J.B. HUNT TRANSPORT SERVICES, INC.

2020 NOTICE OF ANNUAL MEETING, PROXY STATEMENT AND ANNUAL REPORT

With innovation and technology at our core and people as our driving force, we are fulfilling our mission to create the most efficient transportation network in North America.

J.B. HUNT

360°™

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TO OUR STOCKHOLDERS AND EMPLOYEES,

Our Mission: To create the most efficient transportation network in North America.

This mission statement – unveiled in 2019 – couldn't have come at a more significant time. 2020 would upend our operations, the supply chain industry at large and nearly every aspect of our individual lives in ways we never imagined. Through it all, our mission to create the most efficient transportation network in North America remained as our guiding principle. And it was never more needed. The past year has challenged us to look beyond our prior accomplishments, focus on our future and leverage our people, processes and technology to capitalize on our competitive advantages in new ways.

So often, we see talented people join the company and put down roots. This is the eleventh annual stockholders' letter I have had the privilege to author and I'm proud to say I just celebrated my 32nd employment anniversary with J.B. Hunt. But career longevity is not a unique experience here. Our chairman, Kirk Thompson, has been with the company for over 45 years. We, and so many others, have seen years turn into decades and what may have started as a job, turn into a career.

Why does it happen? Very simply, we believe it's because we provide pathways for our people to succeed – both personally and professionally. Our workplace culture values entrepreneurship, innovation and execution among other required disciplines. This empowers our employees to continuously add value for our customers with new services, solutions to problems and outstanding customer experience. Ten years ago, when we set a goal of growing company revenue to $10 billion, we understood that investing in our people would be one of the biggest enablers to helping us achieve that goal. We should surpass that target this year – largely because we don't see growing revenue and supporting the well-being of our workforce as mutually exclusive, but complementary.

Meeting Unexpected Challenges

2020 started with what felt like a fire drill. In mid-March, we transitioned our corporate headquarter's employees to remote work. Those serving in positions the government deemed essential – our field managers, maintenance teams and drivers – continued normal operations actively serving our customers. Their performance – even in the midst of great uncertainty – was exemplary and we couldn't be prouder of the roles they played in the early stages of the pandemic to keep goods moving through supply chains. We also began making adjustments to key financial areas, like the preservation of cash and reductions to our planned capital expenditures, to prepare for unforeseen circumstances. We also vocally re-affirmed our commitment to two vital and longstanding priorities: 1) protect the health and well-being of our employees; and 2) honor the promises and commitments we have made to our customers.

We activated our Business Continuity Disaster Recovery Team (BCDR) to facilitate effective communication and information-sharing across the entire company. This team meets daily to share data on the events occurring nationally and in all areas where we have employees. The BCDR team remains actively engaged in guiding our efforts to combat the coronavirus, and their actions are integral to our operational and strategic decision-making for the company.

In early 2020, we adapted our operations, making significant use of video conferencing and remote work, and we managed well. But as weeks turned into months and the spike of adrenaline waned, we discovered that our team collaboration and productivity also began to slowly fade. So much of our culture and creative energy is sustained by working together, in person. So, we enabled processes that would allow those working remotely to begin to safely return to the office in a phased approach. While only about 50 percent of our Lowell staff is able to work from the office in accordance with CDC guidelines, our safety protocols have been effective at our headquarters and across our field locations.

In the midst of the turmoil and distractions 2020 created, we have gained more clarity and reassurance that our business model and strategy are sound. Our digital freight management strategy, grounded in our J.B. Hunt 360°® platform, continued to evolve and gain momentum with our customers and carriers. The demand for final mile services accelerated during the pandemic, and we see this segment as an ideal complement to our suite of offerings and anticipate strong growth thanks to surges in e-commerce purchasing. Meanwhile, the expansion of our 360box drop and hook trailer pilot and the growth of temperature-controlled intermodal services were catalysts for progress inside our core businesses of Highway Services and Intermodal. Lastly, Dedicated Contract Services, where we are positioned as clear leaders, saw meaningful growth and strengthening of our competitive advantages in several industry verticals.

Our 2020 financial results can be found in this annual report and are easily accessible via our website. We are grateful for the support of our customers and the efforts of our people to maintain safe operations while working to meet the commitments we've made.

Foundational Leadership

We recently announced several executive appointments and changes that, we believe, set us on a firm foundation for growth in key areas.

In the spring of 2020, we bid farewell to longtime Intermodal president Terry Matthews and are deeply grateful for his many years of service and leadership. Darren Field took charge of Intermodal, our largest business unit, as Executive Vice President (EVP) and President. Darren will lead our Intermodal segment to the next level using his vast experiences and customer-centric approach to business.

Following the 2020 retirement of former Chief Financial Officer (CFO) Dave Mee, John Kuhlow was named CFO of J.B. Hunt – the sixth person in the company's history to fill the post. We wish Dave well in his retirement and appreciate his service to the company as a colleague and friend.

We broadened Shelley Simpson's role as our Chief Commercial Officer to allow more comprehensive focus on our strategic direction and further develop our J.B. Hunt 360° product suite alongside Stuart Scott, our Chief Information Officer. Our People and Human Resources teams will also now report to Shelley as we seek to accelerate our efforts in inclusion and diversity and cultivate a closer connection between our talent management function and the hiring needs of our individual business units.

Nick Hobbs adds the role of Chief Operating Officer to his responsibilities as president of Contract Services (Dedicated Contract Services (DCS) and Final Mile Services (FMS)). In this expanded role, Nick will serve as the executive leader for our equipment and maintenance teams and will also focus our efforts on more comprehensive integration between the company's operations in each segment.

Brad Hicks will bring his experience from DCS and FMS to lead our Highway Services segments as their new EVP and President. Brad will work with Eric McGee, currently EVP of the segments, to continue building Highway Services into a leader in the domestic transportation market. We believe this area is the largest domestic market we serve.

A final change, but a very important one, is in the creation of a new role for the company. Craig Harper moved into the executive position of Chief Sustainability Officer and will oversee all elements of the company's environmental sustainability initiatives as well as helping guide our efforts in all areas of ESG transparency.

Developing Our People and Culture

2020 was a most remarkable year at J.B. Hunt in both good and bad ways. The rage of a pandemic coupled with inequality and societal racial tensions tested our culture. We faced challenges and questions we had not answered before. The situations presented by 2020 have made us more aware of and more committed to tackling tough issues together. We have progress to make, but across the organization we observed a willingness to continue an open, honest dialog, to develop a deeper understanding of these issues and a strong desire to create solutions. We believe that this attitude and commitment will help us strengthen and sustain a culture that supports justice and equality for everyone, both at work and in our communities.

Our focus on the needs and quality of life of our employees and their families is as high a priority as any we have. To that end and bearing in mind all that we have learned during 2020, we are raising the bar on our own expectations. Inclusion, diversity, and equality are not buzzwords for us. We take the fairness of income, opportunity and treatment of all people within the company very seriously.

As noted, Shelley Simpson has assumed executive leadership of all people and human resources functions inside the company. With Shelley's reputation as a thought leader, we see the potential for enrichment in all areas of people under her guidance. We have also made an investment with the University of Arkansas (U of A) in creating the J.B. Hunt Transport Services, Inc. Inclusion Education and Thought Leadership Fund, along with our investments with the U of A in the area of sustainability.

Last year, we also encountered strong headwinds with regard to our driver recruiting. The training and development of qualified drivers to operate our equipment is facing new challenges. Driver availability has been compromised and we have to determine the best course for correction. One element of the equation is drivers' earning power. Our pay levels are at generally all-time highs, but we don't think it is enough. Studies are underway to better understand what is needed to ensure we have enough drivers available.

Advancing Technology

Over the past four years, our investments in engineering and technology have made a profound impact on the bottom line and long-term strategic direction of our business. Under the capable leadership of Chief Information Officer Stuart Scott, we have recruited top talent from a diverse group of industries, companies and universities. This group is helping shift and expand our perspectives about both the internal and external applications of technology in freight transportation.

The J.B. Hunt 360° platform is central to the modernization of our core systems and infrastructure, while also being the foundation for disruptive, external-facing technologies that will move the company and industry forward. Over 70 percent of our freight management business is now conducted within our 360° platform and our asset businesses drive an additional 20 percent growth of our marketplace. More than 50 percent of our core revenue generation, operations execution and back office support systems now reside on modernized technology and cloud infrastructure.

We recently announced a strategic alliance with Google to bolster our work in expanding our development of freight technologies. This alliance is groundbreaking and will facilitate the amplification and acceleration of the most advanced machine learning and artificial intelligence based transportation management system in the industry.

Building a Sustainable Future

In 2020, we committed ourselves to increasing our outreach and disclosure efforts around Environmental, Social and Governance (ESG) topics. These efforts commenced with the formation of our ESG Committee, comprised of a diverse group of employees across our organization who are responsible for advancing our ESG initiatives. I am proud of our team's work over the course of the year which includes being the first company in the road transportation sector to publish a report using the Sustainability Accounting Standards Board (SASB) framework. Other accomplishments include receiving the Smartway® Excellence Award from the U.S. Environmental Protection Agency for the 11th consecutive year and improving our performance across multiple reporting agencies including the CDP (formerly the Carbon Disclosure Project) and Sustainalytics. While this work is a solid start, we recognize that advancing our sustainable business practices is an ever-evolving process. As we progress forward, we remain committed to the testing and rollout of alternative fuel equipment as it becomes a commercially viable alternative to diesel-powered equipment. Specifically, our priorities for 2021 will focus on expanding our disclosures in the SASB framework, with the addition of both Task Force on Climate-related Financial Disclosures (TCFD) and Global Resource Initiative (GRI) performance indicators.

We continue to see a very bright future for the company in all aspects of our customer, financial, environmental, social and community responsibilities. Our long-held belief that our people, leadership and technology will serve as the enablers for future growth remains intact and we saw evidence of this in action daily throughout 2020. Our team responded in remarkable ways to the challenges and uncertainties of the previous year, giving us every confidence that the year ahead is filled with promise and prosperity.

Thank you for your interest and your trust.

John N. Roberts, III
President & Chief Executive Officer
Director

James Kirk Thompson
Chairman of the Board of Directors
Director

J.B. HUNT TRANSPORT SERVICES, INC.

615 J.B. Hunt Corporate Drive
Lowell, Arkansas 72745
479-820-0000
Internet Site: jbhunt.com

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD APRIL 22, 2021

The Annual Meeting of Stockholders of J.B. Hunt Transport Services, Inc. (the Company) will be held April 22, 2021, 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 2021 calendar year
4. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof

Only stockholders of record on February 16, 2021, will be entitled to vote at the meeting or any adjournments thereof. The stock transfer books will not be closed.

The 2020 Annual Report to Stockholders is included in this publication.

By Order of the Board of Directors

JENNIFER R. BOATTINI
Corporate Secretary
Lowell, Arkansas
March 18, 2021

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
Internet Site: 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 2021 Annual Meeting of Stockholders (the Annual Meeting). The Proxy Statement and the related proxy card are being distributed on or about March 18, 2021.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD APRIL 22, 2021

This Proxy Statement and our 2020 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 78
Ratification of Independent Registered Public Accounting Firm	FOR	Page 82

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 Current Directorships with Publicly Held Companies	Committees Upon Election
Douglas G. Duncan	FedEx Freight Corporation (retired)	70	2010	Yes	Benchmark Electronics, Inc.	Audit Corporate Governance
Francesca M. Edwardson	American Red Cross of Greater Chicago & Northern Illinois (retired)	63	2011	Yes	Duluth Holdings, Inc.	Audit Corporate Governance
Wayne Garrison	J.B. Hunt Transport Services, Inc. (retired)	68	1981	No		
Sharilyn S. Gasaway	Alltel Corp. (retired)	52	2009	Yes	Genesis Energy, LP Waddell & Reed Financial, Inc.	Audit (Chair) Compensation Corporate Governance
Gary C. George	George's Inc.	70	2006	Yes		Corporate Governance (Chair) Compensation
Thad Hill	Calpine Corporation	53	—	Yes		Compensation Corporate Governance
Bryan Hunt, Jr.	Hunt Automotive Group	62	1991	No		
Gale V. King	Nationwide Mutual Insurance Co.	64	2020	Yes	AutoZone, Inc.	Compensation Corporate Governance
John N. Roberts, III	President and Chief Executive Officer	56	2010	No		
James L. Robo	NextEra Energy, Inc.	58	2002	Yes	NextEra Energy, Inc. NextEra Energy Partners, LP	Compensation (Chair) Corporate Governance
Kirk Thompson	Chairman of the Board	67	1985	No		

Compensation Objectives, Principles and Practices

We believe the ability to attract, retain, and provide appropriate incentives for 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-performing 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 levels, 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 Company 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.

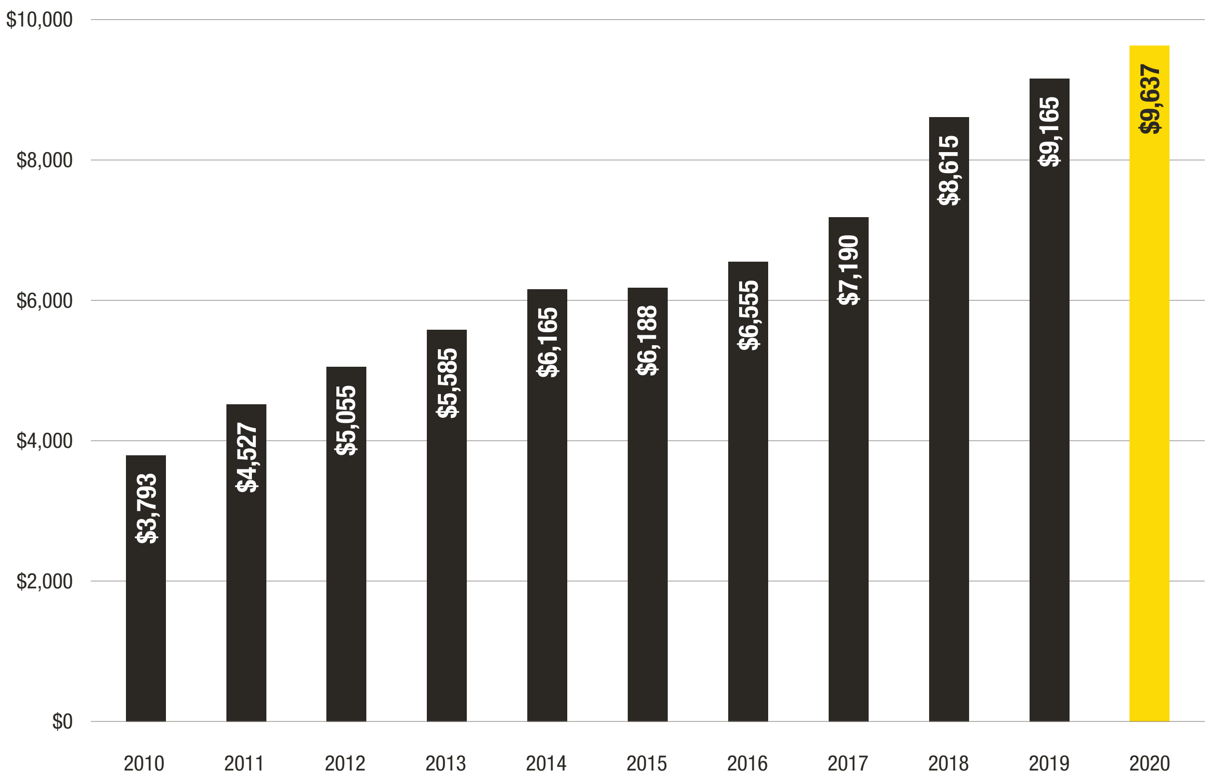
Long-term Incentive

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.

2020 Business Highlights

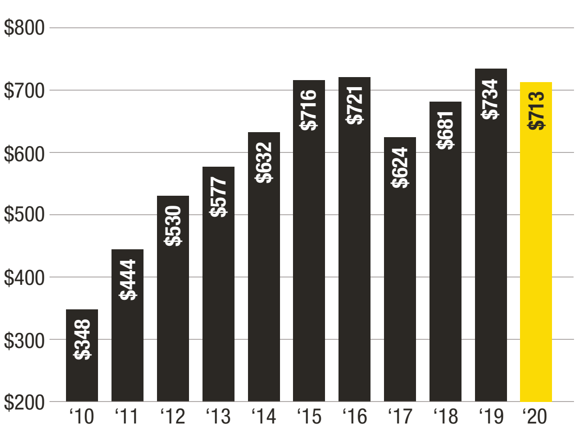
Consolidated Revenue

(in millions)

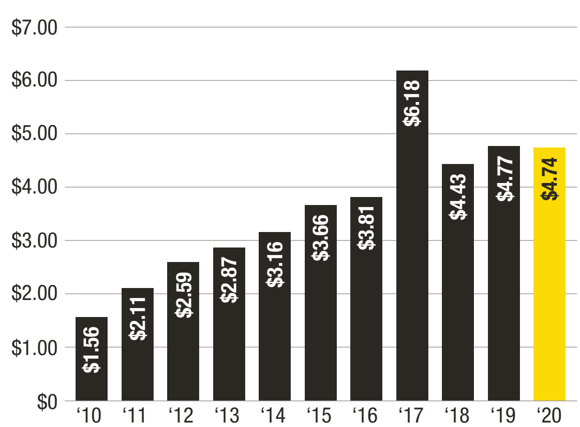


Consolidated Operating Income

(in millions)



Diluted EPS



J.B. HUNT CONSOLIDATED

REVENUE

$9.6B

5%

OPERATING INCOME

$713M

3%

INTERMODAL (JBI)

REVENUE

$4.7B

1%

OPERATING INCOME

$428M

4%

DEDICATED (DCS)

REVENUE

$2.2B

3%

OPERATING INCOME

$314M

13%

INTEGRATED (ICS)

REVENUE

$1.7B

23%

OPERATING INCOME

$(45)M

$34M

FINAL MILE (FMS)

REVENUE

$688M

22%

OPERATING INCOME

$(1)M

$8M

TRUCKLOAD (JBT)

REVENUE

$463M

19%

OPERATING INCOME

$17M

43%

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 exceptional service. 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 our stakeholders. By continuously focusing on reducing our carbon footprint, investing in the latest technologies to help improve efficiency, 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 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 our Sustainability Committee led by our then Chief Operations Officer, Craig Harper. Mr. Harper was recently named our Chief Sustainability Officer and reports directly to our CEO on the progress of advancing our sustainability initiative. The Sustainability 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 regularly present 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

In 2020, J.B. Hunt completed its first delivery using an all-electric Class 8 truck.

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. In 2020, J.B. Hunt completed its first delivery using an all-electric Class 8 truck.

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. In 2020, as a result of our conversion efforts, the Company reduced CO2e emissions (versus an all-truck alternative) by approximately 50% or ~3.4 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 contribute 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 2020, 51% of all fuel purchased was a bio-blended diesel product. The Company's total weighted average of fuel from renewable sources was 8%.

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.

Alternative Vehicles

We continually seek and evaluate opportunities to utilize emerging technologies in the area of exhaust-free vehicles. In 2020, J.B. Hunt completed its first delivery using an all-electric Class 8 truck. 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 and alternative fuel trucks when they become commercially available in the future.

Social Matters

J.B. Hunt recognizes that operating a successful and sustainable business 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 the communities where we operate. With over 30,000 J.B. Hunt employees across North America (~20,000 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 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 goal 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 FMCSA's Safety and Fitness Electronic Records (SAFER) System. 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 approximately 60 fewer truck-involved fatalities on our nation's highways during 2020 (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/ELDs

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 remains compliant with the mandate requiring electronic logging devices in commercial vehicles.

Forward Collision Warning Systems

Installation of forward collision warning systems on our Class 8 tractors began in 2011. Currently, 99.9% 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-Recording Technology

Installation of video-recording equipment began in 2016. Currently, 87% of our Class 8 fleet has forward-facing cameras installed. 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.

COVID-19: Employee Safety and Health

In 2020, the novel coronavirus (COVID-19) presented new challenges for our organization and the communities where we operate. The health and well-being of our workforce is a priority as we continue to ingrain safety into our corporate culture and strive to conduct all our operations as safely as possible. In response to COVID-19, we implemented safety response activities at our home office campus and all other field locations throughout North America which included requiring remote working when possible, expanded health and safety policies, facility modifications, increased security coverage, and purchase and distribution of personal protective equipment (PPE) and supplies. Due to the essential nature of our business, a large portion of our workforce consisting of drivers and other non-office personnel have not been able to work remotely. Employees who are directly impacted by COVID-19 or who might have been in contact with someone with COVID-19 are encouraged to quarantine and utilize our COVID-19 paid-time off (PTO) benefit program, established in early 2020. Also during the year, J.B. Hunt procured, donated, and arranged for the transportation of PPE supplies to local communities in need.

People Matters

Despite operating over 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 the communities where 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 that are shared with its stakeholders.

Company Giving

Traditional philanthropic strategies often times rule out organizations that do not meet certain privileged criteria. J.B. Hunt is proud to promote disruptive philanthropy, which fractures existing giving values and applies new technologies and competitive charitable models to raise awareness about exclusion within traditional philanthropic strategies. J.B. Hunt is a champion for advocating for organizations that, in the past, have not received the recognition or opportunities that they may deserve. In 2020, company and employee contributions toward J.B. Hunt's company pillars of Healthcare, Veterans, Crisis Management and Education exceeded $4.2 million.

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 2020, 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.

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. In 2020, J.B. Hunt introduced our COVID-19 paid-time off (PTO) benefit program to ensure full wages were available to employees quarantined during the pandemic.

Diversity & 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 a diverse and inclusive culture and environment where employees from all backgrounds can succeed and be heard.

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.

Employee Resource Groups (ERGs)

Our ERGs offer opportunities for employee professional development, community engagement, and networking. Comprised of groups for women, Latinos, veterans, African Americans, and the LGBTQIA+ community, our ERGs promote camaraderie within the workforce and allow employees with similar interests to build meaningful work relationships.

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 90,000 employees to recognize and report signs of human trafficking. In 2020, the Company became a signatory of the DOT's Transportation Leaders Against Human Trafficking Pledge.

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 comprised 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

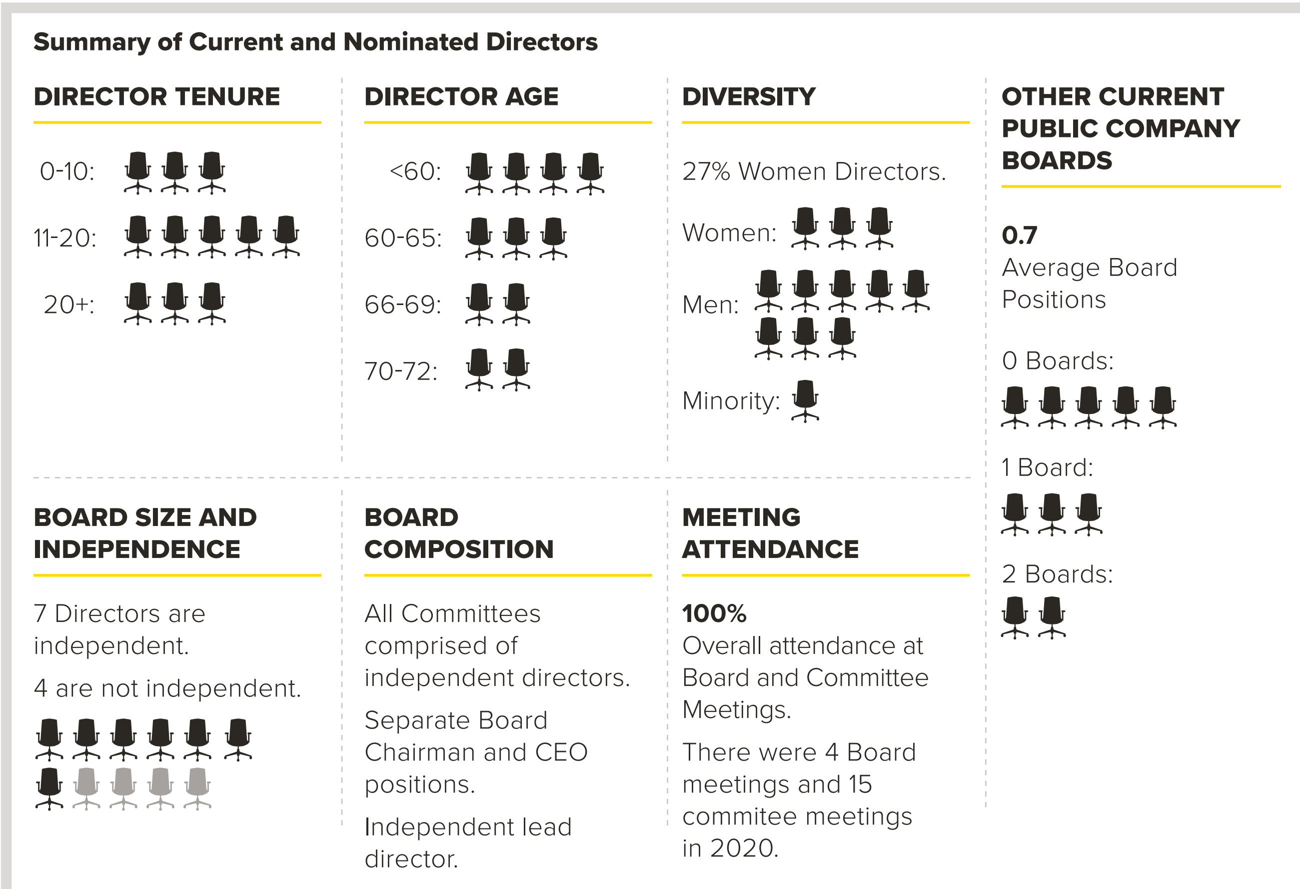
The Board has adopted formal Corporate Governance Guidelines, including director attendance expectations, and requires limitations and preapproval of director membership on other corporate boards.

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 North America. In 2020, J.B. Hunt is proud to have been recognized with the following:

Recognitions

- Named Top 100 3PL for the Eleventh Consecutive Year by Inbound Logistics
- Named Top 75 Green Supply Chain Partner (G75) for Tenth Consecutive Year by Inbound Logistics
- Received Three Quest for Quality Awards from Logistics Management
- Named Top 3PL & Cold Storage Provider by Food Logistics for Eighth Time
- Earned SmartWay® Excellence Award from the EPA for Eleventh Consecutive Year
- Finished 6th on FreightWaves FreightTech 25
- Earned Cold Carrier Certification from the International Refrigerated Transportation Association
- Named Military Friendly Employer by VIQTORY for Fourteenth Consecutive Year
- Ranked 4th on Transport Topics Top 100 Largest For-Hire Carriers
- Ranked 4th on Transport Topics Top 50 Logistics Companies
- Ranked 1st on Transport Topics Top Dedicated Contract Carriers
- 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, Thad Hill, 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 2022 Annual Meeting of Stockholders or until their successors are elected and qualified or until their earlier resignation or removal. Thad Hill is a new candidate and is nominated by the Board at the recommendation of one of our nonemployee directors. 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."

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 Amended and Restated Bylaws of J.B. Hunt Transport Services, Inc. (the 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. In 2020, the Board consisted of ten directors. On February 24, 2021, the Board approved the nomination of Thad Hill to an eleventh director position. Directors serve a term of one year from their election date to the Annual Meeting.

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.

At the Company's Annual Meeting, the stockholders of the Company elect 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 2022*

DOUGLAS G. DUNCAN

Age: 70

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 - Publicly Held Companies (Prev. 5 Yrs.): Benchmark Electronics, Inc. (Chair of Nominating and Governance Committee), Brambles LTD

Other Directorships – Private Organizations (Prev. 5 Yrs.): None

Family Relationships: None

FRANCESCA M. EDWARDSON

Age: 63

Director Since: 2011

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

Principal Occupation: American Red Cross of Greater Chicago and Northern Illinois (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 Airlines 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 - Publicly Held Companies (Prev. 5 Yrs.): Duluth Holdings, Inc. (Chair of Compensation Committee)

Other Directorships – Private Organizations: Rush University Medical Center, Lincoln Park Zoo (Chair of Nominating Committee)

Family Relationships: None

WAYNE GARRISON

Age: 68

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 - Publicly Held Companies (Prev. 5 Yrs.): None

Other Directorships – Private Organizations (Prev. 5 Yrs.): None

Family Relationships: None

SHARILYN S. GASAWAY

Age: 52

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 - Publicly Held Companies (Prev. 5 Yrs.): Genesis Energy, LP (Chair of Audit Committee), Waddell & Reed Financial, Inc. (Chair of Audit Committee)

Other Directorships – Private Organizations (Prev. 5 Yrs.): 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: 70

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 - Publicly Held Companies (Prev. 5 Yrs.): None

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

Family Relationships: None

THAD (JOHN B., III) HILL

Age: 53

New Director Candidate

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

Principal Occupation: Calpine Corporation

Recommendation: The Board has determined that Mr. Hill's expertise in financial and capital markets and experience leading a diverse and geographically dispersed workforce qualify him to serve as a Director of the Company.

Experience: Mr. Hill is President and Chief Executive Officer for Calpine Corporation (Calpine), one of the nation's largest independent competitive power companies, operating power plants and retail businesses in 24 states and Ontario, Canada. Mr. Hill has led Calpine since 2014, when he was promoted from President and Chief Operating Officer to his current position. Prior to joining Calpine, he was Executive Vice President of NRG Energy and President of NRG Texas, where he was responsible for NRG's largest regional business. Mr. Hill received his bachelor of arts degree from Vanderbilt University magna cum laude and his master of business administration degree from the Amos Tuck School of Dartmouth College, where he was elected an Edward Tuck Scholar.

Other Directorships - Publicly Held Companies (Prev. 5 Yrs.): Calpine Corporation (No longer publicly traded)

Other Directorships – Private Organizations (Prev. 5 Yrs.): Amos Tuck School of Dartmouth College, Episcopal High School, Greater Houston Partnership (Vice Chair, Higher Education Committee Chair)

Family Relationships: None

BRYAN HUNT

Age: 62

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 - Publicly Held Companies (Prev. 5 Yrs.): None

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

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

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GALE V. KING

Age: 64

Director Since: 2020

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

Principal Occupation: Nationwide Mutual Insurance Co.

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 28,000 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 - Publicly Held Companies (Prev. 5 Yrs.): AutoZone, Inc.

Other Directorships – Private Organizations (Prev. 5 Yrs.): The University of Florida Foundation, Inc. (Past 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: 56

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 - Publicly Held Companies (Prev. 5 Yrs.): None

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

Family Relationships: None

JAMES L. ROBO

Age: 58

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 - Publicly Held Companies (Prev. 5 Yrs.): NextEra Energy, Inc. (Chairman), NextEra Energy Partners, LP (Chairman)

Other Directorships – Private Organizations (Prev. 5 Yrs.): None

Family Relationships: None

KIRK THOMPSON

Age: 67

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 45 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 - Publicly Held Companies (Prev. 5 Yrs.): Rand Logistics, Inc. (No longer publicly traded)

Other Directorships – Private Organizations (Prev. 5 Yrs.): None

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 2020 and 2021 Annual Meetings, compensation for nonemployee directors serving on the Board was as follows:

- 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

In January 2021, 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 2021 Annual Meeting:

- an annual retainer of $245,000 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 50 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 2020

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 ($)	Total ($)
Douglas G. Duncan	—	255,000	—	—	—	—	—	255,000
Francesca M. Edwardson	—	30,000	224,940	—	—	—	—	254,940
Wayne Garrison	—	225,000	—	—	—	—	—	225,000
Sharilyn S. Gasaway	—	182,500	112,470	—	—	—	—	294,970
Gary C. George	—	35,000	224,940	—	—	—	—	259,940
Bryan Hunt	—	—	224,940	—	—	—	—	224,940
Gale V. King	—	137,500	112,470	—	—	—	—	249,970
Coleman H. Peterson(2)	—	—	—	—	—	—	—	—
James L. Robo	—	50,000	224,940	—	—	—	—	274,940
Kirk Thompson	373,846	—	—	—	—	—	14,935(1)	388,781

(1) Includes $10,000 taxable allowance for financial counseling services and $4,935 Company contributions to 401(k) plan.
(2) Mr. Peterson retired from the Board on April 23, 2020.

Each nonemployee member of the Board had the choice of receiving his or her annual retainer of $225,000 in Company stock, cash, or any combination thereof. Those directors choosing to receive their full retainer in Company stock received 2,230 shares based on the $100.87 closing market price on April 23, 2020. Sharilyn S. Gasaway and Gale V. King elected to receive half of their retainer in stock, totaling 1,115 shares each, based on the closing market price shown above. Douglas G. Duncan and Wayne Garrison 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 or her estimated annual compensation in Company stock within five years of his or 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 2020.

EXECUTIVE OFFICERS OF THE COMPANY

Jennifer R. Boattini, 48, joined the Company in 2006 as Director of Litigation and Contract Management and currently serves as Senior Vice President of Legal and Litigation and General Counsel. She also serves as the Company's Corporate Secretary.

Kevin Bracy, 50, joined the Company in 1998 as a Financial Analyst and currently serves as Senior Vice President of Finance and Treasurer.

Darren Field, 50, joined the company in 1994 as a Night Dispatcher and currently serves as President of Intermodal and Executive Vice President.

Craig Harper, 63, joined the Company in 1992 as Vice President of Marketing and currently serves as Chief Sustainability Officer and Executive Vice President. Prior to joining the Company, he worked for Rineco Chemical Industries as its Chief Executive Officer.

Bradley Hicks, 48, joined the Company in 1996 as a Management Trainee and currently serves as President of Highway Services and Executive Vice President.

Nicholas Hobbs, 58, joined the Company in 1984 as a Management Trainee and currently serves as Chief Operating Officer, President of Contract Services, and Executive Vice President.

John Kuhlow, 50, joined the Company in 2006 as Assistant Corporate Controller and currently serves as Chief Financial Officer and Executive Vice President. Prior to joining the Company, he was a Senior Audit Manager for KPMG LLP. Mr. Kuhlow is a Certified Public Accountant.

Eric McGee, 47, joined the Company in 1998 as a National Account Service Monitor and currently serves as Executive Vice President of Highway Services.

Stuart Scott, 54, joined the Company in 2016 as Chief Information Officer and Executive Vice President. 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, 49, joined the Company in 1994 as a Management Trainee and currently serves as Chief Commercial Officer and Executive Vice President of People and Human Resources.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth the beneficial ownership of the Company's common stock as of February 16, 2021, by each of its current and nominated directors, 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	22,833	—	*
Darren Field	14,838	—	*
Wayne Garrison	1,304,524	35,385	1.3
Sharilyn S. Gasaway	22,646	275	*
Gary C. George	31,693	995,105 (4)	*
Thad Hill	—	—	*
Nicholas Hobbs	80,622	168	*
Bryan Hunt	72,927	—	*
Gale V. King	1,115	—	*
John Kuhlow	9,840	—	*
Terrence D. Matthews (5)	19,291	42,253	*
David G. Mee (6)	125,800	500	*
John N. Roberts, III	339,903	—	*
James L. Robo	21,783	25,953	*
Shelley Simpson	93,070	48,329	*
Kirk Thompson	40,038	—	*
All executive officers and directors as a group (23)	2,322,274	1,158,095	3.3

*Less than 1 percent

(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:

Darren Field	8,429
John Kuhlow	2,500
David G. Mee	77,330
John N. Roberts, III	217,028
Kirk Thompson	12,000
All executive officers and directors as a group	320,886

(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 105,705,006 shares of common stock outstanding of the Company on February 16, 2021.

(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.

(5) Mr. Matthews retired from the Company on July 16, 2020.

(6) Mr. Mee retired from the Company on April 1, 2020.

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 of 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, 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 "Corporate Responsibility" 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

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, Thad Hill, Gale V. King, and James L. Robo are all independent. After due consideration, the Board has determined that none of these current 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 2022 Annual Meeting of Stockholders, director candidates must be submitted to the Company's Corporate Secretary on or before November 18, 2021. 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 "Corporate Responsibility" 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

Thad Hill – financial expertise in capital markets and business experience managing a diverse and geographically dispersed workforce

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 is diverse both in gender and ethnic representation, with more than 25% 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, or the independent or 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 and Annual Meeting Attendance

The Board held four scheduled meetings during the 2020 calendar year. All directors attended all of the Board meetings and committee meetings on which each served during 2020, and all members of the Board attended the 2020 Annual Meeting of Stockholders. As a safety precaution due to the COVID-19 pandemic, the Board members attended the 2020 Annual Meeting by teleconference but were available for questions from shareholders. 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, Compensation, 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 2020:

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
Number of Meetings in 2020	8	3	4

The Board has nominated Thad Hill as a candidate to fill an eleventh director position on the Board. On February 24, 2021, the Corporate Governance Committee recommended, and the Board approved, the following committee assignments for the annual period beginning after our 2021 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
Thad Hill		X	X
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 responsibilities 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:

- recommend appointment, 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,
- discuss with the independent auditors their audit plan,
- 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 earnings news releases with management and the independent auditors,
- meet with management, the internal auditors, the independent auditors, and the Board,
- discuss the results of the external audit with the independent auditors prior to releasing the year-end earnings,
- discuss with the independent auditors the quality of the Company's accounting principles as applied in its financial reporting,
- 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,
- recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K,
- prepare a report of the Committee to be included in the Company's Proxy Statement
- 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 the majority of the 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:

- review and approve annually the Company's stated compensation strategy,
- 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 annually and recommend to the Board the compensation for members of the Board,
- 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 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,
- review annually the Company's employee benefit programs, where appropriate, for shareholder or Board approval,
- review and recommend to the Board the frequency with which the Company will conduct Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve any proposals related thereto,
- review annually whether the Company's executive compensation arrangements could create any material risks to the Company and evaluate policies and practices that could mitigate any such risk, and
- otherwise comply with its responsibilities and duties as set forth in the Company's Compensation Committee Charter.

None of the individuals currently serving or nominated to serve on the Compensation Committee has ever been an officer or employee of the Company. The Board has determined that all current and nominated members of the Compensation Committee satisfy the independence requirements of the NASDAQ corporate governance listing standards. All current and nominated 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, and provide recommendations to the Board to enhance the Board's effectiveness,
- review the Company's plan for succession of management,
- create, recommend to the Board for adoption, and maintain a corporate code of ethics for directors, executive officers, and employees,
- oversee the implementation and enforcement of the corporate code of ethics,
- oversee the Company's strategies addressing environmental and social issues,
- oversee and monitor the Company's policies, activities, and expenditures with respect to government lobbying and advocacy and political contributions,
- appoint subcommittees and delegate power and authority to such subcommittees, as it deems appropriate,
- 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 current and nominated 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 "Corporate Responsibility" section of its website at jbhunt.com any amendments to 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 such reports filed electronically with the SEC and written representations from the reporting persons that no other reports were required, the Company believes that all Section 16(a) filings were made in a timely manner, with the exception of one late filing to report the sale of shares by Brad Hicks and two late filings to report two gifts of shares by Nicholas Hobbs, inadvertently not reported in 2019 and 2020, respectively.

Certain Relationships and Related-Party 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 2020. The first earned $446,744 and the second earned $225,477 in 2020 compensation. Shelley Simpson's husband was employed by the Company in calendar year 2020 and earned $317,998 in 2020 compensation. Jennifer R. Boattini's husband was employed by the Company in calendar year 2020 and earned $251,882 in 2020 compensation.

In the ordinary course of business, the Company has entered into Dedicated Contract Services® agreements with George's, Inc. and certain of its affiliates, which are 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. or its affiliates. Total revenue earned in calendar year 2020 under these service agreements was $13.3 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 2020, the Company earned $36.5 million in revenue for transportation services provided to its customer Simmons Foods, Inc. The brother of John Roberts, President and Chief Executive Officer, is employed by Simmons Foods, Inc. as a Senior Vice President – Business Development & Sales Operations, Pet Food. Mr. Roberts 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.

In January 2021, the Company accepted a nonbinding proposal from DG Development & Acquisitions, LLC, a subsidiary of NextEra Energy, Inc., outlining the general terms of a proposed transaction for the sale of a photovoltaic solar generation and electric vehicle charging system. James L. Robo, the Board's independent lead director, is Chairman and Chief Executive Officer of NextEra Energy, Inc. Mr. Robo was not involved in the preparation or submission of the nonbinding proposal or any discussions with the Company regarding the proposed transaction. The Company received and considered the nonbinding proposal from DG Development & Acquisitions, LLC at arm's length in the ordinary course of business and substantially on the same terms as proposals received from unrelated parties for a comparable transaction.

During 2020, the Company procured $1.6 million in third-party purchased transportation services from Western Flyer Xpress. The son of John Roberts, President and Chief Executive Officer, is employed by Western Flyer Xpress as a Regional Sales Manager. Mr. Roberts 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.

Additionally during 2020, the Company procured $212,726 in third-party purchased transportation services from TuSimple. The daughter of Craig Harper, Chief Sustainability Officer and Executive Vice President, is employed by TuSimple as a Corporate Strategy and Development Associate. Mr. Harper 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 2020 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. Gary C. George, a member of the Compensation Committee of the Board, has an indirect material interest in related-party transactions between the Company and George's, Inc. because he is the Chairman of George's, Inc. Additionally, James L. Robo, Chair of the Compensation Committee of the Board, has an indirect material interest in a proposed related-party transaction between the Company and DG Development & Acquisitions, LLC, a subsidiary of NextEra Energy, Inc., because he is the Chairman and Chief Executive Officer of NextEra Energy, Inc. Descriptions of the related-party transactions between the Company and George's, Inc. during 2020 and the proposed related-party transaction between the Company and DG Development & Acquisitions, LLC are set forth in the Certain Relationships and Related-Party Transactions portion of the Corporate Governance section of this Proxy Statement.

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, 2020. 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	18,326,581	17.3%
Vanguard Group, Inc.(2) 100 Vanguard Blvd. Malvern, PA 19355	9,858,754	9.3%
T. Rowe Price Associates, Inc.(3) 100 East Pratt Street Baltimore, MD 21202	9,504,791	8.9%
BlackRock, Inc.(4) 55 East 52nd Street New York, NY 10055	6,287,808	6.0%

(1) Based on the stockholder's Form 5, filed with the SEC on February 4, 2021.

(2) Based on the most recent SEC filing by Vanguard Group, Inc. on Schedule 13G/A dated February 10, 2021. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power, zero shares; shared voting power, 137,999 shares; sole dispositive power, 9,491,448 shares; and shared dispositive power, 367,306 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 T. Rowe Price Associates, Inc. on Schedule 13G/A dated February 16, 2021. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power, 3,532,475 shares; shared voting power, zero shares; sole dispositive power, 9,504,791 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.

(4) Based on the most recent SEC filing by BlackRock, Inc. on Schedule 13G/A dated January 29, 2021. Of the total shares shown, the nature of beneficial ownership is as follows: sole voting power, 5,529,550 shares; shared voting power, zero shares; sole dispositive power, 6,287,808 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

This Compensation Discussion & Analysis (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 2020. 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 – former Chief Financial Officer and Executive Vice President, Finance/Administration
- John Kuhlow – Chief Financial Officer and Executive Vice President
- Shelley Simpson – Chief Commercial Officer and Executive Vice President of People and Human Resources
- Nicholas Hobbs – Chief Operating Officer, President of Contract Services, and Executive Vice President
- Darren Field – President of Intermodal and Executive Vice President
- Terrence D. Matthews – former President of Intermodal and Executive Vice President

David G. Mee retired from his duties as Executive Vice President, Finance and Administration and Chief Financial Officer on March 1, 2020, and he retired from the Company on April 1, 2020. Following Mr. Mee's retirement, John Kuhlow assumed the role of Interim Chief Financial Officer beginning March 1, 2020, and was promoted to Chief Financial Officer and Executive Vice President effective November 20, 2020. Terrence D. Matthews retired from his duties as President of Intermodal and Executive Vice President on April 1, 2020, and he retired from the Company on July 16, 2020. Darren Field was promoted to President of Intermodal and Executive Vice President effective April 1, 2020.

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 "Corporate Responsibility" 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 to the independent Board members, for their approval, 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,
- reviews and discusses the CD&A with management, and based on such review and discussion, recommends to the Board whether the CD&A should be included in the Proxy Statement,
- reviews and approves the Compensation Committee report to the stockholders and the "say-on-pay" proposal to be included in the Proxy Statement, and
- reviews and discusses whether the Company's executive compensation arrangements could create any material risks to the Company.

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 2020 Annual Meeting, the stockholders approved, on an advisory basis, the compensation of the named executive officers (98.3% 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 2021 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.

In 2020, 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, and Meridian participated in all of the regularly scheduled Compensation Committee meetings in 2020. The Committee has assessed the independence of Meridian pursuant to applicable SEC and NASDAQ rules and concluded that Meridian's work for the Committee does not raise any conflict of interest.

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, to review and discuss the CD&A with management, 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:

- discuss 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.

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 2020.

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 a number of times since 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 5.1 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 2020, annual award grants totaling 567,955 units were made on January 22, the date of the first-quarter Board meeting of 2020. 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 a stock-eligible position.

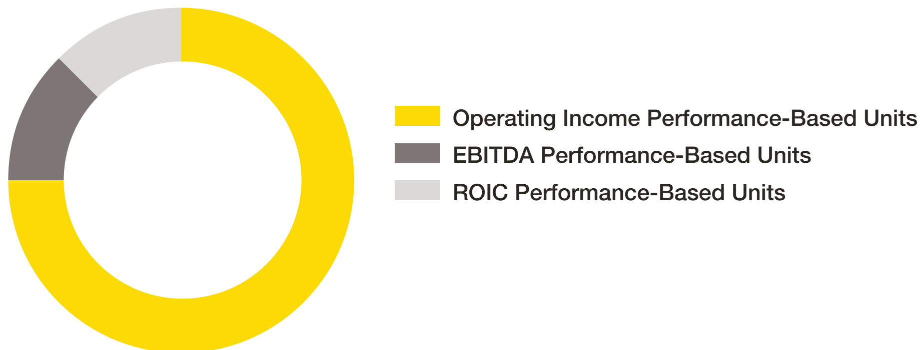
The Compensation Committee typically grants performance-based restricted share units to the NEOs of the Company. Each grant typically vests incrementally over a vesting schedule ranging from two to ten years, subject to service and performance conditions. Each portion that vests in a particular year, 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 predominantly 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.

In 2020, the Compensation Committee expanded the performance conditions placed on the NEO restricted share unit awards granted. Three-fourths of the annual NEO restricted share units awarded are subject to future annual operating income targets with incremental vesting, consistent with past awards, while the remaining one-fourth are contingent on two additional metrics measured cumulatively over three years with single cliff vesting at the end of the three-year performance period. One-half of the three-year cliff vesting portion (one-eighth of the total award) is contingent on the Company's attainment of a predetermined range of future earnings before interest, taxes, depreciation, and amortization (EBITDA) targets. The vesting range requires a minimum threshold of EBITDA to be met before any vesting occurs. Depending on the extent to which actual EBITDA exceeds the minimum threshold of the range, the ultimate vesting of the awards can range from 0% to 150% of the original units granted. 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. Consistent with prior grants, all performance criteria used within the awards were established by the Compensation Committee. The Compensation Committee intends to continue to evaluate expansion of equity-based awards subject to these performance conditions in the future.

2020 NEO Restricted Share Unit Awards Summary >



In addition, the Compensation Committee granted separate, one-time 2020 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. One third of these restricted share units vested on the first anniversary of the grant date, and the remaining two-thirds will vest 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 2020, the following compensation paid was not deductible by the Company:

John N. Roberts, III	$2,266,192
David G. Mee	5,296,797
Shelley Simpson	772,623
Nicholas Hobbs	1,059,217
Terrence D. Matthews	4,031,874

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.

EXECUTIVE COMPENSATION

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.

2020 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 64 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 table below provides a summary of the description and purpose of each component of our incentive compensation.

Incentive Compensation Component	Description	Purpose
Company Bonus Plan	Annual bonus plan based on operating income, with bonus payouts calculated as a percentage of base salary	To encourage individuals with greater roles and the abilities to directly impact strategic direction and long-term results
Performance Growth Incentive Plan	Annual bonus plan that uses a blended bonus calculation requiring the minimum threshold of both net revenue growth and EBT to be met before payout occurs	
Performance-Based Units – Operating Income	Awards of restricted share units that are subject to future annual operating income targets with incremental vesting	To 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
Performance-Based Units – EBITDA	Awards of restricted share units that are contingent on the Company's attainment of a predetermined matrix of future earnings before interest, taxes, depreciation, and amortization (EBITDA) targets based on EBITDA compound annual growth rates	
Performance-Based Units – Relative ROIC	Awards of restricted share units that are 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 companies included in an independent peer group	

In addition to these annual, ongoing incentive compensation components, as described further below, the Committee used different equity awards to address certain circumstances such as promotions in 2020.

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 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 2020 and 2021, the Compensation Committee reviewed each NEO's base salary and the independent Board members reviewed the Chief Executive Officer's base salary. After applying the aforementioned guidelines, the independent Board members approved the salary increases listed below for John N. Roberts, III, and the Compensation Committee approved the salary increases listed below for the remaining NEOs. In December 2020, salary increases were approved by the Compensation Committee for John Kuhlow, Shelley Simpson, and Nicholas Hobbs due to promotions.

	2019 Salary ($)	2020 Salary ($)	Increase For 2020 (%)	2021 Salary ($)	Increase For 2021 (%)
John N. Roberts, III	890,000	915,000	2.8	940,000	2.7
David G. Mee (1)	525,000	540,000	2.9	—	—
John Kuhlow (1)	N/A	222,000	N/A	400,000	80.2
Shelley Simpson	525,000	540,000	2.9	600,000	11.1
Nicholas Hobbs	525,000	540,000	2.9	600,000	11.1
Darren Field (2)	N/A	400,000	N/A	450,000	12.5
Terrence D. Matthews (2)	525,000	525,000	—	—	—

(1) Mr. Mee retired from the Company on April 1, 2020. Mr. Kuhlow assumed the position of interim Chief Financial Officer in connection with Mr. Mee's retirement and was named Chief Financial Officer and Executive Vice President effective December 1, 2020.

(2) Mr. Matthews retired from the Company on July 16, 2020. Mr. Field assumed the position of President of Intermodal and Executive Vice President effective April 1, 2020 in connection with Mr. Matthews' retirement.

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 growth and EBT. 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 executives' bonus performs against the pre-established matrices.

Annual Bonus Payouts

For 2020, the company bonus plan was based on annual reported operating income and consisted of a single payout to be made in January 2021 based on the full year 2020 operating income matrix approved by the Compensation Committee. The established matrix consisted of operating income ranging from $730 million to $810 million, translating to annual bonus payout percentages ranging from 20% to 55% of an executive's base salary. Due to his previously announced retirement effective July 16, 2020, Terrence D. Matthews was not eligible to receive a bonus under the company bonus plan.

The 2020 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	730	730	713	20	20	—

No annual payout was made under the company bonus plan for 2020.

For 2020, the PGI bonus plan was based on a targeted annual operating revenue, excluding fuel surcharges (net revenue) growth rate and annual reported EBT and also utilized a single payout in January 2021, after full year financial results were publicly reported. For 2020, the established PGI matrices consisted of a net revenue growth rate of 10% and EBT ranging from $695 thousand to $750 thousand. The PGI plan is a blended bonus calculation requiring the minimum threshold of both net revenue growth and EBT to be met before payout occurs. The Committee established stretch goals for 2020 at all levels, requiring performance above the Company's approved budget for 2020, in order to achieve any payouts under the plan. The 2020 goals for the PGI were designed to align participants with achievement of profitable growth outcomes. Due to his previously announced retirement effective July 16, 2020, Terrence D. Matthews was not eligible to receive a bonus under the PGI bonus plan.

The 2020 annual PGI bonus payout targets compared with actual reported results and actual payouts were as follows:

	Net Revenue Growth % / EBT ($) (millions)				Bonus Payout ($) (thousands)			
Period	**Min.**	**Target**	**Max.**	**Reported**	**Min.**	**Target**	**Max.**	**Actual**
Annual – John N. Roberts, III	10.0 / 695	10.0 / 695	10.0 / 750	9.3 / 666	665	665	1,110	—
Annual – David G. Mee	10.0 / 695	10.0 / 695	10.0 / 750	9.3 / 666	234	234	473	—
Annual – John Kuhlow	10.0 / 695	10.0 / 695	10.0 / 750	9.3 / 666	80	80	160	—
Annual – Shelley Simpson	10.0 / 695	10.0 / 695	10.0 / 750	9.3 / 666	234	234	473	—
Annual – Nicholas Hobbs	10.0 / 695	10.0 / 695	10.0 / 750	9.3 / 666	234	234	473	—
Annual – Darren Field	10.0 / 695	10.0 / 695	10.0 / 750	9.3 / 666	149	149	296	—

No annual payout was made under the PGI bonus plan for 2020.

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 over a time period ranging 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 2020:

- 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.

Terrence D. Matthews did not receive any 2020 incentive awards due to his previously announced retirement effective July 16, 2020. For the other NEOs, the Compensation Committee and/or independent directors approved the following performance-based and time-based restricted share unit grants, which are recorded based on target performance levels:

	Annual Operating Income Performance-Based Units (#)	Annual ROIC/ EBITDA Performance-Based Units (#)(1)	Bridge Operating Income Performance-Based Units (#)	Promotion Operating Income Performance-Based Units (#)	Time-Based Units (#)(2)	Total Fair Value ($)
John N. Roberts, III	37,699	12,567	8,550	—	—	6,507,402
David G. Mee(3)	13,113	4,371	3,278	—	—	2,297,108
John Kuhlow	—	—	—	7,471	1,512	1,134,409
Shelley Simpson	13,113	4,371	3,278	3,735	—	2,780,603
Nicholas Hobbs	13,113	4,371	3,278	3,735	—	2,780,603
Darren Field	6,556	2,186	1,643	8,742	—	2,116,211

(1) One-half of these annual restricted share units are based on ROIC targets, and another one-half are based on EBITDA targets, as further discussed in the Long-Term Compensation Analyses and Policies section of the CD&A on page 51.

(2) In 2020, Mr. Kuhlow also received a time-based award prior to his promotion to Chief Financial Officer and Executive Vice President.

(3) Mr. Mee retired from the Company on April 1, 2020, and all restricted share units previously granted to him in 2020 were forfeited.

The fair value of the performance-based and time-based awards was based on a 3.20% discount from the Company's closing stock price of $114.30 on January 22, 2020, except for Mr. Kuhlow's, Mr. Hobbs', and Ms. Simpson's promotional performance-based awards, which were based on a 3.28% discount from the Company's closing stock price of $133.84 on November 20, 2020. The discounts represent the present values 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 these discounts are appropriate to value the restricted share units, as the units do not collect or accrue dividends until the awards vest and are settled with Company stock.

The 2020 NEO awards shown above vest in annual increments over time periods ranging from two to ten years, beginning January 31, 2021 and January 31, 2026, or cliff vest on January 31, 2023, 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. Also, at the discretion of NetJets, the personal account of an executive officer could be linked to the Company's direct NetJets agreement to allow the individual to receive a discounted monthly management fee, at no incremental cost to the Company.

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 third-party cost or actual time spent and employment cost incurred. Each executive officer is also assigned an administrative assistant who, from time to time, may provide administrative support for personal matters of the executive officer, the benefit of which is based on the actual time spent and employment cost incurred. 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 not 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.

David G. Mee and Terrence D. Matthews retired from the Company in 2020, and each entered into agreements that provided for certain consideration to be paid upon their retirement. Mr. Mee's and Mr. Matthews' retirement agreements are further discussed in the Potential Post-Employment Benefits section of the CD&A on page 75.

SUMMARY COMPENSATION

The following table summarizes the total compensation earned by or paid to the Chief Executive Officer, Chief Financial Officer, the next three most highly compensated executive officers of the Company who served in such capacities as of December 31, 2020, and a former executive officer who would have been among the next three most highly compensated executive officers of the Company but for the fact that he was not serving as an executive officer as of December 31, 2020, for services rendered to the Company. These officers are referred to as the NEOs in this Proxy Statement.

Name and Principal Position	Year	Salary ($) [1]	Stock Awards ($) [2]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[1]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
John N. Roberts, III President and CEO	2020	912,115	6,507,402	—	—	—	33,855	7,453,372
	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
David G. Mee [3] EVP, Finance & Administration, CFO	2020	152,805	2,297,108	—	—	—	5,139,790	7,589,703
	2019	523,224	1,991,710	—	—	—	18,939	2,533,873
	2018	498,618	1,746,255	—	490,805	—	18,720	2,754,398
John Kuhlow [4] CFO and EVP	2020	231,123	1,134,409	—	—	—	6,934	1,372,466
Shelley Simpson CCO, and EVP of People and HR	2020	541,500	2,780,603	—	—	—	27,341	3,349,444
	2019	521,784	1,991,710	—	—	—	27,517	2,541,011
	2018	496,600	1,746,255		490,805	—	20,483	2,754,143
Nicholas Hobbs COO, President of Contract Services, and EVP	2020	541,500	2,780,603	—	—	—	19,846	3,341,949
	2019	520,601	1,991,710	—	—	—	22,121	2,534,432
	2018	485,505	1,746,255	—	487,730	—	18,430	2,737,920
Darren Field [5] President of Intermodal and EVP	2020	387,308	2,116,211	—	—	—	25,523	2,529,042
Terrence D.Matthews [6] EVP and President of Intermodal	2020	301,490	—	—	—	—	2,830,463	3,131,953
	2019	523,991	2,475,442	—	—	—	18,360	3,017,793
	2018	500,630	1,746,255	—	490,805	—	19,872	2,757,562

(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 ten years) and the achievement of operating income, EBITDA, or ROIC performance goals established by the Compensation Committee at the time of grant. No stock options were granted during 2020, 2019, or 2018.

(3) Mr. Mee retired from the Company on April 1, 2020. Pursuant to Mr. Mee's retirement agreement dated February 14, 2020, Mr. Mee's outstanding unvested awards of performance-based restricted share units granted prior to January 1, 2020, were accelerated and vested automatically on April 1, 2020, without regard to performance conditions, the value of which is included in Mr. Mee's "All Other Compensation" for 2020 and quantified in the table below. The share units granted to Mr. Mee in January 2020 were automatically forfeited upon his retirement. Excluding the grant date fair value of the forfeited January 2020 share unit awards, Mr. Mee's total compensation for 2020 was $5,292,595.

(4) Mr. Kuhlow became interim Chief Financial Officer effective March 1, 2020, and was named Chief Financial Officer and Executive Vice President effective December 1, 2020.

(5) Mr. Field was promoted to President of Intermodal and Executive Vice President effective April 1, 2020.

(6) Mr. Matthews retired from the Company on July 16, 2020. Pursuant to Mr. Matthews' retirement agreement dated February 14, 2020, Mr. Matthews' outstanding unvested awards of performance-based restricted share units were accelerated and vested automatically on July 16, 2020, without regard to performance conditions, the value of which is included in Mr. Matthews' "All Other Compensation" for 2020 and quantified in the table below. Mr. Matthews did not receive any share unit awards for 2020.

Components of All Other Compensation for Calendar Year 2020

Name	Perquisites and Other Personal Benefits ($)	Company Contributions to 401(k) Plan ($)	Restricted Share Units Accelerated Vesting ($) (1)	Total ($)
John N. Roberts, III	25,305	8,550	—	33,855
David G. Mee	20,114	—	5,119,676	5,139,790
John Kuhlow	—	6,934	—	6,934
Shelley Simpson	18,791	8,550	—	27,341
Nicholas Hobbs	11,296	8,550	—	19,846
Darren Field	23,586	1,937	—	25,523
Terrence D. Matthews	8,600	4,513	2,817,350	2,830,463

(1) David G. Mee's and Terrence D. Matthews' retirement agreements provided for accelerated vesting of 56,571 restricted share units and 21,255 restricted share units, respectively, upon their retirement.

Components of Perquisites for Calendar Year 2020

Name	Personal Administrative Support ($)	Security Services ($)	Personal Use of Company Plane ($) (1)	Legal and Accounting Fees ($)	Club Dues ($)	Total Perquisites and Other Personal Benefits ($)
John N. Roberts, III	4,205	2,267	—	10,000	8,833	25,305
David G. Mee	—	—	17,496	—	2,618	20,114
John Kuhlow	—	—	—	—	—	—
Shelley Simpson	—	—	—	10,000	8,791	18,791
Nicholas Hobbs	—	—	—	1,750	9,546	11,296
Darren Field	—	—	14,045	590	8,951	23,586
Terrence D. Matthews	—	—	—	1,945	6,655	8,600

(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. In addition to the above, 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. David G. Mee and Terrence D. Matthews had such imputed income in 2020. 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. Also, throughout 2020, John N. Roberts, III maintained a personal account with NetJets that was linked to the Company's direct NetJets agreement and allowed Mr. Roberts to receive a discounted monthly management fee, at no Incremental cost to the Company.

Grants of Plan-Based Awards for 2020

The following table reflects estimated possible payouts under equity and non-equity incentive plans to the NEOs during 2020. The Company's 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. Equity-based awards are subject to performance periods ranging from one to three years, as further described on page 52 under "Long-Term Compensation Analyses and Policies."

The MIP is an annual plan consisting of equity-based awards only. The number of performance-based or time-based restricted share units awarded is measured based on the executive's level of responsibility and other matters described on page 61 under "Long-Term, Equity-Based Award." Dividends are not paid on awards of performance-based or time-vested restricted share units.

In 2020, 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. Due to his previously announced retirement effective July 16, 2020, Terrence D. Matthews was not eligible to receive a cash bonus under the non-equity incentive award plans. Please refer to page 60 under "Annual Bonus Award" for further detail.

		Estimated Possible Payouts Under Non-Equity Incentive Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards	All Other Option Awards		
Name/Award	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											
AOI	1/22/20	—	—	—	9,424	37,699	37,699	—	—	—	4,171,017
EBITDA	1/22/20	—	—	—	3,142	6,284	9,426	—	—	—	695,262
ROIC	1/22/20	—	—	—	6,283	6,283	12,566	—	—	—	695,151
Bridge	1/22/20	—	—	—	2,850	8,550	8,550	—	—	—	945,972
CBP	1/22/20	183,000	183,000	503,250	—	—	—	—	—	—	—
PGI	1/22/20	665,000	665,000	1,110,000	—	—	—	—	—	—	—
David G. Mee											
AOI	1/22/20	—	—	—	3,278	13,113	13,113	—	—	—	1,450,822
EBITDA	1/22/20	—	—	—	1,093	2,186	3,279	—	—	—	241,859
ROIC	1/22/20	—	—	—	2,185	2,185	4,370	—	—	—	241,749
Bridge	1/22/20	—	—	—	1,093	3,278	3,278	—	—	—	362,678
CBP	1/22/20	108,000	108,000	297,000	—	—	—	—	—	—	—
PGI	1/22/20	234,000	234,000	472,800	—	—	—	—	—	—	—
John Kuhlow											
Promo.	11/20/20	—	—	—	2,490	7,471	7,471	—	—	—	967,121
Time	1/22/20	—	—	—	—	—	—	1,512	—	—	167,288
CBP	1/22/20	44,400	44,400	122,100	—	—	—	—	—	—	—
PGI	1/22/20	80,000	80,000	160,000	—	—	—	—	—	—	—
Shelley Simpson											
AOI	1/22/20	—	—	—	3,278	13,113	13,113	—	—	—	1,450,822
EBITDA	1/22/20	—	—	—	1,093	2,186	3,279	—	—	—	241,859
ROIC	1/22/20	—	—	—	2,185	2,185	4,370	—	—	—	241,748
Bridge	1/22/20	—	—	—	1,092	3,278	3,278	—	—	—	362,678
Promo.	11/20/20	—	—	—	1,245	3,735	3,735	—	—	—	483,496
CBP	1/22/20	108,000	108,000	297,000	—	—	—	—	—	—	—
PGI	1/22/20	234,000	234,000	472,800	—	—	—	—	—	—	—

		Estimated Future Payouts Under Non-Equity Incentive Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards	All Other Option Awards		
Name/Award	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)
Nicholas Hobbs											
AOI	1/22/20	—	—	—	3,278	13,113	13,113	—	—	—	1,450,822
EBITDA	1/22/20	—	—	—	1,093	2,186	3,279	—	—	—	241,859
ROIC	1/22/20	—	—	—	2,185	2,185	4,370	—	—	—	241,748
Bridge	1/22/20	—	—	—	1,092	3,278	3,278	—	—	—	362,678
Promo.	11/20/20	—	—	—	1,245	3,735	3,735	—	—	—	483,496
CBP	1/22/20	108,000	108,000	297,000	—	—	—	—	—	—	—
PGI	1/22/20	234,000	234,000	472,800	—	—	—	—	—	—	—
Darren Field											
AOI	1/22/20	—	—	—	1,639	6,556	6,556	—	—	—	725,355
EBITDA	1/22/20	—	—	—	547	1,093	1,640	—	—	—	120,930
ROIC	1/22/20	—	—	—	1,093	1,093	2,186	—	—	—	120,930
Bridge	1/22/20	—	—	—	547	1,643	1,643	—	—	—	181,782
Promo.	1/22/20	—	—	—	874	8,742	8,742	—	—	—	967,214
CBP	1/22/20	80,000	80,000	220,000	—	—	—	—	—	—	—
PGI	1/22/20	148,500	148,500	296,333	—	—	—	—	—	—	—

(1) This column reflects the maximum non-equity incentive award each NEO was eligible to receive for 2020 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 65 of this Proxy Statement.

(2) This column reflects the number of performance-based or time-based restricted share units that were granted to the NEOs in 2020.

(3) The fair value of the awards was based on a 3.20% discount from the Company's closing stock price of $114.30 on January 22, 2020, measured at the target performance level, except for awards granted to Mr. Kuhlow, Mr. Hobbs, and Ms. Simpson upon their promotions, which were based on a 3.28% discount from the Company's closing stock price of $133.84 on November 20, 2020. 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. Performance-based restricted share units subject to EBITDA and ROIC are recorded at their target of 100% of the units granted.

Key to Plan-Based Awards Table:

AOI	Annual Operating Income Performance-Based Units	ROIC	Annual ROIC Performance-Based Units	Promo.	Promotion Operating Income Performance-Based Units	CBP	Company Bonus Plan
EBITDA	Annual EBITDA Performance-Based Units	Bridge	Bridge Operating Income Performance-Based Units	Time	Time-Based Units	PGI	Performance Growth Incentive Plan

Outstanding Equity Awards at Calendar Year-end 2020

As of December 31, 2020, 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, 2020.

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 ($) (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (2)
John N. Roberts, III			12,371	1,690,497
			15,917	2,175,058
			42,325	5,783,711
			37,699	5,151,568
			8,550	1,168,358
			12,567	1,717,281
John Kuhlow	6,670	911,456		
	411	56,163		
	510	69,692		
	1,031	140,886		
	1,210	165,347		
			7,471	1,020,912
Shelley Simpson	3,000	409,950		
	20,000	2,733,000		
			3,048	416,509
			5,699	778,768
			15,153	2,070,657
			13,113	1,791,891
			3,278	447,939
			4,371	597,297
			3,735	510,388
Nicholas Hobbs	20,000	2,733,000		
			3,048	416,509
			5,699	778,768
			15,153	2,070,657
			13,113	1,791,891
			3,278	447,939
			4,371	597,297
			3,735	510,388
Darren Field	2,748	375,514		
			885	120,935
			7,162	978,687
			6,556	895,877
			8,742	1,194,594
			1,643	224,516
			2,186	298,717

(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. Performance-based restricted share units subject to EBITDA and ROIC are recorded at their target of 100% of the units granted.

Time-Based Awards

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
John Kuhlow	3,330	7/15/21	344	10/31/22
	3,340	7/15/22	344	10/31/23
	411	7/15/21	302	10/31/21
	255	10/31/21	302	10/31/22
	255	10/31/22	303	10/31/23
	343	10/31/21	303	10/31/24
Shelley Simpson	3,000	7/15/21	6,667	7/15/22
	6,666	7/15/21	6,667	7/15/23
Nicholas Hobbs	6,666	7/15/21	6,667	7/15/23
	6,667	7/15/22		
Darren Field	687	1/31/21	687	1/31/23
	687	1/31/22	687	1/31/24

Performance-Based Awards

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
John N. Roberts, III	12,371	7/15/21	9,425	1/31/22
	7,958	1/31/21	9,425	1/31/23
	7,959	1/31/22	9,425	1/31/24
	14,108	1/31/21	2,850	1/31/21
	14,108	1/31/22	5,700	1/31/22
	14,109	1/31/23	12,567	1/31/23
	9,424	1/31/21		
John Kuhlow	2,490	1/31/26	2,491	1/31/28
	2,490	1/31/27		
Shelley Simpson	3,048	7/15/21	3,278	1/31/23
	2,849	1/31/21	3,279	1/31/24
	2,850	1/31/22	1,092	1/31/21
	5,051	1/31/21	2,186	1/31/22
	5,051	1/31/22	4,371	1/31/23
	5,051	1/31/23	1,245	1/31/26
	3,278	1/31/21	1,245	1/31/27
	3,278	1/31/22	1,245	1/31/28
Nicholas Hobbs	3,048	7/15/21	3,278	1/31/23
	2,849	1/31/21	3,279	1/31/24
	2,850	1/31/22	1,092	1/31/21
	5,051	1/31/21	2,186	1/31/22
	5,051	1/31/22	4,371	1/31/23
	5,051	1/31/23	1,245	1/31/26
	3,278	1/31/21	1,245	1/31/27
	3,278	1/31/22	1,245	1/31/28

Darren Field	442	1/31/21	2,186	1/31/23
	443	1/31/22	874	1/31/21
	2,364	1/31/24	874	1/31/22
	2,364	1/31/25	874	1/31/23
	2,434	1/31/26	874	1/31/24
	1,639	1/31/21	874	1/31/25
	1,639	1/31/22	874	1/31/26
	1,639	1/31/23	874	1/31/27
	1,639	1/31/24	874	1/31/28
	547	1/31/21	875	1/31/29
	1,096	1/31/22	875	1/31/30

(2) Values are based on the last closing market price of $136.65 on December 31, 2020.

Restricted Share Units Vested for 2020

The following table sets forth information concerning restricted share units vested during 2020.

Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (1) (2)
John N. Roberts, III	14,108	1,522,676
	11,692	1,523,935
	12,371	1,612,436
	7,959	859,016
Total	46,130	5,518,063
David G. Mee	13,537	1,225,099
	6,667	719,569
	20,000	1,810,000
	3,111	281,546
	6,096	551,688
	8,128	735,584
	5,699	515,760
	2,849	307,492
Total	66,087	6,146,737
John Kuhlow	302	36,765
	343	41,757
	3,330	434,032
	440	57,350
	411	53,570

	255	31,044
Total	5,081	654,518
Shelley Simpson	5,051	545,154
	3,000	391,020
	3,888	506,762
	4,978	648,833
	3,048	397,276
	2,849	307,493
Total	22,814	2,796,538
Nicholas Hobbs	5,051	545,154
	3,000	391,020
	3,888	506,762
	4,978	648,833
	3,048	397,276
	2,849	307,493
Total	22,814	2,796,538
Darren Field	687	74,148
	600	78,204
	2,000	260,680
	443	47,813
Total	3,730	460,845
Terrence D. Matthews	12,556	1,664,298
	12,555	1,355,061
	3,000	391,020
	3,000	397,650
	5,699	755,402
	2,849	307,493
Total	39,659	4,870,924

(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 2020 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	24,436
David G. Mee	40,216
John Kuhlow	3,327
Shelley Simpson	12,352
Nicholas Hobbs	12,281
Darren Field	2,909
Terrence D. Matthews	21,679

(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 2020

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 $23,078,077 as of December 31, 2020, and $20,410,750 as of December 31, 2019. 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 $23,078,077 as of December 31, 2020, and $20,410,750 as of December 31, 2019.

Name	Executive Contributions in 2020 ($) (1)	Registrant Contributions in 2020 ($)	Aggregate Earnings in 2020 ($)	Aggregate Withdrawals and Distributions ($)	Aggregate Balance at December 31, 2020 ($) (1)
John N. Roberts, III	—	—	—	—	—
David G. Mee	—	—	—	—	—
John Kuhlow	—	—	—	—	—
Shelley Simpson	—	—	—	—	—
Nicholas Hobbs	—	—	—	—	—
Darren Field	—	—	—	—	—
Terrence D. Matthews	150,433	—	279,937	—	5,284,234

(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, 2020 were $668,515 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, in 2020 the Company entered into an Executive Retirement Agreement with David G. Mee (Mr. Mee's Retirement Agreement). 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, were accelerated and vested automatically on April 1, 2020, without regard to performance conditions, and he became entitled to health insurance coverage under the Company's health insurance plans in accordance with COBRA. Upon Mr. Mee's retirement, he received 56,571 shares, collectively valued at $5,119,676 as of April 1, 2020. The receipt of these equity awards and benefits were subject to Mr. Mee's compliance with certain non-competition, non-solicitation, and non-interference covenants described in Mr. Mee's Retirement Agreement for a specified period following his retirement. Mr. Mee's Retirement Agreement also included a customary release of claims in favor of the Company.

Also in 2020, the Company entered into an Executive Retirement Agreement with Terrence D. Matthews (Mr. Matthews' Retirement Agreement). Under the terms of Mr. Matthews' Retirement Agreement, which was effective as of February 14, 2020, certain outstanding unvested awards of performance-based restricted share units that were scheduled to vest in 2020 and 2021, were accelerated and vested automatically on July 16, 2020, without regard to performance conditions, and he became entitled to health insurance coverage under the Company's health insurance plans in accordance with COBRA. Upon Mr. Matthews' retirement, he received 21,255 shares, collectively valued at $2,817,350 as of July 16, 2020. The receipt of these equity awards and benefits were subject to Mr. Matthews' compliance with certain non-competition, non-solicitation, and non-interference covenants described in Mr. Matthews' Retirement Agreement for a specified period following his retirement. Mr. Matthews' Retirement Agreement also included a customary release of claims in favor of the Company.

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 not 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 cessation of employment with the Company.

Potential benefits to an NEO 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 $136.65 on December 31, 2020.

John N. Roberts, III	$17,686,473
John Kuhlow	2,364,456
Shelley Simpson	9,756,399
Nicholas Hobbs	9,346,449
Darren Field	4,088,840

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 2020, our last completed fiscal year:

- The median of the annual total compensation of all of the Company's employees, other than our CEO, was $67,154.
- The annual total compensation of our CEO was $7,453,372.
- Based on this information, the ratio for 2020 of the annual total compensation of our CEO to the median of the annual total compensation of all other employees was 111 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 last identified its median employee in 2017. Accordingly, for the 2020 pay ratio calculation, we performed the following to identify the median employee in 2020:

- We conducted a full analysis of our employee population as of our determination date of November 30, 2020.
- We excluded employees residing in Mexico and Canada from our calculation under the De Minimis Exemption. Employees located in Mexico and Canada constituted 0.07% and 0.02% of our total employee population, respectively, which consisted of 21 individuals in Mexico and 5 individuals in Canada as of our determination date.
- Our employee population, after taking into consideration the aforementioned adjustments, consisted of 29,070 individuals. Of these employees, 28,798 individuals were full-time (or full-time equivalent) employees, with the remainder employed on a part-time (less than 30 hours per week) basis. 99.91% of our employees (29,070 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, 2020, through November 30, 2020. 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 a local driver.

To determine the annual total compensation of the "median employee" for 2020, 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.

COMPENSATION COMMITTEE REPORT

Prior to the Company's 2020 Annual Meeting of Stockholders held on April 23, 2020, the 2020 Compensation Committee was composed of Coleman H. Peterson, Chairman, Francesca M. Edwardson, Sharilyn S. Gasaway, and Gary C. George. Effective upon election of directors at the 2020 Annual Meeting of Stockholders, the 2020 Compensation Committee was composed of James L. Robo, Chairman, Sharilyn S. Gasaway, Gary C. George, and Gale V. King. None of these directors has been an officer or employee of the Company and all such directors have been determined by the Board to be independent or were determined by the Board to be independent during the time in which he or she served on the Compensation Committee. Additionally, all such members of the Compensation Committee qualified during their service on the committee or currently qualify, as applicable, 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 three times in 2020 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 2020.

The Compensation Committee has reviewed and discussed the preceding 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.
2020 Executive Compensation Committee
James L. Robo, Chairman
Sharilyn S. Gasaway
Gary C. George
Gale V. King

PROPOSAL 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 47, 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 2020 and prior years vest annually subject to attainment of annual operating income goals. In 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 2020 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 2021 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 2020, 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 Audit Committee

The 2020 Audit Committee was composed of Sharilyn S. Gasaway, Chairman, Douglas G. Duncan, and Francesca M. Edwardson. Ms. Gasaway and Mr. Duncan each served as a member of the Audit Committee during the full 2020 calendar year, while Ms. Edwardson joined the Audit Committee immediately after our 2020 Annual Meeting. 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 Ms. Gasaway and Mr. Duncan 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 "Corporate Responsibility" 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 2020, 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 2020 calendar year and met and held discussions with management, the Company's internal auditors and Ernst & Young LLP, 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, 2020, as filed with the SEC.

J.B. Hunt Transport Services, Inc.
2020 Audit Committee Members
Sharilyn S. Gasaway, Chairman
Douglas G. Duncan
Francesca M. Edwardson

PROPOSAL THREE RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected Ernst & Young LLP (E&Y) as the Company's independent registered public accounting firm to examine the consolidated financial statements of the Company for the 2021 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 2021 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 2021 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 2021 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 2021 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 2020 and 2019 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 2020 and 2019 calendar years, respectively:

	2020 ($)	2019 ($)
Audit fees (1)	1,392,000	1,550,100
Audit-related fees (2)	30,500	29,000
Tax fees (3)	251,801	342,061
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 2020 and 2019.

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 does not 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.

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 22, 2021
Time:	10 a.m. Central Daylight Time
Location:	J.B. Hunt Transport Services, Inc. Corporate Offices Elevation 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, Thad Hill, 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 2022.
- 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 E&Y as the Company's independent registered public accounting firm for the 2021 calendar year.
- 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 16, 2021, 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 105,705,006 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.

As of the record date, directors and executive officers of the Company beneficially owned an aggregate 3,480,369 shares of common stock representing 3.3% of our common stock issued and outstanding and, therefore, 3.3% 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 2021 calendar year

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 21, 2021 (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 and the advisory vote concerning executive compensation 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 2021 calendar year, and
4. 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 2020, the Company retained Broadridge, an independent proxy solicitation firm, to assist in soliciting proxies from stockholders. The Company paid Broadridge a fee of approximately $83,000 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 2021 are expected to be comparable to those paid in 2020.

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 2022 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 2022 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 18, 2021, 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 2022 Annual Meeting of Stockholders, if we do not receive notice of a matter or proposal to be considered by February 2, 2022, 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 business days after the annual stockholders meeting on April 22, 2021.

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.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Will I Be Able To Access The Annual Meeting Remotely?

Yes. Due to the ongoing public health impact of the COVID-19 pandemic, the Company will provide live audio conference call access for stockholders to listen remotely to the 2021 Annual Meeting. Stockholders as of the record date who wish to remotely listen to the meeting must register before 10:00 a.m. (CDT) on April 21, 2021, to receive a dial-in number, personal access code, and meeting agenda. The registration link will be provided by press release in advance of that date. The Company encourages you to take advantage of this remote opportunity considering current public health conditions.

What Safety Protocols Will Be In Place For In-Person Attendees In Light Of The COVID-19 Pandemic?

To protect the health and safety of those attending the 2021 Annual Meeting in person, only stockholders as of the record date and pre-authorized employees of the Company will be entitled to attend the meeting or any adjournments thereof in person. All in-person attendees must:

1. Respond to the Company's COVID-19 visitor screening questionnaire prior to attendance and upon arrival;
2. Wear a face covering at all times while inside the Company's corporate buildings; and
3. Maintain a minimum six-foot distance from others at all times while inside the Company's corporate buildings.

In-person attendees, excluding pre-authorized employees, must notify the Company of their intention to attend the 2021 Annual Meeting in-person before 10:00 a.m. (CDT) on April 21, 2021, by emailing Amy.Bain@jbhunt.com or calling 479-820-8111.

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 2021 calendar year,

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

J.B. HUNT TRANSPORT SERVICES, INC.

2020 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, 2020
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:

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

Securities registered pursuant to Section 12(g) of the Act: None

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. [X]

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 83,657,096 shares of the registrant's $0.01 par value common stock held by non-affiliates as of June 30, 2020, was $10.1 billion (based upon $120.34 per share).

As of February 16, 2021, the number of outstanding shares of the registrant's common stock was 105,705,006.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Notice and Proxy Statement for the Annual Meeting of Stockholders, to be held April 22, 2021, 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. When we use words like "may," "plan," "contemplate," "anticipate," "believe," "intend," "continue," "expect," "project," "goals," "strategy," "future," "predict," "seek," "estimate," "likely," "could," "should," "would," and similar expressions, you should consider them as identifying forward-looking statements, although we may use other phrasing. 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; potential business or operational disruptions resulting from the ongoing effects of the novel coronavirus (COVID-19) pandemic, including any future spikes or outbreaks of the virus, as well as government actions taken in response to the pandemic; 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, while we perform the majority of the pickup and delivery services. 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, freight handling, specialized equipment, and freight network design. In addition, we provide local and home delivery services, generally referred to as final-mile delivery services, to customers through a network of cross-dock and other delivery system locations throughout the continental United States. Utilizing a network of thousands of reliable third-party carriers, we also provide comprehensive transportation and logistics services. In addition to dry-van, full-load operations, these unrelated outside carriers also provide flatbed, refrigerated, less-than-truckload (LTL), and other specialized equipment, drivers, and services. Also, we utilize a combination of company-owned and contracted power units to provide traditional over-the-road full truckload delivery 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 five 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), Final Mile Services® (FMS) and Truckload (JBT). Our business usually involves slightly higher freight volumes in August through early November. Meanwhile, DCS and FMS are subject to less seasonal variation than our other segments.

Our operations continue to be impacted by the COVID-19 global pandemic. Due to the nature of our business and the large portion of our workforce consisting of drivers and other non-office personnel, fewer than 25% of our total employees have been able to work remotely; however, we remain committed to the safety of our workforce, suppliers, and customers while continuing to meet our customers' needs. In March 2020, we began our COVID-19 response activities which have been expanded and will continue as necessary until the risks related to COVID-19 dissipate. Our COVID-19 safety response activities at our home office campus and all other field locations throughout North America include requiring remote working when possible, expanded health and safety policies, facility modifications, increased security coverage, and purchase and distribution of personal protective equipment and supplies. We are reviewing and analyzing both external and internal COVID-related data on a daily basis in anticipation of the full return to work phase of our COVID-19 response. Thus far throughout the pandemic, we have been pleased with the continued performance of our employees, particularly our drivers, who have been consistently available to serve our customers.

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

Our Mission: To create the most efficient transportation network in North America.

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 eleven 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. Throughout the years that followed, JBI established multiple agreements with other Class I railroads. JBI draws on the intermodal services of these 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 98,689 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 83,259 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 5,166 company-owned tractors, 497 independent contractor trucks, and 6,745 company drivers. At December 31, 2020, the total JBI employee count was 7,673. Revenue for the JBI segment in 2020 was $4.68 billion.

DCS Segment

DCS focuses on private fleet conversion and creation in replenishment and specialized equipment. We specialize in the design, development, and execution of supply chain solutions that support a variety of transportation networks. 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, 2020, this segment operated 9,408 company-owned trucks, 498 customer-owned trucks, and 5 independent contractor trucks. DCS also operates 19,573 owned pieces of trailing equipment and 7,717 customer-owned trailers. The DCS segment employed 12,785 people, including 11,039 drivers, at December 31, 2020. DCS revenue for 2020 was $2.20 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 multiple remote sales offices or branches, as well as on-site logistics personnel working in direct contact with customers.

At December 31, 2020, the ICS segment employed 1,011 people, with a carrier base of approximately 100,200. ICS revenue for 2020 was $1.66 billion.

FMS Segment

FMS provides final-mile delivery services to customers through a nationwide network of cross-dock and other delivery system network locations, with 98% of the continental U.S. population living within 150 miles of a network location. FMS provides both asset and non-asset big and bulky delivery and installation services, as well as fulfillment and retail-pooling distributions services. FMS contracts with customers range from one to five years, with the average being approximately three years.

At December 31, 2020, this segment operated 1,255 company-owned trucks, 265 customer-owned trucks, and 33 independent contractor trucks. FMS also operates 963 owned pieces of trailing equipment and 159 customer-owned trailers. The FMS segment employed 2,929 people, including 1,625 drivers and 207 delivery and material assistants, at December 31, 2020. FMS revenue for 2020 was $689 million.

JBT Segment

The service offering in this segment is full-load, dry-van freight, utilizing tractors and trailers 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, 2020, the JBT segment operated 798 company-owned tractors and employed 1,049 people, 797 of whom were drivers. At December 31, 2020, we had 971 independent contractors operating in the JBT segment. JBT revenue for 2020 was $463 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 specific sales forces in DCS and FMS 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.

Human Capital Resources

General

Despite operating nearly 150,000 pieces of transportation equipment, our single greatest asset and one of the factors differentiating us from our competitors is our service-oriented 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 by its stakeholders.

As of December 31, 2020, we had 30,309 employees, which consisted of 20,206 company drivers, 8,779 office personnel, 1,114 maintenance technicians, and 210 delivery and material assistants. We also had arrangements with 1,506 independent contractors to transport freight in our trailing equipment. None of our employees are represented by unions or covered by collective bargaining agreements.

In managing the Company's business, management focuses on various human capital measures and objectives designed to address the development, attraction, and retention of personnel. These include competitive compensation and benefits, paid time off, employee retirement plan, bonus and other incentive compensation plans, modern equipment and support, leadership development, and tuition assistance as well as those described below.

Diversity and Inclusion

We hold strongly to the principle that a qualified, diverse, and inclusive workforce helps us represent the broad cross-section of ideas, values, and beliefs of our employees, customers, suppliers, and communities. In 2017, we established our Diversity and Inclusion initiative which reaches enterprise-wide and aims to create an inclusive culture and environment where employees from all backgrounds can succeed and be heard. Employees are evaluated and hired nationally in accordance with established criteria and regulatory requirements specific to their anticipated role within the Company.

In addition, the Company's Employee Resource Groups (ERG) offer opportunities for employee professional development, community engagement, and networking. Comprised of groups for women, Latinos, veterans, LGBTQIA+, and African Americans, our ERGs promote camaraderie within the workforce and allow employees with similar interests to build meaningful work relationships.

Employee Safety and Health

The health and well-being of our workforce is a priority as we continue to ingrain safety into our corporate culture and strive to conduct all our operations as safely as possible. J.B. Hunt employees participate in regular job-specific safety training programs. In addition, J.B. Hunt's Million Mile Safe Driving and Recognition Awards Program has recognized and rewarded our drivers who dedicate themselves to accident-free driving. Since its inception in 1996, the program has awarded more than $31 million to over 3,900 drivers.

We believe that access to quality healthcare is also an important part of this priority, 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 this focus and the Company offers benefit plans that comply with all applicable laws.

In response to COVID-19, we implemented safety response activities at our home office campus and all other field locations throughout North America which included requiring remote working when possible, expanded health and safety policies, facility modifications, increased security coverage, and purchase and distribution of personal protective equipment and supplies. Due to the nature of our business and the large portion of our workforce consisting of drivers and other non-office personnel, fewer than 25% of our total employees have been able to work remotely; however, we remain committed to the safety of our workforce, suppliers, and customers while continuing to meet our customers' needs.

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, and dump trailers. We primarily utilize third-party carriers' tractor and trailing equipment for our ICS segment. Our FMS segment primarily utilizes straight trucks or similar equipment through third-party carriers, while the JBT segment operates primarily 53-foot dry-van trailers.

As of December 31, 2020, our company-owned tractor and truck fleet consisted of 16,627 units. In addition, we had 1,506 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, 2020, the average age of our combined tractor fleet was 2.3 years, while our containers averaged 7.7 years of age and our trailers averaged 6.7 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 and FMS segments 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 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. These laws and regulations have the effect of increasing the costs, risks and liabilities associated with our applicable operations. 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.

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.

Risks Related to Our Industry

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.

Our business is significantly impacted by the effects of national or international health pandemics on general economic conditions and the operations of our customers and third-party suppliers and service providers.

Our operations can be heavily impacted by the effects of a widespread outbreak of contagious disease, principally the recent outbreak of the COVID-19 virus. This virus has spread throughout multiple countries, including the United States, and in March 2020, the World Health Organization designated COVID-19 as a pandemic. The effects of COVID-19 have and may continue to disrupt or restrict the freight shipping activities of some of our customers, on which our business is dependent. In addition, adverse economic conditions caused by COVID-19 may also require us to increase our reserve for bad debt losses. Furthermore, the continuation of COVID-19 related social and economic disruptions may lead to other events which could negatively impact our operations including service limitations of our third-party purchased transportation providers, reduced availability of drivers and other key employees, disruptions in the procurement of revenue equipment, restrictions at U.S. ports of call, excess capacity or rate reductions within the intermodal or trucking industries, inability of suppliers to continue activities, or volatile financial credit markets. The extent to which the COVID-19 outbreak will impact general economic and business conditions is highly uncertain and unpredictable; however, any of these factors could have a significant adverse effect on our financial condition and results of operations.

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.

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, 2020, 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 2021 with substantially the same terms as our 2020 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 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.

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.

Risks Related to Our Business

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, 2020, our top 10 customers, based on revenue, accounted for approximately 37% of our revenue. One customer accounted for approximately 10% of our total revenue for the year ended December 31, 2020. 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.

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, theft or misuse of data, 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 also could experience an inability to keep pace with technological advances, resulting in our information technology platforms becoming obsolete or our competitors developing related or similar service offerings more effective than ours.

Acquisitions or business combinations may disrupt or have a material adverse effect on our operations or earnings.
A substantial portion of the growth of our FMS segment has resulted from strategic acquisitions, and our future growth strategy for FMS and possibly other operating segments may involve the acquisition of one or more businesses. 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 involving FMS or other segments, 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 50 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 120 leased or owned facilities in our FMS cross-dock and other delivery system networks, with the remaining three locations outsourced, and multiple 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	499	1,078,000	188,000
Cross-dock and delivery system facilities	20	3,528,000	130,000
Corporate headquarters campus, Lowell, Arkansas	119	—	607,000
Branch sales offices	—	—	52,000
Other facilities, offices, and parking yards	409	117,000	262,000

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 2019 the arbitrators issued a Final Award and we recorded pretax charges in the third quarter 2019 of $26.8 million related to certain charges claimed by BNSF and $17.4 million for legal fees, cost 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 (the Arkansas Federal Court) 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 moved to confirm the Final Award in the United States District Court for the District of Columbia, but that requested relief was ultimately denied and dismissed as moot. During the first quarter 2020, we recorded an $8.2 million pretax charge resulting from an adjusted calculation of the revenue divisions owed to BNSF under the Final Award. On July 21, 2020, the Arkansas Federal Court granted our motion in part, entering a judgment confirming the arbitration awards. In a sealed opinion, the Court denied our request for additional enforcement relief but did not foreclose our right to pursue post-confirmation enforcement in court or in arbitration if warranted. We have filed an appeal with the United States Court of Appeals for the Eighth Circuit seeking review of the Arkansas Federal Court's denial.

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.

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, 2020, we were authorized to issue up to 1 billion shares of our common stock, and 167.1 million shares were issued. We had 105.7 million and 106.2 million shares outstanding as of December 31, 2020 and 2019 respectively. On February 16, 2021, we had 988 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 21, 2021, we announced an increase in our quarterly cash dividend from $0.27 to $0.28 per share, which was paid February 19, 2021, to stockholders of record on February 5, 2021. 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, 2020:

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, 2020	143,912	$ 120.59	143,912	$ 503
November 1 through November 30, 2020	—	—	—	503
December 1 through December 31, 2020	—	—	—	503
Total	143,912	$ 120.59	143,912	$ 503

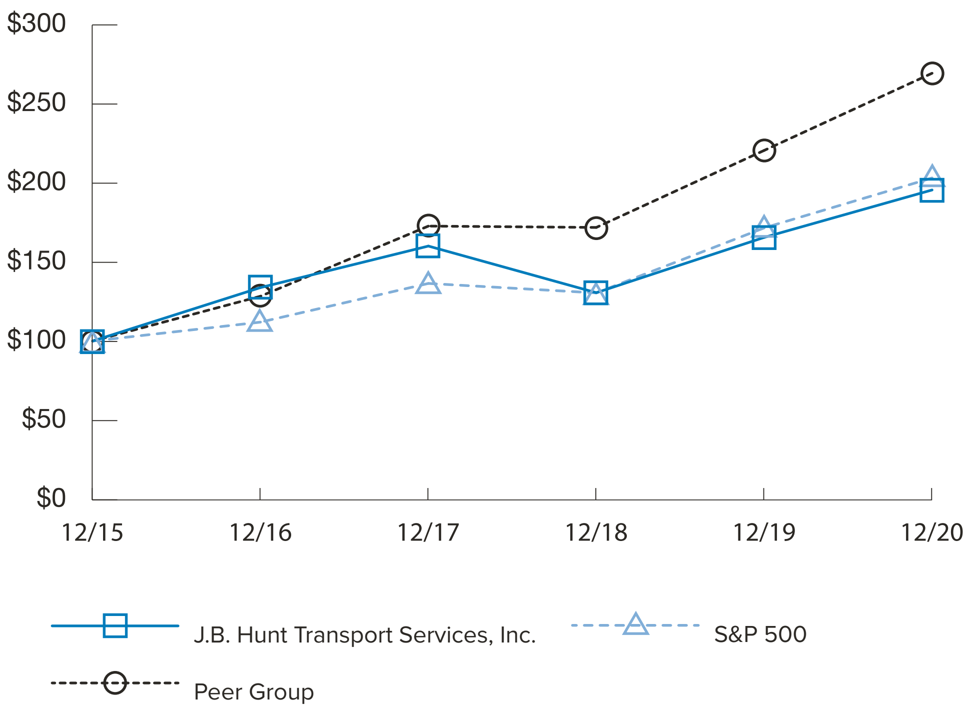
(1) On April 20, 2017, our Board of Directors authorized the purchase of up to $500 million of our common stock. On January 22, 2020, our Board of Directors authorized an additional purchase of up to $500 million of our common stock. This stock repurchase program has no expiration date.

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, 2015 and tracks it through December 31, 2020. 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,

	2015	2016	2017	2018	2019	2020
J.B. Hunt Transport Services, Inc.	$ 100.00	$ 133.79	$ 160.01	$ 130.55	$ 165.49	$ 195.45
S&P 500	100.00	111.96	136.40	130.42	171.49	203.04
Peer Group	100.00	128.31	172.63	171.77	220.44	269.20

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,	2020	2019	2018	2017	2016
Operating revenues	$ 9,637	$ 9,165	$ 8,615	$ 7,190	$ 6,555
Operating income	713	734	681	624	721
Net earnings	506	516	490	686	432
Basic earnings per share	4.79	4.81	4.48	6.24	3.84
Diluted earnings per share	4.74	4.77	4.43	6.18	3.81
Cash dividends per share	1.08	1.04	0.96	0.92	0.88
Operating expenses as a percentage of operating revenues:					
Rents and purchased transportation	51.4%	49.4%	51.5%	50.8%	49.7%
Salaries, wages and employee benefits	24.4	23.7	22.4	22.4	22.4
Depreciation and amortization	5.5	5.4	5.1	5.3	5.5
Fuel and fuel taxes	3.7	5.1	5.3	4.8	4.3
Operating supplies and expenses	3.5	3.6	3.5	3.6	3.6
General and administrative expenses, net of asset dispositions	1.8	2.1	1.8	1.8	1.3
Insurance and claims	1.4	1.7	1.5	1.7	1.2
Operating taxes and licenses	0.6	0.6	0.6	0.6	0.7
Communication and utilities	0.3	0.4	0.4	0.3	0.3
Total operating expenses	92.6	92.0	92.1	91.3	89.0
Operating income	7.4	8.0	7.9	8.7	11.0
Net interest expense	0.5	0.6	0.5	0.4	0.4
Earnings before income taxes	6.9	7.4	7.4	8.3	10.6
Income taxes	1.6	1.8	1.7	(1.2)	4.0
Net earnings	5.3 %	5.6%	5.7%	9.5%	6.6%

Balance sheet data as of December 31,	2020	2019	2018	2017	2016
Working capital ratio	1.70	1.43	1.11	1.45	1.65
Total assets (millions)	$ 5,928	$ 5,471	$ 5,092	$ 4,465	$ 3,951
Stockholders' equity (millions)	$ 2,600	$ 2,267	$ 2,101	$ 1,839	$ 1,414
Current portion of long-term debt (millions)	—	—	$ 251	—	—
Total debt (millions)	$ 1,305	$ 1,296	$ 1,149	$ 1,086	$ 986
Total debt to equity	0.50	0.57	0.55	0.59	0.70
Total debt as a percentage of total capital	33 %	36%	35%	37%	41%

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 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 and 2020, 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 2021 with substantially the same terms as our 2020 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, 2020, we had an accrual of approximately $257 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, 2020, we have recorded $304 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, 2020.

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 accounts receivable reduced by an allowance for uncollectible accounts. Receivables are recorded at amounts billed to customers when loads are delivered or services are performed. The allowance for uncollectible accounts is calculated over the life of the underlying receivable and is based on historical experience; any known trends or uncertainties related to customer billing and account collectability; current economic conditions; and reasonable and supportable economic forecasts, each applied to segregated risk pools based on the business segment that generated the receivable. 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.

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	
	2020	2019	2018	2020 vs. 2019	2019 vs. 2018
Operating revenues	100.0%	100.0%	100.0%	5.1%	6.4%
Operating expenses:					
Rents and purchased transportation	51.4	49.4	51.5	9.4	2.1
Salaries, wages and employee benefits	24.4	23.7	22.4	8.3	12.5
Depreciation and amortization	5.5	5.4	5.1	5.7	14.5
Fuel and fuel taxes	3.7	5.1	5.3	(22.8)	0.9
Operating supplies and expenses	3.5	3.6	3.5	0.4	9.7
General and administrative expenses, net of asset dispositions	1.8	2.1	1.8	(6.2)	17.6
Insurance and claims	1.4	1.7	1.5	(14.5)	21.5
Operating taxes and licenses	0.6	0.6	0.6	(1.8)	8.3
Communication and utilities	0.3	0.4	0.4	(3.7)	12.6
Total operating expenses	92.6	92.0	92.1	5.8	6.3
Operating income	7.4	8.0	7.9	(2.8)	7.8
Net interest expense	0.5	0.6	0.5	(11.0)	31.7
Earnings before income taxes	6.9	7.4	7.4	(2.2)	6.3
Income taxes	1.6	1.8	1.7	(2.8)	8.8
Net earnings	5.3%	5.6%	5.7%	(2.0)%	5.5%

2020 COMPARED WITH 2019

Consolidated Operating Revenues

Our total consolidated operating revenues increased 5.1% to $9.64 billion in 2020, compared to $9.17 billion in 2019, primarily due to increased ICS revenue per load, the December 2019 acquisition and new contractual business onboarded throughout 2020 in FMS, and increased load volumes in JBT and DCS. The increase in revenue was partially offset by a decrease in JBI revenue per load. Fuel surcharge revenues decreased 27.4% to $757 million in 2020, compared to $1.04 billion in 2019. If fuel surcharge revenues were excluded from both years, our 2020 revenue increased 9.3% over 2019.

Consolidated Operating Expenses

Our 2020 consolidated operating expenses increased 5.8% from 2019, while year-over-year revenue increased 5.1%, resulting in a 2020 operating ratio of 92.6% compared to 92.0% in 2019.

Rents and purchased transportation costs increased 9.4% in 2020, primarily due to increased load volume and third-party rail and truck purchased transportation rates in JBI and ICS and an increase in the use of third-party truck carriers by FMS and JBT during 2020, partially offset by JBI 2019 rail purchased transportation costs including a $26.8 million charge resulting from the issuance of an award regarding our arbitration with BNSF. Salaries, wages and employee benefit costs increased 8.3% in 2020 from 2019. This increase was primarily related to increases in driver pay and office personnel compensation due to a tighter supply of qualified drivers and an increase in the number of employees as well as higher cost of employee group medical benefits compared to 2019. In addition, 2020 included a $12.3 million one-time COVID-19 related bonus paid to employee drivers and other key field personnel. Depreciation and amortization expense increased 5.7% in 2020, primarily due to equipment purchases related to new DCS long-term customer contracts and the addition of standard and specialized trailing equipment within our JBI segment.

Fuel and fuel taxes expense decreased 22.8% in 2020 compared with 2019, due primarily to a decrease in the price of fuel during 2020. 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 were virtually flat in 2020 compared with 2019, driven primarily by higher operating supplies and building maintenance costs in response to COVID-19, increased toll costs, and higher equipment maintenance costs, offset by reduced travel and entertainment expenses. General and administrative expenses decreased 6.2% from 2019, primarily due to decreased professional fees, lower advertising costs, lower driver hiring expenses and, decreased net loss from the sale or disposal of assets, partially offset by increased technology spend on the J.B. Hunt 360° platform and legacy system upgrades, higher bad debt expenses, and increased building rental expenses. Additionally, net losses from sale or disposal of assets were $4.4 million in 2020, compared to net losses of $13.1 million in 2019. Insurance and claims expense decreased 14.5% in 2020, primarily due to the absence of a $20 million FMS claim settlement charge and $17.4 million in reserve charges in 2019 for arbitration related legal fees, cost and interest claimed by BNSF, partially offset by an increase in insurance premiums in 2020.

Net interest expense for 2020 decreased by 11.0% compared with 2019, due to lower effective interest rates on our debt. Income tax expense decreased 2.8% in 2020, due primarily to decreased taxable earnings in 2020. Our effective income tax rate was 24.0% in 2020 and 24.2% in 2019.

Segments

We operated five business segments during calendar year 2020. 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)

	2020	2019	2018
JBI	$ 4,675	$ 4,745	$ 4,717
DCS	2,196	2,128	1,788
ICS	1,658	1,348	1,335
FMS	689	567	375
JBT	463	389	417
Total segment revenues	9,681	9,177	8,632
Intersegment eliminations	(44)	(12)	(17)
Total	$ 9,637	$ 9,165	$ 8,615

Operating Income by Segment

Years Ended December 31, (in millions)

	2020	2019	2018
JBI	$ 428	$ 447	$ 401
DCS	314	278	195
ICS	(45)	(11)	50
FMS	(1)	(9)	(2)
JBT	17	29	37
Total	$ 713	$ 734	$ 681

OPERATING DATA BY SEGMENT

	Years Ended December 31,		
	2020	2019	2018
JBI			
Loads	2,019,391	1,979,169	2,049,014
Average length of haul (miles)	1,690	1,679	1,648
Revenue per load	$ 2,315	$ 2,397	$ 2,302
Average tractors during the period(1)	5,530	5,635	5,551
Tractors (end of period)	5,663	5,559	5,650
Trailing equipment (end of period)	98,689	96,743	94,902
Average effective trailing equipment usage	90,514	86,836	88,739
DCS			
Loads	3,676,212	3,353,553	2,728,683
Average length of haul (miles)	160	168	177
Revenue per truck per week(2)	$ 4,373	$ 4,378	$ 4,272
Average trucks during the period(3)	9,743	9,471	8,130
Trucks (end of period)	9,911	9,779	8,929
Trailing equipment (end of period)	27,290	27,015	25,721
ICS			
Loads	1,265,897	1,243,992	1,234,632
Revenue per load	$ 1,310	$ 1,084	$ 1,081
Gross profit margin	9.9%	13.1%	15.4%
Employee count (end of period)	1,011	1,213	1,142
Approximate number of third-party carriers (end of period)	100,200	84,400	73,100
Marketplace for J.B. Hunt 360° revenue (millions)	$1,142.2	$839.8	$557.8
FMS			
Stops	5,771,533	4,432,591	2,162,040
Average trucks during the period(3)	1,405	1,254	1,134
JBT			
Loads	406,550	346,459	355,038
Loaded miles (000)	171,141	143,511	151,322
Nonpaid empty mile percentage	18.8%	18.9%	16.7%
Revenue per tractor per week(2)	$ 3,978	$ 3,917	$ 4,148
Average tractors during the period(1)	1,837	1,958	1,990
Tractors (end of period)			
Company-owned	798	845	1,139
Independent contractor	971	986	973
Total tractors	1,769	1,831	2,112
Trailers (end of period)	8,567	6,975	6,800

(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 decreased 1% to $4.68 billion in 2020, from $4.74 billion in 2019. This decrease in revenue was primarily a result of a 3% decrease in revenue per load, which is the combination of changes in freight mix, customer rates, and fuel surcharge revenue, partially offset by a 2% increase in load volume. Eastern network load volumes decreased 1% and transcontinental loads increased 4% compared to 2019. Average length of haul increased 1% in 2020 when compared to 2019. Revenue per load excluding fuel surcharges increased approximately 1% compared to 2019.

Operating income of the JBI segment decreased to $428 million in 2020, from $447 million in 2019. Benefits from increased load volume in 2020 were more than offset by higher rail purchased transportation costs, COVID-19 related network inefficiencies, higher personnel costs, which included a one-time COVID-19 related bonus paid to employee drivers and other key field personnel, and higher dray costs resulting from disruptions in rail capacity and a constricted labor and truck capacity environment. Operating income for JBI in 2019 was impacted by a $26.8 million charge to rail purchase transportation expense resulting from the issuance of a final award regarding our arbitration with BNSF and a $17.4 million charge to insurance and claims expense, for arbitration related legal fees, cost and interest claimed by BNSF.

DCS Segment

DCS segment revenue increased 3% to $2.20 billion in 2020, from $2.13 billion in 2019. Productivity, defined as revenue per truck per week, remained flat when compared to 2019. Productivity excluding fuel surcharge revenue increased 2% from 2019. The increase in productivity was primarily a result of better utilization of assets between customer accounts, contracted customer rate increases, and increased customer supply chain fluidity. Customer retention rates remain above 98%.

Operating income of our DCS segment increased to $314 million in 2020, from $278 million in 2019. The increase is primarily due to increased fleet productivity, the absence of significant new customer implementation costs throughout the majority of the year, lower driver related turnover costs, and lower travel and entertainment expenses. Operating income was partially offset by higher non-driver personnel costs, a one-time COVID-19 related bonus and higher equipment ownership costs when compared to 2019.

ICS Segment

ICS segment revenue increased 23% to $1.66 billion in 2020, from $1.35 billion in 2019. Overall volumes increased 2%, with truckload volumes increasing 15% when compared to 2019. Revenue per load increased 21% when compared to 2019 primarily due to customer mix changes and higher spot and contractual pricing. Contractual business was approximately 60% of the total load volume and 43% of the total revenue in the 2020, compared to 65% of the total load volume and 49% of the total revenue in 2019.

ICS segment incurred an operating loss of $45 million in 2020, compared to operating loss of $11 million in 2019. The increase in operating loss was primarily due to lower gross profit margins and increased technology spending as the Marketplace for J.B. Hunt 360° continues to expand in functionality and capacity. Gross profit margin decreased to 9.9% in the current year versus 13.1% last year primarily due to a more competitive pricing environment and constricted supply dynamics compared to 2019. Approximately $1.14 billion of ICS revenue for 2020 was executed through the Marketplace for J.B. Hunt 360° compared to $840 million in 2019. ICS's carrier base increased 19%, and the employee count decreased 17% when compared to 2019.

FMS Segment

FMS revenue increased 22% to $689 million in 2020 from $567 million in 2019, primarily due to two business acquisitions completed in 2019 and an increase in new customer contracts throughout 2020, partially offset by the temporary suspension of operations at various customer sites in 2020 as a result of the effects of the COVID-19 pandemic. Stop count for 2020 increased 30%, and productivity, defined as revenue per stop, decreased 7% compared to 2019. The reduction in productivity was primarily due to a change in the mix of service methods to a more asset-light model resulting from the 2019 business acquisitions and a shift in the mix of services provided during 2020 as customers were affected by COVID-19 within our FMS network.

FMS segment had an operating loss of $1 million in 2020 compared to an operating loss of $9 million in 2019. The current period operating loss was primarily due to increased costs to expand and improve, through service quality performance controls, the FMS network, lost revenue resulting from the temporary suspension of operations at several customer sites in response to COVID-19, higher bad debt expense, higher personnel costs, which included a one-time COVID-19 related bonus, higher COVID-19 related operating supplies expense an increase in noncash amortization expense attributable to the 2019 business acquisitions. FMS segment operating loss for 2019 included a $20 million insurance claim settlement charge.

JBT Segment

JBT segment revenue increased 19% to $463 million in 2020, from $389 million in 2019. Excluding fuel surcharges, revenue for 2020 increased 23% compared to 2019, primarily due to a 17% increase in load volume and a 5% increase in revenue excluding fuel surcharge revenue per load compared to 2019. The 2020 growth in load count was partially due to the continued expansion of 360box which leverages the J.B. Hunt 360° platform. At the end of 2020, JBT operated 1,769 tractors and 8,567 trailers compared to 1,831 and 6,975 at the end of 2019.

JBT segment had operating income of $17 million in 2020 compared with $29 million in 2019. The decrease in operating income was driven primarily by higher purchased transportation expense and higher non-driver personnel cost and technology modernization expenses for the continued expansion of 360box compared to 2019.

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. 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 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.

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 19% to $2.13 billion in 2019, from $1.79 billion in 2018. Productivity, defined as revenue per truck per week, increased 2% when compared to 2018. Productivity excluding fuel surcharge revenue increased 3% from 2018. 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 2019 compared to 2018. DCS ended 2019 with a net additional 850 revenue-producing trucks when compared to 2018. Approximately 69% of these additions represent private fleet conversion. Customer retention rates for 2019 remained above 98%.

Operating income of our DCS segment increased to $278 million in 2019, from $195 million in 2018. The increase is primarily due to increased productivity and additional trucks under contract, partially offset by increased driver wages and recruiting costs, higher non-driver personnel costs, and higher equipment ownership costs 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.

FMS Segment

FMS revenue increased 51% to $567 million in 2019 from $375 million in 2018, primarily due to the business acquisition completed in the first quarter of 2019 and an increase in new customer contracts throughout 2019. Stop count for 2019 increased 105%, while productivity, defined as revenue per stop, decreased 26% compared to 2018. The reduction in productivity was primarily due to a change in the mix of service methods to a more asset-light model resulting from the 2019 business acquisition.

FMS segment had an operating loss of $9 million in 2019 compared to an operating loss of $2 million in 2018. The benefit of increased revenue was more than offset by higher insurance and claims costs, which included a $20 million insurance claim charge in 2019, higher costs from the expanded FMS network and additional non-cash amortization expense of $3.8 million 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.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities remained virtually flat totaling $1.12 billion in 2020, compared to $1.10 billion in 2019, due to the timing of general working capital activities, offset by the decrease in earnings.

Net cash used in investing activities totaled $613 million in 2020, compared with $804 million in 2019. The decrease resulted primarily from a decrease in equipment purchases, net of proceeds from the sale of equipment in 2020 and from 2019 including the completion of two business acquisitions.

Net cash used in financing activities was $232 million in 2020, compared with $267 million in 2019. This decrease resulted primarily from a decrease in treasury stock purchased in 2020. In addition, net cash used in financing activities for 2019 included the full retirement of our $250 million of 2.40% senior notes that matured in March 2019, partially offset by our issuance of $700 million of 3.875% senior notes due March 2026.

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 $0.24 per share quarterly dividend in 2018, a $0.26 per share quarterly dividend in 2019, and a $0.27 per share quarterly dividend in 2020. On January 21, 2021, we announced an increase in our quarterly cash dividend from $0.27 to $0.28 per share, which was paid February 19, 2021, to stockholders of record on February 5, 2021. 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 and chassis, trucks, tractors and trailers required to support our growth and the replacement of older equipment as well as periodic business acquisitions. We are frequently able to accelerate or postpone a portion of equipment replacements or other capital expenditures depending on market and overall economic conditions. During 2020, we postponed a portion of our equipment purchases in order to increase our available cash in light of the economic disruption and uncertainty resulting from COVID-19. In recent years, we have obtained capital through cash generated from operations, revolving lines of credit and long-term debt issuances. We have also periodically utilized operating leases to acquire revenue equipment. During the fourth quarter of 2020, we completed a business acquisition. See Note 12, Acquisition, in the Notes to Consolidated Financial Statements for further discussion. We used our existing cash to finance this transaction and to provide any necessary liquidity for current and future operations.

We believe our liquid assets, cash generated from operations, and revolving line of credit will provide sufficient funds for our operating and capital requirements for the foreseeable future. Should COVID-19 related economic conditions warrant, we believe we have sufficient credit resources available to meet our near and long-term operating and capital needs. At December 31, 2020, we had a cash balance of $313 million and we had no outstanding balance on our revolving line of credit, which authorizes us to borrow up to $750 million under a senior revolving line of credit, and is supported by a credit agreement with a group of banks that 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.

We are continually evaluating the possible effects of current economic conditions and reasonable and supportable economic forecasts on operational cash flows, including the risks of declines in the overall freight market and our customers' liquidity and ability to pay. We regularly monitor working capital and maintain frequent communication with our customers, suppliers and service providers. During 2020, operational cost reduction activities consisted primarily of canceling non-essential travel and hiring activities and the delay of other discretionary spending, which we will continue to do as necessary. A large portion of our cost structure is variable. Purchased transportation expense represents more than half of our total costs but is heavily tied to load volumes. Our second largest cost item is salaries and wages, the largest portion of which is driver pay, which includes a large variable component. Currently, we have made no adjustments to our costs that we consider more fixed in nature. However, we continue to monitor the environment and are prepared to adjust if necessary.

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 1.58% at December 31, 2020. The applicable interest rate under this swap agreement is based on LIBOR plus an established margin.

Our financing arrangements require us to maintain certain covenants and financial ratios. At December 31, 2020, we were well above compliance with all covenants and financial ratios, and we fully intend and expect to emerge from the current COVID-19 related economic environment with our investment-grade rating intact.

We are currently committed to spend a total of approximately $1.12 billion, net of proceeds from sales or trade-ins, during 2021 and 2022, 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 $1.12 billion, as of December 31, 2020.

Contractual Obligations and Commitments

The following table summarizes our expected obligations and commitments (in millions) as of December 31, 2020:

		Total		2021		2022-2023		2024-2025		2026 and thereafter
Operating leases	$	144.9	$	49.1	$	61.5	$	18.8	$	15.5
Long-term debt obligations		1,300.0		—		350.0		250.0		700.0
Interest payments on debt [1]		180.6		42.3		77.1		56.7		4.5
Commitments to acquire revenue equipment and facilities		1,123.0		774.0		349.0		—		—
Total	$	2,748.5	$	865.4	$	837.6	$	325.5	$	720.0

(1) Interest payments on debt are based on the debt balance and applicable rate at December 31, 2020.

We had standby letters of credit outstanding of approximately $3.8 million at December 31, 2020, that expire at various dates in 2021, which are related to certain operating agreements and our self-insured retention levels for casualty claims. We plan to renew these letters of credit in accordance with our third-party agreements. The table above excludes $71.7 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, 2020. 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, 2020, 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, 2020 and 2019

Consolidated Statements of Earnings for years ended December 31, 2020, 2019, and 2018

Consolidated Statements of Stockholders' Equity for years ended December 31, 2020, 2019, and 2018

Consolidated Statements of Cash Flows for years ended December 31, 2020, 2019, and 2018

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, 2020.

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, 2020. 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, 2020, our internal control over financial reporting is effective based on those criteria.

The effectiveness of internal control over financial reporting as of December 31, 2020, 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, 2020, 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 22, 2021.

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 22, 2021.

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 22, 2021.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes, as of December 31, 2020, 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	1,679,071	$ —[2]	5,120,327

(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 22, 2021.

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 22, 2021.

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 and Other Receivables for the Years Ended:	Balance at Beginning of Year	Charged to Expense	Write-Offs, Net of Recoveries	Balance at End of Year
December 31, 2018	15.9	8.9	(0.9)	23.9
December 31, 2019	23.9	2.8	(13.4)	13.3
December 31, 2020	13.3	5.6	(0.5)	18.4

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 2020 (incorporated by reference from Exhibit 99.1 of the Company's current report on Form 8-K/A, filed February 3, 2020)
10.4	Summary of Compensation Arrangements with Named Executive Officers for 2021 (incorporated by reference from Exhibit 99.1 of the Company's current report on Form 8-K, filed January 25, 2021)
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.
22.1	List of Guarantor 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
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 22nd day of February 2021.

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 22nd day of February 2021, 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	Chief Financial Officer, Executive Vice President (Principal Financial and Accounting 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/ Gale V. King Gale V. King	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, 2020. 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, 2020, our internal control over financial reporting is effective based on those criteria.

The effectiveness of internal control over financial reporting as of December 31, 2020, 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
Chief Financial Officer,
Executive Vice President
(Principal Financial and Accounting 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, 2020 and 2019, the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, 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, 2020, 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 February 22, 2021, 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 Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates 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 matter 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Claims Accruals

Description of the Matter	At December 31, 2020, the Company's aggregate claims accrual was $257 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.

/s/ Ernst & Young LLP

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

Rogers, Arkansas
February 22, 2021

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, 2020, 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, 2020, 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, 2020 and 2019, the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2020, 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 February 22, 2021, 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
February 22, 2021

J.B. HUNT TRANSPORT SERVICES, INC.

Consolidated Balance Sheets

December 31, 2020 and 2019
(in thousands, except share data)

Assets	**2020**	**2019**
Current assets:		
Cash and cash equivalents	$ 313,302	$ 35,000
Trade accounts receivable, net	1,124,403	1,011,829
Other receivables	185,849	230,331
Inventories	23,804	21,106
Prepaid expenses	194,759	183,033
Total current assets	1,842,117	1,481,299
Property and equipment, at cost:		
Revenue and service equipment	4,991,662	4,837,747
Land	62,145	58,692
Structures and improvements	307,869	302,184
Software, office equipment and furniture	547,034	442,183
Total property and equipment	5,908,710	5,640,806
Less accumulated depreciation	2,219,816	2,019,940
Net property and equipment	3,688,894	3,620,866
Goodwill	105,367	96,326
Other intangible assets, net	106,755	106,506
Other assets	185,215	165,857
Total assets	$ 5,928,348	$ 5,470,854

Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	$ 587,510	$ 602,601
Claims accruals	276,056	279,590
Accrued payroll and payroll taxes	130,943	68,220
Other accrued expenses	90,294	85,355
Total current liabilities	1,084,803	1,035,766
Long-term debt	1,305,424	1,295,740
Other long-term liabilities	245,961	173,241
Deferred income taxes	692,022	699,078
Total liabilities	3,328,210	3,203,825
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, 2020 and 2019, of which 105,653,644 and 106,212,908 shares were outstanding at December 31, 2020 and 2019, respectively)	1,671	1,671
Additional paid-in capital	408,244	374,049
Retained earnings	4,984,739	4,592,938
Treasury stock, at cost (61,445,788 shares at December 31, 2020, and 60,886,524 shares at December 31, 2019)	(2,794,516)	(2,701,629)
Total stockholders' equity	2,600,138	2,267,029
Total liabilities and stockholders' equity	$ 5,928,348	$ 5,470,854

See Notes to Consolidated Financial Statements.

J.B. HUNT TRANSPORT SERVICES, INC.

Consolidated Statements of Earnings

Years Ended December 31, 2020, 2019 and 2018
(in thousands, except per share amounts)

	2020	2019	2018
Operating revenues, excluding fuel surcharge revenues	$ 8,879,653	$ 8,122,600	$ 7,557,648
Fuel surcharge revenues	756,920	1,042,658	1,057,226
Total operating revenues	9,636,573	9,165,258	8,614,874
Operating expenses:			
Rents and purchased transportation	4,954,123	4,528,812	4,434,540
Salaries, wages and employee benefits	2,347,716	2,167,851	1,926,213
Depreciation and amortization	527,375	499,145	435,893
Fuel and fuel taxes	357,483	463,195	459,011
Operating supplies and expenses	334,350	333,113	303,529
General and administrative expenses, net of asset dispositions	180,083	191,933	163,270
Insurance and claims	134,482	157,251	129,406
Operating taxes and licenses	54,331	55,336	51,080
Communication and utilities	33,511	34,797	30,911
Total operating expenses	8,923,454	8,431,433	7,933,853
Operating income	713,119	733,825	681,021
Interest income	486	1,754	224
Interest expense	47,580	54,684	40,427
Earnings before income taxes	666,025	680,895	640,818
Income taxes	159,990	164,575	151,233
Net earnings	$ 506,035	$ 516,320	$ 489,585
Weighted average basic shares outstanding	105,700	107,329	109,375
Basic earnings per share	$ 4.79	$ 4.81	$ 4.48
Weighted average diluted shares outstanding	106,766	108,307	110,428
Diluted earnings per share	$ 4.74	$ 4.77	$ 4.43
Dividends declared per common share	$ 1.08	$ 1.04	$ 0.96

See Notes to Consolidated Financial Statements.

J.B. HUNT TRANSPORT SERVICES, INC.

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2020, 2019 and 2018

(in thousands, except per share amounts)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Stockholders' Equity
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
Comprehensive income:					
Net earnings	—	—	506,035	—	506,035
Cash dividend declared and paid ($1.08 per share)	—	—	(114,234)	—	(114,234)
Purchase of treasury shares	—	—	—	(92,548)	(92,548)
Share-based compensation	—	60,698	—	—	60,698
Restricted share issuances, net of stock repurchased for payroll taxes and other	—	(26,503)	—	(339)	(26,842)
Balances at December 31, 2020	$ 1,671	$ 408,244	$ 4,984,739	$ (2,794,516)	$ 2,600,138

See Notes to Consolidated Financial Statements.

J.B. HUNT TRANSPORT SERVICES, INC.
Consolidated Statements of Cash Flows

Years Ended December 31, 2020, 2019 and 2018
(in thousands)

	2020	2019	2018
Cash flows from operating activities:			
Net earnings	$ 506,035	$ 516,320	$ 489,585
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	527,375	499,145	435,893
Noncash lease expense	45,985	39,517	—
Share-based compensation	60,698	53,324	47,369
Loss on sale of revenue equipment and other	4,389	13,057	12,107
Deferred income taxes	(7,056)	55,617	101,591
Changes in operating assets and liabilities:			
Trade accounts receivable	(109,758)	50,310	(130,931)
Income taxes receivable or payable	57,851	41,447	(41,071)
Other current assets	(18,038)	(4,975)	(6,133)
Trade accounts payable	(5,482)	(85,327)	98,037
Claims accruals	(9,072)	(20,727)	21,580
Accrued payroll and other accrued expenses	69,932	(59,361)	59,814
Net cash provided by operating activities	1,122,859	1,098,347	1,087,841
Cash flows from investing activities:			
Additions to property and equipment	(738,545)	(854,115)	(995,650)
Proceeds from sale of equipment	137,776	165,918	110,165
Business acquisition	(12,136)	(115,654)	—
Change in other assets	(52)	(111)	(1,288)
Net cash used in investing activities	(612,957)	(803,962)	(886,773)
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	222,124	1,591,014	3,204,715
Payments on revolving lines of credit and other	(220,100)	(1,904,000)	(3,137,900)
Purchase of treasury stock	(92,548)	(275,657)	(150,338)
Stock repurchased for payroll taxes and other	(26,842)	(16,525)	(19,563)
Dividends paid	(114,234)	(111,817)	(104,994)
Net cash used in financing activities	(231,600)	(266,985)	(208,080)
Net increase/(decrease) in cash and cash equivalents	278,302	27,400	(7,012)
Cash and cash equivalents at beginning of year	35,000	7,600	14,612
Cash and cash equivalents at end of year	$ 313,302	$ 35,000	$ 7,600
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 48,351	$ 46,721	$ 39,901
Income taxes	$ 95,454	$ 71,681	$ 83,822
Noncash investing activities			
Accruals for equipment received	$ 12,533	$ 25,505	$ 49,390

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 five 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 insignificant.

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.

The novel coronavirus (COVID-19) pandemic has created and may continue to create significant uncertainty in macro-economic conditions, which may cause a global economic recession, business slowdowns or shutdowns, depressed demand for our transportation and logistics businesses, and adversely impact our results of operations. We expect uncertainties around our key accounting estimates to continue to evolve depending on the duration and degree of impact associated with the COVID-19 pandemic. Our estimates may change, as new events occur and additional information is obtained, which are recognized or disclosed in our Consolidated Financial Statements as soon as they become known and may have a material impact on our financial statements.

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. Receivables are recorded at amounts billed to customers when loads are delivered or services are performed. The allowance for uncollectible accounts is calculated over the life of the underlying receivable and is based on historical experience; any known trends or uncertainties related to customer billing and account collectability; current economic conditions; and reasonable and supportable economic forecasts, each applied to segregated risk pools based on the business segment that generated the receivable. 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 for our trade accounts receivable was $18.4 million at December 31, 2020 and $13.3 million at December 31, 2019. During 2020, the allowance for uncollectible accounts increased by $5.6 million and was reduced $0.5 million by write-offs.

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, 2020 and 2019, 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 other 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 five 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 agreements or 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.

Final Mile Services® (FMS) - FMS provides final-mile delivery services to customers through a nationwide network of cross-dock and other delivery system network locations. FMS provides both asset and non-asset big and bulky delivery and installation services, as well as fulfillment and retail-pooling distributions services. FMS operations usually include formal, written agreements or contracts that govern services performed and applicable rates.

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,		
	2020	2019	2018
Weighted average shares outstanding – basic	105,700	107,329	109,375
Effect of common stock equivalents	1,066	978	1,053
Weighted average shares outstanding – diluted	106,766	108,307	110,428

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, 2020, 2019, and 2018, our top 10 customers, based on revenue, accounted for approximately 37%, 32%, and 30% of our total revenue. Our top 10 customers, based on revenue, accounted for approximately 37% and 34% of our total trade accounts receivable at December 31, 2020 and 2019, respectively. One customer accounted for approximately 10%, 8%, and 6% of our total revenue for the years ended December 31, 2020, 2019, and 2018, respectively. With the exception of FMS and JBT, each of our three remaining business segments conducts business with this customer.

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 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 and 2020, 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 2021 with substantially the same terms as our 2020 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, 2020 and 2019, we had an accrual of approximately $257 million and $263 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, 2020 and 2019, we have recorded $304 million and $281 million, respectively, of expected reimbursement for covered excess claims, other insurance deposits, and prepaid insurance premiums. Of these total asset balances, $167 million and $157 million have been included in other receivables, with the remaining balance included in prepaid expenses in our Consolidated Balance Sheets at December 31, 2020 and 2019, 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.

Accounting Pronouncements Adopted in 2020

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses, which replaced the existing 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 adopted the new standard on

January 1, 2020, using the cumulative-effect method. The adoption of the new guidance did not have a material impact on our financial statements.

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,	
	2020	2019
Senior notes	1,305.4	1,295.7

Aggregate maturities of long-term debt subsequent to December 31, 2020, are as follows: $361.3 million in 2022, $249.1 in 2024, and $695.0 million thereafter.

Senior Revolving Line of Credit

At December 31, 2020, 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, 2020, 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 financing arrangements require us to maintain certain covenants and financial ratios. We were in compliance with all covenants and financial ratios at December 31, 2020.

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 1.58% for our $350 million of 3.30% senior notes at December 31, 2020. 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, 2020. 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, 2020 or 2019. 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 21, 2021, we announced an increase in our quarterly cash dividend from $0.27 to $0.28 per share, which was paid February 19, 2021, to stockholders of record on February 5, 2021. At December 31, 2020, we had 1.7 million shares of common stock to be issued upon the vesting of equity awards and 5.1 million shares reserved for future issuance pursuant to share-based payment plans. During calendar year 2020, we purchased approximately 942,000 shares, or $92.5 million, of our common stock in accordance with plans authorized by our Board. At December 31, 2020, we had $503 million available under an authorized plan to purchase 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 2 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. The quantity of performance share units for which it is probable that the performance conditions will be achieved is estimated each reporting period, with any necessary adjustments recorded as a cumulative cost adjustment in the current period. 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,		
	2020	2019	2018
Restricted share units			
Pretax compensation expense	$ 47,044	$ 38,632	$ 32,797
Tax benefit	11,300	9,337	7,740
Restricted share units, net of tax	$ 35,744	$ 29,295	$ 25,057
Performance share units			
Pretax compensation expense	$ 13,654	$ 14,692	$ 14,572
Tax benefit	3,280	3,551	3,439
Performance share awards, net of tax	$ 10,374	$ 11,141	$ 11,133

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, 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
Granted	511,859	110.49
Vested	(457,437)	93.78
Forfeited	(22,694)	102.03
Unvested at December 31, 2020	1,345,146	$ 97.22

Performance Share Units	Number of Shares	Weighted Average Grant Date Fair Value
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
Granted	202,023	112.87
Vested	(145,038)	89.75
Forfeited	(98,588)	110.19
Unvested at December 31, 2020	333,925	$ 109.57

At December 31, 2020, we had $64.5 million and $17.1 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 3.0 years for restricted share units and 2.9 years for performance share units.

The aggregate intrinsic value of restricted and performance share units vested during the years ended December 31, 2020, 2019, and 2018, was $73.0 million, $47.0 million, and $55.1 million, respectively. The aggregate intrinsic value of unvested restricted and performance share units was $229.4 million at December 31, 2020. The total fair value of shares vested for restricted and performance share units during the years ended December 31, 2020, 2019, and 2018, was $56.3 million, $41.1 million, and $35.0 million, respectively.

7. Income Taxes

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

	Years ended December 31,		
	2020	2019	2018
Current:			
Federal	$ 138,952	$ 87,977	$ 22,904
State and local	28,094	20,981	26,738
	167,046	108,958	49,642
Deferred:			
Federal	(2,392)	51,229	97,670
State and local	(4,664)	4,388	3,921
	(7,056)	55,617	101,591
Total tax expense/(benefit)	$ 159,990	$ 164,575	$ 151,233

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,		
	2020	2019	2018
Income tax at federal statutory rate	$ 139,865	$ 142,988	$ 134,572
State tax, net of federal effect	20,071	19,293	24,627
Federal tax reform	—	—	(3,219)
Benefit of stock compensation	(3,503)	(1,238)	(4,919)
199/R&D credit	—	(200)	1,000
Nondeductible meals and entertainment	1,344	1,688	1,071
Change in effective state tax rate, net of federal benefit	98	1,562	(1,469)
Other, net	2,115	482	(430)
Total tax expense	$ 159,990	$ 164,575	$ 151,233

Income taxes receivable was $3.1 million and $60.9 million at December 31, 2020 and 2019, 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, 2020 and 2019, are presented below (in thousands):

	December 31,	
	2020	2019
Deferred tax assets:		
Insurance accruals	$ 24,304	$ 27,180
Allowance for doubtful accounts	9,270	8,052
Compensation accrual	10,809	4,925
CARES Act payroll tax deferral	19,931	—
Deferred compensation accrual	25,702	24,521
Federal benefit of state uncertain tax positions	10,312	9,867
Lease liabilities	32,625	30,251
State NOL carry-forward	8,460	7,495
Other	4,237	6,357
Total gross deferred tax assets	145,650	118,648
Valuation allowance	(8,460)	(7,495)
Total deferred tax assets, net of valuation allowance	137,190	111,153
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	748,883	729,016
Prepaid permits and insurance, principally due to expensing for income tax purposes	42,126	39,285
Lease right-of-use assets	32,952	30,014
Other	5,251	11,916
Total gross deferred tax liabilities	829,212	810,231
Net deferred tax liability	$ 692,022	$ 699,078

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,		
	2020	2019	2018
Beginning balance	$ 50.6	$ 52.2	$ 45.3
Additions based on tax positions related to the current year	9.8	11.0	13.9
Additions/(reductions) based on tax positions taken in prior years	13.9	(6.5)	(2.4)
Reductions due to settlements	(1.0)	—	—
Reductions due to lapse of applicable statute of limitations	(7.2)	(6.1)	(4.6)
Ending balance	$ 66.1	$ 50.6	$ 52.2

At December 31, 2020 and 2019, we had a total of $66.1 million and $50.6 million, respectively, in gross unrecognized tax benefits. Of these amounts, $57.1 million and $41.8 million represent the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate in 2020 and 2019, 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, 2020, 2019, and 2018, was $2.9 million, $3.2 million, and $2.4 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, 2020 and 2019, was $5.6 million and $4.8 million, respectively.

Tax years 2017 and forward remain subject to examination by federal tax jurisdictions, while tax years 2010 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, 2020, 2019, and 2018, our matching contributions to the plan were $24.5 million, $20.8 million, and $19.7 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 $23.1 million as of December 31, 2020, and $20.4 million as of December 31, 2019. 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 $23.1 million as of December 31, 2020, and $20.4 million as of December 31, 2019.

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,				
		2020		2019	Input Level
Trading investments	$	23.1	$	20.4	1
Interest rate swap	$	12.5	$	4.8	2
Senior notes, net of unamortized discount and debt issuance costs	$	(361.3)	$	(353.1)	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 swap and corresponding senior notes have been measured using the income approach (Level 2), which include relevant interest rate curve inputs. Trading investments and the interest rate swap are classified in other assets 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 $944.1 million and $942.6 million at December 31, 2020 and 2019, 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 $1.09 billion and $1.03 billion at December 31, 2020 and 2019, respectively.

The carrying amounts of all other instruments at December 31, 2020 and 2019, approximate their fair value due to the short maturity of these instruments.

10. Commitments and Contingencies

At December 31, 2020, we had outstanding commitments of approximately $1.12 billion, net of proceeds from sales or trade-ins during 2021 and 2022, which is primarily related to the acquisition of tractors, containers, chassis, and other trailing equipment.

During 2020, 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 $3.8 million as of December 31, 2020.

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 Railway Company (BNSF). BNSF requested the same. In October 2019 the arbitrators issued a Final Award and we recorded pretax charges in the third quarter 2019 of $26.8 million related to certain charges claimed by BNSF and $17.4 million for legal fees, cost 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 (the Arkansas Federal Court) 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 moved to confirm the Final Award in the United States District Court for the District of Columbia, but that requested relief was ultimately denied and dismissed as moot. During the first quarter 2020, we recorded an $8.2 million pretax charge resulting from an adjusted calculation of the revenue divisions owed to BNSF under the Final Award. On July 21, 2020, the Arkansas Federal Court granted our motion in part, entering a judgment confirming the arbitration awards. In a sealed opinion, the Court denied our request for additional enforcement relief but did not foreclose our right to pursue post-confirmation enforcement in court or in arbitration if warranted. We have filed an appeal with the United States Court of Appeals for the Eighth Circuit seeking review of the Arkansas Federal Court's denial.

As the result of state use tax audits, we have been assessed amounts owed for which we are vigorously appealing. If our appeals fail, we could be forced to settle these assessments for a material amount.

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, 2020, 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	
	2020	2019
Right-of-use assets	$ 136.8	$ 125.5
Lease liabilities, current	$ (48.3)	$ (44.4)
Lease liabilities, long-term	$ (87.2)	$ (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, 2020, the weighted-average remaining lease term for our outstanding operating lease obligations was 4.3 years and the weighted-average discount rate was 3.05%. Future minimum lease payments under these operating leases as of December 31, 2020, are as follows (in millions):

Year one	$	49.1
Year two		37.6
Year three		23.9
Year four		12.4
Year five		6.4
Thereafter		15.5
Total lease payments		144.9
Less interest		(9.4)
Present value of lease liabilities	$	135.5

During the years ended December 31, 2020 and 2019, cash paid for amounts included in the measurement of operating lease liabilities was $49.7 million and $44.5 million, while $50.2 million and $43.5 million of operating lease expense was recognized on a straight-line basis, respectively. Operating lease expense is recorded in general and administrative expenses, net of asset dispositions in our Consolidated Statements of Earnings. During the years ended December 31, 2020 and 2019, a total of $57.0 million and $61.6 million of right-of-use assets were obtained in exchange for new operating lease liabilities, of which, $4.4 million and $19.1 million were obtained through business combinations.

12. Acquisition

On November 20, 2020, we entered into an asset purchase agreement to acquire substantially all of the assets and assume certain specified liabilities of Mass Movement, Inc. (Mass Movement), subject to customary closing conditions. The closing of the transaction was effective on November 30, 2020, with a purchase price of $25.5 million. Of this total purchase price, $13.5 million was deferred and is subject to an agreed-upon future earn-out calculation based on established cumulative earnings before interest, taxes, depreciation, and amortization (EBITDA) targets reported for the acquired operations in 2021 through 2023. This deferred portion of the purchase price is classified in trade accounts payable and other long-term liabilities in our Consolidated Balance Sheets. Total consideration paid in cash under the Mass Movement agreement at closing was $12.1 million and consisted of the remaining agreed upon purchase price of $12.0 million adjusted for estimated working capital adjustments and other employee related liabilities. Accordingly, total consideration given under the Mass Movement agreement was $25.6 million. Transaction costs incurred were not material. The Mass Movement acquisition was accounted for as a business combination and operates within our FMS 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 $14.0 million of finite-lived intangible assets and approximately $8.8 million of goodwill. Goodwill consists of acquiring and retaining the Mass Movement 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 November 30, 2020 (in millions):

Consideration	$	25.6
Accounts receivable		2.8
Property and equipment		0.3
Right-of-use assets		4.4
Intangibles		14.0
Accounts payable and accrued liabilities		(0.4)
Lease liabilities		(4.4)
Goodwill	$	8.8

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 FMS 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.

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 FMS 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 $8.4 million of goodwill, $0.3 million of which was recorded in 2020 as a result of the finalization of our purchase price allocation. Goodwill consists of acquiring and retaining the RDI existing network and expected synergies from the combination of operations.

13. Goodwill and Other Intangible Assets

As discussed in Note 12, Acquisitions, in 2020, we recorded additional goodwill totaling approximately $9.1 million and additional finite-lived intangible assets of approximately $14.0 million. We recorded additional goodwill of approximately $56.2 million in 2019. Total goodwill was $105.4 million, $96.3, and $40.1 million at December 31, 2020, 2019, and 2018 respectively. All goodwill is assigned to our FMS business segment. No impairment losses have been recorded for goodwill as of December 31, 2020. Prior to the Mass Movement acquisition, our intangible assets consisted of those arising from previous business acquisitions and our purchased local distribution center (LDC) network access, both within our FMS segment. Identifiable intangible assets consist of the following (in millions):

	December 31, 2020	December 31, 2019	Weighted Average Amortization Period
Finite-lived intangibles:			
Customer relationships	$ 131.7	$ 118.6	11.0
Non-competition agreements	7.9	6.9	6.6
Trade names	3.8	3.8	2.0
LDC Network	10.5	10.5	10.0
Total finite-lived intangibles	153.9	139.8	
Less accumulated amortization	(47.1)	(33.3)	
Total identifiable intangible assets, net	$ 106.8	$ 106.5	

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

During the years ending December 31, 2020, 2019, and 2018, intangible asset amortization expense was $13.8 million, $12.4 million and $8.6 million, respectively. Estimated amortization expense for our finite-lived intangible assets is expected to be approximately $14.0 million for 2021 and $13.7 million for 2022 through 2024, and $13.6 million for 2025. 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

In March 2020, we changed the way we internally evaluate the operating performance of our business units and adopted a new segment reporting structure. As part of this new structure, we separated our DCS segment into two reportable segments: DCS and FMS. Accordingly, we are reporting five distinct business segments for the years ended December 31, 2020, 2019, and 2018, 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 company-owned equipment. ICS services include flatbed, refrigerated, and LTL, as well as a variety of dry-van and intermodal solutions. FMS provides final-mile delivery services to customers through a nationwide network of cross-dock and other delivery system network locations. FMS provides both asset and non-asset big and bulky delivery and installation services, as well as fulfillment and retail-pooling distributions services. JBT business includes full-load, dry-van freight that is transported utilizing company-owned revenue equipment or third-party carriers utilizing company-owned trailing 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, which has been reclassified to reflect our new segment reporting structure, is presented below (in millions):

	Assets (Excludes intercompany accounts)	
	December 31,	
	2020	2019
JBI	$ 2,426	$ 2,217
DCS	1,482	1,445
ICS	301	208
FMS	486	432
JBT	286	241
Other (includes corporate)	947	928
Total	$ 5,928	$ 5,471

	Revenues		
	Years ended December 31,		
	2020	2019	2018
JBI	$ 4,675	$ 4,745	$ 4,717
DCS	2,196	2,128	1,788
ICS	1,658	1,348	1,335
FMS	689	567	375
JBT	463	389	417
Total segment revenues	9,681	9,177	8,632
Intersegment eliminations	(44)	(12)	(17)
Total	$ 9,637	$ 9,165	$ 8,615

	Operating Income		
	Years ended December 31,		
	2020	2019	2018
JBI	$ 428	$ 447	$ 401
DCS	314	278	195
ICS	(45)	(11)	50
FMS	(1)	(9)	(2)
JBT	17	29	37
Total	$ 713	$ 734	$ 681

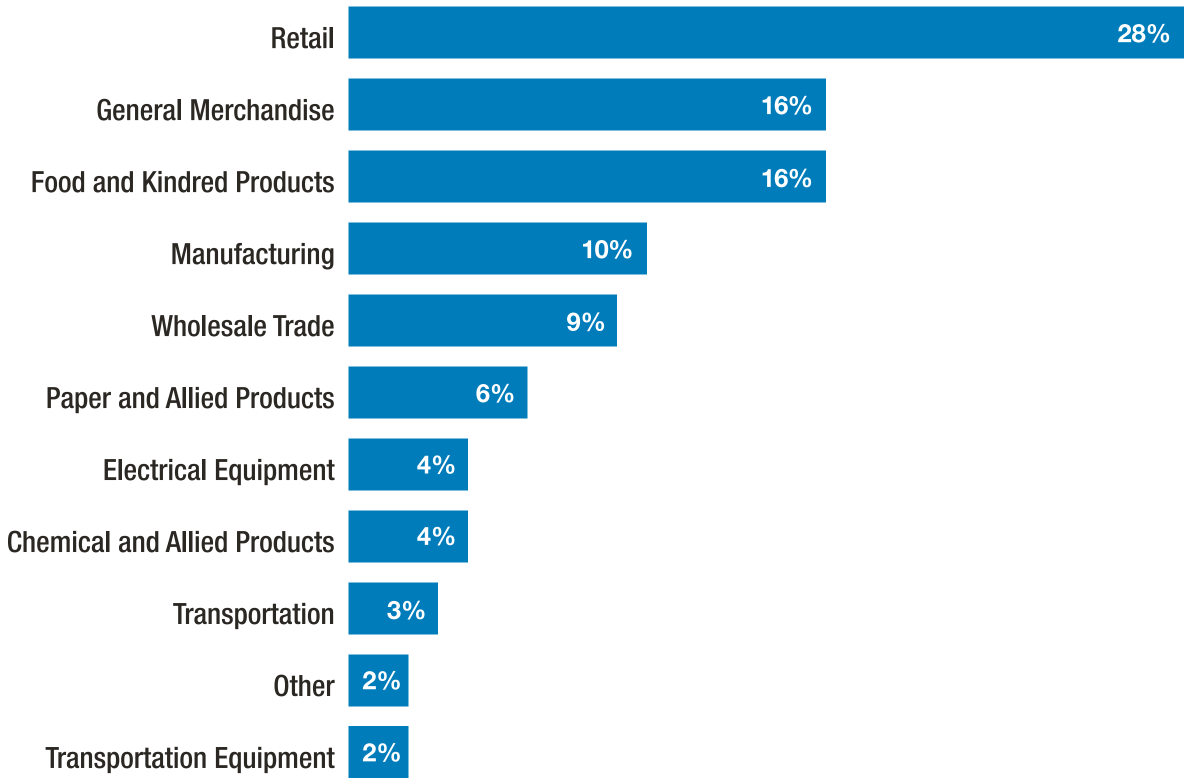
	Depreciation and Amortization Expense		
	Years ended December 31,		
	2020	2019	2018
JBI	$ 189	$ 181	$ 173
DCS	224	216	176
FMS	33	30	24
JBT	34	33	38
Other	47	39	25
Total	$ 527	$ 499	$ 436

15. Quarterly Financial Information (Unaudited)

As further discussed in Note 10, Commitments and Contingencies, our first quarter 2020 and third quarter 2019 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, 2020 and 2019 are as follows (in thousands, except per share data):

	Quarter			
	First	Second	Third	Fourth
2020:				
Operating revenues	$ 2,280,826	$ 2,145,573	$ 2,472,523	$ 2,737,652
Operating income	$ 154,741	$ 175,183	$ 175,503	$ 207,691
Net earnings	$ 104,834	$ 121,698	$ 125,496	$ 154,007
Basic earnings per share	$ 0.99	$ 1.15	$ 1.19	$ 1.46
Diluted earnings per share	$ 0.98	$ 1.14	$ 1.18	$ 1.44
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

2020 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 22, 2021 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.
211 Quality Circle, Suite 210
College Station, TX 77845
877-498-8861 for Stockholder Inquiries
computershare.com/investor

P.O. Box 130
Lowell, Arkansas 72745
jbhunt.com