mile services.

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 assets 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 March 31,	
	2022	2021
<u>Revenues by Segment</u>		
Truckload Transportation Services	\$ 558,417	\$ 462,949
Werner Logistics	189,008	137,853
Other	17,513	15,399
Corporate	389	379
Subtotal	765,327	616,580
Inter-segment eliminations	(722)	(134)
Total	\$ 764,605	\$ 616,446

	Three Months Ended March 31,	
	2022	2021
<u>Operating Income (loss) by Segment</u>		
Truckload Transportation Services	\$ 76,093	\$ 57,628
Werner Logistics	8,681	4,574
Other	445	866
Corporate	(1,708)	(597)
Total	\$ 83,511	\$ 62,471

	Three Months Ended March 31,	
	2022	2021
<u>Depreciation and Amortization by Segment</u>		
Truckload Transportation Services	61,837	58,525
Werner Logistics	2,268	2,221
Other	2,681	2,729
Corporate	443	476
Total	\$ 67,229	\$ 63,951

## **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
- COVID-19
- Results of Operations
- Liquidity and Capital Resources
- Regulations
- Critical Accounting Estimates

The MD&A should be read in conjunction with our 2021 Form 10-K.

### **Overview:**

We have two reportable segments, Truckload Transportation Services (“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. 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 first quarter 2022 to first quarter 2021, 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, 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 facilities, 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). In first quarter 2021, we completed the sale of the Werner Global Logistics (“WGL”) freight forwarding services for international ocean and air shipments to Scan Global Logistics Group. WGL had annual revenues of \$53 million in 2020, and we realized a \$1.0 million gain from the sale in first quarter 2021. At the end of the twelve month period, the full earnout was achieved. 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.

**COVID-19:**

The COVID-19 pandemic continues to impact the U.S. and global economies and has resulted in ongoing supply chain challenges. During the pandemic, the transportation industry has been designated by the U.S. government as an essential industry for keeping the U.S. supply chain moving. We are monitoring and reacting to the evolving nature of the pandemic, governmental responses, and their impacts on our business, including employee availability. We are working hard to stay healthy while safely delivering our customers’ freight on time. Throughout our offices and terminal network, we are closely following the safety guidelines set forth by the Centers for Disease Control and Prevention (CDC) and World Health Organization (WHO).

Over the past several years, we have repositioned Werner to increase our ability to execute through different macroeconomic environments. We believe our freight base, which is heavily weighted toward customers delivering essential products that are continually being restocked in today’s economy, enabled us to more effectively manage through the difficult economic environment created by the pandemic. While there remain significant uncertainties related to COVID-19 and its effect on the economy, we believe that demand for our services will continue to be strong during the remainder of 2022.

**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.

(in thousands)	Three Months Ended (3ME) March 31,				Percentage Change in Dollar Amounts	
	2022		2021		3ME	
	\$	%	\$	%	%	
Operating revenues	\$ 764,605	100.0	\$ 616,446	100.0	24.0	
Operating expenses:						
Salaries, wages and benefits	241,996	31.6	204,853	33.2	18.1	
Fuel	88,421	11.6	50,838	8.2	73.9	
Supplies and maintenance	57,025	7.5	46,147	7.5	23.6	
Taxes and licenses	23,833	3.1	23,233	3.8	2.6	
Insurance and claims	27,492	3.6	22,056	3.6	24.6	
Depreciation and amortization	67,229	8.8	63,951	10.4	5.1	
Rent and purchased transportation	185,237	24.2	146,493	23.8	26.4	
Communications and utilities	3,926	0.5	3,022	0.5	29.9	
Other	(14,065)	(1.8)	(6,618)	(1.1)	112.5	
Total operating expenses	681,094	89.1	553,975	89.9	22.9	
Operating income	83,511	10.9	62,471	10.1	33.7	
Total other expense, net	11,043	1.4	583	0.1	1,794.2	
Income before income taxes	72,468	9.5	61,888	10.0	17.1	
Income tax expense	17,433	2.3	15,396	2.5	13.2	
Net income	55,035	7.2	46,492	7.5	18.4	
Net income attributable to noncontrolling interest	(1,286)	(0.2)	—	N/A	N/A	
Net income attributable to Werner	\$ 53,749	7.0	\$ 46,492	7.5	15.6	

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.

TTS segment (in thousands)	Three Months Ended March 31,			
	2022		2021	
	\$	%	\$	%
Trucking revenues, net of fuel surcharge	\$ 472,361		\$ 410,652	
Trucking fuel surcharge revenues	79,815		47,459	
Non-trucking and other operating revenues	6,241		4,838	
Operating revenues	558,417	100.0	462,949	100.0
Operating expenses	482,324	86.4	405,321	87.6
Operating income	\$ 76,093	13.6	\$ 57,628	12.4

TTS segment	Three Months Ended March 31,		
	2022	2021	% Change
Average tractors in service	8,238	7,790	5.8 %
Average revenues per tractor per week <sup>(1)</sup>	\$ 4,411	\$ 4,055	8.8 %
Total tractors (at quarter end)			
Company	7,960	7,360	8.2 %
Independent contractor	265	375	(29.3)%
Total tractors	8,225	7,735	6.3 %
Total trailers (at quarter end)	26,185	22,710	15.3 %

One-Way Truckload			
Trucking revenues, net of fuel surcharge (in 000's)	\$ 186,760	\$ 156,839	19.1 %
Average tractors in service	3,064	2,856	7.3 %
Total tractors (at quarter end)	3,040	2,815	8.0 %
Average percentage of empty miles	11.75 %	11.35 %	3.5 %
Average revenues per tractor per week <sup>(1)</sup>	\$ 4,690	\$ 4,224	11.0 %
Average % change in revenues per total mile <sup>(1)</sup>	20.8 %	9.5 %	
Average % change in total miles per tractor per week	(8.1)%	(7.7)%	
Average completed trip length in miles (loaded)	716	853	(16.1)%

Dedicated			
Trucking revenues, net of fuel surcharge (in 000's)	\$ 285,601	\$ 253,813	12.5 %
Average tractors in service	5,174	4,934	4.9 %
Total tractors (at quarter end)	5,185	4,920	5.4 %
Average revenues per tractor per week <sup>(1)</sup>	\$ 4,247	\$ 3,957	7.3 %

<sup>(1)</sup> 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.

Werner Logistics segment (in thousands)	Three Months Ended March 31,			
	2022		2021	
	\$	%	\$	%
Operating revenues	\$ 189,008	100.0	\$ 137,853	100.0
Operating expenses:				
Purchased transportation expense	157,521	83.3	120,527	87.4
Other operating expenses	22,806	12.1	12,752	9.3
Total operating expenses	180,327	95.4	133,279	96.7
Operating income	\$ 8,681	4.6	\$ 4,574	3.3

Werner Logistics segment	Three Months Ended March 31,		
	2022	2021	% Change
Average tractors in service	53	39	35.9 %
Total tractors (at quarter end)	54	39	38.5 %
Total trailers (at quarter end)	1,605	1,440	11.5 %

### **Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021**

#### ***Operating Revenues***

Operating revenues increased 24.0% for the three months ended March 31, 2022, compared to the same period of the prior year. When comparing first quarter 2022 to first quarter 2021, TTS segment revenues increased \$95.5 million, or 20.6%, and Werner Logistics revenues increased \$51.2 million, or 37.1%.

Our results in first quarter 2022 reflect strong freight market conditions in a very challenging driver market. Our One-Way Truckload fleet experienced strong freight demand in January and February, which then moderated in March from strong to very good, relative to March freight demand over the last five years. In our Dedicated fleet, freight demand remained strong in first quarter 2022. Strong consumer demand, combined with several factors that are limiting industry capacity, including a very competitive driver market and ongoing new tractor production delays, resulted in a robust first quarter freight market. During April, Dedicated freight demand remained strong and One-Way Truckload demand remained very good.

Trucking revenues, net of fuel surcharge, increased 15.0% in first quarter 2022 compared to first quarter 2021 due to a 5.8% increase in the average number of tractors in service and an 8.8% increase in average revenues per tractor per week, net of fuel surcharge. The increase in average revenues per tractor was due primarily to improved pricing in both Dedicated and One-Way Truckload, offset by a decline in miles per tractor caused by fleet mix changes, tractors down due to equipment parts shortages, more drivers unavailable to work due to COVID quarantine protocols and other factors. We currently expect average revenues per total mile, net of fuel surcharge, for the One-Way Truckload fleet for the second quarter 2022 to increase in a range of 14% to 17% when compared to second quarter 2021, and we currently expect Dedicated average revenues per tractor per week, net of fuel surcharge, to increase in a range of 4% to 6% in 2022 compared to 2021.

The average number of tractors in service in the TTS segment increased 5.8% to 8,238 in first quarter 2022 from 7,790 in first quarter 2021, primarily resulting from the nearly 500 tractors acquired in the ECM Associated, LLC ("ECM") acquisition. We ended first quarter 2022 with 8,225 tractors in the TTS segment, a year-over-year increase of 490 tractors compared to the end of first quarter 2021, and a sequential decrease of 115 tractors compared to the end of fourth quarter 2021. Within TTS, our Dedicated unit ended first quarter 2022 with 5,185 tractors (or 63% of our total TTS segment tractors) compared to 4,920 tractors (or 64%) a year ago. We expect our tractor count at the end of 2022 to be in a range of 2% to 5% higher when compared to the fleet size at year end 2021. We cannot predict whether future driver shortages, if any, will adversely affect our ability to grow our fleet size. If such a driver shortage were to occur, it could result in a fleet size reduction, and our results of operations could be adversely affected.

Trucking fuel surcharge revenues increased 68.2% to \$79.8 million in first quarter 2022 from \$47.5 million in first quarter 2021 due primarily to higher average diesel fuel prices in first quarter 2022. 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, following the sale of its WGL freight forwarding services for international ocean and air shipments in first quarter 2021. Werner Logistics revenues exclude revenues for full truckload shipments transferred to the TTS segment, which are recorded as trucking revenues by the TTS segment. Werner Logistics also recorded revenue and brokered freight expense of \$722 thousand in first quarter 2022 and \$134 thousand in first quarter 2021 for Intermodal drayage movements 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 first quarter 2022, Werner Logistics revenues increased \$51.2 million, or 37.1%. Excluding WGL revenues from first quarter 2021, Logistics revenues in first quarter 2022 increased 55%. Truckload Logistics revenues (67% of total Logistics revenues) increased by 46% in first quarter 2022. Truckload Logistics volume increased 19% in first quarter 2022, and revenues per shipment increased 24%. Intermodal revenues (23% of Logistics revenues) increased 29% in first quarter 2022, due to 37% higher revenues per shipment, partially offset by a decrease in volume of 6% due primarily to a decline in rail velocity, chassis shortages and increased dwell throughout the rail and customer networks. Final Mile revenues (10% of total Logistics revenues) increased \$18.1 million in first quarter 2022, primarily due to growth from the November 2021 acquisition of NEHDS Logistics, LLC (“NEHDS”). The Werner Logistics operating margin percentage of 4.6% in first quarter 2022 increased from 3.3%, while operating income increased to \$8.7 million. We continue to expect our Werner Logistics segment to achieve inflated growth through this capacity-constrained period.

### ***Operating Expenses***

Our operating ratio (operating expenses expressed as a percentage of operating revenues) was 89.1% for the three months ended March 31, 2022 and 89.9% for the three months ended March 31, 2021. Expense items that impacted the overall operating ratio are described on the following pages. The tables on pages 19 through 21 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 quarter 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 increased \$37.1 million or 18.1% in first quarter 2022 compared to first quarter 2021 and decreased 1.6% as a percentage of operating revenues to 31.6%. The higher dollar amount of salaries, wages and benefits expense in the first quarter of 2022 was due primarily to increased driver pay, including: (i) driver pay rate increases, (ii) incentive recruiting bonuses, (iii) minimum pay guarantees, and (iv) the impact of 4.0 million more company tractor miles in the first quarter of 2022. In January 2021, we implemented driver pay increases of approximately \$10 million annually in our One-Way Truckload fleet, and another pay increase in August 2021 of approximately \$11 million annually. We continue to implement driver pay increases as needed. The increase in salaries, wages and benefits was also due to an increase in the number of non-driver employees and higher benefits. Non-driver salaries, wages and benefits in our non-trucking Werner Logistics segment increased 47.3% as a result of increased employees to support the 37% growth of Logistics revenues and higher pay rates per employee.

We renewed our workers’ compensation insurance coverage on April 1, 2022. 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 2022 are \$0.4 million higher than the premiums for the previous policy year.

Strong consumer demand combined with a severely constrained driver market is presenting labor challenges for customers and carriers alike and remained challenging in first quarter 2022, as the strong freight market caused increased competition for the finite number of experienced drivers that meet our hiring standards. Several ongoing market factors persisted including 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 raising driver pay, providing a modern tractor and trailer fleet with the latest safety equipment and technology, investing and expanding 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 additional

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 increased \$37.6 million or 73.9% in first quarter 2022 compared to first quarter 2021 and increased 3.4% as a percentage of operating revenues to 11.6% due to higher average diesel fuel prices and 4.0 million more company tractor miles in first quarter 2022. Average diesel fuel prices were \$1.27 per gallon higher in first quarter 2022 than in first quarter 2021 and were 64 cents per gallon higher than in fourth quarter 2021.

We continue to employ measures to improve our fuel mpg such as (i) limiting tractor engine idle time, (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 an 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 April 2022, the average diesel fuel price per gallon was approximately \$1.98 higher than the average diesel fuel price per gallon in April 2021 and approximately \$1.85 higher than in second quarter 2021.

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 March 31, 2022, we had no derivative financial instruments to reduce our exposure to fuel price fluctuations.

Supplies and maintenance increased \$10.9 million or 23.6% in first quarter 2022 compared to first quarter 2021 and remained flat as a percentage of operating revenues. Supplies and maintenance expense increased due to increases in tractor and trailer parts and labor, tires, tolls, driving school costs, travel, and driver advertising.

Insurance and claims increased \$5.4 million or 24.6% in first quarter 2022 compared to first quarter 2021 and remained flat as a percentage of operating revenues due primarily to a higher amount of unfavorable reserve development on small dollar claims, higher liability insurance premiums of \$1.9 million, and increased claims. We also incurred insurance and claims expense of \$1.3 million in both first quarter 2022 and first quarter 2021 for accrued interest related to a previously-disclosed adverse jury verdict rendered May 17, 2018, which we are appealing (see Note 8 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report). Interest is accrued at \$0.4 million per month, until such time as the outcome of our appeal is finalized. 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, 2021 and are responsible for the first \$10.0 million per claim on all claims with an annual \$10.0 million aggregate for claims between \$10.0 million and \$15.0 million. For the policy year that began August 1, 2020, we were responsible for the first \$10.0 million per claim with no aggregates. We maintain liability insurance coverage with insurance carriers in excess of the \$10.0 million per claim. Our liability insurance premiums for the policy year that began August 1, 2021 are \$7.0 million higher than premiums for the previous policy year.

Depreciation and amortization expense increased \$3.3 million or 5.1% in first quarter 2022 compared to first quarter 2021 and decreased 1.6% as a percentage of operating revenues due primarily to depreciation and amortization on tangible and intangible assets recorded in the ECM and NEHDS acquisitions, partially offset by the impact of a change in accounting estimate effective January 1, 2022, which decreased depreciation expense by \$3.1 million in first quarter 2022. During the first quarter of 2022, we increased the estimated salvage value of our trailers by \$5,000 per trailer due to the ongoing stronger used trailer market and the increasing cost of new trailers.

The average age of our tractor fleet was 2.3 years as of March 31, 2022, and the average age of our trailers was 4.6 years. We are continuing to invest in new tractors and trailers and our terminals in 2022 to improve our driver experience, increase operational efficiency and more effectively manage our maintenance, safety and fuel costs. During the remainder of 2022, we expect the average age of our tractor and trailer fleet to remain at or near current levels, subject to potential delays in receiving new equipment.

Rent and purchased transportation expense increased \$38.7 million or 26.4% in first quarter 2022 compared to first quarter 2021 and increased 0.4% 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 and payments to independent contractors in the TTS segment. 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 rent and purchased transportation expense increased \$37.0 million, and as a percentage of Werner Logistics revenues decreased to 83.3% in first quarter 2022 from 87.4% in first quarter 2021.

Rent and purchased transportation expense for the TTS segment increased \$1.5 million in first quarter 2022 compared to first quarter 2021 due primarily to an increase in the per-mile settlement rate for certain independent contractors due to higher average diesel fuel prices. The higher expense was mostly offset by fewer independent contractor miles in first quarter 2022. Independent contractor miles decreased approximately 4.1 million miles in first quarter 2022 and as a percentage of total miles were 4.5% in first quarter 2022 compared to 6.7% in first quarter 2021. Because independent contractors supply their own tractors and drivers and are responsible for their operating expenses, the decrease in independent contractor miles as a percentage of total miles shifted costs from the rent and purchased transportation category to other expense categories, including (i) salaries, wages and benefits, (ii) fuel, (iii) depreciation, (iv) supplies and maintenance and (v) taxes and licenses.

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 occurs, further 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 rate increases 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 decreased \$7.4 million in first quarter 2022 compared to first quarter 2021 and decreased 0.7% as a percentage of operating revenues. Gains on sales of assets (primarily used tractors and trailers) 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 assets were \$20.5 million in first quarter 2022, compared to \$10.5 million in first quarter 2021. We realized substantially higher average gains per tractor and trailer due to significantly improved pricing in the market for our used equipment, which we believe is a temporary result of increased demand for previously used equipment because of production delays limiting availability of new equipment in the industry. We sold fewer tractors and trailers in first quarter 2022 than in first quarter 2021.

#### ***Other Expense (Income)***

Other net expenses increased \$10.5 million in first quarter 2022 compared to first quarter 2021 due primarily to a \$9.8 million unrealized loss recognized on our investments in equity securities (see Note 6 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report) and a \$0.6 million increase in interest expense. Interest expense increased due to higher average debt outstanding, partially offset by a decrease in the average effective interest rate incurred on our debt.

#### ***Income Tax Expense***

Our effective income tax rate (income taxes expressed as a percentage of income before income taxes) was 24.1% in first quarter 2022 compared to 24.9% in first quarter 2021. The lower income tax rate in first quarter 2022 was attributed primarily to a higher amount of favorable discrete income tax items in the first quarter 2022 and the income tax effect of the noncontrolling interest.

#### **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, 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 shareholder returns, while funding ongoing operations.

Management believes our financial position at March 31, 2022 is strong. As of March 31, 2022, we had \$125.9 million of cash and cash equivalents and over \$1.3 billion of stockholders' equity. Cash is invested primarily in government portfolio money market funds. In addition, we have two \$300.0 million revolving credit facilities, for which our total available borrowing capacity was \$316.1 million as of March 31, 2022 (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). We believe our liquid assets, cash generated from operating activities, and borrowing capacity under our existing credit facilities will provide sufficient funds to meet our cash requirements and our planned shareholder returns for the foreseeable future.

Item 7 of Part II of our 2021 Form 10-K includes our disclosure of material cash requirements as of December 31, 2021. On March 25, 2022, we entered into a new credit agreement, replacing a previous credit agreement, and we amended an existing credit agreement. These changes increased our borrowing capacity by \$200.0 million. See Note 7 in the Notes to Consolidated Financial Statements (Unaudited) set forth in Part I of this report for further details regarding our debt and the timing of expected future principal payments. Except for the changes related to our credit agreements, there were no other material changes in the nature of these items during the three months ended March 31, 2022.

### **Cash Flows**

During the three months ended March 31, 2022, we generated cash flow from operations of \$155.0 million, a 14.1% or \$19.1 million increase in cash flows compared to the same three-month period a year ago. The increase in net cash provided by operating activities was due primarily to increased cash flows from working capital and higher net income. We were able to make net capital expenditures, repay debt, pay dividends and repurchase company stock with the net cash provided by operating activities and existing cash balances.

Net cash used in investing activities was \$34.5 million for the three-month period ended March 31, 2022 compared to \$41.3 million during the same period in 2021. Net property additions (primarily revenue equipment) were \$37.1 million for the three-month period ended March 31, 2022, compared to \$37.9 million during the same period of 2021. We currently estimate net capital expenditures (primarily revenue equipment) in 2022 to be in the range of \$250 million to \$300 million, compared to net capital expenditures in 2021 of \$193.0 million. We intend to fund these net capital expenditures through cash flow from operations and financing available under our existing credit facilities, if necessary. As of March 31, 2022, we were committed to property and equipment purchases of approximately \$182.3 million.

Net financing activities used \$49.0 million during the three months ended March 31, 2022, compared to \$40.4 million during the same period in 2021. We had net repayments on our debt of \$1.3 million during the three months ended March 31, 2022, reducing our outstanding debt at March 31, 2022 to \$426.3 million, and repaid \$25.0 million of debt during the same period in 2021. We paid dividends of \$7.9 million in the three-month period ended March 31, 2022 and \$6.1 million during the same period in 2021. We currently plan to continue paying our quarterly dividend, which we have paid quarterly since 1987.

Financing activities for the three months ended March 31, 2022, also included common stock repurchases of 845,100 shares at a cost of \$36.2 million. 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. As of March 31, 2022, the Company had purchased 1,822,986 shares pursuant to our current Board of Directors repurchase authorization and had 4,177,014 shares remaining available for repurchase.

### **Regulations:**

Item 1 of Part I of our 2021 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. There have been no material changes in the status of the proposed regulations previously disclosed in the 2021 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 2021 Form 10-K. Estimates of accrued liabilities for insurance and claims for bodily injury, property damage and workers' compensation 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 2021 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 March 31, 2022, 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 gains were \$1.2 million for first quarter 2022 and foreign currency translation losses were \$1.6 million for first quarter 2021. These 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 \$150 million of variable interest rate debt outstanding at March 31, 2022, for which the interest rate is effectively fixed at 2.34% through May 2024 with two interest rate swap agreements to reduce our exposure to interest rate increases. In addition, we had \$180 million of variable interest rate debt outstanding at March 31, 2022. Interest rates on the variable rate debt and our unused credit facilities are based on the 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. Assuming this level of borrowing, a hypothetical one-percentage point increase in the SOFR interest rate would increase our annual interest expense by approximately \$1.8 million.

### **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 U.S. Securities and Exchange Commission (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.

During the first quarter 2022, we migrated our core finance general ledger function to a new system. As a result of this implementation, there were certain changes to processes and procedures, which resulted in material changes to our internal control over financial reporting since management's last assessment of the our internal control over financial reporting, which was completed as of December 31, 2021.

Management, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, concluded that no other 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 2021 Form 10-K, which could materially affect our business, financial condition, and future results of operations. The risks described in our 2021 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.

There have been no material changes from the risk factors disclosed in our 2021 Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

On November 9, 2021, our Board of Directors approved and announced a new stock repurchase program under which the Company is authorized to repurchase up to 6,000,000 shares of its common stock. As of March 31, 2022, the Company had purchased 1,822,986 shares pursuant to this authorization and had 4,177,014 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.

The following table summarizes our stock repurchases during first quarter 2022 made pursuant to this authorization. The Company did not purchase any shares during first quarter 2022 other than pursuant to this authorization. All stock repurchases were made by the Company or on its behalf and not by any “affiliated purchaser,” as defined by Rule 10b-18 of the Exchange Act.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
January 1-31, 2022	—	\$ —	—	5,022,114
February 1-28, 2022	414,522	\$ 43.27	414,522	4,607,592
March 1-31, 2022	430,578	\$ 42.37	430,578	4,177,014
Total	<u>845,100</u>	<u>\$ 42.81</u>	<u>845,100</u>	

**Item 6. Exhibits.**

<b><u>Exhibit No.</u></b>	<b><u>Exhibit</u></b>	<b><u>Incorporated by Reference to:</u></b>
<a href="#">3(i)</a>	<a href="#">Restated Articles of Incorporation of Werner Enterprises, Inc.</a>	<a href="#">Exhibit 3(i) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007</a>
<a href="#">3(ii)</a>	<a href="#">Revised and Restated By-Laws of Werner Enterprises, Inc.</a>	<a href="#">Exhibit 3.1 to the Company's Current Report on Form 8-K dated August 14, 2018</a>
<a href="#">10.1</a>	<a href="#">Form of Performance-Based Restricted Stock Award Agreement, effective February 7, 2022</a>	<a href="#">Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 7, 2022</a>
<a href="#">10.2</a>	<a href="#">Named Executive Officer Compensation</a>	<a href="#">Item 5.02 of the Company's Current Report on Form 8-K dated February 7, 2022</a>
<a href="#">10.3</a>	<a href="#">Non-Employee Director Compensation</a>	<a href="#">Filed herewith</a>
<a href="#">10.4</a>	<a href="#">Credit Agreement, dated March 25, 2022 between Werner Enterprises, Inc. and Wells Fargo Bank, National Association</a>	<a href="#">Filed herewith</a>
<a href="#">10.5</a>	<a href="#">Revolving Line of Credit Note, dated March 25, 2022 between Werner Enterprises, Inc. and Wells Fargo Bank, National Association</a>	<a href="#">Filed herewith</a>
<a href="#">10.6</a>	<a href="#">Term Note, dated March 25, 2022 between Werner Enterprises, Inc. and Wells Fargo Bank, National Association</a>	<a href="#">Filed herewith</a>
<a href="#">10.7</a>	<a href="#">Second Amendment to Facility Letter Agreement, dated March 25, 2022 between Werner Enterprises, Inc. and BMO Harris Bank N.A.</a>	<a href="#">Filed herewith</a>
<a href="#">31.1</a>	<a href="#">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)</a>	<a href="#">Filed herewith</a>
<a href="#">31.2</a>	<a href="#">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)</a>	<a href="#">Filed herewith</a>
<a href="#">32.1</a>	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)</a>	<a href="#">Furnished herewith</a>
<a href="#">32.2</a>	<a href="#">Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002)</a>	<a href="#">Furnished herewith</a>

<b><u>Exhibit No.</u></b>	<b><u>Exhibit</u></b>	<b><u>Incorporated by Reference to:</u></b>
101	The following unaudited financial information from Werner Enterprises' Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in iXBRL (Inline Extensible Business Reporting Language) includes: (i) Consolidated Statements of Income for the three months ended March 31, 2022 and 2021, (ii) Consolidated Statements of Comprehensive Income for the three months ended March 31, 2022 and 2021, (iii) Consolidated Condensed Balance Sheets as of March 31, 2022 and December 31, 2021, (iv) Consolidated Statements of Cash Flows for the three months ended March 31, 2022 and 2021, (v) Consolidated Statements of Stockholders' Equity and Temporary Equity - Redeemable Noncontrolling Interest for the three months ended March 31, 2022 and 2021, and (vi) the Notes to Consolidated Financial Statements (Unaudited) as of March 31, 2022.	
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, 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: May 9, 2022

By: /s/ John J. Steele  
John J. Steele  
Executive Vice President, Treasurer and  
Chief Financial Officer

Date: May 9, 2022

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

**EXHIBIT 10.3****WERNER ENTERPRISES, INC.  
NON-EMPLOYEE DIRECTOR COMPENSATION**

Independent members of the Board of Directors (the “Board”) of Werner Enterprises, Inc. (the “Company”) receive annual cash retainers and restricted stock awards summarized in the table below. In March 2022, the Compensation Committee reviewed the non-employee director compensation program with the assistance of its independent compensation consultant. To better align with market practices based on this review, the Compensation Committee recommended and the Board approved the annual cash retainer be increased from \$50,000 to \$75,000 (paid in quarterly installments of \$18,750 each) effective July 1, 2022 and the annual restricted stock award granted in May 2022 be increased from \$80,000 to \$100,000. Prior to this change, the Board had not increased its director compensation since 2020. In addition, the Compensation Committee recommended and the Board approved the adoption of an annual cash retainer for the Environmental Social and Governance Committee Chair of \$10,000 (paid in quarterly installments of \$2,500 each) effective January 1, 2022.

<b>INDEPENDENT DIRECTOR ANNUAL RETAINERS AND FEES</b>	
<b><u>Fee or Retainer</u></b>	<b><u>Amount and Frequency of Payment</u></b>
Cash Retainer for Board Membership	\$75,000 (paid in quarterly installments of \$18,750 each)
Cash Retainer for the Audit Committee Chair	\$15,000 (paid in quarterly installments of \$3,750 each)
Cash Retainer for the Compensation Committee Chair	\$10,000 (paid in quarterly installments of \$2,500 each)
Cash Retainer for the Environmental Social and Governance Committee Chair	\$10,000 (paid in quarterly installments of \$2,500 each)
Cash Retainer for the Governance Committee Chair	\$10,000 (paid in quarterly installments of \$2,500 each)
Restricted Stock Award for Board Membership	\$100,000 (three year vesting period from the date of grant)

Restricted stock awards are granted pursuant to the terms of the Werner Enterprises, Inc. Amended and Restated Equity Plan and the Form of Restricted Stock Award Agreement, both of which are filed as exhibits to the Company’s Annual Report on Form 10-K for the year ended December 31, 2021. To the extent required by Securities and Exchange Commission (“SEC”) regulations, equity awards granted to the Company’s independent directors are reported on Form 4 filings with the SEC.

We also reimburse each independent director at cost for all of their reasonable out-of-pocket travel expenses incurred in connection with their attendance at Board and Board committee meetings and for other reasonable out-of-pocket expenses directly related to their Board and Board committee service.

**Exhibit 10.4**

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "Agreement") dated as of March 25, 2022, is by and between WERNER ENTERPRISES, INC., a Nebraska corporation ("Borrower"), and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank").

RECITALS

Borrower has requested that Bank extend or continue credit to Borrower as described below, and Bank has agreed to provide such credit to Borrower on the terms and conditions contained herein.

This Agreement amends, restates and supersedes in its entirety that certain Restated Credit Agreement dated May 14, 2019, as amended, by and between Borrower and Bank (the "Prior Agreement").

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Borrower hereby agree as follows:

ARTICLE I  
CREDIT TERMS

SECTION 1.1. LINE OF CREDIT.

(a) Line of Credit. Subject to the terms and conditions of this Agreement, Bank hereby agrees to make advances to Borrower from time to time up to and including May 14, 2024 (the "Maturity Date"), not to exceed at any time the aggregate principal amount of Three Hundred Million and No/100 Dollars (\$300,000,000.00) (the "Line of Credit"), the proceeds of which shall be used for its working capital and general corporate purposes. Borrower's obligation to repay advances under the Line of Credit shall be evidenced by a promissory note dated as of March 25, 2022, as modified from time to time ("Line of Credit Note"), all terms of which are incorporated herein by this reference.

The line of credit advances outstanding under the Prior Agreement shall be deemed outstanding advances under the Line of Credit on the date hereof.

(b) Letter of Credit Subfeature. As a subfeature under the Line of Credit, Bank agrees from time to time during the term thereof to issue or cause an affiliate to issue standby and/or sight commercial letters of credit for the account of Borrower to finance Borrower's working capital requirements (each, a "Letter of Credit" and collectively, "Letters of Credit"); provided however, that the aggregate undrawn amount of all outstanding Letters of Credit shall not at any time exceed Seventy-Five Million and No/100 Dollars (\$75,000,000.00). The form and substance of each Letter of Credit shall be subject to approval by Bank, in its sole discretion. Each Letter of Credit shall be issued for a term not to exceed three hundred sixty-five (365) days, as designated by Borrower; provided however, that no Letter of Credit shall have an expiration date subsequent to the Maturity Date. The undrawn amount of all Letters of Credit shall be reserved under the Line of Credit and shall not be available for borrowings thereunder, whereby the unused commitment fee referenced in Section 1.3(c) below shall not apply to undrawn Letter of Credit which are reserved under the Line of Credit. Each Letter of Credit shall be subject to the additional terms and conditions of the Bank's agreements relating to letters of credit, applications and any related documents required by Bank in connection with the issuance thereof. Each drawing paid under a Letter of Credit shall be deemed an advance under the Line of Credit and shall be repaid by Borrower in accordance with the terms and conditions of this Agreement applicable to such advances; provided however, that if advances under the Line of Credit are not available, for any reason, at the time any drawing is paid, then Borrower shall immediately pay to Bank the full amount drawn, together with interest thereon from the date such drawing is paid to the date such amount is fully repaid by Borrower, at the

rate of interest applicable to advances under the Line of Credit. In such event Borrower agrees that Bank, in its sole discretion, may debit any account maintained by Borrower with Bank for the amount of any such drawing.

The issued and outstanding letters of credit issued by the Bank for the account of the Borrower under the Prior Agreement shall be deemed Letters of Credit issued hereunder.

(c) Borrowing and Repayment. Borrower may from time to time during the term of the Line of Credit borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions contained herein or in the Line of Credit Note; provided however, that the total outstanding borrowings under the Line of Credit shall not at any time exceed the maximum principal amount available thereunder, as set forth herein.

#### SECTION 1.2. TERM LOAN.

(a) Term Loan. Subject to the terms and conditions of this Agreement, Bank hereby agrees to make a loan to Borrower in the principal amount of One Hundred Million and No/100 Dollars (\$100,000,000.00) ("Term Loan"), the proceeds of which shall be used for general corporate purposes. Borrower's obligation to repay the Term Loan shall be evidenced by a promissory note dated March 25, 2022, as modified from time to time ("Term Note"). Bank's commitment to grant the Term Loan shall terminate on the close of business on the date that the conditions precedent set forth in Article III have been satisfied or waived.

(b) Repayment. Principal and interest on the Term Loan shall be repaid in accordance with the provisions of the Term Note.

(c) Prepayment. Borrower may prepay principal on the Term Loan solely in accordance with the provisions of the Term Note.

#### SECTION 1.3. INTEREST/FEES.

(a) Interest. The outstanding principal balance of each credit subject hereto, and the amount of each drawing paid under any Letter of Credit, shall bear interest at the rate of interest set forth in each promissory note or other instrument or document executed in connection therewith. The promissory notes or other instruments or documents executed in connection with the credit(s) subject to this Agreement may calculate interest at a rate equal to the sum of an index rate of interest plus a margin rate of interest. In the event any index rate of interest would be less than zero percent (0.0%), then the index rate of interest shall be deemed to be zero percent (0.0%) and the applicable promissory note or other instrument or document shall bear interest at a rate equal to the margin rate of interest.

(b) Computation and Payment. Interest shall be computed on the basis set forth in each promissory note or other instrument or document required hereby. Interest shall be payable at the times and place set forth in each promissory note or other instrument or document required hereby.

(c) Unused Commitment Fee. Borrower shall pay to Bank an unused commitment fee at a rate per annum equal to the Applicable Margin (computed on the basis of a 360-day year, actual days elapsed) on the average daily unused amount of the Line of Credit (after deducting undrawn Letters of Credit), which fee shall be calculated on a quarterly basis by the Bank and shall be due and payable by Borrower in arrears on the last day of each March, June, September and December.

(d) Letter of Credit Fees. Borrower shall pay to Bank (i) fees upon the issuance and extension (including any auto-extension) of each Letter of Credit issued under any credit subject hereto in an amount equal to the Applicable Margin, which fees shall be payable quarterly in advance, and (ii) fees upon the drawing, payment, or negotiation of each drawing under each Letter of Credit in an amount equal to the greater of (A) one quarter of one percent (0.25%) of

the amount drawn and (B) \$250, and (iii) fees determined in accordance with Bank's standard fees and charges then in effect for such activity upon the occurrence of any other activity with respect to any such Letter of Credit (including without limitation, the transfer, assignment, amendment, cancellation or non-extension of any such letter of credit).

(e) Definitions. For purposes hereof, the Line of Credit Note and the Term Note:

(i) "Applicable Margin" means the corresponding percentages per annum as set forth below based on the Total Funded Debt to EBITDA Ratio set forth in Section 4.9(b) hereof:

Pricing Level	Total Funded Debt to EBITDA Ratio	Commitment fee set forth in Section 1.3(c)	Letter of Credit fee set forth in Section 1.3(d)	Applicable Margin For Line of Credit and Term Loan
I	Less than 1.00 to 1.0	0.15%	0.550%	0.675%
II	Greater than or equal to 1.00 to 1.0, but less than 2.00 to 1.0	0.13%	0.675%	0.800%
III	Greater than or equal to 2.00 to 1.0	0.11%	0.800%	0.925%

The Applicable Margin shall be determined and adjusted quarterly on the date five (5) days after the day on which the Borrower provides its financial statements pursuant to Sections 4.3(a) and 4.3(b) for the most recently ended fiscal quarter of the Borrower (each such date, a "Calculation Date"); provided that (A) the Applicable Margin shall be based on Pricing Level I until the first Calculation Date occurring after the date hereof and, thereafter the Pricing Level shall be determined by reference to the Total Funded Debt to EBITDA Ratio as of the last day of the most recently ended fiscal quarter of the Borrower preceding the applicable Calculation Date, and (B) if the Borrower fails to provide its financial statements when due as required by Sections 4.3(a) and Section 4.3(b) for the most recently ended fiscal quarter of the Borrower preceding the applicable Calculation Date, the Applicable Margin from the date on which such financial statements were required to have been delivered shall be based on Pricing Level I until such time as such financial statements are delivered, at which time the Pricing Level shall be determined by reference to the Total Funded Debt to EBITDA Ratio as of the last day of the most recently ended fiscal quarter of the Borrower preceding such Calculation Date. The applicable Pricing Level shall be effective from one Calculation Date until the next Calculation Date. Except as set forth in the Line of Credit Note, any adjustment in the Pricing Level shall be applicable to all advances then existing or subsequently made or issued.

The Applicable Margin for the Line of Credit and Term Loan shall be increased by the additional adjustments:

SOFR Index	Additional adjustments
Daily Simple SOFR	0.10%
One Month Term SOFR	0.10%
Three Month Term SOFR	0.15%
Six Month Term SOFR	0.25%

- (ii) Daily Simple SOFR is defined in the applicable note.
- (ii) Term SOFR is defined in the applicable note.

SECTION 1.4. COLLECTION OF PAYMENTS. Except to the extent expressly specified otherwise in any Loan Document other than this Agreement, Borrower authorizes Bank to collect all amounts due to Bank from Borrower under this Agreement or any other Loan Document (whether for principal, interest or fees, or as reimbursement of drafts paid or other payments made by Bank under any credit subject to this Agreement) by debiting Borrower's deposit account number 4121105621 maintained by Borrower with Bank for the full amount thereof. Should there be insufficient funds in Borrower's deposit accounts with Bank to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower. Should there be insufficient funds in Borrower's business purpose deposit accounts with Bank to pay all such sums when due, or if any such payment is collected but is subsequently reversed or rendered ineffective, or Bank is required to turn over, restore, or otherwise return any such paid amount to Borrower, a trustee-in-bankruptcy, or anyone else, due to a bankruptcy or for any other reason, the full amount of such deficiency, or the full amount reversed, rendered ineffective, turned over, restored or otherwise returned, as applicable, shall be immediately due and payable by Borrower. The determination of whether any such payment must be turned over, restored or otherwise returned shall be made by Bank in its sole discretion; provided however, that if Bank chooses (but in no event shall Bank be obligated) to contest any such matter at the request of Borrower, Borrower agrees to indemnify and hold Bank harmless from and against all costs and expenses, including reasonable attorneys' fees, expended or incurred by Bank in connection therewith, including without limitation, in any litigation with respect thereto. For purposes hereof, a "business purpose deposit account" is any deposit account other than a deposit account established primarily for personal, family or household purposes.

The foregoing authorization shall remain in full force and effect until written revocation from Borrower has been received by Bank at its address for notices set forth in Section 7.2. hereof. In order to commence application of said cancellation with respect to a payment due date or payoff of a loan, Bank must be notified of said cancellation at least three (3) business days prior to such payment due date or payoff.

SECTION 1.5. GUARANTIES. (a) The payment and performance of all indebtedness and other obligations of the Borrower to Bank shall be guaranteed by all existing or hereafter acquired or formed Material Subsidiaries of the Borrower (such Material Subsidiaries being referred to herein as "Guarantors"), as evidenced by and subject to the terms of guaranties in form and substance satisfactory to Bank.

(b) In the event the Borrower or any subsidiary of the Borrower forms or acquires any other Material Subsidiary after the date hereof or if any existing Subsidiary of a Borrower becomes a Material Subsidiary, such Borrower shall promptly upon such formation, acquisition or qualification cause such newly formed, acquired or qualified Material Subsidiary to execute a guaranty and other documents as Bank may then require to guaranty the Borrower's indebtedness, obligations and liabilities owing to Bank, and the Borrower shall also deliver to Bank, or cause such Material Subsidiary to deliver to Bank, at the Borrower's cost and expense, such other instruments, documents, certificates, and opinions reasonably required by Bank in connection therewith. Notwithstanding the foregoing, ECM Associated, LLC, a Delaware limited liability company ("ECM") and each of its wholly owned subsidiaries shall not be required to become a Guarantor pursuant to the requirements of this Section even if it is a Material Subsidiary if and only so long as Borrower and its Subsidiaries and Affiliates own less than 100% of the voting equity interests in ECM. If at any time ECM or any of its wholly owned subsidiaries is a Material Subsidiary and either Borrower and its Subsidiaries and Affiliates own 100% of the voting equity interests in ECM, then Borrower shall cause ECM and/or each of its wholly owned subsidiaries which is a Material Subsidiary to promptly become a Guarantor pursuant to the terms and conditions of this Section.

(c) For purposes hereof:

(i) "Material Subsidiary," means the domestic Subsidiaries of the Borrower that, individually or in the aggregate with all other domestic Subsidiaries, have either (i) assets equal to or greater than \$50,000,000 or (ii) revenues equal to or greater than \$150,000,000, whichever is less. Notwithstanding the foregoing, each of Career Path Training Corp. and American Interstate of Training, Inc. shall be excluded from the Material Subsidiary determination.

(ii) "Subsidiary," means any corporation, partnership, limited liability company or other entity of which more than fifty percent (50%) of the outstanding stock or other equity interests having ordinary voting power to elect a majority of the board of directors (or equivalent governing body) or other managers of such corporation, partnership, limited liability company or other entity is at the time owned by (directly or indirectly) or the management is otherwise controlled by (directly or indirectly) the Borrower (irrespective of whether, at the time, the stock or other equity interests of any other class or classes of such corporation, partnership, limited liability company or other entity shall have or might have voting power by reason of the happening of any contingency).

## ARTICLE II REPRESENTATIONS AND WARRANTIES

Borrower makes the following representations and warranties to Bank, on the date hereof, on the date of Borrower's execution hereof, and on the date of each subsequent request for any extension of credit hereunder, including, without limitation, the issuance of any product under any subfeature contained herein, to the extent applicable, which representations and warranties shall survive the execution of this Agreement and shall continue in full force and effect until the full and final payment, and satisfaction and discharge, of all obligations of Borrower to Bank subject to this Agreement.

SECTION 2.1. LEGAL STATUS. (a) Borrower is a corporation, duly organized and existing and in good standing under the laws of Nebraska, and is qualified or licensed to do business (and is in good standing as a foreign corporation, if applicable) in all jurisdictions in which such qualification or licensing is required or in which the failure to so qualify or to be so licensed could have a material adverse effect on Borrower; and (b) no member of the Borrowing Group (as defined below) is a Sanctioned Target (as defined below) of economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes or restrictions and anti-terrorism laws imposed, administered or enforced from time to time by the United States of America, the United Nations Security Council, the European Union, the United Kingdom, any other governmental authority with jurisdiction over Borrower or any member of the Borrowing

Group (collectively, "Sanctions"). As used herein, "Borrowing Group" means: (i) Borrower, (ii) any direct or indirect parent of Borrower, (iii) any affiliate or subsidiary of Borrower, (iv) any Guarantor, and (v) any officer, director or agent acting on behalf of any of the parties referred to in items (i) through and including (iv) with respect to the obligations hereunder, this Agreement or any of the other Loan Documents. "Sanctioned Target" means any target of Sanctions, including (i) persons on any list of targets identified or designated pursuant to any Sanctions, (ii) persons, countries, or territories that are the target of any territorial or country-based Sanctions program, (iii) persons that are a target of Sanctions due to their ownership or control by any Sanctioned Target(s), or (iv) persons otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

SECTION 2.2. AUTHORIZATION AND VALIDITY. This Agreement and each promissory note, contract, instrument and other document required hereby or at any time hereafter delivered to Bank in connection herewith (collectively, the "Loan Documents") have been duly authorized, and upon their execution and delivery in accordance with the provisions hereof will constitute legal, valid and binding agreements and obligations of Borrower or the party which executes the same, enforceable in accordance with their respective terms.

SECTION 2.3. NO VIOLATION. The execution, delivery and performance by Borrower of each of the Loan Documents do not violate any provision of any law or regulation, or contravene any provision of the Articles of Incorporation or By-Laws of Borrower, or result in any breach of or default under any contract, obligation, indenture or other instrument to which Borrower is a party or by which Borrower may be bound.

SECTION 2.4. LITIGATION. There are no pending, or to the best of Borrower's knowledge threatened, actions, claims, investigations, suits or proceedings by or before any governmental authority, arbitrator, court or administrative agency which could have a material adverse effect on the financial condition or operation of Borrower other than those disclosed by Borrower to Bank in writing prior to the date hereof (including disclosure in the Borrower's 10-Q and 10-K filed with the United States Securities and Exchange Commission).

SECTION 2.5. CORRECTNESS OF FINANCIAL STATEMENT AND OTHER INFORMATION. The annual financial statement of Borrower dated December 31, 2021, and all interim financial statements delivered to Bank since said date, true copies of which have been delivered by Borrower to Bank prior to the date hereof, (a) are complete and correct and present fairly the financial condition of Borrower, (b) disclose all liabilities of Borrower that are required to be reflected or reserved against under generally accepted accounting principles, whether liquidated or unliquidated, fixed or contingent, and (c) have been prepared in accordance with generally accepted accounting principles consistently applied. Since the dates of such financial statements there has been no material adverse change in the financial condition of Borrower, nor has Borrower mortgaged, pledged, granted a security interest in or otherwise encumbered any of its assets or properties except in favor of Bank or as otherwise permitted by Bank in writing. All information provided from time to time by Borrower to Bank for the purpose of enabling Bank to fulfill its regulatory and compliance requirements, standards and processes was complete and correct at the time such information was provided and, except as specifically identified to Bank in a subsequent writing, remains complete and correct today.

SECTION 2.6. INCOME TAX RETURNS. Borrower has no knowledge of any pending assessments or adjustments of its income tax payable with respect to any year.

SECTION 2.7. NO SUBORDINATION. There is no agreement, indenture, contract or instrument to which Borrower is a party or by which Borrower may be bound that requires the subordination in right of payment of any of Borrower's obligations subject to this Agreement to any other obligation of Borrower.

SECTION 2.8. PERMITS, FRANCHISES. Borrower possesses, and will hereafter possess, all permits, consents, approvals, franchises and licenses required and rights to all

trademarks, trade names, patents, and fictitious names, if any, necessary to enable it to conduct the business in which it is now engaged in compliance with applicable law.

**SECTION 2.9. ERISA.** Borrower is in compliance in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974, as amended or recodified from time to time (“ERISA”); Borrower has not violated any provision of any defined employee pension benefit plan (as defined in ERISA) maintained or contributed to by Borrower (each, a “Plan”); no Reportable Event as defined in ERISA has occurred and is continuing with respect to any Plan initiated by Borrower; Borrower has met its minimum funding requirements under ERISA with respect to each Plan; and each Plan will be able to fulfill its benefit obligations as they come due in accordance with the Plan documents and under generally accepted accounting principles.

**SECTION 2.10. OTHER OBLIGATIONS.** Borrower is not in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation, in each case to the extent that such obligation and material lease, commitment, contract or instrument exceeds \$5,000,000 in the aggregate.

**SECTION 2.11. ENVIRONMENTAL MATTERS.** Except as disclosed by Borrower to Bank in writing prior to the date hereof, Borrower is in compliance in all material respects with all applicable federal or state environmental, hazardous waste, health and safety statutes, and any rules or regulations adopted pursuant thereto, which govern or affect any of Borrower's operations and/or properties, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, the Federal Resource Conservation and Recovery Act of 1976, and the Federal Toxic Substances Control Act, as any of the same may be amended, modified or supplemented from time to time. None of the operations of Borrower is the subject of any federal or state investigation evaluating whether any remedial action involving a material expenditure is needed to respond to a release of any toxic or hazardous waste or substance into the environment. Borrower has no material contingent liability in connection with any release of any toxic or hazardous waste or substance into the environment.

**SECTION 2.12 SANCTIONS, ANTI-MONEY LAUNDERING AND ANTI-CORRUPTION LAWS.** (a) each member of the Borrowing Group has instituted, maintains and complies with policies, procedures and controls reasonably designed to assure compliance with Anti-Money Laundering Laws and Anti-Corruption Laws (each as defined below), and Sanctions; and (b) to the best of Borrower’s knowledge, after due care and inquiry, no member of the Borrowing Group is under investigation for an alleged violation of any Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws by a governmental authority that enforces such laws.

As used herein: “Anti-Corruption Laws” means: (i) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (ii) the U.K. Bribery Act 2010, as amended; and (iii) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which the Borrower or any member of the Borrowing Group is located or doing business. “Anti-Money Laundering Laws” means applicable laws or regulations in any jurisdiction in which the Borrower or any member of the Borrowing Group is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

**SECTION 2.13 MARGIN STOCK; BENEFICIAL OWNERSHIP.** The Borrower is not engaged principally or as one of its activities in the business of extending credit for the purpose of “purchasing” or “carrying” any “margin stock” (as each such term is defined or used, directly or indirectly, in Regulation U of the Board of Governors of the Federal Reserve System). No part of the proceeds of any advance under the Line of Credit (including proceeds from any Letter of Credit) and Term Loan will be used for purchasing or carrying margin stock or for any purpose which violates, or which would be inconsistent with, the provisions of Regulation T, U or X of such Board of Governors. The Borrower is excluded as a “Legal Entity Customer” for purposes of the beneficial ownership rule under 31 CFR 1010.230

ARTICLE III  
CONDITIONS

SECTION 3.1. CONDITIONS TO THE EFFECTIVENESS OF THIS AGREEMENT. The effective date of this Agreement shall be (a) the date that each of the following conditions set forth in this Section 3.1 have been satisfied or waived, as reasonably determined by Bank, or (b) such alternative date to which Bank and Borrower may mutually agree, in each case as evidenced by Bank's system of record. Notwithstanding the occurrence of the effective date of this Agreement, Bank shall not be obligated to extend credit under this Agreement or any other Loan Document until all conditions to each extension of credit set forth in Section 3.2 have been fulfilled to Bank's satisfaction.

(a) Approval of Bank Counsel. All legal matters incidental to the effectiveness of this Agreement shall be satisfactory to Bank's counsel.

(b) Documentation. Bank shall have received, in form and substance satisfactory to Bank, each of the following, duly executed by all parties:

(i) This Agreement and each promissory note or other instrument or document required hereby.

(ii) An amendment to that certain Intercreditor Agreement dated as of July 13, 2015, as amended, between the Bank and BMO Harris Bank N.A. (the "Intercreditor Agreement")

(iii) Such other documents as Bank may require under any other Section of this Agreement.

(c) Satisfaction of Regulatory and Compliance Requirements. In addition to any requirements set forth above, and notwithstanding Borrower's execution or delivery of this Agreement or any other Loan Document, all regulatory and compliance requirements, standards and processes shall be completed to the reasonable satisfaction of Bank.

(d) Officer's Certificate. A certificate from an officer of the Borrower to the effect that (i) all representations and warranties of the Borrower contained in this Agreement and the other Loan Documents are true, correct and complete; (ii) the Borrower is not in violation of any of the covenants contained in this Agreement and the other Loan Documents; (iii) after giving effect to the transactions contemplated hereby, no Event of Default as defined herein, and no condition, event or act which with the giving of notice or the passage of time or both would constitute such an Event of Default, shall have occurred and be continuing or shall exist; and (iv) the Borrower has satisfied each of the conditions set forth in this Article III.

(e) Certificate of Secretary. A certificate of an officer of Borrower certifying as to the incumbency and genuineness of the signature of each officer of Borrower executing the Loan Documents and certifying that attached thereto is a true, correct and complete copy of (A) the Articles of Incorporation of Borrower and all amendments thereto, certified as of a recent date by the appropriate governmental authority in its jurisdiction of formation, (B) the By-Laws of the Borrower as in effect on the date hereof, and (C) resolutions duly adopted by the Board of Directors of Borrower authorizing and approving the transactions contemplated hereunder and the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party.

(f) Certificate of Good Standing. A certificate as of a recent date of the good standing of Borrower under the laws of its jurisdiction of organization.

(g) PATRIOT Act. Borrower shall have provided to the Bank the documentation and other information requested by the Bank in order to comply with requirements of any Anti-Money

Laundering Laws, including, without limitation, the PATRIOT Act and any applicable “know your customer” rules and regulations.

(h) Upfront Fee. The Bank shall have received a non-refundable upfront fee in an amount equal to \$50,000.00, which such fee shall be fully earned when paid

(i) Evidence of Indebtedness. The Bank shall have received copies of all documents evidencing the indebtedness listed on Schedule 5.2(b) attached hereto.

(j) The Bank shall have received such other agreements, instruments, documents, certificates, and opinions as the Bank may reasonably request.

SECTION 3.2. CONDITIONS OF EACH EXTENSION OF CREDIT. The obligation of Bank to make each extension of credit requested by Borrower hereunder shall be subject to the fulfillment to Bank's satisfaction of each of the following conditions:

(a) Compliance. The representations and warranties contained herein and in each of the other Loan Documents shall be true on and as of the date of the signing of this Agreement and on the date of each extension of credit by Bank pursuant hereto, with the same effect as though such representations and warranties had been made on and as of each such date, provided, that with respect to any representation and warranty that expressly relates to an earlier date, such representation and warranty shall be true as of such earlier date. On the date of the signing of this Agreement and on the date of each extension of credit by Bank pursuant hereto, no Event of Default as defined herein, and no condition, event or act which with the giving of notice or the passage of time or both would constitute such an Event of Default, shall have occurred and be continuing or shall exist.

(b) Documentation. Bank shall have received all additional documents which may be required in connection with such extension of credit, including, but not limited to, an executed wire request form if requested by Bank.

(c) Additional Letter of Credit Documentation. Prior to the issuance of each Letter of Credit, Bank shall have received a Letter of Credit Agreement, properly completed and duly executed by Borrower.

(d) Payment of Fees. Bank shall have received payment in full of any fee required by any of the Loan Documents to be paid at the time such credit extension is made.

(e) Financial Condition. There shall have been no material adverse change, as reasonably determined by Bank, in the financial condition or business of Borrower, if any, nor any material decline, as reasonably determined by Bank, in the market value of a material portion of the assets of Borrower.

#### ARTICLE IV AFFIRMATIVE COVENANTS

Borrower covenants that so long as Bank remains committed to extend credit to Borrower pursuant hereto, or any liabilities (whether direct or contingent, liquidated or unliquidated) of Borrower to Bank under any of the Loan Documents remain outstanding, and until payment in full of all obligations of Borrower subject hereto, Borrower shall, unless Bank otherwise consents in writing:

SECTION 4.1. PUNCTUAL PAYMENTS. Punctually pay all principal, interest, fees or other liabilities due under any of the Loan Documents at the times and place and in the manner specified therein, and immediately upon demand by Bank, the amount by which the outstanding principal balance of any credit subject hereto at any time exceeds any limitation on borrowings applicable thereto.

SECTION 4.2. ACCOUNTING RECORDS. Maintain adequate books and records in accordance with generally accepted accounting principles consistently applied, and permit any representative of Bank, at any reasonable time, to inspect, audit and examine such books and records, to make copies of the same, and to inspect the properties of Borrower. If at any time any change in generally accepted accounting principles would affect the computation of any covenant (including the computation of any financial covenant) and/or the Applicable Margin set forth in this Agreement or any other Loan Document, Borrower and Bank shall negotiate in good faith to amend such covenant and/or Applicable Margin to preserve the original intent in light of such change; provided, that, until so amended, (i) such covenant and/or Applicable Margin shall continue to be computed in accordance with the application of generally accepted accounting principles prior to such change and (ii) Borrower shall provide to Bank a written reconciliation in form and substance reasonably satisfactory to Bank, between calculations of such covenant and/or Applicable Margin made before and after giving effect to such change in generally accepted accounting principles.

SECTION 4.3. FINANCIAL STATEMENTS AND OTHER INFORMATION. Provide to Bank all of the following, in form and detail reasonably satisfactory to Bank:

(a) not later than 90 days after and as of the end of each fiscal year, a consolidated financial statement of Borrower, prepared by Borrower and audited by a certified public accountant acceptable to Bank, to include balance sheet, income statement, statement of cash flows, all supporting schedules and footnotes;

(b) not later than 45 days after and as of the end of each of the first three fiscal quarters of each fiscal year, a financial statement of Borrower, prepared by Borrower, to include balance sheet, income statement, statement of cash flow, all supporting schedules and footnotes;

(c) not later than 15 days after filing, copies of all financial reports filed with the Securities Exchange Commission (10-Q's, 10-K's and 8-K's);

(d) contemporaneously with each annual and quarterly financial statement of Borrower required hereby, a certificate of the President or Chief Financial Officer of Borrower that said financial statements are accurate and that there exists no Event of Default nor any condition, act or event which with the giving of notice or the passage of time or both would constitute an Event of Default;

(e) promptly after the entering thereof, the Borrower shall deliver a copy of the documents evidencing Material Indebtedness (as hereinafter defined), including all amendments, modifications, supplements and restatements to such documents. For purposes hereof, "Material Indebtedness" means any indebtedness permitted pursuant to Section 5.2(c) (other than documents evidencing capital lease obligations or purchase money indebtedness) and Section 5.2(d) (to the extent the person providing such indebtedness is required to become a party to the Intercreditor Agreement);

(f) from time to time such other financial and business information as Bank may reasonably request; and

(g) from time to time such other information as Bank may reasonably request for the purpose of enabling Bank to fulfill its regulatory and compliance requirements, standards and processes.

Documents required to be delivered pursuant to Section 4.3(a), (b) or (c) may be delivered electronically (including delivery of such documents in electronic form on EDGAR) and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which the Bank has access (whether a commercial, third-party website or whether

sponsored by the Bank); provided that: (i) the Borrower shall deliver paper copies of such documents to the Bank that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Bank and (ii) the Borrower shall notify the Bank (by facsimile or electronic mail) of the posting of any such documents and provide to the Bank by electronic mail electronic versions of such documents, if requested.

#### SECTION 4.4. COMPLIANCE.

(a) Preserve and maintain all licenses, permits, governmental approvals, rights, privileges and franchises necessary for the conduct of its business; comply with the provisions of all documents pursuant to which Borrower is organized and/or which govern Borrower's continued existence; comply with the requirements of all laws, rules, regulations and orders of any jurisdiction in which the Borrower is located or doing business, or otherwise is applicable to Borrower; and

(b) comply with, and cause each member of the Borrowing Group to comply with, all Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws.

SECTION 4.5. INSURANCE. Maintain and keep in force, for each business in which Borrower is engaged, insurance of the types and in amounts customarily carried in similar lines of business, including but not limited to fire, extended coverage, public liability, flood, property damage and, workers' compensation, with all such insurance carried with companies and in amounts reasonably satisfactory to Bank, and deliver to Bank from time to time at Bank's request, schedules setting forth all insurance then in effect.

SECTION 4.6. FACILITIES. Keep all properties useful or necessary to Borrower's business in good repair and condition, and from time to time make necessary repairs, renewals and replacements thereto so that such properties shall be fully and efficiently preserved and maintained.

SECTION 4.7. TAXES AND OTHER LIABILITIES. Pay and discharge when due any and all indebtedness, obligations, assessments and taxes, both real or personal, including without limitation federal and state income taxes and state and local property taxes and assessments, except (a) such as Borrower may in good faith contest or as to which a bona fide dispute may arise, and (b) for which Borrower has made provision, to Bank's satisfaction, for eventual payment thereof in the event Borrower is obligated to make such payment.

SECTION 4.8. LITIGATION. Promptly give notice in writing to Bank of any litigation pending or threatened against Borrower by any governmental or regulatory agency, or any litigation in which the Borrower believes its settlement reserve liability is equal to or greater than \$15,000,000.00.

SECTION 4.9. FINANCIAL CONDITION. Maintain Borrower's financial condition as follows using generally accepted accounting principles consistently applied and used consistently with prior practices (except to the extent modified by the definitions herein):

(a) Interest Coverage Ratio. As of the last day of each fiscal quarter of Borrower, Borrower shall not permit the Interest Coverage Ratio at such time to be less than 3.0 to 1.0.

(b) Total Funded Debt to EBITDA Ratio. As of the last day of each fiscal quarter of Borrower, Borrower shall not permit the Total Funded Debt to EBITDA Ratio at such time to be greater than 2.5 to 1.0.

(c) For purposes hereof:

(i) "EBITDA" means, with reference to any period, net income of Borrower and its Subsidiaries determined on a consolidated basis for such period *plus* the sum of all amounts deducted in arriving at such net income amount in respect of (a) interest

expense for such period, (b) federal, state, local and foreign income taxes for such period, and (c) depreciation of fixed assets and amortization of intangible assets for such period.

(ii) "Interest Coverage Ratio" means, at any time the same is to be determined, the ratio of (a) EBITDA of Borrower and its Subsidiaries for the most recently completed period of four (4) consecutive fiscal quarters then ended to (b) interest expense of Borrower and its Subsidiaries for such period.

(iii) "Total Funded Debt" means, at any time the same is to be determined, the sum (but without duplication) of (x) all indebtedness for borrowed money of Borrower and its Subsidiaries at such time (including, without limitation for purposes of this Agreement, letters of credit (at their full stated amount) and bankers acceptances and capitalized lease obligations), *plus* (y) all indebtedness for borrowed money of any other person which is directly or indirectly guaranteed by Borrower or any of its Subsidiaries or which Borrower or any of its Subsidiaries has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which Borrower or any of its Subsidiaries has otherwise assured a creditor against loss.

(iv) "Total Funded Debt to EBITDA Ratio" means, at any time the same is to be determined, the ratio of (a) Total Funded Debt of Borrower and its Subsidiaries at such time to (b) EBITDA of Borrower and its Subsidiaries for the most recently completed period of four (4) consecutive fiscal quarters then ended.

SECTION 4.10. NOTICE TO BANK. Promptly (but in no event more than five (5) days after the occurrence of each such event or matter) give written notice to Bank in reasonable detail of:

(a) the occurrence of any Event of Default, or any condition, event or act which with the giving of notice or the passage of time or both would constitute an Event of Default;

(b) any change in the name or the organizational structure of Borrower, including, by illustration, merger, conversion or division;

(c) the occurrence and nature of any Reportable Event or Prohibited Transaction, each as defined in ERISA, or any funding deficiency with respect to any Plan;

(d) any declaration of a default or event of default, demand for payment or notice of like nature under documents governing the any indebtedness in excess of \$5,000,000 permitted pursuant to Section 5.2 hereof; or

(e) any termination or cancellation of any insurance policy which Borrower is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting Borrower's property.

ARTICLE V  
NEGATIVE COVENANTS

Borrower further covenants that so long as Bank remains committed to extend credit to Borrower pursuant hereto, or any liabilities (whether direct or contingent, liquidated or unliquidated) of Borrower to Bank under any of the Loan Documents remain outstanding, and until payment in full of all obligations of Borrower subject hereto, Borrower will not without Bank's prior written consent:

SECTION 5.1. USE OF FUNDS.

(a) Use, or permit any member of the Borrowing Group to use, any of the proceeds of any credit extended hereunder except for the purposes stated in Article I hereof, or directly or indirectly use any such proceeds to fund, finance or facilitate any activities, business or transactions: (i) that are prohibited by Sanctions; (ii) that would be prohibited by Sanctions if conducted by Bank or any of Bank's affiliates; or (iii) that would be prohibited by any Anti-Money Laundering Laws or Anti-Corruption Laws.

(b) Fund any repayment of the obligations hereunder or under any other Loan Document with proceeds, or provide any property as collateral for any such obligations, or permit any third party to provide any property as collateral for any such obligations, that is directly or indirectly derived from any transaction or activity that is prohibited by any Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws, or that could otherwise cause Bank or any of Bank's affiliates to be in violation of any Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws.

SECTION 5.2. OTHER INDEBTEDNESS. Create, incur, assume or permit to exist any indebtedness or liabilities resulting from borrowings, loans or advances, whether secured or unsecured, matured or unmatured, liquidated or unliquidated, joint or several, except:

- (a) the indebtedness, obligations and liabilities of Borrower to Bank;
- (b) the indebtedness, obligations and liabilities of Borrower existing as of the date of this Agreement as set forth on Schedule 5.2(b) attached to this Agreement;
- (c) other secured indebtedness of Borrower in an amount not to exceed \$30,000,000 in the aggregate at any one time; and
- (d) unsecured indebtedness of Borrower not otherwise permitted hereunder; provided, in the event that any such indebtedness owing to (or committed by) a person exceeds \$10,000,000, then such person shall become party to the Intercreditor Agreement.

SECTION 5.3. MERGER, CONSOLIDATION, TRANSFER OF ASSETS. (a) Merge into or consolidate with any other entity; (b) make any substantial change in the nature of Borrower's business as conducted as of the date hereof; (c) acquire all or substantially all of the assets of another entity; (d) sell, lease, transfer or otherwise dispose of all or a substantial or material portion of Borrower's assets; nor (e) accomplish any of the above by virtue of a division or similar transaction; provided, the foregoing shall not prevent:

- (i) the sales of certain accounts receivable pursuant to supply chain financing programs established by account debtors so long as the aggregate value of all such sales in any fiscal year does not exceed 10% of Borrower's consolidated total assets at the end of such fiscal year;
- (ii) sales, leases, transfers or other dispositions in the ordinary course of its business;

(iii) the merger or consolidation with or the acquisition of all or substantially all of the assets of another entity (each an "Acquisition") so long as:

- (a) no Event of Default exists on the date of such Acquisition or would result therefrom;
- (b) the Borrower is in compliance with the financial covenants set forth as Section 4.9 hereof on a pro forma basis after giving effect to such Acquisition; and
- (c) if the Borrower forms or acquires one or more Subsidiaries in connection with such Acquisition, the Borrower shall comply with Section 1.5 hereof.

SECTION 5.4. GUARANTIES. Guarantee or become liable in any way as surety, endorser (other than as endorser of negotiable instruments for deposit or collection in the ordinary course of business), accommodation endorser or otherwise for, nor pledge or hypothecate any assets of Borrower as security for, any liabilities or obligations of any other person or entity, except any of the foregoing in favor of Bank or any other person if the aggregate amount of the foregoing does not exceed \$10,000,000 at any one time.

SECTION 5.5. LOANS, ADVANCES, INVESTMENTS. Make any loans or advances to or investments in any person or entity, including any of the foregoing accomplished by a division or similar transaction, except (i) any of the foregoing existing as of, and disclosed to Bank prior to, the date hereof, and (ii) loans or advances to or investments in any person or entity to the extent that the amount of such loans and advances to and investments does not exceed \$10,000,000 in the aggregate at any one time.

SECTION 5.6. PLEDGE OF ASSETS. Mortgage, pledge, grant or permit to exist a security interest in, or lien upon, other than purchased money interest, all or any portion of Borrower's assets now owned or hereafter acquired; except:

- (a) security interest in Borrower's assets existing as of, and disclosed to Bank in writing prior to, the date hereof;
- (b) security interest in Borrower's assets as a result of indebtedness permitted pursuant to Section 5.2.(c);
- (c) liens for taxes, assessments or other governmental charges not yet due or which are being contested in good faith by appropriate proceedings;
- (d) other liens, charges and encumbrances incidental to the conduct of its business or the ownership of its property which were not incurred in connection with the borrowing of money or the obtaining of an advance or credit, and which do not in the aggregate materially detract from the net value of its property or assets or materially impair the use thereof in the operation of its business;
- (e) liens arising out of judgements or awards with respect to which the Borrower shall concurrently therewith be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or review;
- (f) pledges or deposits to secure obligations under workmen's compensation laws or similar legislation;

(g) deposits to secure public or statutory obligations of the Borrower; and

(h) precautionary liens filed against certain accounts receivable sold pursuant to supply chain financing programs established by account debtors provided that the aggregate value of all such precautionary liens does not at any time exceed 10% of Borrower's consolidated total assets.

SECTION 5.7. MOST FAVORED NATIONS. In the event that Borrower shall, directly or indirectly, be a party to or enter into or otherwise consent to any agreement or instrument (or any amendment, supplement or modification thereto) under which, directly or indirectly, any person or persons undertakes to make or provide Material Indebtedness to the Borrower (including, without limitation, any instrument, document or indenture relating to any such Material Indebtedness), which agreement (or amendment thereto) provides such person with more restrictive covenants (whether affirmative or negative covenants) or events of defaults than are provided to the Bank, the Borrower shall provide the Bank with a copy of each such agreement (or amendment thereto) and such more restrictive covenants or events of defaults shall automatically be deemed to be incorporated into this Agreement, and the Bank shall have the benefits of such more restrictive covenants or events of default as if specifically set forth herein. Upon the written request of the Bank, the Borrower shall promptly enter into an amendment to this Agreement to include such more restrictive covenants or events (provided that the Bank shall maintain the benefit of such more restrictive covenants or events of default even if the Bank fails to make such request or the Borrower fails to provide such amendment).

#### ARTICLE VI EVENTS OF DEFAULT

SECTION 6.1. The occurrence of any of the following shall constitute an "Event of Default" under this Agreement:

(a) Borrower shall fail to pay when due any principal, interest, fees or other amounts payable under any of the Loan Documents.

(b) Any financial statement or certificate furnished to Bank in connection with, or any representation or warranty made by Borrower or any other party under this Agreement or any other Loan Document shall prove to be incorrect, false or misleading in any material respect when furnished or made.

(c) Any default in the performance of or compliance with any obligation, agreement or other provision contained herein or in any other Loan Document (other than those specifically described herein as an "Event of Default"), and with respect to such default under this clause (c) that by its nature can be cured, such default shall continue for a period of twenty (20) days from its occurrence.

(d) Any default in the payment or performance of any obligation, or any defined event of default, under the terms of any contract, instrument or document (other than any of the Loan Documents) pursuant to which Borrower has incurred any debt or other liability to any person or entity in excess of \$5,000,000, including Bank.

(e) The filing of a notice of judgment lien against Borrower; or the recording of any abstract or transcript of judgment against Borrower in any county or recording district in which Borrower has an interest in real property; or the service of a notice of levy and/or of a writ of attachment or execution, or other like process, against the assets of Borrower; or the entry of a judgment against Borrower in excess of \$5,000,000 not covered by insurance or which has not been vacated, discharged or stayed pending appeal within 30 days from the entry thereof.

(f) Borrower shall become insolvent, or shall suffer or consent to or apply for the appointment of a receiver, trustee, custodian or liquidator of itself or any of its property, or shall generally fail to pay its debts as they become due, or shall make a general assignment for the benefit of creditors; Borrower shall file a voluntary petition in bankruptcy, or seeking reorganization, in order to effect a plan or other arrangement with creditors or any other relief under the Bankruptcy Reform Act, Title 11 of the United States Code, as amended or recodified from time to time ("Bankruptcy Code"), or under any state or federal law granting relief to debtors, whether now or hereafter in effect; or any involuntary petition or proceeding pursuant to the Bankruptcy Code or any other applicable state or federal law relating to bankruptcy, reorganization or other relief for debtors is filed or commenced against Borrower; or Borrower shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition; or Borrower shall be adjudicated a bankrupt, or an order for relief shall be entered against Borrower by any court of competent jurisdiction under the Bankruptcy Code or any other applicable state or federal law relating to bankruptcy, reorganization or other relief for debtors.

(g) There shall exist or occur any event or condition that Bank in good faith believes impairs, or is substantially likely to impair, the prospect of payment or performance by Borrower of its obligations under any of the Loan Documents.

(h) The dissolution, division, or liquidation of Borrower; or Borrower or any of its directors, stockholders or members, shall take action seeking to effect the dissolution, division, or liquidation of Borrower.

(i) The acquisition by any person or entity (other than any member of the Clarence Werner family or any trust for the benefit of any member of such family), or two or more persons or entities acting in concert (other than any member of the Clarence Werner family or any trusts for the benefit of any member of such family), of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 25% or more of the outstanding shares of voting stock of the Borrower.

SECTION 6.2. REMEDIES. Upon the occurrence of any Event of Default: (a) all principal, unpaid interest outstanding and other indebtedness of Borrower under each of the Loan Documents, any term thereof to the contrary notwithstanding, shall at Bank's option and without notice become immediately due and payable without presentment, demand, protest or any notices of any kind, including without limitation, notice of nonperformance, notice of protest, notice of dishonor, notice of intention to accelerate or notice of acceleration, all of which are hereby expressly waived by Borrower; (b) the obligation, if any, of Bank to extend any further credit under any of the Loan Documents shall immediately cease and terminate; and (c) Bank shall have all rights, powers and remedies available under each of the Loan Documents, or accorded by law, including without limitation the right to resort to any or all security for any credit subject hereto and to exercise any or all of the rights of a beneficiary or secured party pursuant to applicable law. All rights, powers and remedies of Bank may be exercised at any time by Bank and from time to time after the occurrence of an Event of Default, are cumulative and not exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.

## ARTICLE VII MISCELLANEOUS

SECTION 7.1. NO WAIVER. No delay, failure or discontinuance of Bank in exercising any right, power or remedy under any of the Loan Documents shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of or default under any of the Loan Documents must be in writing and shall be effective only to the extent set forth in such writing.

SECTION 7.2. NOTICES. All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing delivered to each party at the following address:

BORROWER: WERNER ENTERPRISES, INC.  
Attn: Chief Financial Officer  
14507 Frontier Rd  
Omaha, Nebraska 68138

BANK: WELLS FARGO BANK, NATIONAL ASSOCIATION  
MAC #N8069-020  
13625 California St, Suite 200  
Omaha, Nebraska 68154

or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed given or made as follows: (a) if sent by hand delivery, upon delivery with proof of receipt; (b) if sent by certified or registered mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, postage prepaid; and (c) if sent by overnight courier, on the date given with proof of receipt.

SECTION 7.3. COSTS, EXPENSES AND ATTORNEYS' FEES. Borrower shall pay to Bank immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including, to the extent permitted by applicable law, reasonable out-of-pocket attorneys' fees expended or incurred by Bank in connection with (a) the negotiation and preparation of this Agreement and the other Loan Documents, Bank's continued administration hereof and thereof, and the preparation of any amendments and waivers hereto and thereto, (b) the enforcement of Bank's rights and/or the collection of any amounts which become due to Bank under any of the Loan Documents, whether or not suit is brought, and (c) the prosecution or defense of any action in any way related to any of the Loan Documents, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity. Notwithstanding anything in this Agreement to the contrary, reasonable attorneys' fees shall not exceed the amount permitted by law.

SECTION 7.4. SUCCESSORS, ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties; provided however, that Borrower may not assign or transfer its interests or rights hereunder without Bank's prior written consent. Bank reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, Bank's rights and benefits under each of the Loan Documents. In connection therewith, Bank may disclose all documents and information which Bank now has or may hereafter acquire relating to any credit subject hereto, Borrower or its business, any guarantor hereunder or the business of such guarantor, if any, or any collateral required hereunder.

SECTION 7.5. ENTIRE AGREEMENT; AMENDMENT. To the full extent permitted by law, this Agreement and the other Loan Documents constitute the entire agreement between Borrower and Bank with respect to each credit subject hereto and supersede all prior negotiations, communications, discussions and correspondence concerning the subject matter hereof. This Agreement may be amended or modified only in writing signed by each party hereto.

SECTION 7.6. NO THIRD PARTY BENEFICIARIES. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their respective permitted successors and assigns, and no other person or entity shall be a third party beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any other of the Loan Documents to which it is not a party.

SECTION 7.7. TIME. Time is of the essence of each and every provision of this Agreement and each other of the Loan Documents.

SECTION 7.8. SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or any remaining provisions of this Agreement.

SECTION 7.9. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same Agreement.

SECTION 7.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of Nebraska (the "State"), but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

SECTION 7.11. BUSINESS PURPOSE. Borrower represents and warrants that each credit subject hereto is made for (a) a business, commercial, investment, agricultural or other similar purpose, (b) the purpose of acquiring or carrying on a business, professional or commercial activity, or (c) the purpose of acquiring any real or personal property as an investment and not primarily for a personal, family or household use.

SECTION 7.12. RIGHT OF SETOFF; DEPOSIT ACCOUNTS. Upon and after the occurrence of an Event of Default, (a) Borrower hereby authorizes Bank, at any time and from time to time, without notice, which is hereby expressly waived by Borrower, and whether or not Bank shall have declared any credit subject hereto to be due and payable in accordance with the terms hereof, to set off against, and to appropriate and apply to the payment of, Borrower's obligations and liabilities under the Loan Documents (whether matured or unmatured, fixed or contingent, liquidated or unliquidated), any and all amounts owing by Bank to Borrower (whether payable in U.S. dollars or any other currency, whether matured or unmatured, and in the case of deposits, whether general or special (except trust and escrow accounts), time or demand and however evidenced), and (b) pending any such action, to the extent necessary, to hold such amounts as collateral to secure such obligations and liabilities and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as Bank, in its sole discretion, may elect. Bank may exercise this remedy regardless of the adequacy of any collateral for the obligations of Borrower to Bank and whether or not the Bank is otherwise fully secured. Borrower hereby grants to Bank a security interest in all deposits and accounts (other than Excluded Accounts) maintained with Bank to secure the payment of all obligations and liabilities of Borrower to Bank under the Loan Documents.

For purpose hereof, "Excluded Accounts" means accounts of the Borrower maintained with the Bank the balance of which consists exclusively of (and is identified when established as an account established solely for the purposes of) (a) withheld taxes in such amounts as are required in the reasonable judgment of the Borrower to be paid to the Internal Revenue Service or any other U.S., federal, state or local or foreign government agencies within the following month with respect to employees of such Loan Party, (b) amounts required to be paid over to an employee benefit plan pursuant to DOL Reg. Sec. 2510.3-102 on behalf of or for the benefit of employees of the Borrower, (c) amounts which are required to be pledged or otherwise provided as security pursuant to any requirement of any governmental authority or foreign pension requirement, and (d) amounts to be used to fund payroll obligations (including, but not limited to, amounts payable to any employment contracts between the Borrower and its respective employees).

SECTION 7.13. ARBITRATION.

(a) Arbitration. The parties hereto agree, upon demand by any party, to submit to binding arbitration all claims, disputes and controversies between or among them (and their

respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise in any way arising out of or relating to (i) any credit subject hereto, or any of the Loan Documents, and their negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit. In the event of a court ordered arbitration, the party requesting arbitration shall be responsible for timely filing the demand for arbitration and paying the appropriate filing fee within 30 days of the abatement order or the time specified by the court. Failure to timely file the demand for arbitration as ordered by the court will result in that party's right to demand arbitration being automatically terminated.

(b) Governing Rules. Any arbitration proceeding will (i) proceed in a location in the State selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to herein, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) No Waiver of Provisional Remedies, Self-Help and Foreclosure. The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than \$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral attorney licensed in the State or a neutral retired judge of the state or federal judiciary of the State, in either case with a minimum of ten years experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of the State and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the corresponding rules of civil practice and procedure applicable in the State or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or

pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding, discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, except parties who have executed any Loan Document, or to include in any arbitration any dispute as a representative or member of a class, or to act in any arbitration in the interest of the general public or in a private attorney general capacity.

(g) Payment of Arbitration Costs and Fees. The arbitrator shall award all costs and expenses of the arbitration proceeding.

(h) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business or by applicable law or regulation. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the Loan Documents or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the Loan Documents or any relationship between the parties.

(i) Small Claims Court. Notwithstanding anything herein to the contrary, each party retains the right to pursue in Small Claims Court any dispute within that court's jurisdiction. Further, this arbitration provision shall apply only to disputes in which either party seeks to recover an amount of money (excluding attorneys' fees and costs) that exceeds the jurisdictional limit of the Small Claims Court.

A CREDIT AGREEMENT MUST BE IN WRITING TO BE ENFORCEABLE UNDER NEBRASKA LAW. TO PROTECT THE PARTIES FROM ANY MISUNDERSTANDINGS OR DISAPPOINTMENTS, ANY CONTRACT, PROMISE, UNDERTAKING OR OFFER TO FOREBEAR REPAYMENT OF MONEY OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, OR ANY AMENDMENT OF, CANCELLATION OF, WAIVER OF, OR SUBSTITUTION FOR ANY OR ALL OF THE TERMS OR PROVISIONS OF ANY INSTRUMENT OR DOCUMENT EXECUTED IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, MUST BE IN WRITING TO BE EFFECTIVE.

[Remainder Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have caused this Agreement to be effective as of the effective date set forth above.

BORROWER:

WERNER ENTERPRISES, INC.

By: /s/ Derek J. Leathers  
Derek J. Leathers  
Chairman, President & Chief Executive Officer

By: /s/ John J. Steele  
John J. Steele  
Executive Vice President, Treasurer & Chief Financial Officer

BANK:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Zack Breazeale  
Name: Zack Breazeale  
Its: Vice President

Schedule 5.2(b)  
Existing Indebtedness

1) BMO Harris Bank N.A. \$575,000,000

**Exhibit 10.5**

REVOLVING LINE OF CREDIT NOTE

\$300,000,000.00

Omaha, Nebraska  
March 25, 2022

This Note amends, restates and supersedes in its entirety, and is given as a replacement for, and not in satisfaction of or as a novation with respect to, that certain Revolving Line of Credit Note in the principal amount of Three Hundred Million and No/100 Dollars (\$300,000,000.00), executed by Borrower in favor of Bank and dated May 14, 2019, as amended or modified from time to time.

FOR VALUE RECEIVED, the undersigned, WERNER ENTERPRISES, INC., a Nebraska corporation (“Borrower”), promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION (“Bank”) at its office at 13625 California St., Suite 200, Omaha, Nebraska 68154, or at such other place as the holder hereof may designate, in lawful money of the United States of America and in immediately available funds, the principal sum of Three Hundred Million and No/100 Dollars (\$300,000,000.00), or so much thereof as may be advanced and be outstanding pursuant to the terms of the Credit Agreement, as defined herein, with interest thereon, to be computed on each advance from the date of its disbursement as set forth herein.

DEFINITIONS:

As used herein, the following terms shall have the meanings set forth after each, and any other term defined in this Note shall have the meaning set forth at the place defined:

(a) “Applicable Margin” shall have the meaning ascribed to it in the Credit Agreement.

(b) “Benchmark Floor” means a rate of interest equal to zero percent (0%).

(c) “Conforming Changes” means any technical, administrative or operational changes (including, without limitation, changes to the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition, the timing and frequency of determining rates and making payments of interest, prepayment provisions and other technical, administrative or operational matters) that Bank reasonably decides may be appropriate to reflect the adoption and implementation of a Benchmark Replacement or to permit the use and administration of Term SOFR or a Benchmark Replacement by Bank.

(d) “Credit Agreement” means that certain Credit Agreement dated as of March 25, 2022, between Borrower and Bank, as amended, modified, supplemented or restated from time to time.

(e) “Daily Simple SOFR” means, with respect to any day (a “SOFR Rate Day”), a rate per annum equal to SOFR for the day (such day, the “SOFR Determination Day”) that is five (5) U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website; provided, however, that if Daily Simple SOFR determined as provided above would be less than the Benchmark Floor, then Daily Simple SOFR shall be deemed to be the Benchmark Floor. If by 5:00 p.m. (New York City time) on the fifth (5th) U.S. Government Securities Business Day immediately following any SOFR Determination Day, SOFR in respect of such SOFR Determination Day has not been published on the SOFR Administrator’s Website and a Benchmark Replacement Date with

respect to Daily Simple SOFR has not occurred, then SOFR for such SOFR Determination Day will be SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website; provided that any SOFR determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SOFR for no more than three (3) consecutive SOFR Rate Days.

(f) "Federal Reserve Business Day" means any day that is not a Saturday, Sunday or other day on which the Federal Reserve Bank of New York is closed.

(g) "Interest Period" means a period commencing on a Federal Reserve Business Day and continuing for one (1) month, three (3) months or six (6) months, as designated by Borrower from time to time, during which all or a portion of the outstanding principal balance of this Note bears interest determined in relation to Term SOFR with the understanding, that (i) no Interest Period may be selected for a principal amount less than One Hundred Thousand and No/100 Dollars (\$100,000.00), (ii) if the day after the end of any Interest Period is not a Federal Reserve Business Day (so that a new Interest Period could not be selected by Borrower to start on such day), then such Interest Period shall continue up to, but shall not include, the next Federal Reserve Business Day after the end of such Interest Period, unless the result of such extension would be to cause any immediately following Interest Period to begin in the next calendar month in which event the Interest Period shall continue up to, but shall not include, the Federal Reserve Business Day immediately preceding the last day of such Interest Period, (iii) no Interest Period shall extend beyond the scheduled maturity date hereof and (iv) no tenor that has been removed from this definition pursuant to the terms of this Note shall be available for designation by Borrower.

(h) "Prime Rate" means at any time the rate of interest most recently announced within Bank at its principal office as its prime rate, with the understanding that the Prime Rate is one of Bank's base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Bank may designate; provided, however, that if Prime Rate determined as provided above would be less than zero percent (0%), then Prime Rate shall be deemed to be zero percent (0%).

(i) "SOFR" means a rate per annum equal to the secured overnight financing rate as administered by the SOFR Administrator.

(j) "SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

(k) "SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

(l) "Term SOFR" means the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that (x) if as of 5:00 p.m. (New York City time) on any Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Term SOFR Determination Day and (y) if Term SOFR determined as provided above (including pursuant to clause (x) of this proviso) shall ever be less than the Benchmark Floor, then Term SOFR shall be deemed to be the Benchmark Floor.

(m) “Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by Bank in its reasonable discretion).

(n) “Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

(o) “U.S. Government Securities Business Day” means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association, or any successor thereto, recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

#### INTEREST:

(a) Interest. The outstanding principal balance of this Note shall bear interest (computed on the basis of a 360-day year, actual days elapsed) either (i) at a fluctuating rate per annum determined by Bank to be the Daily Simple SOFR in effect from time to time plus the Applicable Margin, or (ii) at a fixed rate per annum determined by Bank to be the Term SOFR in effect on the first day of the applicable Interest Period plus the Applicable Margin. Bank is hereby authorized to note the date, principal amount and interest rate applicable to this Note and any payments made thereon on Bank’s books and records (either manually or by electronic entry) and/or on any schedule attached to this Note, which notations shall be prima facie evidence of the accuracy of the information noted. Bank shall be permitted to estimate the amount of accrued interest that is payable at any time hereunder on the applicable invoice provided by Bank to Borrower in respect thereof, in which case Borrower shall pay such estimated amount and Bank shall to the extent necessary, include on the next invoice an adjustment to correct any difference between the amount on the applicable invoice and the amount of interest that actually accrued pursuant to the terms of this Note.

(b) Selection of Interest Rate Options. Subject to the provisions herein regarding Interest Periods and the prior notice required for the selection of a Term SOFR interest rate, (i) at any time any portion of this Note bears interest determined in relation to Term SOFR for an Interest Period, (A) it may be continued by Borrower at the end of the Interest Period applicable thereto so that all or a portion thereof bears interest determined in relation to Term SOFR for a new Interest Period designated by Borrower or (B) Borrower may convert all or a portion thereof so that it bears interest determined in relation to Daily Simple SOFR, (ii) at any time any portion of this Note bears interest determined in relation to Daily Simple SOFR, Borrower may convert all or a portion thereof so that it bears interest determined in relation to Term SOFR for an Interest Period designated by Borrower, and (iii) at the time an advance is made hereunder, Borrower may choose to have all or a portion thereof bear interest determined in relation to Daily Simple SOFR or to Term SOFR for an Interest Period designated by Borrower.

To select a Term SOFR option hereunder, Borrower shall give Bank notice thereof that is received by Bank prior to 11:00 a.m. in the time zone of the city referenced on the first page of this Note above the Note date on a Federal Reserve Business Day at least two (2) Federal Reserve Business Days prior to the first day of the Interest Period, or at a later time during such Federal Reserve Business Day if Bank, at its sole option but without obligation to do so, accepts Borrower’s notice and quotes a fixed rate to Borrower. Such notice shall specify: (A) the interest rate option selected by Borrower, (B) the principal amount subject thereto, and (C) for each Term SOFR selection, to the extent Borrower has the option to designate the length of an Interest Period, the length of the applicable Interest Period. If Bank has not received such notice in accordance with the foregoing before an advance is made hereunder or before the end of any Interest Period, Borrower shall be deemed to have made a Daily Simple SOFR interest selection for such advance or the principal amount to which such Interest Period applied. Any such notice may be given by telephone (or such other electronic method as Bank may permit) so long as it is given in accordance with the foregoing and, with respect to each Term SOFR selection, if

requested by Bank, Borrower provides to Bank written confirmation thereof not later than three (3) Federal Reserve Business Days after such notice is given. Borrower shall reimburse Bank immediately upon demand for any loss or expense (including any loss or expense incurred by reason of the liquidation or redeployment of funds obtained to fund or maintain a Term SOFR borrowing) incurred by Bank as a result of the failure of Borrower to accept or complete a Term SOFR borrowing hereunder after making a request therefor. Any reasonable determination of such amounts by Bank shall be conclusive and binding upon Borrower. Should more than one person or entity sign this Note as a Borrower, any notice required above may be given by any one Borrower acting alone, which notice shall be binding on all other Borrowers.

(c) Taxes and Regulatory Costs. Borrower shall pay to Bank immediately upon demand, in addition to any other amounts due or to become due hereunder, any and all (i) withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any domestic or foreign governmental authority and related in any manner to SOFR, Daily Simple SOFR or Term SOFR, and (ii) costs, expenses and liabilities arising from or in connection with reserve percentages prescribed by the Board of Governors of the Federal Reserve System (or any successor) for “Eurocurrency Liabilities” (as defined in Regulation D of the Board of Governors of the Federal Reserve System, as amended), assessment rates imposed by the Federal Deposit Insurance Corporation, or similar requirements or costs imposed by any domestic or foreign governmental authority or resulting from compliance by Bank with any request or directive (whether or not having the force of law) from any central bank or other governmental authority and related in any manner to SOFR, Daily Simple SOFR or Term SOFR. In determining which of the foregoing are attributable to any SOFR, Daily Simple SOFR or Term SOFR option available to Borrower hereunder, any reasonable allocation made by Bank among its operations shall be conclusive and binding upon Borrower.

(d) Default Interest. Bank shall have the option in its sole and absolute discretion to have the outstanding principal balance of this Note bear interest at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to four percent (4.0%) above the rate of interest from time to time applicable to this Note (i) from and after the maturity date of this Note; (ii) from and after the date prior to the maturity date of this Note when all principal owing hereunder becomes due and payable by acceleration or otherwise; and/or (iii) upon the occurrence and during the continuance of any Event of Default.

(e) Inability to Determine Interest Rates; Illegality. Subject to the Benchmark Replacement Provisions below, if Bank determines (any determination of which shall be conclusive and binding on Borrower) that either (i) Daily Simple SOFR or Term SOFR for the applicable Interest Period cannot be determined pursuant to the definition thereof other than as a result of a Benchmark Transition Event (an “Inability Determination”) or (ii) any law has made it unlawful, or that any governmental authority has asserted that it is unlawful, for Bank to make or maintain an advance based on SOFR, Daily Simple SOFR or Term SOFR, or to determine or charge interest rates based upon SOFR, Daily Simple SOFR or Term SOFR (an “Illegality Determination”), then Bank will so notify Borrower. If the foregoing Inability Determination or Illegality Determination relates to Daily Simple SOFR, then any outstanding principal balance of this Note bearing interest determined in relation to Daily Simple SOFR shall bear interest (x) pursuant to the Term SOFR option herein (if selected by Borrower and to the extent such option is available) or (y) otherwise, at a fluctuating rate per annum determined by Bank to be equal to the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed), from the date of such Inability Determination or such Illegality Determination until Bank revokes such Inability Determination or notifies Borrower that the circumstances giving rise to such Illegality Determination no longer exist, as applicable. If the foregoing Inability Determination or Illegality Determination relates to Term SOFR for any Interest Period, then any outstanding principal balance of this Note bearing interest determined in relation to Term SOFR for any affected Interest Period shall bear interest (x) pursuant to the Daily Simple SOFR option herein (to the extent such option is available) or (y) otherwise, at a fluctuating rate per annum determined by Bank to be the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed), from the date of such Inability Determination or such

Illegality Determination until Bank revokes such Inability Determination or notifies Borrower that the circumstances giving rise to such Illegality Determination no longer exist, as applicable; provided, however, that, with respect to any outstanding principal balance of this Note bearing interest determined in relation to Term SOFR for any affected Interest Period, no such determination of interest shall take effect during any applicable Interest Period as a result of an Inability Determination. When interest is determined in relation to the Prime Rate, each change in the rate of interest hereunder shall become effective on the date each Prime Rate change is announced within Bank. Notwithstanding any of the foregoing to the contrary, if a Benchmark Replacement is subsequently determined in accordance with applicable Benchmark Replacement Provisions, that Benchmark Replacement, plus any applicable margin, will then supersede the foregoing with respect to the replaced Benchmark.

(f) Term SOFR Conforming Changes. In connection with the use or administration of Term SOFR, Bank will have the right to make Conforming Changes from time to time and any amendments implementing such Conforming Changes will become effective without any further action or consent of Borrower. Bank will promptly notify Borrower of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

#### BENCHMARK REPLACEMENT PROVISIONS:

Notwithstanding anything to the contrary contained in this Note or in any related loan document (for the purposes of these Benchmark Replacement Provisions, a swap agreement by and between Borrower and Bank or any of its affiliates is not a loan document):

(a) Benchmark Replacement. If a Benchmark Transition Event with respect to any applicable then-current Benchmark, occurs, the applicable Benchmark Replacement will replace such Benchmark for all purposes under this Note or under any related loan document. Any Benchmark Replacement will become effective on the applicable Benchmark Replacement Date without any further action or consent of Borrower.

(b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, Bank will have the right to make Conforming Changes from time to time and any amendments implementing such Conforming Changes will become effective without any further action or consent of Borrower.

(c) Notices; Standards for Decisions and Determinations. Bank will promptly notify Borrower of (i) the implementation of any Benchmark Replacement, (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement and (iii) the removal or reinstatement of any tenor of a Benchmark pursuant to the provisions of this Note. Any determination, decision or election that may be made by Bank pursuant to these Benchmark Replacement Provisions, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and will be made in its sole discretion and without Borrower consent.

(d) Unavailability of Tenor of Benchmark. At any time (including in connection with the implementation of a Benchmark Replacement), (i) if any then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by Bank in its reasonable discretion or (B) the administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks, then Bank may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after the occurrence of either (A) or (B) above to remove such unavailable, non-representative, non-compliant or non-aligned tenor and (ii) if a tenor that was removed pursuant

to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) as selected by Bank in its reasonable discretion or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks for a Benchmark (including a Benchmark Replacement), then Bank may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Certain Defined Terms. As used in this Note, each of the following capitalized terms has the meaning given to such term below:

(i) "Available Tenor" means, as of any date of determination and with respect to any then-current Benchmark, as applicable, (A) if such Benchmark is a term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period pursuant to this Note or (B) otherwise, any payment period for interest calculated with reference to such Benchmark that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to the provisions of this Note.

(ii) "Benchmark" means, initially, Daily Simple SOFR or the Term SOFR Reference Rate, as applicable; provided, however, that if a Benchmark Transition Event has occurred with respect to Daily Simple SOFR, the Term SOFR Reference Rate or the applicable then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has become effective pursuant to the provisions of this Note.

(iii) "Benchmark Administrator" means, with respect to any then-current Benchmark, initially, the SOFR Administrator or the Term SOFR Administrator, as applicable, or any successor administrator of such Benchmark or any insolvency or resolution official with authority over such administrator.

(iv) "Benchmark Replacement" means the sum of: (A) the alternate reference rate that has been selected by Bank as the replacement for the applicable then-current Benchmark; and (B) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Bank, in each case, giving due consideration to (x) any selection or recommendation by the Relevant Governmental Body at such time for a replacement reference rate, the mechanism for determining such a rate, the methodology or conventions applicable to such alternate reference rate, or the spread adjustment, or method for calculating or determining such spread adjustment, for such rate, or (y) any evolving or then-prevailing market convention for determining an alternate reference rate as a replacement to the applicable then-current Benchmark, the methodology or conventions applicable to such rate, or the spread adjustment, or method for calculating or determining such spread adjustment, for such rate for U.S. dollar-denominated syndicated or bilateral credit facilities; provided, however, that if the applicable Benchmark Replacement as determined as provided above would be less than the Benchmark Floor, then the applicable Benchmark Replacement shall be deemed to be the Benchmark Floor for the purposes of this Note and the related loan documents, subject to any other applicable floor rate provision.

(v) "Benchmark Replacement Date" means the date specified by Bank in a notice to Borrower following a Benchmark Transition Event.

(vi) “Benchmark Transition Event” means the occurrence of one or more of the following events with respect to any then-current Benchmark: a public statement or publication of information by or on behalf of the Benchmark Administrator or a regulatory supervisor for the Benchmark Administrator announcing that (A) the Benchmark Administrator has ceased or will cease to provide such Benchmark, or, if such Benchmark is a term rate, all Available Tenors of such Benchmark, permanently or indefinitely, or (B) such Benchmark is, or, if such Benchmark is a term rate, all Available Tenors of such Benchmark are, not, or as of a specified future date will not be, representative of underlying markets or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.

(vii) “Relevant Governmental Body” means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto.

#### BORROWING AND REPAYMENT:

(a) Borrowing and Repayment of Principal. Borrower may from time to time during the term of this Note borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions of this Note and of any document executed in connection with or governing this Note; provided however, that the total outstanding borrowings under this Note shall not at any time exceed the principal amount stated above. The unpaid principal balance of this obligation at any time shall be the total amounts advanced hereunder by the holder hereof less the amount of principal payments made hereon by or for Borrower, which balance may be endorsed hereon from time to time by the holder. The outstanding principal balance of this Note shall be due and payable in full on the Maturity Date.

(b) Payment of Interest. Interest accrued on this Note shall be payable on the first day of each month, commencing April 1, 2022, and on the maturity date set forth above.

(c) Advances. Advances hereunder, to the total amount of the principal sum stated above, may be made by the holder at the oral or written request of (i) John J. Steele, Jim Johnson or Dave Hughes, any one acting alone (subject to any of Bank’s applicable authentication policies or procedures, which may require that a particular individual—including another specific individual listed above—provide verification of the identity of the requestor), who are authorized to request advances and direct the disposition of any advances until written notice of the revocation of such authority is received by the holder at the office designated above, or (ii) any person, with respect to advances deposited to the credit of any deposit account of Borrower, which advances, when so deposited, shall be conclusively presumed to have been made to or for the benefit of Borrower regardless of the fact that persons other than those authorized to request advances may have authority to draw against such account. The holder shall have no obligation to determine whether any person requesting an advance is or has been authorized by Borrower.

(d) Application of Payments. Each payment made on this Note shall be credited first, to any interest then due and second, to the outstanding principal balance hereof. All payments credited to principal shall be applied first, to the outstanding principal balance of this Note which bears interest determined in relation to Daily Simple SOFR, if any, and second, to the outstanding principal balance of this Note which bears interest determined in relation to Term SOFR, with such payments applied to the oldest Interest Period first.

#### PAYMENTS:

If any payment of principal or interest to be made pursuant to this Note, other than a prepayment or a payment due on the maturity date of this Note, shall fall due on a day that is

not a Federal Reserve Business Day, payment shall be made on the next succeeding Federal Reserve Business Day, except that, if such next succeeding Federal Reserve Business Day would fall in the next calendar month, such payment shall be made on the immediately preceding Federal Reserve Business Day. Any extension or contraction of time shall be reflected in computing interest or fees, as the case may be.

PREPAYMENT:

(a) Daily Simple SOFR. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to Daily Simple SOFR, in any amount and without penalty.

(b) Term SOFR. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to Term SOFR and in the minimum amount of One Hundred Thousand and No/100 Dollars (\$100,000.00); provided however, that if the outstanding principal balance of such portion of this Note is less than said amount, the minimum prepayment amount shall be the entire outstanding principal balance hereof. In consideration of Bank providing this prepayment option to Borrower, or if any such portion of this Note shall become due and payable at any time prior to the last day of any Interest Period by acceleration or otherwise, Borrower shall pay to Bank immediately upon demand a fee which is the amount, if any, by which (i) exceeds (ii) below:

- (i) The amount of interest that would have accrued on the amount prepaid at the interest rate applicable to such amount had it remained outstanding until the last day of the Interest Period applicable thereto.
- (ii) The amount of interest that would have accrued on the amount prepaid at Term SOFR (without adding any spread or margin specified in part (a) under the "INTEREST" section of this Note) that would have been applicable to such amount had this Note been disbursed on the repayment date and remained outstanding until the last day of the Interest Period applicable thereto.

Borrower acknowledges that prepayment of such amount may result in Bank incurring additional costs, expenses and/or liabilities, and that it is difficult to ascertain the full extent of such costs, expenses and/or liabilities. Borrower, therefore, agrees to pay the above-described prepayment fee and agrees that said amount represents a reasonable estimate of the prepayment costs, expenses and/or liabilities of Bank. If Borrower fails to pay any prepayment fee when due, the amount of such prepayment fee shall thereafter bear interest until paid at a rate per annum two percent (2.0%) above the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed).

(c) Application of Prepayments. If principal under this Note is payable in more than one installment, then any prepayments of principal shall be applied to the most remote principal installment or installments then unpaid.

HEDGE PORTION PROVISIONS:

Notwithstanding anything to the contrary set forth herein, at any time a Swap Agreement is in effect in connection with the loan evidenced by this Note that is intended to hedge borrowings bearing interest determined in relation to Term SOFR, the following revisions to this Note shall apply with respect to the outstanding principal amount of Term SOFR borrowings hereunder equal to the lesser of (i) the principal balance outstanding hereunder and (ii) the notional amount of the Swap Agreement that is intended to hedge Term SOFR borrowings (the "Hedge Portion"):

- (a) With respect to the Hedge Portion, no Daily Simple SOFR interest option shall be available.

(b) With respect to the Hedge Portion, the following definition of “Interest Period” shall apply:

“Interest Period” means a period of one (1) month, with the understanding that (i) the initial Interest Period shall commence on the later of (A) the effective date of the Swap Agreement, plus such additional period of time as Bank may require to implement this change hereunder, and (B) the date this Note is initially disbursed, and shall continue up to, but shall not include, the first day of the immediately following month, (ii) thereafter, each Interest Period shall commence automatically, without notice to or consent from Borrower, on the eighth (8<sup>th</sup>) day of each month and continue up to, but shall not include, the eighth (8<sup>th</sup>) day of the immediately following month, (iii) if any Interest Period is scheduled to commence on a day which is not a Federal Reserve Business Day, then such Interest Period shall commence on the next succeeding Federal Reserve Business Day (and the preceding Interest Period shall continue up to, but shall not include, the first day of such Interest Period), unless the result of such extension would be to cause such Interest Period to begin in the next calendar month, in which event such Interest Period shall commence on the immediately preceding Federal Reserve Business Day (and the preceding Interest Period shall continue up to, but shall not include, the first day of such Interest Period), and (iv) if, on the first day of the last Interest Period applicable hereto the remaining term of this Note is less than one (1) month, said Interest Period shall be in effect only until the scheduled maturity date hereof. An Interest Period that commences with respect to a Hedge Portion hereunder shall continue until its scheduled expiration date in accordance with the foregoing notwithstanding the termination of the Swap Agreement during such Interest Period.

#### SWAP AGREEMENT:

Borrower understands and acknowledges that (i) any Swap Agreement constitutes an independent agreement between Borrower and Bank or its affiliates, as applicable, and will be unaffected by any repayment, prepayment, acceleration, reduction, increase or change in the terms of this Note, except as otherwise expressly provided in the Swap Agreement, (ii) nothing in this Note shall be construed as a modification of a Swap Agreement or create an obligation to amend a Swap Agreement, (iii) Borrower may incur losses or reductions in benefits related to differences between the economic terms and characteristics of this Note and those of a related Swap Agreement (including, without limitation, differences with respect to maturity dates, payment dates and methods for determining interest rates and differences between borrowings hereunder and the notional amount of a related Swap Agreement), and Bank is under no obligation to ensure that there are no differences or that differences will not arise hereafter, including, without limitation, differences between usage hereunder and the notional amount of a related Swap Agreement, and (iv) Bank has no obligation to modify, renew or extend the maturity date of this Note to match the maturity date of a related Swap Agreement. For the purposes of this Note, “Swap Agreement” means any existing or future swap agreement by and between Borrower and Bank or any of its affiliates.

#### EVENTS OF DEFAULT:

Any default in the payment or performance of any obligation under this Note, or any defined event of default under the Credit Agreement, shall constitute an “Event of Default” under this Note.

#### MISCELLANEOUS:

(a) Remedies. Upon the occurrence of any Event of Default, the holder of this Note, at the holder’s option, may declare all sums of principal and interest outstanding hereunder to be immediately due and payable without presentment, demand, notice of nonperformance, notice of protest, protest or notice of dishonor, all of which are expressly waived by Borrower, and the obligation, if any, of the holder to extend any further credit hereunder shall immediately cease and terminate. Borrower shall pay to the holder immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable

attorneys' fees (to include outside counsel fees and all allocated costs of the holder's in-house counsel), expended or incurred by the holder in connection with the enforcement of the holder's rights and/or the collection of any amounts which become due to the holder under this Note whether or not suit is brought, and the prosecution or defense of any action in any way related to this Note, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity.

(b) Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Nebraska, but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

(c) Effective Date. The effective date of this Note shall be the date that Bank has accepted this Note and all conditions to the effectiveness of the Credit Agreement have been fulfilled to Bank's satisfaction. Notwithstanding the occurrence of the effective date of this Note, Bank shall not be obligated to extend credit under this Note until all conditions to each extension of credit set forth in the Credit Agreement have been fulfilled to Bank's satisfaction.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the undersigned has executed this Note to be effective as of the effective date set forth herein.

WERNER ENTERPRISES, INC.

By: /s/ Derek J. Leathers

Derek J. Leathers

Chairman, President & Chief Executive Officer

By: /s/ John J. Steele

John J. Steele

Executive Vice President, Treasurer & Chief Financial  
Officer

**Exhibit 10.6**

**TERM NOTE**

\$100,000,000.00

Omaha, Nebraska  
March 25, 2022

FOR VALUE RECEIVED, the undersigned, WERNER ENTERPRISES, INC., a Nebraska corporation ("Borrower"), promises to pay to the order of WELLS FARGO BANK, NATIONAL ASSOCIATION ("Bank") at its office at 13625 California St., Suite 200, Omaha, Nebraska 68154, or at such other place as the holder hereof may designate, in lawful money of the United States of America and in immediately available funds, the principal sum of One Hundred Million and No/100 Dollars (\$100,000,000.00), or so much thereof as may be advanced and be outstanding pursuant to the terms of the Credit Agreement, as defined herein, with interest thereon, to be computed on each advance from the date of its disbursement as set forth herein.

**DEFINITIONS:**

As used herein, the following terms shall have the meanings set forth after each, and any other term defined in this Note shall have the meaning set forth at the place defined:

- (a) "Applicable Margin" shall have the meaning ascribed to it in the Credit Agreement.
- (b) "Benchmark Floor" means a rate of interest equal to zero percent (0%).
- (c) "Conforming Changes" means any technical, administrative or operational changes (including, without limitation, changes to the definition of "U.S. Government Securities Business Day," the definition of "Interest Period" or any similar or analogous definition, the timing and frequency of determining rates and making payments of interest, prepayment provisions and other technical, administrative or operational matters) that Bank reasonably decides may be appropriate to reflect the adoption and implementation of a Benchmark Replacement or to permit the use and administration of Term SOFR or a Benchmark Replacement by Bank.
- (d) "Credit Agreement" means that certain Credit Agreement dated as of March 25, 2022, between Borrower and Bank, as amended, modified, supplemented or restated from time to time.
- (e) "Daily Simple SOFR" means, with respect to any day (a "SOFR Rate Day"), a rate per annum equal to SOFR for the day (such day, the "SOFR Determination Day") that is five (5) U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website; provided, however, that if Daily Simple SOFR determined as provided above would be less than the Benchmark Floor, then Daily Simple SOFR shall be deemed to be the Benchmark Floor. If by 5:00 p.m. (New York City time) on the fifth (5th) U.S. Government Securities Business Day immediately following any SOFR Determination Day, SOFR in respect of such SOFR Determination Day has not been published on the SOFR Administrator's Website and a Benchmark Replacement Date with respect to Daily Simple SOFR has not occurred, then SOFR for such SOFR Determination Day will be SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website; provided that any SOFR determined pursuant to this sentence shall be utilized for purposes of calculation of Daily Simple SOFR for no more than three (3) consecutive SOFR Rate Days.

(f) "Federal Reserve Business Day" means any day that is not a Saturday, Sunday or other day on which the Federal Reserve Bank of New York is closed.

(g) "Interest Period" means a period commencing on a Federal Reserve Business Day and continuing for one (1) month, three (3) months or six (6) months, as designated by Borrower from time to time, during which all or a portion of the outstanding principal balance of this Note bears interest determined in relation to Term SOFR with the understanding, that (i) no Interest Period may be selected for a principal amount less than One Hundred Thousand and No/100 Dollars (\$100,000.00), (ii) if the day after the end of any Interest Period is not a Federal Reserve Business Day (so that a new Interest Period could not be selected by Borrower to start on such day), then such Interest Period shall continue up to, but shall not include, the next Federal Reserve Business Day after the end of such Interest Period, unless the result of such extension would be to cause any immediately following Interest Period to begin in the next calendar month in which event the Interest Period shall continue up to, but shall not include, the Federal Reserve Business Day immediately preceding the last day of such Interest Period, (iii) no Interest Period shall extend beyond the scheduled maturity date hereof and (iv) no tenor that has been removed from this definition pursuant to the terms of this Note shall be available for designation by Borrower.

(h) "Prime Rate" means at any time the rate of interest most recently announced within Bank at its principal office as its prime rate, with the understanding that the Prime Rate is one of Bank's base rates and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto, and is evidenced by the recording thereof after its announcement in such internal publication or publications as Bank may designate; provided, however, that if Prime Rate determined as provided above would be less than zero percent (0%), then Prime Rate shall be deemed to be zero percent (0%).

(i) "SOFR" means a rate per annum equal to the secured overnight financing rate as administered by the SOFR Administrator.

(j) "SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

(k) "SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

(l) "Term SOFR" means the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "Term SOFR Determination Day") that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that (x) if as of 5:00 p.m. (New York City time) on any Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Term SOFR Determination Day and (y) if Term SOFR determined as provided above (including pursuant to clause (x) of this proviso) shall ever be less than the Benchmark Floor, then Term SOFR shall be deemed to be the Benchmark Floor.

(m) "Term SOFR Administrator" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by Bank in its reasonable discretion).

(n) "Term SOFR Reference Rate" means the forward-looking term rate based on SOFR.

(o) "U.S. Government Securities Business Day" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association, or any successor thereto, recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

INTEREST:

(a) Interest. The outstanding principal balance of this Note shall bear interest (computed on the basis of a 360-day year, actual days elapsed) either (i) at a fluctuating rate per annum determined by Bank to be the Daily Simple SOFR in effect from time to time plus the Applicable Margin, or (ii) at a fixed rate per annum determined by Bank to be the Term SOFR in effect on the first day of the applicable Interest Period plus the Applicable Margin. Bank is hereby authorized to note the date, principal amount and interest rate applicable to this Note and any payments made thereon on Bank's books and records (either manually or by electronic entry) and/or on any schedule attached to this Note, which notations shall be prima facie evidence of the accuracy of the information noted. Bank shall be permitted to estimate the amount of accrued interest that is payable at any time hereunder on the applicable invoice provided by Bank to Borrower in respect thereof, in which case Borrower shall pay such estimated amount and Bank shall to the extent necessary, include on the next invoice an adjustment to correct any difference between the amount on the applicable invoice and the amount of interest that actually accrued pursuant to the terms of this Note.

(b) Selection of Interest Rate Options. Subject to the provisions herein regarding Interest Periods and the prior notice required for the selection of a Term SOFR interest rate, (i) at any time any portion of this Note bears interest determined in relation to Term SOFR for an Interest Period, (A) it may be continued by Borrower at the end of the Interest Period applicable thereto so that all or a portion thereof bears interest determined in relation to Term SOFR for a new Interest Period designated by Borrower or (B) Borrower may convert all or a portion thereof so that it bears interest determined in relation to Daily Simple SOFR, (ii) at any time any portion of this Note bears interest determined in relation to Daily Simple SOFR, Borrower may convert all or a portion thereof so that it bears interest determined in relation to Term SOFR for an Interest Period designated by Borrower, and (iii) at the time an advance is made hereunder, Borrower may choose to have all or a portion thereof bear interest determined in relation to Daily Simple SOFR or to Term SOFR for an Interest Period designated by Borrower.

To select a Term SOFR option hereunder, Borrower shall give Bank notice thereof that is received by Bank prior to 11:00 a.m. in the time zone of the city referenced on the first page of this Note above the Note date on a Federal Reserve Business Day at least two (2) Federal Reserve Business Days prior to the first day of the Interest Period, or at a later time during such Federal Reserve Business Day if Bank, at its sole option but without obligation to do so, accepts Borrower's notice and quotes a fixed rate to Borrower. Such notice shall specify: (A) the interest rate option selected by Borrower, (B) the principal amount subject thereto, and (C) for each Term SOFR selection, to the extent Borrower has the option to designate the length of an Interest Period, the length of the applicable Interest Period. If Bank has not received such notice in accordance with the foregoing before an advance is made hereunder or before the end of any Interest Period, Borrower shall be deemed to have made a Daily Simple SOFR interest selection for such advance or the principal amount to which such Interest Period applied. Any such notice may be given by telephone (or such other electronic method as Bank may permit) so long as it is given in accordance with the foregoing and, with respect to each Term SOFR selection, if requested by Bank, Borrower provides to Bank written confirmation thereof not later than three (3) Federal Reserve Business Days after such notice is given. Borrower shall reimburse Bank immediately upon demand for any loss or expense (including any loss or expense incurred by reason of the liquidation or redeployment of funds obtained to fund or maintain a Term SOFR borrowing) incurred by Bank as a result of the failure of Borrower to accept or complete a Term

SOFR borrowing hereunder after making a request therefor. Any reasonable determination of such amounts by Bank shall be conclusive and binding upon Borrower. Should more than one person or entity sign this Note as a Borrower, any notice required above may be given by any one Borrower acting alone, which notice shall be binding on all other Borrowers.

(c) Taxes and Regulatory Costs. Borrower shall pay to Bank immediately upon demand, in addition to any other amounts due or to become due hereunder, any and all (i) withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any domestic or foreign governmental authority and related in any manner to SOFR, Daily Simple SOFR or Term SOFR, and (ii) costs, expenses and liabilities arising from or in connection with reserve percentages prescribed by the Board of Governors of the Federal Reserve System (or any successor) for “Eurocurrency Liabilities” (as defined in Regulation D of the Board of Governors of the Federal Reserve System, as amended), assessment rates imposed by the Federal Deposit Insurance Corporation, or similar requirements or costs imposed by any domestic or foreign governmental authority or resulting from compliance by Bank with any request or directive (whether or not having the force of law) from any central bank or other governmental authority and related in any manner to SOFR, Daily Simple SOFR or Term SOFR. In determining which of the foregoing are attributable to any SOFR, Daily Simple SOFR or Term SOFR option available to Borrower hereunder, any reasonable allocation made by Bank among its operations shall be conclusive and binding upon Borrower.

(d) Default Interest. Bank shall have the option in its sole and absolute discretion to have the outstanding principal balance of this Note bear interest at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to four percent (4.0%) above the rate of interest from time to time applicable to this Note (i) from and after the maturity date of this Note; (ii) from and after the date prior to the maturity date of this Note when all principal owing hereunder becomes due and payable by acceleration or otherwise; and/or (iii) upon the occurrence and during the continuance of any Event of Default.

(e) Inability to Determine Interest Rates; Illegality. Subject to the Benchmark Replacement Provisions below, if Bank determines (any determination of which shall be conclusive and binding on Borrower) that either (i) Daily Simple SOFR or Term SOFR for the applicable Interest Period cannot be determined pursuant to the definition thereof other than as a result of a Benchmark Transition Event (an “Inability Determination”) or (ii) any law has made it unlawful, or that any governmental authority has asserted that it is unlawful, for Bank to make or maintain an advance based on SOFR, Daily Simple SOFR or Term SOFR, or to determine or charge interest rates based upon SOFR, Daily Simple SOFR or Term SOFR (an “Illegality Determination”), then Bank will so notify Borrower. If the foregoing Inability Determination or Illegality Determination relates to Daily Simple SOFR, then any outstanding principal balance of this Note bearing interest determined in relation to Daily Simple SOFR shall bear interest (x) pursuant to the Term SOFR option herein (if selected by Borrower and to the extent such option is available) or (y) otherwise, at a fluctuating rate per annum determined by Bank to be equal to the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed), from the date of such Inability Determination or such Illegality Determination until Bank revokes such Inability Determination or notifies Borrower that the circumstances giving rise to such Illegality Determination no longer exist, as applicable. If the foregoing Inability Determination or Illegality Determination relates to Term SOFR for any Interest Period, then any outstanding principal balance of this Note bearing interest determined in relation to Term SOFR for any affected Interest Period shall bear interest (x) pursuant to the Daily Simple SOFR option herein (to the extent such option is available) or (y) otherwise, at a fluctuating rate per annum determined by Bank to be the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed), from the date of such Inability Determination or such Illegality Determination until Bank revokes such Inability Determination or notifies Borrower that the circumstances giving rise to such Illegality Determination no longer exist, as applicable; provided, however, that, with respect to any outstanding principal balance of this Note bearing interest determined in relation to Term SOFR for any affected Interest Period, no such determination of interest shall take effect during any applicable Interest Period as a result of an

Inability Determination. When interest is determined in relation to the Prime Rate, each change in the rate of interest hereunder shall become effective on the date each Prime Rate change is announced within Bank. Notwithstanding any of the foregoing to the contrary, if a Benchmark Replacement is subsequently determined in accordance with applicable Benchmark Replacement Provisions, that Benchmark Replacement, plus any applicable margin, will then supersede the foregoing with respect to the replaced Benchmark.

(f) Term SOFR Conforming Changes. In connection with the use or administration of Term SOFR, Bank will have the right to make Conforming Changes from time to time and any amendments implementing such Conforming Changes will become effective without any further action or consent of Borrower. Bank will promptly notify Borrower of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

#### BENCHMARK REPLACEMENT PROVISIONS:

Notwithstanding anything to the contrary contained in this Note or in any related loan document (for the purposes of these Benchmark Replacement Provisions, a swap agreement by and between Borrower and Bank or any of its affiliates is not a loan document):

(a) Benchmark Replacement. If a Benchmark Transition Event with respect to any applicable then-current Benchmark, occurs, the applicable Benchmark Replacement will replace such Benchmark for all purposes under this Note or under any related loan document. Any Benchmark Replacement will become effective on the applicable Benchmark Replacement Date without any further action or consent of Borrower.

(b) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, Bank will have the right to make Conforming Changes from time to time and any amendments implementing such Conforming Changes will become effective without any further action or consent of Borrower.

(c) Notices; Standards for Decisions and Determinations. Bank will promptly notify Borrower of (i) the implementation of any Benchmark Replacement, (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement and (iii) the removal or reinstatement of any tenor of a Benchmark pursuant to the provisions of this Note. Any determination, decision or election that may be made by Bank pursuant to these Benchmark Replacement Provisions, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and will be made in its sole discretion and without Borrower consent.

(d) Unavailability of Tenor of Benchmark. At any time (including in connection with the implementation of a Benchmark Replacement), (i) if any then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by Bank in its reasonable discretion or (B) the administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks, then Bank may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after the occurrence of either (A) or (B) above to remove such unavailable, non-representative, non-compliant or non-aligned tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) as selected by Bank in its reasonable discretion or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks for a Benchmark (including a

Benchmark Replacement), then Bank may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Certain Defined Terms. As used in this Note, each of the following capitalized terms has the meaning given to such term below:

(i) “Available Tenor” means, as of any date of determination and with respect to any then-current Benchmark, as applicable, (A) if such Benchmark is a term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period pursuant to this Note or (B) otherwise, any payment period for interest calculated with reference to such Benchmark that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to the provisions of this Note.

(ii) “Benchmark” means, initially, Daily Simple SOFR or the Term SOFR Reference Rate, as applicable; provided, however, that if a Benchmark Transition Event has occurred with respect to Daily Simple SOFR, the Term SOFR Reference Rate or the applicable then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has become effective pursuant to the provisions of this Note.

(iii) “Benchmark Administrator” means, with respect to any then-current Benchmark, initially, the SOFR Administrator or the Term SOFR Administrator, as applicable, or any successor administrator of such Benchmark or any insolvency or resolution official with authority over such administrator.

(iv) “Benchmark Replacement” means the sum of: (A) the alternate reference rate that has been selected by Bank as the replacement for the applicable then-current Benchmark; and (B) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by Bank, in each case, giving due consideration to (x) any selection or recommendation by the Relevant Governmental Body at such time for a replacement reference rate, the mechanism for determining such a rate, the methodology or conventions applicable to such alternate reference rate, or the spread adjustment, or method for calculating or determining such spread adjustment, for such rate, or (y) any evolving or then-prevailing market convention for determining an alternate reference rate as a replacement to the applicable then-current Benchmark, the methodology or conventions applicable to such rate, or the spread adjustment, or method for calculating or determining such spread adjustment, for such rate for U.S. dollar-denominated syndicated or bilateral credit facilities; provided, however, that if the applicable Benchmark Replacement as determined as provided above would be less than the Benchmark Floor, then the applicable Benchmark Replacement shall be deemed to be the Benchmark Floor for the purposes of this Note and the related loan documents, subject to any other applicable floor rate provision.

(v) “Benchmark Replacement Date” means the date specified by Bank in a notice to Borrower following a Benchmark Transition Event.

(vi) “Benchmark Transition Event” means the occurrence of one or more of the following events with respect to any then-current Benchmark: a public statement or publication of information by or on behalf of the Benchmark Administrator or a regulatory supervisor for the Benchmark Administrator announcing that (A) the Benchmark Administrator has ceased or will cease to provide such Benchmark, or, if such Benchmark is a term rate, all Available Tenors of such Benchmark, permanently

or indefinitely, or (B) such Benchmark is, or, if such Benchmark is a term rate, all Available Tenors of such Benchmark are, not, or as of a specified future date will not be, representative of underlying markets or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.

(vii) "Relevant Governmental Body" means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto.

#### REPAYMENT:

(a) Repayment of Principal. The outstanding principal balance of this Note shall be due and payable in full on May 14, 2024.

(b) Payment of Interest. Interest accrued on this Note shall be payable on the first day of each month, commencing April 1, 2022, and on the maturity date set forth above.

(c) Application of Payments. Each payment made on this Note shall be credited first, to any interest then due and second, to the outstanding principal balance hereof. All payments credited to principal shall be applied first, to the outstanding principal balance of this Note which bears interest determined in relation to Daily Simple SOFR, if any, and second, to the outstanding principal balance of this Note which bears interest determined in relation to Term SOFR, with such payments applied to the oldest Interest Period first.

#### PAYMENTS:

If any payment of principal or interest to be made pursuant to this Note, other than a prepayment or a payment due on the maturity date of this Note, shall fall due on a day that is not a Federal Reserve Business Day, payment shall be made on the next succeeding Federal Reserve Business Day, except that, if such next succeeding Federal Reserve Business Day would fall in the next calendar month, such payment shall be made on the immediately preceding Federal Reserve Business Day. Any extension or contraction of time shall be reflected in computing interest or fees, as the case may be.

#### HEDGE PORTION PROVISIONS:

Notwithstanding anything to the contrary set forth herein, at any time a Swap Agreement is in effect in connection with the loan evidenced by this Note that is intended to hedge borrowings bearing interest determined in relation to Term SOFR, the following revisions to this Note shall apply with respect to the outstanding principal amount of Term SOFR borrowings hereunder equal to the lesser of (i) the principal balance outstanding hereunder and (ii) the notional amount of the Swap Agreement that is intended to hedge Term SOFR borrowings (the "Hedge Portion"):

(a) With respect to the Hedge Portion, no Daily Simple SOFR interest option shall be available.

(b) With respect to the Hedge Portion, the following definition of "Interest Period" shall apply:

"Interest Period" means a period of one (1) month, with the understanding that (i) the initial Interest Period shall commence on the later of (A) the effective date of the Swap Agreement, plus such additional period of time as Bank may require to implement this change hereunder, and (B) the date this Note is initially disbursed, and shall continue up to, but shall not include, the first day of the immediately following month, (ii) thereafter, each Interest Period shall

commence automatically, without notice to or consent from Borrower, on the first day of each month and continue up to, but shall not include, the first day of the immediately following month, (iii) if any Interest Period is scheduled to commence on a day which is not a Federal Reserve Business Day, then such Interest Period shall commence on the next succeeding Federal Reserve Business Day (and the preceding Interest Period shall continue up to, but shall not include, the first day of such Interest Period), unless the result of such extension would be to cause such Interest Period to begin in the next calendar month, in which event such Interest Period shall commence on the immediately preceding Federal Reserve Business Day (and the preceding Interest Period shall continue up to, but shall not include, the first day of such Interest Period), and (iv) if, on the first day of the last Interest Period applicable hereto the remaining term of this Note is less than one (1) month, said Interest Period shall be in effect only until the scheduled maturity date hereof. An Interest Period that commences with respect to a Hedge Portion hereunder shall continue until its scheduled expiration date in accordance with the foregoing notwithstanding the termination of the Swap Agreement during such Interest Period.

**PREPAYMENT:**

(a) Daily Simple SOFR. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to Daily Simple SOFR, in any amount and without penalty.

(b) Term SOFR. Borrower may prepay principal on any portion of this Note which bears interest determined in relation to Term SOFR and in the minimum amount of One Hundred Thousand and No/100 Dollars (\$100,000.00); provided however, that if the outstanding principal balance of such portion of this Note is less than said amount, the minimum prepayment amount shall be the entire outstanding principal balance hereof. In consideration of Bank providing this prepayment option to Borrower, or if any such portion of this Note shall become due and payable at any time prior to the last day of any Interest Period by acceleration or otherwise, Borrower shall pay to Bank immediately upon demand a fee which is the amount, if any, by which (i) exceeds (ii) below:

- (i) The amount of interest that would have accrued on the amount prepaid at the interest rate applicable to such amount had it remained outstanding until the last day of the Interest Period applicable thereto.
- (ii) The amount of interest that would have accrued on the amount prepaid at Term SOFR (without adding any spread or margin specified in part (a) under the "INTEREST" section of this Note) that would have been applicable to such amount had this Note been disbursed on the repayment date and remained outstanding until the last day of the Interest Period applicable thereto.

Borrower acknowledges that prepayment of such amount may result in Bank incurring additional costs, expenses and/or liabilities, and that it is difficult to ascertain the full extent of such costs, expenses and/or liabilities. Borrower, therefore, agrees to pay the above-described prepayment fee and agrees that said amount represents a reasonable estimate of the prepayment costs, expenses and/or liabilities of Bank. If Borrower fails to pay any prepayment fee when due, the amount of such prepayment fee shall thereafter bear interest until paid at a rate per annum two percent (2.0%) above the Prime Rate in effect from time to time (computed on the basis of a 360-day year, actual days elapsed).

(c) Application of Prepayments. If principal under this Note is payable in more than one installment, then any prepayments of principal shall be applied to the most remote principal installment or installments then unpaid.

**SWAP AGREEMENT:**

Borrower understands and acknowledges that (i) any Swap Agreement constitutes an independent agreement between Borrower and Bank or its affiliates, as applicable, and will be

unaffected by any repayment, prepayment, acceleration, reduction, increase or change in the terms of this Note, except as otherwise expressly provided in the Swap Agreement, (ii) nothing in this Note shall be construed as a modification of a Swap Agreement or create an obligation to amend a Swap Agreement, (iii) Borrower may incur losses or reductions in benefits related to differences between the economic terms and characteristics of this Note and those of a related Swap Agreement (including, without limitation, differences with respect to maturity dates, payment dates and methods for determining interest rates and differences between borrowings hereunder and the notional amount of a related Swap Agreement), and Bank is under no obligation to ensure that there are no differences or that differences will not arise hereafter, including, without limitation, differences between usage hereunder and the notional amount of a related Swap Agreement, and (iv) Bank has no obligation to modify, renew or extend the maturity date of this Note to match the maturity date of a related Swap Agreement. For the purposes of this Note, "Swap Agreement" means any existing or future swap agreement by and between Borrower and Bank or any of its affiliates.

EVENTS OF DEFAULT:

Any default in the payment or performance of any obligation under this Note, or any defined event of default under the Credit Agreement, shall constitute an "Event of Default" under this Note.

MISCELLANEOUS:

(a) Remedies. Upon the occurrence of any Event of Default, the holder of this Note, at the holder's option, may declare all sums of principal and interest outstanding hereunder to be immediately due and payable without presentment, demand, notice of nonperformance, notice of protest, protest or notice of dishonor, all of which are expressly waived by Borrower, and the obligation, if any, of the holder to extend any further credit hereunder shall immediately cease and terminate. Borrower shall pay to the holder immediately upon demand the full amount of all payments, advances, charges, costs and expenses, including reasonable attorneys' fees (to include outside counsel fees and all allocated costs of the holder's in-house counsel), expended or incurred by the holder in connection with the enforcement of the holder's rights and/or the collection of any amounts which become due to the holder under this Note whether or not suit is brought, and the prosecution or defense of any action in any way related to this Note, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to Borrower or any other person or entity.

(b) Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of Nebraska, but giving effect to federal laws applicable to national banks, without reference to the conflicts of law or choice of law principles thereof.

(c) Effective Date. The effective date of this Note shall be the date that Bank has accepted this Note and all conditions to the effectiveness of the Credit Agreement have been fulfilled to Bank's satisfaction. Notwithstanding the occurrence of the effective date of this Note, Bank shall not be obligated to extend credit under this Note until all conditions to each extension of credit set forth in the Credit Agreement have been fulfilled to Bank's satisfaction.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the undersigned has executed this Note to be effective as of the effective date set forth herein.

WERNER ENTERPRISES, INC.

By: /s/ Derek J. Leathers

Derek J. Leathers

Chairman, President & Chief Executive Officer

By: /s/ John J. Steele

John J. Steele

Executive Vice President, Treasurer & Chief Financial  
Officer

**Exhibit 10.7**

**Second Amendment to Facility Letter**

This Second Amendment to Facility Letter (herein, the “*Amendment*”) is entered into as of March 25, 2022, between Werner Enterprises, Inc., a Nebraska corporation (the “*Borrower*”), and BMO Harris Bank N.A. (the “*Bank*”).

**Preliminary Statements**

A. Borrower and Bank are parties to that certain Facility Letter, dated as of May 14, 2019 (as amended, restated, modified or otherwise supplemented from time to time, the “*Facility Letter*”). All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the Facility Letter.

B. Borrower has requested an increase in the Maximum Facility Amount, and Bank is willing to do so on under the terms and conditions set forth in this Amendment.

Now, Therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendments.

Subject to the satisfaction of the conditions precedent set forth in Section 2 below, the Facility Letter shall be and hereby is amended as follows:

1.1. Section 1 (Amount and Type of Credit) of the Facility Letter shall be amended by replacing the amount “\$200,000,000” with the amount “\$300,000,000”.

1.2. Sections 5(a) and 5(c) shall be amended and restated in their entirety to read as follows:

(a) The outstanding principal balance of the Loans (the principal balance of the Loans bearing interest at the same rate for the same period of time being hereinafter referred to as a “*Portion*”) shall bear interest with reference to the Base Rate (the “*Base Rate Portion*”) or, at the Borrower’s election subject to the terms and conditions hereof, with reference to SOFR Rate (“*SOFR Portions*”). Subject to the terms and conditions hereof, Portions may be converted from time to time from one basis to another. All principal of the Loans that bears interest with reference to a particular SOFR Rate for a particular Interest Period shall constitute a single SOFR Portion. All principal of the Loans that is not part of a SOFR Portion shall constitute a single Base Rate Portion. There shall not be more than six (6) SOFR Portions outstanding at any one time. Anything contained herein to the contrary notwithstanding, no SOFR Portion shall be created, continued, or effected by conversion during the existence of any Default or any event or condition which with the lapse of time or the giving of

notice, or both, would constitute a Default hereunder. The Borrower hereby promises to pay interest on each Portion at the rates and times specified herein. The interest rate payable under this Facility Letter shall be subject, however, to the limitation that such interest rate shall never exceed the highest rate that the Borrower may contract to pay under applicable law.

(c) *SOFR Portions*. Each SOFR Portion shall bear interest for each Interest Period selected therefor at a rate per annum determined by adding the Applicable Margin to the Adjusted SOFR Rate, *provided* that if any SOFR Portion is not paid when due (whether by lapse of time, acceleration or otherwise), or at the election of the Bank upon notice to the Borrower during the existence of any other Default, such Portion shall bear interest, whether before or after judgment, until payment in full thereof through the end of the Interest Period then applicable thereto at the rate per annum determined by adding 2.0% to the interest rate which would otherwise be applicable thereto, and effective at the end of such Interest Period such SOFR Portion shall automatically be converted into and added to the Base Rate Portion and shall thereafter bear interest at the interest rate applicable to the Base Rate Portion after default. Interest on each SOFR Portion shall be due and payable on the last day of each Interest Period applicable thereto; and interest after maturity shall be due and payable upon demand. The Borrower shall notify the Bank on or before 11:00 a.m. (Chicago time) on the third Business Day preceding the end of an Interest Period applicable to a SOFR Portion whether such SOFR Portion is to continue as a SOFR Portion, in which event the Borrower shall notify the Bank of the new Interest Period selected thereto, and in the event the Borrower shall fail to so notify the Bank, such SOFR Portion shall automatically be converted into and added to the Base Rate Portion as of and on the last day of such Interest Period.

1.3. Sections 5(d), 5(e), 5(f), 5(g), 5(j), 5(l), 8(a), 8(b), Exhibit B, and Exhibit C shall be amended by replacing each instance of “LIBOR Portion” and “LIBOR Portions” with “SOFR Portion” and “SOFR Portions”, respectively.

1.4. Section 5(i)(i) shall be amended by deleting the parenthetical “(except any reserve requirement reflected in Adjusted LIBOR)” and Section 5(i)(iii) shall be amended by deleting “or the London interbank market”.

1.5. Sections 5(h) and 5(k) shall be amended and restated in their entirety to read as follows:

(h) *Benchmark Transition Events*. Notwithstanding anything herein to the contrary, after the occurrence of a Benchmark Transition Event and until the Bank shall have notified the Borrower of a substitute index rate for SOFR Rate as set forth in the definition of “SOFR Rate”, no SOFR Portions may be created and all existing SOFR Portions will be automatically converted to Base Rate Portions upon the end of the Interest Period applicable thereto. In connection with the Bank’s implementation of a substitute index rate for SOFR Rate as set forth in the

definition of “SOFR Rate”, and notwithstanding anything to the contrary herein, after the occurrence of a Benchmark Transition Event the Bank may make any technical, administrative or operational changes to this Facility Letter and any other loan documents, and may make any adjustments to the Applicable Margin, to reflect the adoption and implementation of the substitute index rate and to permit the administration thereof by the Bank, and any amendments to this Facility Letter or any other loan documents reflecting such conforming changes will be effective without any further action or consent from the Borrower.

(k) *Lending Branch; Discretion of Bank as to Manner of Funding.* The Bank may, at its option, elect to make, fund, or maintain Portions of the Loans hereunder at such of its branches or offices as the Bank may from time to time elect. Notwithstanding any provision of this Facility Letter to the contrary, the Bank shall be entitled to fund and maintain its funding of all or any part of the Loans in any manner it sees fit.

1.6. Section 5(m) (Definitions) shall be amended by inserting in appropriate alphabetical sequence or amending and restating, as applicable, the following definitions:

“*Adjusted SOFR Rate*” means the per annum rate equal to the sum of SOFR Rate *plus* 0.10% (10 basis points). If Adjusted SOFR Rate as so determined would be less than 0.00%, the Adjusted SOFR Rate will be deemed to be 0.00% for the purposes of this Facility Letter.

“*Applicable Margin*” means, with respect to Loans, letter of credit fees payable under Section 9(b), and the commitment fees payable under Section 9(a), until the first Pricing Date, the rates per annum shown opposite Level I below, and thereafter from one Pricing Date to the next the Applicable Margin means the rates per annum determined in accordance with the following schedule:

Level	Total Funded Debt/EBITDA Ratio for Such Pricing Date	Applicable Margin for SOFR		
		Portions and Letter of Credit Fee shall be:	Applicable Margin for Base Rate Portion shall be:	Applicable Margin for Commitment shall be:
III	Greater than or equal to 2.0 to 1.0	1.50%	0.50%	0.25%
II	Less than 2.0 to 1.0, but greater than or equal to 1.0 to 1.0	1.15%	0%	0.15%
I	Less than 1.0 to 1.0	0.70%	0%	0.10%

For purposes hereof, the term “*Pricing Date*” means, for any fiscal quarter of Borrower ending on or after June 30, 2019, the date on which Bank is in receipt of Borrower’s most recent financial statements (and, in the case of the year-end financial statements, audit report) for the fiscal quarter then ended, pursuant to

Section 12(c); *provided, however*, so long as Borrower is publicly traded and files Forms 10-K and 10-Q with the SEC, solely for purposes of determining the Pricing Date, Bank shall be deemed to have received such financial statements on the date such forms are made publicly available in electronic form on EDGAR. The Applicable Margin shall be established based on the Total Funded Debt/EBITDA Ratio for the most recently completed fiscal quarter and the Applicable Margin established on a Pricing Date shall remain in effect until the next Pricing Date. If Borrower has not delivered its financial statements within fifteen (15) days after the date such financial statements (and, in the case of the year-end financial statements, audit report) are required to be delivered under Section 12(c), or if Borrower's applicable Form 10-K or 10-Q has not been made publicly available in electronic form on EDGAR within fifteen (15) days after the date such financial statements (and, in the case of the year-end financial statements, audit report) are required to be delivered under Section 12(c), until such financial statements and audit report are delivered, the Applicable Margin shall be the highest Applicable Margin (*i.e.*, Level III shall apply). If Borrower subsequently delivers such financial statements before the next Pricing Date, the Applicable Margin shall be determined on the date of delivery of such financial statements and remain in effect until the next Pricing Date. In all other circumstances, the Applicable Margin shall be in effect from the Pricing Date that occurs immediately after the end of the fiscal quarter covered by such financial statements until the next Pricing Date. Each determination of the Applicable Margin made by Bank in accordance with the foregoing shall be conclusive and binding on Borrower if reasonably determined.

“*Base Rate*” means, for any day, the rate per annum equal to the greatest of: (a) the rate of interest announced or otherwise established by the Bank from time to time as its prime commercial rate as in effect on such day, with any change in the Base Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate (it being acknowledged and agreed that such rate may not be the Bank's best or lowest rate), (b) the sum of (i) the rate determined by the Bank to be the average (rounded upward, if necessary, to the next higher 1/100 of 1%) of the rates per annum quoted to the Bank at approximately 10:00 a.m. (Chicago time) (or as soon thereafter as is practicable) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) by two or more Federal funds brokers selected by the Bank for sale to the Bank at face value of Federal funds in the secondary market in an amount equal or comparable to the principal amount for which such rate is being determined, *plus* (ii) 1/2 of 1%, and (c) SOFR Rate as quoted on the applicable SOFR Reference Date *plus* 1.10%. If the Base Rate is being used as an alternate rate of interest pursuant to Section 5.1(h) hereof, or a Benchmark Transition Event has occurred, then the Base Rate shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above. If the Base Rate as so determined would be less than 0.00%, the Base Rate will be deemed to be 0.00% for the purposes of this Facility Letter.

“*Benchmark Transition Event*” means the occurrence of any of the following events with respect to the SOFR Rate (as determined by the Bank in its sole discretion): (a) the SOFR Rate is no longer available or published, (b) the administrator of the SOFR Rate or a governmental authority having jurisdiction over the Bank has made a public statement that the SOFR Rate shall no longer be made available, used or advisable for determining interest rates of loans; (c) loans are currently being executed containing, or loans that include benchmark replacement language similar to that contained in this Facility Letter are being executed or modified (as applicable) to incorporate or adopt, a new benchmark interest rate to replace a term SOFR rate referred therein.

“*Business Day*” means any day other than a Saturday or Sunday on which the Bank is not authorized or required to close in Chicago, Illinois.

“*Interest Period*” means, with respect to any SOFR Portion, the period commencing on, as the case may be, the creation, continuation, or conversion date with respect to such SOFR Portion and ending 1 month thereafter as selected by the Borrower in its notice as provided herein; provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

- (i) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day, unless in the case of an Interest Period for a SOFR Portion the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day; and
- (ii) the interest rate to be applicable to each SOFR Portion for each Interest Period shall apply from and including the first day of such Interest Period to but excluding the last day thereof; and
- (iii) no Interest Period may be selected which would end after the Termination Date.

For purposes of determining an Interest Period, a month means a period starting on one day in a calendar month and ending on a numerically corresponding day in the next calendar month, *provided, however*, if an Interest Period begins on the last day of a month or if there is no numerically corresponding day in the month in which an Interest Period is to end, then such Interest Period shall end on the last Business Day of such month.

“*Second Amendment Effective Date*” means March 25, 2022.

“*SOFR Rate*” means, for the applicable tenor, the per annum forward-looking term secured overnight financing rate as administered by the CME Group Benchmark Administration Limited (CBA) (or a successor administrator selected

by Bank) as quoted on the applicable SOFR Reference Date. Each determination of the SOFR Rate made by the Bank shall be conclusive and binding absent manifest error. Notwithstanding anything to the contrary herein, after the occurrence of a Benchmark Transition Event, the Bank may select an alternative index rate to replace the SOFR Rate as the benchmark interest rate for SOFR Portions hereunder (such rate to be selected in Bank's sole discretion) and may make any technical, administrative or operational changes to this Facility Letter and any other loan documents, and may make any adjustments to the Applicable Margin, to reflect the adoption and implementation of the substitute index rate and to permit the administration thereof by the Bank, and any amendments to this Facility Letter or any other loan documents reflecting such conforming changes will be effective without any further action or consent from Borrower.

*"SOFR Reference Date"* means (i) with respect to the determination of SOFR Rate for any SOFR Portion, the date that is two (2) U.S. Government Securities Business Days prior to the first day of the Interest Period for such SOFR Portion; and (ii) with respect to any determination of Base Rate the date that is two (2) U.S. Government Securities Business Days prior to such date of determination.

*"U.S. Government Securities Business Day"* means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

1.7. The definitions of "Adjusted LIBOR" and "Federal Funds Rate" shall be deleted from Section 5(m).

1.8. Section 11(i) shall be amended and restated in its entirety to read as follows:

(i) Borrower and its Subsidiaries are in compliance in all material respects with the requirements of all federal, state and local laws, rules and regulations applicable to or pertaining to their property or business operations (including, without limitation, the Occupational Safety and Health Act of 1970, the Americans with Disabilities Act of 1990, and laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes and substances), non compliance with which, individually or in the aggregate, could reasonably be expected to have a material adverse effect on their operations, business, property, or condition (financial or otherwise). Borrower and each other member of its Controlled Group has fulfilled its obligations under the minimum funding standards of, and is in compliance in all material respects with, ERISA and the Code to the extent applicable to it and has not incurred any liability to the PBGC or a Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA. Neither

Borrower nor any Subsidiary has any contingent liabilities with respect to any post retirement benefits under a Welfare Plan (as defined in Section 3(1) of ERISA), other than liability for continuation coverage described in Article 6 of Title I of ERISA. To the best of Borrower's knowledge, following reasonable inquiry, neither Borrower nor any of its Subsidiaries have any material liability, contingent or otherwise, arising under any applicable federal or state environmental health and safety statutes and regulations. For purposes of this Facility Letter, (i) "Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with Borrower, are treated as a single employer under Section 414 of the Code, (ii) "Code" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto, (iii) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto, (iv) "PBGC" means the Pension Benefit Guaranty Corporation or any Person succeeding to any or all of its functions under ERISA, and (v) "Plan" means any employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that either (a) is maintained by a member of the Controlled Group for employees of a member of the Controlled Group or (b) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions

1.9. Sections 12(c)(v) and (vi) shall be amended and restated in their entirety to read as follows:

(v) Promptly upon the occurrence of a default, breach or event of default under any note or any other evidence of indebtedness of Borrower or any Subsidiary in excess of \$1,000,000 in the aggregate, or upon becoming aware that the holder of any such note or other evidence of indebtedness has given or threatened to give notice or taken any other action with respect to a claim of default, breach or event of default under such evidence of indebtedness, Borrower shall give Bank notice describing the action taken, the nature of the actual or claimed default and the period of existence thereof, together with a detailed statement by an officer of Borrower of the steps being taken by Borrower or such Subsidiary to cure the actual or claimed default;

(vi) Promptly after the commencement thereof, notice in writing of all litigation and of all proceedings before any governmental or regulatory agency affecting Borrower or any Subsidiary, to the extent such litigation or proceedings seek a monetary recovery for uninsured claims against Borrower or any Subsidiary in excess of \$10,000,000 in the aggregate, or \$10,000,000 for claims subject to Employment Practice Liability insurance;

1.10. Section 12(f)(ii) shall be amended and restated in its entirety to read as follows:

(ii) the liabilities of Borrower existing as of the Second Amendment Effective Date as set forth on Exhibit F attached to this Facility Letter;

1.11. Exhibit E (Subsidiaries) shall be amended and restated in its entirety to read as set forth on Exhibit E attached hereto.

1.12. Exhibit F (Existing Indebtedness) shall be amended and restated in its entirety to read as set forth on Exhibit F attached hereto.

## Section 2. Conditions Precedent.

The effectiveness of this Amendment is subject to the satisfaction of all of the following conditions precedent:

2.1. Borrower and Bank shall have executed and delivered this Amendment, and Borrower shall have executed and delivered a Replacement Promissory Note in form and substance satisfactory to Bank.

2.2. The Bank shall have received copies (executed or certified, as may be appropriate) of all legal documents or proceedings taken in connection with the execution and delivery of this Amendment and the Replacement Revolving Note to the extent the Bank or its counsel may reasonably request.

2.3. The Bank shall have received copies of the certificates of good standing for the Borrower (dated no earlier than 30 days prior to the date hereof) from the office of the secretary of the state of its organization.

2.4. Bank shall have received a non-refundable upfront fee of \$100,000.

2.5. Bank and Wells Fargo shall have executed and delivered an amendment to the intercreditor agreement between such parties.

2.6. Legal matters incident to the execution and delivery of this Amendment shall be satisfactory to Bank and its counsel; and the Bank shall have received the favorable written opinion of counsel for the Borrower in form and substance satisfactory to the Bank and its counsel.

## Section 3. Representations.

In order to induce Bank to execute and deliver this Amendment, Borrower hereby represents to Bank that as of the date hereof the representations and warranties set forth in Section 11 of the Facility Letter are and shall be and remain true and correct (except that the

representations contained in Section 11(c) shall be deemed to refer to the most recent financial statements of Borrower delivered to Bank) and Borrower is in compliance with the terms and conditions of the Facility Letter and no Event of Default or event or circumstance which, with the giving of notice or lapse of time or both, would constitute an Event of Default has occurred and is continuing under the Facility Letter or shall result after giving effect to this Amendment.

#### Section 4. Miscellaneous.

4.1. Except as specifically amended herein, the Facility Letter shall continue in full force and effect in accordance with its original terms. Reference to this specific Amendment need not be made in the Facility Letter, the Note, or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to the Facility Letter, any reference in any of such items to the Facility Letter being sufficient to refer to the Facility Letter as amended hereby. This Amendment is not a novation nor is it to be construed as a release, waiver or modification of any of the terms, conditions, representations, warranties, covenants, rights or remedies set forth in the Facility Letter, except as specifically set forth herein. Without limiting the foregoing, Borrower agrees to comply with all of the terms, conditions, and provisions of the Facility Letter except to the extent such compliance is irreconcilably inconsistent with the express provisions of this Amendment.

4.2. Borrower agrees to pay on demand all costs and expenses of or incurred by Bank in connection with the negotiation, preparation, execution and delivery of this Amendment, including the fees and expenses of counsel for Bank.

4.3. This Amendment may be executed in any number of counterparts, and by the different parties on different counterpart signature pages, all of which taken together shall constitute one and the same agreement. Any of the parties hereto may execute this Amendment by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original. Delivery of a counterpart hereof by facsimile transmission or by e-mail transmission of a portable document format file (also known as a "PDF" file) shall be effective as delivery of a manually executed counterpart hereof. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of Illinois.

[Signature Page to Follow]

This Second Amendment to Facility Letter is entered into as of the date and year first above written.

WERNER ENTERPRISES, INC.

By: /s/ Derek J. Leathers  
Derek J. Leathers  
Chairman, President & Chief Executive  
Officer

By: /s/ John J. Steele  
John J. Steele  
Executive Vice President, Treasurer &  
Chief Financial Officer

Accepted and agreed to.

BMO HARRIS BANK N.A.

By: /s/ Isabella Battista  
Name: Isabella Battista  
Title: Director

[Signature Page to Second Amendment to Facility Letter]

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## Exhibit E

### Subsidiaries

No.	Subsidiary Name	Jurisdiction of Organization	Percentage Ownership	Material Domestic Subsidiary (Yes or No)
1.	Werner Leasing LLC	Nebraska	100%	No
2.	Gra-Gar, LLC	Delaware	100%	No
3.	Werner Management, Inc.	Nebraska	100%	No
4.	Fleet Truck Sales, Inc.	Nebraska	100%	No
5.	Werner Global Logistics, Inc.	Nebraska	100%	No
6.	Werner Transportation, Inc.	Nebraska	100%	No
7.	Werner de Mexico, S. de R.L. de C.V.	Mexico	100%	No
8.	Werner Enterprises Canada Corporation	Canada	100%	No
9.	Werner Leasing de Mexico, S. de R.L. de C.V.	Mexico	100%	No
10.	Werner Global Logistics U.S., LLC	Nebraska	100%	No
11.	Werner Global Logistics (Barbados), SRL	Barbados	100%	No
12.	Werner Global Logistics (Shanghai), Co., Ltd.	China	100%	No
13.	WECC, Inc.	Nebraska	100%	No
14.	Werner Global Logistics Mexico, S. de R.L. de C.V.	Mexico	100%	No
15.	American Institute of Trucking, Inc.	Arizona	100%	No
16.	CG&G, Inc.	Nebraska	100%	No
17.	CG&G II, Inc.	Nebraska	100%	No
18.	Career Path Training Corp.	Florida	100%	No
19.	Werner International Freight Forwarding (Shanghai), Co. Ltd.	China	100%	No
20.	American Consulting Services Corp.	Florida	100%	No
21.	ECM Associated, LLC	Delaware	80%	Yes
22.	NEHDS Logistics, LLC d/b/a Werner Final Mile	Connecticut	80%	No
23.	J T L Truck Driver Training, Inc.	Nebraska	80%	No
24.	ECM Transport, LLC	Pennsylvania	80%	No
25.	ECO Industries, LLC	Pennsylvania	80%	No
26.	MCS Equipment Leasing, LLC	Pennsylvania	80%	No
27.	MCS Terminals, LLC	Ohio	80%	No
28.	Motor Carrier Service of New Jersey, LLC	Ohio	80%	No
29.	Motor Carrier Service of PA, LLC	Pennsylvania	80%	No
30.	Motor Carrier Service, LLC	Ohio	80%	No
31.	Motor Carrier Service of Indiana, LLC	Ohio	80%	No

## Exhibit F

### Existing Indebtedness

Description	Available Amount
Wells Fargo Bank, National Association Unsecured Revolving Line of Credit	\$300,000,000
Wells Fargo Bank, National Association Term Loan	\$100,000,000

**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: May 9, 2022

/s/ Derek J. Leathers

Derek J. Leathers

Chairman, President 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, John J. Steele, 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: May 9, 2022

/s/ John J. Steele

John J. Steele  
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 March 31, 2022 (the "Report"), filed with the Securities and Exchange Commission, I, Derek J. Leathers, Chairman, President 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.

May 9, 2022

/s/ Derek J. Leathers

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Derek J. Leathers

Chairman, President 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 March 31, 2022 (the "Report"), filed with the Securities and Exchange Commission, I, John J. Steele, 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.

May 9, 2022

/s/ John J. Steele

John J. Steele

Executive Vice President, Treasurer and  
Chief Financial Officer