

WERNER ENTERPRISES INC  
Form DEF 14A  
April 06, 2017

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934  
Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

WERNER ENTERPRISES, INC.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



Post Office Box 45308  
Omaha, Nebraska 68145-0308

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 9, 2017

Dear Stockholders:

Notice is hereby given that the 2017 Annual Meeting of Stockholders (the “2017 Annual Meeting”) of Werner Enterprises, Inc., a Nebraska corporation (the “Company”), will be held at the Embassy Suites Omaha-La Vista Hotel & Conference Center, 12520 Westport Parkway, La Vista, Nebraska, on Tuesday, May 9, 2017, at 10:00 a.m. local Central Daylight time. This meeting will be held for the following purposes, which are more fully described in the accompanying Proxy Statement:

1. To elect three Class II directors to each serve for a three-year term expiring at the 2020 Annual Meeting of Stockholders and until their respective successors are elected and qualified.
2. To approve an advisory resolution on executive compensation.
3. To hold an advisory vote on the frequency of future advisory votes on executive compensation.
4. To ratify the appointment of KPMG LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2017.
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on March 20, 2017, will be entitled to receive notice of and to vote at the 2017 Annual Meeting or any adjournment thereof.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 9, 2017:** This Notice of Annual Meeting of Stockholders is not a form for voting and presents only an overview of the more complete enclosed proxy materials comprised of the Company’s (i) 2017 Proxy Statement (including a proxy for voting) relating to the 2017 Annual Meeting and (ii) Annual Report to Stockholders for the year ended December 31, 2016 (containing our Annual Report on Form 10-K for 2016 filed with the U.S. Securities and Exchange Commission on February 23, 2017). Copies of the proxy materials are available, without charge, on the Company’s website (<http://www.werner.com> under the “Investors” link) or by contacting the Corporate Secretary by telephone at (800) 228-2240 or e-mail at [invrelations@werner.com](mailto:invrelations@werner.com). The enclosed proxy materials contain important information about the Company and 2017 Annual Meeting, and you are encouraged to review these documents before voting.

All stockholders are cordially invited and encouraged to attend the 2017 Annual Meeting in person. However, regardless of whether you attend the meeting, we request that you vote and submit your proxy as promptly as possible in order to ensure the presence of a quorum and that your shares will be voted in accordance with your wishes. Voting instructions are enclosed and provided in the Proxy Statement for your convenience. If you attend the 2017 Annual Meeting, you may either (i) vote by proxy beforehand and forego voting at the Annual Meeting or (ii) revoke your proxy and cast your vote in person. If you hold your shares through a brokerage firm, bank or other nominee, follow the instructions you receive from them to vote your shares.

By Order of the Board of Directors,

James L. Johnson  
Omaha, Nebraska Executive Vice President, Chief Accounting Officer  
April 6, 2017 & Corporate Secretary

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WERNER ENTERPRISES, INC.  
Post Office Box 45308  
Omaha, Nebraska 68145-0308

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PROXY STATEMENT FOR  
ANNUAL MEETING OF STOCKHOLDERS  
MAY 9, 2017

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INTRODUCTION

We are sending you this Proxy Statement in connection with the solicitation of proxies by our Board of Directors (the “Board”) for the 2017 Annual Meeting of Stockholders of Werner Enterprises, Inc. The 2017 Annual Meeting will be held for the purposes set forth in the Notice of Annual Meeting of Stockholders on the cover page of this Proxy Statement. We are mailing the Proxy Statement, proxy and our Annual Report to Stockholders for the year ended December 31, 2016 (the “2016 Annual Report”) on or about April 6, 2017.

In this Proxy Statement, we also use the following terms and abbreviations:

• We refer to Werner Enterprises, Inc. as the “Company,” “we,” “our” or “us.”

• The 2017 Annual Meeting of Stockholders is referred to as the “Annual Meeting” or “2017 Annual Meeting.”

• References to “2016” and “for the year ended December 31, 2016” mean the Company’s fiscal year for the period beginning January 1, 2016 and ending December 31, 2016.

• The term “executive officers” means those executives listed in the Executive Officer Information section of this Proxy Statement.

• The term “Proxy Materials” means and consists of this Proxy Statement, the proxy relating to the 2017 Annual Meeting and the 2016 Annual Report.

• We also refer to our “website,” which means the Internet website available at <http://www.werner.com> under the “Investors” link, as provided in the Internet Website and Availability of Materials section of this Proxy Statement.

This Proxy Statement and our 2016 Annual Report are available on our website. In these Proxy Materials, we refer to certain reports and forms that we have filed with the U.S. Securities and Exchange Commission (the “SEC”). All of our SEC filings are available on our website, as well as the SEC website at [www.sec.gov](http://www.sec.gov). You may also request copies of our SEC filings and Proxy Materials from our Corporate Secretary at the contact information provided in the Contacting the Corporate Secretary and Executive Offices section of this Proxy Statement.

ANNUAL MEETING INFORMATION

The 2017 Annual Meeting of Stockholders will be held at 10:00 a.m. local Central Daylight time on Tuesday, May 9, 2017, at the Embassy Suites Omaha-La Vista Hotel & Conference Center, and at any adjournment(s) thereof. The Embassy Suites Omaha-La Vista Hotel & Conference Center is located at 12520 Westport Parkway in La Vista, Nebraska, which is situated near U.S. Interstate 80 and the Giles Road exit (Exit 442) in La Vista’s Southport development. Should you require additional directions to attend the meeting and vote in person, you may contact our Corporate Secretary at the contact information provided in the Contacting the Corporate Secretary and Executive Offices section. At the meeting, members of our management team will discuss our results of operations and business plans. Members of our Board of Directors are also expected to be present.

VOTING INFORMATION AND INSTRUCTIONS

Record Date. The record date for the Annual Meeting is March 20, 2017. On the record date, 72,219,768 shares of common stock (\$0.01 par value) were outstanding. At the Annual Meeting, each stockholder will be entitled to one vote (in person or by proxy) per share that is owned of record at the close of business on March 20, 2017. Our stock

transfer books will not be closed. On March 20, 2017, the closing market price of our common stock as reported on the NASDAQ Global Select Market<sup>SM</sup> was \$27.05 per share.

**Quorum.** For business to be conducted at the Annual Meeting, a quorum must be present. The presence at the Annual Meeting, either in person or by proxy, of a majority of all outstanding shares of common stock entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business. Both abstentions and broker non-votes are counted for the purpose of determining whether a quorum is present for the transaction of business. If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained. “Broker non-votes” are shares held by a brokerage firm, bank or other nominee (collectively, a “broker”) that are represented by proxy at the Annual Meeting, but the broker has not received voting instructions from the beneficial owner of such shares and does not have discretionary voting power for certain matters.

**Stockholders Eligible to Vote and Voting Methods.** Only stockholders of record as of the close of business on the record date are entitled to receive notice of, attend and vote at the Annual Meeting. How you hold your shares determines the method by which you may vote your shares. Most of the Company's stockholders hold their shares through a broker, bank or other nominee rather than in their own name. As summarized below, there are some distinctions between registered shares and those owned beneficially.

**Registered Stockholders.** If your shares are registered directly in your name with our transfer agent (Wells Fargo Bank Minnesota, N.A.), you are considered a “registered stockholder” and the stockholder of record with respect to those shares. If you are a registered stockholder, you may vote your shares by mail using the enclosed proxy and postage-paid return envelope and by following the instructions appearing on the proxy. As a registered stockholder, you may also vote your shares in person at the Annual Meeting by notifying and obtaining a ballot from the Corporate Secretary prior to the occurrence of any votes.

**Beneficial Owners.** If your shares are held in a brokerage account, bank or other nominee, you are considered a “beneficial owner” of shares, and you have the right to instruct your broker how to vote the shares held in your account. Your broker will inform you as to how your shares may be voted by proxy, including whether Internet or telephonic voting options are available. As a beneficial owner of shares, you may not vote in person at the Annual Meeting unless you obtain from your broker a legal proxy that gives you the right to vote the shares.

Regardless of how you hold your shares, your right to vote in person at the Annual Meeting is not affected by signing and returning the proxy by mail (as generally done by registered stockholders) or by submitting your proxy pursuant to your broker's instructions (as done by beneficial owners, commonly by the Internet or telephone).

**Voting Your Proxy and Designated Proxy Holders.** When a proxy is executed and returned (and not revoked) prior to the Annual Meeting, the proxy will be voted according to the instructions you made when granting the proxy. Unless you specify otherwise or if no choice is indicated on your proxy, all shares of our common stock represented by the proxy will be voted:

- (i) FOR the election of ALL nominees for Class II director (Proposal 1);
- (ii) FOR the approval of the advisory resolution on executive compensation (Proposal 2);
- (iii) To conduct future advisory votes on executive compensation EVERY YEAR (as opposed to every two years or three years) (Proposal 3);
- (iv) FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2017 (Proposal 4); and
- (v) In accordance with the best judgment of the named proxy on any other matters properly brought before the Annual Meeting or any adjournment thereof. See Other Matters in this Proxy Statement.

For purposes of the 2017 Annual Meeting, Clarence L. (“C.L.”) Werner will act as the appointed and authorized “Designated Proxy Holder.” Your executed proxy appoints the Designated Proxy Holder as your duly authorized



attorney-in-fact and gives the Designated Proxy Holder the power to represent and vote at the Annual Meeting all shares of our outstanding common stock that you are entitled to vote. The Designated Proxy Holder will vote your shares as instructed by you on your proxy. If you do not provide voting instructions on the proposals discussed in this Proxy Statement, or for any other matters properly presented at the Annual Meeting, your proxy also gives the Designated

Proxy Holder the discretionary authority to vote your shares represented thereby as noted in this Proxy Statement and in accordance with his best judgment.

**Revoking Your Proxy.** Any stockholder who delivers an executed proxy has the right to revoke the proxy at any time prior to the call to vote at the Annual Meeting. You may revoke your proxy before the Annual Meeting by (i) delivering a written and executed notice of revocation of the proxy to the Corporate Secretary at our executive offices prior to the Annual Meeting, (ii) executing and delivering a new proxy with a later date before the Annual Meeting or (iii) attending the Annual Meeting, informing the Corporate Secretary of your proxy revocation and voting in person. Attendance at the Annual Meeting, in and of itself, will not constitute a revocation of a proxy.

**Cumulative Voting in Director Elections.** With respect to the election of directors, Company stockholders (or their proxy holder, if one is appointed) have cumulative voting rights under the laws of the State of Nebraska. This means that you (or your proxy holder) may: (i) vote your shares for as many directors as are to be elected; (ii) cumulate your shares and give one director nominee an amount of votes equal to the total number of directors to be elected multiplied by the total number of your shares; or (iii) distribute an amount of votes calculated as described in section (ii) among as many director nominees as you desire. If you wish to vote cumulatively, you must vote in person or give your specific cumulative voting instructions to the selected proxy, and your instructions must indicate the number of votes represented by your shares that are to be cast for one or more of the director nominees. The solicitation of proxies on behalf of the Board of Directors includes a solicitation for discretionary authority to cumulate votes. You may withhold authority to vote for any nominee(s) by striking through the name(s) of such nominee(s) on the accompanying proxy.

**Votes Required for Proposals and Voting Process.** If you are a beneficial owner, certain exchange rules govern how brokers can vote your shares. If your broker does not receive voting instructions from you, the broker may generally vote your shares on certain routine matters but cannot vote your shares on the election of directors, corporate governance proposals and other non-routine matters; these broker non-votes will not be treated as votes cast at the Annual Meeting on non-routine matters. With respect to the proposals described in this Proxy Statement to be voted on at the 2017 Annual Meeting, the election of directors (“Proposal 1”), approval of the advisory resolution on executive compensation (“Proposal 2”), and advisory vote on the frequency of future advisory resolutions on executive compensation (“Proposal 3”) constitute non-routine matters. The ratification of the appointment of our independent registered public accounting firm (“Proposal 4”) is considered a routine matter.

The following votes are required for the four proposals discussed in this Proxy Statement to be voted on at the Annual Meeting, assuming the presence of a quorum:

**Proposal 1.** Directors are elected when they receive a plurality of affirmative votes cast by holders of the outstanding shares of our common stock, present or represented by proxy, at the Annual Meeting and entitled to vote thereon. This means the three nominees receiving the highest number of votes at the Annual Meeting, after taking into account any cumulative voting, will be elected to the Board. Abstentions and broker non-votes will not impact the election of directors.

**Proposal 2.** The approval of the advisory resolution on executive compensation will be decided by the affirmative vote of a majority of the outstanding shares of our common stock, present or represented by proxy, at the Annual Meeting and entitled to vote thereon. Abstentions will be counted as votes cast and will have the same effect as a vote against the resolution. Broker non-votes will not be counted as votes cast and will have no effect on the outcome of such vote.

**Proposal 3.** Regarding the advisory approval of the frequency of future advisory votes on executive compensation, the frequency option that receives the most votes cast by holders of the outstanding shares of our common stock, present or represented by proxy, at the Annual Meeting and entitled to vote thereon will be considered the option selected by the stockholders. Abstentions will be counted as votes cast, and broker non-votes will not be counted as votes cast.

Neither abstentions nor broker non-votes will have an effect on the outcome of such vote.

Proposal 4. The ratification of the appointment of KPMG LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the outstanding shares of our common stock, present or represented by proxy, at the Annual Meeting and entitled to vote thereon. Abstentions will be counted as votes cast and will have the same effect as a vote against the matter. Broker non-votes will also be

counted as votes cast; however, because brokers may vote on this routine matter, no broker non-votes are expected in connection with this Proposal 4.

**Voting Results.** Our Corporate Secretary has been appointed by the Board to serve as the inspector of election for the Annual Meeting. Proxies and ballots will be received and tabulated by the inspector of election. Preliminary voting results will be announced at the Annual Meeting, and the inspector of election will then calculate final voting results. We will disclose the Annual Meeting voting results on a Current Report on Form 8-K filed with the SEC in accordance with SEC rules.

**Stockholder Privacy.** As a matter of Company policy, we keep all proxies, ballots and voting tabulations that identify individual stockholders private and confidential. Such documents are available for examination only by the inspector of election and certain Company representatives who assist with processing proxies and tabulating the vote. Stockholder votes are not otherwise disclosed, except as may be necessary to meet legal requirements.

#### EXPENSES OF SOLICITATION

We will bear all costs of this proxy solicitation, including expenses for the preparation, printing, assembly and mailing of materials. Some of our directors, officers and employees may also solicit proxies in person or by the Internet, telephone or other electronic communications, and they will not receive any additional compensation for making such solicitations. We will also reimburse brokerage firms and other custodians and fiduciaries for all reasonable expenses incurred for forwarding Proxy Materials to beneficial owners of our stock in accordance with customary practice. Your cooperation in promptly voting your shares and submitting your proxy will help to avoid additional expense in the event the Company retains an outside firm to solicit proxies.

#### OTHER MATTERS

On the date of mailing this Proxy Statement, the Board of Directors knows of no other matters to be brought before stockholders at the Annual Meeting other than the matters described in this Proxy Statement. If any other matters are properly presented at the meeting, your signed proxy authorizes the Designated Proxy Holder to vote the shares represented thereby in his discretion and according to his best judgment.

Assuming the presence of a quorum, all other matters that properly come before the Annual Meeting will each require the affirmative vote of a majority of the outstanding shares of our common stock, present or represented by proxy, at the Annual Meeting and entitled to vote thereon.

#### PROPOSAL 1 — ELECTION OF DIRECTORS

Our Articles of Incorporation provide that the Board may be divided into two or three separate classes of directors. Each class must consist of not less than two, nor more than five, directors, and the classes should be nearly equal in number as possible. Our By-Laws provide for eight directors, divided into three classes (Class I, II and III), and each class should have the same number of directors to the extent possible. Directors hold office for a term of three years and until a successor is elected and qualified. The terms of office for each class of current directors expire at the annual meeting of stockholders in the following years: Class I, 2019; Class II, 2017; and Class III, 2018.

#### DIRECTOR NOMINEES

You will be asked to elect three directors in Class II to each serve for a three-year term expiring at the 2020 Annual Meeting of Stockholders and until his or her respective successor is elected and qualified. The three nominees for

Class II director at the 2017 Annual Meeting are:

Gregory L. Werner Gerald H. Timmerman Diane K. Duren

Gregory L. Werner and Mr. Timmerman are current Class II directors whose terms will expire at the 2017 Annual Meeting and have been nominated by the Board for re-election. Mr. Timmerman was appointed by the Board, acting upon recommendation of the Nominating and Corporate Governance Committee, on May 10, 2016 to fill a directorship vacancy. Michael L. Steinbach, a current Class II director whose term will expire at the 2017 Annual Meeting, will not stand for re-election to the Board, but he will continue to serve on the Board until his term expires. Ms. Duren has been

nominated by the Board, acting upon recommendation of the Nominating and Corporate Governance Committee, for election at the 2017 Annual Meeting to fill this vacancy. The individual qualifications, skills and experience of the nominees for director are discussed in their respective biographies in the following Director Information section.

Each of the nominees designated in this Proxy Statement has indicated his or her intention to serve as a director if elected, and the Board does not know of any reason why any nominee will be unavailable for election. In the event any nominee becomes unwilling or unable to serve as a director, the shares represented by your accompanying proxy will be voted for any substitute nominee designated by the Board, unless you expressly withhold (whether on your proxy or in person at the Annual Meeting) authority to vote your shares for the unavailable nominee or substitute nominee. There are no arrangements or understandings between any of the nominees and any other person pursuant to which any of the nominees was selected as a nominee.

## DIRECTOR INFORMATION

Identified in the table below are the director nominees and the directors whose terms will continue after the 2017 Annual Meeting. Certain information provided to us by our directors and director nominee regarding their qualifications, skills and experience is also set forth in the biographies following the table. Family relationships between any directors and executive officers, who served at any time during 2016, are noted in the relevant biographies. None of the corporations or other organizations referenced in the biographies is a parent, subsidiary or affiliate of the Company.

### MEMBERS OF AND NOMINEES TO THE BOARD OF DIRECTORS

Principal Occupation	Term Ends	Class
Clarence Executive Chairman of Werner Enterprises, Inc. Werner	2018	III
Gregory Former Vice Chairman & Chief Executive Officer of Werner Enterprises, Inc. Werner	2017	II
Kenneth President & Chief Executive Officer of the Avenue Scholars Foundation Ed.D.	2019	I
Patrick Chief Operating Officer of Surdell & Partners LLC Jung	2018	III
Dwaine J. Former Thoracic Surgeon; Former Clinical Assistant Professor of Surgery at Creighton University School of Medicine and University of Nebraska Medical Center Jr., M.D.	2019	I
Duane Former President of Sather Trucking Corporation and Former Chairman of Sathers Inc. Sather	2018	III
Gerald President of Timmerman & Sons Feeding Co., Inc. Timmerman	2017	II
Former Executive Vice President and Corporate Secretary of Union Pacific Corporation	N/A	II

Duren

CLARENCE L. WERNER, 79, operated Werner Enterprises as a sole proprietorship from 1956 until the incorporation of Werner Enterprises, Inc. in September 1982. He has been a Company director since that time and also served as President until 1984. He served as our Chief Executive Officer (“CEO”) from 1984 until February 2007, and he was Chairman from 1984 until May 2011. He served as Chairman Emeritus from May 2011 until August 2015, at which time he was elected as Chairman and assumed the responsibility of Chief Executive Officer. On May 10, 2016, he stepped down as CEO and became Executive Chairman. As our founder, Mr. Werner has been actively involved in the Company’s business and operations since its inception over 60 years ago. As a result of these professional experiences, Mr. Werner brings to the Board a unique understanding of our business and operations attributed to his long-standing commitment to, management of and involvement with the Company for over 60 years, as well as his significant and extensive knowledge of the transportation industry. Mr. Werner is the father of Gregory L. Werner and Gary L. Werner.

GREGORY L. WERNER, 57, was elected as a director of the Company in 1994. He served as our Treasurer from 1982 to 1986, became Vice President in 1984, and was promoted to Executive Vice President in 1996. Mr. Werner also began directing revenue equipment maintenance for Werner Enterprises, Inc. and its predecessor in 1981 and became responsible for our management information systems in 1993. Mr. Werner served as our President from April 1997 until May 2011 and as our Chief Operating Officer from 1999 to 2007. Mr. Werner was our Chief Executive Officer from 2007 to August 2015. He was also the Vice Chairman from May 2011 until August 2015. Mr. Werner resigned as an executive officer of the Company effective August 27, 2015. Mr. Werner possesses significant knowledge and a thorough understanding of our business operations and industry, which is attributed to his long-term professional

experience with the Company. Because of his past positions as Vice Chairman and Chief Executive Officer, Mr. Werner also provides the Board with an important insider perspective and management's point-of-view about various aspects of our business operations and strategies. Mr. Werner is a son of C.L. Werner and brother of Gary L. Werner.

KENNETH M. BIRD, ED.D., 69, was appointed by our Board of Directors in 2002 to fill a vacant directorship position and was subsequently elected by the stockholders. Dr. Bird is currently the President & Chief Executive Officer of the Avenue Scholars Foundation, a nonprofit entity that serves youth education in Omaha, Nebraska. Dr. Bird previously served as Superintendent of Westside Community Schools in Omaha, Nebraska from 1992 until May 2008, and he also held various administrative positions with Westside Community Schools since 1981. Prior to 1981, he was employed by the Nebraska Department of Education and as a special education teacher at Westside Community School. Dr. Bird's broad range of board experience is also considerable and extensive. He is active in local, state and national professional organizations as a member of various advisory councils, committees and task forces. Dr. Bird serves as a director or trustee on a number of civic boards, and he has been the recipient of several professional, leadership and community service awards. He possesses significant overall board experience, administrative competence, executive and financial experience and proven leadership skills that enhance our Board's diversity and discussions. As a result of these professional and other experiences, Dr. Bird brings to the Board a broad perspective of our community and an appreciation of corporate governance principles that contribute to the collective qualifications, skills and experience of our Board of Directors.

PATRICK J. JUNG, 69, was elected as a Company director in 2003. He serves as the Chief Operating Officer of Surdell & Partners LLC, an advertising company in Omaha, Nebraska. Prior to his position with Surdell & Partners LLC, Mr. Jung was a practicing certified public accountant with KPMG LLP for 30 years, 20 years of which he served as an audit partner. He was also the audit engagement partner on the Company's annual audit for the year ended December 31, 1999 prior to his retirement from KPMG LLP in 2000. Mr. Jung is a member of the Board of Managers of Burlington Capital Group LLC, which acts as the Board of Managers of America First Multifamily Investors, L.P., a publicly traded company, and serves on its audit and governance committees. Located in Omaha, Nebraska, Burlington Capital Group LLC's business involves real estate, money management and emerging markets. Mr. Jung is a director and officer of the Omaha Zoological Society and also works with several civic boards and organizations. Mr. Jung has significant knowledge and experience in financial management, accounting processes and corporate governance that is derived from his professional and other experiences. He brings to our Board substantial accounting and financial expertise and sophistication, exceptional administrative proficiency, overall board experience and comprehension of our business operations and industry that contribute to the Board's collective qualifications, skills and experience. Mr. Jung also qualifies as an audit committee financial expert and serves as Chair of both our Audit Committee and Compensation Committee.

DWAINE J. PEETZ, JR., M.D., 66, was appointed by our Board of Directors in May 2011 to fill a vacant directorship position and was elected by the stockholders at the 2012 Annual Meeting. Dr. Peetz is a thoracic surgeon from Omaha, Nebraska and retired from practice in 2011. He was formerly the Assistant Clinical Professor of Surgery at the Creighton University School of Medicine and the Clinical Assistant Professor of Surgery at the University of Nebraska Medical Center, both of which are nationally recognized and accredited medical schools located in Omaha, Nebraska. Dr. Peetz graduated from the Creighton University School of Medicine, completed his residency in thoracic surgery at the University of Michigan in Ann Arbor, Michigan and became certified by the American Board of Surgery in 1981 and American Board of Thoracic Surgery in 1983. During his distinguished career, Dr. Peetz acquired comprehensive leadership, board and administrative experience. He has been active in various professional organizations, served as the chairman and a member of several affiliated hospital committees and authored numerous medical publications and abstracts. From 1991 to 1999, he was also the chairman of the department of surgery for the Alegent Health Bergan Mercy Medical Center in Omaha, Nebraska. Because of these professional experiences, Dr. Peetz brings to the Board an important and unique point of view regarding organizational and operational management issues, business administration and financial knowledge, public health and safety expertise and valuable



management insight. His sophisticated professional perspective and overall administrative adeptness are beneficial and contribute to the collective qualifications, skills and experience of our Board of Directors.

DUANE K. SATHER, 72, was elected as a Company director in 2006. Mr. Sather's extensive knowledge and experience in our industry is partially attributable to his service as President of Sather Trucking Corporation from 1972 to 1996. From 1988 to 1996, he also served as Chairman of Sathers Inc., a wholesale candy manufacturer and distributor. Sather Trucking Corporation and Sathers Inc. were sold to Favorite Brands International, Inc. in 1996. Mr. Sather is an investor and currently serves as a director of privately held companies that construct and operate ethanol plants in the Midwest.

During his tenure with Sather Trucking Corporation and Sathers Inc., Mr. Sather gained a wide range of knowledge about the trucking industry, including managing a large workforce, overseeing a large business operation, marketing and logistics. Mr. Sather brings to the Board his diverse business and executive experience and comprehensive industry knowledge. This invaluable industry insight contributes to our Board's collective qualifications, skills and experience.

GERALD H. TIMMERMAN, 77, was appointed by our Board of Directors in May 2016 to fill a vacant directorship position. Mr. Timmerman was previously a director of the Company from 1988 to 2011. Since 1969, Mr. Timmerman has been and currently serves as President of Timmerman & Sons Feeding Co., Inc., a cattle feeding, ranching and beef production enterprise based in Springfield, Nebraska, with operations in several Midwestern states. Mr. Timmerman is also a partner in several other privately held entities that engage in integrated agricultural business operations. As a result of these and other professional experiences, as well as his prior service on the boards of directors of several privately held and civic organizations, Mr. Timmerman brings to our Board substantial business experience, financial acumen and outside board experience that contributes to the Board's collective qualifications, skills and experience.

DIANE K. DUREN, 57, is a nominee for election to the Board in 2017. In February 2017, Ms. Duren retired from Union Pacific Corporation, having served as Executive Vice President, Chief Administrative Officer and Corporate Secretary for four years, after serving as Vice President and General Manager—Chemicals in Marketing & Sales. Since joining Union Pacific in 1985, she held a variety of positions in the Finance and Marketing & Sales departments, including Vice President and General Manager—Agricultural Products. In 2012, Ms. Duren was one of the honorees of the Women's Center for Advancement Tribute to Women. She was recognized by Profiles in Diversity Journal as one of the “Women Worth Watching in 2011,” and that same year, she was awarded the Creighton University College of Business Alumni Merit Award. In 2008, Ms. Duren was recognized by Pink magazine, a magazine for professional women, as one of the top 15 women in business. Prior to her employment at Union Pacific, she was a certified public accountant with Deloitte, Haskins & Sells in Omaha. Ms. Duren holds a bachelor's degree in Business Administration from Creighton University. She has been active on multiple community and industry boards including Girl Scouts – Spirit of Nebraska and American Red Cross, of which she served as chair of the Heartland Chapter in 2010 and 2011. In 2014, Ms. Duren was appointed by Omaha Mayor Jean Stothert to the Metropolitan Entertainment & Convention Authority Board of Directors and is the current Chairwoman of the Board. She also serves on the Board of Children's Hospital and Medical Center as Vice Chair. Ms. Duren's vast experience in the transportation industry, multiple leadership roles, and accounting and financial experience are expected to add great value and insight to the Board.

#### RECOMMENDATION OF THE BOARD OF DIRECTORS — PROPOSAL 1

The Board of Directors unanimously recommends that stockholders vote FOR the election of each director nominee. The Designated Proxy Holder of proxies solicited by the Board in this Proxy Statement will vote the proxies as directed on each proxy, or if no instruction is made, for the election of all director nominees.

#### CORPORATE GOVERNANCE

##### DIRECTOR INDEPENDENCE DETERMINATIONS

The Board has affirmatively determined that all members of and nominees to our Board of Directors are independent pursuant to SEC rules and the listing standards adopted by NASDAQ, except for C.L. Werner and Gregory L. Werner. The Board has also determined that each member of the three Board committees satisfies the applicable independence requirements of NASDAQ and the SEC.

At its annual meeting, the Nominating and Corporate Governance Committee reviewed the (i) legal and regulatory standards for assessing Board and Board committee independence, (ii) criteria for determining a director's "audit committee financial expert," "non-employee director" and "outside director" status and (iii) responses to annual and biannual questionnaires completed by our directors. After completing its review, the Nominating and Corporate Governance Committee submitted its independence recommendations to our Board. Our Board then made its independence determinations based on the committee's recommendations and after considering the information available to the committee.

## ROLE AND LEADERSHIP OF THE BOARD OF DIRECTORS

One of the primary roles of the Board of Directors is to oversee our senior management in the competent and ethical operation of our business and to ensure that our stockholders' interests are being properly served. To achieve these objectives, the Board establishes and maintains high standards of responsibility and ethics that, when consistently applied and followed, contribute to our business's overall success.

The Executive Chairman presides over each Board meeting and is actively involved in determining agendas for Board meetings and serving as a liaison between our Board and management. The Board elects our Executive Chairman each year at its annual meeting. C.L. Werner serves as our Executive Chairman, and Derek J. Leathers serves as our President and Chief Executive Officer. Each individual was elected by our Board at its 2016 annual meeting to serve in his current position for a one-year term or until his respective successor is duly elected and qualified, pursuant to Section 2 of Article III of our By-Laws.

The positions of Chairman and CEO are held by two individuals instead of the same person. We believe our current leadership structure is effective for us. This configuration demonstrates to our stockholders, employees and customers that our primary leadership roles are served by two qualified people who each have an extensive depth of knowledge about the Company's business and industry and are committed to our development and success. Although C.L. Werner is not an independent director, as our founder he demonstrates a long-standing dedication to and significant ownership interest in the Company.

Our independent directors regularly meet in "executive sessions," which are meetings conducted without the presence of management. These executive sessions are typically conducted after each quarterly Audit Committee meeting and may also be held when deemed appropriate by the independent directors. Our Audit Committee is currently comprised solely of five of our six independent directors, each of whom typically attends each Audit Committee meeting. Our independent directors do not formally select a lead independent director to preside over their executive sessions. Rather, Mr. Jung, Chair of the Audit Committee, presides over the executive sessions of the independent directors, and he also acts as a liaison between the independent directors, management and the full Board. Further information regarding the 2016 executive sessions is provided under the Committees of the Board of Directors section.

We believe that separating the Chairman and CEO positions, having the majority of our Board and each Board committee comprised of independent directors (who meet regularly in executive sessions) and having independent directors serve as Chairs of our Board committees provides an effective and strong leadership structure for the Company. Our Board has the flexibility to continue or modify our leadership structure in the future, as the Board deems appropriate.

## BOARD OVERSIGHT OF RISK MANAGEMENT

Company management is responsible for risk assessment and mitigation on a Company-wide basis, and our Board oversees and reviews these risk management efforts overall. Our Board believes that risk oversight fundamentally includes understanding the material risks we confront and how management responds to such risks, as well as a comprehension of what risk levels are appropriate for us. Typically, management identifies and measures various risks facing the Company and analyzes the factors associated with such risks, such as the probability and frequency of occurrence and potential impact on our cash flow, financial results and overall business and operations. Diverse types of risk are identified which are generally competitive, economic, regulatory or technological in nature. Management then develops response plans to address, mitigate and monitor identified risks and also reports and discusses these risks and plans with the Board. In its risk oversight role, our Board regularly evaluates and confers with management about the objectives of and risks involved with each plan. The Board also considers risk when assessing our business strategies and objectives, which is also integral to the Board's risk management and tolerance evaluations.

While our Board has overall responsibility for risk oversight, each of the Board committees considers certain risks within its respective area of responsibility. Our Audit Committee has primary oversight responsibility with respect to risks relating to internal controls over financial reporting and contingent liabilities and risks that may be material to the Company. As discussed in the Risk Management Related to Compensation section, our Compensation Committee considers the Company's risks in determining whether our executive compensation program encourages executive officers to take unreasonable risks relating to our business. Our Nominating and Corporate Governance Committee reviews risks related to legal and regulatory compliance concerning various corporate governance matters. The risk oversight roles of the Board, Audit Committee, Compensation Committee and Nominating and Corporate Governance

Committee did not impact our leadership structure because our Board is comprised of a majority, and such Board committees consist entirely, of independent directors.

## CORPORATE GOVERNANCE POLICIES AND MATERIALS

The members of our Board of Directors possess a variety of experience, knowledge and judgment, and the diversity of these skills complements our corporate governance structure. Our corporate governance policies are designed to enable effective and thorough decision-making and to allow proper and comprehensive monitoring of the Company's performance and compliance. These policies are also meant to provide our Board with practical guidelines that are regularly reviewed and can be appropriately revised and updated in response to regulatory developments and evolving business and governance practices. Our fundamental corporate governance principles and practices are set forth in our Code of Corporate Conduct and other policies, each of which is available on our website. Pursuant to SEC rules, we will disclose amendments to or waivers from our Code of Corporate Conduct, as they relate to our CEO, Chief Financial Officer ("CFO") and Chief Accounting Officer ("CAO"), on our website or in a Current Report on Form 8-K filed with the SEC. To date, we have not granted any waivers from our Code of Corporate Conduct to the CEO, CFO or CAO.

## COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors conducts its business through (i) meetings of the Board, (ii) actions taken by written consent in lieu of meetings, (iii) actions of its committees and (iv) discussions with management, the independent auditors and other consultants retained from time to time. The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee (the "Governance Committee"). The Governance Committee evaluates each committee's composition and appoints committee members annually. The Board then approves each committee's members appointed by the Governance Committee at the Board's first meeting held thereafter. The Board may also make further changes to committee assignments from time to time as the Board deems appropriate or as advised by the Governance Committee. A majority of full committee membership elects committee Chairs, unless elected by the full Board. Committee members cannot be removed except by a majority vote of independent directors in office at the time. The responsibilities and duties of each committee are discussed below.

Our Board delegates various responsibilities and authority to the committees to foster the effective governance of the Company. Each committee also meets periodically or when appropriate and reports their respective activities and actions to the full Board. The committees operate pursuant to written charters (including any amendments thereto) approved and adopted by the Board. Each committee charter is available on our website.

The composition of each Board committee is as follows:

### 2016 BOARD COMMITTEE MEMBERSHIP

Name	Audit Committee	Compensation Committee	Governance Committee	Board of Directors
Clarence L. Werner				X
Gregory L. Werner				X
M. Bird, Ed.D.	X	X		X

Patrick J. Chair	Chair		X
Jung Dwaine J. Peet <del>X</del> , Jr., M.D. Duane K. X Sather Michael L. X Steinbach <sup>(1)</sup> Gerald H. Timmerman <sup>(2)</sup>	X	X	X
		Chair	X
		X	X
Number of 4 Meetings	6	2	6 <sup>(3)</sup>

Michael L. Steinbach will not stand for  
(1) re-election but will serve as director until his  
current term expires in May 2017.

Gerald H. Timmerman was appointed to the  
(2) Board on May 10, 2016 to fill a directorship  
vacancy.

(3) Four (4) executive sessions of the independent  
directors were held in 2016.

## ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS AND ANNUAL MEETING

During 2016, each incumbent director, except for Mr. Timmerman, attended and participated in at least 75% or more of the aggregate of (i) the total number of meetings of the Board of Directors (held during the period for which he has been a director) and (ii) the total number of meetings held by all Board committees on which he served (during the periods that he served). We encourage directors to attend annual meetings of stockholders, although we do not have a formal policy regarding director attendance at these meetings. Six of our seven directors then serving attended our Annual Meeting of Stockholders in May 2016. The number of meetings conducted in 2016 by the Board and each Board committee are provided in the 2016 Board Committee Membership table.

## AUDIT COMMITTEE

In accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (the “Exchange Act”), our Board of Directors established a separately-designated standing Audit Committee to oversee our accounting and financial reporting policies and processes, our internal control systems, and the services performed by our independent registered public accounting firm. Such oversight is performed in accordance with applicable SEC rules and NASDAQ listing standards. Please refer to the Report of the Audit Committee section for the 2016 report. As more fully described in its charter, the Audit Committee’s responsibility for overseeing our accounting and financial reporting processes includes but is not limited to:

- Discussing the annual audit and resulting letter of comments with management;
- Consulting with the auditors and management regarding the adequacy of internal controls;
- Reviewing our financial statements with management and the independent auditors prior to their release;
- Evaluating with management the process used to support the CEO and CFO certifications that accompany our periodic SEC filings;
- Appointing the independent auditors for the next fiscal year;
- Reviewing and approving all audit and non-audit services and fees;
- Overseeing the work of our internal audit department and independent auditors; and
- Assessing and maintaining procedures for the anonymous submission of complaints concerning accounting and auditing irregularities.

The Audit Committee meets in executive session with our independent auditors and also in a separate executive session with the head of our internal audit department. These meetings are conducted without the presence of our management and occur at each quarterly Audit Committee meeting. In 2016, as Audit Committee Chair, Mr. Jung also participated in four additional meetings with management and the independent auditors for the purpose of reviewing the Company’s financial results prior to the issuance of our quarterly earnings press releases.

**Audit Committee Independence and Financial Expert.** Our Board of Directors has determined that each Audit Committee member (i) meets the independence criteria prescribed by Rule 10A-3(b)(1) and Section 10A(m)(3) of the Exchange Act; (ii) is independent under the NASDAQ listing standards and (iii) has sufficient knowledge and sophistication in financial and auditing matters under the NASDAQ rules. The Board also designated Mr. Jung as an “audit committee financial expert” as defined under the SEC rules upon determining that Mr. Jung possesses the requisite qualifications and experience.

## COMPENSATION COMMITTEE

The Compensation Committee is responsible for determining and approving the compensation of our executive officers. The Compensation Committee may consider the recommendations of our Executive Chairman and President & CEO. Prior to making any such compensation determinations, the committee performs an annual review of all compensation elements for our executive officers, including but not limited to base salary, cash bonuses and stock



awards. Our Compensation Committee is tasked with evaluating and approving our overall executive compensation strategy and elements to ensure such components align with our business objectives, stockholder interests and responsible corporate practices and culture. Additionally, the Compensation Committee is responsible for recommending to the Board the compensation policies for our independent directors and overall Board members. The Compensation Committee has responsibility for oversight of and determining awards of equity compensation pursuant to the Werner Enterprises, Inc. Amended and Restated Equity Plan (the “Equity Plan”).

The Report of the Compensation Committee section contains the 2016 report. For more information about the Compensation Committee's activities, refer to the Compensation Discussion and Analysis and Report of the Compensation Committee sections of this Proxy Statement. The Compensation Committee's functions are also described in its charter.

**Compensation Committee Independence.** Our Board of Directors has determined that all current Compensation Committee members satisfy the applicable SEC and NASDAQ independence requirements. Each Compensation Committee member is also (i) a "non-employee director" as defined by Rule 16b-3 under the Exchange Act and (ii) an "outside director" as defined in Section 162(m) of the Internal Revenue Code and U.S. Treasury Regulation Section 1.162-27.

**Compensation Committee Interlocks and Insider Participation.** No member of the Compensation Committee was an officer or employee of the Company at any time during 2016 or on the date of this Proxy Statement. In 2016, no member of the Compensation Committee had any relationships or transactions with the Company that would require disclosure as a "related person transaction" under the SEC rules and regulations and in the Proxy Statement section entitled Transactions with Related Persons. During 2016, none of our executive officers served on the board of directors or compensation committee of any other entity whose executive officer(s) served as a member of our Board of Directors or Compensation Committee.

#### NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Our Governance Committee is comprised only of directors whom the Board has determined satisfy the applicable SEC and NASDAQ independence requirements. The Governance Committee is responsible for the director nomination process. These duties include assisting the Board in identifying, evaluating and recruiting qualified potential candidates for election to the Board. The Governance Committee recommends for the Board's approval the director nominees for any election of directors. This process is described further in the Director Nomination Process section.

The Governance Committee is also responsible for various corporate governance matters, including the development and oversight of our corporate governance policies, compliance practices and ethical standards of conduct for our directors, officers and employees. The committee makes recommendations to the Board regarding our corporate governance processes and reviews our Code of Corporate Conduct. The Governance Committee also monitors the effectiveness, and advises on the composition, structure and size, of our Board and Board committees. It also annually assists our Board with its independence and expertise determinations. The Governance Committee has oversight of the administration of our policies regarding "related person transactions" (as discussed under the Transactions with Related Persons section herein), and the committee reviews and approves or disapproves any such transaction when such approval is required by SEC and NASDAQ rules and regulations. A more complete description of the Governance Committee's functions is provided in its charter.

#### STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

The Board of Directors established a process by which stockholders and other parties may communicate directly with members of the Board or the independent directors as a group. This process is described in our Stockholder Communications Procedure for Communicating with the Board of Directors, included on our website. You may direct any matter intended for the Board or independent directors by writing to the intended recipients in care of our Corporate Secretary at our executive offices. Generally, the Corporate Secretary will forward any received correspondence according to the stockholder's instructions. The Corporate Secretary, however, reserves the right not to forward any abusive, threatening or otherwise inappropriate materials. A majority of our independent directors approved the process for collecting stockholder communications received by our Corporate Secretary on the Board's

behalf.

#### DIRECTOR NOMINATION PROCESS

Generally, the Governance Committee considers director candidates recommended by Board members, management and stockholders. Nominees for the Board of Directors are then selected by the Governance Committee according to the process summarized below and described in our current Nominating and Corporate Governance Committee Directorship Guidelines and Selection Policy (the “Directorship Guidelines Policy”) and Policy Regarding Director Recommendations by Stockholders (the “Stockholder Recommendation Policy”). Both policies are available free of charge on our website. Stockholders may also request a copy of these policies by contacting our Corporate Secretary

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at our executive office address or telephone number provided in this Proxy Statement. Each policy was approved by the Board of Directors and is administered by the Governance Committee. The Governance Committee evaluates the policies regularly and may update and revise the policies from time to time, subject to Board approval, when appropriate and as applicable legal or listing standards change.

**Stockholder Recommendations for Director Candidates.** With respect to director candidates identified by stockholders, the Stockholder Recommendation Policy applies. In accordance with the Stockholder Recommendation Policy, the Governance Committee will consider candidates proposed by only “qualified stockholders.” A “qualified stockholder” is an individual stockholder or group of stockholders that has beneficially owned at least 2% of our issued and outstanding common stock for at least one year (and will hold such percentage of stock through the date of the annual meeting, and if the recommended candidate is elected, through his or her term of service). Such stock ownership is determined as of the date the stockholder recommendation is submitted. You must submit stockholder director candidate recommendations in a written proposal, and each proposal must include all information required and requested by the Stockholder Recommendation Policy.

In order for a stockholder’s candidate to be evaluated and considered as a prospective nominee, you must submit your recommendation to our Corporate Secretary not less than 120 days before the one-year anniversary of the release date of the previous year’s proxy statement. (For example, the release date of the 2016 proxy statement was April 7, 2016. Stockholder recommendations intended for consideration for the director elections at the 2017 Annual Meeting had to be submitted on or before December 8, 2016.) Stockholder recommendations for director nominees must be submitted no later than the close of business on December 7, 2017 for the 2018 Annual Meeting of Stockholders.

Stockholder recommendations for director candidates must be accompanied by a description of each candidate’s qualifications in sufficient detail to permit the Governance Committee to evaluate whether each candidate satisfies the independence, financial literacy and experience requirements of the SEC, NASDAQ or other applicable laws or regulations. Director candidates proposed by stockholders in accordance with the Stockholder Recommendation Policy are evaluated by the Governance Committee in the same manner as any other prospective candidate during the director nominee selection process. We have not engaged and have not paid any fees to any third party for assistance with the director nomination process.

In addition to the requirements described above and in the Stockholder Recommendation Policy, all written stockholder proposals containing director candidate recommendations must comply with Rule 14a-8 of the Exchange Act. Rule 14a-8 sets forth the requirements for the inclusion of stockholder proposals in company-sponsored proxy materials. Contact information for our Corporate Secretary is provided in the Contacting the Corporate Secretary and Executive Offices section.

**Desirable Skills and Traits for Director Candidates.** Generally, candidates for director positions should possess the following skills and traits:

- Relevant business and financial expertise and experience, including an understanding of fundamental financial statements;
- The highest character and integrity and a reputation for working constructively with others;
- Sufficient time to devote to meetings and consultation on Board matters; and
- Freedom from conflicts of interest that would interfere with the candidate’s performance as a director.

The Governance Committee evaluates prospective nominees against certain minimum standards and qualifications, as identified in the Directorship Guidelines Policy, and the committee will strive to recommend director nominees who satisfy these standards and qualifications in large part. The basic standards and qualifications set forth in the Directorship Guidelines Policy include but are not limited to those skills and traits listed above and as follows:

- Representation of our stockholders as a whole;

- Background that contributes to a Board comprised of individuals with varied occupational experience and perspective;
- Leadership experience and ability to exercise sound business judgment;
- Accomplishments, credentials and recognition in their respective field;
- Contributions to the Board's skills, competency and qualifications through expertise in an area of business significant to us;

Personal and professional reputation for integrity, honesty, fairness and other similar traits; and  
 Knowledge of issues affecting us and critical aspects of our business and operations.

The Governance Committee also considers other relevant factors, such as the balance of management and independent directors, the need for Audit Committee or other Board committee expertise, relevant industry experience and the candidate's understanding of financial matters and financial sophistication, literacy and proficiency. Our Governance Committee does not have a formal policy with respect to diversity; however, the Governance Committee considers it desirable if potential nominees complement and contribute to the Board's overall diversity and composition. In this respect, we broadly construe diversity to mean an array of opinions, perspectives, skills, personal and professional experiences and backgrounds and other distinguished attributes. Diversity is not solely limited to gender, race and ethnicity distinctions; rather, our interpretation of diversity also includes one's ability to positively contribute to the chemistry and collaborative nature of our Board, as well as one's personal and professional experiences, aptitude and expertise relevant to our transportation and logistics services industry.

#### DIRECTOR COMPENSATION AND BENEFITS

Only independent directors on our Board receive compensation for their service as one of our directors. The independent directors receive an annual compensation package that is designed to attract, motivate and retain highly qualified independent professionals to represent our stockholders. Directors who are employees of the Company do not receive any compensation for their service on our Board of Directors.

Our 2016 annual compensation package for independent directors is comprised of the annual cash retainers and cash meeting fees provided in the Independent Director Retainers and Fees table that follows. This compensation package did not change from 2015 to 2016. Additional annual retainers are paid to the Chairs of the Audit Committee and Compensation Committee, but directors do not receive any additional compensation for serving as the Governance Committee Chair or member of any other Board committee. We will also reimburse each independent director at cost for all of their respective 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. Our independent directors are also eligible for stock awards pursuant to our Equity Plan. Shares of restricted stock were awarded to our independent directors in 2016.

#### INDEPENDENT DIRECTOR RETAINERS AND FEES

Fee or Retainer	Amount Paid in 2016
Annual Board Retainer for Board Membership	\$15,000 (paid in quarterly installments of \$3,750 each)
Annual Retainer for the Audit Committee Chair	\$10,000 (paid in quarterly installments of \$2,500 each)
Annual Retainer for the Compensation Committee Chair	\$5,000 (paid in quarterly installments of \$1,250 each)
Board of Directors Meeting Fee	\$2,000 (paid for each Board meeting)
Board Committee Meeting Fee	\$2,000 (paid for each committee meeting not held on the same day as a Board meeting)

Director Stock Ownership. We do not have formal stock ownership requirements for independent directors. The individual stock ownership of each independent director is set forth in the table under the Stock Ownership of Directors, Executive Officers and Certain Beneficial Owners section of this Proxy Statement.

Compensation of Directors for 2016. The compensation received by each independent director varies because such compensation is based on (i) the number of Board and Board committee meetings held, (ii) the Board committees on which the independent director serves and (iii) whether the individual is the Chair of the Audit Committee or the Compensation Committee.

On November 28, 2016, the Compensation Committee, in its sole discretion, awarded each of the independent directors 1,000 shares of restricted stock in accordance with our Equity Plan. Pursuant to the Restricted Stock Award Agreements with the restricted stock recipients, the restricted stock is subject to service-based vesting provisions. Beginning one

year after the grant date of each award, the restricted stock will vest annually in three increments of 34%, 33% and 33%, respectively. The awards will then become fully vested on November 28, 2019. The independent directors do not have any voting or dividend rights with respect to such stock until it is vested, and there are not any post-vesting sales restrictions on the shares. (The Form of Restricted Stock Award Agreement was included as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 4, 2009.) We did not grant any stock options or stock appreciation rights (“SARs”) to our independent directors in 2016.

The Director Compensation for 2016 table presents the compensation earned by each individual serving as an independent director during 2016 for service on our Board and its committees. This table does not include those directors who are also Company employees or related parties because such directors are not considered independent directors and thus did not receive any compensation in 2016 for their service on our Board. (The compensation paid by the Company to our employee directors is discussed in the Executive Compensation section and provided in the Summary Compensation Table.) Our independent directors do not participate in any benefit, pension or nonqualified deferred compensation plan of the Company. For these reasons, we have omitted those columns from the table.

#### DIRECTOR COMPENSATION FOR 2016

##### Fees

Earned or Name Paid in Cash (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Kenneth M. 41,000 Bird, Ed.D. Patrick J. Jung	26,728	—	—	67,728