J.B. HUNT TRANSPORT SERVICES, INC.

2019

NOTICE OF ANNUAL MEETING, PROXY STATEMENT AND ANNUAL REPORT

J.B. HUNT®

With more than 58 years of experience, J.B. Hunt continues to raise the expectations for companies in transportation and logistics. The company was founded by an entrepreneur which created a culture that places innovation at its core.

Over the past few years, J.B. Hunt has taken unprecedented approaches to tackle some of the industry's biggest challenges, such as uncovering new available capacity, improving the day-to-day experience for truck drivers, and enhancing its trucking fleet to continue being one of the safest on the road.

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2019 Annual Report

To Our Stockholders and Employees,

Beyond $10,000,000,000.00

First, would you look at that number? When we set that goal in 2010, it seemed extraordinary. It was a big number that needed even bigger ideas to help us close the gap between $3B and $10B. We used rigorous techniques to set the goal based on history and our participation as segment leaders, so we were confident. And J.B. Hunt is no stranger to big ideas. We challenged every person in our organization to "Think Big." And here we are, in 2020, on the cusp of achieving exactly what we set out to do.

We've taken some big steps to help us get to where we are today. In 2017, we committed to profoundly changing the way our customers and carriers do business with us. Carrier 360™ by J.B. Hunt was launched and has grown to encompass more than 100,000 users. We completed the build out of our Engineering and Technology teams – now totaling 1,200 employees. Last year we opened a Training and Technology Center on our campus and a new workspace in Fayetteville to accommodate the growth of these teams. We see these steps as fundamental to our ability to respond to the fast-developing, ever-changing supply chain environment.

Of course, it all comes down to the people who commit to getting the job done every day. Our company's success is directly attributed to the work of over 29,000 employees. We have adopted a saying internally that captures the essence of our approach: Bigger, Stronger, Better… Together. This approach will guide us as we prepare to take our next big steps in 2020.

"To Create the Most Efficient Transportation Network in North America"

This is a bold ambition for sure. The addressable North American transportation market is in excess of $444 billion. This mission lays the foundation for the next part of our journey.

Growth of our brokerage business unit, currently known as Integrated Capacity Solutions™ (ICS), has shaped our views on how we can grow the scope and scale of services to our customers. During the past decade, a traditional approach has established J.B. Hunt as a top 10 provider in third-party logistics and a top 5 provider in the final mile delivery of big and bulky consumer goods. As the models of ICS and Final Mile Services® (FMS) have revealed, we see exponential opportunity in blending our unique, legacy business models with the scalable capacity of third-party carriers to deliver on our customers' expectations. Success in these areas serves as further evidence of how we think differently about value-added services as opposed to maintaining the status quo.

Freight Management in the Digital Age

The competitive landscape for transportation companies is changing dramatically. Competition from software-based startups and expansion from traditional competitors warrants a different mindset on the future of freight, management and carrier engagement. In most other industries customer expectations demand a mobile-first, real-time experience.

With J.B. Hunt 360°® the opportunity to shape the next phase of transportation management is upon us. We anticipate a more aggressive growth curve than what we've aimed for in the past. We will improve cost, capacity and service to our customers while cementing our reputation with carriers as THE premier platform for finding and accepting loads and managing load details.

In 2020, we will release shipment booking and pricing features in Shipper 360™ that will lead the industry and create new growth opportunities for J.B. Hunt. Our long-standing relationships with our current customers are as paramount as ever. But as we look to the future, we will rely on our technology to drive shifts in our sales processes. This evolution began in 2019 with the re-organization of our sales teams to serve a wider range of current and prospective customers. Now, as we prepare to launch a new, more powerful shipping platform, our use of technology and people will align more closely than ever to help us reach into new markets.

The limiting factor to growth will be technical systems capabilities versus the buying of company-owned assets and hiring and placement of employees. We anticipate potential operating income pressure in the business segments most closely related to the development of J.B. Hunt 360°. We are making investments in this technology over the next 12 to 18 months. Like any long-term investment, the returns will be part of a greater vision for the future. Our ultimate goal is to realize accelerated growth in revenues, load counts and overall productivity for these business units. The near-term cost challenges in these areas relate to three categories: adding people to support operations until we can leverage automation and scale to achieve profitability, further technology development and cyclical gross margin pressure. As we have in the past, we will take the same disciplined approach to capital investment only in areas we feel will generate the strongest risk-adjusted returns, and we will pursue growth in these channels as we see clear evidence that the initial thoughts on scale, profitability and returns are presented.

How to Measure Success

- Grow legacy business lines and maintain profitability
- Increase the number of J.B. Hunt 360° accounts and users
- Increase daily user engagement inside of J.B. Hunt 360°
- Leverage technology to drive efficiencies
- Increase profitability per load

Expanding The Final Mile

The addressable market in home delivery of big and bulky consumer goods through our FMS model is approximately $14 billion and growing. Historically, FMS has been a component of Dedicated Contract Services® (DCS). This year, FMS will become its own stand-alone business unit and be a key component of our expansion and growth strategy.

In 2017, J.B. Hunt made its first acquisition in over 26 years with the purchase of Special Logistics Dedicated, LLC. Our progress with this acquisition outperformed our expectations and in 2019 we went forward with two more acquisitions: Cory 1st Choice Home Delivery and RDI Last Mile Co. These additions to the J.B. Hunt family will help us get a foothold in service and market areas faster than what we could establish organically.

There is clear and compelling evidence that modern e-commerce consumers demand convenient and fully transparent delivery services. As the consumer shopping experience increasingly moves from brick and mortar to online, our commitment to evolving alongside the expectations of consumers must outpace that of our competitors. With this in mind, we will continue to adapt our approach to FMS as we look to provide end-to-end service for big and bulky products with fully managed logistics capabilities.

New Thinking About Our Core Businesses

There are constraints on the pace and scale of growth in business units supported by owned assets. The business model in Intermodal (JBI) relies on third-party rail carriers. We have experienced highly inconsistent service and, most recently, the downsizing of their networks, known as precision scheduled railroading (PSR). After nearly a decade of strong growth, our ability to add equipment and incremental volumes has become constrained. So much so that, for the first time in our history, the load counts in Intermodal declined in 2019. It should be noted that recent rail service levels are improving, and we attribute the positive gains to the efforts applied through the PSR process. We maintain an open dialogue with our rail providers regarding opportunities to convert additional highway business to intermodal and look to continue to grow this business in the future.

With our DCS business model, we have solidified our industry-leading position by building and converting customer “private fleets” into long-term contract agreements. We have successfully shown companies that this mission-critical area can be operationally and cost-effectively outsourced while presenting some new advantages, including capital redeployment and risk management. Our service and value provided to customers are evidenced by consistently achieving a retention rate of over 98% with our DCS customers.

Our Highway Services business lines include both our legacy Truckload segment and ICS. The addition of ICS over the past decade has facilitated a way for us to provide truckload and other highway brokerage services to our customers without the need to purchase and maintain expensive assets as the only service option.

2019 brought a closer connection between these two business units with the addition of 360box™. This new model brings the best of our asset-based Truckload division together with the flexible capacity of ICS carriers in a drop-and-hook freight solution. The response from customers and carriers has been overwhelmingly positive. For customers, having 360box trailers onsite relieves some of the scheduling pressures of live-live hauls. Carriers appreciate the ease and freedom that comes with drop-and-hook freight. Best of all, 360box loads are executed with J.B. Hunt 360°, providing a fully transparent experience for both the shipper and carrier. It's disruptive ideas like these we will continue to explore across all modes and services to address changing customer demands while maintaining profitability.

A Sound and Sustainable Future

Environmental, Social and Governance (ESG) alignment and disclosure have taken on a higher priority in many discussions. We believe we have always held ourselves to a high standard in these areas, however we also acknowledge that our outreach efforts can improve. While these ideas are grouped together and have taken on some new energy lately, they have historically been considered in the bigger picture of how J.B. Hunt operates. For instance, with our equipment selections. From the types and sizes of engines we deploy to multiple aftermarket modifications – all are uniquely focused on fuel reduction and emissions standards. The industry-leading position we have taken in intermodal conversion is supported by internal data analysis estimating that an additional 7-11 million shipments could be converted from our nation's highways.

When we look at our bold mission of "creating the most efficient transportation network in North America," we see huge potential to drive out waste. Today, based on data reflecting historic utilization of our assets, we estimate that some trucks could see as much as 30 percent of underutilization. As we apply this logic to the 682,000 trucks available within Carrier 360, the potential to increase efficiency is meaningful. In 2019, over 1 million potentially empty miles in our Intermodal, DCS, and Truckload business units were filled using Carrier 360 to match previously empty mile segments with underutilized trucks. And analysis of over 650,000 facility reviews provided in Carrier 360 reveals that shippers could save approximately 7% on costs by eliminating excess transit. Our proactive efforts to identify and eliminate waste add value for us and our customers.

Good governance is also good business. We are evaluating all components of our board structure and policy guidelines to make sure we are doing what we believe to be right in the area of governance. Frankly, we do not agree with every point made about the company by advisory firms, and we take great interest in talking with our shareholders about any concerns they have with our governance. Board director tenure is an example of an idea we would challenge. We believe experience on the board is valuable, and we have what we think is a quality retirement program for our directors. But there are elements of transparency and structure that we are working to improve. We hope this aids in clarifying any concerns our shareholders may have around governance.

Giving A Voice to All Employees

A culture that respects the individual, values diversity, highlights areas of risk and relates to our employees makes J.B. Hunt a better company. We believe this helps us attract and retain the level of talent we need and creates a foundation on which the company can thrive.

Since 2015, our efforts to foster inclusivity and engagement have included the implementation of Elevation, a process where anyone in the organization can submit an idea for consideration on any topic that will help improve the company. We are fast approaching 20,000 ideas submitted. Creating a permanent way for ideas to be heard and considered in a transparent way by leadership is a broad-reaching, impactful step for everyone. To date, nearly 1,000 ideas have been implemented.

Our employees, their families and our communities expect us to be a fair, balanced workplace that respects the needs of all the people who are in, or affected by, the company. In the past three years, we have created several Employee Resource Groups (ERGs) with mission statements and executive sponsorship. Today, we support ERGs that serve veterans (VERG), women (GROW), African Americans (AAmERG) and Latinos (LEAD).

Connectivity Across Our Organization

In closing, we hope that some common themes are emerging regarding the future of our business. We will continue to look for ways that each of our unique business segments can support the success of the others. Our development of technology is leading operational and structural changes inside of our business and is a long-term strategic investment that will propel our growth in new markets. We will vocalize our efforts to do what is in the best interest of our people, the environment and our company, ensuring that everyone is empowered to bring their best ideas to the table.

None of these actions can stand alone – they are interconnected. Each one is dependent on the success of the others for the full impact to be felt. This kind of connectedness is what we want to leave you with. More than at any other point in our history, we are connecting people, technology and data to challenge old ways of thinking about freight transportation. We believe this will be the catalyst that produces the next wave of big ideas that will carry us beyond $10 billion.

John N. Roberts
President and Chief Executive Officer, Director

Kirk Thompson
Chairman of the Board of Directors

J.B. HUNT TRANSPORT SERVICES, INC.
615 J.B. Hunt Corporate Drive
Lowell, Arkansas 72745
479-820-0000
Website: jbhunt.com

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD APRIL 23, 2020

The Annual Meeting of Stockholders of J.B. Hunt Transport Services, Inc. (the Company) will be held April 23, 2020, at 10 a.m. (CDT) at the Company's headquarters, located at 615 J.B. Hunt Corporate Drive in Lowell, Arkansas, for the following purposes:

1. To elect Directors for a term of one (1) year
2. To consider and approve an advisory resolution regarding the Company's compensation of its named executive officers
3. To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2020 calendar year
4. To consider a stockholder proposal regarding reporting political contributions
5. To consider a stockholder proposal seeking a report on climate change initiatives
6. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof

Only stockholders of record on February 18, 2020, will be entitled to vote at the meeting or any adjournments thereof. The stock transfer books will not be closed.

The 2019 Annual Report to Stockholders is included in this publication

By Order of the Board of Directors

JENNIFER R. BOATTINI
Corporate Secretary

Lowell, Arkansas
March 12, 2020

Proxy Statement Summary

YOUR VOTE IS IMPORTANT
PLEASE EXECUTE YOUR PROXY WITHOUT DELAY

J.B. HUNT TRANSPORT SERVICES, INC.
615 J.B. Hunt Corporate Drive
Lowell, Arkansas 72745
479-820-0000
Website: jbhunt.com

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by J.B. Hunt Transport Services, Inc. (the Company), on behalf of its Board of Directors (the Board), for the 2020 Annual Meeting of Stockholders (the Annual Meeting). The Proxy Statement and the related proxy card are being distributed on or about March 12, 2020.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD APRIL 23, 2020

This Proxy Statement and our 2019 Annual Report to Stockholders, which includes our Annual Report on Form 10-K, are available at jbhunt.com.

PROPOSALS TO BE VOTED ON AT THE ANNUAL MEETING

Item	Board Recommendations	Further Details
Election of Directors	FOR	Page 22
Advisory Vote on Executive Compensation	FOR	Page 72
Ratification of Independent Registered Public Accounting Firm	FOR	Page 75
Stockholder Proposal Regarding Reporting Political Contributions	AGAINST	Page 78
Stockholder Proposal Seeking a Report on Climate Change Initiatives	AGAINST	Page 81

YOU SHOULD CAREFULLY READ THIS PROXY STATEMENT IN ITS ENTIRETY
The summary information provided above is for your convenience only and is merely a brief description of material information contained in this Proxy Statement.

YOUR VOTE IS IMPORTANT

IF YOU ARE A REGISTERED OWNER, YOU MAY VOTE BY INTERNET, TELEPHONE, OR BY COMPLETING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT TO US IN THE ACCOMPANYING ENVELOPE AS PROMPTLY AS POSSIBLE

IF YOU ARE A BENEFICIAL OWNER, PLEASE FOLLOW THE VOTING INSTRUCTIONS OF YOUR BROKER, BANK OR OTHER NOMINEE AS PROVIDED WITH THIS PROXY STATEMENT AS PROMPTLY AS POSSIBLE

DIRECTOR NOMINEES

Name	Occupation	Age	Director Since	Independent	Other Directorships	Committees Upon Election
Douglas G. Duncan	FedEx Freight Corporation (retired)	69	2010	Yes	Benchmark Electronics, Inc. Brambles LTD	Audit Committee Corporate Governance Committee
Francesca M. Edwardson	American Red Cross of Greater Chicago (retired)	62	2011	Yes	Duluth Holdings, Inc. Rush University Medical Center Lincoln Park Zoo	Audit Committee Corporate Governance Committee
Wayne Garrison	J.B. Hunt Transport Services, Inc. (retired)	67	1981	No		
Sharilyn S. Gasaway	Alltel Corp. (retired)	51	2009	Yes	Genesis Energy, LP Waddell & Reed Financial, Inc. Louisiana Tech University (LTU) Foundation LTU College of Business Advisory Board Arkansas Children's Inc. Arkansas Children's Foundation	Chair of Audit Committee Compensation Committee Corporate Governance Committee
Gary C. George	George's Inc.	69	2006	Yes	Legacy National Bank Arkansas Children's Inc. Arkansas Children's Northwest National Chicken Council	Chair of Corporate Governance Committee Compensation Committee
Bryan Hunt, Jr.	Hunt Automotive Group	61	1991	No	The New School	
Gale V. King	Nationwide Mutual Insurance Co.	63	—	Yes	AutoZone, Inc., The University of Florida Foundation, Inc., The Executive Leadership Council, Columbus Women's Commission, National Urban League, Columbus Museum of Art	Compensation Committee Corporate Governance Committee
John N. Roberts, III	President and Chief Executive Officer	55	2010	No	Federal Reserve Bank of St. Louis Arkansas Children's Northwest	
James L. Robo	NextEra Energy, Inc.	57	2002	Yes	NextEra Energy, Inc. NextEra Energy Partners, LP	Chair of Compensation Committee Corporate Governance Committee
Kirk Thompson	Chairman of the Board	66	1985	No	Rand Logistics, Inc.	

COMPENSATION OBJECTIVES, PRINCIPLES AND PRACTICES

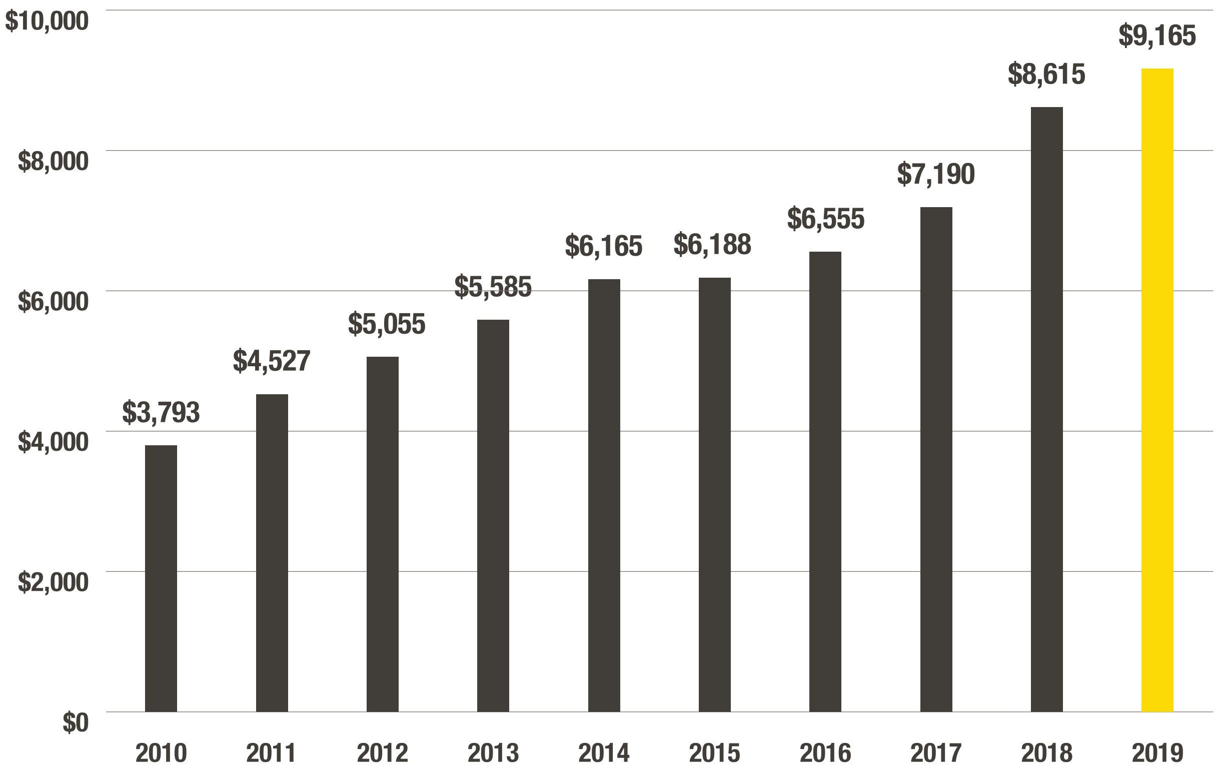
We believe the ability to attract, retain and provide appropriate incentives for professional personnel, including the senior executive officers and other key employees of the Company, is essential to maintaining the Company's leading competitive position, thereby providing for the long-term success of the Company. The overall compensation philosophy of the Company's Board of Directors and management is guided by the following principles:

Recruitment and Retention	The Company aims to attract, motivate and retain high-performance talent to achieve and maintain a leading position in our industry. Our total compensation package should be strongly competitive with other transportation and logistics companies.
Performance and Responsibility	Total compensation should be tied to and vary with performance and responsibility, both at the Company and individual level, in achieving financial, operational and strategic objectives. Differentiated pay for high-performing individuals should be proportional to their contributions to the Company's success.
Short-term Incentive	A large portion of total compensation should be tied to performance, and therefore at risk, as position and responsibility increase. Individuals with greater roles and the ability to directly impact strategic direction and long-term results should bear a greater proportion of the risk.
Long-term Incentive	Awards of long-term compensation encourage participating employees to focus on the Company's long-range growth and development and incent them to manage from the perspective of stockholders with a meaningful stake in the Company, as well as to focus on long-term career orientation.

2019 BUSINESS HIGHLIGHTS

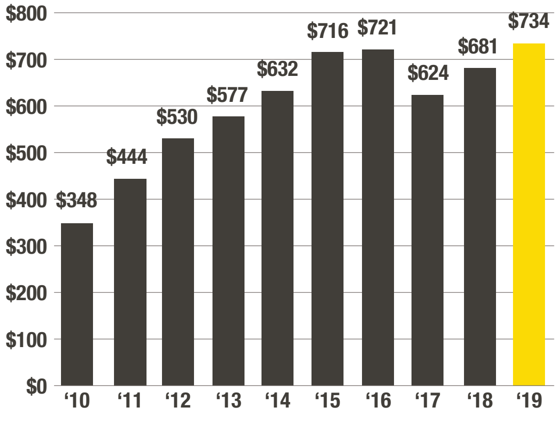
Consolidated Revenue

(in millions)

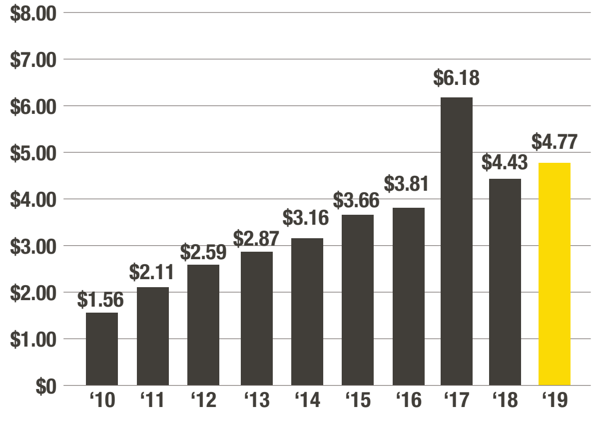


Consolidated Operating Income

(in millions)



Diluted EPS



INTERMODAL (JBI)

REVENUE

$4.7B

1%

OPERATING INCOME

$447M

12%

DEDICATED (DCS)

REVENUE

$2.7B

25%

OPERATING INCOME

$269M

39%

INTEGRATED (ICS)

REVENUE

$1.3B

1%

OPERATING INCOME

$(11)M

122%

TRUCKLOAD (JBT)

REVENUE

$389M

7%

OPERATING INCOME

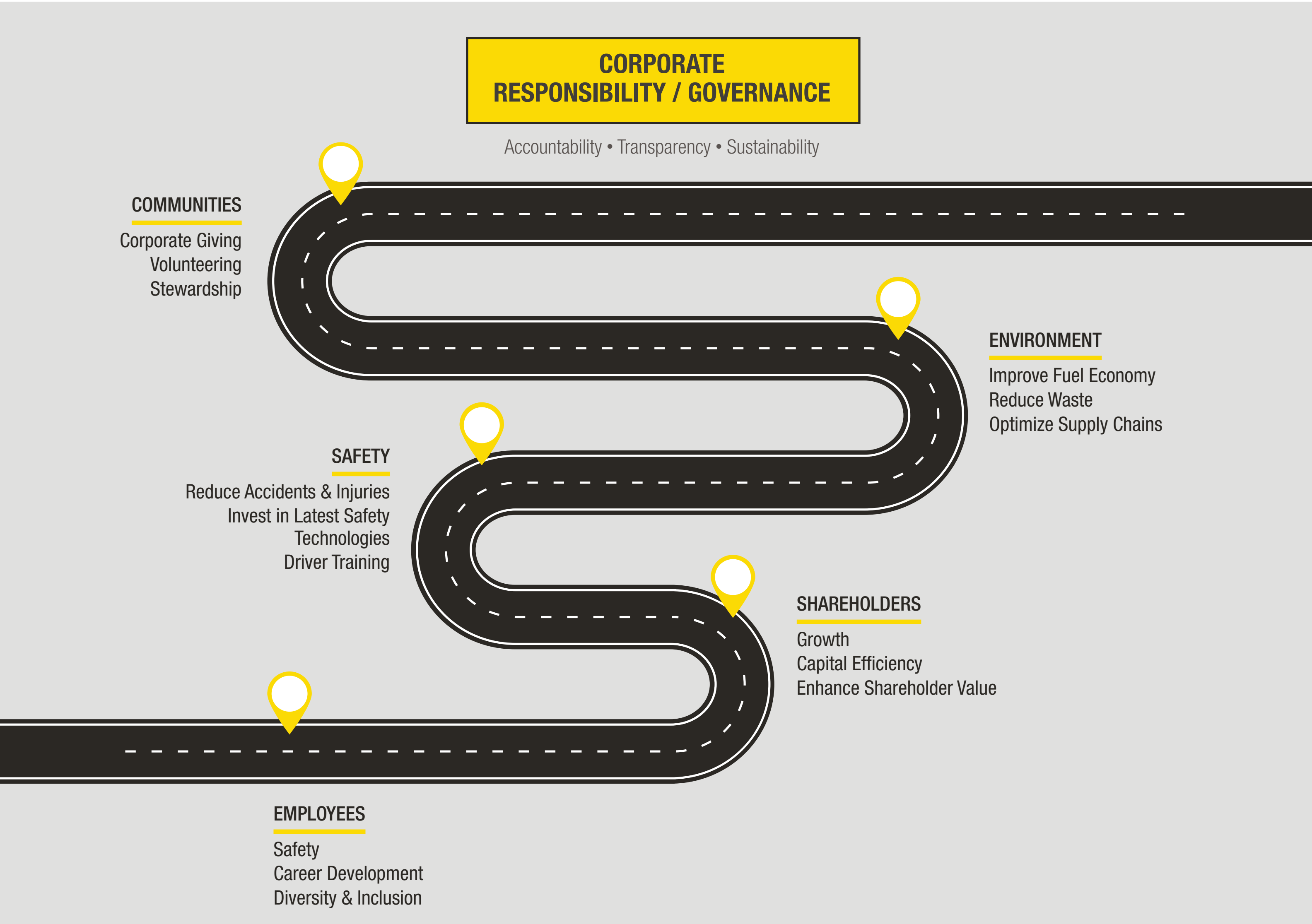
$29M

21%

J.B. HUNT CORPORATE RESPONSIBILITY

Overview/Mission Statement

At J.B. Hunt, our success is dependent upon our employees solving complex problems and creating value for our customers by eliminating waste, reducing costs, and forging long-term relationships by delivering an exceptional service product. The Board and Management recognize that our future success rests on creating a sustainable business model built on a foundation of strong corporate governance while maintaining sound environmental and social responsibility for the benefit of all of our stakeholders. By continuously focusing on reducing our carbon footprint, eliminating waste with our investments in the latest technologies, keeping the roads and our employees safe, and embracing the diversity of our customers and people, we're in it for the long haul. We do what we can to make business decisions that have a positive impact on the things that matter most to our stakeholders with a stated mission - *to create the most efficient transportation network in North America*.



Sustainability

Throughout our history, J.B. Hunt has recognized the importance of building a sustainable business and continues to take steps to increase awareness and transparency regarding our efforts with all our stakeholders. In 2019, the executive management team advanced these efforts with the establishment of a committee led by our Chief Operations Officer, Craig Harper, who reports directly to our CEO on the progress of advancing our sustainability initiative. The committee is comprised of a diverse group of J.B. Hunt employees responsible for identifying opportunities to advance our measurement, management, and disclosure of our sustainability efforts to help identify and mitigate climate and other related risks. Members of the committee recently presented an update to our Nominating and Corporate Governance Committee on the Company's efforts and investments made to reduce our greenhouse gas (GHG) emissions as part of its oversight of fossil fuel efficiency and progress on reducing the Company's environmental impact.

Environmental Matters

The Company recognizes that reducing GHG emissions in our business is important to our stockholders, our customers, the communities we serve, the global environment, and ultimately the future success of our Company. Increasingly, our customers are making environmental responsibility a priority in their business decision-making, and the same is true for the Company. We strive to offer transportation solutions that help the Company and our customers reduce both costs and carbon emissions while meeting or exceeding our customers' operational needs. Challenges to further reducing our carbon emissions include but are not limited to the availability of commercially and economically viable alternatives to diesel-powered equipment and our ability to convert over-the-road shipments to rail through our intermodal service offering. Management is committed to monetizing the efficient use of fossil fuels, such as adopting the most advanced technologies provided from original equipment manufacturers (OEM), utilizing aftermarket products to reduce fuel burn, adopting policies to incentivize reduced fuel burn, and assisting manufacturers in developing commercially viable alternative fuel sources.

The Company recognizes that reducing our carbon footprint is a continuous journey, and we believe the following items support our commitment to reducing our environmental impact:

Intermodal Conversion	J.B. Hunt leads the industry in converting over-the-road (OTR) shipments to intermodal. As a result of our conversion efforts, the Company reduced CO2e emissions (versus an all-truck alternative) by approximately 50% or ~3.2 million metric tons.
Energy-Efficient Trucks and Equipment	We maintain a modern fleet with an average truck age of only 2.3 years as compared to the ~5.6 year industry average. Modernization ensures that we maintain the latest in emission reduction technologies. We also spec our equipment to maximize fuel efficiency with features including aerodynamic packages, idle-reducing cab heaters, and automatic manual transmissions (AMTs) that all contributed to improved fuel economy.
Renewable Technology	J.B. Hunt invests in renewable technology solutions. Company assets are equipped with solar-powered tracking units that optimize the location and availability of trailing equipment. This technology allows J.B. Hunt to increase the efficiency of its assets, reduce empty miles and costs, and gain better control over its operations.
Fuel Technology	Fuel is one of the largest sources of carbon emissions within the supply chain. We strive to find advanced fuel solutions for customers, including the use of biofuels and ensuring the fuel efficiency of our fleets. In 2019, 53% of all fuel purchased was a bio-blended diesel product. The Company's total weighted average of fuel from renewable sources was 7%.
Engineering Solutions	J.B. Hunt has a dedicated engineering team that helps customers optimize their shipping strategy to minimize total miles, maximize payload, and reduce carbon emissions per shipment.
Customer Carbon Footprint	J.B. Hunt's proprietary tool calculates a customer's carbon footprint. We then offer mode conversion solutions, displaying how much carbon reduction can be achieved by converting a load to an intermodal shipment.
Carbon Diet	We provide support to customers with a company-developed sustainability practice called the "Carbon Diet." We educate customers on best practices in supply chain sustainability and supply the resources needed to be successful.
Electric Vehicles	We continually seek and evaluate opportunities to utilize emerging technologies in the area of exhaust-free vehicles. J.B. Hunt added its first ever all-electric, medium duty box trucks to its fleet in 2018. Additionally, we were one of the first to place an order for an all-electric heavy-duty Class 8 truck, and we anticipate further discussions with OEMs and solutions providers about acquiring additional electric trucks and charging stations when they become commercially available in the future.

Social Matters

J.B. Hunt recognizes that doing business to the best of our ability also means acknowledging and addressing important social issues. As a company, we support numerous initiatives that reflect the values most important to our customers, employees and communities in which we operate. With over 29,000 J.B. Hunt employees across North America (~19,000 of which are our truck drivers), we believe our focus on safety, career development, fostering a diverse and inclusive workplace, and giving back to the communities in which we serve are among our highest priorities.

Public Safety

At J.B. Hunt, safety is a core value and is fundamental to the culture of the Company. Our commitment to safety, which is a cornerstone of our business, has not deterred us from our mission of providing best-in-class service to our customers. Ensuring the roads are safe for our drivers and the motoring public is important to us as a key social responsibility and as a business concern. We train drivers extensively to understand and comply with all required safety measures.

J.B. Hunt has made considerable investments in safety over the last two decades because first and foremost, it is the right thing to do, and it is an investment with almost immeasurable returns. We share the road with millions of people across the country every day, and our livelihood depends on keeping those roads as safe as possible for everyone, including our drivers. In addition to complying with industry-relevant laws and mandates, J.B. Hunt makes its contribution to public road safety in a variety of ways — driver training, drug testing, and investing in technologies that make drivers and equipment safer.

We have continuously maintained a satisfactory safety rating from the Federal Motor Carrier Safety Administration (FMCSA) since 1992. Our out-of-service (OOS) rates for vehicle, driver, and HAZMAT fall substantially below reported national averages in the Safety Measurement System (SMS). In CSA (Compliance, Safety, Accountability), our safety performance falls below the threshold of FMCSA's on-road safety performance BASICs (Behavior Analysis and Safety Improvement Categories) in all categories.

Public safety is further promoted through smart purchasing decisions. As new safety technologies are made available, we carefully evaluate each to determine the overall impact and benefit they could bring to our drivers, trucks, and equipment.

Intermodal Conversion	J.B. Hunt leads the industry in converting OTR shipments to intermodal. We estimate the conversion of shipments from highway to rail has likely resulted in 60 fewer truck-involved fatalities on our nation's highways during 2019 (using industry average fatality rate per 100 million miles).
Defensive Driving Training	J.B. Hunt drivers are certified in a nationwide defensive driving program, involving classroom and in-vehicle training. All drivers are recertified periodically.
Monthly and Quarterly Safety Training	Our drivers participate in regular ongoing web-based and classroom safety training. Ongoing driver development is designed to provide additional training for drivers, as well as keep them up to date on regulatory issues and company matters.
Hair Testing	In 2006, J.B. Hunt implemented a policy requiring hair testing for the presence of controlled substances in addition to the U.S. Department of Transportation (DOT) required urine testing. Management believes hair testing serves as a more accurate and stringent standard to base an individual's habitual drug usage and has resulted in a material reduction in unfavorable results from random and post-accident tests.
Automatic Onboard Recording Devices/ELD's	We began implementing automatic onboard recording devices in 2007. As an early adopter of this technology, we have seen benefits in its ability to manage compliance with Hours-of-Service (HOS) regulations and reduce roadside inspection violations. J.B. Hunt was compliant with the mandate requiring Electronic Logging Devices in commercial vehicles prior to the December 2019 deadline.
Forward Collision Warning Systems	Installation of forward collision warning systems on our Class 8 tractors began in 2011. Currently, 95% of our company Class 8 fleet is deployed with this equipment which includes an automatic emergency braking system. We have seen a significant reduction in rear-end collision frequency and costs since implementation of these systems.
Video-Recorded Technology	Installation of video-recording equipment began in 2016, with 79% of our Class 8 fleet currently being deployed with forward-facing cameras. This equipment provides lane departure warnings and enhanced radar functionalities for some systems, such as braking on stationary objects. The primary benefit of this technology is improving driver safety performance. J.B. Hunt is also piloting rearview digital camera technology on its fleet that will expand driver visibility and potentially improve aerodynamics and fuel economy.

People Matters

Despite operating nearly 150,000 pieces of transportation equipment, our single greatest asset is our people. J.B. Hunt strives to provide a supportive and safe work environment for its employees where diverse and innovative ideas can be fostered to solve problems and provide value-added services for our customers. In addition to our employees, our customers, vendors, and communities in which we operate also share diverse backgrounds and an equally diverse range of interests and passions. J.B. Hunt puts forth its best effort to support initiatives reflecting the company values which are shared with its stakeholders.

Corporate Giving	J.B. Hunt is proud to support communities and charities that align with the values of our organization. In 2019, J.B. Hunt corporate and employee giving topped $6 million dollars directed towards our corporate pillars: Healthcare, Veterans, Crisis Management, and Education.
Employee Healthcare	J.B. Hunt is committed to improving the health of its workforce. Access to quality care is an important part of that commitment, and we have programs in place that focus on improving the quality of care that our employees and their families receive. Paid leave is another key component of our strategy. J.B. Hunt offers benefit plans that comply with all applicable laws.
Information Privacy & Protection Program (IP3)	Our IP3 is designed to protect the privacy of our workers, customers, vendors, and other proprietary corporate information. Its mission is to employ privacy best practices in collection, usage, storage, and disposal of information in compliance with applicable laws and regulations and to foster a culture that values privacy through awareness. All non-driver personnel are required to complete IP3 training.
Human Trafficking	The issue of human trafficking is one that hits close to home in our industry. J.B. Hunt launched Truckers Against Trafficking training in 2014 and has trained over 79,000 employees on recognizing and reporting signs of human trafficking. The Company recently became a signatory of the DOT's Transportation Leaders Against Human Trafficking Pledge.
Veterans Hiring Initiatives	In 2014, J.B. Hunt made a commitment to hire 10,000 veterans by 2020, which we were proud to accomplish before year-end 2019. More than 15% of our employees are military veterans, and we are proud to be consistently recognized for being a Top 100 Military Friendly Employer by VIQTORY. For 2019, we achieved Gold status, indicating a Top 10 ranking in our industry. J.B. Hunt remains committed to hiring those who have served and providing the best support of our military members to further our goal of being an employer of choice for veterans.
Diversity and Inclusion Initiative	The Company's Diversity and Inclusion initiative was founded in 2017. This initiative is spearheaded by our strategic leader who has a doctorate in organizational leadership and administration and was brought on board to expand the program. Diversity and Inclusion reaches enterprise-wide and aims to create an inclusive culture and environment where employees from all backgrounds can succeed and be heard.
Employee Resource Groups (ERGs)	Our ERGs offer opportunities for employee professional development, community engagement, and networking. Comprised of groups for women, Latinos, veterans, and African Americans, our ERGs promote camaraderie within the workforce and allow employees with similar interests to build meaningful work relationships.

Governance Highlights

We believe that good corporate governance helps to ensure the Company is managed for the long-term benefit of all of our stakeholders and accordingly observe the following key corporate governance principles:

Director Independence	The Company maintains a Board of Directors composed of a majority of individuals who satisfy the criteria for independence under the NASDAQ listing standards.
Lead Director and Independent Director Executive Sessions	Independent directors generally meet in executive session as part of each regularly scheduled Board meeting, with the position of Independent Lead Director being established to direct these executive sessions and authority to call additional meetings of independent directors as deemed necessary.
Board Committees	The Company requires all committees of the Board be comprised solely of independent directors and formal charters have been established outlining the purpose, composition, and responsibility of each committee, with all having authority to retain outside, independent advisors and consultants as needed.
Board Qualifications	The Board has established qualification guidelines for director nominees and performs continual evaluation of current director performance and qualifications.
Board Attendance and Overboarding	The Board has adopted formal Corporate Governance Guidelines, including director attendance expectations, and requires limitations and preapproval of director membership on other corporate boards.
Board Diversity	The Board maintains diversity in both gender and ethnic representation by identifying nominees whose backgrounds, attributes, and experiences taken as a whole will contribute to the high standards of Board service to the Company.
Code of Conduct	The Company has adopted a formal Code of Ethical and Professional Standards applicable to all directors, officers, and employees of the Company.

Accolades

J.B. Hunt operates in a highly competitive industry which requires an intense focus on continuous improvement across all aspects of the business. From introducing innovative and disruptive technologies that drive efficiencies in operations, to championing for enhancements to industry safety standards, we remain committed to our mission to create the most efficient transportation network in the North America. In 2019, J.B. Hunt is proud to have been recognized with the following:

Recognitions

- Named Top 100 3PL for the Tenth Consecutive Year by Inbound Logistics
- Named Top 75 Green Supply Chain Partner (G75) for Ninth Consecutive Year by Inbound Logistics
- Received Two Quest for Quality Awards from Logistics Management
- Named Top 3PL & Cold Storage Provider by Food Logistics for Seventh Time
- Earned SmartWay® Excellence Award from the EPA for Tenth Consecutive Year
- Moved up to 4th position on FreightWaves FreightTech 25
- Earned Cold Carrier Certification from the International Refrigerated Transportation Association
- Named Military Friendly Employer by VIQTORY for Thirteenth Consecutive Year
- Ranked 4th on Transport Topics Top 100 Largest For-Hire Carriers
- Ranked 4th on Transport Topics Top 50 Logistics Companies
- Named Top 100 Trucker by Inbound Logistics

PROPOSAL ONE
Election of Directors

Our Board nominates Douglas G. Duncan, Francesca M. Edwardson, Wayne Garrison, Sharilyn S. Gasaway, Gary C. George, Bryan Hunt, Gale V. King, John N. Roberts, III, James L. Robo, and Kirk Thompson as directors to hold office for a term of one year, expiring at the close of the 2021 Annual Meeting of Stockholders or until their successors are elected and qualified or until their earlier resignation or removal. The Board believes that these director nominees are well-qualified and experienced to direct and manage the Company's operations and business affairs and will represent the interests of the stockholders as a whole. Biographical information on each of these nominees is set forth below in "Nominees for Director."

One of our directors, Coleman H. Peterson, will retire from the Board upon the expiration of his current term at the 2020 Annual Meeting. The Board has nominated Gale V. King as a candidate to fill the resulting open position. If any director nominee becomes unavailable for election, which is not anticipated, the named proxies will vote for the election of such other person as the Board may nominate, unless the Board resolves to reduce the number of directors to serve on the Board and thereby reduce the number of directors to be elected at the Annual Meeting.

Proposal 1

The Board of Directors unanimously recommends a vote **for** each of the director nominees listed herein

INFORMATION YOU NEED TO MAKE AN INFORMED DECISION

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Number of Directors and Term of Directors and Executive Officers

The Company's Bylaws provide that the number of directors shall not be less than three or more than 12, with the exact number to be fixed by the Board. The Board currently consists of ten directors. Directors serve a term of one year from their election date to the Annual Meeting of Stockholders.

Directors are elected by a majority of votes cast with respect to each director, provided that the number of nominees does not exceed the number of directors to be elected.

The stockholders of the Company elect at the Company's Annual Meeting successors for directors whose terms have expired. The Board elects members to fill new membership positions and vacancies in unexpired terms on the Board. No director will be eligible to stand for re-election or be elected to a vacancy once he or she has reached 72 years of age. Executive officers are elected by the Board and hold office until their successors are elected and qualified or until their earlier death, retirement, resignation or removal.

NOMINEES FOR DIRECTOR *Terms expire 2021*

Douglas G. Duncan

Age: 69

Director Since: 2010

Committees Upon Election: Audit Committee, Nominating and Corporate Governance Committee

Principal Occupation: FedEx Freight Corporation (retired)

Recommendation: The Board has determined that Mr. Duncan's 30-years of transportation experience, including management positions in operations, sales and marketing and ultimately chief executive officer, qualify him to continue to serve as a Director of the Company.

Experience: Mr. Duncan retired as President and Chief Executive Officer of FedEx Freight Corporation, a wholly owned subsidiary of FedEx Corporation in February 2010. FedEx Freight Corporation is a leading provider of regional and national less-than-truckload (LTL) freight services. Mr. Duncan was the founding chief executive officer of FedEx Freight. He also served on the Strategic Management Committee of FedEx Corporation. Before the formation of FedEx Freight, he served for two years as President and Chief Executive Officer of Viking Freight. He served on the Executive Committee of the American Trucking Associations and as Chairman of the American Transportation Research Institute. A graduate of Christopher Newport University, Mr. Duncan served on the university's Board of Visitors.

Other Directorships (Prev. 5 Yrs.): Benchmark Electronics, Inc. (Chair of Nominating and Governance Committee), Brambles LTD

Family Relationships: None

Francesca M. Edwardson

Age: 62

Director Since: 2011

Committees Upon Election: Audit Committee, Nominating and Corporate Governance Committee

Principal Occupation: American Red Cross of Greater Chicago (retired)

Recommendation: The Board has determined that Ms. Edwardson continues to qualify to serve as a Director of the Company based on her lengthy and successful experience in both the transportation industry and legal environment, which provide respected insight and guidance to both the board and management.

Experience: Ms. Edwardson retired as the Chief Executive Officer of the American Red Cross of Chicago and Northern Illinois, a business unit of the American Red Cross, in 2016, a position she held since 2005. She previously served as Senior Vice President and General Counsel for UAL Corporation, a predecessor company to United Continental Holdings, Inc. She has also been a partner in the law firm of Mayer Brown and the Executive Director of the Illinois Securities Department. Ms. Edwardson is a graduate of Loyola University in Chicago, Illinois, holding degrees in economics and law.

Other Directorships (Prev. 5 Yrs.): Duluth Holdings, Inc (Chair of Compensation Committee), Rush University Medical Center, Lincoln Park Zoo

Family Relationships: None

Wayne Garrison

Age: 67

Director Since: 1981

Committees Upon Election: None

Principal Occupation: J.B. Hunt Transport Services, Inc. (retired)

Recommendation: The Board has determined that Mr. Garrison's extensive experience in the industry and over 40 years with J.B. Hunt in multiple roles provides invaluable experience to the board and stockholders, qualifying him to continue to serve as a Director of the Company.

Experience: Mr. Garrison served as Chairman of the Board of the Company from 1995 to December 31, 2010, and continues to serve as a member of the Board of Directors. Joining the Company in 1976 as Plant Manager, Mr. Garrison has also served as Vice President of Finance in 1978, Executive Vice President of Finance in 1979, President in 1982, Chief Executive Officer in 1987 and Vice Chairman of the Board from January 1986 until May 1991.

Other Directorships (Prev. 5 Yrs.): None

Family Relationships: None

Sharilyn S. Gasaway

Age: 51

Director Since: 2009

Committees Upon Election: Audit Committee (Chair), Executive Compensation Committee, Nominating and Corporate Governance Committee

Principal Occupation: Alltel Corp. (retired)

Recommendation: The Board has determined that Ms. Gasaway's experience in accounting, finance, mergers and acquisitions, and regulatory matters, all gained through her extended tenures within the financial environment, which provide unquestionable value to the Company, qualify her to continue to serve as a Director of the Company.

Experience: Ms. Gasaway served as Executive Vice President and Chief Financial Officer of Alltel Corp., the Little Rock, Arkansas-based Fortune 500 wireless carrier, from 2006 to 2009. She was part of the executive team that spearheaded publicly traded Alltel's transition through the largest private equity buyout in the telecom sector and was an integral part of the successful combination of Alltel and Verizon. She also served as Alltel's Corporate Controller and Principal Accounting Officer from 2002 to 2006. Joining Alltel in 1999, she served as Director of General Accounting, Controller, and Vice President of Accounting and Finance. Prior to joining Alltel, she worked for eight years at Arthur Andersen LLP. Ms. Gasaway has a degree in accounting from Louisiana Tech University and is a Certified Public Accountant.

Other Directorships (Prev. 5 Yrs.): Genesis Energy, LP (Chair of Audit Committee), Waddell & Reed Financial, Inc., Louisiana Tech University Foundation, Louisiana Tech University College of Business Advisory Board, Arkansas Children's, Inc., Arkansas Children's Foundation

Family Relationships: None

Gary C. George

Age: 69

Director Since: 2006

Committees Upon Election: Nominating and Corporate Governance Committee (Chair), Executive Compensation Committee

Principal Occupation: George's Inc.

Recommendation: The Board has determined that Mr. George continues to qualify to serve as a Director of the Company based on his extensive business and management knowledge gained through his leadership of a large diversified corporation.

Experience: Mr. George is Chairman of George's, Inc., a private, fully integrated poultry company with operations in Arkansas, Missouri, Virginia and Tennessee. He is a graduate of the University of Arkansas with a degree in business administration. He served on the Board of Trustees for the University of Arkansas from 1995 through 2005 and was Chairman of the Board of Trustees in 2005.

Other Directorships (Prev. 5 Yrs.): Legacy National Bank (Chairman), Arkansas Children's, Inc., Arkansas Children's Northwest, National Chicken Council

Family Relationships: None

Bryan Hunt

Age: 61

Director Since: 1991

Committees Upon Election: None

Principal Occupation: Hunt Automotive Group

Recommendation: The Board has determined that Mr. Hunt's historical and current knowledge of the company and valuable contributions to the Board of J.B. Hunt since 1991 continue to qualify him to serve as a Director of the Company.

Experience: Mr. Hunt served as an employee of the Company from 1983 through 1997. He is the Managing Member of Best Buy Here Pay Here of Arkansas, a private company with used-car operations in Arkansas, Missouri and Oklahoma; Progressive Car Finance, a private company that provides subprime financing for automobile dealers; and 71B Auto Auction and 71B Mobile Auto Auction, both private companies engaged in the auction of automobiles, trucks, boats and other motor vehicles to dealers and the general public in Arkansas and Kansas. A graduate of the University of Arkansas, he has degrees in marketing and transportation.

Other Directorships (Prev. 5 Yrs.): The New School

Family Relationships: Son of co-founders J.B. and Johnelle Hunt

Gale V. King

Age: 63

New Director Candidate

Principal Occupation: Nationwide Mutual Insurance Co.

Committees Upon Election: Executive Compensation Committee, Nominating and Corporate Governance Committee

Recommendation: The Board has determined that Ms. King's lengthy experience in the area of human resource management within a Fortune 100 company, together with her established strategic and operational leadership success, provide valuable guidance to the organization, qualifying her to serve as a Director of the Company.

Experience: Ms. King is Executive Vice President and Chief Administrative Officer for Nationwide Mutual Insurance Co. (Nationwide), a Fortune 100 financial services company with approximately 30,000 associates. She oversees Nationwide's Human Resources, Corporate Real Estate, Corporate Security and Aviation operations. Prior to her current position, she served as Nationwide's Executive Vice President and Chief Human Resources Officer from 2009 to 2012. She holds bachelor's and master's degrees from the University of Florida.

Other Directorships (Prev. 5 Yrs.): AutoZone, Inc., The University of Florida Foundation, Inc. (Chair), The Executive Leadership Council (Co-Chair Membership Committee), Columbus Women's Commission, National Urban League, Columbus Museum of Art

Family Relationships: None

John N. Roberts, III

Age: 55

Director Since: 2010

Committees Upon Election: None

Principal Occupation: J.B. Hunt Transport Services, Inc.

Recommendation: The Board has determined that Mr. Roberts continues to qualify to serve as a Director of the Company based on his continual success while serving as the Company's current President and Chief Executive Officer.

Experience: Mr. Roberts is the Company's President and Chief Executive Officer. A graduate of the University of Arkansas, he served as Executive Vice President and President of Dedicated Contract Services from 1997 to December 31, 2010. Joining the Company in 1989, he began his career as a Management Trainee and subsequently served as an EDI Services Coordinator, Regional Marketing Manager for the Intermodal and Truckload business units, Business Development Executive for DCS and Vice President of Marketing Strategy for the Company.

Other Directorships (Prev. 5 Yrs.): Federal Reserve Bank of St. Louis, Arkansas Children's Northwest

Family Relationships: None

James L. Robo

Age: 57

Director Since: 2002

Committees Upon Election: Executive Compensation Committee (Chair), Nominating and Corporate Governance Committee, Independent Lead Director

Principal Occupation: NextEra Energy, Inc.

Recommendation: The Board has determined that Mr. Robo's financial expertise, leadership experience, and business experience gained through his leadership of a large complex corporation, qualify him to continue to serve as a Director of the Company.

Experience: Mr. Robo is Chairman and Chief Executive Officer of NextEra Energy, Inc., a leading clean energy company. He is Chairman of the company's rate-regulated electric utility subsidiary, Florida Power & Light Company, as well as Chairman and CEO of NextEra Energy Partners, LP, a growth-oriented limited partnership formed by NextEra Energy to acquire, manage and own contracted clean energy projects. Prior to joining NextEra Energy in 2002, Mr. Robo spent ten years at General Electric Company. He served as President and Chief Executive Officer of GE Mexico from 1997 until 1999 and as President and Chief Executive Officer of the GE Capital TIP/ Modular Space division from 1999 until February 2002. From 1984 through 1992, Mr. Robo worked for Mercer Management Consulting. He received a BA summa cum laude from Harvard College and an MBA from Harvard Business School, where he was a Baker Scholar.

Other Directorships (Prev. 5 Yrs.): NextEra Energy, Inc. (Chairman), NextEra Energy Partners, LP (Chairman)

Family Relationships: None

Kirk Thompson

Age: 66

Director Since: 1985

Committees Upon Election: None

Principal Occupation: J.B. Hunt Transport Services, Inc.

Recommendation: The Board has determined that Mr. Thompson's extensive experience in the industry and over 40 years with J.B. Hunt in multiple roles provides invaluable experience to the organization and qualify him to continue to serve as a Director of the Company.

Experience: Mr. Thompson is the Company's Chairman of the Board. He served as President and Chief Executive Officer from 1987 to December 31, 2010. A graduate of the University of Arkansas and a Certified Public Accountant, Mr. Thompson joined the Company in 1973. He served as Vice President of Finance from 1979 until 1984, Executive Vice President and Chief Financial Officer until 1985, and President and Chief Operating Officer from 1986 until 1987, when he was elected President and Chief Executive Officer.

Other Directorships (Prev. 5 Yrs.): Rand Logistics, Inc.

Family Relationships: None

DIRECTOR COMPENSATION

Nonemployee Director Compensation Program

The Company pays only nonemployee directors for their services as directors. Directors who are also officers or employees of the Company are not eligible to receive any of the compensation described below.

For the annual period between the Company's 2019 and 2020 Annual Meetings, compensation for nonemployee directors serving on the Board was as follows:

- an annual retainer of $215,000 paid in Company stock, cash or any combination thereof
- an annual retainer of $20,000, paid in cash, to each member of the Audit Committee
- an annual retainer of $15,000, paid in cash, to each member of the Executive Compensation Committee
- an annual retainer of $10,000, paid in cash, to each member of the Nominating and Corporate Governance Committee
- an additional annual retainer of $25,000, paid in cash, to the Audit Committee Chairman
- an additional annual retainer of $15,000, paid in cash, to the Executive Compensation Committee Chairman
- an additional annual retainer of $10,000, paid in cash, to the Nominating and Corporate Governance Committee Chairman
- reimbursement of expenses to attend Board and Committee meetings

In January 2020, the Executive Compensation Committee reviewed a summary of various compensation packages awarded to directors of the Company's peer group compiled by Meridian Compensation Partners, LLC. Based on this review, the Executive Compensation Committee recommended and the Board of Directors approved the following compensation for the annual period beginning after our 2020 Annual Meeting:

- an annual retainer of $225,000 paid in Company stock, cash or any combination thereof
- an annual retainer of $20,000, paid in cash, to each member of the Audit Committee
- an annual retainer of $15,000, paid in cash, to each member of the Executive Compensation Committee
- an annual retainer of $10,000, paid in cash, to each member of the Nominating and Corporate Governance Committee
- an additional annual retainer of $25,000, paid in cash, to the Audit Committee Chairman
- an additional annual retainer of $25,000, paid in cash, to the Executive Compensation Committee Chairman
- an additional annual retainer of $10,000, paid in cash, to the Nominating and Corporate Governance Committee Chairman
- reimbursement of expenses to attend Board and Committee meetings

Process for Reviewing and Setting Nonemployee Director Compensation

The Executive Compensation Committee reviews the adequacy and competitiveness of the nonemployee director compensation program annually and makes recommendations to the full Board for approval. Each year, the Committee directs its compensation consultant to provide an independent assessment of the Company's nonemployee director compensation program. The consultant analyzes and compares the Company's program against the same peer group used to benchmark executive officer compensation (see page 48 for further details about the peer group). The Committee targets total nonemployee director compensation levels at a competitive range of peer group total compensation. The Committee also considers total aggregate Board compensation and other factors when making recommendations to the Board for approval.

Chairman of the Board

The role of Chairman of the Board is an employed executive position of the Company. Therefore, the Chairman of the Board participates in all primary compensation components available to executive officers of the Company as discussed in our Compensation Discussion and Analysis of this Proxy Statement, with the exception of short-term cash incentive awards and long-term equity incentive awards. He does not receive any director fees for his service on the Company's Board of Directors.

Board of Director Compensation Paid in Calendar Year 2019

Board Member	Salary ($)	Fees Paid in Cash ($)	Fees Paid in Stock ($)	Restricted Share or Stock Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (1)	Total ($)
Douglas G. Duncan	—	245,000	—	—	—	—	—	245,000
Francesca M. Edwardson	—	25,000	214,931	—	—	—	—	239,931
Wayne Garrison	—	215,000	—	—	—	—	—	215,000
Sharilyn S. Gasaway	—	152,500	107,417	—	—	—	—	259,917
Gary C. George	—	35,000	214,931	—	—	—	—	249,931
Bryan Hunt	—	215,000	—	—	—	—	—	215,000
Coleman H. Peterson	—	40,000	214,931	—	—	—	—	254,931
James L. Robo	—	55,000	214,931	—	—	—	—	269,931
Kirk Thompson	365,000	—	—	—	—	—	5,888	370,888

(1) Includes $2,350 taxable allowance for financial counseling services and $3,538 Company contributions to 401(k) plan.

Each nonemployee member of the Board had the choice of receiving his or her annual retainer of $215,000 in Company stock, cash or any combination thereof. Those directors choosing to receive their full retainer in Company stock received 2,211 shares based on the $97.21 closing market price on April 18, 2019. Sharilyn S. Gasaway elected to receive half of her retainer in stock, totaling 1,105 shares, based on the closing market price shown above. Douglas G. Duncan, Wayne Garrison, and Bryan Hunt elected to receive their annual retainer in cash.

To more closely align his or her interests with those of the stockholders, each Board member is required to own three times his/her estimated annual compensation in Company stock within five years of his/her initial stockholder election to the Board. All Board members comply with this requirement.

Nonemployee members of the Board did not participate in either a company-sponsored pension or deferred compensation plan in calendar year 2019.

Executive Officers of the Company

Jennifer R. Boattini, 47, joined the Company in 2006 as Director of Litigation and Contract Management and currently serves as Senior Vice President of Legal and Litigation, General Counsel. She also serves as the Company's Corporate Secretary.

Kevin Bracy, 49, joined the Company in 1998 as a Financial Analyst and currently serves as Senior Vice President of Finance, Treasurer and Assistant Secretary.

Darren Field, 49, joined the Company in 1994 as a Night Dispatcher and currently serves as Executive Vice President of Intermodal. Effective April 1, 2020, he will succeed Terrence D. Matthews as Executive Vice President and President of Intermodal, upon Mr. Matthews' retirement.

Craig Harper, 62, joined the Company in 1992 as Vice President of Marketing and currently serves as Executive Vice President and Chief Operations Officer. Prior to joining the Company, he worked for Rineco Chemical Industries as its Chief Executive Officer.

Bradley Hicks, 47, joined the Company in 1996 as a Management Trainee and currently serves as Executive Vice President of Dedicated Contract Services.

Nicholas Hobbs, 57, joined the Company in 1984 as a Management Trainee and currently serves as Executive Vice President and President of Dedicated Contract Services.

John Kuhlow, 49, joined the Company in 2006 as Assistant Corporate Controller and currently serves as Senior Vice President of Finance, Controller and Chief Accounting Officer. In addition, he currently serves as the Company's interim Chief Financial Officer. Prior to joining the Company, he was a Senior Audit Manager for KPMG LLP. Mr. Kuhlow is a Certified Public Accountant.

Terrence D. Matthews, 61, joined the Company in 1986 as a National Accounts Manager and currently serves as Executive Vice President and President of Intermodal. Prior to joining the Company, he worked as a National Accounts Manager for North American Van Lines. Effective April 1, 2020, he will retire from the Company and Darren Field, currently Executive Vice President of Intermodal, will succeed him as Executive Vice President and President of Intermodal.

Eric McGee, 46, joined the Company in 1998 as a National Account Service Monitor and currently serves as Executive Vice President of Highway Services.

David G. Mee, 59, joined the Company in 1992 as Vice President Tax and served as Executive Vice President of Finance and Administration and Chief Financial Officer up to his retirement from that position effective March 1, 2020. He will continue to serve as an employee and advisor to the Company until April 1, 2020. Prior to joining the Company, he was a Senior Tax Manager for KPMG LLP. Mr. Mee is a Certified Public Accountant.

Stuart Scott, 53, joined the Company in 2016 as Executive Vice President and Chief Information Officer. Prior to joining the Company, he served as Chief Information Officer (CIO) at Tempur-Sealy International, CIO at Microsoft, and CIO for various General Electric businesses.

Shelley Simpson, 48, joined the Company in 1994 as a Management Trainee and currently serves as Executive Vice President, Chief Commercial Officer, and President of Highway Services.

Security Ownership of Management

The following table sets forth the beneficial ownership of the Company's common stock as of February 18, 2020, by each of its current directors (including all nominees for director), the Named Executive Officers (the NEOs), and all other executive officers and directors as a group. Unless otherwise indicated in the footnotes below, "beneficially owned" means the sole or shared power to vote or direct the voting of a security or the sole or shared power to dispose or direct the disposition of a security.

Owner	Number of Shares Beneficially Owned Directly (1)	Number of Shares Beneficially Owned Indirectly (2)	Percent of Class (%) (3)
Douglas G. Duncan	10,828	2,600	*
Francesca M. Edwardson	20,603	—	*
Wayne Garrison	1,464,909	25,752	1.4
Sharilyn S. Gasaway	21,531	275	*
Gary C. George	43,369	1,089,368 (4)	1.1
Nicholas Hobbs	84,891	168	*
Bryan Hunt	70,697	—	*
Gale V. King	—	—	*
Terrence D. Matthews	21,964	38,939	*
David G. Mee	108,650	500	*
Coleman H. Peterson	40,384	—	*
John N. Roberts, III	332,136	—	*
James L. Robo	2,211	43,295	*
Shelley Simpson	87,662	47,472	*
Kirk Thompson	40,579	—	*
All executive officers and directors as a group (23)	2,470,462	1,255,437	3.5

*Less than 1 percent

Security Ownership of Management

(1) Includes shares owned by the director or executive officer that are:
(a) held in a 401(k) or deferred compensation account
(b) held in trusts for the benefit of an immediate family member for which the director or executive officer is the trustee
(c) pledged shares as shown below:

David G. Mee	79,830
John N. Roberts, III	160,000
Kirk Thompson	30,000
All executive officers and directors as a group	277,869

(2) Indirect beneficial ownership includes shares owned by the director or executive officer:
(a) as beneficiary or trustee of a personal trust
(b) by a spouse or as trustee or beneficiary of a spouse's trust
(c) held in trusts for the benefit of an immediate family member for which the director or executive officer's spouse is the trustee
(d) in a spouse's retirement account

(3) Calculated on the basis of 106,258,961 shares of common stock outstanding of the Company on February 18, 2020.

(4) The reporting person disclaims beneficial ownership of these shares, which are held in limited partnerships or trusts. This report shall not be deemed an admission that the reporting person is the beneficial owner of such securities for the purposes of Section 16 or for any other purposes.

Corporate Governance

We believe that good corporate governance helps to ensure that the Company is managed for the long-term benefit of our stockholders. We continually review and consider our corporate governance policies and practices, the SEC's corporate governance rules and regulations, and the corporate governance listing standards of NASDAQ, the stock exchange on which our common stock is traded. Key corporate governance principles observed by the Board and Company include:

- maintaining a Board composed of a majority of directors who satisfy the criteria for independence under the NASDAQ listing standards,
- establishment of the position of Independent Lead Director,
- utilization of independent director executive session meetings,
- requiring that all committees of the Board be comprised solely of independent directors,
- establishment of formal charters outlining the purpose, composition, and responsibility of each committee of the Board,
- granting authority to all committees of the Board to retain outside, independent advisors and consultants as needed,
- establishment of qualification guidelines for director nominees,
- continual evaluation of current director performance and qualifications,
- limitation and preapproval of director membership on other corporate boards,
- maintaining Board diversity in both gender and ethnic representation,
- review the Company's plan for succession of management,
- adoption of Corporate Governance Guidelines, including director attendance expectations, and
- adoption of a formal Code of Ethical and Professional Standards applicable to all directors, officers and employees of the Company.

You can access and print the Charters of our Audit Committee, Executive Compensation Committee (Compensation Committee), and Nominating and Corporate Governance Committee (Corporate Governance Committee), as well as our Corporate Code of Ethical and Professional Standards for Directors, Officers and Employees, Whistleblower Policy, and other Company policies and procedures required by applicable law, regulation or NASDAQ corporate governance listing standards on the "Corporate Governance" page of the "Investors" section of our website at jbhunt.com. Additionally, you can request copies of any of these documents by writing to our Corporate Secretary at the following address:

J.B. Hunt Transport Services, Inc.
Attention: Corporate Secretary
615 J.B. Hunt Corporate Drive
Lowell, Arkansas 72745

Corporate Governance

Director Independence

The Board is composed of a majority of directors who satisfy the criteria for independence under the NASDAQ corporate governance listing standards. In determining independence, each year the Board affirmatively determines, among other items, whether the directors have no material relationship with the Company or any of its subsidiaries pursuant to the NASDAQ corporate governance listing standards. When assessing the "materiality" of a director's relationship with the Company, if any, the Board considers all relevant facts and circumstances, not merely from the director's standpoint, but from that of the persons or organizations with which the director has an affiliation and the frequency or regularity of the services, whether the services are being carried out at arm's length in the ordinary course of business, and whether the services are being provided substantially on the same terms to the Company as those prevailing at the time from unrelated parties for comparable transactions. Material relationships can include commercial, banking, industrial, consulting, legal, accounting, charitable and familial relationships. The Board also considers any other relationship that could interfere with the exercise of independence or judgment in carrying out the duties of a director.

Applying these independence standards, the Board has determined that Douglas G. Duncan, Francesca M. Edwardson, Sharilyn S. Gasaway, Gary C. George, Gale V. King, and James L. Robo are all independent. After due consideration, the Board has determined that none of our current nonemployee directors or nominated nonemployee directors have a material relationship with the Company or any of its subsidiaries (either directly or indirectly as a partner, stockholder or officer of any organization that has a relationship with the Company or any of its subsidiaries) and that they all meet the criteria for independence under the NASDAQ corporate governance listing standards.

Risk Management and Oversight

As previously described in their biographies, current members and director nominees of our Board represent diverse backgrounds of business and academic experience. The Board, as a whole, performs the risk oversight of the Company and does not assign the task or responsibility to any one member or a committee. Therefore, the Board believes that the current and nominated members each possess unique yet complementary experiences and backgrounds that create diverse points of view, opinions, personalities and management styles that allow for the proper risk management and oversight of the Company.

Independent Lead Director

The Board has established the position of Independent Lead Director, to which James L. Robo was appointed. The Independent Lead Director directs the executive sessions of independent directors at the Board meetings at which the Chairman is not present and has authority to call meetings of independent directors. The Independent Lead Director facilitates communication between the Chairman, the CEO and the independent directors, as appropriate, and performs such other functions as the Board directs.

Independent Director Meetings

Independent directors generally meet in executive session as part of each regularly scheduled Board meeting, with discussion led by the Independent Lead Director.

Director Recommendations by Stockholders

In addition to recommendations from Board members, management or professional search firms, the Corporate Governance Committee will consider director candidates properly submitted by stockholders who individually or as a group have beneficially owned at least 2% of the outstanding shares of the Company's common stock for at least one year from the date the recommendation is submitted. Stockholders must submit director candidate recommendations in writing by Certified Mail to the Company's Corporate Secretary not less than 120 days prior to the first anniversary of the date of the Proxy Statement relating to the Company's previous Annual Meeting. Accordingly, for the 2021 Annual Meeting of Stockholders, director candidates must be submitted to the

Company's Corporate Secretary on or before November 12, 2020. Director candidates submitted by stockholders must contain at least the following information:

- the name and address of the stockholder or group of stockholders making the recommendation (Recommending Stockholder),
- the number of shares of the Company's common stock beneficially owned by the Recommending Stockholder and the dates such shares were purchased,
- if the Recommending Stockholder is not the registered holder of such shares, proof of beneficial ownership of such shares in compliance with Rule 14a-8(b)(2) of the Securities Exchange Act of 1934, as amended,
- the name, age, business address and residence of the recommended director candidate (Candidate),
- the principal occupation or employment of the Candidate for the past five years,
- a description of the Candidate's qualifications to serve as a director, including financial expertise and why the Candidate does or does not qualify as "independent" under the NASDAQ corporate governance listing standards,
- the number of shares of the Company's common stock beneficially owned by the Candidate, if any, and
- a description of the arrangements or understandings between the Recommending Stockholder and the Candidate, if any, or any other person pursuant to which the Recommending Stockholder is making the recommendation.

In addition, the Recommending Stockholder and the Candidate must submit, with the recommendation, a signed statement agreeing and acknowledging that:

- the Candidate consents to being a director candidate and, if nominated and elected, he or she will serve as a director representing all of the Company's stockholders in accordance with applicable laws and the Company's Articles of Incorporation and Bylaws,
- the Candidate, if elected, will comply with the Company's Corporate Governance Guidelines and any other applicable rules, regulations, policies or standards of conduct applicable to the Board and its individual members,
- the Recommending Stockholder will maintain beneficial ownership of at least 2% of the Company's issued and outstanding common stock through the date of the Annual Meeting for which the Candidate is being recommended for nomination and that, upon the Candidate's nomination and election to the Board, the Recommending Stockholder intends to maintain such ownership throughout the Candidate's term as director, and
- the Recommending Stockholder and the Candidate will promptly provide any additional information requested by the Corporate Governance Committee and/or the Board to assist in the consideration of the Candidate, including a completed and signed Questionnaire for Directors and Officers on the Company's standard form and an interview with the Corporate Governance Committee or its representative.

For a complete list of the information that must be included in director recommendations submitted by stockholders, please see the "Directorship Guidelines and Selection Policy" on the "Corporate Governance" page of the "Investors" section of our website at jbhunt.com. The Corporate Governance Committee will consider all Candidates submitted through its established processes and will evaluate each of them, including incumbents, based on the same criteria. In the event a Candidate of a Recommending Stockholder is subsequently nominated by the Corporate Governance Committee and the Board, included in the Company's Proxy Statement, and does not receive at least 25% of the votes cast in the related election of Directors, the Candidate is prohibited from again serving as a Candidate for four years from the date of the annual meeting in question.

The policies and procedures as set forth above are intended to provide flexible guidelines for the effective functioning of the Company's director nomination process. The Board intends to review these policies and procedures periodically and anticipates that modifications may be necessary from time to time as the Company's needs and circumstances change.

Board Composition and Director Qualifications

The Corporate Governance Committee periodically assesses the appropriate size and composition of the Board and whether any vacancies on the Board are expected. In the event that vacancies are anticipated or otherwise arise, the Corporate Governance Committee will review and assess potential director candidates. The Corporate Governance Committee utilizes various methods for identifying and evaluating candidates for director. Candidates may come to the attention of the Corporate Governance Committee through recommendations of Board members, management, stockholders or professional search firms. Generally, director candidates should, at a minimum:

- possess relevant business and financial expertise and experience, including a basic understanding of fundamental financial statements,
- have exemplary character and integrity and be willing to work constructively with others,
- have sufficient time to devote to Board meetings and consultation on Board matters, and
- be free from conflicts of interest that violate applicable law or interfere with director performance.

In addition, the Corporate Governance Committee seeks director candidates who possess the following qualities and skills:

- the capacity and desire to represent the interests of the Company's stockholders as a whole,
- diverse backgrounds with respect to business experience, professional expertise and knowledge, individual perspectives, gender, and ethnicity that support Board dynamics and effectiveness,
- leadership experience and sound business judgment,
- accomplishments in their respective field, with superior credentials and recognition,
- experience in skillful management or oversight of a publicly held company,
- personal and professional reputation for industry, integrity, honesty, candor, fairness, and discretion,
- willingness and ability to devote sufficient time and diligence towards the fulfillment of responsibilities,
- free from any conflict of interest,
- knowledge of the critical aspects of the Company's business and operations, and
- the ability to contribute to the mix of skills, core competencies, diversity, and qualifications of the Board through expertise in one or more of the following areas:
  - accounting and finance
  - mergers and acquisitions
  - business and management
  - law
  - academia
  - strategic planning
  - investor relations
  - executive leadership development
  - executive compensation
  - service as a senior officer of, or a trusted adviser to senior management of, a publicly held company.

The current and nominated independent members of the Board each possess the general skills, experience, attributes and qualifications that make them a proper fit for the Company's Board as described above. Specific strengths and qualities possessed by each member that makes him or her eligible to serve on the Company's Board include:

Douglas G. Duncan – 30 years of experience in the transportation industry

Francesca M. Edwardson – business experience in the transportation industry, law, human resources, and corporate governance

Sharilyn S. Gasaway – accounting, finance, mergers and acquisitions, and regulatory experience

Gary C. George – business experience related to managing a diversified business headquartered in Springdale, Arkansas

Gale V. King – human resource experience with a large and diverse workforce and leadership experience

James L. Robo – financial expertise, leadership experience, and business experience related to equipment and the transportation industry

Messrs. Garrison, Hunt, Roberts and Thompson, as nonindependent directors, have extensive work experience and history with the Company from its origins, which the Board believes is critical to its composition.

Overboarding

To further facilitate each director's ability to effectively serve as a member of the Board, each director is limited to serving on no more than four boards of directors of publicly held companies in total, including that of the Company. In addition, a director is required to obtain Board approval prior to joining the board of another publicly held company, which allows the Board to exercise its judgment regarding various considerations and potential conflicts of interest.

Board Diversity

As indicated by the criteria above, the Board prefers a mix of background and experience among its members. Furthermore, our current and nominated Board are diverse both in gender and ethnic representation, with 30% of our current and nominated members reflecting female or minority demographics. The Board does not follow any ratio or formula to determine the appropriate mix. Rather, it uses its judgment to identify nominees whose backgrounds, attributes and experiences, taken as a whole, will contribute to the high standards of Board service to the Company. The effectiveness of this approach is evidenced by the directors' participation in insightful and robust yet mutually respectful deliberation that occurs at Board and Committee meetings.

Board Leadership Structure

The Company split the titles, roles and responsibilities of the Chairman of the Board and Chief Executive Officer in 1985. The Company and the Board believe that, while the duties may be performed by the same person without consequence to either Company operations or stockholders' interest, separation of duties allows the Chairman to focus more on active participation by the Board and oversight of management, while the Chief Executive Officer is better able to focus on day-to-day operations of the Company.

Communications With The Board

Stockholders and other interested parties may communicate with the Board, Board Committees, the independent or the nonmanagement directors, each as a group or any director individually by submitting their communications in writing to the attention of the Company's Corporate Secretary. All communications must identify the recipient and author, state whether the author is a stockholder of the Company, and be forwarded to the following address via Certified Mail:

J.B. Hunt Transport Services, Inc.
Attention: Corporate Secretary
615 J.B. Hunt Corporate Drive
Lowell, Arkansas 72745

The directors of the Company have instructed the Corporate Secretary not to forward to the intended recipient any communications that are reasonably determined in good faith by the Corporate Secretary to relate to improper or irrelevant topics or that are substantially incomplete.

Board Meetings

The Board held four scheduled meetings during the 2019 calendar year. All directors attended at least 75% of the aggregate of the Board meetings and committee meetings on which each served during 2019. Nine of the ten members of the Board attended the 2019 Annual Meeting of Stockholders. The Company has adopted Corporate Governance Guidelines which stress the importance of attendance, director preparedness, and active and effective participation at Board and Board Committee meetings.

Board Committees

Standing committees of the Board include the Audit, Executive Compensation, and Nominating and Corporate Governance committees. Committee members are elected annually by the Board and serve until their successors are elected and qualified or until their earlier death, retirement, resignation or removal.

The following table summarizes the membership of the Board and each of its committees and the number of times each met during calendar year 2019:

Director	Audit	Compensation	Corporate Governance
Douglas G. Duncan	X		X
Francesca M. Edwardson		X	X
Sharilyn S. Gasaway	X	X	X
Gary C. George		X	Chair
Coleman H. Peterson		Chair	X
James L. Robo	Chair		X
Number of Meetings in 2019	8	5	3

Coleman H. Peterson will retire from the Board upon the expiration of his current term at the 2020 Annual Meeting. The Board has nominated Gale V. King as a candidate to fill the resulting open position. On January 22, 2020, the Corporate Governance Committee recommended, and the Board approved, the following committee assignments for the annual period beginning after our 2020 Annual Meeting:

Director	Audit	Compensation	Corporate Governance
Douglas G. Duncan	X		X
Francesca M. Edwardson	X		X
Sharilyn S. Gasaway	Chair	X	X
Gary C. George		X	Chair
Gale V. King		X	X
James L. Robo		Chair	X

AUDIT COMMITTEE

Under the terms of its charter, the Audit Committee represents and assists the Board in fulfilling its oversight responsibility relating to the integrity of the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, the performance of the Company's internal audit function, and the performance of its independent auditors.

In fulfilling its duties, the Audit Committee, among other things, shall:

- appoint, terminate, retain, compensate and oversee the work of the independent registered public accounting firm,
- preapprove all services provided by the independent registered public accounting firm,
- oversee the performance of the Company's internal audit function,
- review the qualifications, performance and independence of the independent registered public accounting firm,
- review external and internal audit reports and management's responses thereto,
- monitor the integrity of the financial reporting process, system of internal accounting controls, and financial statements and reports of the Company,
- oversee the Company's compliance with legal and regulatory requirements,
- review the Company's annual and quarterly financial statements, including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in periodic reports filed with the SEC,
- discuss with management earnings news releases,
- meet with management, the internal auditors, the independent auditors and the Board,
- provide the Board with information and materials as it deems necessary to make the Board aware of significant financial accounting and internal control matters of the Company,
- oversee the receipt, investigation, resolution and retention of all complaints of a financial nature submitted under the Company's Whistleblower Policy, and
- otherwise comply with its responsibilities and duties as set forth in the Company's Audit Committee Charter.

The Board has determined that each member of the Audit Committee satisfies the independence and other requirements for audit committee membership of the NASDAQ corporate governance listing standards and SEC requirements. The Board has also determined that all members of the Audit Committee have the attributes of an audit committee financial expert as defined by the SEC. The Board determined that these members acquired such attributes through their experience in preparing, auditing, analyzing or evaluating financial statements, or actively supervising one or more persons engaged in such activities, and their experience of overseeing or assessing the performance of companies and public accountants with respect to preparation, auditing or evaluation of financial statements. For additional information concerning the Audit Committee, see "Report of the Audit Committee" set forth below.

EXECUTIVE COMPENSATION COMMITTEE

The Executive Compensation Committee (the Compensation Committee) shall:

- determine and approve base salary compensation of the Company's senior executive officers,
- determine and approve annual equity-based awards for the Company's "insiders" as defined in Section 16 of the Securities Exchange Act of 1934, with the exception of the Chairman of the Board and the Chief Executive Officer,
- evaluate and recommend to the independent members of the Board for their approval base salary and annual equity-based awards for the Chairman of the Board and the Chief Executive Officer,
- review and approve the annual performance goals and objectives of the Company's senior executive officers, including the Chief Executive Officer,
- establish and certify the achievement of performance goals,
- oversee the Company's incentive compensation and equity-based compensation plans,
- assess the adequacy and competitiveness of the Company's executive and director compensation programs,
- review and discuss with management the Compensation Discussion and Analysis (CD&A) and recommend whether such analysis should be included in the Proxy Statement filed with the SEC,
- produce an Annual Report on executive compensation for inclusion in the Company's Proxy Statement,
- review and approve any employment agreements, severance agreements or arrangements, retirement arrangements, change in control agreements/provisions, and any special or supplemental benefits for each officer of the Company,
- approve, disapprove, modify or amend any non-equity compensation plans designed and intended to provide compensation primarily for officers,
- make recommendations to the Board regarding adoption of equity-based compensation plans,
- administer, modify or amend equity-based compensation plans,
- monitor the diversity of the Company's workforce, and
- otherwise comply with its responsibilities and duties as set forth in the Company's Compensation Committee Charter.

None of the individuals serving on the Compensation Committee has ever been an officer or employee of the Company. The Board has determined that all members of the Compensation Committee satisfy the independence requirements of the NASDAQ corporate governance listing standards. All members of the Compensation Committee qualify as "nonemployee directors" for purposes of Rule 16b-3 of the Exchange Act and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code, as amended.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Nominating and Corporate Governance Committee (the Corporate Governance Committee) shall:

- annually review the Company's Corporate Governance Guidelines and policies,
- assist the Board in identifying, screening and recruiting qualified individuals to become Board members,
- propose nominations for Board membership and committee membership,
- assess the composition of the Board and its committees,
- oversee the performance of the Board and committees thereof,
- review the Company's plan for succession of management,
- oversee the Company's strategies addressing environmental and social issues,
- review and approve all related-party transactions (as required by law, NASDAQ rules, or SEC regulations), and
- otherwise comply with its responsibilities and duties as set forth in the Company's Corporate Governance Committee Charter.

The Board has determined that all members of the Corporate Governance Committee satisfy the independence requirements of the NASDAQ corporate governance listing standards.

Code of Business Conduct and Ethics
The Board has adopted a Corporate Code of Ethical and Professional Standards for Directors, Officers and Employees (the Code of Ethics) that applies to all of the Company's directors, officers and employees. The purpose and role of this Code of Ethics is to focus our directors, officers and employees on areas of ethical risk, provide guidance to help them recognize and deal with ethical issues, provide mechanisms to report unethical or unlawful conduct, and help enhance and formalize our culture of integrity, honesty and accountability. As required by applicable law, the Company will post on the "Corporate Governance" page of the "Investors" section of its website at jbhunt.com any amendments or waivers of any provision of this Code of Ethics made for the benefit of executive officers or directors of the Company.

Corporate Governance Guidelines
The Board has adopted Corporate Governance Guidelines and policies to assist it in exercising its responsibilities to the Company and its stockholders. These guidelines and policies address, among other items, director qualifications and responsibilities, Board Committees and nonemployee director compensation.

Delinquent Section 16(a) Reports
Section 16(a) of the Exchange Act requires each director, officer and any individual beneficially owning more than 10% of the Company's common stock to file with the SEC reports of security ownership and reports on subsequent changes in ownership. These reports are generally due within two business days of the transaction giving rise to the reporting obligation.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, all Section 16(a) filings were made in a timely manner, with the exception of Terry Matthews and Eric McGee, each who had one late filing to report the sale of shares.

Certain Relationships and Related Transactions

The Corporate Governance Committee is charged with the responsibility of reviewing and preapproving all related-party transactions (as defined in SEC regulations) and periodically reassessing any related-party transaction entered into by the Company. The Committee does not currently have any formal policy or procedures with respect to its review and approval of related-party transactions but considers each such transaction or proposed transaction on a case-by-case basis.

Bryan Hunt, one of our current directors, is the son of Johnelle Hunt, a principal stockholder of the Company.

Two sons-in-law of Kirk Thompson, Chairman of the Board of the Company, were employed by the Company in calendar year 2019. The first earned $490,165 and the second earned $233,675 in 2019 compensation. Shelley Simpson's husband was employed by the Company in calendar year 2019 and earned $295,245 in 2019 compensation. Jennifer R. Boattini's husband was employed by the Company in calendar year 2019 and earned $231,867 in 2019 compensation.

In the ordinary course of business, the Company has entered into a Dedicated Contract Services® agreement with George's, Inc., which is considered a related party. The customer agreements consist primarily of fleets of tractors and specialty trailers delivering feed and live poultry to and from plants located in Cassville, Missouri; Edinburg, Virginia; Harrisonburg, Virginia; and Mt. Jackson, Virginia, as well as other agreed-upon services on an as-needed basis. Gary C. George is Chairman of George's, Inc. Mr. George was not involved in the establishment of these service agreements, nor did he solicit the Company's services on behalf of George's, Inc. Total revenue earned in calendar year 2019 under these service agreements was $12.9 million. Services provided under these contracts are and will be carried out at arm's length in the ordinary course of business and are being provided substantially on the same terms as those of unrelated parties for comparable transactions.

During 2019, the Company procured $158,667 in third-party purchased transportation services from Gulf Relay LLC. Jennifer R. Boattini's brother is the Chief Operating Officer of Gulf Relay LLC. Mrs. Boattini was not involved in the solicitation or establishment of these services, which were provided at arm's length in the ordinary course of business and were provided substantially on the same terms as those of unrelated parties for comparable transactions.

Compensation Committee Interlocks and Insider Participation

During the 2019 calendar year, none of the Company's executive officers served on the Board of Directors or Compensation Committees of any entity whose directors or officers served on the Company's Board or Compensation Committee. No current or past executive officers or employees of the Company served on the Compensation Committee.

Principal Stockholders of the Company

The following table sets forth all persons known to be the beneficial owner of more than 5% of the Company's common stock as of December 31, 2019. Unless otherwise indicated in the footnotes below, "beneficially owned" means the sole or shared power to vote or direct the voting of a security or the sole or shared power to dispose or direct the disposition of a security.

Name and Address	Number of Shares	Percent of Class
Johnelle Hunt(1) 3333 Pinnacle Hills Parkway Rogers, AR 72756	18,326,563	17.3%
T. Rowe Price Associates, Inc.(2) 100 East Pratt Street Baltimore, MD 21202	16,965,975	15.9%
Vanguard Group, Inc.(3) 100 Vanguard Blvd. Malvern, PA 19355	10,271,367	9.6%
BlackRock, Inc.(4) 55 East 52nd Street New York, NY 10055	6,070,715	5.7%

(1) Based on the stockholder's Form 5, filed with the SEC on February 7, 2020.

(2) Based on the most recent SEC filing by T. Rowe Price Associates, Inc. on Schedule 13G/A dated February 14, 2020. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power, 7,193,236 shares; shared voting power, zero shares; sole dispositive power, 16,965,975 shares; and shared dispositive power, zero shares. The Company makes no representation as to the accuracy of the information reported in such beneficial ownership reports.

(3) Based on the most recent SEC filing by Vanguard Group, Inc. on Schedule 13G/A dated February 12, 2020. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power, 132,578 shares; shared voting power, 21,586 shares; sole dispositive power, 10,129,595 shares; and shared dispositive power, 141,772 shares. The Company makes no representation as to the accuracy of the information reported in such beneficial ownership reports.

(4) Based on the most recent SEC filing by BlackRock, Inc. on Schedule 13G/A dated February 5, 2020. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power, 5,271,079 shares; shared voting power, zero shares; sole dispositive power, 6,070,715 shares; and shared dispositive power, zero shares. The Company makes no representation as to the accuracy of the information reported in such beneficial ownership reports.

Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The Executive Compensation Committee (the Compensation Committee) operates under a written charter adopted by the Board, a copy of which is available on the “Corporate Governance” page of the “Investors” section of the Company’s website at jbhunt.com. In carrying out its responsibilities, the Compensation Committee, among other things:

- evaluates and recommends to the independent Board members, for their approval, the annual salaries and bonuses of the Chairman of the Board and the Chief Executive Officer,
- reviews and approves annual corporate goals and objectives of the Chairman of the Board and the Chief Executive Officer and other Section 16 reporting officers,
- recommends for approval to the independent Board members equity-based compensation awards under the Company’s Management Incentive Plan (the MIP), as amended and restated, for the Chairman of the Board and the Chief Executive Officer,
- reviews and approves equity-based compensation awards under the Company’s MIP, as amended and restated, for the Section 16 reporting officers,
- establishes and certifies the achievement of performance goals under the Company’s incentive and performance-based compensation plans,
- evaluates and recommends to the full Board, for their approval, annual compensation for the Company’s nonemployee directors,
- reviews other Company executive compensation programs, and
- reviews and approves the Compensation Committee report to the stockholders and the Compensation Discussion and Analysis (the CD&A) report included in the Proxy Statement.

The Chairman of the Board recommends to the Compensation Committee the form and amount of compensation to be paid to the Chief Executive Officer. The Chief Executive Officer provides recommendations to the Compensation Committee regarding the form and amount of compensation to be paid to executive officers who report directly to him. Additionally, the Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer regularly attend Compensation Committee meetings, except for executive sessions. Upon request, management has provided to the Compensation Committee historical and prospective breakdowns of primary compensation components for each executive officer, wealth accumulation analyses and internal pay equity analyses as described in more detail below.

At our 2019 Annual Meeting, the stockholders approved, on an advisory basis, the compensation of the named executive officers (92.1% of votes cast). The Compensation Committee believes this level of stockholder support reflects a strong endorsement of the Company’s compensation policies and decisions. The Compensation Committee has considered the results of the last advisory vote on executive compensation in determining the Company’s compensation policies and decisions for 2020 and has determined that these policies and decisions are appropriate and in the best interests of the Company and its stockholders at this time. In addition, at our 2017 Annual Meeting, the stockholders voted for approval of a frequency of holding advisory votes every year with respect to named executive officer compensation (93.4% of votes cast). Accordingly, an advisory vote on executive compensation has been included as Proposal Number Two within this Proxy Statement.

Executive Compensation

In 2019, the Compensation Committee engaged Meridian Compensation Partners, LLC (Meridian) to review the Company's executive compensation policies and practices. Meridian was also directed to assist with the development of a comparable peer group for executive compensation purposes and to benchmark compensation levels for the NEOs. Meridian is retained by, and reports to, the Compensation Committee to provide compensation analyses and consultation at the Committee's request.

Historically, the Compensation Committee meets during the first quarter to finalize discussion regarding the Company's performance goals for the previous and current year with respect to performance-based compensation to be paid to executive officers and to approve its report for the Proxy Statement. These goals are approved within 90 days of the beginning of the year. In addition, during this and other regularly scheduled meetings throughout the year, the Compensation Committee meets to:

- discusses any new compensation issues,
- review base compensation, bonus and MIP award analyses,
- approve the engagement of the compensation consultant for annual executive and director compensation surveys,
- review and discuss information provided by the compensation consultant and the recommendations made by the Chairman of the Board and the Chief Executive Officer,
- review the performance of the Company and the individual officers,
- approve short-term cash bonus and long-term incentive awards, and
- determine executives' base salaries.

Management also advises the full Board, including the Compensation Committee members, throughout the year of any new issues and developments regarding executive compensation.

This CD&A provides information regarding the compensation paid to our President and Chief Executive Officer, Chief Financial Officer and certain other executive officers who were the most highly compensated in calendar year 2019. These individuals, referred to collectively as "named executive officers" or NEOs, are identified below:

- **John N. Roberts, III** – President and Chief Executive Officer
- **David G. Mee** – Executive Vice President, Finance/Administration, Chief Financial Officer
- **Shelley Simpson** – Executive Vice President, Chief Commercial Officer and President of Highway Services
- **Nicholas Hobbs** – Executive Vice President and President of Dedicated Contract Services
- **Terrence D. Matthews** – Executive Vice President and President of Intermodal

Compensation Philosophy and Principles

The Compensation Committee acknowledges that the transportation industry is highly competitive and that experienced professionals have career mobility. The Company believes that it competes for executive talent with a large number of companies, some of which have significantly larger market capitalizations and others of which are privately owned. Retention of key talent remains critical to our success. The Company's need to focus on retention is compounded by its size and geographic location. The Company's compensation program is structured to attract, retain and develop executive talent with the ability to assume a broad span of responsibilities and successfully lead complex business units to market-leading positions in the industry. The Compensation Committee believes that the ability to attract, retain and provide appropriate incentives for professional personnel, including the senior executive officers and other key employees of the Company, is essential to maintaining the Company's leading competitive position, thereby providing for the long-term success of the Company. The Compensation Committee's goal is to maintain compensation programs that are competitive within the transportation industry. Each year, the Compensation Committee reviews the executive compensation program with respect to external competitiveness and linkage between executive compensation and creation of stockholder value and determines what changes, if any, are appropriate.

The overall compensation philosophy of the Compensation Committee and management is guided by the following principles:

- ***Compensation levels should be sufficiently competitive to attract and retain key talent.*** The Company aims to attract, motivate and retain high-performance talent to achieve and maintain a leading position in our industry. Our total compensation package should be strongly competitive with other transportation and logistics companies.
- ***Compensation should relate directly to performance and responsibility.*** Total compensation should be tied to and vary with performance and responsibility, both at the Company and individual level, in achieving financial, operational and strategic objectives. Differentiated pay for high-performing individuals should be proportional to their contributions to the Company's success.
- ***Short-term incentive compensation should constitute a significant portion of total executive compensation.*** A large portion of total compensation should be tied to performance, and therefore at risk, as position and responsibility increase. Individuals with greater roles and the ability to directly impact strategic direction and long-term results should bear a greater proportion of the risk.
- ***Long-term incentive compensation, the Company's Management Incentive Plan (the MIP), should be closely aligned with stockholders' interests.*** Awards of long-term compensation encourage executive officers to focus on the Company's long-range growth and development and incent them to manage from the perspective of stockholders with a meaningful stake in the Company, as well as to focus on long-term career orientation. Participants in the MIP are expected to own Company stock. The expectations are discussed in this CD&A under the caption "Stock Ownership Guidelines."

The Company's executive compensation program is designed to reward the achievement of initiatives regarding growth, productivity and people, including:

- setting, implementing and communicating strategies, goals and objectives to ensure that the Company grows revenue and earnings at rates that are comparable to or greater than those of our peers and that create value for our stockholders,
- motivating and exhibiting leadership that aligns the interests of our employees with those of our stockholders,
- developing a grasp of the competitive environment and taking steps to position the Company for growth and as a competitive force in the industry,
- constantly renewing the Company's business model and seeking strategic opportunities that benefit the Company and its stockholders, and
- implementing a discipline of compliance and focusing on the highest standards of professional conduct.

PROCESS OF SETTING COMPENSATION

Benchmarking Against a Peer Group

The Compensation Committee engaged Meridian to perform a competitive market assessment for the NEOs to evaluate base salary, target annual incentives, target total cash compensation, long-term incentives and total direct compensation.

The assessment involved the use of a peer group, as noted below, consisting of 14 transportation and logistics companies in the national marketplace as well as companies of comparable size, complexity of operations, or similar customer base. These companies represent both business competition and the most relevant labor market for our executives.

CH Robinson Worldwide, Inc.	CSX Corporation	Expeditors Int'l of Washington, Inc.
Hub Group, Inc.	Kansas City Southern	Knight-Swift Transportation Holdings, Inc.
Norfolk Southern Corporation	Old Dominion Freight Line, Inc.	Republic Services Inc.
Ryder System, Inc.	Schneider National Inc.	Stericycle Inc.
Waste Management Inc.	XPO Logistics Inc.	

No changes were made to the peer group in 2019.

Compensation Analysis Tools

In addition to the competitive compensation survey information for each officer that was compiled, the Compensation Committee also reviewed historical executive compensation. The Compensation Committee anticipates that pertinent compensation information will continue to be developed and enhanced to allow the Committee to perform the most relevant analyses practicable.

Our objective for total executive compensation is to target a competitive range around the 50th percentile of the peer group. We believe that a sizeable portion of overall compensation should be at risk and tied to stockholder value. Historically, our bonuses have been tied to operating income, earnings before taxes (EBT), revenue, earnings per share (EPS), or other identified metrics. As performance against these metrics increases, so do executive bonuses. Long-term incentives are used as tools to reward executives for current and future performance, to encourage an executive to remain with the Company and to align the executive's interests with those of our stockholders. As part of our long-term incentive strategy, executives are expected to maintain stock ownership values as a multiple of their base salaries. Long-term incentives for NEOs are performance-based. While certain components of compensation are directly tied to the Company's reported financial performance, sufficient accounting and operational controls are in place and tested effectively to ensure that the Company's compensation practices and policies, including those for nonexecutives, are not reasonably likely to have a material adverse effect on the Company.

Our Company has a 401(k) plan that assists participants in providing for retirement. The Company contributes to each NEO's account per year based on the NEO's voluntary contribution amount. The accumulated value in unvested equity-based awards and stock owned currently is critical to each executive's ability to adequately provide for his or her retirement.

Long-Term Compensation Analyses and Policies

With respect to long-term, equity-based awards, the Company maintains the MIP. The MIP was originally adopted and approved by the Board on March 17, 1989, and an amended and restated MIP was subsequently approved by the stockholders on May 11, 1995. The MIP has been amended and restated since the time of its adoption, and all amendments requiring approval of the stockholders have been approved, with the last approval occurring at our Annual Meeting of Stockholders held in 2017. Currently, there are 44 million shares of common stock authorized for issuance under the MIP, of which approximately 5.7 million shares are available for future equity-based awards.

Performance-based restricted share units, time-vested restricted share units and stock options of the Company may be granted under the MIP in an effort to link future compensation to the long-term financial success of the Company. These equity-based awards are granted to executive officers, including the NEOs, and other key employees and are intended to attract and retain employees, to provide incentives to enhance job performance, and to enable those persons to participate in the long-term success and growth of the Company through an equity interest in the Company.

The Company does not have a formal policy, but has an established practice described below, with respect to the granting of any form of equity compensation. The Company does not have a policy or practice of either timing equity-based compensation grants to current or new executive officers, or timing the release of material, nonpublic information to affect the value of executive compensation. Recommendations for all Section 16 filers, except for the Chairman of the Board and the Chief Executive Officer, are presented to the Compensation Committee by the Chief Executive Officer. The Chairman of the Board recommends to the Compensation Committee the award for the Chief Executive Officer. The Compensation Committee approves or adjusts the award using the above tools for all Section 16 filers, except for the Chairman of the Board and the Chief Executive Officer. The awards for the Chairman of the Board and Chief Executive Officer are recommended by the Compensation Committee and submitted for final approval to the Company's independent Board members. This process occurs during our first-quarter Board and Committee meetings in late January of each year to better coincide with the reporting of annual financial and operating results. We consider this our annual award date. In 2019, 510,977 annual award grants were made on January 23, the date of the first-quarter Board meeting of 2019. Grants have been made in months other than the annual award dates on a very limited basis. The limited exceptions to this grant-date practice have included, for example, the hiring of a key employee or the promotion of an employee to an executive office.

The Compensation Committee typically grants performance-based restricted share units to the NEOs of the Company. Each grant typically vests ratably over two to ten years, subject to service and performance conditions. Each portion that vests in a particular year, or each tranche, of performance-based awards is contingent on the Company's attainment of predetermined performance goals established by the Compensation Committee. Historically, the Compensation Committee has set operating income targets for each tranche of performance-based restricted share units granted to NEOs. Therefore, while an NEO may receive a grant that vests over a period of years, the operating income performance goal must be met for each tranche in order for the NEO to receive the full value of the grant. Failure to meet the operating income goal for any tranche would cause that portion of the total grant to be forfeited by the NEO.

At its meeting on January 21, 2020, the Compensation Committee expanded the performance conditions placed on the NEO restricted share unit awards granted for the calendar year 2020. Three-fourths of the restricted share units within these annual awards are subject to future operating income targets, consistent with past awards, and the remaining one-fourth are contingent on two additional metrics. One-half of this separated one-fourth portion (one-eighth of the total award) is contingent on the Company's attainment of a predetermined matrix of both future earnings before interest, taxes, depreciation and amortization (EBITDA) and EBITDA compound annual growth rates. Depending on which level of the matrix is obtained, the ultimate vesting of the awards can range from 0% to 150% of the original units granted. The vesting matrix is a blended calculation requiring the minimum threshold of both EBITDA and the EBITDA compound annual growth rate to be met before any vesting occurs. The remaining one-eighth portion of the total annual award is contingent on the Company's attainment of a targeted three-year return on invested capital (ROIC) relative to the ROIC consistently calculated for the same reporting periods for each company included in the following additional independent peer group of 13 transportation and logistics companies in the national marketplace:

CH Robinson Worldwide, Inc.	CSX Corporation	Expeditors Int'l of Washington, Inc.
Forward Air Corporation	Hub Group, Inc.	Kansas City Southern
Knight-Swift Transportation Holdings, Inc.	Landstar System, Inc.	Norfolk Southern Corporation
Old Dominion Freight Line, Inc.	Ryder System, Inc.	Schneider National Inc.
XPO Logistics Inc.		

Depending on which level of ROIC is obtained, the ultimate vesting of the awards can range from 0% to 200% of the original units granted. Both the EBITDA and ROIC based awards contain single cliff vesting at the end of their three-year vesting terms and, consistent with prior grants, all performance criteria used within the awards were established by the Compensation Committee. In addition, the Compensation Committee intends to continue to evaluate expansion of equity-based awards subject to these performance conditions in the future.

In addition, at its meeting on January 22, 2020, the Compensation Committee granted separate awards of performance-based restricted share units, subject to future operating income targets, to the NEOs with two-year incremental vesting to bridge the transition period resulting from the EBITDA and ROIC-based awards being subject to three-year cliff vesting. These restricted share units will vest in installments of one-third on the first anniversary of the grant date and two-thirds on the second anniversary of the grant date.

The Compensation Committee believes that restricted share units are currently more effective than stock options in achieving the Company's compensation objectives, as these grants are subject to less market volatility and are less dilutive to stockholders. NEOs realize immediate value as restricted share units vest, with such value increasing as the Company's stock performance increases. Cash dividends are not paid and there are no voting rights on unvested restricted share units.

As stated above, the Company does not have a policy or practice of timing the grant of equity-based awards and the release of material, nonpublic information in a manner that would affect compensation for new or current executive officers, nor has it deliberately or knowingly done so. In the event that material, nonpublic information becomes known to the Compensation Committee, the Company or its employees at a time when such information could affect or otherwise impact the imminent grant of equity-based compensation, management and the Compensation Committee will take the existence of such information under advisement and determine whether to delay the grant of such equity-based compensation to a later date to avoid the appearance of any impropriety.

Deductibility of Compensation and Other Regulatory Considerations

Section 162(m) of the Internal Revenue Code, as amended (the Code) places a limit of $1 million on the amount of compensation the Company may deduct for federal income tax purposes in any one year with respect to the Company's Chief Executive Officer, the Chief Financial Officer and the next three most highly compensated executive officers whose compensation is required to be disclosed in the Company's annual Proxy Statement (the Covered Employees). Historically, there has been an exception to this $1 million limitation for performance-based compensation that meets certain requirements, and the Chief Financial Officer has been excluded from the definition of a Covered Employee. Effective January 1, 2018, under the Tax Cuts and Jobs Act, the exception for performance-based compensation was eliminated, and compensation paid to the Chief Financial Officer is now subject to the $1 million deduction limitation. The amendments to Section 162(m) include a grandfather provision for compensation under a written contract in effect on November 2, 2017 that is not materially modified after such date. The Company therefore believes that the performance-based equity awards granted to its named executive officers before November 2, 2017 will continue to be eligible for the performance-based exception provided certain requirements are met.

In reviewing the effectiveness of the Company's compensation program, the Compensation Committee considers the anticipated tax treatment to the Company and to its executives of various payments and benefits. Additionally, the deductibility of certain compensation payments depends upon the timing of an executive's vesting or exercise of previously granted awards, as well as interpretations and changes in the tax laws and other factors beyond the Compensation Committee's control. For these and other reasons, including the need to maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Compensation Committee will not necessarily, nor in all circumstances, limit executive compensation to that which is deductible under the Code. The Company has not adopted a policy requiring all compensation to be deductible.

The Compensation Committee generally intends to preserve the deductibility of awards granted before November 2, 2017 to the extent reasonably practicable under the current law. The MIP contains specific language and requirements regarding performance-based awards granted to a Covered Employee intended to be "qualified performance-based compensation" as defined by the Code. These awards shall be based on the attainment of one or more objective performance goals established in writing by the Committee. Performance goals must be based on one or more criteria approved by the MIP (e.g., revenue, operating income, return on assets) and be based on an objective formula or standard. The Committee is currently using approved targeted performance goals for all outstanding qualified performance-based restricted share awards. Prior to any vesting of an award intended to qualify for the performance-based exception, the Committee must certify in writing that all of the necessary performance goals have been met.

Base salary, bonuses, non-performance-based restricted share units, and performance-based restricted share units that do not qualify under the grandfather provision of the amended Section 162(m) do not qualify as performance-based compensation under the Code. In 2019, the following compensation paid was not deductible by the Company:

John N. Roberts, III	$2,666,204
David G. Mee	587,773
Shelley Simpson	887,861
Nicholas Hobbs	1,141,712

Derivative Trading, Hedging, Pledging and Trading Plans

The Company has a policy that prohibits directors, officers and other covered employees from engaging in short sales or in transactions involving derivatives based on the Company's common stock, such as option contracts, straddles, collars, hedges and writing puts or calls. In addition, the Company's policy requires that directors, officers and other covered employees must inform the Office of the Chief Financial Officer before buying or selling any beneficially owned common stock of the Company or entering into a trading plan under the SEC's Rule 10b5-1. In addition, while the Board does not have a formal policy regarding pledging of the Company's common stock, the Corporate Governance Committee annually reviews any pledges of the Company's common stock by directors and executive officers to assess whether such pledges pose any unnecessary risks to the Company.

Stock Ownership Guidelines

To motivate the Company's officers and senior management to emulate its stockholders, the Company expects its management to own Company stock at levels described in the table shown below within five to eight years of accepting the relevant position.

Stock ownership is defined as stock owned:

- directly or indirectly, and/or
- through the Company's 401(k) Employee Retirement Plan.

Position	Ownership Multiple of Base Salary
Chief Executive Officer	6 times
Executive Vice Presidents	3.5 times
Senior Vice Presidents	2.75 times
Vice Presidents	2.5 times

The Compensation Committee has determined that as of the most recent annual award date, all of the Company's officers and members of senior management covered by these guidelines had met their ownership goals or were within the permitted period of time to meet such goals.

Stock Retention Policy

In addition to the stock ownership guidelines indicated above, the Company expects all shares obtained by an NEO from the vesting or exercise of restricted share units and stock options to be retained until the established ownership levels have been achieved. The Company does not have any other stock retention policy.

Recovery of Awards

The Company does not have a policy, other than required by law, requiring replacement of awards or payments as a result of an officer's illegal transactions or restatements. However, the Compensation Committee has formally adopted and explicitly communicated the "clawback" provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act with regard to annual cash bonus awards paid to the Company's executive officers. With regard to equity-based awards, the MIP gives the Company broad discretion to reduce, cancel, seek to forfeit or recoup any Plan participant's awards upon the breach of any agreement with or obligation to the Company, violation of any Company policy or procedure, or engagement in conduct that is otherwise detrimental to the business or reputation of the Company. Since becoming a public company in 1983, the Company has had no illegal actions by its officers or restatements of financial information.

Summary

The Company intends to continue its practice of compensating its executives through programs that emphasize performance. To that end, executive compensation is tied directly to the performance of the Company and is structured to ensure that, due to the nature of the business and the degree of competitiveness for executive talent, there is an appropriate balance between:

- base salary and incentive compensation,
- short-term and long-term compensation, and
- cash and noncash compensation.

Each is determined and measured by:

- competitive compensation data,
- financial, operational and strategic goals,
- long-term and short-term performance of the Company compared with its peer group, and
- individual contribution to the success of the Company.

2019 COMPENSATION

Elements of Compensation

The Company's primary compensation components are summarized below. Generally, the Company's compensation program consists of an annual base salary, short-term cash incentive awards, and an annual long-term, equity-based award. Primary benefits for executives include participation in the Company's 401(k) plan, health, dental and vision plans, and various insurance plans, including disability and life insurance, all of which are available to all employees on a nondiscriminatory basis. The Company provides limited perquisites to executive officers and other key employees as described in more detail on page 59 under the section titled "Other Perquisites."

Total direct compensation for executive officers, including the NEOs, consists of one or more of the following components:

- base salary,
- annual performance-based incentive cash bonus awards,
- long-term incentive/equity-based compensation,
- health and welfare benefits, and
- other benefits.

The Compensation Committee, with recommendations from management, works to create what it believes is the best mix of these components in delivering total direct compensation. In determining annual compensation, the Compensation Committee reviews all elements of compensation separately and in the aggregate. These compensation components are comparable to those of the Company's competitors and peer group.

In its review of executive compensation, and, in particular, in determining the amount and form of incentive awards discussed below, the Compensation Committee generally considers several factors. Among these factors are:

- market information with respect to cash and long-term compensation for its peer group,
- amounts paid to the executive officer in prior years as salary,
- annual bonus and other compensation,
- the officer's responsibilities and performance during the calendar year, and
- the Company's overall performance during prior calendar years and its future objectives and challenges.

Cash compensation for our NEOs varies as the operating income of the Company changes or with the growth of the combination of revenue and EBT, due to the nature of our bonus plans described below. Grants of performance-based restricted share units are typically made annually.

It has been the policy of the Company to put a significant portion of the executive's compensation at risk. This is accomplished by our cash bonus plans, which are directly tied to operating income, revenue and EBT growth and the issuance of performance-based restricted share units. Equity-based awards from the MIP vest over a time period usually from two to ten years. These awards are subject to forfeiture if the employee leaves the Company. Furthermore, the future vesting of performance-based equity awards is contingent on the Company's attainment of predetermined performance metrics established by the Committee. The Committee and management believe that the proportion of compensation at risk should rise as the employee's level of responsibility increases.

The Compensation Committee has retained Meridian as its compensation consultant. Meridian reports directly to the Compensation Committee and has no other engagements with the Company. In 2018, Meridian prepared a study providing information and an independent analysis of the Company's executive compensation program and practices. The results of this study included observations about the Company's target 2019 executive compensation.

The Compensation Committee does not rely solely on predetermined formulas or a limited set of criteria when it evaluates the individual performances of the NEOs. The Compensation Committee considers actual results against pre-established goals and also bases its compensation decisions for the NEOs on:

- leadership,
- the execution of business plans,
- strategic results,
- operating results,
- growth in operating income, revenue and EBT, or other identified metrics,
- size and complexity of the business,
- experience,
- strengthening of competitive position,
- analysis of competitive compensation practices, and
- assessment of the Company's performance.

Where possible, the above criteria were compared with the peer group selected as well as the Chief Executive Officer's input for his direct reports and the Chairman of the Board's input for the Chief Executive Officer.

Base Salary

The Compensation Committee believes that competitive levels of cash compensation, together with equity-based and other incentive programs, are necessary for motivating and retaining the Company's executives. Salaries provide executives with a base level of monthly income and help achieve the objectives outlined above by attracting and retaining strong talent. Base salaries are evaluated annually for all executive officers, including the Chief Executive Officer. Generally, base salaries are not directly related to specific measures of corporate performance, but are determined by the relevance of experience, the scope and complexity of the position, current job responsibilities, retention and relative salaries of the peer group members. The Compensation Committee may elect not to increase an executive officer's annual salary and has so elected in prior years. However, if warranted, the Compensation Committee may increase base salary where an executive officer takes on added responsibilities or is promoted.

In January 2019 and 2020, the Compensation Committee reviewed each NEO's base salary and, after applying the aforementioned guidelines, approved the salary increases listed below.

	2018 Salary ($)	2019 Salary ($)	Increase For 2019 (%)	2020 Salary ($)	Increase For 2020 (%)
John N. Roberts, III	845,000	890,000	5.3	915,000	2.8
David G. Mee	497,125	525,000	5.6	540,000	2.9
Shelley Simpson	497,125	525,000	5.6	540,000	2.9
Nicholas Hobbs	486,875	525,000	7.8	540,000	2.9
Terry D. Matthews	497,125	525,000	5.6	525,000	—

Annual Bonus Awards

The Company has in place a bonus plan tied to operating income (company bonus plan). Operating income is deemed an appropriate metric to determine operational efficiency and removes uncontrollable effects of change in income tax law. The Compensation Committee has also established a second bonus plan, referred to as the Performance Growth Incentive (PGI) plan, which was tied to year-over-year revenue and EBT growth. When management presents its budget for the year, the Compensation Committee establishes separate matrices of reported results with corresponding bonus payout levels for each of the cash bonus plans. These forecasted revenue and earnings results are based on customer freight trends, strategies for growth and controlling costs, and corporate strategies to maximize stockholder return. Once presented to the Board, the financial budget and bonus plan matrices remain fixed, though management continually reforecasts expectations based on actual results and on changing facts and assumptions. Changes in uncontrollable factors such as general economic conditions, railroad or port authority service issues, or rapidly fluctuating fuel costs can have a significant impact on the Company's actual financial results. Therefore, as the Company performs against the original budget, the executive's bonus performs against the pre-established matrices.

Annual Bonus Payouts

For 2019, the company bonus plan was based on annual reported operating income and consisted of a single payout to be made in January 2020 based on the full year 2019 operating income matrix approved by the Compensation Committee. The established matrix consisted of operating income ranging from $835 million to $975 million, translating to annual bonus payout percentages ranging from 5% to 55% of an executive's base salary. In addition, the 2019 company bonus plan included multiple operational goals, which if all met, would have advanced the calculated payout level on the established matrix upward by a possible one to three levels. The 2019 annual bonus payout targets compared with actual reported operating income and actual payout percentages were as follows:

	Operating Income ($) (millions)			Bonus Payout % of Salary		
Period	Minimum	Target	Reported	Minimum	Target	Actual
Annual	835	856	734	5.0	15.0	—

No annual payout was made under the company bonus plan for 2019.

For 2019, the PGI bonus plan was based on targeted annual operating revenue, excluding fuel surcharges (net revenue), and EBT growth rates and also utilized a single payout in January 2020, after full year financial results were publicly reported. For 2019, the established PGI matrix consisted of a net revenue growth rate of 15% and EBT growth rates ranging from 25% to 35%. These ranges translate into annual bonus payouts ranging from $665 thousand to $1.1 million for the Chief Executive Officer and $244 thousand to $493 thousand for all other NEOs. The PGI plan is a blended bonus calculation requiring the minimum threshold of both net revenue and EBT to be met before payout occurs. The Committee established stretch goals for 2019 at all levels, requiring performance above the Company's approved budget for 2019, in order to achieve any payouts under the plan. The Committee believes setting goals for the PGI aligns participants with achievement of exceptional profitable growth outcomes. The 2019 annual PGI bonus payout targets compared with actual reported results and actual payouts were as follows:

	Net Revenue / EBT Growth %			Bonus Payout ($)(000's)		
Period	**Minimum**	**Target**	**Reported**	**Minimum**	**Target**	**Actual**
Annual - Chief Executive Officer	15.0 / 25.0	15.0 / 25.0	7.5 / 6.3	665	665	—
Annual - All other NEOs	15.0 / 25.0	15.0 / 25.0	7.5 / 6.3	244	244	—

No annual payout was made under the PGI bonus plan for 2019.

Long-Term, Equity-Based Award

Each executive is eligible to receive a long-term incentive award of performance-based restricted share units. Performance-based restricted share units are intended to help achieve the objectives of the compensation program, including the retention of high-performing and experienced talent, a career orientation and strong alignment with stockholders' interests. The performance-based restricted share units are awarded and settled from shares reserved for issuance under the MIP. The Compensation Committee approves or adjusts the award based on the above criteria for all Section 16 filers who are employees of the Company. The awards for the Company's Chairman of the Board and Chief Executive Officer are presented for final approval to the Company's independent Board members. The Compensation Committee believes that performance-based restricted share units must be sufficient in size to provide a strong, long-term performance and retention incentive for executives and to increase their vested interest in the Company. Performance-based restricted share units are used as long-term incentives because they are less dilutive to shares outstanding and to profits. Performance-based restricted share units generally vest from two to ten years.

In determining the number of performance-based restricted share unit grants for each NEO, the Compensation Committee reviewed peer market data provided by Meridian and a detailed analysis of each NEO's vested and unvested stock holdings. In considering unvested stock holdings, the Committee reviewed a forecast of the timing of potential future restricted stock unit vesting for each NEO over the next ten years.

The Compensation Committee subjectively considered the following objectives (without any particular weighting) when determining the form and amount of performance-based restricted share units granted to NEOs in 2019:

- align NEOs' long-term interests with those of the Company's stockholders,
- strengthen retention hooks for NEOs over the long term,
- ensure competitiveness of NEOs' total compensation opportunity through an emphasis on performance-based long-term stock compensation,
- reinforce share holdings of NEOs,
- align NEOs' compensation with the Company's long-term leadership succession planning initiatives, and
- bolster the continuity of the entire management team through an upcoming period of critical strategic goals and milestones for the Company.

For 2019, the Compensation Committee and/or independent directors approved the following performance-based restricted share unit grants to the NEOs:

	Units (#)	Fair Value ($)
John N. Roberts, III	56,433	5,563,165
David G. Mee	20,204	1,991,710
Shelley Simpson	20,204	1,991,710
Nicholas Hobbs	20,204	1,991,710
Terrence D. Matthews	25,111	2,475,442

The fair value of the awards was based on a 3.25% discount from the Company's closing stock price of $101.89 on January 23, 2019. The discount represents the present value of expected dividends to be paid on the Company's common stock, using the current dividend rate and the risk-free interest rate, over the vesting period. The Company believes that this discount is appropriate to value the performance-based restricted share units, as the units do not collect or accrue dividends until the awards vest and are settled with Company stock.

The 2019 NEO awards shown above are performance-based restricted share units. These grants vest (in annual increments over periods ranging from two to four years), beginning January 31, 2020, upon the Company's attainment of predetermined operating metrics established and approved by the Compensation Committee. The Compensation Committee acknowledges that the separate components of total direct compensation are not always in the 50th percentile of their respective peer groups, as determined earlier, but it believes that its mix of current and long-term compensation is more appropriate to align the NEO's compensation with the stockholders' interests in both the near and longer term.

The Committee also reviewed its compensation strategy in general and specific components of total direct compensation and determined that none of the Company's compensation programs, individually or as a whole, would create risks that are reasonably likely to have a material adverse effect on the Company. The Committee presented its review and conclusion to the entire Board.

Deferred Compensation

The Company administers a Deferred Compensation Plan for certain of its officers. The employee participant may elect on an annual basis to defer part of his or her salary and/or annual bonus awards. This plan assists key employees in planning for retirement. The Company contributes nothing to the plan, and participants are not permitted to defer shares of Company stock.

Health and Welfare Benefits

The Company provides benefits such as medical, vision, life insurance, long-term disability coverage, and 401(k) plan opportunities to all eligible employees, including the NEOs. The Company provides up to $750,000 in life insurance coverage and up to $10,000 per month in long-term disability coverage. The value of these benefits is not required to be included in the Summary Compensation Table since they are available to all employees on a nondiscriminatory basis. The Company matches certain employee contributions to the 401(k) plan. The Company provides no postretirement medical or supplemental retirement benefits to its employees.

The Company also provides vacation, sick leave and other paid holidays to employees, including the NEOs, that are comparable to those provided at other transportation companies. The Company's commitment to provide employee benefits is due to our recognition that the health and well-being of our employees contributes directly to a productive and successful work life that produces better results for the Company and for its employees.

Personal Benefits

The Company provides certain perquisites to management employees, including the NEOs, as summarized below.

Company Aircraft

The Company actively participates in shared ownership of aircraft services with NetJets. With the approval of the Chief Executive Officer, the NEOs and other management employees use Company aircraft services for business purposes. Personal use of Company aircraft services is provided to executive officers on a very limited basis and to other management employees in the event of emergency or other urgent situations.

Company Vehicles

The Company does not provide Company-owned cars to executives.

Other Perquisites

The Company provides executive officers a taxable allowance of up to $10,000 a year for financial counseling services, which may include legal, financial, estate and/or tax planning, and tax return preparation. This benefit is based on the actual cost of the services. The Company also provides country club memberships to certain of its executive officers. These memberships are valued based on the actual costs of the membership, including dues, regardless of whether use was personal or business. The Company believes that these clubs provide a quiet venue for negotiations and entertainment of clients, bankers, investment bankers, stockholders, etc. The Company also offers executive officers security services in the form of home security systems, monitoring services, or security consulting, the benefit of which is also based on the actual cost of the services. In addition, as with other members of senior management, executive officers may utilize tickets to entertainment or social events provided to the Company in connection with a corporate sponsorship or charitable contribution, at no incremental cost to the Company.

Severance Agreements

The Company does not have employment contracts or predetermined personal severance agreements with any of its executives. However, according to the terms of the awards granted under the previously mentioned MIP, all outstanding restricted share units are subject to accelerated or immediate vesting upon the occurrence of a double triggering event, which requires both a "change in control" and the NEO's retirement, termination by the Company without cause, or resignation for good reason.

Generally, a "change in control" is deemed to occur when more than 30% of the outstanding shares of common stock of the Company change ownership in a transaction that is a merger, reorganization or consolidation, when the persons who constitute the Company's incumbent board of directors cease to constitute a majority of the board, or upon the consummation of a merger, reorganization, consolidation or similar form of corporate transaction involving the Company that requires the approval of the Company's stockholders where more than 50% of the outstanding shares change ownership or a complete liquidation or dissolution of the Company or the sale or disposition of all or substantially all of the assets of the Company.

SUMMARY COMPENSATION

The following table summarizes the total compensation earned by or paid to the Chief Executive Officer, Chief Financial Officer and the next three most highly compensated executive officers of the Company who served in such capacities as of December 31, 2019, for services rendered to the Company. These five officers are referred to as the NEOs in this Proxy Statement.

Name and Principal Position	Year	Salary ($) (1)	Share Units ($)(2) (3)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(1)	Deferred Compensation ($)	All Other Compensation ($)	Total ($)(3)
John N. Roberts, III President and CEO	2019	892,542	5,563,165	—	—	—	132,542	6,588,249
	2018	845,298	4,877,428	—	1,098,500	—	25,010	6,846,236
	2017	833,865	—	—	—	—	25,387	859,252
David G. Mee EVP, Finance & Administration, CFO	2019	523,224	1,991,710	—	—	—	18,939	2,533,873
	2018	498,618	1,746,255	—	490,805	—	18,720	2,754,398
	2017	488,154	—	—	—	—	18,989	507,143
Shelley Simpson EVP, CCO and President of Highway Services	2019	521,784	1,991,710	—	—	—	27,517	2,541,011
	2018	496,600	1,746,255	—	490,805	—	20,483	2,754,143
	2017	485,000	—	—	—	—	19,973	504,973
Nicholas Hobbs EVP and President of Dedicated Contract Services	2019	520,601	1,991,710	—	—	—	22,121	2,534,432
	2018	485,505	1,746,255	—	487,730	—	18,430	2,737,920
	2017	475,000	—	—	—	—	18,788	493,788
Terrence D. Matthews EVP and President of Intermodal	2019	523,991	2,475,442	—	—	—	18,360	3,017,793
	2018	500,630	1,746,255	—	490,805	—	19,872	2,757,562
	2017	490,202	—	—	—	—	19,758	509,960

(1) Non-equity incentive plan compensation (paid as a bonus) and salary amounts shown above are reported as gross earnings. Totals may include amounts transferred into the deferred compensation plan and/or into the Company's 401(k) plan. All non-equity awards are reported in the year in which they are earned.

(2) Amounts reflect grant date fair value of each individual's specific award, which will be earned over the vesting period (two to four years) and the achievement of operating income performance goals established by the Compensation Committee at the time of grant. No stock options were granted during 2019, 2018 or 2017.

(3) In 2017, the Compensation Committee moved the timing of annual equity-based awards to January of each year and accordingly, no performance-based restricted share units were granted in 2017.

Components of All Other Compensation for Calendar Year 2019

Name	Perquisites and Other Personal Benefits ($)	Company Contributions to 401(k) Plan ($)	Total ($)
John N. Roberts, III	124,142	8,400	132,542
David G. Mee	10,539	8,400	18,939
Shelley Simpson	19,117	8,400	27,517
Nicholas Hobbs	13,721	8,400	22,121
Terrence D. Matthews	9,960	8,400	18,360

Components of Perquisites for Calendar Year 2019

Name	Security Services ($)	Personal Use of Company Plane ($) (1)	Legal and Accounting Fees ($)	Club Dues ($)	Total Perquisites and Other Personal Benefits ($)
John N. Roberts, III	13,569	92,428	7,550	10,595	124,142
David G. Mee	69	—	—	10,470	10,539
Shelley Simpson	497	—	10,000	8,620	19,117
Nicholas Hobbs	—	—	4,450	9,271	13,721
Terrence D. Matthews	—	—	1,525	8,435	9,960

(1) The value of personal aircraft usage reported above is based on the Company's actual invoiced amount from NetJets for the variable costs incurred on each trip. Since the Company's aircraft is used primarily for business travel, this methodology excludes fixed costs that do not change based on usage, such as depreciation and management fees. On certain occasions, an executive's spouse or other family member may accompany the executive on a flight when such person is invited to attend the event for appropriate business purposes. No additional direct operating cost is incurred in such situations under the foregoing methodology; however, the value of personal use of Company aircraft is imputed for federal income tax purposes as income to the NEO. John N. Roberts III, David G. Mee, and Terrance D. Matthews had such imputed income in 2019. This value is calculated pursuant to Internal Revenue Service guidelines using Standard Industry Fare Level rates, which are determined by the U.S. Department of Transportation.

Grants of Plan-Based Awards

The following table reflects estimated possible payouts under equity and non-equity incentive plans to the NEOs during 2019. The Company's equity-based and non-equity incentive-based awards are granted to the NEOs based upon pre-established performance goals set annually by the Compensation Committee with a performance period equal to the calendar year for which the performance goals are set.

The MIP is an annual plan consisting of equity-based awards only. The number of performance-based restricted share units awarded is measured based on the executive's level of responsibility and other matters described on page 57 under "Long-Term, Equity-Based Award." Dividends are not paid on awards of performance-based or time-vested restricted share units.

In 2019, NEOs were eligible to earn cash bonuses under the non-equity incentive award plans based on the Company's operating income, revenue and EBT for the calendar year. Please refer to page 56 under "Annual Bonus Award" for further detail.

		Estimated Possible Payouts Under Non-Equity Incentive Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			Stock Awards	Option Awards		
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($) (1)	Threshold (#)	Target (#) (2)	Maximum (#)	Number of Shares of Stock or Units (#)	Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($) (3)
John. N. Roberts, III	1/23/19	709,500	798,500	1,599,500	14,108	56,433	56,433	—	—	—	5,563,165
David G. Mee	1/23/19	270,417	322,917	781,417	6,667	20,204	20,204	—	—	—	1,991,710
Shelley Simpson	1/23/19	270,417	322,917	781,417	5,051	20,204	20,204	—	—	—	1,991,710
Nicholas Hobbs	1/23/19	270,417	322,917	781,417	5,051	20,204	20,204	—	—	—	1,991,710
Terrence D. Matthews	1/23/19	270,417	322,917	781,417	12,555	25,111	25,111	—	—	—	2,475,442

(1) This column reflects the maximum non-equity incentive award each NEO was eligible to receive for 2019 under the percentage assigned to each NEO for the cash bonus pools. The actual awards earned are reported in the Summary Compensation Table shown on page 61 of this Proxy Statement.

(2) This column reflects the number of performance-based restricted share units that were granted to the NEOs in 2019.

(3) The fair value of the awards was based on a 3.25% discount from the Company's closing stock price of $101.89 on January 23, 2019, measured at the target performance level. The discount represents the present value of expected dividends to be paid on the Company's common stock, using the current dividend rate and the risk-free interest rate, over the vesting period. The Company believes that this discount is appropriate to value the performance-based restricted share units, as the units do not collect or accrue dividends until the awards vest and are settled with Company stock.

Outstanding Equity Awards at Calendar Year-end

As of December 31, 2019, there were no outstanding stock options held by the NEOs. The following table sets forth information concerning restricted share units held by the NEOs as of December 31, 2019.

Name	Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested ($) (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (1)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (2)
John N. Roberts, III			11,692	1,365,392
			24,742	2,889,371
			23,876	2,788,239
			56,433	6,590,246
David G. Mee			20,000	2,335,600
			3,111	363,303
			14,224	1,661,079
			8,548	998,235
			20,204	2,359,423
Shelley Simpson	6,000	700,680		
	20,000	2,335,600		
			3,888	454,041
			11,074	1,293,222
			8,548	998,235
			20,204	2,359,423
Nicholas Hobbs	3,000	350,340		
	20,000	2,335,600		
			3,888	454,041
			11,074	1,293,222
			8,548	998,235
			20,204	2,359,423
Terrence D. Matthews			6,000	700,680
			8,548	998,235
			25,111	2,932,463

(1) Restricted share units are time-vested or performance-based awards. Effective vesting dates, pending achievement of required performance goals set for performance-based awards, are noted below.

Time-Based Awards

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
Shelley Simpson	3,000	7/15/20	6,667	7/15/22
	3,000	7/15/21	6,667	7/15/23
	6,666	7/15/21		
Nicholas Hobbs	3,000	7/15/20	6,667	7/15/22
	6,666	7/15/21	6,667	7/15/23

Performance-Based Awards

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
John N. Roberts, III	11,692	7/15/20	7,959	1/31/22
	12,371	7/15/20	14,108	1/31/20
	12,371	7/15/21	14,108	1/31/21
	7,959	1/31/20	14,108	1/31/22
	7,958	1/31/21	14,109	1/31/23
David G. Mee	10,000	7/15/20	2,849	1/31/21
	10,000	7/15/21	2,850	1/31/22
	3,111	7/15/20	6,667	1/31/20
	8,128	7/15/20	6,667	1/31/21
	6,096	7/15/21	6,870	1/31/22
	2,849	1/31/20		
Shelley Simpson	3,888	7/15/20	2,850	1/31/22
	8,026	7/15/20	5,051	1/31/20
	3,048	7/15/21	5,051	1/31/21
	2,849	1/31/20	5,051	1/31/22
	2,849	1/31/21	5,051	1/31/23
Nicholas Hobbs	3,888	7/15/20	2,850	1/31/22
	8,026	7/15/20	5,051	1/31/20
	3,048	7/15/21	5,051	1/31/21
	2,849	1/31/20	5,051	1/31/22
	2,849	1/31/21	5,051	1/31/23
Terrence D. Matthews	3,000	7/15/20	2,850	1/31/22
	3,000	7/15/21	12,555	1/31/20
	2,849	1/31/20	12,556	1/31/21
	2,849	1/31/21		

(2) Values are based on the last closing market price of $116.78 on December 31, 2019.

Restricted Share Units Vested

The following table sets forth information concerning restricted share units vested during 2019.

Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (1) (2)
John N. Roberts, III	9,095	842,015
	11,692	1,082,445
	12,371	1,145,307
	15,917	1,703,756
Total	49,075	4,773,523
David G. Mee	3,000	277,740
	3,111	288,016
	2,916	269,963
	3,048	282,184
	2,031	188,030
	5,699	610,021
Total	19,805	1,915,954
Shelley Simpson	3,000	277,740
	3,000	277,740
	3,888	359,951
	3,048	282,184
	2,134	197,566
	5,699	610,021
Total	20,769	2,005,202
Nicholas Hobbs	3,000	277,740
	3,000	277,740
	3,888	359,951
	3,048	282,184
	2,134	197,566
	5,699	610,021
Total	20,769	2,005,202
Terrence D. Matthews	3,000	277,740
	5,699	610,021
Total	8,699	887,761

(1) Value realized on the acquired shares shown above is gross earnings. Values are earned over multiple years. The receipt of vested shares in calendar year 2019 should not be interpreted to mean that all value was earned in the year the shares were received. Each executive retained a portion of the available vested shares as shown below:

John N. Roberts, III	27,308
David G. Mee	10,027
Shelley Simpson	11,555
Nicholas Hobbs	10,932
Terrence D. Matthews	4,780

(2) Values represent the fair market value of the underlying common stock on the date of vesting.

Components of Nonqualified Deferred Compensation for Calendar Year 2019

We have a nonqualified deferred compensation plan that allows eligible employees to defer a portion of their compensation. Participants can elect to defer up to a maximum of 50% of their base salary as well as up to 85% of their bonus for the year. The compensation deferred under this plan is credited with earnings or losses of investments elected by plan participants. Each participant is fully vested in all deferred compensation and earnings; however, these amounts are subject to general creditor claims until actually distributed to the employee. A participant may elect to receive deferred amounts in one payment or in quarterly installments payable over a period of two to 25 years upon reaching the age of 55, having 15 years of service, or becoming disabled. Our total liability under this plan was $20,410,750 as of December 31, 2019, and $15,719,118 as of December 31, 2018. These amounts are included in other long-term liabilities in our Consolidated Balance Sheets. Participant withholdings are held by a trustee and invested as directed by participants. These investments are included in “other assets” in our Consolidated Balance Sheets and totaled $20,410,750 as of December 31, 2019, and $15,719,118 as of December 31, 2018.

Name	Executive Contributions in 2019 ($) (1)	Registrant Contributions in 2019 ($)	Aggregate Earnings in 2019 ($)	Aggregate Withdrawals and Distributions ($)	Aggregate Balance at 2019 ($) (1)
John N. Roberts, III	—	—	—	—	—
David G. Mee	—	—	—	—	—
Shelley Simpson	—	—	—	—	—
Nicholas Hobbs	—	—	—	—	—
Terrence D. Matthews	270,452	—	706,594	—	4,889,041

(1) Amounts of executive contributions are included as part of the NEO’s salary in the Summary Compensation Table detailed above. Total executive contributions for the three-year period ending December 31, 2019 were $760,582 for Mr. Matthews.

Potential Post-Employment Benefits

The Company generally does not have employment contracts or predetermined personal severance agreements with any of its executives. However, on February 6, 2020, the Company entered into Executive Retirement Agreements (the "Retirement Agreements") with David G. Mee and Terrence D. Matthews. Under the terms of Mr. Mee's Retirement Agreement, which was effective as of February 14, 2020, Mr. Mee's outstanding unvested awards of performance-based restricted share units granted prior to January 1, 2020 will be accelerated and will vest automatically as of April 1, 2020, without regard to performance conditions, and he will be entitled to health insurance coverage under the Company's health insurance plans in accordance with COBRA. The receipt of these equity awards and benefits will be subject to Mr. Mee's compliance with certain non-competition, non-solicitation and non-interference covenants described in the Retirement Agreement for a specified period following his retirement. The Retirement Agreement also includes a customary release of claims in favor of the Company. The agreement will automatically terminate if Mr. Mee's employment with the Company terminates for any reason prior to April 1, 2020. Under the terms of Mr. Mee's Retirement Agreement, had Mr. Mee's retirement occurred on December 31, 2019, the value of the shares Mr. Mee would have been entitled to receive was $6,606,361.

Under the terms of Mr. Matthews' Retirement Agreement, which was effective as of February 14, 2020, Mr. Matthews' outstanding unvested awards of performance-based restricted share units will be accelerated and will vest automatically as of July 16, 2020, without regard to performance conditions, and he will be entitled to health insurance coverage under the Company's health insurance plans in accordance with COBRA. The receipt of these equity awards and benefits will be subject to Mr. Matthews' compliance with certain non-competition, non-solicitation and non-interference covenants described in the Retirement Agreement for a specified period following his retirement. The Retirement Agreement also includes a customary release of claims in favor of the Company. The agreement will automatically terminate if Mr. Matthews' employment with the Company terminates for any reason prior to July 16, 2020. Under the terms of Mr. Matthews' Retirement Agreement, had Mr. Matthews' retirement occurred on December 31, 2019, the value of the shares Mr. Matthews would have been entitled to receive was $2,482,159.

Additionally, according to the terms of the awards granted under the previously mentioned MIP, all outstanding restricted share units are subject to accelerated or immediate vesting upon the occurrence of a double triggering event, which requires both a "change in control" and the NEO's retirement, termination by the Company without cause, or resignation for good reason.

Generally, a "change in control" is deemed to occur when more than 30% of the outstanding shares of common stock of the Company change ownership in a transaction that is a merger, reorganization or consolidation, when the persons who constitute the Company's incumbent board of directors cease to constitute a majority of the board, or upon the consummation of a merger, reorganization, consolidation or similar form of corporate transactions involving the Company that requires the approval of the Company's stockholders where more than 50% of the outstanding shares change ownership or a complete liquidation or dissolution of the Company or the sale or disposition of all or substantially all of the assets of the Company. The awards granted under the previously mentioned MIP are also subject to certain non-competition covenants for a specified period following after cessation of employment with the Company.

Potential benefits to the NEOs due to his or her separation of service without cause, retirement or resignation for good reason following a “change in control” are shown below. The amounts represent the immediate vesting of all outstanding restricted share units and are valued using the last closing market price of $116.78 on December 31, 2019.

John N. Roberts, III	$13,633,248
David G. Mee	7,717,640
Shelley Simpson	8,141,201
Nicholas Hobbs	7,790,861
Terrence D. Matthews	4,631,378

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), we are providing the following information about the relationship of the annual total compensation of our “median employee” and the annual total compensation of our CEO.

For 2019, our last completed fiscal year:

- The median of the annual total compensation of all of the Company’s employees, other than our CEO, was $65,663.
- The annual total compensation of our CEO was $6,588,249.
- Based on this information, the ratio for 2019 of the annual total compensation of our CEO to the median of the annual total compensation of all other employees was 100 to 1.

In determining the median of the annual total compensation of all of the Company’s employees, other than our CEO, we are required to identify the Company’s “median employee”. Item 402(u) of Regulation S-K requires us to identify the Company’s median employee once every three years, unless a change in employee population or compensation arrangements is likely to result in a significant change in our CEO pay ratio disclosures. The Company determined that no such change has occurred since the Company identified its “median employee” in 2017.

To identify the “median employee” in 2017, we performed the following:

- We conducted a full analysis of our employee population as of our determination date of November 30, 2017.
- We excluded employees residing in Mexico and Canada from our calculation under the De Minimis Exemption. Employees located in Mexico and Canada constituted 0.09% and 0.01% of our total employee population, respectively, which consisted of 22 individuals in Mexico and 3 individuals in Canada as of our determination date.
- Our employee population, after taking into consideration the afore mentioned adjustments, consisted of 23,872 individuals. Of these employees, 23,632 individuals were full-time (or full-time equivalent) employees, with the remainder employed on a part-time (less than 30 hours per week) basis. 99.9% of our employees (23,872 individuals) were located in the United States.
- We used a definition that was not total compensation and instead chose the aggregate of the employee’s base pay and cash incentive bonuses paid during the period of January 1, 2017, through November 30, 2017. These balances were then annualized, with any anomalous reported earnings being replaced with a substantially similar employee balance. Reasons for the replacement of anomalous earnings were primarily due to a lack of adequate length of employment history with the company or the employee incurring a leave of absence during the analysis period.
- Using this methodology, we determined that the “median employee” was the average of two single employees – a regional driver and an over-the-road driver.

During 2019, the over-the-road driver identified above left employment with the Company. However, due to the analogous nature of the two identified individuals’ compensation and job profiles, the Company concluded that the remaining regional driver continued to represent the appropriate “median employee” of the Company as previously determined during our 2017 analysis of our employee population. Accordingly, the Company used the identified regional driver in determining our 2019 pay ratio calculation. To determine the annual total compensation of the “median employee” for 2019, we identified and calculated the elements of compensation for this identified employee in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K.

Report of the Executive Compensation Committee

The 2019 Compensation Committee was composed of Coleman H. Peterson, Chairman, Francesca M. Edwardson, Sharilyn S. Gasaway, and Gary C. George, none of whom is an officer or employee of the Company and all of whom have been determined by the Board to be independent. Additionally, all members of the Compensation Committee qualify as “nonemployee directors” for purposes of Rule 16b-3 of the Exchange Act and as “outside directors” for purposes of Section 162(m) of the Code.

The Compensation Committee met five times in 2019 to discuss, among other items, the salaries, bonuses and other compensation of the senior executive officers and other key employees of the Company, including the Chairman of the Board and the Chief Executive Officer. The Compensation Committee did not act by unanimous consent at any time in 2019.

The Compensation Committee has reviewed and discussed the previous CD&A with management, and based upon such review and discussions, the Compensation Committee recommended to the Board that the CD&A be included in the Company’s Proxy Statement.

J.B. Hunt Transport Services, Inc.
2019 Executive Compensation Committee
Coleman H. Peterson, Chairman
Francesca M. Edwardson
Sharilyn S. Gasaway
Gary C. George

PROPOSAL NUMBER TWO

Advisory Vote on Executive Compensation

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or Dodd-Frank Act, enables our stockholders to vote to approve, on an advisory (nonbinding) basis, the compensation of our NEOs as disclosed in the Proxy Statement in accordance with SEC rules. At our Annual Meeting in 2017, our stockholders voted to recommend that the Company hold future "say-on-pay" votes annually until the Company is next required to hold an advisory vote on the frequency with which the Company will hold future "say-on-pay" votes, which will be in 2023. Accordingly, we are providing a vote on the resolution set forth below as required by the Dodd-Frank Act and Section 14A of the Securities Exchange Act of 1934.

As discussed in our Compensation Discussion and Analysis (CD&A) on page 45, our executive compensation programs for our NEOs, as well as other executives, are designed to be competitive within the transportation industry and to link executive compensation with the creation of stockholder value. The overall compensation philosophy is guided by the following principles:

- ***Compensation levels should be sufficiently competitive to attract and retain key talent.*** The Company aims to attract, motivate and retain high-performance talent to achieve and maintain a leading position in its industry. Our total compensation package should be strongly competitive with other transportation companies.
- ***Compensation should relate directly to performance and responsibility.*** Total compensation should be tied to and vary with performance and responsibility, both at the Company and individual level, in achieving financial, operational and strategic objectives. Differentiated pay for high-performing individuals should be proportional to their contributions to the Company's success.
- ***Short-term incentive compensation should constitute a significant portion of total executive compensation.*** A large portion of total compensation should be tied to performance, and therefore at risk, as position and responsibility increase. Individuals with greater roles and the ability to directly impact strategic direction and long-term results should bear a greater proportion of the risk.
- ***Long-term incentive compensation, the Company's MIP, should be closely aligned with stockholders' interests.*** Awards of long-term compensation encourage executive officers to focus on the Company's long-range growth and development and incent them to manage from the perspective of stockholders with a meaningful stake in the Company, as well as to focus on long-term career orientation. Participants in the MIP are expected to own Company stock. The expectations are discussed in the CD&A under the caption "Stock Ownership Guidelines."

Generally, the Company's compensation program consists of an annual base salary, short-term cash incentive awards, and an annual long-term, performance-based equity-based award. The Compensation Committee, with recommendations from management, works to create what it believes is the best mix of these components in delivering total direct compensation. Base salaries are not directly related to specific measures of corporate performance, but are determined by the relevance of experience, the scope and complexity of the position, current job responsibilities, retention and peer group salaries. The short-term cash incentive awards are tied to operating income, revenue and EBT. The long-term, equity-based awards utilize restricted share units. The restricted share units awarded to the Company's NEOs are performance-based restricted share units, which vest over multiple years upon the Company's attainment of predetermined operating metrics established and approved by the Compensation Committee. Equity awards granted to our NEOs in 2019 and prior years vest annually subject to attainment of annual operating income goals. For 2020, the Compensation Committee adopted an additional three-year performance period for a portion of the NEO equity awards based on cumulative EBITDA and ROIC goals.

We believe that the Company's executive compensation programs have been effective in incenting the achievement of our positive results. We are asking our stockholders to indicate their support for our NEO compensation as described in the Proxy Statement. This proposal, commonly known as a "say on pay" proposal, gives you as a stockholder the opportunity to express your views regarding our fiscal year 2019 executive compensation policies and procedures for NEOs. The vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the policies and procedures described in the Proxy Statement. Accordingly, we ask our stockholders to vote "FOR" the following resolution at the Annual Meeting:

RESOLVED, that the stockholders of J.B. Hunt Transport Services, Inc. approve, on an advisory basis, the compensation of the NEOs as disclosed pursuant to Item 402 of Regulation S-K in the Compensation Discussion and Analysis, compensation tables and related narrative discussion in the Company's Proxy Statement for the 2020 Annual Meeting of Stockholders.

Although this is an advisory vote that will not be binding on the Compensation Committee or the Board, we will carefully review the results of the vote. The Compensation Committee will consider stockholders' concerns and take them into account when designing future executive compensation programs. The Board therefore recommends that you indicate your support of the Company's executive compensation in fiscal year 2019, as outlined in the above resolution.

Proposal 2

The Board of Directors unanimously recommends a vote **for** proposal number two

Report of the Audit Committee

The 2019 Audit Committee was composed of James L. Robo, Chairman, Douglas G. Duncan, and Sharilyn S. Gasaway. Each served as a member of the Audit Committee during the full 2019 calendar year. The Company's Board has determined that all members of the Audit Committee satisfy the independence and other requirements for audit committee membership pursuant to the NASDAQ corporate governance listing standards and has also determined that Messrs. Robo and Duncan and Mrs. Gasaway each have the attributes of an audit committee financial expert as defined by SEC requirements.

The Audit Committee operates under a written charter adopted by the Board. A copy of the Audit Committee Charter is available on the "Corporate Governance" page of the "Investors" section of the Company's website at jbhunt.com. In carrying out its responsibilities, the Audit Committee, among other things:

- monitors the integrity of the financial reporting process, systems of internal accounting controls, and financial statements and reports of the Company,
- appoints, retains, compensates and oversees the Company's independent auditors, including reviewing the qualifications, performance and independence of the independent auditors,
- reviews and preapproves all audit, attest and review services and permitted non-audit services,
- oversees the performance of the Company's internal audit function, and
- oversees the Company's compliance with legal and regulatory requirements.

In 2019, the Audit Committee met eight times. The Audit Committee schedules its meetings with a view to ensure that it devotes appropriate attention to all of its responsibilities and duties. The Audit Committee's meetings include, whenever appropriate, executive sessions with the Company's independent auditors and the Company's internal auditors, in each case outside the presence of the Company's management.

In performing its oversight role, the Audit Committee reviewed the audited consolidated financial statements for the 2019 calendar year and met and held discussions with management, the Company's internal auditors and E&Y, the Company's independent registered public accounting firm, to discuss those financial statements and the audit related thereto. Management has represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles.

The Audit Committee discussed with the independent auditors matters required to be discussed by Auditing Standard 1301 of the Public Company Accounting Oversight Board, as may be modified, supplemented or amended, which includes, among other items, matters related to the conduct of the audit of the Company's consolidated financial statements. The independent auditors also provided the Audit Committee with written disclosures and the letter required by Rule 3526 of the Public Company Accounting Oversight Board, as may be modified, supplemented or amended, which relates to the auditors' independence from the Company and its related entities, and the Audit Committee discussed with the independent auditors their independence.

Based on the Audit Committee's discussions with management, the internal auditors and the independent auditors as described above, and upon its review of the representation of management and the independent auditors and the reports of the independent auditors, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the calendar year ended December 31, 2019, as filed with the SEC.

J.B. Hunt Transport Services, Inc.
2019 Audit Committee Members
James L. Robo, Chairman
Douglas G. Duncan
Sharilyn S. Gasaway

PROPOSAL NUMBER THREE

Ratification of Independent Registered Public Accounting Firm

The Audit Committee has selected E&Y as the Company's independent registered public accounting firm to examine the consolidated financial statements of the Company for the 2020 calendar year. The Board seeks an indication from our stockholders of their approval or disapproval of the Audit Committee's selection of E&Y as the Company's independent registered public accounting firm for the 2020 calendar year.

E&Y has been our independent auditor since 2005. No relationships exist other than the usual relationships between auditor and client. Representatives of E&Y are expected to be present at the Annual Meeting to respond to appropriate questions and will have the opportunity to make a statement if they desire to do so. If our stockholders do not ratify the appointment of E&Y at the Annual Meeting, the Audit Committee will consider such event in its selection of the Company's independent registered public accounting firm for the 2020 calendar year. Additionally, even if the appointment is ratified, the Audit Committee, at its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the 2020 calendar year if it determines that such a change would be in the best interests of the Company and its stockholders.

Proposal 3

The Board of Directors unanimously recommends a vote **for** ratification of the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for the 2020 calendar year

AUDIT AND NON-AUDIT FEES

The Audit Committee preapproves the audit and non-audit services to be rendered to the Company, as well as the fees associated with such services. Generally, management will submit to the Audit Committee a detailed list of services that it recommends the Audit Committee engage the independent auditors to provide for the calendar year. The Audit Committee is informed from time to time regarding the non-audit services actually provided pursuant to the preapproval process. During the year, the Audit Committee periodically reviews the types of services and dollar amounts approved and adjusts such amounts, as it deems appropriate. Unless a service to be provided by the independent auditors has received general preapproval, it will require specific preapproval by the Audit Committee. The Audit Committee also periodically reviews all non-audit services to ensure that such services do not impair the independence of the Company's independent registered public accounting firm. The Audit Committee approved all services provided by E&Y for the 2019 and 2018 calendar years. These services included the audit of the Company's annual financial statements, audit of the Company's internal control over financial reporting, review of the Company's quarterly financial statements, audit of the Company's employee benefit plan, consent for and review of registration statements filed by the Company with the SEC, and tax consultation services. See "Report of Audit Committee" set forth earlier for a discussion of auditor independence.

The following table shows the fees billed by E&Y for audit and other services provided to the Company for the 2019 and 2018 calendar years, respectively:

	2019 ($)	2018 ($)
Audit fees (1)	1,494,100	1,327,040
Audit-related fees (2)	79,000	28,500
Tax fees (3)	330,861	391,748
All other fees	—	—

(1) Audit fees consisted of the audit of the Company's annual financial statements, including the audit of the effectiveness of internal control over financial reporting, the review of the Company's quarterly reports on Form 10-Q, and consent for and review of registration statements filed by the Company with the SEC.
(2) Audit-related fees consisted of an audit of the Employee Benefit Plan.
(3) Tax fees consisted principally of federal and state income tax consulting.

The Audit Committee has considered whether the non-audit services provided by E&Y, including the services rendered in connection with income tax consultation, were compatible with maintaining E&Y's independence and has determined that the nature and substance of the limited non-audit services did not impair the status of E&Y as the Company's independent registered public accounting firm. E&Y did not bill the Company for any other services during calendar years 2019 and 2018.

Policy on Audit Committee Preapproval of Audit and Permissible Non-audit Services of Independent Auditor

The Audit Committee has the responsibility of appointing, setting compensation for and overseeing the work of the independent auditor and has established a policy to preapprove all audit and permissible non-audit services provided by the independent auditor.

Prior to the engagement of the independent auditor for next year's audit, management will submit to the Audit Committee for approval an aggregate of services expected to be rendered during that year for each of four categories of services:

- ***Audit services*** include audit work performed related to the financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, statutory audits, attestation services, and consultation regarding financial accounting and/or reporting standards.
- ***Audit-related services*** are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.
- ***Tax services*** include all services performed by the independent auditor's tax personnel except those services specifically related to the audit of the financial statements, including fees in the areas of tax compliance, tax planning and tax advice.
- ***Other services*** are those not captured in the other categories. The Company generally doesn't request such services from the independent auditor.

Prior to the engagement, the Audit Committee preapproves these services by category of service. The fees are budgeted and the Audit Committee requires the independent auditor and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise that make it necessary to engage the independent auditor for additional services not contemplated in the original preapproval. In those instances, the Audit Committee requires specific preapproval before engaging the independent auditor.

The Audit Committee may delegate preapproval authority to one or more of its members. The member(s) to whom such authority is delegated must report, for informational purposes only, the preapproval decisions to the Audit Committee at its next scheduled meeting.

PROPOSAL NUMBER FOUR

Stockholder Proposal Regarding Reporting Political Contributions

In accordance with SEC rules, we have set forth below a stockholder proposal, along with the supporting statement of the stockholder proponent, for which we and the Board accept no responsibility. The International Brotherhood of Teamsters General Fund (the Fund), located at 25 Louisiana Avenue, N.W., Washington, D.C. 20001, is the proponent of the following stockholder proposal and has advised us that the Fund holds 190 shares of the Company's common stock which it has continuously held for at least one year and they intend to present the following proposal for a vote at the 2020 Annual Meeting.

RESOLVED, that the shareholders of J.B. Hunt Transport Services, Inc. ("J.B. Hunt" or "Company"), hereby request that the Company provide a report, updated semiannually, disclosing the Company's:

1. **Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to- (a) participate or intervene in any campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.**

2. **Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:**
   a. The identity of the recipient as well as the amount paid to each; and,
   b. The title(s) of the person(s) in the Company responsible for decision-making.

The report shall be presented to the board of directors or relevant board committee and posted on the Company's website within 12 months from the date of the annual meeting. This proposal does not encompass lobbying spending.

Supporting Statement

As long-term shareholders of J.B. Hunt, we support transparency and accountability in corporate electoral spending. This includes any activity considered intervention in a political campaign under the Internal Revenue Code, such as direct and indirect contributions to political candidates, parties, or organizations, and independent expenditures or electioneering communications on behalf of federal, state, or local candidates.

Disclosure is in the best interest of the company and its shareholders. The Supreme Court recognized this in its 2010 Citizens United decision, which said, "[D]isclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages."

Publicly available records show J.B. Hunt has contributed at least $25,000 in corporate funds since the 2010 election cycle. (CQMoneyLine: http://moneyline.cq.com; National Institute on Money in State Politics: http://www.followthemoney.org).

However, relying on publicly available data does not provide a complete picture of the Company's electoral spending. For example, the Company's payments to trade associations that may be used for election-related activities are undisclosed and unknown. This proposal asks the Company to disclose all of its electoral spending, including payments to trade associations and other tax-exempt organizations, which may be used for electoral purposes. This would bring our Company in line with a growing number of leading companies, including Norfolk Southern Corporation, CSX Corporation, and Kansas City Southern, which present this information on their websites.

The Company's Board and shareholders need comprehensive disclosure to fully evaluate the use of corporate assets in elections. We urge your support for this critical governance reform.

Board of Directors Statement in Opposition to the Stockholder Proposal

The Board of Directors has carefully considered this stockholder proposal and concluded that it is unnecessary and not in the best interest of the Company or its stockholders for the reasons described below. The Board of Directors therefore unanimously recommends voting against this proposal.

The Company is in a highly regulated industry, and actions by elected officials can have a significant impact on our industry and our business. The Company generally does not make direct political contributions. However, the Board of Directors and management believe that targeted and responsible involvement in the legislative, regulatory and electoral processes is prudent to protect and promote the interests of the Company's stockholders, employees and customers. The Company may from time-to-time make focused lobbying expenditures or contributions to third party organizations. The Company is also a member of several industry trade organizations.

While the Company's limited involvement in the legislative, regulatory or electoral process serves an important corporate purpose, the Company's related expenses represent only a small fraction of our total annual expenses (less than 0.001% in fiscal 2019). The Company conducts such activities only in compliance with all applicable federal, state and local laws. For example, U.S. federal law currently prohibits companies from making corporate contributions or providing anything of value to any political candidate, campaign committee or other organization in connection with any federal election. The Company does not make such contributions. The Company is permitted to make donations to political action committees (PACs), which are generally limited in their ability to advocate on behalf of specific parties or candidates and are subject to disclosure requirements at the federal and state levels. The Company has made and may in the future make contributions to such organizations. Details of any such contributions over $200, including the recipient and amount, are generally made publicly available by the Federal Election Commission.

The Company's participation in trade associations and organizations serves various business purposes, most importantly allowing management to stay current on industry standards and best practices, emerging trends and other business or technical issues that may impact the Company. While these organizations may engage in political or lobbying activities, the Company's membership or participation in its trade associations and organizations is not to advance political purposes and does not represent the Company's agreement with all positions, views or objectives of these associations and organizations. Because the Company's involvement with trade associations and third-party organizations is based on reasons unrelated to any political activities and because our involvement and payments to such associations and organizations do not necessarily reflect the Company's views on every action a trade association or organization may take, the Board of Directors believes the proposed report would not provide meaningful information to investors. Further, the Board of Directors believes that providing such information could be used by special interest groups to pressure the Company to oppose actions taken by these organizations or to stop supporting positions or initiatives that are in the best interests of the Company and its stockholders, employees, and customers, and such efforts could be counter to the Company's best interests to the extent it diverts management's focus from the operation of our business.

For the foregoing reasons, the Board of Directors believes this stockholder proposal is unnecessary and not in the best interest of the Company or its stockholders. The Board of Directors therefore unanimously recommends voting against this proposal.

Proposal 4

The Board of Directors unanimously recommends a vote **against** proposal number four

PROPOSAL NUMBER FIVE

Stockholder Proposal Seeking a Report on Climate Change Initiatives

In accordance with SEC rules, we have set forth below a stockholder proposal, along with the supporting statement of the stockholder proponent, for which we and the Board accept no responsibility. Trillium Asset Management, LLC (Trillium), located at 721 NW Ninth Avenue, Suite 250, Portland, Oregon 97209, on behalf of the Trillium Small/Mid Cap Fund, the Timken Matthews Family Foundation, Episcopal City Mission, the Community Environmental Council and the Threshold Foundation, has advised us that each of the foregoing proponents holds shares of the Company's common stock, which each has continuously held for at least one year, with a market value in excess of $2,000 and that they intend to present the following proposal for a vote at the 2020 Annual Meeting.

Whereas: In 2018, the Intergovernmental Panel on Climate Change advised that net carbon emissions must fall 45 percent by 2030 and reach net zero by 2050 to limit warming below 1.5°C thereby preventing the worst consequences of climate change.

The Fourth National Climate Assessment (2018) reports that with continued growth in emissions, "annual losses in some U.S. economic sectors are projected to reach hundreds of billions of dollars by 2100."

Climate change impacts present systemic portfolio risks to investors. A warming climate is associated with supply chain dislocations, reduced resource availability, lost productivity, commodity price volatility, infrastructure damage, and an increase in severe weather systems that disrupt operations, among others.

The U.S. Energy Information Administration identifies the transportation sector as the largest producer of greenhouse gas emissions and its emissions are steadily increasing.

While J.B. Hunt has adopted various ad-hoc initiatives to reduce fuel consumption, the Company states these initiatives are not part of an overarching strategy, it does not have a low-carbon transition plan, and it does not use climate-related scenario analysis to inform its business strategy.

Ramping up the scale, pace, and rigor of its climate-related initiatives may help unlock important opportunities for growth as major business customers are increasingly demanding environmental accountability from suppliers. It may also help prepare the Company for future carbon-related regulations.

J.B. Hunt peers Republic Services, Waste Management, and CSX Corporation are among the over 690 Companies intending to reduce their emissions in line with the aims of the 2015 Paris Climate Agreement – the landmark global agreement to limit global temperature increases to well below 2°C above pre-industrial levels, ideally striving for 1.5°C. Amazon.com, Inc. plans to purchase 100,000 electric delivery vehicles by 2030 as part of its ambition to achieve the Paris goals ten years early.

Given the impact of climate change on the economy, the environment, and human systems, and the short amount of time in which to address it, proponents believe J.B. Hunt has a clear responsibility to its investors and other stakeholders to account for whether, and how, it plans to reduce it s ongoing climate contributions.

Resolved: Shareholders request J.B. Hunt Transport Services issue a report, at reasonable cost and omitting proprietary information, describing if, and how, it plans to reduce its total contribution to climate change and align its operations with the Paris Agreement's goal of maintaining global temperature increases well below 2 degrees Celsius.

Supporting Statement

In the report shareholders seek information, among other issues at board and management discretion, on the relative benefit s and drawbacks of integrating the following actions:

- Developing a low-carbon transition plan;
- Adopting short- and long-term greenhouse gas emissions reduction targets for the Company's full carbon footprint aligned with the Paris Agreement;
- Increasing the scale, pace, and rigor of existing initiatives aimed at reducing the carbon intensity of J.B. Hunt's services and operations;
- Investing in renewable energy resources.

Board of Directors Statement in Opposition to the Stockholder Proposal

The Company recognizes that reducing GHG emissions in our business is important to our stockholders, our customers, the communities we serve, the global environment and ultimately the future success of our Company. Increasingly, our customers are making environmental responsibility a priority in their business decision-making, and the same is true for the Company. We strive to offer transportation solutions that help the Company and our customers reduce both costs and carbon emissions while meeting or exceeding our customers' operational needs. As such, environmental considerations like those identified in the above proposal are built into the Company's core modeling as it relates to our mission to provide customized freight movement, revenue equipment, labor and systems services tailored to meet the customer's specific requirements.

The Company has stood at the forefront of environmentally-friendly transportation services and has undertaken a variety of green initiatives throughout the business. The following are several ways the Company has worked to be an industry leader in reducing the environmental impact of our business:

- The Company's Intermodal segment, which accounted for approximately 52% of our total revenue in 2019, owns and operates the world's largest fleet of 53-foot stackable containers, through which freight that would ordinarily be transported by truck can be carried largely by rail. During 2019, the Company moved approximately 2.0 million intermodal loads, effectively preventing approximately 3.2 million tons of carbon dioxide equivalent from entering the atmosphere, which is equivalent to removing over 700,000 passenger vehicles off the road for a year. The Company estimates that converting over-the-road shipments to intermodal shipments reduces the carbon footprint of the load by approximately 50%.
- The Company engineers and designs customer solutions with an emphasis on energy efficiency, including following a five-step customer solution that (1) measures baseline energy use/carbon emissions, (2) minimizes total miles traveled, (3) maximizes payload, (4) optimizes mode of transport, and (5) selects the most efficient carriers.
- The Company deploys sophisticated optimization-based planning tools to minimize daily energy consumption when transporting customer shipments.
- The Company continually searches for and evaluates opportunities to utilize emerging technologies in the area of exhaust-free vehicles and currently has two electric vehicle pilot programs in place within its Dedicated Contract Services segment.
- In each of the past ten years, the Company has received a SmartWay® Excellence Award in recognition of our dedication to energy efficiency and decreased overall carbon dioxide emissions. The SmartWay Program is a public-private initiative between the U.S. Environmental Protection Agency ("EPA"), the freight transportation industry, and other federal and state agencies which seeks to reduce transportation-related emissions by improving supply chain efficiency. In addition, the Company was named to the EPA's "SmartWay High Performers: Multimodal Carriers" list in 2019.

- Since 2010, the Company has offered our customers a proprietary CLEAN Transport™ carbon calculator that allows customers to measure and track their carbon footprints and identify opportunities for intermodal conversion to reduce emissions.
- The Company regularly participates in industry working groups focused on reducing GHG emissions and improving environmental impacts, including the Sustainability Consortium, the Sustainability Accounting Standards Board, the Global Logistics Emissions Council and the Environmental Defense Fund.
- The Company also regularly works with government agencies, including the U.S. Department of Energy and the EPA, as those agencies engage in a process that will determine the applicable rules, regulations and guidelines that govern the transportation industry.
- The Company has a strong record of ensuring that its revenue equipment complies with required emission standards. For instance, as an integral component of the Company's operations, the Company undergoes ongoing evaluation to monitor the efficacy of new technologies to reduce energy use and carbon emissions.
- The Company has pursued a number of other sustainability innovations, such as reducing tractor engine idling through driver incentive programs, installing on-board equipment such as direct-fired heaters and auxiliary power units, burning biodiesel fuels when available, governing top speeds on company-owned equipment to maximize fuel efficiency and safety, and using proprietary algorithms to determine the least cost method of shipping, which ultimately decreases carbon dioxide emissions, as well as the number of trucks and drivers on the road.

Based on these current and continued initiatives to reduce the Company's impact on the environment, the Board of Directors believes that adopting this proposal would be duplicative of the Company's existing efforts. The Company is and has been committed to being an industry leader in lessening its environmental impact and reducing GHG emissions. We have been reporting with the Carbon Disclosure Project since 2010 to disclose these efforts to customers and investors in an industry standard format. In addition, information regarding the Company's environmental initiatives can also be found on our corporate website at www.jbhunt.com.

The Board of Directors does not think it is prudent to make specific commitments or to be informally regulated by individual stockholders on specific issues, particularly with respect to fuel efficiency given the inherent significance of fuel costs and equipment utilization and replacement costs to the management of a large transportation company. Instead, we believe that the interests of our stockholders will be best served by us continuing to build a profitable business while continuing our current environmental initiatives and efforts, many of which are governed by federal, state and local regulatory requirements, without introducing stockholder requirements to publicly disclose our strategic goals and plans.

We believe the above proposal could undermine the Company's ability to compete in the transportation marketplace, reducing our profitability and harming the financial interests of our stockholders. The proposal's requests would in essence commit the Company to publicly disclosing our strategies and solutions for reducing GHG emissions. Publicly disclosing specific GHG reduction goals, or the Company's evaluation of the benefits and drawbacks of such goals, as required by this proposal, would give the Company's competitors insight into management's strategic business plans and operational goals and, ultimately, could impair the Company's ability to achieve GHG emission reductions.

To ensure that the Company can best pursue the common goal of reducing GHG emissions while maintaining our competitive advantages and profitability for our stockholders, the Board of Directors unanimously recommends that you vote against this proposal.

Proposal 5

The Board of Directors unanimously recommends a vote **against** proposal number five

STOCKHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING ARE URGED TO VOTE BY TELEPHONE, MAIL OR INTERNET

IF YOU VOTE BY TELEPHONE OR THE INTERNET, DO NOT RETURN YOUR PROXY CARD

By Order of the Board of Directors

JENNIFER R. BOATTINI
Corporate Secretary

Questions and Answers About the Proxy Materials and the Annual Meeting

When And Where Is The Annual Meeting?

Date:	Thursday, April 23, 2020
Time:	10 a.m. Central Daylight Time
Location:	J.B. Hunt Transport Services, Inc. Corporate Offices Million Mile Auditorium 615 J.B. Hunt Corporate Drive Lowell, Arkansas 72745

What Matters Will Be Voted Upon At The Annual Meeting?

At the Annual Meeting, you will be asked to:

- Consider and vote upon a proposal to elect nominees Douglas G. Duncan, Francesca M. Edwardson, Wayne Garrison, Sharilyn S. Gasaway, Gary C. George, Bryan Hunt, Gale V. King, John N. Roberts, III, James L. Robo, and Kirk Thompson as directors to hold office for a term of one year, expiring at the close of the Annual Meeting of Stockholders in 2021.
- Consider and approve an advisory resolution regarding the Company's compensation of its named executive officers.
- Consider and vote upon a proposal to ratify the appointment of Ernst & Young LLP (E&Y) as the Company's independent registered public accounting firm for the 2020 calendar year.
- Consider and vote upon a stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company.
- Consider and vote upon a stockholder proposal requesting the Company to prepare and disclose a report describing if and how the Company plans to reduce its total contribution to climate change.
- Transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

What Constitutes A Quorum?

The presence, either in person or by proxy, of the holders of at least a majority of our issued and outstanding shares of common stock entitled to vote is required to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes, which are described in more detail below, are counted as shares present at the Annual Meeting for purposes of determining whether a quorum exists.

Who Is Entitled To Vote?

Only stockholders of record of the Company's common stock at the close of business on Tuesday, February 18, 2020, which is the "record date," are entitled to notice of, and to vote at, the Annual Meeting. Shares that may be voted include shares that are held:

(1) directly by the stockholder of record, and
(2) beneficially through a broker, bank or other nominee.

Each share of our common stock will be entitled to one vote on all matters submitted for a vote at the Annual Meeting. As of the record date, there were 106,258,961 shares of our common stock issued and outstanding and entitled to be voted at the Annual Meeting.

What Is The Difference Between Holding Shares As A "Registered Owner" And A "Beneficial Owner"?

Most of the Company's stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between registered shares and those owned beneficially:

- **Registered Owners** – If your shares are registered directly in your name with our transfer agent, Computershare Trust Company N.A., you are, with respect to those shares, the stockholder of record. As the stockholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the Annual Meeting.
- **Beneficial Owners** – If your shares are held in a brokerage account, bank or by another nominee, you are, with respect to those shares, the "beneficial owner" of shares held in "street name." As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote or to vote in person at the Annual Meeting. However, because you are not a stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a "legal proxy" from your broker, bank or other nominee (who is the stockholder of record) giving you the right to vote the shares.

What Stockholder Approval Is Necessary For Approval Of The Proposals?

- **Election of Directors**

  Each director shall be elected by a vote of the majority of votes cast with respect to that director. This means that a director must receive "for" votes from more than 50% of the number of shares voted with respect to that director. However, if the number of nominees is greater than the number of directors to be elected, the directors will be elected by the vote of a plurality of the shares represented in person or by proxy at any stockholder meeting. For purposes of this vote, a failure to vote, a vote to abstain or withholding your vote (or direction to your broker to do so) is not counted as a vote cast and, therefore, will have no effect on the outcome of this vote.

- **Advisory vote on the resolution to approve the Company's compensation of its named executive officers**

  Approval of this resolution requires the affirmative vote of a majority of the votes cast at the Annual Meeting. For purposes of this vote, a failure to vote, a vote to abstain or withholding your vote (or direction to your broker to do so) is not counted as a vote cast and, therefore, will have no effect on the outcome of this vote. While this vote is required by law, it will neither be binding on the Company or the Board, nor will it create or imply any change in the fiduciary duties of, or impose any additional fiduciary duty on, the Company or the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation decisions.

- **Ratification of the appointment of E&Y as the Company's independent registered public accounting firm**

  Ratification of the Audit Committee's appointment of E&Y as the Company's independent registered public accounting firm requires the affirmative vote of a majority of the votes cast at the Annual Meeting. For purposes of this vote, a failure to vote, a vote to abstain or withholding your vote (or direction to your broker to do so) is not counted as a vote cast and, therefore, will have no effect on the outcome of this vote. Stockholder ratification is not required for the appointment of the Company's independent registered public accounting firm. However, we are submitting the proposal to solicit the opinion of our stockholders.

- **Vote on a stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company**
  Approval of this resolution requires the affirmative vote of a majority of the votes cast at the Annual Meeting. For purposes of this vote, a failure to vote, a vote to abstain or withholding your vote (or direction to your broker to do so) is not counted as a vote cast and, therefore, will have no effect on the outcome of this vote.

- **Vote on a stockholder proposal requesting the Company to prepare and disclose a report describing if and how the Company plans to reduce its total contribution to climate change.**
  Approval of this resolution requires the affirmative vote of a majority of the votes cast at the Annual Meeting. For purposes of this vote, a failure to vote, a vote to abstain or withholding your vote (or direction to your broker to do so) is not counted as a vote cast and, therefore, will have no effect on the outcome of this vote.

As of the record date, directors and executive officers of the Company beneficially owned an aggregate 3,725,899 shares of common stock representing 3.5% of our common stock issued and outstanding and, therefore, 3.5% of the voting power entitled to vote at the Annual Meeting. The Company believes that its directors and executive officers currently intend to vote their shares as follows:

- **FOR** the election of directors for one (1) year
- **FOR** the resolution approving the Company's compensation of its named executive officers
- **FOR** ratification of the appointment of E&Y as the Company's independent registered public accounting firm for the 2020 calendar year
- **AGAINST** the stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company
- **AGAINST** the stockholder proposal requesting the Company to prepare and disclose a report describing if and how the Company plans to reduce its total contribution to climate change.

May I Vote My Shares In Person At The Annual Meeting?

If you are the registered owner of shares of the Company's common stock on the record date, you have the right to vote your shares in person at the Annual Meeting.

If you are the beneficial owner of shares of the Company's common stock on the record date, you may vote these shares in person at the Annual Meeting if you request and obtain a legal proxy from your broker, bank or other nominee (the stockholder of record) giving you the right to vote the shares at the Annual Meeting, complete such legal proxy and present it to the Company at the Annual Meeting.

Even if you plan to attend the Annual Meeting, we recommend that you submit your proxy card or voting instructions so that your vote will be counted if you later decide not to attend the Annual Meeting.

How Can I Vote My Shares Without Attending The Annual Meeting?

If you are a registered owner, you may instruct the named proxy holders on how to vote your shares by completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope provided with this Proxy Statement, or by using the Internet voting site or the toll-free telephone number listed on the proxy card. Specific instructions for using the Internet and telephone voting systems are provided on the proxy card. The Internet and telephone voting systems will be available until 11:59 p.m. Central Daylight Time on Wednesday, April 22, 2020 (the day before the Annual Meeting).

If you are the beneficial owner of shares held in "street name," you should instruct your broker, bank or other nominee on how to vote your shares. Your broker, bank or other nominee has enclosed with this Proxy Statement a voting instruction card for you to use in directing your nominee on how to vote your shares. The instructions from your nominee will indicate whether Internet or telephone voting is available and, if so, will provide details regarding how to use those systems.

If My Shares Are Held In "Street Name," Will My Broker, Bank Or Other Nominee Vote My Shares For Me?

If you hold shares in street name through a broker, bank or other nominee, your broker, bank or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon at the Annual Meeting. Under current stock exchange rules, brokers who do not have instructions from their customers may not use their discretion in voting their customers' shares on certain specific matters that are not considered to be "routine" matters, including the election of directors, executive compensation and other significant matters. The proposals in this Proxy Statement regarding the election of directors, the advisory vote concerning executive compensation, the Company's political contributions policy, and the proposed report on climate change initiatives are not considered to be routine matters. **Therefore, without your specific instructions, your shares will not be voted on these matters and will not be counted in determining the number of shares necessary for approval.** Shares represented by such "broker non-votes," however, will be counted in determining whether there is a quorum. You should follow the directions provided by your nominee regarding instructions on how to vote your shares.

Ratification of the appointment of E&Y as the Company's independent registered public accounting firm is considered a routine matter and, therefore, if beneficial owners fail to give voting instructions, brokers, banks and other nominees will have the discretionary authority to vote shares of our common stock with respect to this proposal.

What Is A Broker Non-Vote?

Generally, a "broker non-vote" occurs when a broker, bank or other nominee that holds shares in "street name" for a customer is precluded from exercising voting discretion on a particular proposal because:

1. the beneficial owner has not instructed the nominee on how to vote, and
2. the nominee lacks discretionary voting power to vote such issues.

Under NASDAQ rules, a nominee does not have discretionary voting power with respect to the approval of "nonroutine" matters absent specific voting instructions from the beneficial owners of such shares.

How Will My Proxy Be Voted?

Shares represented by a properly executed proxy (in paper form, by Internet or by telephone) that is received in a timely manner, and not subsequently revoked, will be voted at the Annual Meeting or any adjournment or postponement thereof in the manner directed on the proxy. Kirk Thompson and John N. Roberts, III are named as proxies in the proxy form and have been designated by the Board as the directors' proxies to represent you and vote your shares at the Annual Meeting. All shares represented by a properly executed proxy on which no choice is specified will be voted:

1. **FOR** the election of the nominees for director named in this Proxy Statement,
2. **FOR** the resolution approving the Company's compensation of its named executive officers,
3. **FOR** ratification of the appointment of E&Y as the Company's independent registered public accounting firm for the 2020 calendar year,
4. **AGAINST** the stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company,
5. **AGAINST** the stockholder proposal requesting the Company to prepare and disclose a report describing if and how the Company plans to reduce its total contribution to climate change, and
6. in accordance with the proxy holders' best judgment as to any other business that properly comes before the Annual Meeting.

This Proxy Statement is considered to be voting instructions for the trustees of the J.B. Hunt Transport Services, Inc. Employee Retirement Plan for our common stock allocated to individual accounts under this plan. If account information is the same, participants in the plan (who are stockholders of record) will receive a single proxy representing all of their shares. If a plan participant does not submit a proxy to us, the trustees of the plan in which shares are allocated to his or her individual account will vote such shares in the same proportion as the total shares in such plan for which directions have been received.

May I Revoke My Proxy And Change My Vote?

Yes. You may revoke your proxy and change your vote at any time prior to the vote at the Annual Meeting.

If you are the registered owner, you may revoke your proxy and change your vote by:

1. submitting a new proxy bearing a later date (which automatically revokes the earlier proxy),
2. giving notice of your changed vote to us in writing mailed to the attention of Jennifer R. Boattini, Corporate Secretary, at our executive offices, or
3. attending the Annual Meeting and giving oral notice of your intention to vote in person.

You should be aware that simply attending the Annual Meeting will not in and of itself constitute a revocation of your proxy.

Who Will Pay The Costs Of Soliciting Proxies?

Proxies will be solicited initially by mail. Further solicitation may be made in person or by telephone, electronic mail or facsimile. The Company will bear the expense of preparing, printing and mailing this Proxy Statement and accompanying materials to our stockholders. Upon request, the Company will reimburse brokers, banks and other nominees for reasonable expenses incurred in forwarding copies of the proxy materials relating to the Annual Meeting to the beneficial owners of our common stock.

In 2019, the Company retained Broadridge, an independent proxy solicitation firm, to assist in soliciting proxies from stockholders. The Company paid Broadridge a fee of approximately $85,000 as compensation for its services and was reimbursed for its out-of-pocket expenses. The fee amount was not contingent on the number of stockholder votes cast in favor of any proposal, and Broadridge is prohibited from making any recommendation to our stockholders to either accept or reject any proposal or otherwise express an opinion concerning a proposal. Proxy solicitation fees in 2020 are expected to be comparable to those paid in 2019.

What Other Business Will Be Presented At The Annual Meeting?

As of the date of this Proxy Statement, the Board knows of no other business that may properly be, or is likely to be, brought before the Annual Meeting. If any other matters should arise at the Annual Meeting, the persons named as proxy holders, Kirk Thompson and John N. Roberts, III, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If, for any unforeseen reason, any of the director nominees are not available to serve as a director, the named proxy holders will vote your proxy for such other director candidate or candidates as may be nominated by the Board.

What Is The Deadline For Stockholder Proposals For The 2021 Annual Meeting?

In order for a stockholder proposal to be eligible to be included in the Company's Proxy Statement and proxy card for the 2021 Annual Meeting of Stockholders, the proposal:

1. must be received by the Company at its executive offices, 615 J.B. Hunt Corporate Drive, Lowell, Arkansas 72745, Attention: Corporate Secretary, on or before November 12, 2020, and
2. must concern a matter that may be properly considered and acted upon at the Annual Meeting in accordance with applicable laws, regulations and the Company's Bylaws and policies, and must otherwise comply with Rule 14a-8 of the Securities Exchange Act of 1934, as amended.

In connection with our 2021 Annual Meeting of Stockholders, if we do not receive notice of a matter or proposal to be considered by January 26, 2021, then the persons appointed by our Board of Directors to act as proxy holders for such Annual Meeting (named in the form of proxy) will be allowed to use their discretionary voting authority with respect to any such matter or proposal properly presented for a vote at such meeting.

Where Can I Find The Voting Results Of The Annual Meeting?

The Company will publish final voting results of the Annual Meeting on a Form 8-K within four days after the annual stockholders meeting on April 23, 2020.

What Should I Do If I Receive More Than One Set Of Voting Materials?

You may receive more than one set of voting materials, including multiple copies of this Proxy Statement and multiple proxies or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account. If you are a registered owner and your shares are registered in more than one name, you will receive more than one proxy card. Please vote each proxy and instruction card that you receive.

What Is Householding?

In an effort to reduce printing costs and postage fees, the Company has adopted a practice approved by the Securities and Exchange Commission (the SEC) called "householding." Under this practice, certain stockholders who have the same address and last name will receive only one copy of this Proxy Statement and the Company's Annual Report, unless one or more of these stockholders notifies the Company that he or she wishes to continue receiving individual copies. Stockholders who participate in householding will continue to receive separate proxy cards.

If you share an address with another stockholder and received only one copy of this Proxy Statement and the Company's Annual Report and would like to request a separate copy of these materials, or if you do not wish to participate in householding in the future, please:

1. mail such request to J.B. Hunt Transport Services, Inc., Attention: Corporate Secretary, 615 J.B. Hunt Corporate Drive, Lowell, Arkansas 72745, or
2. call the Corporate Secretary toll-free at 800-643-3622.

Similarly, you may also contact the Company if you received multiple copies of the Company's proxy materials and would prefer to receive a single copy in the future.

What Do I Need To Do Now?

First, read this Proxy Statement carefully. Then, if you are a registered owner, you should, as soon as possible, submit your proxy by executing and returning the proxy card or by voting electronically via the Internet or by telephone. If you are the beneficial owner of shares held in "street name," then you should follow the voting instructions of your broker, bank or other nominee. Your shares will be voted in accordance with the directions you specify. If you submit an executed proxy card to the Company, but fail to specify voting directions, your shares will be voted:

1. **FOR** the election of the nominees for director named in this Proxy Statement,
2. **FOR** the resolution approving the Company's compensation of its named executive officers,
3. **FOR** ratification of the appointment of E&Y as the Company's independent registered public accounting firm for the 2020 calendar year,
4. **AGAINST** the stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company, and
5. **AGAINST** the stockholder proposal requesting the Company to prepare and disclose a report describing if and how the Company plans to reduce its total contribution to climate change.

Who Can Help Answer My Questions?

If you have questions concerning a proposal or the Annual Meeting, if you would like additional copies of this Proxy Statement, or if you need directions to or special assistance at the Annual Meeting, please call the Corporate Secretary toll-free at 800-643-3622. In addition, information regarding the Annual Meeting is available at our website jbhunt.com.

J.B. HUNT TRANSPORT SERVICES, INC.

2019

ANNUAL REPORT

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

FORM 10-K

_X_ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended
December 31, 2019

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ______ TO ______

Commission file number
0-11757

J.B. HUNT TRANSPORT SERVICES, INC.

(Exact name of registrant as specified in its charter)

Arkansas — **71-0335111**
(State or other jurisdiction of incorporation or organization) — (I.R.S. Employer Identification No.)

615 J.B. Hunt Corporate Drive
Lowell, Arkansas — **72745-0130**
(Address of principal executive offices) — (ZIP Code)

Registrant's telephone number, including area code: **479-820-0000**
Securities registered pursuant to Section 12(b) of the Act: **None**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	JBHT	NASDAQ

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes __X__ No _____

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes _____ No __X__

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 __X__ 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 and post such files).
Yes __X__ 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," "non-accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer __X__ Accelerated filer _____ Non-accelerated filer _____ Smaller reporting company _____ Emerging growth company _____

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 __X__

The aggregate market value of 84,485,328 shares of the registrant's $0.01 par value common stock held by non-affiliates as of June 30, 2019, was $7.7 billion (based upon $91.41 per share).

As of February 18, 2020, the number of outstanding shares of the registrant's common stock was 106,258,961.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Notice and Proxy Statement for the Annual Meeting of Stockholders, to be held April 23, 2020, are incorporated by reference in Part III of this Form 10-K.

FORWARD-LOOKING STATEMENTS

This report, including documents which are incorporated by reference and other documents which we file periodically with the Securities and Exchange Commission (SEC), contains statements that may be considered to be "forward-looking statements." Such statements relate to our predictions concerning future events or operations and are within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are inherently uncertain, subject to risks, and should be viewed with caution. These statements are based on our belief or interpretation of information currently available. Stockholders and prospective investors are cautioned that actual results and future events may differ materially from these forward-looking statements as a result of many factors. Some of the factors and events that are not within our control and that could have a material impact on future operating results include the following: general economic and business conditions; competition and competitive rate fluctuations; excess capacity in the intermodal or trucking industries; a loss of one or more major customers; cost and availability of diesel fuel; interference with or termination of our relationships with certain railroads; rail service delays; disruptions to U.S. port-of-call activity; ability to attract and retain qualified drivers, delivery personnel, independent contractors, and third-party carriers; retention of key employees; insurance costs and availability; litigation and claims expense; determination that independent contractors are employees; new or different environmental or other laws and regulations; volatile financial credit markets or interest rates; terrorist attacks or actions; acts of war; adverse weather conditions; disruption or failure of information systems; operational disruption or adverse effects of business acquisitions; increased costs for new revenue equipment; increased tariffs assessed on or disruptions in the procurement of imported revenue equipment; decreases in the value of used equipment; and the ability of revenue equipment manufacturers to perform in accordance with agreements for guaranteed equipment trade-in values.

You should understand that many important factors, in addition to those listed above, could impact us financially. Our operating results may fluctuate as a result of these and other risk factors or events as described in our filings with the SEC. Some important factors that could cause our actual results to differ from estimates or projections contained in the forward-looking statements are described under "Risk Factors" in Item 1A. We assume no obligation to update any forward-looking statement to the extent we become aware that it will not be achieved for any reason.

PART I

Item 1. Business

OVERVIEW

We are one of the largest surface transportation, delivery, and logistics companies in North America. J.B. Hunt Transport Services, Inc. is a publicly held holding company that, together with our wholly owned subsidiaries, provides safe and reliable transportation and delivery services to a diverse group of customers and consumers throughout the continental United States, Canada, and Mexico. Unless otherwise indicated by the context, "we," "us," "our," the "Company", and "JBHT" refer to J.B. Hunt Transport Services, Inc. and its consolidated subsidiaries. We were incorporated in Arkansas on August 10, 1961, and have been a publicly held company since our initial public offering in 1983. Our service offerings include transportation of full-truckload containerized freight, which we directly transport utilizing our company-controlled revenue equipment and company drivers or independent contractors. We have arrangements with most of the major North American rail carriers to transport freight in containers or trailers. We also provide customized freight movement, revenue equipment, labor, systems, and delivery services that are tailored to meet individual customers' requirements and typically involve long-term contracts. These arrangements are generally referred to as dedicated services and may include multiple pickups and drops, local and home deliveries, freight handling, specialized equipment, and freight network design. Our local and home delivery services typically are provided through a network of cross-dock service centers throughout the continental United States. We also provide comprehensive transportation and logistics services with a network of thousands of reliable third-party carriers. In addition to full-load, dry-van operations, these unrelated outside carriers also provide flatbed, refrigerated, less-than-truckload (LTL), and other specialized equipment, drivers, and services. Our customers, who include many Fortune 500 companies, have extremely diverse businesses. Many of them are served by J.B. Hunt 360°®, an online platform that offers shippers and carriers greater access, visibility, and transparency of the supply chain.

We believe our ability to offer multiple services, utilizing our four business segments and a full complement of logistics services through third parties, represents a competitive advantage. These segments include Intermodal (JBI), Dedicated Contract Services® (DCS), Integrated Capacity Solutions™ (ICS), and Truckload (JBT). Our business usually involves slightly higher freight volumes in August through early November. Meanwhile, DCS is subject to less seasonal variation than our other segments.

Additional general information about us is available at jbhunt.com. We make a number of reports and other information available free of charge on our website, including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Our website also contains corporate governance guidelines, our code of ethics, our whistleblower policy, Board committee charters, and other corporate policies. The information on our website is not, and shall not be deemed to be, a part of this annual report on Form 10-K or incorporated into any other filings we make with the SEC.

OUR MISSION AND STRATEGY

We forge long-term relationships with key customers that include supply chain management as an integral part of their strategies. Working in concert, we strive to drive out excess cost, add value and function as an extension of their enterprises. Our strategy is based on utilizing an integrated, multimodal approach to provide capacity-oriented solutions centered on delivering customer value and industry-leading service. We believe our unique operating strategy can add value to customers and increase our profits and returns to stockholders.

We continually analyze opportunities for additional capital investment and where management's resources should be focused to provide more benefits to our customers. These actions should, in turn, yield increasing returns to our stockholders.

Increasingly, our customers are seeking energy-efficient transportation solutions to reduce both cost and greenhouse-gas emissions. Our Company's mission, to create the most efficient transportation network in North America, focuses on delivering both for our customers across all of our business segments. We seek to accomplish this by maintaining a modern fleet to maximize fuel efficiency, converting loads from truck to rail with our intermodal service, and introducing technologies to optimize freight flows in the supply chain by eliminating waste. Additionally, we continue to test and explore the usage of alternative fuel vehicles. Efforts to improve fleet fuel efficiency and reduce greenhouse gas emissions are ongoing. We are an Environmental Protection Agency (EPA) SmartWay® Transport Partner, and proud to have been awarded the EPA's SmartWay® Excellence Award each of the last twelve years.

As always, we continue to ingrain safety into our corporate culture and strive to conduct all of our operations as safely as possible.

OPERATING SEGMENTS

Segment information is also included in Note 14 to our Consolidated Financial Statements.

JBI Segment

The transportation service offerings of our JBI segment utilize arrangements with most major North American rail carriers to provide intermodal freight solutions for our customers throughout the continental United States, Canada, and Mexico. Our JBI segment began operations in 1989, forming a unique partnership with what is now the BNSF Railway Company (BNSF); this was a watershed event in the industry and the first agreement that linked major rail and truckload carriers in a joint service environment. JBI draws on the intermodal services of rail carriers for the underlying linehaul movement of its equipment between rail ramps. The origin and destination pickup and delivery services (drayage) are handled by our company-owned tractors for the majority of our intermodal loads, while third-party dray carriers are used where economical. By performing our own drayage services, we are able to provide a cost-competitive, seamless coordination of the combined rail and dray movements for our customers.

JBI operates 96,743 pieces of company-owned trailing equipment systemwide. The fleet primarily consists of 53-foot, high-cube containers and is designed to take advantage of intermodal double-stack economics and superior ride quality. We own and maintain our own chassis fleet, consisting of 82,731 units. The containers and chassis are uniquely designed so that they may only be paired together, which we feel creates an operational competitive advantage. JBI also manages a fleet of 4,989 company-owned tractors, 570 independent contractor trucks, and 6,376 company drivers. At December 31, 2019, the total JBI employee count was 7,281. Revenue for the JBI segment in 2019 was $4.74 billion.

DCS Segment

DCS focuses on private fleet conversion and creation in replenishment, specialized equipment, and final-mile delivery services. We specialize in the design, development, and execution of supply chain solutions that support a variety of transportation networks. Our final-mile delivery services are supported with a network of approximately 120 cross-dock and other delivery system network locations nationwide, with 98% of the continental U.S. population living within 150 miles of a network location. Contracts with our customers are long-term, ranging from three to 10 years, with the average being approximately five years. Pricing of our contracts typically involves cost-plus arrangements, with our fixed costs being recovered regardless of equipment utilization, but is customized based on invested capital and duration.

At December 31, 2019, this segment operated 10,542 company-owned trucks, 505 customer-owned trucks, and 40 independent contractor trucks. DCS also operates 20,860 owned pieces of trailing equipment and 7,258 customer-owned trailers. The DCS segment employed 15,019 people, including 12,181 drivers, at December 31, 2019. DCS revenue for 2019 was $2.69 billion.

ICS Segment

ICS provides traditional freight brokerage and transportation logistics solutions to customers through relationships with thousands of third-party carriers and integration with our owned equipment. By leveraging the J.B. Hunt brand, systems, and network, we provide a broader service offering to customers by providing flatbed, refrigerated, expedited, and LTL, as well as a variety of dry-van and intermodal solutions. Furthermore, we offer an online multimodal marketplace via J.B. Hunt 360° that matches the right load with the right carrier and the best mode. ICS also provides single-source logistics management for customers desiring to outsource their transportation functions and utilize our proven supply chain technology and design expertise to improve efficiency. ICS operates 37 remote sales offices or branches, as well as on-site logistics personnel working in direct contact with customers.

At December 31, 2019, the ICS segment employed 1,213 people, with a carrier base of approximately 84,400. ICS revenue for 2019 was $1.35 billion.

JBT Segment

The service offering in this segment is full-load, dry-van freight, utilizing tractors operating over roads and highways. We typically pick up freight at the dock or specified location of the shipper and transport the load directly to the location of the consignee. We use our company-owned tractors and employee drivers or independent contractors who agree to transport freight in our trailers.

At December 31, 2019, the JBT segment operated 845 company-owned tractors and employed 1,102 people, 868 of whom were drivers. At December 31, 2019, we had 986 independent contractors operating in the JBT segment. JBT revenue for 2019 was $389 million.

Marketing and Operations

We transport, or arrange for the transportation of, a wide range of freight, including general merchandise, specialty consumer items, appliances, forest and paper products, food and beverages, building materials, soaps and cosmetics, automotive parts, agricultural products, electronics, and chemicals. Our customer base includes a large number of Fortune 500 companies. We provide many transportation services that meet the supply chain logistics needs of shippers.

We generally market all of our service offerings through a nationwide sales and marketing network. We use a specific sales force in DCS due to the length, complexity, and specialization of the sales cycle. In addition to our sales teams, J.B. Hunt 360° offers instant access to a wide array of technology-driven solutions for customers and carriers. Through the platform, businesses of all sizes can quote and book shipments, view analytics, and gain visibility into freight movement. In accordance with our typical arrangements, we bill the customer for all services, and we, in turn, pay all third parties for their portion of transportation services provided.

People

We believe that one of the factors differentiating us from our competitors is our service-oriented people. As of December 31, 2019, we had 29,056 employees, which consisted of 19,425 company drivers, 8,292 office personnel, 1,137 maintenance technicians, and 202 delivery and material assistants. We also had arrangements with approximately 1,596 independent contractors to transport freight in our trailing equipment. None of our employees are represented by unions or covered by collective bargaining agreements.

Revenue Equipment

Our JBI segment utilizes uniquely designed high-cube containers and chassis, which can only be paired with each other and can be separated to allow the containers to be double-stacked on rail cars. The composition of our DCS trailing fleet varies with specific customer requirements and may include dry-vans, flatbeds, temperature-controlled, curtain-side vans, straight trucks, and dump trailers. We primarily utilize third-party carriers' tractor and trailing equipment for our ICS segment. Our JBT segment operates primarily 53-foot dry-van trailers.

As of December 31, 2019, our company-owned tractor and truck fleet consisted of 16,376 units. In addition, we had 1,596 independent contractors who operate their own tractors but transport freight in our trailing equipment. We operate with standardized tractors in as many fleets as possible, particularly in our JBI and JBT fleets. Due to our customers' preferences and the actual business application, our DCS fleet is extremely diversified. We believe operating with relatively newer revenue equipment provides better customer service, attracts quality drivers, and lowers maintenance expense. At December 31, 2019, the average age of our combined tractor fleet was 2.3 years, while our containers averaged 7.0 years of age and our trailers averaged 6.5 years. We perform routine servicing and preventive maintenance on our equipment at our regional terminal facilities.

Competition and the Industry

The freight transportation markets in which we operate are frequently referred to as highly fragmented and competitive. Our JBI segment competes with other intermodal marketing companies; other full-load carriers that utilize railroads for a portion of the transportation service; and, to a certain extent, some railroads directly. The diversified nature of the services provided by our DCS segment attracts competition from customers' private fleets, other private fleet outsourcing companies, equipment leasing companies, local and regional delivery service providers, and some truckload carriers. Our ICS segment utilizes the fragmented nature of the truck industry and competes with other non-asset-based logistics companies and freight brokers, as well as full-load carriers. The full-load freight competition of our JBT segment includes thousands of carriers, many of which are very small. While we compete with a number of smaller carriers on a regional basis, only a limited number of companies represent competition in all markets across the country.

We compete with other transportation service companies primarily in terms of price, on-time pickup and delivery service, availability and type of equipment capacity, and availability of carriers for logistics services.

Regulation

Our operations as a for-hire motor carrier are subject to regulation by the U.S. Department of Transportation (DOT) and the Federal Motor Carrier Safety Administration (FMCSA), and certain business is also subject to state rules and regulations. The DOT periodically conducts reviews and audits to ensure our compliance with federal safety requirements, and we report certain accident and other information to the DOT. Our operations into and out of Canada and Mexico are subject to regulation by those countries. We are also subject to a variety of requirements of national, state, and local governments, including the U.S. Environmental Protection Agency and the Occupational Safety and Health Administration.

We continue to monitor the actions of the FMCSA and other regulatory agencies, and evaluate all proposed rules to determine their impact on our operations.

Item 1A. Risk Factors

In addition to the factors outlined previously in this Form 10-K regarding forward-looking statements and other comments regarding risks and uncertainties, the following risk factors should be carefully considered when evaluating our business. Our business, financial condition or financial results could be materially and adversely affected by any of these risks.

Our business is significantly impacted by economic conditions, customer business cycles and seasonal factors.

Our business is dependent on the freight shipping needs of our customers, which can be heavily impacted by economic conditions and other factors affecting their businesses. Recessionary economic cycles and downturns in customers' business cycles, particularly in market segments and industries where we have a significant concentration of customers, may substantially reduce freight volumes for which our customers need transportation services and lead to excess capacity in the industry and resulting pressure on the rates we are able to obtain for our services. Adverse economic conditions may also require us to increase our reserve for bad debt losses. In addition, our results of operations may be affected by seasonal factors. Customers tend to reduce shipments after the winter holiday season, and our operating expenses tend to be higher in the winter months, primarily due to colder weather, which causes higher fuel consumption from increased idle time and higher maintenance costs. Any of these factors could have a significant adverse effect on our financial condition and results of operations.

We depend on third parties in the operation of our business.

Our JBI business segment utilizes railroads in the performance of its transportation services. The majority of these services are provided pursuant to contractual relationships with the railroads. While we have agreements with a number of Class I railroads, the majority of our business travels on the BNSF and the Norfolk Southern railways. A material change in the relationship with, the ability to utilize one or more of these railroads or the overall service levels provided by these railroads could have a material adverse effect on our business and operating results. In addition, a portion of the freight we deliver is imported to the United States through ports of call that are subject to labor union contracts. Work stoppages or other disruptions at any of these ports could have a material adverse effect on our business.

We also utilize independent contractors and third-party carriers to complete our services. These third parties are subject to similar regulation requirements, which may have a more significant impact on their operations, causing them to exit the transportation industry. Aside from when these third parties may use our trailing equipment to fulfill loads, we do not own the revenue equipment or control the drivers delivering these loads. The inability to obtain reliable third-party carriers and independent contractors could have a material adverse effect on our operating results and business growth.

Rapid changes in fuel costs could impact our periodic financial results.

Fuel costs can be very volatile. We have a fuel surcharge revenue program in place with the majority of our customers, which has historically enabled us to recover the majority of higher fuel costs. Most of these programs automatically adjust weekly depending on the cost of fuel. However, there can be timing differences between a change in our fuel cost and the timing of the fuel surcharges billed to our customers. In addition, we incur additional costs when fuel price increases cannot be fully recovered due to our engines being idled during cold or warm weather and empty or out-of-route miles that cannot be billed to customers. Rapid increases in fuel costs or shortages of fuel could have a material adverse effect on our operations or future profitability. As of December 31, 2019, we had no derivative financial instruments to reduce our exposure to fuel-price fluctuations.

Insurance and claims expenses could significantly reduce our earnings.

Our future insurance and claims expenses might exceed historical levels, which could reduce our earnings. If the number or severity of claims for which we are self-insured increases, our operating results could be adversely affected. We have policies in place for 2020 with substantially the same terms as our 2019 policies for personal injury, property damage, workers' compensation, and cargo loss or damage. We purchase insurance coverage for the amounts above which we are self-insured. If these expenses increase and we are unable to offset the increase with higher freight rates, our earnings could be materially and adversely affected.

We derive a significant portion of our revenue from a few major customers, the loss of one or more of which could have a material adverse effect on our business.

For the calendar year ended December 31, 2019, our top 10 customers, based on revenue, accounted for approximately 32% of our revenue. Our JBI, ICS, and JBT segments typically do not have long-term contracts with their customers. While our DCS segment business may involve long-term written contracts, those contracts may contain cancellation clauses, and there is no assurance that our current customers will continue to utilize our services or continue at the same levels. A reduction in or termination of our services by one or more of our major customers could have a material adverse effect on our business and operating results.

We operate in a regulated industry, and increased direct and indirect costs of compliance with, or liability for violation of, existing or future regulations could have a material adverse effect on our business.

The DOT, FMCSA, and various state agencies exercise broad powers over our business, generally governing matters including authorization to engage in motor carrier service, equipment operation, safety, and financial reporting. We are audited periodically by the DOT to ensure that we are in compliance with various safety, hours-of-service, and other rules and regulations. If we were found to be out of compliance, the DOT could restrict or otherwise impact our operations. Our failure to comply with any applicable laws, rules or regulations to which we are subject, whether actual or alleged, could expose us to fines, penalties or potential litigation liabilities, including costs, settlements and judgments. Further, these agencies could institute new laws, rules or regulations or issue interpretation changes to existing regulations at any time. Compliance with new laws, rules or regulations could substantially impair labor and equipment productivity, increase our costs or impact our ability to offer certain services.

Difficulty in attracting and retaining drivers and delivery personnel could affect our profitability and ability to grow.

If we are unable to attract and retain the necessary quality and number of employees, we could be required to significantly increase our employee compensation package, let revenue equipment sit idle, dispose of the equipment altogether, or rely more on higher-cost third-party carriers, which could adversely affect our growth and profitability. In addition, our growth could be limited by an inability to attract third-party carriers upon whom we rely to provide transportation services.

A determination that independent contractors are employees could expose us to various liabilities and additional costs.

Federal and state legislation as well as tax and other regulatory authorities have sought to assert that independent contractors in the transportation service industry are employees rather than independent contractors. An example of such legislation recently enacted in California is currently under a judicial stay with respect to trucking companies while a legal challenge to the law is pending. There can be no assurance that interpretations that support the independent contractor status will not change, that other federal or state legislation will not be enacted or that various authorities will not successfully assert a position that re-classifies independent contractors to be employees. If our independent contractors are determined to be our employees, that determination could materially increase our exposure under a variety of federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, as well as our potential liability for employee benefits. In addition, such changes may be applied retroactively, and if so, we may be required to pay additional amounts to compensate for prior periods. Any of the above increased costs would adversely affect our business and operating results.

We may be subject to litigation claims that could result in significant expenditures.

We by the nature of our operations are exposed to the potential for a variety of litigation, including personal injury claims, vehicular collisions and accidents, alleged violations of federal and state labor and employment laws, such as class-action lawsuits alleging wage and hour violations and improper pay, commercial and contract disputes, cargo loss and property damage claims. While we purchase insurance coverage at levels we deem adequate, future litigation may exceed our insurance coverage or may not be covered by insurance. We accrue a provision for a litigation matter according to applicable accounting standards based on the ongoing assessment of the strengths and weaknesses of the litigation, its likelihood of success, and an evaluation of the possible range of loss. Our inability to defend ourselves against a significant litigation claim, could have a material adverse effect on our financial results.

We rely significantly on our information technology systems, a disruption, failure or security breach of which could have a material adverse effect on our business.

We rely on information technology throughout all areas of our business to initiate, track, and complete customer orders; process financial and nonfinancial data; compile results of operations for internal and external reporting; and achieve operating efficiencies and growth. We have also invested significantly in the development of our Marketplace for J.B. Hunt 360° online freight matching platform, through which we are generating an increasing amount of revenue. Each of our information technology systems may be susceptible to various interruptions, including equipment or network failures, failed upgrades or replacement of software, user error, power outages, natural disasters, cyber-attacks, terrorist attacks, computer viruses, hackers, or other security breaches. We have mitigated our exposure to these risks through the establishment and maintenance of technology security programs and disaster recovery plans, but these mitigating activities may not be sufficient. A significant disruption, failure or security breach in our information technology systems could have a material adverse effect on our business, which could include operational disruptions, loss of confidential information, external reporting delays or errors, legal claims, or damage to our business reputation.

We operate in a competitive and highly fragmented industry. Numerous factors could impair our ability to maintain our current profitability and to compete with other carriers and private fleets.

We compete with many other transportation service providers of varying sizes and, to a lesser extent, with LTL carriers and railroads, some of which have more equipment and greater capital resources than we do. Additionally, some of our competitors periodically reduce their freight rates to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase freight rates or to maintain our profit margins.

In an effort to reduce the number of carriers it uses, a customer often selects so-called "core carriers" as approved transportation service providers, and in some instances, we may not be selected. Many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress freight rates or result in the loss of some business to competitors. Also, certain customers that operate private fleets to transport their own freight could decide to expand their operations, thereby reducing their need for our services.

Extreme or unusual weather conditions can disrupt our operations, impact freight volumes, and increase our costs, all of which could have a material adverse effect on our business results.
Certain weather conditions such as ice and snow can disrupt our operations. Increases in the cost of our operations, such as towing and other maintenance activities, frequently occur during the winter months. Natural disasters such as hurricanes and flooding can also impact freight volumes and increase our costs.

Our operations are subject to various environmental laws and regulations, including legislative and regulatory responses to climate change. Compliance with environmental requirements could result in significant expenditures and the violation of these regulations could result in substantial fines or penalties.
We are subject to various environmental laws and regulations dealing with the handling of hazardous materials, underground fuel storage tanks, and discharge and retention of storm water. We operate in industrial areas, where truck terminals and other industrial activities are located and where groundwater or other forms of environmental contamination have occurred. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. We also maintain bulk fuel storage and fuel islands at several of our facilities. If a spill or other accident involving hazardous substances occurs, or if we are found to be in violation of applicable laws or regulations, it could have a material adverse effect on our business and operating results. If we should fail to comply with applicable environmental regulations, we could be subject to substantial fines or penalties and to civil and criminal liability.

We are also subject to existing and potential future laws and regulations with regards to public policy on climate change. If current regulatory requirements become more stringent or new environmental laws and regulations regarding climate change are introduced, we could be required to make significant expenditures or abandon certain activities, which could have a material adverse effect on our business and operating results.

Acquisitions or business combinations may disrupt or have a material adverse effect on our operations or earnings.
We could have difficulty integrating acquired companies' assets, personnel and operations with our own. Regardless of whether we are successful in making an acquisition or completing a business combination, the negotiations could disrupt our ongoing business, distract our management and employees, and increase our operating costs. Acquisitions and business combinations are accompanied by a number of inherent risks, including, without limitation, the difficulty of integrating acquired companies and operations; potential disruption of our ongoing businesses and distraction of our management or the management of acquired companies; difficulties in maintaining controls, procedures and policies; potential impairment of relationships with employees and partners as a result of any integration of new management personnel; potential inability to manage an increased number of locations and employees; failure to realize expected efficiencies, synergies and cost savings; or the effect of any government regulations which relate to the businesses acquired.

Our business could be materially impacted if and to the extent that we are unable to succeed in addressing any of these risks or other problems encountered in connection with an acquisition or business combination, many of which cannot be presently identified.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own our corporate headquarters in Lowell, Arkansas. In addition, we own or lease buildings in Lowell that we utilize for administrative support and warehousing. We also own or lease 46 other significant facilities across the United States where we perform maintenance on our equipment, provide bulk fuel, and employ personnel to support operations. These facilities vary in size from 2 to 39 acres. Each of our business segments utilizes these facilities. In addition, we have 117 leased or owned facilities in our DCS cross-dock and other delivery system networks, with the remaining three locations outsourced, and 37 leased or owned remote sales offices or branches in our ICS segment. We also own or lease multiple small facilities, offices, and parking yards throughout the country that support our customers' business needs.

A summary of our principal facilities in locations throughout the U.S. follows:

Type	Acreage	Maintenance Shop/ Cross-dock Facility (square feet)	Office Space (square feet)
Maintenance and support facilities	488	1,065,000	196,000
Cross-dock and delivery system facilities	20	3,348,000	125,000
Corporate headquarters campus, Lowell, Arkansas	119	—	600,000
Branch sales offices	—	—	91,000
Other facilities, offices, and parking yards	335	129,000	253,000

Item 3. Legal Proceedings

In January 2017 we exercised our right to utilize the arbitration process to review the division of revenue collected beginning May 1, 2016, as well as to clarify other issues, under our Joint Service Agreement with BNSF. BNSF requested the same. In October 2018 we received the arbitrators' Interim Award. For the determined components of the Interim Award, we recorded an $18.3 million pre-tax charge in the third quarter 2018 related to certain charges claimed by BNSF for specific services requested for customers from April 2014 through May 2018. In January 2019 the Panel issued its Second Interim Award ordering that $89.4 million is due from the Company to BNSF resulting from the adjusted revenue divisions relating to the 2016 period at issue ($52.1 million) and for calendar year 2017 ($37.3 million). We recorded pretax charges for contingent liabilities in the fourth quarter 2018 of $89.4 million claimed by the BNSF for the period May 1, 2016 through December 31, 2017 and $44.6 million for the period January 1, 2018 through December 31, 2018, for a total of $134 million. In October 2019 the arbitrators issued a Final Award. As a result, we recorded pre-tax charges in the third quarter 2019 of $26.8 million related to certain charges claimed by BNSF for the period January 1, 2018 through December 31, 2018 and no material adjustments for the period January 1, 2019 through September 30, 2019. In addition, we recorded a $17.4 million charge in the third quarter 2019 for legal fees, costs and interest claimed by BNSF, for a total of $44.2 million.

On January 17, 2020, we filed under seal in the United States District Court for the Western District of Arkansas a motion to confirm and enforce the Final Award, seeking the Court's specific enforcement of certain confidential contractual rights the arbitrators decided in our favor. BNSF has moved to confirm the Final Award in the United States District Court for the District of Columbia.

We are involved in certain other claims and pending litigation arising from the normal conduct of business. Based on present knowledge of the facts and, in certain cases, opinions of outside counsel, we believe the resolution of these claims and pending litigation will not have a material adverse effect on our financial condition, results of operations or liquidity.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters And Issuer Purchases Of Equity Securities

Our common stock is traded on the NASDAQ Global Select Market (NASDAQ) under the symbol "JBHT." At December 31, 2019, we were authorized to issue up to 1 billion shares of our common stock, and 167.1 million shares were issued. We had 106.2 million and 108.7 million shares outstanding as of December 31, 2019 and 2018, respectively. On February 18, 2020, we had 1,011 stockholders of record of our common stock.

Dividend Policy

Our dividend policy is subject to review and revision by the Board of Directors, and payments are dependent upon our financial condition, liquidity, earnings, capital requirements, and any other factors the Board of Directors may deem relevant. On January 22, 2020, we announced an increase in our quarterly cash dividend from $0.26 to $0.27 per share, which will be paid February 21, 2020, to stockholders of record on February 7, 2020. We currently intend to continue paying cash dividends on a quarterly basis. However, no assurance can be given that future dividends will be paid.

Purchases of Equity Securities

The following table summarizes purchases of our common stock during the three months ended December 31, 2019:

Period	Number of Common Shares Purchased	Average Price Paid Per Common Share Purchased	Total Number of Shares Purchased as Part of a Publicly Announced Plan (1)	Maximum Dollar Amount of Shares That May Yet Be Purchased Under the Plan (in millions) (1)
October 1 through October 31, 2019	—	$ —	—	$ 145
November 1 through November 30, 2019	—	—	—	145
December 1 through December 31, 2019	441,097	113.30	441,097	95
Total	441,097	$ 113.30	441,097	$ 95

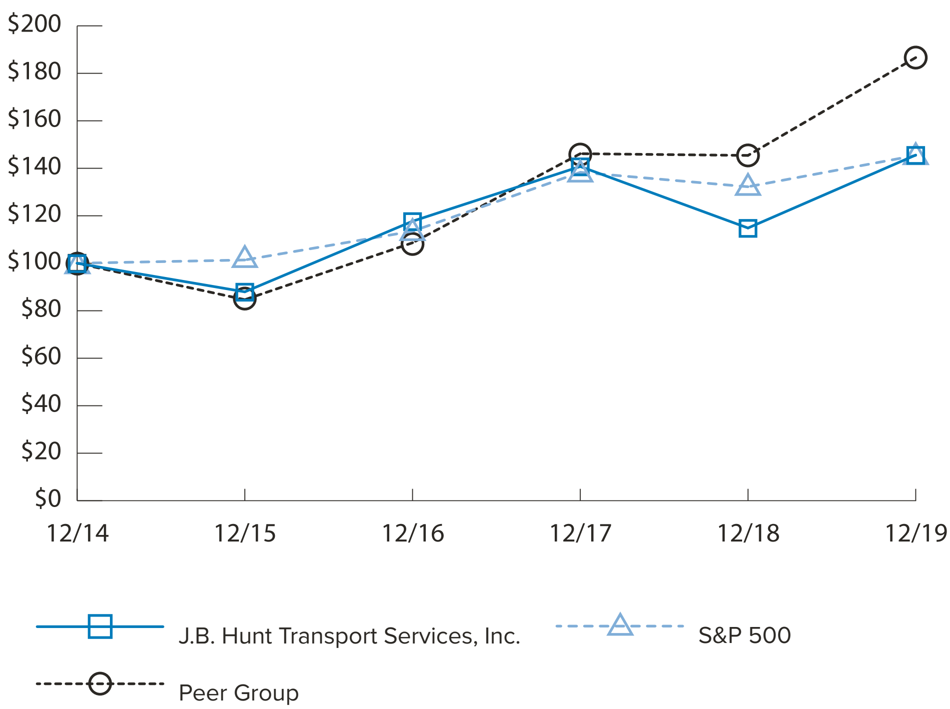
(1) On April 20, 2017, our Board of Directors authorized the purchase of up to $500 million of our common stock. On January 22, 2020, our Board of Directors authorized an additional purchase of up to $500 million of our common stock.

Stock Performance Graph

The following graph compares the cumulative 5-year total return of stockholders of our common stock with the cumulative total returns of the S&P 500 index and a customized peer group. The peer group consists of 14 companies: C.H. Robinson Worldwide Inc., CSX Corporation, Expeditors International of Washington Inc., Hub Group Inc., Kansas City Southern, Knight-Swift Transportation Holdings Inc., Norfolk Southern Corporation, Old Dominion Freight Line Inc., Republic Services Inc., Ryder System Inc., Schneider National Inc., Stericycle Inc., Waste Management Inc., and XPO Logistics Inc. The graph assumes the value of the investment in our common stock, in the index, and in the peer group (including reinvestment of dividends) was $100 on December 31, 2014 and tracks it through December 31, 2019. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among J.B. Hunt Transport Services, Inc., the S&P 500 Index, and a Peer Group



	Years Ended December 31,					
	2014	2015	2016	2017	2018	2019
J.B. Hunt Transport Services, Inc.	$ 100.00	$ 87.97	$ 117.70	$ 140.76	$ 114.85	$ 145.58
S&P 500	100.00	101.38	113.51	138.29	132.23	173.86
Peer Group	100.00	84.66	108.63	146.15	145.42	186.63

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with the Consolidated Financial Statements and notes thereto, Management's Discussion and Analysis of Financial Condition and Results of Operations, and other financial data included elsewhere in this annual report.

(Dollars in millions, except per share amounts)

Earnings data for the years ended December 31,	2019	2018	2017	2016	2015
Operating revenues	$ 9,165	$ 8,615	$ 7,190	$ 6,555	$ 6,188
Operating income	734	681	624	721	716
Net earnings	516	490	686	432	427
Basic earnings per share	4.81	4.48	6.24	3.84	3.69
Diluted earnings per share	4.77	4.43	6.18	3.81	3.66
Cash dividends per share	1.04	0.96	0.92	0.88	0.84
Operating expenses as a percentage of operating revenues:					
Rents and purchased transportation	49.4%	51.5%	50.8%	49.7%	48.4%
Salaries, wages and employee benefits	23.7	22.4	22.4	22.4	22.5
Depreciation and amortization	5.4	5.1	5.3	5.5	5.5
Fuel and fuel taxes	5.1	5.3	4.8	4.3	5.1
Operating supplies and expenses	3.6	3.5	3.6	3.6	3.6
General and administrative expenses, net of asset dispositions	2.1	1.8	1.8	1.3	1.1
Insurance and claims	1.7	1.5	1.7	1.2	1.2
Operating taxes and licenses	0.6	0.6	0.6	0.7	0.7
Communication and utilities	0.4	0.4	0.3	0.3	0.3
Total operating expenses	92.0	92.1	91.3	89.0	88.4
Operating income	8.0	7.9	8.7	11.0	11.6
Net interest expense	0.6	0.5	0.4	0.4	0.4
Earnings before income taxes	7.4	7.4	8.3	10.6	11.2
Income taxes	1.8	1.7	(1.2)	4.0	4.3
Net earnings	5.6 %	5.7%	9.5%	6.6%	6.9%

Balance sheet data as of December 31,	2019	2018	2017	2016	2015
Working capital ratio	1.43	1.11	1.45	1.65	1.61
Total assets (millions)	$ 5,471	$ 5,092	$ 4,465	$ 3,951	$ 3,630
Stockholders' equity (millions)	$ 2,267	$ 2,101	$ 1,839	$ 1,414	$ 1,300
Current portion of long-term debt (millions)	—	$ 251	—	—	—
Total debt (millions)	$ 1,296	$ 1,149	$ 1,086	$ 986	$ 998
Total debt to equity	0.57	0.55	0.59	0.70	0.77
Total debt as a percentage of total capital	36 %	35%	37%	41%	43%

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our results of operations and financial condition should be read in conjunction with our financial statements and related notes in Item 8. This discussion contains forward-looking statements. Please see "Forward-looking Statements" and "Risk Factors" for a discussion of items, uncertainties, assumptions and risks associated with these statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements in accordance with U.S. generally accepted accounting principles requires us to make estimates and assumptions that impact the amounts reported in our Consolidated Financial Statements and accompanying notes. Therefore, the reported amounts of assets, liabilities, revenues, expenses and associated disclosures of contingent liabilities are affected by these estimates. We evaluate these estimates on an ongoing basis, utilizing historical experience, consultation with third parties and other methods considered reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recognized in the accounting period in which the facts that give rise to the revision become known. We consider our critical accounting policies and estimates to be those that require us to make more significant judgments and estimates when we prepare our financial statements and include the following:

Workers' Compensation and Accident Costs

We purchase insurance coverage for a portion of expenses related to employee injuries, vehicular collisions, accidents, and cargo damage. Certain insurance arrangements include a level of self-insurance (deductible) coverage applicable to each claim. We have umbrella policies to limit our exposure to catastrophic claim costs. We are substantially self-insured for loss of and damage to our owned and leased revenue equipment.

The amounts of self-insurance change from time to time based on measurement dates, policy expiration dates, and claim type. For 2017 and 2018, we were self-insured for $500,000 per occurrence for personal injury and property damage and self-insured for $100,000 per workers' compensation claim. For 2019, we were self-insured for $500,000 per occurrence for personal injury and property damage and fully insured for workers' compensation claims for nearly all states. We have policies in place for 2020 with substantially the same terms as our 2019 policies for personal injury, property damage, workers' compensation, and cargo loss or damage.

Our claims accrual policy for all self-insured claims is to recognize a liability at the time of the incident based on our analysis of the nature and severity of the claims and analyses provided by third-party claims administrators, as well as legal, economic, and regulatory factors. Our safety and claims personnel work directly with representatives from the insurance companies to continually update the estimated cost of each claim. The ultimate cost of a claim develops over time as additional information regarding the nature, timing, and extent of damages claimed becomes available. Accordingly, we use an actuarial method to develop current claim information to derive an estimate of our ultimate claim liability. This process involves the use of loss-development factors based on our historical claims experience and includes a contractual premium adjustment factor, if applicable. In doing so, the recorded liability considers future claims growth and provides a reserve for incurred-but-not-reported claims. We do not discount our estimated losses. At December 31, 2019, we had an accrual of approximately $263 million for estimated claims. In addition, we record receivables for amounts expected to be reimbursed for payments made in excess of self-insurance levels on covered claims. At December 31, 2019, we have recorded $281 million of expected reimbursement for covered excess claims, other insurance deposits, and prepaid insurance premiums.

Revenue Equipment

We operate a significant number of tractors, trucks, containers, chassis, and trailers in connection with our business. This equipment may be purchased or acquired under lease agreements. In addition, we may rent revenue equipment from various third parties under short-term rental arrangements. Purchased revenue equipment is depreciated on the straight-line method over the estimated useful life to an estimated salvage or trade-in value. We periodically review the useful lives and salvage values of our revenue equipment and evaluate our long-lived assets for impairment. We have not identified any impairment to our assets at December 31, 2019.

We have agreements with our primary tractor suppliers for residual or trade-in values for certain new equipment. We have utilized these trade-in values, as well as other operational information such as anticipated annual miles, in accounting for depreciation expense.

Revenue Recognition

We record revenues on the gross basis at amounts charged to our customers because we control and are primarily responsible for the fulfillment of promised services. Accordingly, we serve as a principal in the transaction. We invoice our customers, and we maintain discretion over pricing. Additionally, we are responsible for selection of third-party transportation providers to the extent used to satisfy customer freight requirements.

We recognize revenue from customer contracts based on relative transit time in each reporting period and as other performance obligations are provided, with related expenses recognized as incurred. Accordingly, a portion of the total revenue that will be billed to the customer is recognized in each reporting period based on the percentage of the freight pickup and delivery performance obligation that has been completed at the end of the reporting period.

Our trade accounts receivable includes amounts due from customers that have been reduced by an allowance for uncollectible accounts and revenue adjustments. The allowance for uncollectible accounts and revenue adjustments is based on historical experience, as well as any known trends or uncertainties related to customer billing and account collectability. The adequacy of our allowance is reviewed quarterly.

Income Taxes

We account for income taxes under the liability method. Our deferred tax assets and liabilities represent items that will result in a tax deduction or taxable income in future years for which we have already recorded the related tax expense or benefit in our statement of earnings. Deferred tax accounts arise as a result of timing differences between when items are recognized in our Consolidated Financial Statements and when they are recognized in our tax returns. We assess the likelihood that deferred tax assets will be recovered from future taxable income or the reversal of temporary timing differences. To the extent we believe recovery does not meet the more-likely-than-not threshold, a valuation allowance is established. To the extent we establish a valuation allowance, we include an expense as part of our income tax provision.

The Tax Cuts and Jobs Act (the Act) was enacted in December 2017. Beginning in 2018, the Act reduced the U.S. federal corporate tax rate from 35% to 21%. At December 31, 2017, we made a reasonable estimate of the effects on our existing deferred tax assets and liabilities based on the rates at which they were expected to reverse in the future, which was generally 21%. The provisional amount recorded resulting from the remeasurement of our deferred tax balance was $309.2 million, which was included as a component of 2017 income tax from continuing operations. During 2018, we finalized our calculations for our 2017 federal income tax return, which was filed based on the law prior to the Act, resulting in no significant change to the initial measurement of these balances. Remaining aspects of the Act were not relevant to our operations.

Significant judgment is required in determining and assessing the impact of complex tax laws and certain tax-related contingencies on our provision for income taxes. As part of our calculation of the provision for income taxes, we assess whether the benefits of our tax positions are at least more likely than not to be sustained upon audit based on the technical merits of the tax position. For tax positions that are not more likely than not to be sustained upon audit, we accrue the largest amount of the benefit that is not more likely than not to be sustained in our Consolidated Financial Statements. Such accruals require us to make estimates and judgments, whereby actual results could vary materially from these estimates. Further, a number of years may elapse before a particular matter for which we have established an accrual is audited and resolved. See Note 7, Income Taxes, in our Consolidated Financial Statements for a discussion of our current tax contingencies.

RESULTS OF OPERATIONS

The following table sets forth items in our Consolidated Statements of Earnings as a percentage of operating revenues and the percentage increase or decrease of those items compared with the prior year.

	Percentage of Operating Revenues			Percentage Change Between Years	
	2019	2018	2017	2019 vs. 2018	2018 vs. 2017
Operating revenues	100.0%	100.0%	100.0%	6.4%	19.8%
Operating expenses:					
Rents and purchased transportation	49.4	51.5	50.8	2.1	21.5
Salaries, wages and employee benefits	23.7	22.4	22.4	12.5	19.8
Depreciation and amortization	5.4	5.1	5.3	14.5	13.7
Fuel and fuel taxes	5.1	5.3	4.8	0.9	32.1
Operating supplies and expenses	3.6	3.5	3.6	9.7	18.0
General and administrative expenses, net of asset dispositions	2.1	1.8	1.8	17.6	29.7
Insurance and claims	1.7	1.5	1.7	21.5	4.7
Operating taxes and licenses	0.6	0.6	0.6	8.3	14.0
Communication and utilities	0.4	0.4	0.3	12.6	28.9
Total operating expenses	92.0	92.1	91.3	6.3	20.8
Operating income	8.0	7.9	8.7	7.8	9.2
Net interest expense	0.6	0.5	0.4	31.7	40.8
Earnings before income taxes	7.4	7.4	8.3	6.3	7.7
Income taxes	1.8	1.7	(1.2)	8.8	266.1
Net earnings	5.6%	5.7%	9.5%	5.5%	(28.7%)

2019 Compared With 2018

Consolidated Operating Revenues

Our total consolidated operating revenues increased 6.4% to $9.17 billion in 2019, compared to $8.61 billion in 2018, primarily due to increased revenue in DCS related to an increase in revenue producing trucks, higher truck productivity, defined as revenue per truck per week, and an acquisition in the first quarter 2019. The increase in revenue was further attributable to increased load volumes in ICS and higher revenue per load in JBI, partially offset by a decrease in JBI load volumes and a reduction in rates per loaded mile and the number of operating tractors in JBT. Fuel surcharge revenues decreased 1.4% to $1.04 billion in 2019, compared to $1.06 billion in 2018. If fuel surcharge revenues were excluded from both years, our 2019 revenue increased 7.5% over 2018.

Consolidated Operating Expenses

Our 2019 consolidated operating expenses increased 6.3% from 2018, while year-over-year revenue increased 6.4%, resulting in a 2019 operating ratio of 92.0% compared to 92.1% in 2018.

Rents and purchased transportation costs increased 2.1% in 2019, primarily due to increased rail and truck purchased transportation rates within JBI and ICS segments and JBI rail purchased transportation costs, including a $26.8 million charge in 2019, resulting from the issuance of an award regarding our arbitration with BNSF. The current year increase in rents and purchased transportation costs was partially offset by a $152.3 million BNSF arbitration related charge recorded by JBI in 2018. Salaries, wages and employee benefit costs increased 12.5% in 2019 from 2018. This increase was primarily related to increases in driver pay and office personnel compensation due to an increase in the number of employees and a tighter supply of qualified drivers. Depreciation and amortization expense increased 14.5% in 2019, primarily due to equipment purchased related to new DCS long-term customer contracts.

Fuel and fuel taxes expense increased 0.9% in 2019 compared with 2018, due primarily to an increase in road miles, partially offset by a decrease in the price of fuel during 2019. We have fuel surcharge programs in place with the majority of our customers. These programs typically involve a specified computation based on the change in national, regional, or local fuel prices. While these programs may address fuel cost changes as frequently as weekly, most also reflect a specified miles-per-gallon factor and require a certain minimum change in fuel costs to trigger a change in fuel surcharge revenue. As a result, some of these programs have a time lag between when fuel costs change and when this change is reflected in revenues. Due to these programs, this lag negatively impacts operating income in times of rapidly increasing fuel costs and positively impacts operating income when fuel costs decrease rapidly. It is not meaningful to compare the amount of fuel surcharge revenue or the change in fuel surcharge revenue between reporting periods to fuel and fuel taxes expense, or the change of fuel expense between periods, as a significant portion of fuel cost is included in our payments to railroads, dray carriers and other third parties. These payments are classified as purchased transportation expense.

Operating supplies and expenses increased 9.7%, driven primarily by higher equipment maintenance and tire expenses due to increased equipment counts, increased toll costs, higher travel costs, and higher facility maintenance expenses. General and administrative expenses increased 17.6% from 2018, primarily due to increased technology spend on the J.B. Hunt 360° platform and legacy system upgrades, higher Final Mile Services® (FMS) network facility costs, and increased advertising expenses. Additionally, net losses from sale or disposal of assets were $13.1 million in 2019, compared to net losses of $12.1 million in 2018. Insurance and claims expense increased 21.5% in 2019, primarily due to 2019 including a$17.4 million reserve charge for arbitration related legal fees, costs and interest claimed by BNSF and the inclusion of a $20.0 million FMS claim charge within DCS, partially offset by 2018 including specific reserve charges for the settlement of lawsuits with current and former drivers.

Net interest expense for 2019 increased by 31.7% compared with 2018, due to an increase in average debt levels and higher effective interest rates on our debt.

Our effective income tax rate was 24.2% in 2019 and 23.6% in 2018. The increase in 2019 was primarily due to a reduction in discreet tax benefits recognized related to share-based compensation vesting, partially offset by favorable settlements of state income tax audits during 2019.

Segments

We operated four business segments during calendar year 2019. The operation of each of these businesses is described in our Notes to Consolidated Financial Statements. The following tables summarize financial and operating data by segment:

Operating Revenue by Segment

Years Ended December 31, (in millions)

	2019	2018	2017
JBI	$ 4,745	$ 4,717	$ 4,084
DCS	2,695	2,163	1,719
ICS	1,348	1,335	1,025
JBT	389	417	378
Total segment revenues	9,177	8,632	7,206
Intersegment eliminations	(12)	(17)	(16)
Total	$ 9,165	$ 8,615	$ 7,190

Operating Income by Segment

Years Ended December 31, (in millions)

	2019	2018	2017
JBI	$ 447	$ 401	$ 407
DCS	269	193	171
ICS	(11)	50	23
JBT	29	37	23
Total	$ 734	$ 681	$ 624

Operating Data by Segment	2019	2018	2017
	Years Ended December 31,		
JBI			
Loads	1,979,169	2,049,014	1,999,807
Average length of haul (miles)	1,679	1,648	1,681
Revenue per load	$ 2,397	$ 2,302	$ 2,042
Average tractors during the period(1)	5,635	5,551	5,362
Tractors (end of period)			
Company-owned	4,989	5,017	4,776
Independent contractor	570	633	764
Total tractors	5,559	5,650	5,540
Net change in trailing equipment during the period	1,841	6,262	4,016
Trailing equipment (end of period)	96,743	94,902	88,610
Average effective trailing equipment usage	86,836	88,739	82,969
DCS			
Loads	3,615,580	2,981,344	2,575,245
Average length of haul (miles)	169	177	178
Revenue per truck per week(2)	$ 4,895	$ 4,534	$ 4,226
Average trucks during the period(3)	10,725	9,264	7,946
Trucks (end of period)			
Company-owned	10,542	9,652	8,124
Independent contractor	40	51	59
Customer-owned (DCS-operated)	505	412	544
Total trucks	11,087	10,115	8,727
Trailing equipment (end of period)	28,118	26,710	25,811
Average effective trailing equipment usage	28,147	26,806	24,550
ICS			
Loads	1,243,992	1,234,632	992,834
Revenue per load	$ 1,084	$ 1,081	$ 1,032
Gross profit margin	13.1%	15.4%	13.3%
Employee count (end of period)	1,213	1,142	954
Approximate number of third-party carriers (end of period)	84,400	73,100	56,700
Marketplace for J.B. Hunt 360°:			
Approximate carrier tractor count (end of period)	682,000	529,000	312,000
Revenue (millions)	$839.8	$557.8	$125.8
JBT			
Loads	346,459	355,038	370,591
Average length of haul (miles)	415	427	435
Loaded miles (000)	143,511	151,322	160,932
Total miles (000)	177,035	181,718	192,433
Average nonpaid empty miles per load	96.9	85.5	85.1
Revenue per tractor per week(2)	$ 3,917	$ 4,148	$ 3,556
Average tractors during the period(1)	1,958	1,990	2,098
Tractors (end of period)			
Company-owned	845	1,139	1,291
Independent contractor	986	973	741
Total tractors	1,831	2,112	2,032
Trailing equipment (end of period)	6,975	6,800	7,120
Average effective trailing equipment usage	6,497	6,513	7,066

(1) Includes company-owned and independent contractor tractors
(2) Using weighted workdays
(3) Includes company-owned, independent contractor, and customer-owned trucks

JBI Segment

JBI segment revenue increased 1% to $4.74 billion in 2019, from $4.72 billion in 2018. This increase in revenue was primarily a result of a 4% increase in revenue per load, which is the combination of changes in freight mix, customer rates, and fuel surcharge revenue, partially offset by a 3% decrease in load volume. Eastern network load volumes decreased 9% and transcontinental loads increased 1% compared to 2018. Average length of haul increased 2% in 2019 when compared to 2018. Revenue per load excluding fuel surcharges increased approximately 6% compared to 2018.

Operating income of the JBI segment increased to $447 million in 2019, from $401 million in 2018. Benefits from customer rate increases and freight mix were partially offset by decreased volumes, which includes volume lost to rail rationalization, increased rail purchased transportation costs, higher equipment ownership and maintenance costs, increased technology modernization expenses, lower box turns, higher box repositioning costs and increased driver wages and recruiting costs. Current year operating income was further impacted by a $26.8 million charge to rail purchase transportation expense resulting from the issuance of an award regarding our arbitration with BNSF and a $17.4 million charge to insurance and claims expense, for arbitration related legal fees, costs and interest claimed by BNSF. JBI recorded $152.3 million of additional BNSF arbitration related charges in 2018. Excluding these 2018 charges and the 2019 arbitration related charges of $44.2 million, operating income for 2019, decreased 11% when compared to 2018.

DCS Segment

DCS segment revenue increased 25% to $2.69 billion in 2019, from $2.16 billion in 2018. Productivity, defined as revenue per truck per week, increased 8% when compared to 2018. Productivity excluding fuel surcharge revenue increased 9% from 2018. The increase in productivity was primarily a result of the acquisition of Cory 1st Choice Home Delivery (Cory), better integration of assets between customer accounts, customer rate increases, and increased customer supply chain fluidity during 2019 compared to 2018. In addition, the growth in DCS revenue includes an increase of $187 million in FMS revenue, the majority of which was derived from the first quarter 2019 Cory acquisition. DCS ended 2019 with a net additional 972 revenue-producing trucks when compared to 2018. Approximately 58% of these additions represent private fleet conversions and 15% represent FMS versus traditional dedicated capacity fleets. Customer retention rates remain above 98%.

Operating income of our DCS segment increased to $269 million in 2019, from $193 million in 2018. The increase is primarily due to increased productivity and additional trucks under contract, partially offset by higher insurance and claims costs, which included a $20.0 million FMS claim charge in the second quarter 2019, higher costs from the expanded FMS network, increased driver wages and recruiting costs, and additional non-cash amortization expense of $3.8 million compared to 2018.

ICS Segment

ICS segment revenue increased 1% to $1.35 billion in 2019, from $1.33 billion in 2018. Overall volumes increased 1%. Revenue per load remained flat when compared to 2018 primarily due to customer mix changes, a lower spot pricing market and a competitive pricing environment for contractual truckload business, when compared to 2018. Contractual business was approximately 71% of the total load volume and 59% of the total revenue in the 2019, compared to 70% of the total load volume and 48% of the total revenue in 2018.

ICS segment incurred an operating loss of $11 million in 2019, compared to operating income of $50 million in 2018. The decrease in operating income was primarily due to lower gross profit margins, increased expenses to expand capacity and functionality of the Marketplace for J.B. Hunt 360°, higher personnel costs, and increased digital marketing expenses. Gross profit margin decreased to 13.1% in the current year versus 15.4% last year primarily due to weaker spot market activity and lower contractual rates on committed business compared to 2018. Approximately $840 million of ICS revenue for 2019 was executed through the Marketplace for J.B. Hunt 360° compared to $558 million in 2018. ICS's carrier base increased 15%, and the employee count increased 6% when compared to 2018.

JBT Segment

JBT segment revenue decreased 7% to $389 million in 2019, from $417 million in 2018. Excluding fuel surcharges, revenue for 2019 decreased 6% compared to 2018, primarily due to a 1% decrease in rates per loaded mile, a 3% decrease in length of haul and a 2% decrease in load volumes, compared to 2018. At the end of 2019, JBT operated 1,831 tractors compared to 2,112 at the end of 2018.

JBT segment had operating income of $29 million in 2019 compared with $37 million in 2018. The decrease in operating income was driven primarily by lower spot market activity, higher empty miles per load, increased driver wages and recruiting costs, and the reduction in overall load volumes.

2018 Compared With 2017

Consolidated Operating Revenues

Our total consolidated operating revenues increased 19.8% to $8.61 billion in 2018, compared to $7.19 billion in 2017, primarily due to overall increased load volume and higher revenue per load in all four of our segments. Fuel surcharge revenues increased 40.2% to $1.1 billion in 2018, compared to $754 million in 2017. If fuel surcharge revenues were excluded from both years, our 2018 revenue increased 17.4% over 2017.

Consolidated Operating Expenses

Our 2018 consolidated operating expenses increased 20.8% from 2017, while year-over-year revenue increased 19.8%, resulting in a 2018 operating ratio of 92.1% compared to 91.3% in 2017.

Rents and purchased transportation costs increased 21.5% in 2018, primarily due to increased rail and truck purchased transportation rates and the increase in load volume, which increased services provided by third-party rail and truck carriers within JBI and ICS segments. In addition, our JBI segment incurred charges of $152.3 million to rail purchase transportation expense related to the arbitration with BNSF. Salaries, wages and employee benefit costs increased 19.8% in 2018 from 2017. This increase was primarily related to increases in driver pay and office personnel compensation due to an increase in the number of employees and a tighter supply of qualified drivers. Depreciation and amortization expense increased 13.7% in 2018, primarily due to additions to our JBI segment tractor, container and chassis fleets to support additional business demand and equipment purchased related to new DCS long-term customer contracts.

Fuel and fuel taxes expense increased 32.1% in 2018 compared with 2017, due primarily to an increase in road miles and increases in the price of fuel during 2018. Operating supplies and expenses increased 18.0%, driven primarily by higher equipment maintenance and tire expenses due to increased equipment counts, higher travel costs, increased toll costs, and higher building maintenance expenses. General and administrative expenses increased 29.7% from 2017, primarily due to increased building and computer rentals, higher professional fees, higher advertising costs, higher bad debt expense driven by a customer bankruptcy, and increased net losses from asset sales and disposals, partially offset by the 2017 inclusion of a $20.2 million reserve of a cash advance for the purchases of new trailing equipment from a manufacturer that did not meet delivery. Additionally, net losses from sale or disposal of assets were $12.1 million in 2018, compared to net losses of $7.4 million in 2017. Insurance and claims expense increased 4.7% in 2018, primarily due to higher incident volume.

Net interest expense for 2018 increased by 40.8% compared with 2017, due to an increase in average debt levels, higher effective interest rates on our debt, and expenses incurred to refinance our revolving line of credit compared to 2017.

Our effective income tax rate was 23.6% in 2018 and (15.29%) in 2017. The increase in 2018 was primarily due to a $309.2 million decrease in income tax expense in 2017 resulting from adjustments to our deferred tax balances at December 31, 2017, for the change in future tax rates prescribed by the Tax Cuts and Jobs Act.

JBI Segment

JBI segment revenue increased 15% to $4.72 billion in 2018, from $4.08 billion in 2017. This increase in revenue was primarily a result of a 2% increase in load volume and a 13% increase in revenue per load, which is the combination of changes in freight mix, customer rates, and fuel surcharge revenue. Eastern network loads grew at 10% and transcontinental loads decreased 2% compared to 2017. Average length of haul decreased 2% in 2018 when compared to 2017. Revenue per load excluding fuel surcharges increased approximately 10% compared to 2017.

Operating income of the JBI segment decreased to $401 million in 2018, from $407 million in 2017. Benefits from volume growth and increased revenue per load were offset by increases in rail purchased transportation costs, which included $152.3 million of additional expense related to the arbitration with BNSF. Benefits were further offset by higher driver wage and retention costs, higher driver recruiting expenses, higher outsourced dray costs, increased costs for onboarding and integration of container tracking technologies, higher equipment ownership costs, and costs of reduced efficiency and disruptions within the rail network. In addition, 2017 included a $20.2 million expense for the reserve of a cash advance for the purchases of new trailing equipment from a manufacturer that did not meet delivery.

DCS Segment

DCS segment revenue increased 26% to $2.16 billion in 2018, from $1.72 billion in 2017. Productivity, defined as revenue per truck per week, increased 7% when compared to 2017. Productivity excluding fuel surcharge revenue increased 5% from 2017. The increase in productivity was primarily a result of better integration of assets between customer accounts, customer rate increases, and increased customer supply chain fluidity during 2018 compared to 2017. In addition, the growth in DCS revenue includes an increase of $113 million in FMS revenue, approximately $66 million of which was derived from the 2017 acquisition of Special Logistics Dedicated, LLC. DCS ended 2018 with a net additional 1,388 revenue-producing trucks when compared to 2017.

Operating income of our DCS segment increased to $193 million in 2018, from $171 million in 2017. Increased revenue and improved asset integration was offset by higher costs from the expanded FMS network, increased driver wages and recruiting costs, higher non-driver salaries, wages and benefits, increased maintenance costs on equipment scheduled to be traded in the current year, higher overall insurance and claims costs, implementation costs for new customer contracts and approximately $4.4 million in additional non-cash amortization expense compared to 2017.

ICS Segment

ICS segment revenue increased 30% to $1.33 billion in 2018, from $1.02 billion in 2017. Overall volumes increased 24%. Revenue per load increased 5% primarily due to increased contractual and spot rates. Contractual business was approximately 70% of the total load volume and 48% of the total revenue in 2018, compared to 70% of the total load volume and 53% of the total revenue in 2017.

Operating income increased to $50 million in 2018, from $23 million in 2017. Gross profit margin improved to 15.4% in the current year compared to 13.3% in 2017 primarily due to improved contractual margins and increased spot market activity. This increase in gross profit margin was partially offset by higher personnel costs, higher technology development costs, and increase bad debt expense due to a customer bankruptcy. Approximately $558 million of ICS revenue for 2018 was executed through the Marketplace for J.B. Hunt 360°. ICS's carrier base increased 29%, and the employee count increased 20% when compared to 2017.

JBT Segment

JBT segment revenue increased 10% to $417 million in 2018, from $378 million in 2017. Excluding fuel surcharges, revenue for 2018 increased 9% compared to 2017, primarily from a 16% increase in rates per loaded mile, partially offset by an 4% decrease in load count.

JBT segment had operating income of $37 million in 2018 compared with $23 million in 2017. The increase in operating income was driven primarily by higher rates per loaded mile and lower equipment ownership costs, partially offset by increased driver wage and retention costs, higher driver and independent contractor recruiting expenses, and higher independent contractor costs per mile.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities totaled $1.10 billion in 2019, compared to $1.09 billion in 2018. This increase was primarily due to the increase in earnings, partially offset by the timing of general working capital activities.

Net cash used in investing activities totaled $804 million in 2019, compared with $887 million in 2018. The decrease resulted primarily from a decrease in equipment purchases, net of proceeds from the sale of equipment, in 2019, partially offset by the purchases of Cory and RDI Last Mile Co. (RDI), which closed during the first and fourth quarters of 2019, respectively.

Net cash used in financing activities was $267 million in 2019, compared with $208 million in 2018. This increase resulted primarily from an increase in treasury stock purchased in 2019, partially offset by higher proceeds from long-term debt issuances, net of long-term debt repayments.

Our dividend policy is subject to review and revision by the Board of Directors, and payments are dependent upon our financial condition, liquidity, earnings, capital requirements, and other factors the Board of Directors may deem relevant. We paid a $0.23 per share quarterly dividend in 2017, a $0.24 per share quarterly dividend in 2018, and a $0.26 per share quarterly dividend in 2019. On January 22, 2020, we announced an increase in our quarterly cash dividend from $0.26 to $0.27 per share, which will be paid February 21, 2020, to stockholders of record on February 7, 2020. We currently intend to continue paying cash dividends on a quarterly basis. However, no assurance can be given that future dividends will be paid.

Liquidity

Our need for capital has typically resulted from the acquisition of containers, chassis, trucks, tractors, and trailers required to support our growth and the replacement of older equipment. We are frequently able to accelerate or postpone a portion of equipment replacements depending on market conditions. We obtain capital through cash generated from operations, revolving lines of credit, and long-term debt issuances. We have also periodically utilized capital and operating leases for revenue equipment. During the first and fourth quarters of 2019, we completed two separate business acquisitions. See Note 12, Acquisition, in the Notes to Consolidated Financial Statements for further discussion. We used our existing revolving credit facility and cash to finance these transactions and to provide any necessary liquidity for current and future operations. These acquisitions did not have a material impact on our interest expense.

At December 31, 2019, we were authorized to borrow up to $750 million under a senior revolving line of credit, which is supported by a credit agreement with a group of banks and expires in September 2023. This senior credit facility allows us to request an increase in the total commitment by up to $250 million and to request a one-year extension of the maturity date. The applicable interest rate under this agreement is based on either the Prime Rate, the Federal Funds Rate or LIBOR, depending upon the specific type of borrowing, plus an applicable margin based on our credit rating and other fees. At December 31, 2019, we had no outstanding borrowings under this agreement.

Our senior notes consist of three separate issuances. The first is $250 million of 3.85% senior notes due March 2024, which was issued in March 2014. Interest payments under this note are due semiannually in March and September of each year, beginning September 2014. The second is $350 million of 3.30% senior notes due August 2022, issued in August 2015. Interest payments under this note are due semiannually in February and August of each year, beginning February 2016. The third is $700 million of 3.875% senior notes due March 2026, issued in March 2019. Interest payments under this note are due semiannually in March and September of each year, beginning September 2019. We may redeem for cash some or all of the notes based on a redemption price set forth in the note indenture. We currently have an interest rate swap agreement which effectively convert our $350 million of 3.30% fixed-rate senior notes due August 2022 to a variable rate, resulting in an interest rates of 3.27% at December 31, 2019. The applicable interest rate under this swap agreement is based on LIBOR plus an established margin. In addition, we previously had $250 million of 2.40% senior notes which matured in March 2019. The entire outstanding balance was paid in full at maturity.

Our financing arrangements require us to maintain certain covenants and financial ratios. We were in compliance with all covenants and financial ratios at December 31, 2019.

We believe our liquid assets, cash generated from operations, and various financing arrangements will provide sufficient funds for our operating and capital requirements for the foreseeable future.

We are currently committed to spend approximately $938 million, net of proceeds from sales or trade-ins, during 2020 through 2021, which is primarily related to the acquisition of tractors, containers, chassis, and other trailing equipment.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements, other than our net purchase commitments of $938 million, as of December 31, 2019.

Contractual Obligations and Commitments

The following table summarizes our expected obligations and commitments (in millions) as of December 31, 2019:

	Total	2020	2021-2022	2023-2024	2025 and thereafter
Operating leases	$ 133.7	$ 44.9	$ 59.0	$ 19.8	$ 10.0
Long-term debt obligations	1,300.0	—	350.0	250.0	700.0
Interest payments on debt (1)	238.7	48.2	92.6	66.3	31.6
Commitments to acquire revenue equipment and facilities	938.0	376.5	561.5	—	—
Total	$ 2,610.4	$ 469.6	$ 1,063.1	$ 336.1	$ 741.6

(1) Interest payments on debt are based on the debt balance and applicable rate at December 31, 2019.

We had standby letters of credit outstanding of approximately $2.7 million at December 31, 2019, that expire at various dates in 2020, which are related to certain operating agreements and our self-insured retention levels for casualty and workers' compensation claims. We plan to renew these letters of credit in accordance with our third-party agreements. The table above excludes $55.4 million of liabilities related to uncertain tax positions, including interest and penalties, as we are unable to reasonably estimate the ultimate timing of settlement. See Note 7, Income Taxes, in the Notes to Consolidated Financial Statements for further discussion.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest rate risk can be quantified by measuring the financial impact of a near-term adverse increase in short-term interest rates on variable-rate debt outstanding. Our total long-term debt consists of both fixed and variable interest rate facilities. Our senior notes have fixed interest rates ranging from 3.30% to 3.875%. These fixed-rate facilities reduce the impact of changes to market interest rates on future interest expense. Our senior revolving line of credit has variable interest rates, which are based on the Prime Rate, the Federal Funds Rate, or LIBOR, depending upon the specific type of borrowing, plus any applicable margins. We currently have an interest rate swap agreement which effectively converts our $350 million of 3.30% fixed-rate senior notes due August 2022 to a variable rate. The applicable interest rate under this swap agreement is based on LIBOR plus an established margin. Our earnings would be affected by changes in these short-term variable interest rates. At our current level of borrowing, a one-percentage-point increase in our applicable rate would reduce annual pretax earnings by $3.5 million.

Although we conduct business in foreign countries, international operations are not material to our consolidated financial position, results of operations, or cash flows. Additionally, foreign currency transaction gains and losses were not material to our results of operations for the year ended December 31, 2019. Accordingly, we are not currently subject to material foreign currency exchange rate risks from the effects that exchange rate movements of foreign currencies would have on our future costs or on future cash flows we would receive from our foreign investment. To date, we have not entered into any foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

The price and availability of diesel fuel are subject to fluctuations due to changes in the level of global oil production, seasonality, weather, and other market factors. Historically, we have been able to recover a majority of fuel-price increases from our customers in the form of fuel surcharges. We cannot predict the extent to which volatile fluctuations in fuel prices will continue in the future or the extent to which fuel surcharges could be collected to offset fuel-price increases. As of December 31, 2019, we had no derivative financial instruments to reduce our exposure to fuel-price fluctuations.

Item 8. Financial Statements and Supplementary Data

Our Consolidated Financial Statements, Notes to Consolidated Financial Statements, and reports thereon of our independent registered public accounting firm as specified by this Item are presented following Item 15 of this report and include:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2019 and 2018

Consolidated Statements of Earnings for years ended December 31, 2019, 2018, and 2017

Consolidated Statements of Stockholders' Equity for years ended December 31, 2019, 2018, and 2017

Consolidated Statements of Cash Flows for years ended December 31, 2019, 2018, and 2017

Notes to Consolidated Financial Statements

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain controls and procedures designed to ensure that the information we are required to disclose in the reports we file with the SEC is recorded, processed, summarized and reported, within the time periods specified in the SEC rules, 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. 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 Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2019.

The certifications of our Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act have been filed as Exhibits 31.1 and 31.2 to this report.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013 Framework)*. Based on our assessment, we believe that as of December 31, 2019, our internal control over financial reporting is effective based on those criteria.

The effectiveness of internal control over financial reporting as of December 31, 2019, has been audited by Ernst & Young LLP, an independent registered public accounting firm that also audited our Consolidated Financial Statements. Ernst & Young LLP's report on internal control over financial reporting is included herein (following Item 15).

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the fourth quarter ended December 31, 2019, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required for Item 10 is hereby incorporated by reference from the Notice and Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 2020.

Item 11. Executive Compensation

The information required for Item 11 is hereby incorporated by reference from the Notice and Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Except as set forth below, the information required for Item 12 is hereby incorporated by reference from the Notice and Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 2020.

Securities Authorized For Issuance Under Equity Compensation Plans

The following table summarizes, as of December 31, 2019, information about compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category[1]	Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-average Exercise Price of Outstanding Options, Warrants, and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))
	(A)	(B)	(C)
Equity compensation plans approved by security holders	1,688,946	$ —[2]	5,710,001

(1) We have no equity compensation plans that are not approved by security holders.
(2) Currently, only restricted share units remain outstanding under our equity compensation plan. Upon vesting, restricted share units are settled with shares of our common stock on a one-for-one basis and, accordingly, do not include an exercise price.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required for Item 13 is hereby incorporated by reference from the Notice and Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 2020.

Item 14. Principal Accounting Fees and Services

The information required for Item 14 is hereby incorporated by reference from the Notice and Proxy Statement for the Annual Meeting of Stockholders to be held April 23, 2020.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(A) Financial Statements, Financial Statement Schedules and Exhibits:

(1) Financial Statements
The financial statements included in Item 8 above are filed as part of this annual report.

(2) Financial Statement Schedules
Schedule II – Valuation and Qualifying Accounts (in millions)

Allowance for Doubtful Accounts, Revenue Adjustments and Other for the Years Ended:	Balance at Beginning of Year	Charged to Expense/ Against Revenue	Write-Offs, Net of Recoveries	Balance at End of Year
December 31, 2017	13.4	29.3	(18.7)	24.0
December 31, 2018	24.0	35.7	(23.9)	35.8
December 31, 2019	35.8	34.2	(47.5)	22.5

The above schedule reports allowances related to trade accounts receivable and other receivables.

All other schedules have been omitted either because they are not applicable or because the required information is included in our Consolidated Financial Statements or the notes thereto.

(3) Exhibits

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of J.B. Hunt Transport Services, Inc. dated May 19, 1988 (incorporated by reference from Exhibit 3.1 of the Company's quarterly report on Form 10-Q for the period ended March 31, 2005, filed April 29, 2005)
3.2	Amended and Restated Bylaws of J.B. Hunt Transport Services, Inc. dated April 23, 2015 (incorporated by reference from Exhibit 3.1 of the Company's current report on Form 8-K, filed April 27, 2015)
4.1	Description of Capital Stock of J.B. Hunt Transport Services, Inc.
4.2	Indenture (incorporated by reference from Exhibit 4.1 of the Company's registration statement on Form S-3ASR (File No. 333-169365), filed September 14, 2010)
4.3	Third Supplemental Indenture (incorporated by reference from Exhibit 4.4 of the Company's current report on Form 8-K, filed March 6, 2014)
4.4	Fourth Supplemental Indenture (incorporated by reference from Exhibit 4.3 of the Company's current report on Form 8-K, filed August 6, 2015)
4.5	Base Indenture, dated as of March 1, 2019 (incorporated by reference from Exhibit 4.1 of the Company's current report on Form 8-K, filed March 1, 2019)
4.6	First Supplemental Indenture, dated as of March 1, 2019 (incorporated by reference from Exhibit 4.2 of the Company's current report on Form 8-K, filed March 1, 2019)
10.1	Third Amended and Restated Management Incentive Plan (incorporated by reference from Appendix A of the Company's definitive proxy statement on Schedule 14A, filed March 9, 2017)
10.2	Amendment to J.B. Hunt Transport Services, Inc. Third Amended and Restated Management Incentive Plan (incorporated by reference from Exhibit 10.2 of the Company's current report on Form 8-K, filed April 22, 2019)
10.3	Summary of Compensation Arrangements with Named Executive Officers for 2019 (incorporated by reference from Exhibit 99.1 of the Company's current report on Form 8-K, filed January 25, 2019)
10.4	Summary of Compensation Arrangements with Named Executive Officers for 2020 (incorporated by reference from Exhibit 99.1 of the Company's current report on Form 8-K/A, filed February 3, 2020)
10.5*	Executive Retirement Agreement with David G. Mee, dated February 6, 2020 (incorporated by reference from Exhibit 10.1 of the Company's current report on Form 8-K, filed February 10, 2020)
10.6*	Executive Retirement Agreement with Terrance D. Matthews, dated February 6, 2020 (incorporated by reference from Exhibit 10.2 of the Company's current report on Form 8-K, filed February 10, 2020)
10.7	Credit Agreement and related documents (incorporated by reference from Exhibit 10.1 of the Company's current report on Form 8-K, filed September 28, 2018)
10.8	First Amendment to Credit Agreement, dated as of March 1, 2019 (incorporated by reference from Exhibit 10.2 of the Company's current report on Form 8-K, filed March 1, 2019)
21.1	Subsidiaries of J.B. Hunt Transport Services, Inc.
23.1	Consent of Ernst & Young LLP
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32.1	Section 1350 Certification
99.1	Equity Interests Purchase Agreement dated July 20, 2017 (incorporated by reference from Exhibit 99.1 of the Company's current report on Form 8-K, filed July 25, 2017)
99.2	Asset Purchase Agreement dated January 7, 2019 (incorporated by reference from Exhibit 99.2 of the Company's current report on Form 8-K, filed January 10, 2019)
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document)

* Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) 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, in the City of Lowell, Arkansas, on the 2nd day of March 2020.

J.B. HUNT TRANSPORT SERVICES, INC.
(Registrant)

By: /s/ John N. Roberts, III
John N. Roberts, III
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on the 2nd day of March 2020, on behalf of the registrant and in the capacities indicated.

/s/ John N. Roberts, III John N. Roberts, III	President and Chief Executive Officer, Member of the Board of Directors (Principal Executive Officer)
/s/ John Kuhlow John Kuhlow	Senior Vice President Finance, Controller, Chief Accounting Officer, and Interim Chief Financial Officer (Principal Financial Officer)
/s/ Kirk Thompson Kirk Thompson	Chairman of the Board of Directors
/s/ James L. Robo James L. Robo	Member of the Board of Directors (Lead Director)
/s/ Douglas G. Duncan Douglas G. Duncan	Member of the Board of Directors
/s/ Francesca M. Edwardson Francesca M. Edwardson	Member of the Board of Directors
/s/ Wayne Garrison Wayne Garrison	Member of the Board of Directors
/s/ Sharilyn S. Gasaway Sharilyn S. Gasaway	Member of the Board of Directors
/s/ Gary C. George Gary C. George	Member of the Board of Directors
/s/ J. Bryan Hunt, Jr.___ J. Bryan Hunt, Jr.	Member of the Board of Directors
/s/ Coleman H. Peterson Coleman H. Peterson	Member of the Board of Directors

INDEX TO CONSOLIDATED FINANCIAL INFORMATION

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We are responsible for the preparation, integrity, and fair presentation of our Consolidated Financial Statements and related information appearing in this report. We take these responsibilities very seriously and are committed to maintaining controls and procedures that are designed to ensure that we collect the information we are required to disclose in our reports to the SEC and to process, summarize, and disclose this information within the time periods specified by the SEC.

Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this report, conducted by our management and with the participation of our Chief Executive Officer and Chief Financial Officer, we believe our controls and procedures are effective to ensure that we are able to collect, process, and disclose the information we are required to disclose in our reports filed with the SEC within the required time periods.

We are responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. We assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013 Framework)*. Based on our assessment, we believe that as of December 31, 2019, our internal control over financial reporting is effective based on those criteria.

The effectiveness of internal control over financial reporting as of December 31, 2019, has been audited by Ernst & Young LLP, an independent registered public accounting firm that also audited our Consolidated Financial Statements. Ernst & Young LLP's report on internal control over financial reporting is included herein.

/s/ John N. Roberts, III
John N. Roberts, III
President and Chief Executive Officer
(Principal Executive Officer)

/s/ John Kuhlow
John Kuhlow
Senior Vice President Finance, Controller,
Chief Accounting Officer, and Interim
Chief Financial Officer
(Principal Financial Officer)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of J.B. Hunt Transport Services, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of J.B. Hunt Transport Services, Inc. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 2, 2020, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Claims Accruals

Description of the Matter	At December 31, 2019, the Company's aggregate claims accrual was $263 million, which is primarily related to casualty and workers' compensation claims, inclusive of amounts expected to be paid by the Company's insurers above its self-insured retention limits. As explained in Note 2 of the financial statements, the Company recognizes a liability at the time of the incident based upon the nature and severity of the claim and analyses provided by third-party claims administrators. The Company uses an actuarial method to develop currently known claim information to derive an estimate of the ultimate claim liability to account for estimated incurred but not reported losses ("IBNR"). Auditing the Company's claims accruals is complex and involves significant measurement uncertainty associated with the estimate, the application of significant management judgment, and the use of various actuarial methods. In addition, the estimate for claims accruals is sensitive to significant management assumptions, including the frequency and severity assumptions used to derive the computation of the IBNR, and the case reserves and loss development factors for reported claims.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the claims accrual process, including management's assessment of the assumptions and data underlying the IBNR reserve. To evaluate the claims accruals, our audit procedures included, among others, testing the completeness and accuracy of the underlying claims by performing a test of details over a representative sample. Furthermore, we involved our actuarial specialist to assist in our evaluation of the methodologies applied by management in determining the calculated reserve. We compared the Company's reserved amount to a range which our actuarial specialist developed based on independently selected assumptions.

Accounting for Acquisition of Cory 1st Choice Home Delivery

Description of the Matter	During 2019, the Company completed its acquisition of Cory 1st Choice Home Delivery ("Cory") for net consideration of $100 million, as disclosed in Note 12 to the consolidated financial statements. The transaction was accounted for as a business combination. Auditing the Company's accounting for its acquisition of Cory was complex due to the significant estimation required by management to determine the fair value of acquired customer-related intangible assets and goodwill of $45.8 million and $48.2 million, respectively. The significant estimation was primarily due to the complexity of the valuation methods used by management to measure the fair value of the intangible assets and the sensitivity of the respective fair values to the significant underlying assumptions. The significant assumptions used in the valuation included volatility, discount rate, and revenue projections. The Company used the multi-period excess earnings, relief from royalty, and with-and-without methods to measure the intangible assets. The significant assumptions used to estimate the value of the intangible assets included discount rates and certain assumptions that form the basis of the forecasted results (e.g., revenue growth rates, attrition rate and market participant synergies). These significant assumptions are forward looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's controls over its accounting for acquisitions. Our tests included controls over the estimation process supporting the recognition and measurement of consideration transferred, and the intangible assets. We also tested management's review of assumptions used in the valuation models.

To test the estimated fair value of the intangible assets, we performed audit procedures that included, among others, evaluating the Company's selection of the valuation methodology, evaluating the methods and significant assumptions used in the Company's valuation models, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. We involved our valuation specialists to assist with our evaluation of the methodology used by the Company and significant assumptions included in the fair value estimates. For example, we compared the significant assumptions to current industry, market and economic trends, to the assumptions used to value similar assets in other acquisitions, to the historical results of the acquired business and to other guidelines used by companies within the same industry. We involved our valuation specialists to assist in our evaluation of the significant assumptions, including revenue growth rates and discount rate, and to assist with reconciling the prospective financial information with other prospective financial information prepared by the Company.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2005.

Rogers, Arkansas
March 2, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of J.B. Hunt Transport Services, Inc.

Opinion on Internal Control over Financial Reporting

We have audited J.B. Hunt Transport Services, Inc.'s internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, J.B. Hunt Transport Services, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2019 and 2018, the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "financial statements") of the Company and our report dated March 2, 2020, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Rogers, Arkansas
March 2, 2020

J.B. HUNT TRANSPORT SERVICES, INC.

Consolidated Balance Sheets

December 31, 2019 and 2018

(in thousands, except share data)

Assets		2019		2018
Current assets:				
Cash and cash equivalents	$	35,000	$	7,600
Trade accounts receivable, net		1,011,829		1,051,698
Other receivables, net		230,331		274,511
Inventories		21,106		21,977
Prepaid expenses		183,033		147,195
Total current assets		1,481,299		1,502,981
Property and equipment, at cost:				
Revenue and service equipment		4,837,747		4,716,860
Land		58,692		49,486
Structures and improvements		302,184		238,202
Furniture and office equipment		442,183		324,695
Total property and equipment		5,640,806		5,329,243
Less accumulated depreciation		2,019,940		1,884,132
Net property and equipment		3,620,866		3,445,111
Goodwill		96,326		40,087
Other intangible assets, net		106,506		65,070
Other assets		165,857		38,398
Total assets	$	5,470,854	$	5,091,647

Liabilities and Stockholders' Equity				
Current liabilities:				
Current portion of long-term debt	$	—	$	250,706
Trade accounts payable		602,601		709,736
Claims accruals		279,590		275,139
Accrued payroll		68,220		80,922
Other accrued expenses		85,355		35,845
Total current liabilities		1,035,766		1,352,348
Long-term debt		1,295,740		898,398
Other long-term liabilities		173,241		96,056
Deferred income taxes		699,078		643,461
Total liabilities		3,203,825		2,990,263
Commitments and contingencies (Note 10)				
Stockholders' equity:				
Preferred stock, $100 par value. 10 million shares authorized; none outstanding		—		—
Common stock, $.01 par value. 1 billion shares authorized; (167,099,432 shares issued at December 31, 2019 and 2018, of which 106,212,908 shares and 108,710,825 shares were outstanding at December 31, 2019 and 2018, respectively)		1,671		1,671
Additional paid-in capital		374,049		340,457
Retained earnings		4,592,938		4,188,435
Treasury stock, at cost (60,886,524 shares at December 31, 2019, and 58,388,607 shares at December 31, 2018)		(2,701,629)		(2,429,179)
Total stockholders' equity		2,267,029		2,101,384
Total liabilities and stockholders' equity	$	5,470,854	$	5,091,647

See Notes to Consolidated Financial Statements.

J.B. HUNT TRANSPORT SERVICES, INC.

Consolidated Statements of Earnings

Years Ended December 31, 2019, 2018 and 2017
(in thousands, except per share amounts)

	2019	2018	2017
Operating revenues, excluding fuel surcharge revenues	$ 8,122,600	$ 7,557,648	$ 6,435,858
Fuel surcharge revenues	1,042,658	1,057,226	753,710
Total operating revenues	9,165,258	8,614,874	7,189,568
Operating expenses:			
Rents and purchased transportation	4,528,812	4,434,540	3,650,806
Salaries, wages and employee benefits	2,167,851	1,926,213	1,608,378
Depreciation and amortization	499,145	435,893	383,518
Fuel and fuel taxes	463,195	459,011	347,573
Operating supplies and expenses	333,113	303,529	257,239
General and administrative expenses, net of asset dispositions	191,933	163,270	125,878
Insurance and claims	157,251	129,406	123,579
Operating taxes and licenses	55,336	51,080	44,825
Communication and utilities	34,797	30,911	23,983
Total operating expenses	8,431,433	7,933,853	6,565,779
Operating income	733,825	681,021	623,789
Interest income	1,754	224	235
Interest expense	54,684	40,427	28,785
Earnings before income taxes	680,895	640,818	595,239
Income taxes	164,575	151,233	(91,024)
Net earnings	$ 516,320	$ 489,585	$ 686,263
Weighted average basic shares outstanding	107,329	109,375	109,987
Basic earnings per share	$ 4.81	$ 4.48	$ 6.24
Weighted average diluted shares outstanding	108,307	110,428	111,049
Diluted earnings per share	$ 4.77	$ 4.43	$ 6.18
Dividends declared per common share	$ 1.04	$ 0.96	$ 0.92

See Notes to Consolidated Financial Statements.

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2019, 2018 and 2017
(in thousands, except per share amounts)

		Common Stock		Additional Paid-in Capital		Retained Earnings		Treasury Stock		Stockholders' Equity
Balances at December 31, 2016	$	1,671	$	293,087	$	3,218,943	$	(2,099,640)	$	1,414,061
Comprehensive income:										
Net earnings		—		—		686,263		—		686,263
Cash dividend declared and paid ($0.92 per share)		—		—		(101,362)		—		(101,362)
Purchase of treasury shares		—		—		—		(179,813)		(179,813)
Share-based compensation		—		38,291		—		—		38,291
Restricted share issuances, net of stock repurchased for payroll taxes and other		—		(20,567)		—		2,452		(18,115)
Balances at December 31, 2017	$	1,671	$	310,811	$	3,803,844	$	(2,277,001)	$	1,839,325
Comprehensive income:										
Net earnings		—		—		489,585		—		489,585
Cash dividend declared and paid ($0.96 per share)		—		—		(104,994)		—		(104,994)
Purchase of treasury shares		—		—		—		(150,338)		(150,338)
Share-based compensation		—		47,369		—		—		47,369
Restricted share issuances, net of stock repurchased for payroll taxes and other		—		(17,723)		—		(1,840)		(19,563)
Balances at December 31, 2018	$	1,671	$	340,457	$	4,188,435	$	(2,429,179)	$	2,101,384
Comprehensive income:										
Net earnings		—		—		516,320		—		516,320
Cash dividend declared and paid ($1.04 per share)		—		—		(111,817)		—		(111,817)
Purchase of treasury shares		—		—		—		(275,657)		(275,657)
Share-based compensation		—		53,324		—		—		53,324
Restricted share issuances, net of stock repurchased for payroll taxes and other		—		(19,732)		—		3,207		(16,525)
Balances at December 31, 2019	$	1,671	$	374,049	$	4,592,938	$	(2,701,629)	$	2,267,029

See Notes to Consolidated Financial Statements.

J.B. HUNT TRANSPORT SERVICES, INC.

Consolidated Statements of Cash Flows

Years Ended December 31, 2019, 2018 and 2017
(in thousands)

	2019	2018	2017
Cash flows from operating activities:			
Net earnings	$ 516,320	$ 489,585	$ 686,263
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	499,145	435,893	383,518
Noncash lease expense	39,517	—	—
Share-based compensation	53,324	47,369	38,291
Loss on sale of revenue equipment and other	13,057	12,107	7,370
Advance deposit impairment	—	—	20,240
Deferred income taxes	55,617	101,591	(248,764)
Changes in operating assets and liabilities:			
Trade accounts receivable	50,310	(130,931)	(166,111)
Income taxes receivable or payable	41,447	(41,071)	(45,542)
Other current assets	(4,975)	(6,133)	69,462
Trade accounts payable	(85,327)	98,037	85,237
Claims accruals	(20,727)	21,580	25,021
Accrued payroll and other accrued expenses	(59,361)	59,814	168
Net cash provided by operating activities	1,098,347	1,087,841	855,153
Cash flows from investing activities:			
Additions to property and equipment	(854,115)	(995,650)	(526,928)
Proceeds from sale of equipment	165,918	110,165	16,413
Business acquisition	(115,654)	—	(136,879)
Change in other assets	(111)	(1,288)	(3,888)
Net cash used in investing activities	(803,962)	(886,773)	(651,282)
Cash flows from financing activities:			
Proceeds from long-term debt	700,000	—	—
Payments on long-term debt	(250,000)	—	—
Proceeds from revolving lines of credit and other	1,591,014	3,204,715	2,716,155
Payments on revolving lines of credit and other	(1,904,000)	(3,137,900)	(2,612,501)
Purchase of treasury stock	(275,657)	(150,338)	(179,813)
Stock repurchased for payroll taxes and other	(16,525)	(19,563)	(18,115)
Dividends paid	(111,817)	(104,994)	(101,362)
Net cash used in financing activities	(266,985)	(208,080)	(195,636)
Net increase/(decrease) in cash and cash equivalents	27,400	(7,012)	8,235
Cash and cash equivalents at beginning of year	7,600	14,612	6,377
Cash and cash equivalents at end of year	$ 35,000	$ 7,600	$ 14,612
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 46,721	$ 39,901	$ 28,785
Income taxes	$ 71,681	$ 83,822	$ 190,783
Noncash investing activities			
Accruals for equipment received	$ 25,505	$ 49,390	$ 53,026

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Business

J.B. Hunt Transport Services, Inc. is one of the largest surface transportation and delivery service companies in North America. We operate four distinct, but complementary, business segments and provide a wide range of general and specifically tailored freight and logistics services to our customers. We generate revenues from the actual movement of freight from shippers to consignees, customized labor and delivery services, and serving as a logistics provider by offering or arranging for others to provide the transportation service. Unless otherwise indicated by the context, "we," "us," "our" and "JBHT" refer to J.B. Hunt Transport Services, Inc. and its consolidated subsidiaries.

2. Summary of Significant Accounting Policies

Basis of Consolidation

Our Consolidated Financial Statements include all of our wholly owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation. J.B. Hunt Transport Services, Inc. is a parent-level holding company with no significant assets or operations. J.B. Hunt Transport, Inc. is a wholly owned subsidiary of J.B. Hunt Transport Services, Inc. and is the primary operating subsidiary. All other subsidiaries of J.B. Hunt Transport Services, Inc. are minor.

Use of Estimates

The Consolidated Financial Statements contained in this report have been prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of these statements requires us to make estimates and assumptions that directly affect the amounts reported in such statements and accompanying notes. We evaluate these estimates on an ongoing basis utilizing historical experience, consulting with experts and using other methods we consider reasonable in the particular circumstances. Nevertheless, our actual results may differ significantly from our estimates.

We believe certain accounting policies and estimates are of more significance in our financial statement preparation process than others. We believe the most critical accounting policies and estimates include the economic useful lives and salvage values of our assets, provisions for uncollectible accounts receivable, estimates of exposures under our insurance and claims policies, and estimates for taxes. To the extent that actual, final outcomes are different from our estimates, or that additional facts and circumstances cause us to revise our estimates, our earnings during that accounting period will be affected.

Cash and Cash Equivalents

Cash in excess of current operating requirements is invested in short-term, highly liquid investments. We consider all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Allowance

Our trade accounts receivable includes accounts receivable reduced by an allowance for uncollectible accounts and revenue adjustments. Receivables are recorded at amounts billed to customers when loads are delivered or services are performed. The allowance for uncollectible accounts and revenue adjustments is based on historical experience, as well as any known trends or uncertainties related to customer billing and account collectability. The adequacy of our allowance is reviewed quarterly. Balances are charged against the allowance when it is determined the receivable will not be recovered. The allowance for uncollectible accounts and revenue adjustments for our trade accounts receivable was $22.5 million and $23.6 million at December 31, 2019 and 2018, respectively. The allowance for uncollectible accounts for our other receivables was $12.2 million at December 31, 2018, with no allowance present at December 31, 2019.

Inventory

Our inventories consist primarily of revenue equipment parts, tires, supplies, and fuel, and are valued using the lower of average cost or market.

Investments in Marketable Equity Securities

Our investments consist of marketable equity securities stated at fair value and are designated as either trading securities or available-for-sale securities at the time of purchase based upon the intended holding period. Changes in the fair value of our trading securities are recognized currently in "general and administrative expenses, net of asset dispositions" in our Consolidated Statements of Earnings. Changes in the fair value of our available-for-sale securities are recognized in "accumulated other comprehensive income" on our Consolidated Balance Sheets, unless we determine that an unrealized loss is other-than-temporary. If we determine that an unrealized loss is other-than-temporary, we recognize the loss in earnings. Cost basis is determined using average cost.

At December 31, 2019 and 2018, we had no available-for-sale securities. See Note 8, Employee Benefit Plans, for a discussion of our trading securities.

Property and Equipment

Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of 4 to 10 years for tractors, 7 to 20 years for trailing equipment, 10 to 40 years for structures and improvements, 3 to 7 years for computer hardware and software, and 3 to 10 years for furniture and office equipment. Salvage values are typically 10% to 30% of original cost for tractors and trailing equipment and reflect any agreements with tractor suppliers for residual or trade-in values for certain new equipment. We periodically review these useful lives and salvage values. We capitalize tires placed in service on new revenue equipment as a part of the equipment cost. Replacement tires and costs for recapping tires are expensed at the time the tires are placed in service. Gains and losses on the sale or other disposition of equipment are recognized at the time of the disposition and are classified in general and administrative expenses, net of asset dispositions in the Consolidated Statements of Earnings.

We continually evaluate the carrying value of our assets for events or changes in circumstances that indicate the carrying value may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

Leases

We recognize a right-of-use asset and a lease liability on the effective date of a lease agreement. Right-of-use assets represent our right to use an underlying asset over the lease term and lease liabilities represent the obligation to make lease payments resulting from the lease agreement. We initially record these assets and liabilities based on the present value of lease payments over the lease term calculated using our incremental borrowing rate applicable to the leased asset or the implicit rate within the agreement if it is readily determinable. Lease agreements with lease and non-lease components are combined as a single lease component. Right-of-use assets additionally include net prepaid lease expenses. Options to extend or terminate an agreement are included in the lease term when it becomes reasonably certain the option will be exercised. Leases with an initial term of 12 months or less, short-term leases, are not recorded on the balance sheet. Lease expense for short-term and long-term operating leases is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred.

Revenue Recognition

We record revenues on the gross basis at amounts charged to our customers because we control and are primarily responsible for the fulfillment of promised services. Accordingly, we serve as a principal in the transaction. We invoice our customers, and we maintain discretion over pricing. Additionally, we are responsible for selection of third-party transportation providers to the extent used to satisfy customer freight requirements.

Our revenue is earned through the service offerings of our four reportable business segments. See Note 14, Business Segments, for revenue reported by segment. All revenue transactions between reporting segments are eliminated in consolidation.

Intermodal (JBI) - JBI segment includes freight that is transported by rail over at least some portion of the movement and also includes certain repositioning truck freight moved by JBI equipment or third-party carriers, when such highway movement is intended to direct JBI equipment back toward intermodal operations. JBI performs these services primarily through contractual rate quotes with customers that are held static for a period of time, usually one year.

Dedicated Contract Services® (DCS) - DCS segment business includes company-owned and customer-owned, DCS-operated revenue equipment and employee drivers assigned to a specific customer, traffic lane, or service. DCS operations usually include formal, written longer-term customer contracts that govern services performed and applicable rates.

Integrated Capacity Solutions™ (ICS) - ICS provides non-asset and asset-light transportation solutions to customers through relationships with third-party carriers and integration with company-owned equipment. ICS services include flatbed, refrigerated, and less-than-truckload (LTL), as well as a variety of dry-van and intermodal solutions. ICS performs these services through customer contractual rate quotes as well as spot quotes that are one-time rate quotes issued for a single transaction or group of transactions.

Truckload (JBT) - JBT business includes full-load, dry-van freight that is typically transported utilizing company-owned or company-controlled revenue equipment. This freight is typically transported over roads and highways and does not move by rail. JBT utilizes both contractual rate quotes and spot rate quotes with customers.

We recognize revenue from customer contracts based on relative transit time in each reporting period and as other performance obligations are provided, with related expenses recognized as incurred. Accordingly, a portion of the total revenue that will be billed to the customer is recognized in each reporting period based on the percentage of the freight pickup and delivery performance obligation that has been completed at the end of the reporting period.

Derivative Instruments

We periodically utilize derivative instruments to manage exposure to changes in interest rates. At inception of a derivative contract, we document relationships between derivative instruments and hedged items, as well as our risk-management objective and strategy for undertaking various derivative transactions, and assess hedge effectiveness. If it is determined that a derivative is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, we discontinue hedge accounting prospectively.

Income Taxes

Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date. We record valuation allowances for deferred tax assets to the extent we believe these assets are not more likely than not to be realized through the reversal of existing taxable temporary differences, projected future taxable income, or tax-planning strategies. We record a liability for unrecognized tax benefits when the benefits of tax positions taken on a tax return are not more likely than not to be sustained upon audit. Interest and penalties related to uncertain tax positions are classified as interest expense in the Consolidated Statements of Earnings.

Earnings Per Share

We compute basic earnings per share by dividing net earnings available to common stockholders by the actual weighted average number of common shares outstanding for the reporting period. Diluted earnings per share reflect the potential dilution that could occur if holders of unvested restricted and performance share units converted their holdings into common stock. Outstanding unvested restricted share units represent the dilutive effects on weighted average shares. A reconciliation of the number of shares used in computing basic and diluted earnings per share is shown below (in thousands):

	Years ended December 31,		
	2019	2018	2017
Weighted average shares outstanding – basic	107,329	109,375	109,987
Effect of common stock equivalents	978	1,053	1,062
Weighted average shares outstanding – diluted	108,307	110,428	111,049

Concentrations of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, include trade receivables. For each of the years ended December 31, 2019, 2018, and 2017, our top 10 customers, based on revenue, accounted for approximately 32%, 30%, and 29% of our total revenue. Our top 10 customers, based on revenue, accounted for approximately 34% and 32% of our total trade accounts receivable at December 31, 2019 and 2018, respectively. We had no individual customers with revenues greater than 10% of total revenues.

Share-based Compensation

We have a share-based compensation plan covering certain employees, including officers and directors. We account for share-based compensation utilizing the fair value recognition provisions of current accounting standards for share-based payments. We currently utilize restricted share units and performance share units. Issuances of our stock upon restricted share unit and performance share unit vesting are made from treasury stock. Our restricted share unit and performance share unit awards may include both graded-vesting and cliff-vesting awards and therefore vest in increments during the requisite service period or at the end of the requisite service period, as appropriate for each type of vesting. We recognize compensation expense on a straight-line basis over the requisite service periods within each award. The benefit for the forfeiture of an award is recorded in the period in which it occurs.

Claims Accruals

We purchase insurance coverage for a portion of expenses related to employee injuries, vehicular collisions, accidents, and cargo damage. We are substantially self-insured for loss of and damage to our owned and leased revenue equipment. Certain insurance arrangements include a level of self-insurance (deductible) coverage applicable to each claim. We have umbrella policies to limit our exposure to catastrophic claim costs.

The amounts of self-insurance change from time to time based on measurement dates, policy expiration dates, and claim type. For 2017 and 2018, we were self-insured for $500,000 per occurrence for personal injury and property damage and self-insured for $100,000 per workers' compensation claim. For 2019, we were self-insured for $500,000 per occurrence for personal injury and property damage and fully insured for workers' compensation claims for nearly all states. We have policies in place for 2020 with substantially the same terms as our 2019 policies for personal injury, property damage, workers' compensation, and cargo loss or damage.

Our claims accrual policy for all self-insured claims is to recognize a liability at the time of the incident based on our analysis of the nature and severity of the claims and analyses provided by third-party claims administrators, as well as legal, economic, and regulatory factors. Our safety and claims personnel work directly with representatives from the insurance companies to continually update the estimated cost of each claim. The ultimate cost of a claim develops over time as additional information regarding the nature, timing, and extent of damages claimed becomes available. Accordingly, we use an actuarial method to develop current claim information to derive an estimate of our ultimate claim liability. This process involves the use of loss-development factors based on our historical claims experience and includes a contractual premium adjustment factor, if applicable. In doing so, the recorded liability considers future claims growth and provides an allowance for incurred-but-not-reported claims. We do not discount our estimated losses. At December 31, 2019 and 2018, we had an accrual of approximately $263 million and $260 million, respectively, for estimated claims, which are recorded in claims accruals in our Consolidated Balance Sheets. In addition, we record receivables for amounts expected to be reimbursed for payments made in excess of self-insurance levels on covered claims. At December 31, 2019 and 2018, we have recorded $281 million and $261 million, respectively, of expected reimbursement for covered excess claims, other insurance deposits, and prepaid insurance premiums. Of these total asset balances, $157 million and $158 million have been included in other receivables, with the remaining balance included in prepaid expenses in our Consolidated Balance Sheets at December 31, 2019 and 2018, respectively.

Business Combinations

The purchase price of our acquisitions is the aggregate of the consideration transferred, including liabilities incurred, measured at the acquisition date. We allocate the purchase price of acquisitions to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. This assignment of fair values to the assets acquired and liabilities assumed requires the use of estimates, judgments, inputs, and assumptions. The excess of the purchase price over those estimated fair values is recorded as goodwill. Changes to the acquisition date provisional fair values prior to the end of the measurement period are recorded as adjustments to the associated goodwill. Acquisition-related expenses and restructuring costs, if any, are expensed as incurred.

Goodwill and Other Intangible Assets

Goodwill represents the excess of cost over the fair value of net identifiable tangible and intangible assets acquired in a business combination. Goodwill and intangible assets with indefinite lives are not amortized. Goodwill is reviewed, using a market based approach, for potential impairment as of October 1st on an annual basis or, more frequently, if circumstances indicate a potential impairment is present. Intangible assets with finite lives are amortized on the straight-line method over the estimated useful lives of 2 to 15 years.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses, which will replace the current incurred loss methodology used for establishing a provision against financial assets, including accounts receivable, with a forward-looking expected loss methodology for accounts receivable, loans and other financial instruments. We will adopt the new standard on January 1, 2020, using the cumulative-effect method. The adoption of the new guidance is not expected to have a material impact on our financial statements.

Accounting Pronouncements Adopted in 2019

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize a right-of-use asset and a lease liability for most leases on the balance sheet as well as other qualitative and quantitative disclosures. ASU 2016-02 is to be applied using a modified retrospective method and was effective for us on January 1, 2019. In July 2018, the FASB issued ASU 2018-11, Leases, which provides an optional transition method allowing entities to recognize a cumulative-effect adjustment to the opening balance of stockholders' equity in the period of adoption, with no restatement of comparative prior periods required. We adopted the standard using this optional transition method.

The FASB has provided certain practical expedients in applying the standard. Of the allowed practical expedients within the standard applicable to our operations, we elected the package of practical expedients which, among other things, allowed us to carry forward the historical lease classification upon adoption of the standard. We did not elect the hindsight practical expedient when determining the lease term for existing leases. In addition, we did not separate non-lease components from lease components by class of underlying assets where appropriate and we did not apply the recognition requirements of the standard to short-term leases, as allowed by the standard.

Upon adoption of the standard, we recorded offsetting lease assets and lease liabilities resulting in a $102.4 million increase in other assets, a $32.3 million increase in other accrued expenses and a $70.1 million increase in other long-term liabilities in our Consolidated Balance Sheet, as of January 1, 2019. The adoption of the standard did not have a material impact on our Consolidated Statements of Earnings, Consolidated Statements of Cash Flows or debt covenant compliance.

3. Financing Arrangements

Outstanding borrowings, net of unamortized discount, unamortized debt issuance cost, and fair value swap, under our current financing arrangements consist of the following (in millions):

	December 31, 2019	December 31, 2018
Senior revolving line of credit	$ —	$ 307.1
Senior notes	1,295.7	842.0
Less current portion of long-term debt	—	(250.7)
Total long-term debt	$ 1,295.7	$ 898.4

Aggregate maturities of long-term debt subsequent to December 31, 2019, are as follows: $353.1 million in 2022, $248.6 in 2024, and $694.0 million thereafter.

Senior Revolving Line of Credit

At December 31, 2019, we were authorized to borrow up to $750 million under a senior revolving line of credit, which is supported by a credit agreement with a group of banks and expires in September 2023. This senior credit facility allows us to request an increase in the total commitment by up to $250 million and to request a one-year extension of the maturity date. The applicable interest rate under this agreement is based on either the Prime Rate, the Federal Funds Rate or LIBOR, depending upon the specific type of borrowing, plus an applicable margin based on our credit rating and other fees. At December 31, 2019, we had no outstanding borrowings under this agreement.

Senior Notes

Our senior notes consist of three separate issuances. The first is $250 million of 3.85% senior notes due March 2024, which was issued in March 2014. Interest payments under this note are due semiannually in March and September of each year, beginning September 2014. The second is $350 million of 3.30% senior notes due August 2022, issued in August 2015. Interest payments under this note are due semiannually in February and August of each year, beginning February 2016. The third is $700 million of 3.875% senior notes due March 2026, issued in March 2019. Interest payments under this note are due semiannually in March and September of each year, beginning September 2019. All three senior notes were issued by J.B. Hunt Transport Services, Inc., a parent-level holding company with no significant assets or operations. The notes are guaranteed on a full and unconditional basis by a wholly-owned subsidiary. All other subsidiaries of the parent are minor. We registered these offerings and the sale of the notes under the Securities Act of 1933, pursuant to shelf registration statements filed in February 2014 and January 2019. All notes are unsecured obligations and rank equally with our existing and future senior unsecured debt. We may redeem for cash some or all of the notes based on a redemption price set forth in the note indenture. See Note 4, Derivative Financial Instruments, for terms of an interest rate swap entered into on the $350 million of 3.30% senior notes due August 2022. Our $250 million of 2.40% senior notes matured in March 2019. The entire outstanding balance was paid in full at maturity.

Our financing arrangements require us to maintain certain covenants and financial ratios. We were in compliance with all covenants and financial ratios at December 31, 2019.

4. Derivative Financial Instruments

We periodically utilize derivative instruments for hedging and non-trading purposes to manage exposure to changes in interest rates and to maintain an appropriate mix of fixed and variable-rate debt. At inception of a derivative contract, we document relationships between derivative instruments and hedged items, as well as our risk-management objective and strategy for undertaking various derivative transactions, and assess hedge effectiveness. If it is determined that a derivative is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, we discontinue hedge accounting prospectively.

We entered into a receive fixed-rate and pay variable-rate interest rate swap agreement simultaneously with the issuance of our $350 million of 3.30% senior notes due August 2022, to effectively convert this fixed-rate debt to variable-rate. The notional amount of this interest rate swap agreement equals that of the corresponding fixed-rate debt. The applicable interest rate under this agreement is based on LIBOR plus an established margin, resulting in an interest rate of 3.27% for our $350 million of 3.30% senior notes at December 31, 2019. The swap expires when the corresponding senior notes are due. The fair value of this swap is recorded in other assets in our Consolidated Balance Sheet at December 31, 2019. See Note 9, Fair Value Measurements, for disclosure of fair value. This derivative meets the required criteria to be designated as a fair value hedge, and as the specific terms and notional amount of this derivative instrument match those of the fixed-rate debt being hedged, this derivative instrument is assumed to perfectly hedge the related debt against changes in fair value due to changes in the benchmark interest rate. Accordingly, any change in the fair value of this interest rate swap recorded in earnings is offset by a corresponding change in the fair value of the related debt.

5. Capital Stock

We have one class of preferred stock and one class of common stock. We had no outstanding shares of preferred stock at December 31, 2019 or 2018. Holders of shares of common stock are entitled to receive dividends when and if declared by the Board of Directors and are entitled to one vote per share on all matters submitted to a vote of the stockholders. On January 22, 2020, we announced an increase in our quarterly cash dividend from $0.26 to $0.27 per share, which will be paid February 21, 2020, to stockholders of record on February 7, 2020. At December 31, 2019, we had 1.7 million shares of common stock to be issued upon the vesting of equity awards and 5.7 million shares reserved for future issuance pursuant to share-based payment plans. During calendar year 2019, we purchased approximately 2.8 million shares, or $275.7 million, of our common stock in accordance with plans authorized by our Board. At December 31, 2019, we had $95 million available under an authorized plan to purchase our common stock. On January 22, 2020, our Board of Directors authorized an additional purchase of up to $500 million of our common stock.

6. Share-based Compensation

We maintain a Management Incentive Plan (the “Plan”) that provides various share-based financial methods to compensate our key employees with shares of our common stock or common stock equivalents. Under the Plan, as amended, we have, from time to time, utilized restricted share units, performance share units, restricted shares, and non-statutory stock options to compensate our employees and directors. We currently are utilizing restricted and performance share units.

Our restricted share units have various vesting schedules generally ranging from 3 to 10 years when awarded. These restricted share units do not contain rights to vote or receive dividends until the vesting date. Unvested restricted share units are forfeited if the employee terminates for any reason other than death, disability, or special circumstances as determined by the Compensation Committee. Restricted share units are valued based on the fair value of the award on the grant date, adjusted for dividend estimates based on grant date dividend rates.

Our performance share units vest based on the passage of time (generally 3 to 10 years) and achievement of performance criteria. Performance share units do not contain rights to vote or receive dividends until the vesting date. Unvested performance share units are forfeited if the employee terminates for any reason other than death, disability, or special circumstances as determined by the Compensation Committee. Performance shares are valued based on the fair value of the award on the grant date, adjusted for dividend estimates based on grant date dividend rates.

An employee is allowed to surrender shares of common stock received upon vesting to satisfy tax withholding obligations incident to the vesting of restricted share units and performance share units.

We account for our restricted share units and performance share units in accordance with current accounting standards for share-based payments. These standards require that the cost of all share-based payments to employees be recognized in our Consolidated Financial Statements based on the grant date fair value of those awards. This cost is recognized over the period for which an employee is required to provide service in exchange for the award, subject to the attainment of performance metrics established for performance share units. Share-based compensation expense is recorded in salaries, wages, and employee benefits in our Consolidated

Statements of Earnings, along with other compensation expenses to employees. The following table summarizes the components of our share-based compensation program expense (in thousands):

	Years ended December 31,		
	2019	2018	2017
Restricted share units			
Pretax compensation expense	$ 38,632	$ 32,797	$ 28,679
Tax benefit	9,337	7,740	(4,385)
Restricted share units, net of tax	$ 29,295	$ 25,057	$ 33,064
Performance share units			
Pretax compensation expense	$ 14,692	$ 14,572	$ 9,612
Tax benefit	3,551	3,439	(1,470)
Performance share awards, net of tax	$ 11,141	$ 11,133	$ 11,082

A summary of our restricted share units and performance share units is as follows:

Restricted Share Units	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2016	1,502,656	$ 71.16
Granted	158,319	90.06
Vested	(380,702)	67.29
Forfeited	(37,745)	75.13
Unvested at December 31, 2017	1,242,528	$ 74.71
Granted	370,669	119.82
Vested	(337,512)	79.02
Forfeited	(29,850)	83.69
Unvested at December 31, 2018	1,245,835	$ 86.80
Granted	440,255	99.60
Vested	(341,218)	85.61
Forfeited	(31,454)	93.91
Unvested at December 31, 2019	1,313,418	$ 91.22

Performance Share Units	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2016	484,054	$ 70.58
Granted	—	—
Vested	(155,867)	68.27
Forfeited	—	—
Unvested at December 31, 2017	328,187	$ 71.68
Granted	150,763	122.57
Vested	(118,438)	69.29
Forfeited	—	—
Unvested at December 31, 2018	360,512	$ 93.74
Granted	142,156	98.58
Vested	(127,140)	93.46
Forfeited	—	—
Unvested at December 31, 2019	375,528	$ 95.67

At December 31, 2019, we had $61.3 million and $13.0 million of total unrecognized compensation expense related to restricted share units and performance share units, respectively, that is expected to be recognized on a straight-line basis over the remaining weighted average vesting period of approximately 3.2 years for restricted share units and 2.2 years for performance share units.

The aggregate intrinsic value of restricted and performance share units vested during the years ended December 31, 2019, 2018, and 2017, was $47.0 million, $55.1 million, and $49.3 million, respectively. The aggregate intrinsic value of unvested restricted and performance share units was $197.2 million at December 31, 2019. The total fair value of shares vested for restricted and performance share units during the years ended December 31, 2019, 2018, and 2017, was $41.1 million, $35.0 million, and $36.4 million, respectively.

7. Income Taxes

Income tax expense attributable to earnings before income taxes consists of (in thousands):

	Years ended December 31,		
	2019	2018	2017
Current:			
Federal	$ 87,977	$ 22,904	$ 134,284
State and local	20,981	26,738	23,456
	108,958	49,642	157,740
Deferred:			
Federal	51,229	97,670	(261,592)
State and local	4,388	3,921	12,828
	55,617	101,591	(248,764)
Total tax expense/(benefit)	$ 164,575	$ 151,233	$ (91,024)

Income tax expense attributable to earnings before income taxes differed from the amounts computed using the statutory federal income tax rate of 21% as follows (in thousands):

	Years ended December 31,		
	2019	2018	2017
Income tax at federal statutory rate	$ 142,988	$ 134,572	$ 208,334
State tax, net of federal effect	19,293	24,627	18,334
Federal tax reform	—	(3,219)	(309,223)
Benefit of stock compensation	(1,238)	(4,919)	(4,907)
199/R&D credit	(200)	1,000	(7,056)
Nondeductible meals and entertainment	1,688	1,071	1,374
Change in effective state tax rate, net of federal benefit	1,562	(1,469)	3,403
Other, net	482	(430)	(1,283)
Total tax expense	$ 164,575	$ 151,233	$ (91,024)

The Tax Cuts and Jobs Act (the Act) was enacted in December 2017. Beginning in 2018, the Act reduced the U.S. federal corporate tax rate from 35% to 21%. At December 31, 2017, we had not completed our accounting for the tax effects of enactment of the Act. However, we made a reasonable estimate of the effects on our existing deferred tax assets and liabilities based on the rates at which they were expected to reverse in the future, which was generally 21%. The provisional amount recorded resulting from the remeasurement of our deferred tax balance was $309.2 million, which was included as a component of 2017 income tax from continuing operations. During 2018, we finalized our calculations for our 2017 federal income tax return, which was filed based on the law prior to the Act, resulting in no significant change to the initial measurement of these balances. Remaining aspects of the Act were not relevant to our operations.

Income taxes receivable was $60.9 million and $102.4 million at December 31, 2019 and 2018, respectively. These amounts have been included in other receivables in our Consolidated Balance Sheets. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2019 and 2018, are presented below (in thousands):

	December 31,	
	2019	2018
Deferred tax assets:		
Insurance accruals	$ 27,180	$ 34,889
Allowance for doubtful accounts	8,052	7,649
Compensation accrual	4,925	10,461
Deferred compensation accrual	24,521	20,396
Federal benefit of state uncertain tax positions	9,867	10,364
Lease liabilities	30,251	—
State NOL carry-forward	7,495	6,041
Other	6,357	4,626
Total gross deferred tax assets	118,648	94,426
Valuation allowance	(7,495)	(6,041)
Total deferred tax assets, net of valuation allowance	111,153	88,385
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	729,016	696,913
Prepaid permits and insurance, principally due to expensing for income tax purposes	39,285	33,594
Lease right-of-use assets	30,014	—
Other	11,916	1,339
Total gross deferred tax liabilities	810,231	731,846
Net deferred tax liability	$ 699,078	$ 643,461

Guidance on accounting for uncertainty in income taxes prescribes recognition and measurement criteria and requires that we assess whether the benefits of our tax positions taken are more likely than not of being sustained under tax audits. We have made adjustments to the balance of unrecognized tax benefits, a component of other long-term liabilities on our Consolidated Balance Sheets, as follows (in millions):

	December 31,		
	2019	2018	2017
Beginning balance	$ 52.2	$ 45.3	$ 35.4
Additions based on tax positions related to the current year	11.0	13.9	11.6
Additions/(reductions) based on tax positions taken in prior years	(6.5)	(2.4)	5.4
Reductions due to settlements	—	—	(2.4)
Reductions due to lapse of applicable statute of limitations	(6.1)	(4.6)	(4.7)
Ending balance	$ 50.6	$ 52.2	$ 45.3

At December 31, 2019 and 2018, we had a total of $50.6 million and $52.2 million, respectively, in gross unrecognized tax benefits. Of these amounts, $41.8 million and $43.1 million represent the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate in 2019 and 2018, respectively. Interest and penalties related to income taxes are classified as interest expense in our Consolidated Statements of Earnings. The amount of accrued interest and penalties recognized during the years ended December 31, 2019, 2018, and 2017, was $3.2 million, $2.4 million, and $2.1 million, respectively. Future changes to unrecognized tax benefits will be recognized as income tax expense and interest expense, as appropriate. The total amount of accrued interest and penalties for such unrecognized tax benefits at December 31, 2019 and 2018, was $4.8 million and $4.6 million, respectively.

Tax years 2016 and forward remain subject to examination by federal tax jurisdictions, while tax years 2009 and forward remain open for state jurisdictions.

8. Employee Benefit Plans

We maintain a defined contribution employee retirement plan, which includes a 401(k) option, under which all employees are eligible to participate. We match a specified percentage of employee contributions, subject to certain limitations. For the years ended December 31, 2019, 2018, and 2017, our matching contributions to the plan were $20.8 million, $19.7 million, and $16.7 million, respectively.

We have a nonqualified deferred compensation plan that allows eligible employees to defer a portion of their compensation. The compensation deferred under this plan is credited with earnings or losses on investments elected by plan participants. Each participant is fully vested in all deferred compensation and earnings; however, these amounts are subject to general creditor claims until actually distributed to the employee. A participant may elect to receive deferred amounts in one payment or in quarterly installments payable over a period of 2 to 25 years upon reaching age 55, having 15 years of service, or becoming disabled. Our total liability under this plan was $20.4 million as of December 31, 2019, and $15.7 million as of December 31, 2018. These amounts are included in other long-term liabilities in our Consolidated Balance Sheets. Participant withholdings are held by a trustee and invested in equity securities as directed by participants. These investments are classified as trading securities and recorded at fair value. Realized and unrealized gains and losses are recognized currently in earnings. The investments are included in other assets in our Consolidated Balance Sheets and totaled $20.4 million as of December 31, 2019, and $15.7 million as of December 31, 2018.

9. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our assets and liabilities measured at fair value are based on valuation techniques which consider prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. These valuation methods are based on either quoted market prices (Level 1) or inputs, other than quoted prices in active markets, that are observable either directly or indirectly (Level 2). The following are assets and liabilities measured at fair value on a recurring basis (in millions):

	Asset/(Liability) Balance December 31,		
	2019	**2018**	**Input Level**
Trading investments	$ 20.4	$ 15.7	1
Interest rate swaps	$ 4.8	$ (4.8)	2
Senior notes, net of unamortized discount and debt issuance costs	$ (353.1)	$ (591.3)	2

The fair value of trading investments has been measured using the market approach (Level 1) and reflect quoted market prices. The fair values of interest rate swaps and corresponding senior notes have been measured using the income approach (Level 2), which include relevant interest rate curve inputs. Trading investments are classified in other assets in our Consolidated Balance Sheets. Depending on their period end fair value, interest rate swaps are classified in other assets or other long-term liabilities in our Consolidated Balance Sheets. The senior notes are classified in long-term debt in our Consolidated Balance Sheets.

Financial Instruments
The carrying amount of our senior revolving line of credit and remaining senior notes not measured at fair value on a recurring basis was $942.6 million and $555.9 million at December 31, 2019 and 2018, respectively. The estimated fair value of these liabilities using the income approach (Level 2), based on their net present value, discounted at our current borrowing rate, was $1.03 billion and $564.9 million at December 31, 2019 and 2018, respectively.

In 2017, we remeasured an advance deposit previously made for the purchase of new trailing equipment from a carrying amount of $20.2 million to a fair value of zero, due the manufacturer not being able to meet delivery. The resulting charge was included in general and administrative expenses, net of asset dispositions in our Consolidated Statements of Earnings. The carrying amounts of all other instruments at December 31, 2019 and 2018, approximate their fair value due to the short maturity of these instruments.

10. Commitments and Contingencies
At December 31, 2019, we had outstanding commitments of approximately $938 million, net of proceeds from sales or trade-ins during 2020 through 2022, which is primarily related to the acquisition of tractors, containers, chassis, and other trailing equipment.

During 2019, we issued financial standby letters of credit as a guaranty of our performance under certain operating agreements and self-insurance arrangements. If we default on our commitments under the agreements or other arrangements, we are required to perform under these guaranties. The undiscounted maximum amount of our obligation to make future payments in the event of defaults is approximately $2.7 million as of December 31, 2019.

As of December 31, 2018, we had approximately $117.8 million of obligations remaining under operating lease arrangements related primarily to terminal and support facilities. Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2018, were approximately $117.8 million, with payment streams as follows (in millions): 2019 - $34.9; 2020 - $29.9; 2021 - $20.7; 2022 - $13.7; and thereafter - $18.6.

We were a defendant in a certain alleged class-action lawsuit in which the plaintiffs were current and former California-based employee drivers who alleged claims for unpaid wages, failure to provide meal and rest periods, and other items. We reached an agreement and recorded a reserve in September 2018 to resolve all pending claims for a class settlement payment of $15 million, with Court approval of settlement granted in April 2019.

In January 2017 we exercised our right to utilize the arbitration process to review the division of revenue collected beginning May 1, 2016, as well as to clarify other issues, under our Joint Service Agreement with BNSF. BNSF requested the same. In October 2018 we received the arbitrators' Interim Award. For the determined components of the Interim Award, we recorded an $18.3 million pre-tax charge in the third quarter 2018 related to certain charges claimed by BNSF for specific services requested for customers from April 2014 through May 2018. In January 2019 the Panel issued its Second Interim Award ordering that $89.4 million is due from the Company to BNSF resulting from the adjusted revenue divisions relating to the 2016 period at issue ($52.1 million) and for calendar year 2017 ($37.3 million). We recorded pretax charges for contingent liabilities in the fourth quarter 2018 of $89.4 million claimed by the BNSF for the period May 1, 2016 through December 31, 2017 and $44.6 million for the period January 1, 2018 through December 31, 2018, for a total of $134 million. In October 2019 the arbitrators issued a Final Award. As a result, we recorded pre-tax charges in the third quarter 2019 of $26.8 million related to certain charges claimed by BNSF for the period January 1, 2018 through December 31, 2018 and no material adjustments for the period January 1, 2019 through September 30, 2019. In addition, we recorded a $17.4 million charge in the third quarter 2019 for legal fees, costs and interest claimed by BNSF, for a total of $44.2 million.

On January 17, 2020, we filed under seal in the United States District Court for the Western District of Arkansas a motion to confirm and enforce the Final Award, seeking the Court's specific enforcement of certain confidential contractual rights the arbitrators decided in our favor. BNSF has moved to confirm the Final Award in the United States District Court for the District of Columbia.

In June 2019, we recorded pre-tax charges of $20 million for the settlement of a casualty claim within our DCS segment.

We are involved in certain other claims and pending litigation arising from the normal conduct of business. Based on present knowledge of the facts and, in certain cases, opinions of outside counsel, we believe the resolution of these claims and pending litigation will not have a material adverse effect on our financial condition, results of operations or liquidity.

11. Leases

As of December 31, 2019, we had various obligations remaining under operating lease arrangements related primarily to the rental of maintenance and support facilities, cross-dock and delivery system facilities, office space, parking yards and equipment. Many of these leases include one or more options, at our discretion, to renew and extend the agreement beyond the current lease expiration date or to terminate the agreement prior to the lease expiration date. These options are included in the calculation of our operating lease right-of-use asset and liability when it becomes reasonably certain the option will be exercised. Our lease obligations typically do not include options to purchase the leased property, nor do they contain residual value guarantees or material restrictive covenants. Operating leases with an initial term of more than 12 months are included in our Consolidated Balance Sheets as discounted liabilities and corresponding right-of-use assets consisting of the following (in millions):

	Asset/(Liability) Balance
	December 31, 2019
Right-of-use assets	$ 125.5
Lease liabilities, current	$ (44.4)
Lease liabilities, long-term	$ (80.1)

Right-of-use assets are classified in other assets in our Consolidated Balance Sheets. Operating lease liability, current is classified in other accrued expenses, while operating lease liability, long-term is classified in other long-term liabilities in our Consolidated Balance Sheets.

As of December 31, 2019, the weighted-average remaining lease term for our outstanding operating lease obligations was 4.2 years and the weighted-average discount rate was 3.46%. Future minimum lease payments under these operating leases as of December 31, 2019, are as follows (in millions):

Year one	$	44.9
Year two		35.0
Year three		24.0
Year four		14.6
Year five		5.2
Thereafter		10.0
Total lease payments		133.7
Less interest		(9.2)
Present value of lease liabilities	$	124.5

During the year ended December 31, 2019, cash paid for amounts included in the measurement of operating lease liabilities was $44.5 million, while $43.5 million, of operating lease expense was recognized on a straight-line basis. Operating lease expense is recorded in general and administrative expenses, net of asset dispositions in our Consolidated Statements of Earnings. During the year ended December 31, 2019, a total of $61.6 million of right-of-use assets were obtained in exchange for new operating lease liabilities, of which, $19.1 million were obtained through the business combinations discussed at Note 12, Acquisitions.

12. Acquisitions

On January 7, 2019, we entered into an asset purchase agreement to acquire substantially all of the assets and assume certain specified liabilities of the affiliated entities of Cory 1st Choice Home Delivery (Cory), subject to customary closing conditions. The closing of the transaction was effective on February 15, 2019, with a purchase price of $100 million. Total consideration paid in cash under the Cory agreement was $98.2 million and consisted of the agreed upon purchase price adjusted for estimated working capital adjustments. In addition, we incurred approximately $2.9 million in transaction costs which are recorded in general and administrative expenses, net of asset dispositions in our Consolidated Statements of Earnings. The Cory acquisition was accounted for as a business combination and operates within our Dedicated Contract Services business segment. Assets acquired and liabilities assumed were recorded in our Consolidated Balance Sheet at their estimated fair values, as of the closing date, using cost, market data and valuation techniques that reflect management's judgment and estimates. As a result of the acquisition, we recorded approximately $45.8 million of finite-lived intangible assets and approximately $48.2 million of goodwill. Goodwill consists of acquiring and retaining the Cory existing network and expected synergies from the combination of operations. The following table outlines the consideration transferred and purchase price allocation at their respective estimated fair values as of February 15, 2019 (in millions):

Consideration	$	98.2
Accounts receivable		8.9
Other current assets		0.3
Property and equipment		0.8
Right-of-use assets		16.0
Intangible		45.8
Accounts payable and accrued liabilities		(5.8)
Lease liabilities		(16.0)
Goodwill	$	48.2

On November 26, 2019, we entered into an asset purchase agreement to acquire substantially all of the assets and assume certain specified liabilities of the affiliated entities of RDI Last Mile Co. (RDI), subject to customary closing conditions. The closing of the transaction was effective on December 31, 2019, with a purchase price of $17.5 million. Total consideration paid in cash under the RDI agreement was $17.4 million and consisted of the agreed upon purchase price adjusted for estimated working capital adjustments. In addition, we incurred approximately $0.5 million in transaction costs which are recorded in general and administrative expenses, net of asset dispositions in our Consolidated Statements of Earnings. The RDI acquisition was accounted for as a business combination and operates within our Dedicated Contract Services business segment. Assets acquired and liabilities assumed were recorded in our Consolidated Balance Sheet at their estimated fair values, as of the closing date, using cost, market data and valuation techniques that reflect management's judgment and estimates. As a result of the acquisition, we recorded approximately $8.1 million of finite-lived intangible assets and approximately $8.1 million of goodwill. Goodwill consists of acquiring and retaining the RDI existing network and expected synergies from the combination of operations. The following table outlines the consideration transferred and preliminary purchase price allocation at their respective estimated fair values as of December 31, 2019 (in millions):

Consideration	$ 17.4
Accounts receivable	1.5
Other current assets	0.3
Property and equipment	0.5
Right-of-use assets	3.1
Intangible	8.1
Accounts payable and accrued liabilities	(1.1)
Lease liabilities	(3.1)
Goodwill	$ 8.1

13. Goodwill and Other Intangible Assets

As discussed in Note 12, Acquisitions, in 2019, we recorded additional goodwill of approximately $56.3 million and additional finite-lived intangible assets of approximately $53.9 million in connection with the Cory and RDI acquisitions. Total goodwill was $96.3 million and $40.1 million at December 31, 2019 and 2018, respectively. All goodwill is assigned to our Dedicated Contract Services business segment. No impairment losses have been recorded for goodwill as of December 31, 2019. Prior to the Cory and RDI acquisitions, our intangible assets consisted of those arising from a previous business acquisition and our purchased LDC network access, both within our Dedicated Contract Services segment. Identifiable intangible assets consist of the following (in millions):

	December 31, 2019	December 31, 2018	Weighted Average Amortization Period
Finite-lived intangibles:			
Customer relationships	$ 118.6	$ 75.3	11.5
Non-competition agreements	6.9	0.2	6.8
Trade names	3.8	—	2.0
LDC Network	10.5	10.5	10.0
Total finite-lived intangibles	139.8	86.0	
Less accumulated amortization	(33.3)	(20.9)	
Total identifiable intangible assets, net	$ 106.5	$ 65.1	

Our finite-lived intangible assets have no assigned residual values.

During the years ending December 31, 2019, 2018, and 2017, intangible asset amortization expense was $12.4 million, $8.6 million and $4.2 million, respectively. Estimated amortization expense for our finite-lived intangible assets is expected to be approximately $13.6 million for 2020 and $11.9 million for 2021, and $11.7 million for 2022 through 2024. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, impairment or accelerated amortization of intangible assets, and other events.

14. Segment Information

We have four reportable business segments – Intermodal (JBI), Dedicated Contract Services (DCS), Integrated Capacity Solutions (ICS), and Truckload (JBT) – which are based primarily on the services each segment provides. The JBI segment includes freight that is transported by rail over at least some portion of the movement and also includes certain repositioning truck freight moved by JBI equipment or third-party carriers, when such highway movement is intended to direct JBI equipment back toward intermodal operations. DCS segment business includes company-owned and customer-owned, DCS-operated revenue equipment and employee drivers assigned to a specific customer, traffic lane, or service. DCS operations usually include formal, written longer-term agreements or contracts that govern services performed and applicable rates. ICS provides non-asset and asset-light transportation solutions to customers through relationships with third-party carriers and integration with JBHT-owned equipment. ICS services include flatbed, refrigerated, and LTL, as well as a variety of dry-van and intermodal solutions. JBT business includes full-load, dry-van freight that is typically transported utilizing company-owned or company-controlled revenue equipment. This freight is typically transported over roads and highways and does not move by rail. All transactions between reporting segments are eliminated in consolidation.

Our customers are geographically dispersed across the United States. A summary of certain segment information as of December 31 is presented below (in millions):

	Assets (Excludes intercompany accounts) December 31,	
	2019	2018
JBI	$ 2,217	$ 2,221
DCS	1,877	1,595
ICS	208	212
JBT	241	307
Other (includes corporate)	928	757
Total	$ 5,471	$ 5,092

	Revenues Years ended December 31,		
	2019	2018	2017
JBI	$ 4,745	$ 4,717	$ 4,084
DCS	2,695	2,163	1,719
ICS	1,348	1,335	1,025
JBT	389	417	378
Total segment revenues	9,177	8,632	7,206
Intersegment eliminations	(12)	(17)	(16)
Total	$ $ 9,165	$ 8,615	$ 7,190

	Operating Income Years ended December 31,		
	2019	2018	2017
JBI	$ 447	$ 401	$ 407
DCS	269	193	171
ICS	(11)	50	23
JBT	29	37	23
Total	$ 734	$ 681	$ 624

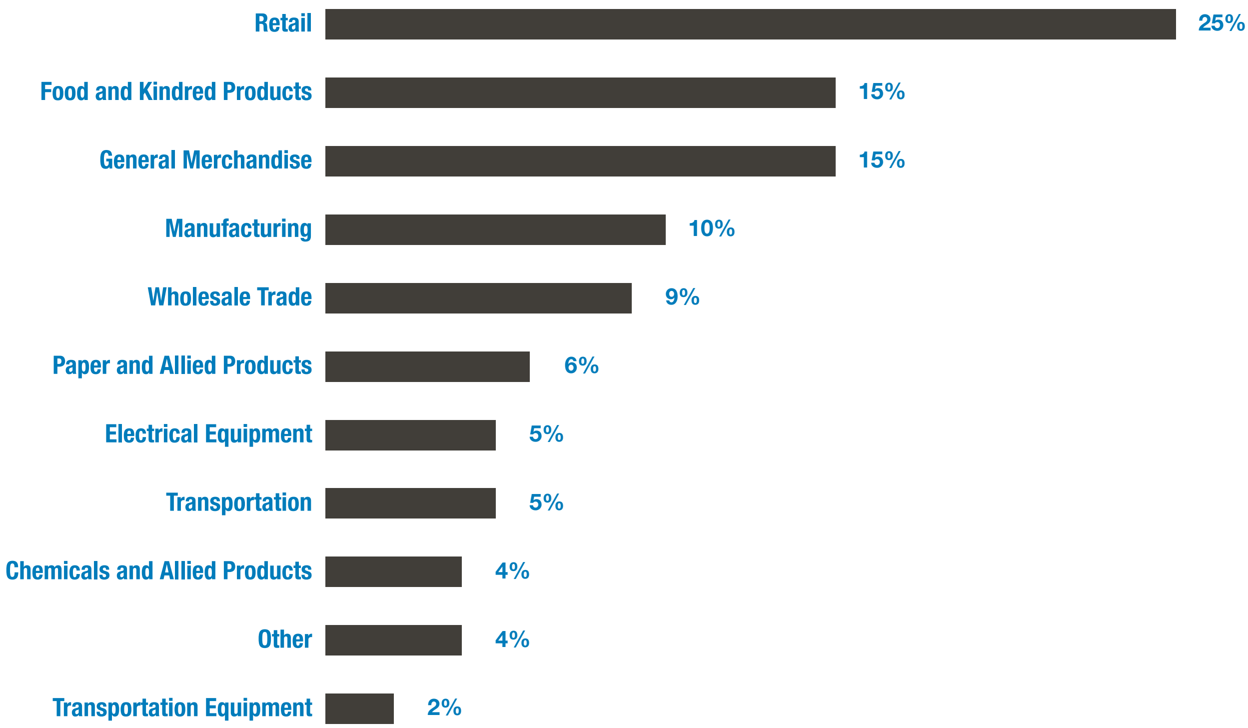
	Depreciation and Amortization Expense		
	Years ended December 31,		
	2019	2018	2017
JBI	$ 181	$ 173	$ 163
DCS	246	200	158
JBT	33	38	41
Other	39	25	22
Total	$ 499	$ 436	$ 384

15. Quarterly Financial Information (Unaudited)

As further discussed in Note 10, Commitments and Contingencies, our third quarter 2019 and fourth quarter 2018 operating income, net earnings and earnings per share included the impact of pretax charges for contingent liabilities. Operating results by quarter for the years ended December 31, 2019 and 2018 are as follows (in thousands, except per share data):

	Quarter			
	First	Second	Third	Fourth
2019:				
Operating revenues	$ 2,089,627	$ 2,261,647	$ 2,363,660	$ 2,450,323
Operating income	$ 167,795	$ 193,093	$ 167,862	$ 205,074
Net earnings	$ 119,601	$ 133,633	$ 118,410	$ 144,676
Basic earnings per share	$ 1.10	$ 1.24	$ 1.11	$ 1.36
Diluted earnings per share	$ 1.09	$ 1.23	$ 1.10	$ 1.35
2018:				
Operating revenues	$ 1,948,245	$ 2,139,027	$ 2,209,760	$ 2,317,842
Operating income	$ 168,781	$ 214,812	$ 174,688	$ 122,740
Net earnings	$ 118,142	$ 151,652	$ 131,110	$ 88,681
Basic earnings per share	$ 1.08	$ 1.39	$ 1.20	$ 0.81
Diluted earnings per share	$ 1.07	$ 1.37	$ 1.19	$ 0.81

2019 Percent of revenue by industry



STOCKHOLDER INFORMATION

Corporate Address

J.B. Hunt Transport Services, Inc.
615 J.B. Hunt Corporate Drive
Lowell, AR 72745
479-820-0000

Internet Address

jbhunt.com

Auditors

Ernst & Young LLP
Rogers, Arkansas

Counsel

Mitchell, Williams, Selig, Gates & Woodyard PLLC
Little Rock, Arkansas

Annual Meeting

The Annual Meeting of Stockholders will be held at 10:00 a.m. CDT, on Thursday April 23, 2020 at the corporate headquarters of J.B. Hunt Transport Services, Inc., Lowell, Arkansas, located on Interstate 49 at Lowell Exit 78.

Stock Exchange Listing

J.B. Hunt Transport Services, Inc.
Class A Common Stock is listed on
NASDAQ National Market System

Stock Symbol

JBHT

Stock Transfer Agent and Registrar

Computershare Trust Company, N.A.
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