J.B. HUNT TRANSPORT SERVICES, INC.

2017

NOTICE OF ANNUAL MEETING, PROXY STATEMENT
AND ANNUAL REPORT

J.B. HUNT®

TABLE OF CONTENTS

TO OUR STOCKHOLDERS,

Opportunity:

The economy and transportation dynamics are historically aligned. When we add specific alterations in the behavior of the end consumer, opportunities abound if we are willing to embrace change. During 2017, J.B. Hunt took many important steps to prepare for a more digital, self-service, growth-oriented economy. As discussed in our previous letter to you, we anticipated changes in the technologies needed for better transportation values to our customers, and the speed at which these transformations would occur. Accordingly, we continued our focus and commitment to investing in faster, better and more transparent transportation solutions throughout 2017. We believe the combination of advancing technology, real-time data and a world-class team of transportation professionals (more than 24,000 employed at the end of 2017), all work together to set J.B. Hunt apart from our competition. We intend to capitalize on our advantages.

One way to evaluate our potential is to look back at our own past to review what we have accomplished. In doing so, we have seen the absolute lowest end of our capabilities, and from there, we can add new levels of strategic thinking. For example, when we look at the growth of each of our businesses, we know we can handle those previously achieved levels at a minimum. As noted in the classic marketing book, "Purple Cow," by Seth Godin, we seek to build and grow businesses that are unique and very difficult to replicate. From these baselines, we establish our expectations for the future using rich internal data, combined with macroeconomic and industry data, to set our course. One final element applied to complete our thought process is the reality of disruption, which we have referenced in past letters. Our belief is that all things evolve, including the opportunities presented in the freight management markets we serve. No area of the company should ever be considered sacred or off limits, lest it might end up (out in a field, like a brown cow…), missing the chance to make a needed change.

Fundamentals:

- Categorically, we run three types of businesses in transportation services. Our most substantial business segment, Intermodal (JBI), is also the largest privately owned fleet of domestic 53-foot containers (88,610 units), supported by a company-owned chassis fleet (77,946 units), 4,776 class 8 tractors, 5,782 drivers are employed by the segment along with another 764 independent contractors, all providing drayage services to JBI. With $4.1 billion in revenues, our size and execution capabilities, combined with our highly strategic relationships with the Class I railroads with which we do business, truly set this service at the top of its class.
- Dedicated Contract Services (DCS) is next in size and is the largest private-fleet provider in North America at $1.7 billion in total revenues. We own and operate 8,124 tractors as well as operate another 544 customer-owned power units, all under multi-year agreements. We target private-fleet conversions and creation with an intense focus on performance metrics and service. This component of inventory management for our customers is typically very close to the point of sale/purchase or consumption, and our clients require extraordinarily high levels of execution. Our revenue retention rates in DCS are above 98%.
- The balance of services JBHT provides we now refer to as "Highway Services." Here, we blend full-asset and asset-light combinations (our 1,291 company-owned tractors and 7,120 trailers) with non-asset brokerage and logistics services in virtually all classes of freight management, including truckload, temperature-control, flatbed, Less Than Truckload (LTL) and parcel. We generated $1.4 billion in revenues during 2017.

All data reflected is as of the end of fiscal 2017.

In the Intermodal and Highway Services businesses, we are evaluating our contract and publication strategies to better address changes in the markets we serve. Over the past 20-plus years, we have employed a pricing management approach that has essentially remained unchanged. Typically, a customer requests a rate through a bid or proposal arrangement, then requires the carrier to hold and honor those rates for a period often extending for a year or more. In any evolving business model, changes occur with new information, and today we work with more real-time and updated information. Moving ahead, we will present a more fluid approach to price and rate timing and adjustments. With the growing visibility and transparency that are present in transportation, we believe all parties will benefit from a more nimble and supply/demand-based pricing and capacity assignment approach.

Financial Discipline:

We base our business strategy and investments on long-term objectives and long-term financial returns from the capital we deploy. Our primary focus is to grow the business. But, the prudent use of our balance sheet strength allows us to also re-invent our current businesses, if necessary; explore growth in logically adjacent areas of opportunity, and to return excess capital to our stockholders. We have made $4.1 billion in net capital expenditures to grow or renew our fleets, facilities and other operating assets since 2008. We have added people and technology to make our non-asset and asset-light models more efficient. Our dividend rate has steadily grown every year. In addition, we repurchased $1.5 billion in company stock over that same period; all while maintaining a target debt/EBITDA ratio that we believe provides us with ability to sustain our position in the industry well into the future.

Technology:

In 2017, we announced a $500 million commitment to building more advanced technologies. These investments will include rebuilding our primary order management, our operational and back office support systems, as well as developing customer- and driver/

carrier-facing programs. In addition, a rich suite of primarily mobile apps will facilitate ease of use, speed and the advantage of using JBHT for transportation services. A vital component of these outward-facing programs is the underpinning J.B. Hunt 360°® platform. This collection of programs currently supports freight matching, carrier selection, automated pricing and load tracking. Going forward, as we roll out additional aspects of our 360 platform, including both "control tower" and "advisor" programs, we will add new levels of proactive visibility and supply-chain-management improvement recommendations to our customers and carriers.

Throughout 2017, we have seen the activities on our primary load matching system, Marketplace, increase steadily since its launch in the spring. A critical path for success in this area is adoption by carriers, contractors and customers. Since we launched the Marketplace systems on our 360 platform, we have closely tracked the data regarding its adoption. We are pleased with the results to date, and have confidence in its continued growth. In addition to having more than 15,000 carriers signed up and activated on the Marketplace, we are seeing positive trends in weekly customer "Loads Available" (over 7,200), weekly carrier "Offers" (reaching more than 8,500), and weekly "Accepted" transactions (cresting in excess of 2,700). Additionally, we note improving customer and carrier acceptance with a growing percentage of activity in both the "System Accepted" and "Book Now" categories. These autonomous transactions allow our people more time to manage exceptions and to handle more overall business.

Final Mile and E-Commerce:

In 1998, DCS began as a pilot service providing heavy goods delivery from a key retail customer to professional contractors in Austin, Texas. We still enjoy this line of business today and have used our experiences to drive other contracts in the Final Mile delivery space. In 2017, we recorded approximately $250 million in revenue for our Final Mile business. This includes the acquisition of Special Logistics Dedicated, a 14-facility sort-and-ship business, which complements our network of 88 cross dock locations, providing a forward deployment advantage for our customers. In addition to our fleet of 760 company trucks and 1,222 employee drivers in Final Mile, we have also introduced asset-light services in Final Mile (generating $15 million in revenue in 2017) which we think complement these service offerings.

We believe the need for services in the final-mile category – particularly in the areas of heavy/big and bulky goods, or "non-conveyable" goods, as they are sometimes called – will accelerate based on the current retail and e-commerce data trends. Using our experiences in delivering building materials, appliances, furniture and mattresses, and a variety of other types of heavy goods, our processes and systems are already substantially developed. These include inbound freight management and visibility, floor and inventory management, appointment setting and routing, installation, real-time customer score carding/feedback, as well as reverse logistics.

Culture:

We are a people-first culture, meaning the well being of our people and their families is our highest priority. It is our intent to provide a safe and sustainable company for those people to come to every day, in every job. We strive to provide competitive wages, benefits and services to all employees. We believe giving every person a chance to contribute, to be heard, and to make a difference will attract and retain the very best talent at J.B. Hunt. This has been our path so far. To add clarity to these ideas, we know that we exist solely to serve our customers, and to continue to thrive as an organization, we have to be exceptional at creating value for them. Our people make decisions each day to sustain and grow our presence with our paying customers. Our intense focus on cost structures and capital allocation, to assure our ability to fund our replacement and growth capital needs, allows us to remain healthy and vibrant and growing for the long run. Our diligent and continued focus in these areas will provide quality jobs for all the good people who choose to work here.

Finally, our community presence has again made great progress throughout the year. We celebrated many accomplishments in the primary categories the company has chosen to support: Veterans, Healthcare, Education and Crisis Recovery. These focus areas have proven to be culturally sound. We will continue to develop and expand these outreach efforts not only in Northwest Arkansas, but also going forward, into those communities around the country where we have large employee bases.

Two words that will best describe our path forward are "relevance" and "scale." Each business we invest in must present a relevant value to both our customers and our stockholders, and have the potential to scale to a meaningful size. With the services we offer via our owned assets, contract providers and carriers, a comprehensive (and fully digital) transportation program can be developed for <u>any</u> customer.

We intend to capitalize on our advantages.

Thank you for your trust.

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

James Kirk Thompson
Chairman of the Board of Directors

J.B. HUNT TRANSPORT SERVICES, INC.

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held April 19, 2018

The Annual Meeting of Stockholders of J.B. Hunt Transport Services, Inc. (the Company) will be held April 19, 2018, 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 2018 calendar year

(4) To consider a stockholder proposal regarding reporting political contributions

(5) To consider a stockholder proposal regarding greenhouse gas reduction targets

(6) To transact such other business as may properly come before the Annual Meeting or any adjournments thereof

Only stockholders of record on February 13, 2018, will be entitled to vote at the meeting or any adjournments thereof. The stock transfer books will not be closed.

The 2017 Annual Report to Stockholders is included in this publication.

By Order of the Board of Directors

DAVID G. MEE
Corporate Secretary

Lowell, Arkansas
March 15, 2018

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 2018 Annual Meeting of Stockholders (the Annual Meeting). The Proxy Statement and the related proxy card are being distributed on or about March 15, 2018.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD APRIL 19, 2018

This Proxy Statement and our 2017 Annual Report to Stockholders, which includes our Annual Report on Form 10-K, are available at jbhunt.com.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

When And Where Is The Annual Meeting?

Date: Thursday, April 19, 2018
Time: 10 a.m. Central Daylight Time
Location: J.B. Hunt Transport Services, Inc.
Corporate Offices
Million Mile Auditorium
615 J.B. Hunt Corporate Drive
Lowell, Arkansas 72745

What Matters Will Be Voted Upon At The Annual Meeting?

At the Annual Meeting, you will be asked to:

- Consider and vote upon a proposal to elect nominees Douglas G. Duncan, Francesca M. Edwardson, Wayne Garrison, Sharilyn S. Gasaway, Gary C. George, Bryan Hunt, Coleman H. Peterson, 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 2019.

- Consider and approve an advisory resolution regarding the Company's compensation of its named executive officers.

- Consider and vote upon a proposal to ratify the appointment of Ernst & Young LLP (E&Y) as the Company's independent registered public accounting firm for the 2018 calendar year.

- Consider and vote upon a stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company that could not be deducted under section 162(e) of the Internal Revenue Code.

- Consider and vote upon a stockholder proposal to adopt company-wide, quantitative, science-based targets to reduce greenhouse gas emissions and to report on the Company's plans and progress towards achieving these targets.

- 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 13, 2018, 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 109,754,492 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, since you are not a stockholder of record, you may not vote these shares in person at the Annual Meeting unless you obtain a "legal proxy" from your broker, bank or other nominee (who is the stockholder of record) giving you the right to vote the shares.

What Stockholder Approval Is Necessary For Approval Of The Proposals?

- Election of Directors

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

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

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

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

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

- Vote on a stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company that could not be deducted under section 162(e) of the Internal Revenue Code

Approval of this resolution requires the affirmative vote of a majority of the votes cast at the Annual Meeting. For purposes of this vote, a failure to vote, a vote to abstain or withholding your vote (or direction to your broker to do so) is not counted as a vote cast and, therefore, will have no effect on the outcome of this vote.

- Vote on a stockholder proposal to adopt company-wide, quantitative, science-based targets to reduce greenhouse gas emissions and to report on the Company's plans and progress towards achieving these targets.

Approval of this resolution requires the affirmative vote of a majority of the votes cast at the Annual Meeting. For purposes of this vote, a failure to vote, a vote to abstain or withholding your vote (or direction to your broker to do so) is not counted as a vote cast and, therefore, will have no effect on the outcome of this vote.

As of the record date, directors and executive officers of the Company beneficially owned an aggregate 4,579,689 shares of common stock representing 4.2% of our common stock issued and outstanding and, therefore, 4.2% 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 2018 calendar year
- **AGAINST** the stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company that could not be deducted under section 162(e) of the Internal Revenue Code
- **AGAINST** the stockholder proposal to adopt company-wide, quantitative, science-based targets to reduce greenhouse gas emissions and to report on the Company's plans and progress towards achieving these targets.

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.

Proxy Statement

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 18, 2018 (the day before the Annual Meeting).

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

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

If you hold shares in street name through a broker, bank or other nominee, your broker, bank or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon at the Annual Meeting. Under current stock exchange rules, brokers who do not have instructions from their customers may not use their discretion in voting their customers' shares on certain specific matters that are not considered to be "routine" matters, including the election of directors, executive compensation and other significant matters. The proposals in this Proxy Statement regarding the election of directors, the advisory votes concerning executive compensation, the Company's political contributions policy, and greenhouse gas reduction targets 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 2018 calendar year,
(4) **AGAINST** the stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company that could not be deducted under section 162(e) of the Internal Revenue Code,
(5) **AGAINST** the stockholder proposal to adopt company-wide, quantitative, science-based targets to reduce greenhouse gas emissions and to report on the Company's plans and progress towards achieving these targets, and
(6) in accordance with the proxy holders' best judgment as to any other business that properly comes before the Annual Meeting.

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

May I Revoke My Proxy And Change My Vote?

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

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

(1) submitting a new proxy bearing a later date (which automatically revokes the earlier proxy),
(2) giving notice of your changed vote to us in writing mailed to the attention of David G. Mee, 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 2017, the Company retained Broadridge, an independent proxy solicitation firm, to assist in soliciting proxies from stockholders. Broadridge received a fee of approximately $63,000 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 2018 are expected to be comparable to those paid in 2017.

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 2019 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 2019 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 8, 2018, 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 (the Exchange Act).

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

The Company will publish final voting results of the Annual Meeting on a Form 8-K within four days after the annual stockholders meeting on April 19, 2018.

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

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

What Is Householding?

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

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

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

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

What Do I Need To Do Now?

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

(1) **FOR** the election of the nominees for director named in this Proxy Statement,

(2) **FOR** the resolution approving the Company's compensation of its named executive officers,

(3) **FOR** ratification of the appointment of E&Y as the Company's independent registered public accounting firm for the 2018 calendar year,

(4) **AGAINST** the stockholder proposal requesting the Company to prepare and disclose a report of the Company's political contributions policy and political contributions made by the Company that could not be deducted under section 162(e) of the Internal Revenue Code, and

(5) **AGAINST** the Stockholder proposal to adopt company-wide, quantitative, science-based targets to reduce greenhouse gas emissions and to report on the Company's plans and progress towards achieving these targets.

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 via the Internet at our website, jbhunt.com.

YOU SHOULD CAREFULLY READ THIS PROXY STATEMENT IN ITS ENTIRETY

The summary information provided above in the question-and-answer format 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

PROPOSALS TO BE VOTED ON AT THE ANNUAL MEETING

PROPOSAL NUMBER ONE
ELECTION OF DIRECTORS

Our Board nominates Douglas G. Duncan, Francesca M. Edwardson, Wayne Garrison, Sharilyn S. Gasaway, Gary C. George, Bryan Hunt, Coleman H. Peterson, 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 2019 Annual Meeting of Stockholders or until their successors are elected and qualified or until their earlier resignation or removal. The Board believes that these incumbent directors standing for re-election 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.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE
FOR
EACH OF THE DIRECTOR NOMINEES LISTED HEREIN

INFORMATION YOU NEED TO MAKE AN INFORMED DECISION

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Number of Directors and Term of Directors and Executive Officers

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

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

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

NOMINEES FOR DIRECTOR

TERMS EXPIRE 2019

Douglas G. Duncan
Mr. Duncan, 67, was elected to the Board in 2010. He is a member of the Audit Committee and the Nominating and Corporate Governance Committee. In February 2010, he retired as President and Chief Executive Officer of FedEx Freight Corporation, a wholly owned subsidiary of FedEx Corporation. 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. With 30 years of transportation experience, Mr. Duncan has held management positions in operations, sales and marketing with Caliber System and Roadway Express. 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. He currently serves on the Board of Directors of Benchmark Electronics, Inc. and served on the Board of Directors of Brambles LTD.

Francesca M. Edwardson
Ms. Edwardson, 60, was elected to the Board in 2011. She serves on the Company's Executive Compensation Committee and the Nominating and Corporate Governance Committee. She retired as the Chief Executive Officer of the American Red Cross of Chicago and Northern Illinois, a business unit of the American Red Cross, in 2016, a position she held since 2005. She previously served as Senior Vice President and General Counsel for UAL Corporation, a predecessor company to United Continental Holdings, Inc. She has also been a partner in the law firm of Mayer Brown and the Executive Director of the Illinois Securities Department. Ms. Edwardson is a graduate of Loyola University in Chicago, Illinois, holding degrees in economics and law. She serves on the Board of Directors of Duluth Holdings, Inc., where she chairs the Compensation Committee, and also serves on the Boards of Trustees for Rush University Medical Center and the Lincoln Park Zoo.

Wayne Garrison
Mr. Garrison, 65, was elected to the Board in 1981. He 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.

Sharilyn S. Gasaway
Mrs. Gasaway, 49, was elected to the Board in 2009. She is a member of the Audit Committee, Compensation Committee, and the Nominating and Corporate Governance Committee. She 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 LLC. Mrs. Gasaway has a degree in accounting from Louisiana Tech University and is a Certified Public Accountant. She currently serves on the Board of Directors, chairs the Audit Committee and serves on the Governance, Compensation and Business Development Committee of Genesis Energy, LP. She also serves on the Board of Directors and the Audit and Nominating and Corporate Governance Committees of Waddell & Reed Financial, Inc., as well as on the Louisiana Tech University Foundation and College of Business Advisory Board and the Board of Directors of Arkansas Children's, Inc., and Arkansas Children's Foundation.

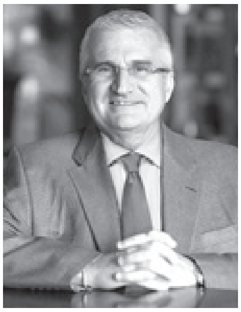
Gary C. George
Mr. George, 67, was elected to the Board in 2006. He is Chairman of the Nominating and Corporate Governance Committee and a member of the Executive Compensation Committee. He is Chairman of George's, Inc., a private, fully integrated poultry company in northwest Arkansas, Missouri, and Virginia. 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. He currently serves as Chairman of the Board of Legacy National Bank in Springdale, Arkansas and on the Board of Directors of Arkansas Children's, Inc., Arkansas Children's Northwest, and the National Chicken Council.

Bryan Hunt
Mr. Hunt, 59, was elected to the Board in 1991. 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 I-135 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 a degree in marketing and transportation. He is the son of co-founders J.B. and Johnelle Hunt.

Coleman H. Peterson
Mr. Peterson, 69, was elected to the Board in 2004. He is Chairman of the Executive Compensation Committee and a member of the Nominating and Corporate Governance Committee. Mr. Peterson is the President and CEO of Hollis Enterprises LLC, a human resources consulting firm founded in 2004. He is retired from Wal-Mart Stores, Inc. as Executive Vice President of its People Division. During his tenure, Mr. Peterson was responsible for recruitment, retention and development of the world's largest corporate work force. Prior to his experience with Wal-Mart, Mr. Peterson spent 16 years with Venture Stores, with his last position being Senior Vice President of Human Resources. He holds bachelor's and master's degrees from Loyola University of Chicago. Mr. Peterson serves on the Board of Directors, chairs the Compensation Committee, and serves on the Nominating and Corporate Governance Committee of Build-A-Bear Workshop. He also serves on the Board of Directors, chairs the Compensation Committee, and serves on the Nominating and Corporate Governance Committee of Cracker Barrel Old Country Store, Inc.

John N. Roberts, III
Mr. Roberts, 53, was elected to the Board in 2010, and was elected to serve as the Company's President and Chief Executive Officer effective January 1, 2011. 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. Mr. Roberts also serves on the Board of Directors of the Federal Reserve Bank of St. Louis and is a member of the Arkansas Children's Northwest Board of Directors.

James L. Robo
Mr. Robo, 55, was elected to the Board in 2002. He is the Independent Lead Director, Chairman of the Audit Committee, and a member of the Nominating and Corporate Governance Committee. 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 10 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.



Kirk Thompson

Mr. Thompson, 64, was elected to the Board in 1985. He was elected Chairman of the Board in 2010, assuming that office on January 1, 2011. 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. In 2014, Mr. Thompson joined the Board of Directors of Rand Logistics, Inc., a leading provider of bulk freight shipping services in marine vessels throughout the Great Lakes region.

DIRECTOR COMPENSATION

Nonemployee Directors

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 2017 and 2018 Annual Meetings, compensation for nonemployee directors serving on the Board, was as follows:

- an annual retainer of $200,000 paid in Company stock, cash or any combination thereof
- an annual retainer of $25,000, paid in cash, to the Audit Committee Chairman
- an annual retainer of $15,000, paid in cash, to the Executive Compensation Committee Chairman
- an annual retainer of $10,000, paid in cash, to the Nominating and Corporate Governance Committee Chairman
- 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
- reimbursement of expenses to attend Board and Committee meetings

At the Executive Compensation Committee's (the "Committee") meeting on January 23, 2018, the Committee reviewed a summary of various compensation packages awarded to directors of the Company's peer group compiled by Meridian Compensation Partners, LLC. The Committee determined that the Board's compensation would be changed to the following, effective for the annual period beginning after our 2018 Annual Meeting:

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

Nonemployee Board of Director Compensation Paid in Calendar Year 2017

Board Member	Fees Paid in Cash ($)	Fees Paid in Stock ($)	Restricted Share or Stock Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) [1]	Total ($)
Douglas G. Duncan	230,000	–	–	–	–	16,703	246,703
Francesca M. Edwardson	25,000	200,008	–	–	–	27,265	252,273
Wayne Garrison	200,000	–	–	–	–	62,353	262,353
Sharilyn S. Gasaway	145,000	100,004	–	–	–	–	245,004
Gary C. George	35,000	200,008	–	–	–	–	235,008
Bryan Hunt	–	200,008	–	–	–	–	200,008
Coleman H. Peterson	40,000	200,008	–	–	–	6,257	246,265
James L. Robo	55,000	200,008	–	–	–	8,607	263,615

[1] *Reimbursement of expenses to attend Board and Committee meetings*

Each nonemployee member of the Board had the choice of receiving his or her annual retainer of $200,000 in Company stock, cash or any combination thereof. Those directors choosing to receive their full retainer in Company stock received 2,228 shares based on the $89.77 closing market price on April 20, 2017. Sharilyn S. Gasaway elected to receive half of her retainer in stock, totaling 1,114 shares, based on the closing market price shown above. Wayne Garrison and Douglas G. Duncan elected to receive their annual retainer in cash.

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

Nonemployee members of the Board did not participate in either a company-sponsored pension or deferred compensation plan in calendar year 2017.

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. He does not receive any director fees for his service on the Company's Board of Directors.

Chairman Compensation Paid in Calendar Year 2017

Board Member	Salary ($)[2]	Restricted Share or Stock Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)[1]	Total ($)
Kirk Thompson, Chairman of the Board	350,000	–	–	–	5,610	355,610

[1] *Includes $2,425 taxable allowance for financial counseling services and $3,185 Company contributions to 401(k) plan.*
[2] *On January 24, 2018, the independent members of the Board of Directors authorized a salary of $365,000 for the Chairman of the Board, effective February 4, 2018.*

EXECUTIVE OFFICERS OF THE COMPANY

Kevin Bracy, 47, joined the Company in 1998 as a Financial Analyst and currently serves as Senior Vice President of Finance, Treasurer and Assistant Secretary.

Darren Field, 47, joined the company in 1994 as a Night Dispatcher and currently serves as Executive Vice President of Intermodal.

Craig Harper, 60, joined the Company in 1992 as Vice President of Marketing and currently serves as Executive Vice President. Prior to joining the Company, he worked for Rineco Chemical Industries as its Chief Executive Officer.

Bradley Hicks, 45, joined the Company in 1996 as a Management Trainee and currently serves as Executive Vice President of Dedicated Contract Services.

Nicholas Hobbs, 55, joined the Company in 1984 as a Management Trainee and currently serves as Executive Vice President and President of Dedicated Contract Services.

John Kuhlow, 47, joined the Company in 2006 as Assistant Corporate Controller and currently serves as Senior Vice President of Finance, Controller and Chief Accounting Officer. Prior to joining the Company, he was a Senior Audit Manager for KPMG LLP. Mr. Kuhlow is a Certified Public Accountant.

Terrence D. Matthews, 59, joined the Company in 1986 as a National Accounts Manager and currently serves as Executive Vice President and President of Intermodal. Prior to joining the Company, he worked as a National Accounts Manager for North American Van Lines.

Eric McGee, 44, joined the Company in 1998 as a National Account Service Monitor and currently serves as Executive Vice President of Highway Services.

David G. Mee, 57, joined the Company in 1992 as Vice President Tax and currently serves as Executive Vice President of Finance and Administration and Chief Financial Officer. He also serves as the Company's Corporate Secretary. Prior to joining the Company, he was a Senior Tax Manager for KPMG LLP. Mr. Mee is a Certified Public Accountant.

Stuart Scott, 51, joined the Company in 2016, as Executive Vice President and Chief Information Officer. Prior to joining the Company, he served as Chief Information Officer (CIO) at Tempur-Sealy International, CIO at Microsoft, and CIO for various General Electric businesses.

Shelley Simpson, 46, joined the Company in 1994 as a Management Trainee and currently serves as Executive Vice President, Chief Commercial Officer, and President of Highway Services.

Proxy Statement

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth the beneficial ownership of the Company's common stock as of February 13, 2018, by each of its current directors (including all nominees for director), the Named Executive Officers (the NEOs), and all other executive officers and directors as a group. Unless otherwise indicated in the footnotes below, "beneficially owned" means the sole or shared power to vote or direct the voting of a security or the sole or shared power to dispose or direct the disposition of a security.

Owner	Number of Shares Beneficially Owned Directly(1)	Number of Shares Beneficially Owned Indirectly(2)	Percent of Class (%)(3)
Douglas G. Duncan	10,828	2,600	*
Francesca M. Edwardson	16,620	–	*
Wayne Garrison	2,015,000	–	1.8
Sharilyn S. Gasaway	19,540	275	*
Gary C. George	37,476	1,407,425 (4)	1.3
Nicholas Hobbs	72,583	168	*
Bryan Hunt	73,025	–	*
Terrence D. Matthews	73,375	38,764	*
David G. Mee	116,139	500	*
Coleman H. Peterson	36,401	–	*
John N. Roberts, III	268,773	70,000 (5)	*
James L. Robo	41,523	–	*
Shelley Simpson	77,255	45,157	*
Kirk Thompson	50,559	–	*
All executive officers and directors as a group (21)	3,014,800	1,564,889	4.2

**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:

David G. Mee	*79,650*
John N. Roberts, III	*160,000*
Kirk Thompson	*40,000*
All executive officers and directors as a group	*309,446*

(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 109,754,492 shares of common stock outstanding of the Company on February 13, 2018.

(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. Includes 24,986 shares currently pledged by the reporting person.

(5)The reporting person disclaims beneficial ownership of these shares, which are held in an irrevocable trust for the benefit of immediate family members and managed by a third-party trustee. This report shall not be deemed an admission that the reporting person is the beneficial owner of such securities for the purposes of Section 16 or for any other purposes.

CORPORATE GOVERNANCE

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

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

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

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

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, Coleman H. Peterson, and James L. Robo are all independent directors. After due consideration, the Board has determined that none of these nonemployee directors has 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 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 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 2019 Annual Meeting of Stockholders, director candidates must be submitted to the Company's Corporate Secretary by November 8, 2018. Director candidates submitted by stockholders must contain at least the following information:

- the name and address of the 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,
- the name, age, business address and residence of the 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 rule, regulation, policy or standard 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 "Director Recommendations by Stockholders Policy" on the "Corporate Governance" page of the "Investors" section of our website at jbhunt.com. The Corporate Governance Committee will consider all director candidates submitted through its established processes and will evaluate each of them, including incumbents, based on the same criteria. However, the Corporate Governance Committee may prefer incumbent directors and director candidates whom they know personally or who have relevant industry experience and in-depth knowledge of the Company's business and operations.

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,
- occupational experience and perspective that, together with other directors, enhances the quality of the Board,
- leadership experience and sound business judgment,
- accomplishments in their respective field, with superior credentials and recognition,
- knowledge of the critical aspects of the Company's business and operations, and
- the ability to contribute to the mix of skills, core competencies and qualifications of the Board through expertise in one or more of the following areas:
    - accounting and finance
    - mergers and acquisitions
    - investment 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 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

Coleman H. Peterson – human resource experience with a large international workforce, corporate governance, and retail 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 are 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, the Board is diverse both in gender and ethnic representation, with 30% of our current members reflecting female or minority demographics. The Board does not follow any ratio or formula to determine the appropriate mix. Rather, it uses its judgment to identify nominees whose backgrounds, attributes and experiences, taken as a whole, will contribute to the high standards of Board service to the Company. The effectiveness of this approach is evidenced by the directors' participation in insightful and robust yet mutually respectful deliberation that occurs at Board and Committee meetings.

Board Leadership Structure

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

Communications With The Board

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

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

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

Board Meetings

The Board held four scheduled meetings during the 2017 calendar year. All directors attended all of the Board meetings and committee meetings on which each served during 2017. All members of the Board attended the 2017 Annual Meeting of Stockholders. The Company has adopted a Director Attendance Policy to stress the importance of attendance, director preparedness, and active and effective participation at Board and Board Committee meetings.

Board Committees

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

The following table summarizes the membership of the Board and each of its committees and the number of times each met during calendar year 2017:

Director	Audit	Compensation	Corporate Governance
Douglas G. Duncan	X		X
Francesca M. Edwardson		X	X
Sharilyn S. Gasaway	X	X	X
Gary C. George		X	Chair
Coleman H. Peterson		Chair	X
James L. Robo	Chair		X
Number of Meetings in 2017	8	5	3

On January 24, 2018, the Corporate Governance Committee recommended, and the Board approved, the same committee assignments as 2017 for 2018.

AUDIT COMMITTEE

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

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

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

The Board has determined that each member of the Audit Committee satisfies the independence and other requirements for audit committee membership of the NASDAQ corporate governance listing standards and SEC requirements. The Board has also determined that all members of the Audit Committee have the attributes of an audit committee financial expert as defined by the SEC. The Board determined that these members acquired such attributes through their experience in preparing, auditing, analyzing or evaluating financial statements, or actively supervising one or more persons engaged in such activities, and their experience of overseeing or assessing the performance of companies and public accountants with respect to preparation, auditing or evaluation of financial statements. In 2017, the Audit Committee met eight times. All members attended each of the Audit Committee meetings. For additional information concerning the Audit Committee, see "Report of the Audit Committee" set forth below.

EXECUTIVE COMPENSATION COMMITTEE

The Executive Compensation Committee (the Compensation Committee) shall:

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

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

The Compensation Committee met five times in 2017. All members attended each of the Compensation Committee meetings.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

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

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

The Board has determined that all members of the Corporate Governance Committee satisfy the independence requirements of the NASDAQ corporate governance listing standards. The Corporate Governance Committee met three times during 2017. All members attended each of the Corporate Governance Committee meetings.

Code of Business Conduct and Ethics

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

Corporate Governance Guidelines

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

Section 16(a) Beneficial Ownership Reporting Compliance

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

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, all Section 16(a) filings were made in a timely manner, with the exception of John N. Roberts, III, who had one late amended filing to report the sale of shares, Darren Field, Bradley Hicks, and Eric McGee who each had one late filing to report initial ownership, and Francesca M. Edwardson, Sharilyn S. Gasaway, Gary C. George, Bryan Hunt, Coleman H. Peterson, and James L. Robo who each had one late filing to report the acquisition of shares. Additionally, both Kirk Thompson and Stuart Scott had four late filings, each to report an acquisition of shares. These late filings were caused by a change in administrative procedures, which was subsequently corrected.

Certain Relationships and Related Transactions

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

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

Two sons-in-law of Kirk Thompson, Chairman of the Board of the Company, were employed by the Company in calendar year 2017. The first earned $282,563 and the second earned $198,786 in 2017 compensation. Shelley Simpson's husband was employed by the Company in calendar year 2017 and earned $333,169 in 2017 compensation.

In the ordinary course of business, the Company has entered into contractual service agreements with George's, Inc., which is considered a related party. The customer agreements consist primarily of fleets of tractors and specialty trailers delivering feed and live poultry to and from plants located in Cassville, Missouri; Edinburg, Virginia; Harrisonburg, Virginia; and Mt. Jackson, Virginia, as well as other agreed-upon services on an as-needed basis. Gary C. George is Chairman of George's, Inc. Mr. George was not involved in the establishment of these service agreements, nor did he solicit the Company's services on behalf of George's, Inc. Total revenue earned in calendar year 2017 under these service agreements was $8.9 million. Services provided under these contracts are and will be carried out at arm's length in the ordinary course of business and are being provided substantially on the same terms as those of unrelated parties for comparable transactions.

In October 2015, in the ordinary course of business, the Company entered into an agreement with 5431 Pinnacle Point LLC for the lease of office space located in Rogers, Arkansas. Bryan Hunt, a director of the Company, has a 50% ownership interest in 5431 Pinnacle Point LLC. The lease had a term of 24 months and annual base rent of $216,000. This agreement was canceled in October 2017. The Company paid $148,645 under this lease agreement during calendar year 2017 and considers this a transaction carried out at arm's length in the ordinary course of business and consistent with the same terms as those of unrelated parties for comparable lease agreements.

In February and May 2016, in the ordinary course of business, the Company entered into two agreements with North Pinnacle Properties, LLC for the lease of office space located in Rogers, Arkansas. Johnelle Hunt, a principal stockholder of the Company, is the controlling member of J.B. Hunt LLC, which is the parent company of North Pinnacle Properties, LLC. The leases had terms of 15 and 12 months, respectively, and a combined annual base rent of $297,270. These agreements were canceled in June 2017. The Company paid $123,863 under these lease agreements during calendar year 2017 and considers these to be transactions carried out at arm's length in the ordinary course of business and consistent with the same terms as those of unrelated parties for comparable lease agreements.

In March 2017, the Company made a gift of $2.75 million to the University of Arkansas. The gift is payable in varying increments over a 5-year period beginning in calendar year 2017. Both John N. Roberts, III and Shelley Simpson are members of the Dean's Executive Advisory Board for the Sam M. Walton College of Business at the University of Arkansas. Mr. Roberts and Ms. Simpson did not solicit the contribution on behalf of the organization.

In March 2017 and July 2017, the Company made gifts of $100,000 and $150,000, respectively, to Seven Hills Homeless Center. Subsequent to the gift, David G. Mee joined the board of the organization. Mr. Mee did not solicit the contributions on behalf of the organization.

In December 2008, the Company made a gift of $250,000 to Northwest Arkansas Community College. The gift is payable in equal increments over a 10-year period beginning in calendar year 2009. At the time of the gift, Coleman H. Peterson served as Chairman of the Board of Trustees of this organization. Mr. Peterson did not solicit the contribution on behalf of the organization, nor was he instrumental in the Company's decision to support the local junior college.

Compensation Committee Interlocks and Insider Participation

During the 2017 calendar year, none of the Company's executive officers served on the Board of Directors or Compensation Committees of any entity whose directors or officers served on the Company's Board or Compensation Committee. No current or past executive officers or employees of the Company served on the Compensation Committee.

PRINCIPAL STOCKHOLDERS OF THE COMPANY

The following table sets forth all persons known to be the beneficial owner of more than 5% of the Company's common stock as of December 31, 2017. 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 3333 Pinnacle Hills Parkway Rogers, AR 72756	18,326,844	16.7 %
Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	9,725,690	8.9 %
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	6,090,548	5.5 %

Information relating to Johnelle Hunt is based on the stockholder's Form 5, filed with the SEC on February 14, 2018. Information pertaining to the ownership of Vanguard Group, Inc., Wellington Management Group LLP, and BlackRock, Inc. are based on each organization's Schedule 13G filed with the SEC on February 9, 2018 and January 25, 2018, respectively. The Company makes no representation as to the accuracy of the information reported in such beneficial ownership reports.

REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE

The 2017 Executive Compensation Committee (the Compensation Committee) was composed of Coleman H. Peterson, Chairman, Francesca M. Edwardson, Sharilyn S. Gasaway, and Gary C. George, none of whom is an officer or employee of the Company and all of whom have been determined by the Board of Directors of the Company (the Board) to be independent. Additionally, all members of the Compensation Committee qualify as "nonemployee directors" for purposes of Rule 16b-3 of the Exchange Act and as "outside directors" for purposes of Section 162(m) of the Internal Revenue Code, as amended (the Code).

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

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

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

At our 2017 Annual Meeting, the stockholders approved, on an advisory basis, the compensation of the named executive officers (98.6% 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 2018, 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 2017, 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.

The Compensation Committee met five times in 2017 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 2017.

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

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

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

The Compensation Committee has reviewed and discussed the following 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.
2017 Executive Compensation Committee
Coleman H. Peterson, Chairman
Francesca M. Edwardson
Sharilyn S. Gasaway
Gary C. George

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The Compensation Discussion and Analysis 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 2017. These individuals, referred to collectively as "named executive officers" or NEOs, are identified below:

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

Compensation Philosophy and Principles

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

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

- *Compensation levels should be sufficiently competitive to attract and retain key talent.* The Company aims to attract, motivate and retain high-performance talent to achieve and maintain a leading position in 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 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 required to own Company stock. The requirements 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

Timing of Compensation Approval

In 2017, the Compensation Committee moved its annual approval of executive compensation adjustments and annual MIP equity-based awards from the previous timing of late October or early November to January of each year to allow for more complete analysis of the Company's financial performance and the executive's individual performance for the full calendar year and to have the most recently available competitive market data available. Accordingly, no annual compensation adjustments or annual MIP equity-based awards were made for the NEOs in 2017.

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. This peer group was updated in 2017 to further include 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	Norfolk Southern Corporation
Old Dominion Freight Line, Inc.	Republic Services Inc.	Ryder System, Inc.
Schneider National Inc.	Stericycle Inc.	Swift Transportation Company
Waste Management Inc.	XPO Logistics Inc.	

For 2017, Republic Services, Schneider National, Stericycle, Waste Management and XPO Logistics were added to the group because they were identified as being consistent with our peer group criteria. Avis Budget, Hertz Global and Landstar were removed.

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 at the 50th percentile of the respective peer groups. We believe that a sizeable portion of overall compensation should be at risk and tied to stockholder value. Historically, our bonuses are tied to earnings per share (EPS), revenue and earnings before interest and taxes (EBIT); as these items increase, 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 equity buildup in unvested equity-based awards and stock owned currently is critical to each executive's ability to adequately provide for his or her retirement. As previously mentioned and explained in detail later, we have a Company stock ownership policy for our executives, but we do not have a "hold until retirement" restriction. We do not believe that such a restriction is prudent for the employee or necessary to protect our Company.

Long-Term Compensation Analyses and Policies

With respect to long-term, equity-based awards, the Company maintains the MIP. The MIP was originally adopted and approved by the Board on March 17, 1989, and an amended and restated MIP was subsequently approved by the stockholders on May 11, 1995. The MIP has been amended and restated since the time of its adoption, and all amendments requiring approval of the stockholders have been approved, with the last approval occurring at our Annual Meeting of Stockholders held in 2017. Currently, there are 44 million shares of common stock authorized for issuance under the MIP, of which approximately 6.8 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 are 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 (approximately 450 individuals) 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 Compensation Committee typically grants time-vested restricted share units under the MIP to non-NEO employees of the Company, while granting performance-based restricted share units to the NEOs of the Company. Each grant typically vests ratably over five (5) years based on 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 metrics established by the Compensation Committee. Historically, the Compensation Committee has set operating income targets for each tranche of performance based restricted share units granted to NEOs. Therefore, while an NEO may receive a grant that vests over a period of years, the operating income performance metric must be met for each tranche in order for the NEO to receive the full value of grant. Failure to meet the operating income metric for any tranche would cause that portion of the total grant to be forfeited by the NEO. The Compensation Committee believes that restricted share units, both time-vested and performance-based, 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. Employees 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.

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. Historically, this process occurred in late October or early November of each year to coincide with our third-quarter Board meeting and we considered this our annual award date. As mentioned above, in 2017 the Compensation Committee moved the timing of our annual awards to 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 new annual award date. Accordingly, no annual awards were made in 2017. The Compensation Committee does not expect to delegate approval authority to grant awards to management or any subcommittee at this time or in the near future. The grant date is typically set by the Compensation Committee. In 2018, 427,205 annual award grants were made on January 24, the date of the first-quarter Board meeting of 2018. Grants have been made in months other than the annual award dates on a very limited basis. The limited exceptions to this grant-date practice have included, for example, the hiring of a key employee or the promotion of an employee to an executive office.

Pursuant to the provisions of the MIP, all stock options are granted with an exercise price equal to 100% of the fair market value of the Company's common stock on the grant date. Historically, stock options have been generally exercisable over five to 10 years from the grant date. The exercise price of stock options may be satisfied with payment of cash or previously owned Company stock or, under the terms of the Restated MIP, in the discretion of the Compensation Committee, through a cashless simultaneous exercise and sale through a broker or by a "net exercise" arrangement. In response to emerging changes in the area of accounting for equity-based compensation and to position ourselves competitively with our peers, the Compensation Committee began granting restricted share units in lieu of stock options under the MIP in 2005. No stock options are currently outstanding. The Compensation Committee anticipates granting restricted share units in lieu of stock options for the foreseeable future, but in the event stock options are granted, such stock options will be granted under the terms discussed above. Similar to stock options, the total number of restricted share units that may be awarded to an individual is within the discretion of the Compensation Committee but also limited by the MIP and is generally based on the Company's performance and the individual's current level of compensation, individual performance, potential for promotion and marketability outside the Company. The number of restricted share units or stock options previously granted to an individual may be, but is not always, a consideration in determining the amount of awards granted to that individual in the future. Generally, restricted share units vest over two to 10 years.

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 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 recently enacted Tax Cuts and Jobs Act, the exception for performance-based compensation has been 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 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 quarterly and annual operating income levels as the performance criteria for all outstanding qualified performance-based restricted share awards. Prior to any vesting of an award, the Committee must certify in writing that all of the necessary performance goals have been met. In 2017, no grants of "qualified performance-based compensation" restricted share units were made to Covered Employees.

The Compensation Committee intends to preserve the deductibility of awards granted before November 2, 2017 to the extent reasonably practicable under the current law. Base salary, bonuses and the vesting of non-performance-based restricted share units do not qualify as performance-based compensation under the grandfather provision of the amended Section 162(m). In 2017, $295,027 in NEO compensation paid to Nicholas Hobbs was not deductible by the Company. The Compensation Committee does not expect the changes to Section 162(m) under the Tax Cuts and Jobs Act to materially affect its practice of compensating its executives through performance-based programs.

Derivative Trading, Hedging, Pledging and Trading Plans

The Company has a policy that prohibits directors, officers or 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 and executive officers must obtain authorization from the Board before entering into a trading plan that, under the SEC's Rule 10b5-1, would permit the sale of the Company's stock including at times when the director or executive officer is in the possession of material nonpublic information. In addition, while the Board does not have a formal policy regarding pledging of the Company's common stock, the Board 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.

Proxy Statement

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.

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, January 24, 2018, all of the Company's officers and members of senior management covered by these guidelines had met their ownership goals.

Stock Retention Policy

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

Recovery of Awards

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

Summary

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

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

2017 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 32 under the section titled "Other Perquisites."

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

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

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

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

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

At transportation companies, generally the largest elements of compensation are paid in the form of annual short-term incentives and long-term compensation. Compensation mix and industry profitability vary as the industry faces many risk factors, such as the economy and fuel prices.

Cash compensation for our NEOs varies as the EPS of the Company changes or with the growth of the combination of revenue and EBIT or other identified metrics, due to the nature of our bonus plans described below. Grants of performance-based restricted share units are typically made annually. Performance-based restricted share units are based on each employee's level of responsibility and are generally computed as a multiple of base salary.

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 EPS, revenue and EBIT growth or other identified metrics, and the issuance of performance-based restricted share units. Equity-based awards from the MIP may also vary in vesting from two to 10 years. These awards are subject to forfeiture if the employee leaves the Company. Furthermore, the future vesting of performance-based equity awards is contingent on the Company's attainment of predetermined performance metrics established by the Committee. The Committee and management believe that the proportion of compensation at risk should rise as the employee's level of responsibility increases.

The Compensation Committee has retained Meridian as its compensation consultant. Meridian reports directly to the Compensation Committee and has no other engagements with the Company. In 2017, Meridian prepared a study providing information and an independent analysis of the Company's executive compensation program and practices. The results of this study included observations about the Company's target 2017 executive compensation.

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

- leadership,
- the execution of business plans,
- strategic results,
- operating results,
- growth in EPS, revenue and EBIT, 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 Chairman of the Board and 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.

Annual Bonus Awards

The Company has had in place for several years a bonus plan that is tied to EPS (EPS plan). In January 2018, this plan was modified and is now tied to operating income (company plan). In 2016, the Compensation Committee established a second bonus plan, referred to as the Performance Growth Incentive (PGI) plan, which is tied to year-over-year revenue and EBIT growth. In January 2018, this plan was modified and is now tied to year-over-year revenue and earnings before taxes (EBT) growth. When management presents its budget for the year, the Compensation Committee establishes separate matrices of reported results with corresponding bonus payout levels for each of the cash bonus plans. These forecasted revenue and earnings results are based on customer freight trends, strategies for growth and controlling costs, and corporate strategies to maximize stockholder return. Once presented to the Board, the financial budget and bonus plan matrices remain fixed, though management continually reforecasts expectations based on actual results and on changing facts and assumptions. Changes in uncontrollable factors such as general economic conditions, railroad or port authority service issues, or rapidly fluctuating fuel costs can have a significant impact on the Company's actual financial results. Therefore, as the Company performs against the original budget, the executive's bonus performs against the pre-established matrices. 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 both annual cash bonus awards paid to the Company's executive officers. The position of Chairman of the Board is not eligible to participate in the Company's cash bonus plans.

EPS Plan

For 2017, the EPS plan was based on annual reported EPS and consisted of a single payout to be made in January 2018 based on the full year 2017 EPS matrix approved by the Compensation Committee.

The established matrix consisted of EPS ranging from \$3.97 to \$6.18, translating to annual bonus payout percentages ranging from 6% to 180% of an executive's base salary. The 2017 annual bonus payout targets compared with actual reported EPS and actual payout percentages were as follows:

	EPS			Bonus Payout % of Salary		
Period	**Minimum**	**Target**	**Reported EPS**	**Minimum**	**Target**	**Actual**
Annual	4.00	4.15	6.18	6.0	18.0	–

When calculating the 2017 annual bonus payout, the Compensation Committee, in its discretion, and previously disclosed to the NEOs, excluded the 2017 income tax effect of the Company's adjustments to its deferred tax balances for the change in future tax rates prescribed by the Tax Cuts and Jobs Act enacted during the fourth quarter of 2017. As a result, no bonus payout was made under the EPS plan.

PGI Plan

For 2017, the PGI bonus plan was based on targeted annual operating revenue, excluding fuel surcharges (net revenue), and EBIT growth rates and also utilized a single payout in January 2018, after full year financial results were publicly reported. For 2017, the established PGI matrix consisted of net revenue growth rates ranging from 10% to 12% and EBIT growth rates ranging from 9% to 11%. These ranges translate into annual bonus payout percentages ranging from 75% to 125% of the President and CEO's base salary and 50% to 100% of all other NEOs' base salaries. The PGI plan is a blended bonus calculation requiring the minimum threshold of both net revenue and EBIT to be met before payout occurs. The 2017 annual PGI bonus payout targets compared with actual reported results and actual payout percentages were as follows:

	Net Revenue / EBIT Growth %			Bonus Payout % of Salary		
Period	**Minimum**	**Target**	**Reported**	**Minimum**	**Target**	**Actual**
President and CEO	10.0 / 9.0	10.0 / 9.0	7.1 / (13.5)	75.0	75.0	–
All other NEOs	10.0 / 9.0	10.0 / 9.0	7.1 / (13.5)	50.0	50.0	–

For 2017, the required minimum targeted growth rates under the PGI plan were not achieved and no payout was made.

Long-Term, Equity-Based Award

Each executive is eligible to receive a long-term incentive award of performance-based restricted share units. Performance-based restricted share units are intended to help achieve the objectives of the compensation program, including the retention of high-performing and experienced talent, a career orientation and strong alignment with stockholders' interests. The performance-based restricted share units are awarded and settled from shares reserved for issuance under the MIP. The Compensation Committee approves or adjusts the award based on the above criteria for all Section 16 filers who are employees of the Company. The awards for the Company's Chairman of the Board and Chief Executive Officer are presented for final approval to the Company's independent Board members. The Compensation Committee believes that performance-based restricted share units must be sufficient in size to provide a strong, long-term performance and retention incentive for executives and to increase their vested interest in the Company. Performance-based restricted share units are used as long-term incentives because they are less dilutive to shares outstanding and to profits. Performance-based restricted share units generally vest from two to 10 years.

In administering the MIP and awarding long-term incentive awards, we are sensitive to the potential for dilution of future EPS. The MIP is a broad-based equity compensation program. We focus the program on employees who will have the greatest impact on strategic direction and long-term results of the Company by virtue of their senior roles and responsibilities. As previously mentioned, in 2017 the Compensation Committee moved the timing of our annual equity-based awards to January of each year and accordingly, no performance-based restricted share units were granted in 2017. A total of 158,319 time-based restricted share units were granted in 2017, relating to the hiring or promotion of key non-NEO employees. In January 2018, a total of 426,409 performance-based and time-vested restricted share units were granted. Approximately 23% of the total share units granted were performance-based restricted share units to the NEOs, and approximately 37% of the total share units granted were to the executive officer group as a whole. As described above, MIP participants who hold the title of director and above have an ownership requirement in Company stock.

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 10 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 2016:

- 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.

No performance-based restricted share unit grants were made in 2017. In January 2018, the Compensation Committee and/or independent directors approved the following performance-based restricted share unit grants to the NEOs:

	Units (#)	Fair Value ($)
John N. Roberts, III	39,793	4,877,428
David G. Mee	14,247	1,746,255
Shelley Simpson	14,247	1,746,255
Nicholas Hobbs	14,247	1,746,255
Terrence D. Matthews	14,247	1,746,255

The fair value of the awards was based on a 2.5% discount from the Company's closing stock price of $125.65 on January 24, 2018. 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.

No equity-based compensation was granted to the Chairman of the Board in 2017 or January 2018.

The 2018 NEO awards shown above are performance-based restricted share units. These grants vest (in annual increments over a four year period), beginning January 31, 2019, upon the Company's attainment of predetermined operating metrics established and approved by the Compensation Committee. The Compensation Committee acknowledges that the separate components of total direct compensation are not always in the 50th percentile of their respective peer groups, as determined earlier, but it believes that its mix of current and long-term compensation is more appropriate to align the NEO's compensation with the stockholders' interests in both the near and longer term.

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

Deferred Compensation

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

Health and Welfare Benefits

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

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

Personal Benefits

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

Company Aircraft

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

Company Vehicles

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

Other Perquisites

The Company provides executive officers a taxable allowance of up to $10,000 a year for financial counseling services, which may include legal, financial, estate and/or tax planning, and tax return preparation. This benefit is based on the actual cost of the services. The Company also provides country club memberships to certain of its executive officers. These memberships are valued based on the actual costs of the membership, including dues, regardless of whether use was personal or business. The Company believes that these clubs provide a quiet venue for negotiations and entertainment of clients, bankers, investment bankers, stockholders, etc.

Severance Agreements

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

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

SUMMARY COMPENSATION

The following table summarizes the total compensation earned by or paid to the Chief Executive Officer, Chief Financial Officer and the next three most highly compensated executive officers of the Company who served in such capacities as of December 31, 2017, for services rendered to the Company. These five officers are referred to as the NEOs in this Proxy Statement.

Name and Principal Position	Year	Salary ($) (1)	Share Units ($) (2) (3)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (1)	Deferred Compensation ($)	All Other Compensation ($)	Total ($)
John N. Roberts, III	2017	833,865	–	–	–	–	25,387	859,252
President	2016	807,747	4,616,239	–	96,000	–	25,385	5,545,371
and CEO	2015	796,132	4,342,186	–	225,000	–	19,053	5,382,371
David G. Mee	2017	488,154	–	–	–	–	18,989	507,143
EVP, Finance	2016	480,660	1,899,262	–	57,000	–	21,954	2,458,876
& Administration	2015	476,846	1,809,378	–	135,000	–	16,078	2,437,302
and CFO								
Shelley Simpson	2017	485,000	–	–	–	–	19,973	504,973
EVP, CCO and	2016	476,923	1,671,408	–	57,000	–	16,268	2,221,599
President of	2015	429,808	1,447,502	–	120,000	–	17,793	2,015,103
Highway Services								
Nicholas Hobbs	2017	475,000	–	–	–	–	18,788	493,788
EVP and President	2016	454,808	1,671,408	–	54,000	–	18,424	2,198,640
of Dedicated	2015	403,846	1,447,502	–	112,500	–	14,998	1,978,846
Contract Services								
Terrence D. Matthews	2017	490,202	–	–	–	–	19,758	509,960
EVP and	2016	478,819	759,690	–	57,000	–	19,618	1,315,127
President	2015	478,946	1,085,627	–	135,000	–	19,590	1,719,163
of Intermodal								

(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 (2 to 5 years) and the achievement of performance metrics established by the Compensation Committee at the time of grant. No stock options were granted during 2017, 2016 or 2015.*

(3) *In 2017 the Compensation Committee moved the timing of annual equity-based awards to January of each year and accordingly, no performance-based restricted share units were granted in 2017. On January 24, 2018, a total of 96,781 performance-based restricted share units were granted to the NEOs as described in more detail on page 31 under the section titled "Long-Term, Equity-Based Award".*

Components of All Other Compensation for Calendar Year 2017

Name	Perquisites and Other Personal Benefits ($)	Company Contributions to 401(k) Plan ($)	Total ($)
John N. Roberts, III	17,287	8,100	25,387
David G. Mee	10,889	8,100	18,989
Shelley Simpson	11,873	8,100	19,973
Nicholas Hobbs	10,688	8,100	18,788
Terrence D. Matthews	11,664	8,094	19,758

Components of Perquisites for Calendar Year 2017

Name	Personal Use of Company Plane ($) [1]	Legal and Accounting Fees ($)	Club Dues ($)	Total Perquisites and Other Personal Benefits ($)
John N. Roberts, III	–	6,692	10,595	17,287
David G. Mee	–	419	10,470	10,889
Shelley Simpson	–	3,555	8,318	11,873
Nicholas Hobbs	–	2,335	8,353	10,688
Terrence D. Matthews	–	1,200	10,464	11,664

[1] *The value of personal aircraft usage reported above is based on the Company's actual invoiced amount from NetJets for the variable costs incurred on each trip. Since the Company's aircraft is used primarily for business travel, this methodology excludes fixed costs that do not change based on usage, such as depreciation and management fees. On certain occasions, an executive's spouse or other family member may accompany the executive on a flight when such person is invited to attend the event for appropriate business purposes. No additional direct operating cost is incurred in such situations under the foregoing methodology; however, the value of personal use of Company aircraft is imputed for federal income tax purposes as income to the NEO. Messrs. Roberts, Mee, and Matthews had such imputed income in 2017. 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, and included in the NEO's base salary in the Summary Compensation Table shown on page 33 of this Proxy Statement.*

Grants of Plan-Based Awards

The following table reflects estimated possible payouts under equity and non-equity incentive plans to the NEOs during 2017. The Company's equity-based and non-equity incentive-based awards are granted to the NEOs based upon pre-established performance goals set annually by the Compensation Committee with a performance period equal to the calendar year for which the performance goals are set.

The MIP is an annual plan consisting of equity-based awards only. The number of performance-based restricted share units awarded is measured based on the executive's level of responsibility and other matters described on page 31 under "Long-Term, Equity-Based Award." Dividends are not paid on awards of performance-based or time-vested restricted share units.

In 2017, NEOs were eligible to earn cash bonuses under the non-equity incentive award plans based on the Company's EPS, revenue and EBIT for the calendar year. Please refer to page 30 under "Annual Bonus Award" for further detail.

	Estimated Possible Payouts Under Non-Equity Incentive Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			Stock Awards: Number of Shares of Stock or Units	Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	Threshold ($)	Target ($)	Maximum ($)[1]	Threshold (#)	Target (#)[2]	Maximum (#)	(#)	(#)	($/Sh)	($)
John. N. Roberts, III	668,250	767,250	2,516,250	–	–	–	–	–	–	–
David G. Mee	271,600	329,800	1,358,000	–	–	–	–	–	–	–
Shelley Simpson	271,600	329,800	1,358,000	–	–	–	–	–	–	–
Nicholas Hobbs	266,000	323,000	1,330,000	–	–	–	–	–	–	–
Terrence D. Matthews	271,600	329,800	1,358,000	–	–	–	–	–	–	–

(1) *This column reflects the maximum non-equity incentive award each NEO was eligible to receive for 2017 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 33 of this Proxy Statement.*

(2) *No performance-based restricted share units were granted to the NEOs in 2017.*

Proxy Statement

Outstanding Equity Awards at Calendar Year-end

As of December 31, 2017, 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, 2017.

Name	Number of Shares or Units of Stock That Have Not Vested (#) (1)	Market Value of Shares or Units of Stock That Have Not Vested ($) (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (1)	Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (2)
John N. Roberts, III			15,000	1,724,700
			9,000	1,034,820
			18,190	2,091,486
			35,075	4,032,924
			49,484	5,689,670
David G. Mee			22,000	2,529,560
			6,000	689,880
			15,164	1,743,557
			22,351	2,569,918
Shelley Simpson	12,000	1,379,760		
	22,000	2,529,560		
			6,000	689,880
			11,664	1,341,127
			19,304	2,219,574
Nicholas Hobbs	9,000	1,034,820		
	22,000	2,529,560		
	6,000	689,880		
			11,664	1,341,127
			19,304	2,219,574
Terrence D. Matthews			12,000	1,379,760
			2,000	229,960
			4,860	558,803
			5,080	584,098

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

Time-Based Awards

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
Shelley Simpson	3,000	7/15/18	2,000	7/15/18
	3,000	7/15/19	6,666	7/15/21
	3,000	7/15/20	6,667	7/15/22
	3,000	7/15/21	6,667	7/15/23
Nicholas Hobbs	3,000	7/15/18	6,667	7/15/22
	3,000	7/15/19	6,667	7/15/23
	3,000	7/15/20	3,000	7/15/18
	2,000	7/15/18	3,000	7/15/19
	6,666	7/15/21		

Performance-Based Awards

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
John N. Roberts, III	15,000	7/15/18	11,692	7/15/20
	9,000	7/15/18	12,371	7/15/18
	9,095	7/15/18	12,371	7/15/19
	9,095	7/15/19	12,371	7/15/20
	11,691	7/15/18	12,371	7/15/21
	11,692	7/15/19		
David G. Mee	2,000	7/15/18	6,027	7/15/19
	10,000	7/15/20	3,111	7/15/20
	10,000	7/15/21	3,048	7/15/18
	3,000	7/15/18	5,079	7/15/19
	3,000	7/15/19	8,128	7/15/20
	6,026	7/15/18	6,096	7/15/21
Shelley Simpson	3,000	7/15/18	3,048	7/15/18
	3,000	7/15/19	5,182	7/15/19
	3,888	7/15/18	8,026	7/15/20
	3,888	7/15/19	3,048	7/15/21
	3,888	7/15/20		
Nicholas Hobbs	3,888	7/15/18	5,182	7/15/19
	3,888	7/15/19	8,026	7/15/20
	3,888	7/15/20	3,048	7/15/21
	3,048	7/15/18		
Terrence D. Matthews	3,000	7/15/18	2,000	7/15/18
	3,000	7/15/19	4,860	7/15/18
	3,000	7/15/20	5,080	7/15/18
	3,000	7/15/21		

[(2)] *Values are based on the last closing market price of $114.98 on December 31, 2017.*

Proxy Statement

Restricted Share Units Vested

Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (1) (2)
John N. Roberts, III	15,000	1,377,750
	9,000	826,650
	9,000	826,650
	9,094	835,284
	11,691	1,073,818
	12,371	1,136,276
Total	66,156	6,076,429
David G. Mee	2,000	183,700
	3,000	275,550
	3,110	285,654
	2,916	267,835
	3,047	279,867
Total	14,073	1,292,605
Shelley Simpson	3,000	275,550
	2,000	183,700
	3,000	275,550
	3,888	357,113
	3,047	279,867
Total	14,935	1,371,780
Nicholas Hobbs	1,000	91,850
	3,000	275,550
	2,000	183,700
	3,000	275,550
	3,888	357,113
	3,047	279,867
Total	15,935	1,463,630
Terrence D. Matthews	3,000	275,550
	17,500	1,607,375
	2,000	183,700
	3,334	306,228
	4,860	446,391
	5,079	466,506
Total	35,773	3,285,750

(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 2017 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	*34,167*
David G. Mee	*7,267*
Shelley Simpson	*8,309*
Nicholas Hobbs	*8,228*
Terrence D. Matthews	*21,694*

(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 2017

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 $16,411,843 as of December 31, 2017, and $14,887,624 as of December 31, 2016. 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 $16,411,843 as of December 31, 2017, and $14,887,624 as of December 31, 2016.

Name	Executive Contributions in 2017 ($) [1]	Registrant Contributions in 2017 ($)	Aggregate Earnings in 2017 ($)	Aggregate Withdrawals and Distributions ($)	Aggregate Balance at 2017 ($) [1]
John N. Roberts, III	–	–	–	–	–
David G. Mee	–	–	–	–	–
Shelley Simpson	–	–	–	–	–
Nicholas Hobbs	–	–	–	–	–
Terrence D. Matthews	242,500	–	275,617	–	3,999,911

[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, 2017 were $707,692 for Mr. Matthews.*

Potential Post-Employment Benefits

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

Generally, a “change in control” is deemed to occur when more than 30% of the outstanding shares of common stock of the Company change ownership in a transaction that is a merger, reorganization or consolidation, when the persons who constitute the Company’s incumbent board of directors cease to constitute a majority of the board, or upon the consummation of a merger, reorganization, consolidation or similar form of corporate 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.

Potential benefits to the NEOs due to his or her separation of service without cause, retirement or resignation for good reason following a “change in control” are shown below. The amounts represent the immediate vesting of all outstanding restricted share units and are valued using the last closing market price of $114.98 on December 31, 2017.

John N. Roberts, III	$14,573,600
David G. Mee	7,532,915
Shelley Simpson	8,159,901
Nicholas Hobbs	7,814,961
Terrence D. Matthews	2,752,621

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 2017, our last completed fiscal year, the median of the annual total compensation of all employees of our company (other than our CEO), was $57,384; and the annual total compensation of our CEO was $859,252. Based on this information, for 2017, the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all employees was 15 to 1.

We excluded employees residing in Mexico and Canada from our calculation under the De Minimis Exemption. Employees located in Mexico and Canada constituted 0.09% and 0.01% of our total employee population, respectively, which consisted of 22 individuals in Mexico and 3 individuals in Canada as of our November 30, 2017, determination date. Our employee population, after taking into consideration these adjustments, consisted of 23,872 individuals. Of these employees, 23,632 individuals are full-time (or full-time equivalent) employees, with the remainder employed on a part-time (less than 30 hours per week) basis. 99.9% of our employees (23,872 individuals) are located in the United States.

To identify the "median employee" from this employee population, we conducted a full analysis of our employee population as of our November 30, 2017, determination date. To determine our median employee, we also used a definition that was not total compensation and instead chose the aggregate of the employee's base pay and cash incentive bonuses paid during the period of January 1, 2017, through November 30, 2017. These balances were then annualized, with any anomalous reported earnings being replaced with a substantially similar employee balance. Reasons for the replacement of anomalous earnings were primarily due to a lack of adequate length of employment history with the company or the employee incurring a leave of absence during the analysis period. Using this methodology, we determined that the "median employee" was the average of a regional driver and an over-the-road driver. However, with respect to the annual total compensation of the "median employee," we identified and calculated the elements of such employees' compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K.

PROPOSAL NUMBER TWO
ADVISORY VOTE ON EXECUTIVE COMPENSATION

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

As discussed in our Compensation Discussion and Analysis (CD&A) on page 24, 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 required to own Company stock. The requirements are discussed in this 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 EPS, revenue and EBIT. 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 annually upon the Company's attainment of predetermined operating metrics established and approved by the Compensation Committee.

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 2017 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 2018 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 2017, as outlined in the above resolution.

THE BOARD OF DIRECTORS UNANIMOUSLY
RECOMMENDS A VOTE
FOR
PROPOSAL NUMBER TWO

REPORT OF THE AUDIT COMMITTEE

The Audit Committee

The 2017 Audit Committee was composed of James L. Robo, Chairman, Douglas G. Duncan, and Sharilyn S. Gasaway. Each served as a member of the Audit Committee during the full 2017 calendar year. The Company's Board has determined that all members of the Audit Committee satisfy the independence and other requirements for audit committee membership pursuant to the NASDAQ corporate governance listing standards and has also determined that Messrs. Robo and Duncan and Mrs. Gasaway each has the attributes of an audit committee financial expert as defined by SEC requirements.

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

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

In 2017, 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 2017 calendar year and met and held discussions with management, the Company's internal auditors and E&Y, the Company's independent registered public accounting firm, to discuss those financial statements and the audit related thereto. Management has represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles.

The Audit Committee discussed with the independent auditors matters required to be discussed by Auditing Standard 130 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, 2017, as filed with the SEC.

J.B. Hunt Transport Services, Inc.
2017 Audit Committee Members
James L. Robo, Chairman
Douglas G. Duncan
Sharilyn S. Gasaway

PROPOSAL NUMBER THREE RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected E&Y as the Company's independent registered public accounting firm to examine the consolidated financial statements of the Company for the 2018 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 2018 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 2018 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 2018 calendar year if it determines that such a change would be in the best interests of the Company and its stockholders.

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 2018 CALENDAR YEAR

AUDIT AND NONAUDIT FEES

The Audit Committee preapproves the audit and nonaudit 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 preapproves certain audit and nonaudit services and establishes a dollar limit on the amount of fees the Company will pay for each category of services. The Audit Committee is informed from time to time regarding the nonaudit 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 nonaudit 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 2017 and 2016 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, 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 2017 and 2016 calendar years, respectively:

	2017 ($)	2016 ($)
Audit fees (1)	1,362,450	1,206,800
Audit-related fees (2)	27,500	27,500
Tax fees (3)	538,674	1,155,933
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, and the review of the Company's quarterly reports on Form 10-Q.*
(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 nonaudit 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 nonaudit 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 2017 and 2016.

Proxy Statement

Policy on Audit Committee Preapproval of Audit and Permissible Nonaudit 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 nonaudit services provided by the independent auditor.

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

- ***Audit services*** include audit work performed related to the financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, statutory audits, attestation services, and consultation regarding financial accounting and/or reporting standards.

- ***Audit-related services*** are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

- ***Tax services*** include all services performed by the independent auditor's tax personnel except those services specifically related to the audit of the financial statements, including fees in the areas of tax compliance, tax planning and tax advice.

- ***Other services*** are those not captured in the other categories. The Company generally doesn't request such services from the independent auditor.

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

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

PROPOSAL NUMBER FOUR
STOCKHOLDER PROPOSAL REGARDING
REPORTING POLITICAL CONTRIBUTIONS

In accordance with SEC rules, we have set forth below a stockholder proposal, along with the supporting statement of the stockholder proponent, for which we and the Board accept no responsibility. The International Brotherhood of Teamster General Fund (the Fund), located at 25 Louisiana Avenue, N.W., Washington, D.C. 20001, is the proponent of the following stockholder proposal and has advised us that the Fund holds 190 shares of the Company's common stock which it has continuously held for at least one year and they intend to present the following proposal for a vote at the 2018 Annual Meeting.

RESOLVED, that the shareholders of J.B. Hunt Transport Services, Inc. ("J.B. Hunt" or "Company"), hereby request the Company to prepare and semi-annually update a report, which shall be presented to the pertinent board of directors committee and posted on the Company's website, that discloses the Company's:

(a) Policies and procedures for making political contributions and expenditures (direct and indirect) with corporate funds, including the board's role (if any) in that process; and

(a) Monetary and non-monetary political contributions or expenditures that could not be deducted as an "ordinary and necessary" business expense under section 162(e) of the Internal Revenue Code; this would include (but not be limited to) contributions to or expenditures on behalf of political candidates, parties, and committees and entities organized and operating under section 501(c)(4) of the Internal Revenue Code, as well as the portion of any dues or payments made to any tax-exempt organization (such as a trade association) that are used for an expenditure or contribution that, if made directly by the Company, would not be deductible under section 162(e) of the Internal Revenue Code.

The report shall be made available within 12 months of the annual meeting and identify all recipients and the amount paid to each from Company funds.

Supporting Statement

As long-term shareholders of J.B. Hunt, we support transparency and accountability in corporate political spending. Disclosure is in the best interest of the company and its shareholders. The Supreme Court recognized this in Citizens United: "[D]isclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages."

We acknowledge that public records indicate J.B. Hunt does not make direct political contributions. However, our Company maintains memberships in trade associations, such as the U.S. Chamber of Commerce that are actively involved in election-related spending, including, but not limited to, independent political expenditures. Such contributions may be indirectly attributed to the Company, posing risks to the Company's reputation and shareholder value.

Publicly available data does not provide a complete picture of the Company's indirect political spending. Therefore, this proposal asks the Company to disclose all payments to third parties that could be used for election-related purposes, including:

- A list of trade associations to which it belongs and the non-deductible portion of payments to each; and,
- Payments to any other third-party organization, including those organized under section 501(c)(4) of the Internal Revenue Code that may be used for political purposes.

This would bring our Company in line with CSX, UPS and Norfolk Southern, which present such information on their website.

The Company's Board and its shareholders need comprehensive disclosure to be able to evaluate the political use of corporate assets. We urge your support FOR this critical governance reform.

Board of Directors Statement in Opposition to the Stockholder Proposal

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

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

While the Company's limited involvement in the legislative, regulatory or electoral process serves an important corporate purpose, the Company's related expenses represent only a small fraction of our total annual expenses (less than 0.004% in fiscal 2017). The Company conducts such activities only in compliance with all applicable federal, state and local laws. For example, U.S. federal law currently prohibits companies from making corporate contributions or providing anything of value to any political candidate, campaign committee or other organization in connection with any federal election. The Company does not make such contributions.

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

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

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE <u>AGAINST</u> PROPOSAL NUMBER FOUR

PROPOSAL NUMBER FIVE
STOCKHOLDER PROPOSAL REGARDING GREENHOUSE GAS (GHG) REDUCTION TARGETS

In accordance with SEC rules, we have set forth below a stockholder proposal, along with the supporting statement of the stockholder proponents, for which we and the Board accept no responsibility. Trillium Asset Management LLC, located at 721 NW Ninth Avenue, Suite 250, Portland, Oregon 97209, on behalf of the Trillium Small/Mid Cap Fund, the Timken Matthews Family Foundation, and the Community Environmental Council, has advised us that each of the foregoing proponents holds shares of the Company's common stock, which each has continuously held for at least one year, with a market value in excess of $2,000 and that they intend to present the following proposal for a vote at the 2018 Annual Meeting.

> **RESOLVED, Shareholders request J.B. Hunt Transport Services (JBHT) adopt company-wide, quantitative, science-based targets to reduce GHG emissions from its vehicle fleet and operations and issue a report, at reasonable cost and omitting proprietary information, discussing its plans and progress towards achieving these targets.**

Supporting Statement

The Paris Climate Agreement of 2015 that was agreed to by 195 countries established a target to limit global temperature increases to 2 degrees Celsius above pre-industrial levels. Motivated by the imperative to achieve this limited warming scenario, over 300 businesses have committed to set GHG emissions reduction targets consistent with this global goal. The United States initially supported this effort by establishing a long-term goal to reduce emissions to 80% below 2005 levels by 2050.

The transportation sector is particularly important if the U.S. is to meet this or any other emissions reduction goal; the U.S. Energy Information Administration reports the transportation sector recently passed the electricity generation sector as the largest producer of GHG emissions. Transportation is also the only major sector in the U.S. with increasing emissions – emissions from the residential, commercial, industrial, and electric power sectors have all declined in recent years.

JBHT has stated it takes climate change seriously. It has adopted various initiatives to reduce fuel consumption and its Inter-Modal operations provide emissions reductions for its clients. Yet, according to its CDP responses, JBHT's emissions per load increased in 2015 and 2016, calling into question the efficacy of the company's strategies and initiatives.

Proponents believe adopting company-wide, quantitative targets based on climate science would help JBHT align new and existing initiatives, lower costs, increase competitiveness, and prepare for changing regulations, while enabling shareholders to better evaluate JBHT's emissions management strategies. Proponents recommend JBHT consider the methods outlined by the Science Based Targets Initiative as this would ensure its emissions reductions are consistent with the levels needed to achieve the 2 degree goal.

Over half of JBHT's S&P 500 peers have set GHG emissions reduction targets. Ryder System, Norfolk Southern, and CSX Corporation are notable transportation sector examples.

Setting GHG reduction goals would also unlock important opportunities for growth as business customers increasingly demand environmental accountability from suppliers. For example, Walmart, one of JBHT's major customers, is aiming to reduce its supply chain emissions and is encouraging its suppliers to set their own ambitious science-based emissions reduction targets.

Setting GHG goals is frequently found to be sound business strategy. A 2013 report by CDP, WWF, and McKinsey & Company found that companies with GHG targets achieved 9% better return on invested capital than companies without targets.

One of the recommendations of The Task Force on Climate-related Financial Disclosures, whose members include JPMorgan Chase, UBS Asset Management, Gene ration Investment Management, and BlackRock, is: "Describe the targets used by the organization to manage climate-related risks and opportunities and performance against these targets."

Board of Directors Statement in Opposition to the Stockholder Proposal

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

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

- The Company's Intermodal segment, which accounted for approximately 57% of our total revenue in 2017, owns and operates the world's largest fleet of 53-foot stackable containers, through which freight that would ordinarily be transported by truck can be carried largely by rail. During 2017, the Company moved approximately 2.0 million intermodal loads, effectively preventing nearly 3.4 million tons of carbon dioxide equivalent from entering the atmosphere, which is equivalent to removing over 700,000 passenger vehicles off the road for a year. The Company estimates that converting over-the-road shipments to intermodal shipments is 50% more fuel efficient.
- The Company engineers and designs customer solutions with an emphasis on energy efficiency, including following a five-step customer solution that (1) measures baseline energy use/carbon emissions, (2) minimizes total miles traveled, (3) maximizes payload, (4) optimizes mode of transport, and (5) selects the most efficient carriers.
- The Company deploys sophisticated optimization-based planning tools to minimize daily energy consumption when transporting customer shipments.
- In each of the past ten years, the Company has received a SmartWay® Excellence Award in recognition of our dedication to energy efficiency and decreased overall carbon dioxide emissions. The SmartWay Program is a public-private initiative between the U.S. Environmental Protection Agency ("EPA"), the freight transportation industry, and other federal and state agencies which seeks to reduce transportation-related emissions by improving supply-chain efficiency. The Company has been a partner in the SmartWay Program every year since 2008 and was named a High Performer on a list the EPA created this past year.
- Since 2010, the Company has offered our customers a proprietary CLEAN Transport™ carbon calculator that allows customers to measure and track their carbon footprints and identify opportunities for intermodal conversion to reduce emissions.
- The Company regularly participates in industry working groups focused on reducing GHG emissions and improving environmental impacts, including the Sustainability Consortium, the Sustainability Accounting Standards Board, the Global Logistics Emissions Council and the Environmental Defense Fund.
- The Company also regularly works with government agencies, including the U.S. Department of Energy and the EPA, as those agencies engage in a process that will determine the applicable rules, regulations and guidelines that govern the transportation industry.
- The Company has a strong record of ensuring that its revenue equipment complies with required emission standards. For instance, as an integral component of the Company's operations, the Company undergoes ongoing evaluation to monitor the efficacy of new technologies to reduce energy use and carbon emissions.
- The Company has pursued a number of other sustainability innovations, such as reducing tractor engine idling through driver incentive programs, installing on-board equipment such as direct-fired heaters and auxiliary power units, burning biodiesel fuels when available, governing top speeds on company-owned equipment to maximize fuel efficiency and safety, and using proprietary algorithms to determine the least cost method of shipping, which ultimately decreases carbon dioxide emissions, as well as the number of trucks and drivers on the road.

Based on these current and continued initiatives to reduce the Company's impact on the environment, the Board of Directors believes that adopting this proposal would be duplicative of the Company's existing efforts. Even before receiving this proposal, the Company was and is committed to being an industry leader in lessening its environmental impact and reducing GHG emissions. We have been reporting with CDP since 2010 to disclose these efforts to customers and investors in an industry standard format.

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

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

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

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE <u>AGAINST</u> PROPOSAL NUMBER FIVE

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

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

By Order of the Board of Directors

DAVID G. MEE
Corporate Secretary

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

FORM 10-K

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

For the fiscal year ended December 31, 2017	Commission file number 0-11757

J.B. HUNT TRANSPORT SERVICES, INC.
(Exact name of registrant as specified in its charter)

Arkansas (State or other jurisdiction of incorporation or organization)	**71-0335111** (I.R.S. Employer Identification No.)
615 J.B. Hunt Corporate Drive Lowell, Arkansas (Address of principal executive offices)	**72745-0130** (ZIP Code)

Registrant's telephone number, including area code: **479-820-0000**

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

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, $0.01 Par Value**

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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

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

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

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

The aggregate market value of 85,349,240 shares of the registrant's $0.01 par value common stock held by non-affiliates as of June 30, 2017, was $7.8 billion (based upon $91.38 per share).

As of February 13, 2018, the number of outstanding shares of the registrant's common stock was 109,754,492.

DOCUMENTS INCORPORATED BY REFERENCE
Certain portions of the Notice and Proxy Statement for the Annual Meeting of Stockholders, to be held April 19, 2018, are incorporated by reference in Part III of this Form 10-K.

FORWARD-LOOKING STATEMENTS

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

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

PART I

ITEM 1. BUSINESS

OVERVIEW

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

We believe our ability to offer multiple services, utilizing our four business segments and a full complement of logistics services through third parties, represents a competitive advantage. These segments include Intermodal (JBI), Dedicated Contract Services® (DCS), Integrated Capacity Solutions (ICS), and Truckload (JBT). Our business is somewhat seasonal, with slightly higher freight volumes typically experienced during August through early November. Our DCS segment is subject to somewhat less seasonal variation than our other segments. For the calendar year ended December 31, 2017, our consolidated revenue totaled $7.19 billion, after the elimination of intersegment business. Of this total, 57% was generated by our JBI business segment, 24% by DCS, 14% by ICS, and 5% by JBT. For the year ended December 31, 2016, JBI represented 58%, DCS 23%, ICS 13%, and JBT 6% of our consolidated revenue. For the year ended December 31, 2015, JBI represented 59%, DCS 24%, ICS 11%, and JBT 6% of our consolidated revenue.

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

OUR MISSION AND STRATEGY

We forge long-term partnerships 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 where we believe additional capital should be invested and management's resources should be focused to provide added 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 intermodal service addresses both demands. Further, we are customizing dedicated solutions aimed at minimizing transportation-related carbon emissions. Efforts to improve fleet fuel efficiency are ongoing, and we are an Environmental Protection Agency (EPA) SmartWay[SM] Transport Partner.

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 13 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; this was a watershed event in the industry and the first agreement that linked major rail and truckload carriers in a joint service environment. JBI draws on the intermodal services of rail carriers for the underlying linehaul movement of its equipment between rail ramps. The origin and destination pickup and delivery services (drayage) are handled by our company-owned tractors for the majority of our intermodal loads, while third-party dray carriers are used where economical. By performing our own drayage services, we are able to provide a cost-competitive, seamless coordination of the combined rail and dray movements for our customers.

JBI operates 88,610 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 77,946 units. The containers and chassis are uniquely designed so that they may only be paired together, which we feel creates an operational competitive advantage. JBI also manages a fleet of 4,776 company-owned tractors, 764 independent contractor trucks, and 5,782 company drivers. At December 31, 2017, the total JBI employee count was 6,555. Revenue for the JBI segment in 2017 was $4.08 billion.

DCS Segment

DCS focuses on private fleet conversion and creation in replenishment, specialized equipment, and final-mile delivery services. We specialize in the design, development, and execution of supply-chain solutions that support a variety of transportation networks. Our final-mile delivery services are supported with a network of approximately 102 cross-dock and other delivery system network locations nationwide, with 98% of the continental U.S. population living within 150 miles of a network location. Contracts with our customers are long-term, ranging from three to 10 years, with the average being approximately five years. Pricing of our contracts typically involves cost-plus arrangements, with our fixed costs being recovered regardless of equipment utilization, but is customized based on invested capital and duration.

At December 31, 2017, this segment operated 8,124 company-owned trucks, 544 customer-owned trucks, and 59 independent contractor trucks. DCS also operates 18,579 owned pieces of trailing equipment and 7,232 customer-owned trailers. The DCS segment employed 12,099 people, including 10,007 drivers, at December 31, 2017. DCS revenue for 2017 was $1.72 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. ICS 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 44 remote sales offices or branches, as well as on-site logistics personnel working in direct contact with customers.

At December 31, 2017, the ICS segment employed 954 people, with a carrier base of approximately 56,700. ICS revenue for 2017 was $1.02 billion.

JBT Segment

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

At December 31, 2017, the JBT segment operated 1,291 company-owned tractors and employed 1,492 people, 1,255 of whom were drivers. At December 31, 2017, we had 741 independent contractors operating in the JBT segment. JBT revenue for 2017 was $378 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 customers' business activities are extremely diverse, and our customer base includes a large number of Fortune 500 companies. We provide a broad range of transportation services to shippers seeking to use a variety of transportation options to optimize their supply-chain logistics needs.

We generally market all of our service offerings through a nationwide sales and marketing network. We use a specific sales force in DCS due to the length, complexity, and specialization of the sales cycle. In addition, ICS utilizes its own local branch salespeople. In accordance with our typical arrangements, we bill the customer for all services, and we, in turn, pay all third parties for their portion of transportation services provided.

People

We believe that one of the factors differentiating us from our competitors is our service-oriented people. As of December 31, 2017, we had 24,681 employees, which consisted of 17,044 company drivers, 6,454 office personnel, and 1,183 maintenance technicians. We also had arrangements with approximately 1,564 independent contractors to transport freight in our trailing equipment. None of our employees are represented by unions or covered by collective bargaining agreements.

Revenue Equipment

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

As of December 31, 2017, our company-owned tractor and truck fleet consisted of 14,191 units. In addition, we had 1,564 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, 2017, the average age of our combined tractor fleet was 2.9 years, while our containers averaged 6.2 years of age and our trailers averaged 7.1 years. We perform routine servicing and preventive maintenance on our equipment at our regional terminal facilities.

Competition and the Industry

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

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

Regulation

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

In 2013, the remaining provisions of the FMCSA's amendment to the hours-of-service (HOS) safety requirements for commercial truck drivers became effective, and we experienced some negative impact on our productivity as a result. However, in December 2014, as a result of the Consolidated and Further Continuing Appropriations Act of 2015, the FMCSA was required to rescind the 34-hour restart provision of the amended HOS rules to the pre-July 1, 2013 requirements. Furthermore, the FMCSA was required to conduct a field study measuring the safety benefit of the amended HOS rules before and after this rule change. This rule rescission is considered temporary pending the outcome of the study, which remains uncompleted. We continue to evaluate and adjust the various segments of our operations toward the ultimate impact of these changes in HOS safety requirements.

In December 2015, the FMCSA published a Final Rule requiring use of an Electronic Logging Device (ELD) by December 2017, for nearly all carriers. We have successfully implemented ELD's within our fleets.

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

Our business is dependent upon a number of factors that may have a material adverse effect on the results of our operations, many of which are beyond our control. In addition to general U.S. economic trends, and to a lesser extent global economic trends, these factors include interference with or termination of our relationships with certain railroads; rail service delays; disruptions to U.S. port-of-call activity; significant increases or rapid fluctuations in fuel prices, fuel taxes, interest rates, insurance premiums, self-insurance levels, excess capacity in the intermodal or trucking industries, or license and registration fees; terrorist attacks or actions; acts of war; adverse weather conditions; disruption or failure of information technology systems; increased costs for new revenue equipment or decreases in the value of used equipment; increased tariffs assessed on or disruptions in the procurement of imported revenue equipment; volatile financial credit markets; operational disruption or adverse effects of business acquisitions; and difficulty in attracting and retaining qualified drivers, independent contractors, and third-party carriers.

We are also affected by recessionary economic cycles and downturns in customers' business cycles, particularly in market segments and industries where we have a significant concentration of customers. Economic conditions represent a greater potential for loss, and we may be required 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.

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 Railway Company (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.

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 has requested the same, and the arbitration process has commenced. BNSF provides a significant amount of rail transportation services to our JBI business segment. At this time, we are unable to reasonably predict the outcome of the arbitration, and, as such, no gain or loss contingency can be determined or recorded. Normal commercial business activity between the parties, including load tendering, load tracing, billing and payments, has continued and is expected to continue on a timely basis.

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, 2017, 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 2018 with substantially the same terms as our 2017 policies for personal injury, property damage, workers' compensation, and cargo loss or damage. We purchase insurance coverage for the amounts above which we are self-insured. If these expenses increase and we are unable to offset the increase with higher freight rates, our earnings could be materially and adversely affected.

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

For the calendar year ended December 31, 2017, our top 10 customers, based on revenue, accounted for approximately 29% of our revenue. Our JBI, ICS, and JBT segments typically do not have long-term contracts with their customers. While our DCS segment business may involve long-term written contracts, those contracts may contain cancellation clauses, and there is no assurance that our current customers will continue to utilize our services or continue at the same levels. A reduction in or termination of our services by one or more of our major customers could have a material adverse effect on our business and operating results.

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

The DOT, FMCSA, and various state agencies exercise broad powers over our business, generally governing matters including authorization to engage in motor carrier service, equipment operation, safety, and financial reporting. We are audited periodically by the DOT to ensure that we are in compliance with various safety, hours-of-service, and other rules and regulations. If we were found to be out of compliance, the DOT could restrict or otherwise impact our operations.

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 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, labor and employment, 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 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. Our information technology systems may be susceptible to various interruptions, including equipment or network failures, failed upgrades or replacement of software, user error, power outages, natural disasters, cyber-attacks, terrorist attacks, computer viruses, hackers, or other security breaches. We have mitigated our exposure to these risks through the establishment and maintenance of technology security programs and disaster recovery plans, but these mitigating activities may not be sufficient. A significant disruption, failure or security breach in our information technology systems could have a material adverse effect on our business, which could include operational disruptions, loss of confidential information, external reporting delays or errors, legal claims, or damage to our business reputation.

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

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

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

Extreme or unusual weather conditions can disrupt our operations, impact freight volumes, and increase our costs, all of which could have a material adverse effect on our business results.

Certain weather conditions such as ice and snow can disrupt our operations. Increases in the cost of our operations, such as towing and other maintenance activities, frequently occur during the winter months. Natural disasters such as hurricanes and flooding can also impact freight volumes and increase our costs.

Our operations are subject to various environmental laws and regulations, the violation of which 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.

Acquisitions or business combinations may disrupt or have a material adverse effect on our operations or earnings.

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own our corporate headquarters in Lowell, Arkansas. In addition, we own or lease a number of buildings in Lowell that we utilize for administrative support, customer service, freight dispatch, data processing and warehousing, and data backup and disaster recovery. We also own or lease 40 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 97 leased facilities in our DCS cross-dock and other delivery system networks, with the remaining five locations outsourced, and 44 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	418	1,015,000	203,000
Cross-dock and delivery system facilities	37	2,191,000	168,000
Corporate headquarters, Lowell, Arkansas	99	–	404,000
Offices and data center, Lowell, Arkansas	8	–	60,000
Branch sales offices	–	–	77,000
Other facilities, offices, and parking yards	308	39,000	107,000

ITEM 3. LEGAL PROCEEDINGS

We are a defendant in certain class-action lawsuits in which the plaintiffs are current and former California-based drivers who allege claims for unpaid wages, failure to provide meal and rest periods, and other items. During the first half of 2014, the District Court in the lead class-action granted judgment in our favor with regard to all claims. The plaintiffs appealed the case to the United States Court of Appeals for the Ninth Circuit. In July 2017, the Ninth Circuit issued a Memorandum decision vacating the judgment in our favor and remanding the case to the District Court for further proceedings. The Ninth Circuit denied our Petition for Rehearing En Banc in November 2017, and the case has been reassigned to the United States District Court for the Central District of California for further proceedings according to the schedule entered by the Court. In February 2018, we filed a Petition for a Writ of Certiorari in the Supreme Court of the United States seeking review of the Ninth Circuit's decision. The overlapping claims in the other lawsuits remain stayed pending final resolution of the appellate process or a final decision in the lead class-action case. We cannot reasonably estimate at this time the possible loss or range of loss, if any, that may arise from these lawsuits, however, as of December 31, 2017, we have recorded a $10 million reserve representing an amount we deem acceptable for the settlement of these claims.

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 has requested the same, and the arbitration process has commenced. BNSF provides a significant amount of rail transportation services to our JBI business segment. At this time, we are unable to reasonably predict the outcome of the arbitration, and, as such, no gain or loss contingency can be determined or recorded. Normal commercial business activity between the parties, including load tendering, load tracing, billing and payments, has continued and is expected to continue on a timely basis.

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, 2017, we were authorized to issue up to 1 billion shares of our common stock, and 167.1 million shares were issued. We had 109.8 million and 111.3 million shares outstanding as of December 31, 2017 and 2016, respectively. The high and low sales prices of our common stock as reported by NASDAQ and the quarterly dividends paid per share on our common shares were:

2017	Dividends Paid	High	Low
First Quarter	$ 0.23	$ 101.23	$ 88.70
Second Quarter	0.23	94.08	83.35
Third Quarter	0.23	111.60	88.83
Fourth Quarter	0.23	116.84	100.25

2016	Dividends Paid	High	Low
First Quarter	$ 0.22	$ 86.94	$ 63.58
Second Quarter	0.22	89.43	75.71
Third Quarter	0.22	86.59	77.52
Fourth Quarter	0.22	102.38	76.20

On February 13, 2018, the high and low sales prices for our common stock as reported by NASDAQ were $119.30 and $114.63, respectively, and we had 1,013 stockholders of record.

DIVIDEND POLICY

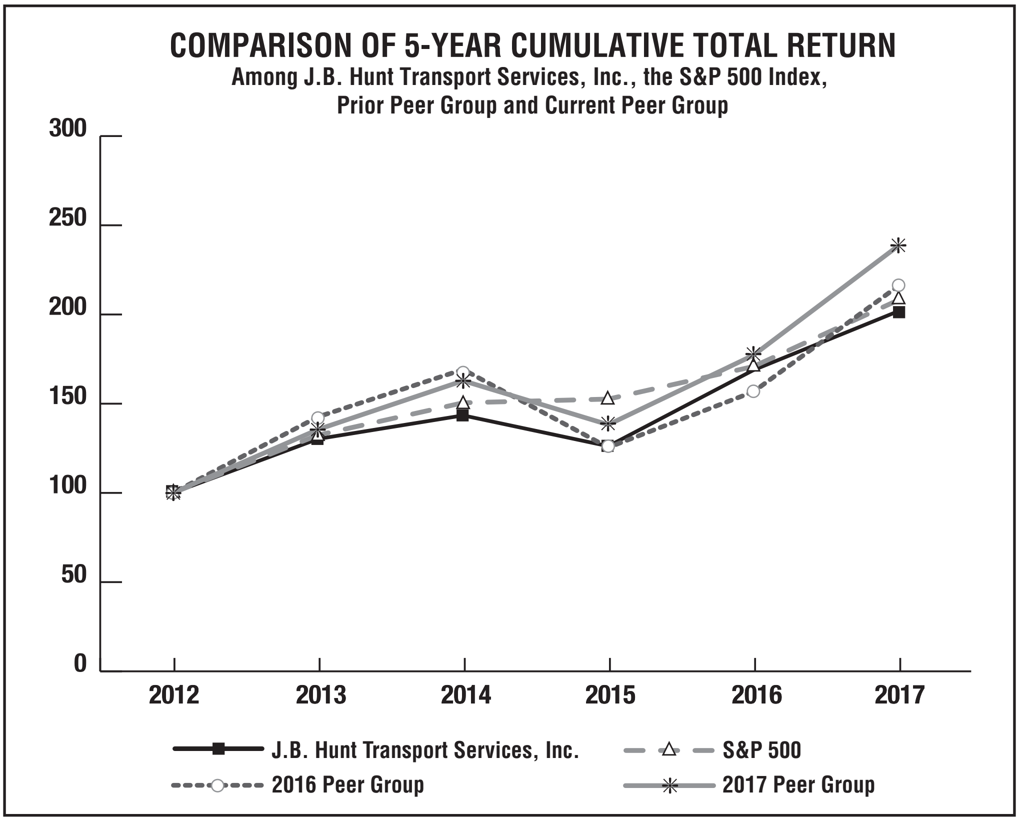
Our dividend policy is subject to review and revision by the Board of Directors, and payments are dependent upon our financial condition, liquidity, earnings, capital requirements, and any other factors the Board of Directors may deem relevant. On January 24, 2018, we announced an increase in our quarterly cash dividend from $0.23 to $0.24 per share, which will be paid February 23, 2018, to stockholders of record on February 9, 2018. 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

On October 22, 2015, our Board of Directors authorized the purchase of $500 million of our common stock. On April 20, 2017, our Board of Directors authorized an additional purchase of up to $500 million of our common stock. At December 31, 2017, $521 million of the combined authorization was remaining. We did not purchase any shares under our repurchase authorization during the three months ended December 31, 2017.

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 two customized peer groups. The peer group labeled "2016 Peer Group" consists of 11 companies: Avis Budget Group Inc., C.H. Robinson Worldwide Inc., CSX Corp, Expeditors International Of Washington Inc., Hertz Global Holdings Inc., Hub Group Inc., Kansas City Southern, Landstar System Inc., Norfolk Southern Corp, Old Dominion Freight Line Inc. and Ryder System Inc. The peer group labeled "2017 Peer Group" consists of 13 companies: C.H. Robinson Worldwide Inc., CSX Corp, Expeditors International Of Washington Inc., Hub Group Inc., Kansas City Southern, Norfolk Southern Corp, 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 each of the peer groups (including reinvestment of dividends) was $100 on December 31, 2012, and tracks it through December 31, 2017. The stock price performance included in this graph is not necessarily indicative of future stock price performance.



	Years Ended December 31,					
	2012	2013	2014	2015	2016	2017
J.B. Hunt Transport Services, Inc.	$ 100.00	$ 130.25	$ 143.44	$ 126.19	$ 168.83	$ 201.91
S&P 500	100.00	132.39	150.51	152.59	170.84	208.14
2016 Peer Group	100.00	142.64	169.18	125.47	156.70	216.09
2017 Peer Group	100.00	135.54	162.87	138.24	177.17	238.62

ITEM 6. SELECTED FINANCIAL DATA

(Dollars in millions, except per share amounts)

Earnings data for the years ended December 31,	**2017**	**2016**	**2015**	**2014**	**2013**
Operating revenues	$ 7,190	$ 6,555	$ 6,188	$ 6,165	$ 5,585
Operating income	624	721	716	632	577
Net earnings	686	432	427	375	342
Basic earnings per share	6.24	3.84	3.69	3.20	2.92
Diluted earnings per share	6.18	3.81	3.66	3.16	2.87
Cash dividends per share	0.92	0.88	0.84	0.80	0.45
Operating expenses as a percentage of operating revenues:					
Rents and purchased transportation	50.8%	49.7%	48.4%	50.0%	50.2%
Salaries, wages and employee benefits	22.4	22.4	22.5	20.9	20.4
Depreciation and amortization	5.3	5.5	5.5	4.8	4.5
Fuel and fuel taxes	4.8	4.3	5.1	7.4	8.2
Operating supplies and expenses	3.6	3.6	3.6	3.5	3.6
General and administrative expenses, net of asset dispositions	1.8	1.3	1.1	0.8	0.8
Insurance and claims	1.7	1.2	1.2	1.3	1.0
Operating taxes and licenses	0.6	0.7	0.7	0.7	0.7
Communication and utilities	0.3	0.3	0.3	0.4	0.3
Total operating expenses	91.3	89.0	88.4	89.8	89.7
Operating income	8.7	11.0	11.6	10.2	10.3
Net interest expense	0.4	0.4	0.4	0.4	0.4
Earnings before income taxes	8.3	10.6	11.2	9.8	9.9
Income taxes	(1.2)	4.0	4.3	3.7	3.8
Net earnings	9.5%	6.6%	6.9%	6.1%	6.1%

Balance sheet data as of December 31,	**2017**	**2016**	**2015**	**2014**	**2013**
Working capital ratio	1.52	1.65	1.61	1.11	0.96
Total assets (millions)	$ 4,465	$ 3,951	$ 3,630	$ 3,374	$ 2,818
Stockholders' equity (millions)	$ 1,839	$ 1,414	$ 1,300	$ 1,205	$ 1,012
Current portion of long-term debt (millions)	–	–	–	$ 250	$ 250
Total debt (millions)	$ 1,086	$ 986	$ 998	$ 929	$ 707
Total debt to equity	0.59	0.70	0.77	0.77	0.70
Total debt as a percentage of total capital	37%	41%	43%	44%	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. We have policies in place for 2018 with substantially the same terms as our 2017 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, 2017, we had an accrual of approximately $238 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, 2017, we have recorded $256 million of expected reimbursement for covered excess claims, insurance premiums and other insurance deposits.

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, 2017.

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. If our suppliers were unable to perform under the terms of our agreements for trade-in values, it could have a material adverse effect on our financial results.

Revenue Recognition

We recognize revenue based on the relative transit time of the freight transported and as other services are provided. Accordingly, a portion of the total revenue that will be billed to the customer once a load is delivered is recognized in each reporting period based on the percentage of the freight pickup and delivery service that has been completed at the end of the reporting period.

We record revenues on the gross basis at amounts charged to our customers because we are the primary obligor, we are a principal in the transaction, we invoice our customers and retain all credit risks, and we maintain discretion over pricing. Additionally, we are responsible for the selection of third-party transportation providers.

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

Income Taxes

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

The Tax Cuts and Jobs Act (the Act) was enacted in December 2017. Beginning in 2018, the Act reduces the U.S. federal corporate tax rate from 35% to 21%. At December 31, 2017, we had not completed our accounting for the tax effects of enactment of the Act. However, we have made a reasonable estimate of the effects on our existing deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. The provisional amount recorded resulting from the remeasurement of our deferred tax balance was $309.2 million, which is included as a component of income tax from continuing operations. We are still refining our calculations for our 2017 federal income tax return, which will be filed based on the law prior to the Act, and could potentially affect the measurement of these balances. Remaining aspects of the Act are not relevant to our operations.

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

RESULTS OF OPERATIONS

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

	Percentage of Operating Revenues			Percentage Change Between years	
	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
Operating revenues	100.0%	100.0%	100.0%	9.7%	5.9%
Operating expenses:					
Rents and purchased transportation	50.8	49.7	48.4	12.1	8.7
Salaries, wages and employee benefits	22.4	22.4	22.5	9.5	5.4
Depreciation and amortization	5.3	5.5	5.5	6.1	6.4
Fuel and fuel taxes	4.8	4.3	5.1	22.6	(9.5)
Operating supplies and expenses	3.6	3.6	3.6	10.3	5.7
General and administrative expenses, net of asset dispositions	1.8	1.3	1.1	44.6	20.0
Insurance and claims	1.7	1.2	1.2	57.6	6.4
Operating taxes and licenses	0.6	0.7	0.7	(2.5)	6.7
Communication and utilities	0.3	0.3	0.3	20.1	(3.0)
Total operating expenses	91.3	89.0	88.4	12.5	6.6
Operating income	8.7	11.0	11.6	(13.5)	0.7
Net interest expense	0.4	0.4	0.4	13.2	(1.1)
Earnings before income taxes	8.3	10.6	11.2	(14.5)	0.8
Income taxes	(1.2)	4.0	4.3	(134.5)	0.3
Net earnings	9.5%	6.6%	6.9%	58.8%	1.1%

2017 COMPARED WITH 2016

Consolidated Operating Revenues

Our total consolidated operating revenues increased 9.7% to $7.19 billion in 2017, compared to $6.56 billion in 2016, primarily due to overall increased load volume and higher revenue per load in our JBI, DCS, and ICS segments. Fuel surcharge revenues increased 37.5% to $754 million in 2017, compared to $548 million in 2016. If fuel surcharge revenues were excluded from both years, our 2017 revenue increased 7.1% over 2016.

Consolidated Operating Expenses

Our 2017 consolidated operating expenses increased 12.5% from 2016, while year-over-year revenue increased 9.7%, resulting in a 2017 operating ratio of 91.3% compared to 89.0% in 2016. Rents and purchased transportation costs increased 12.1% in 2017, primarily due to increased rail and truck purchased transportation rates and the increase in load volume, which increased services provided by third-party rail and truck carriers within JBI and

ICS segments. Salaries, wages and employee benefit costs increase 9.5% in 2017 from 2016. 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. In addition, 2016 included a $15.2 million benefit recorded to reflect a change in our employee paid time off policy.

Depreciation and amortization expense increased 6.1% in 2017, primarily due to additions to our JBI segment tractor, container and chassis fleets to support additional business demand and equipment purchased related to new DCS long-term customer contracts.

Fuel and fuel taxes expense increased 22.6% in 2017 compared with 2016, due primarily to increases in the price of fuel during 2017. We have fuel surcharge programs in place with the majority of our customers. These programs typically involve a specified computation based on the change in national, regional, or local fuel prices. While these programs may address fuel cost changes as frequently as weekly, most also reflect a specified miles-per-gallon factor and require a certain minimum change in fuel costs to trigger a change in fuel surcharge revenue. As a result, some of these programs have a time lag between when fuel costs change and when this change is reflected in revenues. Due to these programs, this lag negatively impacts operating income in times of rapidly increasing fuel costs and positively impacts operating income when fuel costs decrease rapidly.

It is not meaningful to compare the amount of fuel surcharge revenue or the change in fuel surcharge revenue between reporting periods to fuel and fuel taxes expense, or the change of fuel expense between periods, as a significant portion of fuel cost is included in our payments to railroads, dray carriers and other third parties. These payments are classified as purchased transportation expense.

Operating supplies and expenses increased 10.3%, driven primarily by increased mileage activity and tire expense. General and administrative expenses increased 44.6% from 2016, primarily due to a $20.2 million expense for the reserve of a cash advance for the purchases of new trailing equipment from a manufacturer that will not meet delivery, but also due to increased building rental expense, higher professional fee expenses, higher computer software subscription costs, and increased net losses from asset sales and disposals in 2017. Net losses from sale or disposal of assets were $7.4 million in 2017, compared to net losses of $5.5 million in 2016. Insurance and claims expense increased 57.6% in 2017, primarily due to higher incident volume and accident severity and an $18.6 million increase in reserves for certain claims not covered by insurance.

Net interest expense for 2017 increased by 13.2% compared with 2016, due to an increase in average debt levels and higher effective interest rates on our debt during 2017.

Our effective income tax rate was (15.29)% in 2017 and 37.90% in 2016. The decrease in 2017 was primarily due to a $309.2 million decrease in income tax expense resulting from adjustments to our deferred tax balances at December 31, 2017, for the change in future tax rates prescribed by the Tax Cuts and Jobs Act.

Segments

We operated four business segments during calendar year 2017. 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)		
	2017	**2016**	**2015**
JBI	$ 4,084	$ 3,796	$ 3,665
DCS	1,719	1,533	1,451
ICS	1,025	852	699
JBT	378	388	386
Total segment revenues	7,206	6,569	6,201
Intersegment eliminations	(16)	(14)	(13)
Total	$ 7,190	$ 6,555	$ 6,188

Operating Income by Segment

	Years Ended December 31, (in millions)		
	2017	**2016**	**2015**
JBI	$ 407	$ 450	$ 477
DCS	171	205	163
ICS	23	36	36
JBT	23	30	40
Total	$ 624	$ 721	$ 716

Operating Data by Segment

	Years Ended December 31, 2017	2016	2015
JBI			
Loads	1,999,807	1,916,303	1,772,808
Average length of haul (miles)	1,681	1,657	1,652
Revenue per load	$ 2,042	$ 1,981	$ 2,067
Average tractors during the period[(1)]	5,362	5,222	4,949
Tractors (end of period)			
Company-owned	4,776	4,581	4,276
Independent contractor	764	695	805
Total tractors	5,540	5,276	5,081
Trailing equipment (end of period)	88,610	84,594	78,957
Average effective trailing equipment usage	82,969	77,179	72,622
DCS			
Loads	2,575,245	2,401,332	2,250,099
Average length of haul (miles)	178	177	175
Revenue per truck per week[(2)]	$ 4,226	$ 4,077	$ 4,028
Average trucks during the period[(3)]	7,946	7,307	7,012
Trucks (end of period)			
Company-owned	8,124	6,976	6,762
Independent contractor	59	15	10
Customer-owned (Dedicated-operated)	544	410	436
Total trucks	8,727	7,401	7,208
Trailing equipment (end of period)	25,811	22,688	21,672
Average effective trailing equipment usage	24,550	22,827	22,391
ICS			
Loads	992,834	852,179	542,947
Revenue per load	$ 1,032	$ 999	$ 1,288
Gross profit margin	13.3%	14.3%	15.3%
Employee count (end of period)	954	824	670
Approximate number of third-party carriers (end of period)	56,700	50,900	45,700
JBT			
Loads	370,591	385,298	366,297
Average length of haul (miles)	435	455	448
Loaded miles (000)	160,932	175,038	163,115
Total miles (000)	192,433	207,998	193,856
Average nonpaid empty miles per load	85.1	85.6	83.9
Revenue per tractor per week[(2)]	$ 3,556	$ 3,458	$ 3,698
Average tractors during the period[(1)]	2,098	2,191	2,051
Tractors (end of period)			
Company-owned	1,291	1,376	1,462
Independent contractor	741	752	687
Total tractors	2,032	2,128	2,149
Trailing equipment (end of period)	7,120	7,642	7,604
Average effective trailing equipment usage	7,066	6,956	6,460

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

JBI Segment

JBI segment revenue increased 7.6% to $4.08 billion in 2017, from $3.80 billion in 2016. This increase in revenue was primarily a result of an 4.4% increase in load volume and a 3.1% increase in revenue per load, which is the combination of changes in freight mix, customer rates, and fuel surcharge revenue. Load volume in our transcontinental loads grew 7.2% while our eastern network was relatively flat compared to 2016. Average length of haul increased 1.4% in 2017 when compared to 2016. Revenue per load excluding fuel surcharge was flat in 2017 when compared to 2016.

Operating income of the JBI segment decreased to $407 million in 2017, from $450 million in 2016. Benefits from volume growth and increased revenue per load were offset by increases in rail purchased transportation costs, rail inefficiencies, higher driver wages and recruiting costs, higher equipment ownership costs, increased insurance and claims costs, which included an $8.5 million increase in reserves for certain insurance and claims, and the $20.2 million expense for the reserve of a cash advance for the purchases of new trailing equipment from a manufacturer that will not meet delivery. In addition, 2016 included a $5.7 million, one-time benefit from the change in paid time off policy.

DCS Segment

DCS segment revenue increased 12.1% to $1.72 billion in 2017, from $1.53 billion in 2016. Productivity, defined as revenue per truck per week, increased 3.7% when compared to 2016. Revenue, excluding fuel surcharges, increased 10.0% in 2017 compared to 2016, and productivity excluding fuel surcharge revenue increased 1.6% from 2016. The increase in revenue in 2017 was primarily a result of better integration of assets among customer accounts and customer rate increases, partially offset by lower productivity under new customer contracts, compared to 2016. DCS ended 2017 with a net additional 1,326 revenue-producing trucks when compared to 2016.

Operating income of our DCS segment decreased to $171 million in 2017, from $205 million in 2016. The increase in revenue and improved asset utilization were offset by higher driver wages and recruiting costs, increased insurance and claims cost, which included a $7.6 million increase in reserves for certain insurance and claims, increased start up expenditures for new customer contracts, higher equipment ownership costs, and the addition of acquisition costs and intangible asset amortization associated with the purchase of Special Logistics Dedicated, LLC (SLD) when compared to 2016. In addition, 2016 included a $7.3 million, one-time benefit from the change in paid time off policy.

ICS Segment

ICS segment revenue increased 20.3% to $1.02 billion in 2017, from $852 million in 2016. Overall volumes increased 16.5%. Revenue per load increased 3.3% primarily due to freight mix changes driven by customer demand. Contractual business was approximately 70% of the total load volume and 53% of the total revenue in the 2017, compared to 74% of the total load volume and 64% of the total revenue in 2016.

Operating income decreased to $23 million in 2017, from $36 million in 2016, primarily due to lower gross profit margins, increased insurance and claims cost, which included a $1.8 million increase in reserves for certain insurance and claims, increased number of branches less than two years old, and higher technology development costs. ICS gross profit margin decreased to 13.3% for 2017 from 14.3% for 2016. ICS's carrier base increased 11.4%, and the employee count increased 15.8% when compared to 2016. In addition, 2016 included a $1.0 million, one-time benefit from the change in paid time off policy.

JBT Segment

JBT segment revenue decreased 2.4% to $378 million in 2017, from $388 million in 2016, primarily from a 3.8% decrease in load count partially offset by a 1.4% increase in revenue per load. Excluding fuel surcharges, revenue for 2017 decreased 4.5% compared to 2016, primarily due to the reduction in load volume and a 4.4% decrease in length of haul.

JBT segment had operating income of $23 million in 2017 compared with $30 million in 2016. The decrease in operating income was driven primarily by lower revenue, increased driver wages and recruiting costs, higher independent contractor cost per mile, increased insurance and claims cost, which included an $0.7 million increase in reserves for certain insurance and claims, and increased tractor maintenance costs compared to 2016. In addition, 2016 included a $1.2 million, one-time benefit from the change in paid time off policy.

2016 COMPARED WITH 2015

Consolidated Operating Revenues

Our total consolidated operating revenues increased 5.9% to $6.56 billion in 2016, compared to $6.19 billion in 2015, primarily due to overall increased load volume, partially offset by lower revenue per load in our JBI, ICS, and JBT segments. Fuel surcharge revenues decreased 18.4% to $548 million in 2016, compared to $671 million in 2015. If fuel surcharge revenues were excluded from both years, our 2016 revenue increased 8.9% over 2015.

Consolidated Operating Expenses

Our 2016 consolidated operating expenses increased 6.6% from 2015, while year-over-year revenue increased 5.9%, resulting in a 2016 operating ratio of 89.0% compared to 88.4% in 2015. Rents and purchased transportation costs increased 8.7% in 2016, primarily the result of increased rail purchased transportation rates and the increase in load volume, which increased services provided by third-party rail and truck carriers within JBI and ICS segments. Salaries, wages and employee benefit costs increased 5.4% in 2016 from 2015. 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, partially offset by a $15.2 million, one-time benefit recorded to reflect a change in our employee paid time off policy.

Depreciation and amortization expense increased 6.4% in 2016, primarily due to additions to our JBI segment tractor, container and chassis fleets to support additional business demand, equipment purchased related to new DCS long-term customer contracts, and new replacement equipment in JBT.

Fuel and fuel taxes expense decreased 9.5% in 2016 compared with 2015, due to decreases in the price of fuel during 2016, partially offset by increased road miles. We have fuel surcharge programs in place with the majority of our customers. These programs typically involve a specified computation based on the change in national, regional, or local fuel prices. While these programs may address fuel cost changes as frequently as weekly, most also reflect a specified miles-per-gallon factor and require a certain minimum change in fuel costs to trigger a change in fuel surcharge revenue. As a result, some of these programs have a time lag between when fuel costs change and when this change is reflected in revenues. Due to these programs, this lag negatively impacts operating income in times of rapidly increasing fuel costs and positively impacts operating income when fuel costs decrease rapidly.

It is not meaningful to compare the amount of fuel surcharge revenue or the change in fuel surcharge revenue between reporting periods to fuel and fuel taxes expense, or the change of fuel expense between periods, as a significant portion of fuel cost is included in our payments to railroads, dray carriers and other third parties. These payments are classified as purchased transportation expense.

Operating supplies and expenses increased 5.7%, driven primarily by increased toll activity and tire expense. General and administrative expenses increased 20.0% from 2015, primarily due to increased charitable contributions and the absence of net gains from asset sales and disposals in 2016. Net losses from sale or disposal of assets were $5 million in 2016, compared to net gains of $1 million in 2015. Insurance and claims expense increased 6.4% in 2016, primarily due to higher incident volume.

Net interest expense for 2016 decreased by 1.1% compared with 2015, due primarily to lower effective interest rates.

Our effective income tax rate was 37.90% in 2016 and 38.10% in 2015. The decrease in 2016 was primarily due to a reduction in permanent differences related to executive compensation and lower state tax rates.

JBI Segment

JBI segment revenue increased 3.6% to $3.80 billion in 2016, from $3.66 billion in 2015. This increase in revenue was primarily a result of an 8.1% increase in load volume, offset by a 4.2% decrease in revenue per load, which is the combination of changes in freight mix, customer rates, and fuel surcharge revenue. Load volume in our eastern network increased 6.7%, and transcontinental loads grew 9.0% compared to 2015. Excluding fuel surcharge, revenues increased 7.1% and revenue per load decreased 1.0% in 2016 over the prior year. Average length of haul remained relatively flat in 2016 when compared to 2015.

Operating income of the JBI segment decreased to $450 million in 2016, from $477 million in 2015. Benefits from volume growth, improved network efficiency, improved rail service, and approximately $5.7 million from the change in paid time off policy were offset by increased rail purchased transportation costs, higher equipment ownership costs, increased insurance and cargo claim expense and higher driver wage and retention costs.

DCS Segment

DCS segment revenue increased 5.6% to $1.53 billion in 2016, from $1.45 billion in 2015. Productivity, defined as revenue per truck per week, increased 1.2% when compared to 2015. Revenue, excluding fuel surcharges, increased 7.3% in 2016 compared to 2015, and productivity excluding fuel surcharge revenue increased 2.8% from 2015, primarily from improved overall operational efficiencies, including better integration of assets between customer accounts, fewer unseated trucks, increased customer supply-chain fluidity, load counts and customer rate increases. DCS ended 2016 with a net additional 193 revenue-producing trucks when compared to 2015.

Operating income of our DCS segment increased to $205 million in 2016, from $163 million in 2015. The increase is primarily due to increased revenue, improved asset utilization, and approximately $7.3 million from the change in paid time off policy, partially offset by higher driver wage and recruiting costs, increased salaries and benefits expenses, and higher equipment ownership costs.

ICS Segment

ICS segment revenue increased 21.7% to $852 million in 2016, from $699 million in 2015. Overall volumes increased 57.0%. Revenue per load decreased 22.5% primarily due to freight mix changes driven by customer demand. Contractual business was approximately 74% of the total load volume and 64% of the total revenue in the 2016, compared to 71% of the total load volume and 63% of the total revenue in 2015.

Operating income remained flat at $36 million for both 2016 and 2015, primarily due to increased revenue and approximately $1.0 million from the change in paid time off policy, being offset by a 6.3% decrease in gross profit margin, increased claim costs, higher technology costs and increased personnel costs, as the total branch count increased to 42 from 34 at the end of 2015. ICS gross profit margin decreased to 14.3% for 2016 from 15.3% for 2015. ICS's carrier base increased 11.4%, and the employee count increased 23.0% when compared to 2015.

JBT Segment

JBT segment revenue increased 0.6% to $388 million in 2016, from $386 million in 2015. Excluding fuel surcharges, revenue for 2016 increased 3.8% compared to 2015, primarily due to increased average truck count, partially offset by core customer rate decreases and freight mix changes.

JBT segment had operating income of $30 million in 2016 compared with $40 million in 2015. Benefits from an increased average truck count, higher load volume, and approximately $1.2 million from the change in paid time off policy, were more than offset by increased driver recruiting costs, higher independent contractor cost per mile, higher safety and insurance costs, and increased tractor maintenance costs.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities remained relatively flat at $855 million in 2017 compared to $854 million in 2016, primarily due to the reduction in pre-tax earnings and an increase in cash paid for income taxes, net of refunds, partially offset by the timing of general working capital activities.

Net cash used in investing activities totaled $651 million in 2017, compared with $485 million in 2016. The increase resulted primarily from the purchase of SLD and an increase in equipment purchases, net of proceeds from the sale of equipment, in 2017.

Net cash used in financing activities was $196 million in 2017, compared with $368 million in 2016. This decrease resulted primarily from a decrease in treasury stock purchased and higher proceeds from long-term debt issuances, net of long-term debt repayments, in 2017. These net proceeds from long-term debt were used primarily for the purchase of SLD.

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 $0.21 per share quarterly dividend in 2015, a $0.22 per share quarterly dividend in 2016, and a $0.23 per share quarterly dividend in 2017. On January 24, 2018, we announced an increase in our quarterly cash dividend from $0.23 to $0.24 per share, which will be paid February 23, 2018, to stockholders of record on February 9, 2018. We currently intend to continue paying cash dividends on a quarterly basis. However, no assurance can be given that future dividends will be paid.

Liquidity

Our need for capital has typically resulted from the acquisition of containers, chassis, trucks, tractors, and trailers required to support our growth and the replacement of older equipment. We are frequently able to accelerate or postpone a portion of equipment replacements depending on market conditions. We obtain capital through cash generated from operations, revolving lines of credit, and long-term debt issuances. We have also periodically utilized capital and operating leases for revenue equipment. During the third quarter of 2017, we completed our acquisition of SLD and its affiliated entities. See Note 11, Acquisition, in the Notes to Consolidated Financial Statements for further discussion. We used our existing revolving credit facility to finance this transaction and to provide any necessary liquidity for current and future operations. This acquisition did not have a material impact on our interest expense.

At December 31, 2017, we were authorized to borrow up to $500 million under a senior revolving line of credit, which is supported by a credit agreement with a group of banks and expires in September 2020. 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 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, 2017, we had $242 million outstanding at an average interest rate of 2.52% under this agreement.

Our senior notes consist of three separate issuances. The first and second issuances are $250 million of 2.40% senior notes due March 2019 and $250 million of 3.85% senior notes due March 2024, respectively, both of which were issued in March 2014. Interest payments under both notes are due semiannually in March and September of each year. The third issuance 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. We may redeem for cash some or all of these notes based on a redemption price set forth in the note indenture. We currently have interest rate swap agreements which effectively convert our $250 million of 2.40% fixed-rate senior notes due March 2019 and our $350 million of 3.30% fixed-rate senior notes due August 2022 to variable rates, resulting in interest rates of 2.43% and 2.77%, respectively, at December 31, 2017. The applicable interest rates under these swap agreements are based on LIBOR plus an established margin.

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, 2017.

As previously mentioned above, the Tax Cuts and Jobs Act was enacted in December 2017. Beginning in 2018, the Act reduces the U.S. federal corporate tax rate from 35% to 21%, which will have a positive effect on our overall liquidity.

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

We are currently committed to spend approximately $797.6 million, net of proceeds from sales or trade-ins, during 2018 and 2019, which is primarily related to the acquisition of containers, chassis, and tractors.

Off-Balance Sheet Arrangements

In addition to our net purchase commitments of $797.6 million, our only other off-balance sheet arrangements are related to operating leases. As of December 31, 2017, we had approximately $74.2 million of obligations, primarily related to facility leases.

Contractual Obligations and Commitments

The following table summarizes our expected obligations and commitments (in millions) as of December 31, 2017:

	Total	2018	2019-2020	2021-2022	2023 and thereafter
Operating leases	$ 74.2	$ 24.5	$ 33.6	$ 13.0	$ 3.1
Long-term debt obligations	1,092.2	–	492.2	350.0	250.0
Interest payments on debt [(1)]	129.8	31.5	50.9	35.4	12.0
Commitments to acquire revenue equipment and facilities	797.6	414.9	382.7	–	–
Total	$ 2,093.8	$ 470.9	$ 959.4	$ 398.4	$ 265.1

[(1)] *Interest payments on debt are based on the debt balance and applicable rate at December 31, 2017.*

We had standby letters of credit outstanding of approximately $4.4 million at December 31, 2017, that expire at various dates in 2018, which are related to certain operating agreements and our self-insured retention levels for casualty and workers' compensation claims. We plan to renew these letters of credit in accordance with our third-party agreements. The table above excludes $48.9 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 2.40% to 3.85%. 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 interest rate swap agreements which effectively convert our $250 million of 2.40% fixed-rate senior notes due March 2019 and our $350 million of 3.30% fixed-rate senior notes due August 2022 to variable rates. The applicable interest rates under these swap agreements are 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 $8.4 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, 2017. 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, 2017, 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, 2017 and 2016

Consolidated Statements of Earnings for years ended December 31, 2017, 2016, and 2015

Consolidated Statements of Stockholders' Equity for years ended December 31, 2017, 2016, and 2015

Consolidated Statements of Cash Flows for years ended December 31, 2017, 2016, and 2015

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, 2017.

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, 2017. 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, 2017, our internal control over financial reporting is effective based on those criteria.

The effectiveness of internal control over financial reporting as of December 31, 2017, 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.

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, 2017, 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 19, 2018.

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 19, 2018.

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 19, 2018.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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	1,570,715	$ – [2]	6,752,540

[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 19, 2018.

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 19, 2018.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

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

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

Allowance for Doubtful Accounts, Revenue Adjustments and Other for the Years Ended:	Balance at Beginning of Year	Charged to Expense / Against Revenue	Write-Offs, Net of Recoveries	Balance at End of Year
December 31, 2015	$ 9.5	$ 9.5	$ (9.1)	$ 9.9
December 31, 2016	9.9	19.5	(16.0)	13.4
December 31, 2017	13.4	29.3	(18.7)	24.0

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
The response to this portion of Item 15 is submitted as a separate section of this report on Form 10-K (Exhibit Index).

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 23rd day of February, 2018.

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 23rd day of February, 2018, 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/ David G. Mee David G. Mee	Executive Vice President, Finance and Administration, Chief Financial Officer and Corporate Secretary (Principal Financial Officer)
/s/ John Kuhlow John Kuhlow	Senior Vice President Finance, Controller, Chief 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/ Coleman H. Peterson Coleman H. Peterson	Member of the Board of Directors

EXHIBIT INDEX

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)
10.1	Amended and Restated Employee Retirement Plan (incorporated by reference from Exhibit 99 of the Company's registration statement on Form S-8 (File No. 033-57127), filed December 30, 1994)
10.2	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)
10.3	Summary of Compensation Arrangements with Named Executive Officers for 2017 (incorporated by reference from Exhibit 99.1 of the Company's current report on Form 8-K, filed October 24, 2016)
10.4	Summary of Compensation Arrangements with Named Executive Officers for 2018 (incorporated by reference from Exhibit 99.1 of the Company's current report on Form 8-K, filed January 25, 2018)
10.5	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)
10.6	Second Supplemental Indenture (incorporated by reference from Exhibit 4.2 of the Company's current report on Form 8-K, filed March 6, 2014)
10.7	Third Supplemental Indenture (incorporated by reference from Exhibit 4.4 of the Company's current report on Form 8-K, filed March 6, 2014)
10.8	Fourth Supplemental Indenture (incorporated by reference from Exhibit 4.3 of the Company's current report on Form 8-K, filed August 6, 2015)
10.9	Credit Agreement and related documents (incorporated by reference from Exhibit 10.1 of the Company's current report on Form 8-K, filed October 2, 2015)
21.1	Subsidiaries of J.B. Hunt Transport Services, Inc.
23.1	Consent of Ernst & Young LLP
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32.1	Section 1350 Certification
99.1	Equity Interests Purchase Agreement dated July 20, 2017 (incorporated by reference from Exhibit 99.1 of the Company's current report on Form 8-K, filed July 25, 2017)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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, 2017. 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, 2017, our internal control over financial reporting is effective based on those criteria.

The effectiveness of internal control over financial reporting as of December 31, 2017, 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/ David G. Mee
David G. Mee
Executive Vice President, Finance and
Administration, Chief Financial Officer
(Principal Financial Officer)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of J.B. Hunt Transport Services, Inc. (the Company) as of December 31, 2017 and 2016, the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, 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, 2017, 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 23, 2018, 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.

/s/ Ernst & Young LLP

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

Rogers, Arkansas
February 23, 2018

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, 2017, 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, 2017, 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, 2017 and 2016, the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2017, 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 23, 2018, 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 23, 2018

J.B. HUNT TRANSPORT SERVICES, INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2017 and 2016
(in thousands, except share data)

Assets	**2017**	**2016**
Current assets:		
Cash and cash equivalents	$ 14,612	$ 6,377
Trade accounts receivable, net	920,767	745,288
Other receivables, net	283,499	189,665
Inventories	20,688	18,577
Prepaid expenses	99,162	107,513
Total current assets	1,338,728	1,067,420
Property and equipment, at cost:		
Revenue and service equipment	4,158,878	3,820,439
Land	47,231	46,827
Structures and improvements	202,730	175,900
Furniture and office equipment	261,625	215,749
Total property and equipment	4,670,464	4,258,915
Less accumulated depreciation	1,687,133	1,440,124
Net property and equipment	2,983,331	2,818,791
Goodwill	39,764	–
Other intangible assets, net	73,691	2,356
Other assets	29,835	62,160
Total assets	$ 4,465,349	$ 3,950,727

Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	$ 598,594	$ 384,308
Claims accruals	251,980	231,484
Accrued payroll	42,382	51,929
Other accrued expenses	28,888	27,152
Total current liabilities	921,844	694,873
Long-term debt	1,085,649	986,278
Other long-term liabilities	76,661	64,881
Deferred income taxes	541,870	790,634
Total liabilities	2,626,024	2,536,666
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, 2017 and 2016, of which 109,753,008 shares and 111,305,021 shares were outstanding at December 31, 2017 and 2016, respectively)	1,671	1,671
Additional paid-in capital	310,811	293,087
Retained earnings	3,803,844	3,218,943
Treasury stock, at cost (57,346,424 shares at December 31, 2017, and 55,794,411 shares at December 31, 2016)	(2,277,001)	(2,099,640)
Total stockholders' equity	1,839,325	1,414,061
Total liabilities and stockholders' equity	$ 4,465,349	$ 3,950,727

See Notes to Consolidated Financial Statements.

J.B. HUNT TRANSPORT SERVICES, INC.

CONSOLIDATED STATEMENTS OF EARNINGS

Years Ended December 31, 2017, 2016 and 2015
(in thousands, except per share amounts)

	2017	2016	2015
Operating revenues, excluding fuel surcharge revenues	$ 6,435,858	$ 6,007,347	$ 5,516,282
Fuel surcharge revenues	753,710	548,112	671,364
Total operating revenues	7,189,568	6,555,459	6,187,646
Operating expenses:			
Rents and purchased transportation	3,650,806	3,255,692	2,994,586
Salaries, wages and employee benefits	1,608,378	1,469,187	1,394,239
Depreciation and amortization	383,518	361,510	339,613
Fuel and fuel taxes	347,573	283,437	313,034
Operating supplies and expenses	257,239	233,223	220,597
General and administrative expenses, net of asset dispositions	125,878	87,053	72,522
Insurance and claims	123,579	78,410	73,689
Operating taxes and licenses	44,825	45,954	43,084
Communication and utilities	23,983	19,973	20,588
Total operating expenses	6,565,779	5,834,439	5,471,952
Operating income	623,789	721,020	715,694
Interest income	235	71	86
Interest expense	28,785	25,294	25,577
Earnings before income taxes	595,239	695,797	690,203
Income taxes	(91,024)	263,707	262,968
Net earnings	$ 686,263	$ 432,090	$ 427,235
Weighted average basic shares outstanding	109,987	112,474	115,677
Basic earnings per share	$ 6.24	$ 3.84	$ 3.69
Weighted average diluted shares outstanding	111,049	113,361	116,728
Diluted earnings per share	$ 6.18	$ 3.81	$ 3.66
Dividends declared per common share	$ 0.92	$ 0.88	$ 0.84

See Notes to Consolidated Financial Statements.

J.B. HUNT TRANSPORT SERVICES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years Ended December 31, 2017, 2016 and 2015
(in thousands, except per share amounts)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Stockholders' Equity
Balances at December 31, 2014	$ 1,671	$ 247,641	$ 2,555,972	$ (1,600,761)	$ 1,204,523
Comprehensive income:					
Net earnings	–	–	427,235	–	427,235
Cash dividend declared and paid ($0.84 per share)	–	–	(97,364)	–	(97,364)
Tax benefit of stock options exercised and restricted shares issued	–	12,877	–	–	12,877
Purchase of treasury shares	–	–	–	(262,275)	(262,275)
Share-based compensation	–	37,228	–	–	37,228
Stock option exercises and restricted share issuances, net of stock repurchased for payroll taxes	–	(29,018)	–	7,146	(21,872)
Balances at December 31, 2015	$ 1,671	$ 268,728	$ 2,885,843	$ (1,855,890)	$ 1,300,352
Comprehensive income:					
Net earnings	–	–	432,090	–	432,090
Cash dividend declared and paid ($0.88 per share)	–	–	(98,990)	–	(98,990)
Tax benefit of stock options exercised and restricted shares issued	–	7,044	–	–	7,044
Purchase of treasury shares	–	–	–	(249,760)	(249,760)
Share-based compensation	–	40,625	–	–	40,625
Stock option exercises and restricted share issuances, net of stock repurchased for payroll taxes	–	(23,310)	–	6,010	(17,300)
Balances at December 31, 2016	$ 1,671	$ 293,087	$ 3,218,943	$ (2,099,640)	$ 1,414,061
Comprehensive income:					
Net earnings	–	–	686,263	–	686,263
Cash dividend declared and paid ($0.92 per share)	–	–	(101,362)	–	(101,362)
Purchase of treasury shares	–	–	–	(179,813)	(179,813)
Share-based compensation	–	38,291	–	–	38,291
Restricted share issuances, net of stock repurchased for payroll taxes	–	(20,567)	–	2,452	(18,115)
Balances at December 31, 2017	$ 1,671	$ 310,811	$ 3,803,844	$ (2,277,001)	$ 1,839,325

See Notes to Consolidated Financial Statements.

J.B. HUNT TRANSPORT SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017, 2016 and 2015
(in thousands)

	2017	2016	2015
Cash flows from operating activities:			
Net earnings	$ 686,263	$ 432,090	$ 427,235
Adjustments to reconcile net earnings to			
net cash provided by operating activities:			
Depreciation and amortization	383,518	361,510	339,613
Share-based compensation	38,291	40,625	37,228
(Gain)/loss on sale of revenue equipment and other	7,370	5,490	(1,281)
Advance deposit impairment	20,240	–	–
Deferred income taxes	(248,764)	50,414	80,427
Changes in operating assets and liabilities:			
Trade accounts receivable	(166,111)	(120,994)	8,011
Income taxes receivable or payable	(45,542)	60,956	3,055
Other current assets	69,462	(37,101)	(26,493)
Trade accounts payable	85,237	60,818	8,600
Claims accruals	25,021	5,524	7,502
Accrued payroll and other accrued expenses	168	(5,189)	(10,589)
Net cash provided by operating activities	855,153	854,143	873,308
Cash flows from investing activities:			
Additions to property and equipment	(526,928)	(638,430)	(725,122)
Proceeds from sale of equipment	16,413	153,174	168,686
Business acquisition	(136,879)	–	–
Change in other assets	(3,888)	(132)	(20,096)
Net cash used in investing activities	(651,282)	(485,388)	(576,532)
Cash flows from financing activities:			
Proceeds from issuances of long-term debt	–	–	349,129
Payments on long-term debt	–	–	(250,000)
Proceeds from revolving lines of credit and other	2,716,155	1,715,427	2,110,800
Payments on revolving lines of credit and other	(2,612,501)	(1,724,365)	(2,138,466)
Purchase of treasury stock	(179,813)	(249,760)	(262,275)
Stock option exercises and other	1,100	1,341	2,978
Stock repurchased for payroll taxes	(19,215)	(18,641)	(24,850)
Tax benefit of stock options exercised and restricted shares issued	–	7,044	12,877
Dividends paid	(101,362)	(98,990)	(97,364)
Net cash used in financing activities	(195,636)	(367,944)	(297,171)
Net increase/(decrease) in cash and cash equivalents	8,235	811	(395)
Cash and cash equivalents at beginning of year	6,377	5,566	5,961
Cash and cash equivalents at end of year	$ 14,612	$ 6,377	$ 5,566
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 28,785	$ 24,800	$ 27,245
Income taxes	$ 190,783	$ 143,634	$ 163,304
Noncash investing activities			
Accruals for equipment received	$ 53,026	$ 13,522	$ 32,038

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business

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

2. Summary of Significant Accounting Policies

Basis of Consolidation

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

Use of Estimates

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

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2017 presentation format. Insurance receivables for claims in excess of self-insurance levels, which were previously offset against our claims accruals, have been reclassed to other receivables resulting in a $121.7 million increase in other receivables and a corresponding increase in claims accurals in our Consolidated Balance Sheet at December 31, 2016.

Cash and Cash Equivalents

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

Accounts Receivable and Allowance

Our trade accounts receivable includes accounts receivable reduced by an allowance for uncollectible accounts and revenue adjustments. Receivables are recorded at amounts billed to customers when loads are delivered or services are performed. The allowance for uncollectible accounts and revenue adjustments is based on historical experience, as well as any known trends or uncertainties related to customer billing and account collectability. The adequacy of our allowance is reviewed quarterly. Balances are charged against the allowance when it is determined the receivable will not be recovered. The allowance for uncollectible accounts and revenue adjustments for our trade accounts receivable was $15.4 million and $13.4 million at December 31, 2017 and 2016, respectively. The allowance for uncollectible accounts for our other receivables was $8.6 million at December 31, 2017.

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, 2017 and 2016, 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, and 3 to 10 years for furniture and office equipment. Salvage values are typically 10% to 30% of original cost for tractors and trailing equipment and reflect any agreements with tractor suppliers for residual or trade-in values for certain new equipment. We 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.

Revenue Recognition

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

We record revenues on the gross basis at amounts charged to our customers because we are the primary obligor, we are a principal in the transaction, we invoice our customers and retain all credit risks, 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.

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 or options exercised or converted their holdings into common stock. Outstanding unvested restricted share units and stock options 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,		
	2017	2016	2015
Weighted average shares outstanding – basic	109,987	112,474	115,677
Effect of common stock equivalents	1,062	887	1,051
Weighted average shares outstanding – diluted	111,049	113,361	116,728

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, 2017, 2016, and 2015, our top 10 customers, based on revenue, accounted for approximately 29% of our total revenue. Our top 10 customers, based on revenue, accounted for approximately 31% and 28% of our total trade accounts receivable at December 31, 2017 and 2016, respectively. We had no individual customers with revenues greater than 10% of total revenues.

Share-based Compensation

We have a share-based compensation plan covering certain employees, including officers and directors. We account for share-based compensation utilizing the fair value recognition provisions of current accounting standards for share-based payments. We currently utilize restricted share units and performance share units and in the past have also utilized nonstatutory stock options. Issuances of our stock upon restricted share unit and performance share unit vesting or share option exercise 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 2015 through 2017, 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. We have policies in place for 2018 with substantially the same terms as our 2017 policies for personal injury, workers' compensation, and cargo and property damage.

Our claims accrual policy for all self-insured claims is to recognize a liability at the time of the incident based on our analysis of the nature and severity of the claims and analyses provided by third-party claims administrators, as well as legal, economic, and regulatory factors. Our safety and claims personnel work directly with representatives from the insurance companies to continually update the estimated cost of each claim. The ultimate cost of a claim develops over time as additional information regarding the nature, timing, and extent of damages claimed becomes available. Accordingly, we use an actuarial method to develop current claim information to derive an estimate of our ultimate claim liability. This process involves the use of loss-development factors based on our historical claims experience and includes a contractual premium adjustment factor, if applicable. In doing so, the recorded liability considers future claims growth and provides an allowance for incurred-but-not-reported claims. We do not discount our estimated losses. At December 31, 2017 and 2016, we had an accrual of approximately $238 million and $220 million, respectively, 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, 2017 and 2016, we have recorded $256 million and $254 million, respectively, of expected reimbursement for covered excess claims, insurance premiums and other insurance deposits.

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 5 to 10 years.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which supersedes virtually all existing revenue recognition guidance. The new standard requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. This update also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which deferred the effective date of ASU 2014-09, one year to interim and annual periods beginning after December 15, 2017. Early adoption was permitted after the original effective date of December 15, 2016.

Our implementation team has completed the process of contract review and documentation in accordance with the standard. We will adopt this new standard in the first quarter 2018, using the modified retrospective transition approach. We do not expect the standard to have a material impact on our financial statements, although additional disclosures will be required.

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize a right-of-use asset and a lease liability for most leases in the balance sheet as well as other qualitative and quantitative disclosures. ASU 2016-02 is to be applied using a modified retrospective method and is effective for interim and annual periods beginning after December 15, 2018, but early adoption is permitted. We are currently evaluating the potential effects of the adoption of this update on our financial statements. See Note 10, Commitments and Contingencies, in our Consolidated Financial Statements for discussion of our remaining obligations under operating lease arrangements.

Accounting Pronouncements Adopted in 2017

In March 2016, the FASB issued ASU 2016-09, Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting, which amended and simplified certain aspects of accounting for share-based payment award transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments were effective for interim and annual periods beginning after December 15, 2016. The application methods used in adoption varied with each component of the standard. We prospectively adopted ASU 2016-09 during the first quarter 2017, which, upon vesting of share-based awards, resulted in the recognition of excess tax benefits or tax deficiencies from share-based compensation as a discrete item in our income tax expense. Historically, these amounts were recorded as additional paid-in capital. Effectively all of our outstanding share-based awards as of December 31, 2017 vest within the third quarter of the vesting year, and accordingly, we recognized an excess tax benefit of $4.9 million during the third quarter 2017. In addition, cash flows from excess tax benefits from share-based compensation, which historically have been reported as cash flows from financing activities, are now reported, on a prospective basis, as cash flows from operating activities in our Consolidated Statement of Cash Flows. The remaining amendments within the standard had no impact on our Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles – Goodwill and Other, Simplifying the Test for Goodwill Impairment, which removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test. Instead, this update requires an entity to recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value. ASU 2017-04 is effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted for impairment measurement tests occurring after January 1, 2017, and accordingly, we early adopted ASU 2017-04 in 2017, which 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,	
	2017	2016
Senior revolving line of credit	$ 241.4	$ 139.0
Senior notes	844.2	847.3
Total long-term debt	$ 1,085.6	$ 986.3

Aggregate maturities of long-term debt subsequent to December 31, 2017, are as follows: $249.9 million in 2019, $241.4 million in 2020, and $594.3 million thereafter.

Senior Revolving Line of Credit

At December 31, 2017, we were authorized to borrow up to $500 million under a senior revolving line of credit, which is supported by a credit agreement with a group of banks and expires in September 2020. 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, 2017, we had $242.2 million outstanding at an average interest rate of 2.52% under this agreement.

Senior Notes

Our senior notes consist of three separate issuances. The first and second issuances are $250 million of 2.40% senior notes due March 2019 and $250 million of 3.85% senior notes due March 2024, respectively, both of which were issued in March 2014. Interest payments under both notes are due semiannually in March and September of each year. The third issuance 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. 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 a shelf registration statement filed in February 2014. 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 interest rate swaps entered into on the $250 million of 2.40% senior notes due March 2019 and 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, 2017.

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 receive fixed-rate and pay variable-rate interest rate swap agreements simultaneously with the issuance of our $250 million of 2.40% senior notes due March 2019 and $350 million of 3.30% senior notes due August 2022, to effectively convert this fixed-rate debt to variable-rate. The notional amounts of these interest rate swap agreements equal those of the corresponding fixed-rate debt. The applicable interest rates under these agreements is based on LIBOR plus an established margin, resulting in an interest rate of 2.43% for our $250 million of 2.40% senior notes and 2.77% for our $350 million of 3.30% senior notes at December 31, 2017. The swaps expire when the corresponding senior notes are due. The fair values of these swaps are recorded in other assets and other long-term liabilities in our Consolidated Balance Sheet at December 31, 2017. See Note 9, Fair Value Measurements, for disclosure of fair value. These derivatives meet the required criteria to be designated as fair value hedges and as the specific terms and notional amounts of these derivative instruments match those of the fixed-rate debt being hedged, these derivative instruments are 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 these interest rate swaps 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, 2017 or 2016. 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 24, 2018, we announced an increase in our quarterly cash dividend from $0.23 to $0.24 per share, which will be paid February 23, 2018, to stockholders of record on February 9, 2018. At December 31, 2017, we had 1.6 million shares of common stock to be issued upon the vesting of equity awards and 6.8 million shares reserved for future issuance pursuant to share-based payment plans. During calendar year 2017, we purchased approximately 1.9 million shares, or $179.8 million, of our common stock in accordance with plans authorized by our Board. At December 31, 2017, we had $521.4 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 nonstatutory 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.

In the past, nonstatutory stock options have been granted to key employees for the purchase of our common stock for 100% of the fair market value of the common stock at the grant date as awarded by the Compensation Committee. These options generally vested over a 10-year period and were forfeited immediately if the employee terminated for any reason other than death, disability or retirement after age 55. We did not grant any stock options during the years ended December 31, 2017, 2016, and 2015.

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, performance share units, and stock options in accordance with current accounting standards for share-based payments. These standards require that the cost of all share-based payments to employees, including grants of employee stock options, be recognized in our Consolidated Financial Statements based on the grant date fair value of those awards. This cost is recognized over the period for which an employee is required to provide service in exchange for the award, subject to the attainment of performance metrics established for performance share units. Share-based compensation expense is recorded in salaries, wages, and employee benefits in our Consolidated Statements of Earnings, along with other compensation expenses to employees. The following table summarizes the components of our share-based compensation program expense (in thousands):

	Years ended December 31,		
	2017	2016	2015
Restricted share units			
Pretax compensation expense	$ 28,679	$ 29,938	$ 27,898
Tax benefit	(4,385)	11,347	10,629
Restricted share units, net of tax	$ 33,064	$ 18,591	$ 17,269
Performance share units			
Pretax compensation expense	$ 9,612	$ 10,687	$ 9,330
Tax benefit	(1,470)	4,050	3,555
Performance share awards, net of tax	$ 11,082	$ 6,637	$ 5,775

A summary of our restricted share units, performance share units, and nonstatutory stock options is as follows:

Restricted Share Units	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2014	1,940,998	$ 51.74
Granted	390,143	74.86
Vested	(783,483)	39.45
Forfeited	(30,908)	54.89
Unvested at December 31, 2015	1,516,750	$ 63.96
Granted	540,746	75.03
Vested	(520,619)	54.78
Forfeited	(34,221)	69.14
Unvested at December 31, 2016	1,502,656	$ 71.16
Granted	158,319	90.06
Vested	(380,702)	67.29
Forfeited	(37,745)	75.13
Unvested at December 31, 2017	1,242,528	$ 74.71

Performance Share Units	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2014	433,895	$ 62.23
Granted	160,574	74.37
Vested	(103,796)	58.28
Forfeited	–	–
Unvested at December 31, 2015	490,673	$ 67.04
Granted	142,114	74.71
Vested	(148,733)	62.84
Forfeited	–	–
Unvested at December 31, 2016	484,054	$ 70.58
Granted	–	–
Vested	(155,867)	68.27
Forfeited	–	–
Unvested at December 31, 2017	328,187	$ 71.68

Stock Options	Number of Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2014	98	$ 20.40	0.86	$ 6.3
Exercised	(95)	20.35	–	5.8
Forfeited	(1)	24.27	–	–
Outstanding at December 31, 2015	2	$ 20.76	0.05	$ 0.1
Exercised	(2)	20.76	–	–
Forfeited	–	–	–	–
Outstanding at December 31, 2016	–	–	–	–

At December 31, 2017, we had $49.8 million and $9.7 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 3.6 years for restricted share units and 2.2 years for performance share units.

The aggregate intrinsic value of restricted and performance share units vested and options exercised during the years ended December 31, 2017, 2016, and 2015, was $49.3 million, $56.7 million, and $80.8 million, respectively. The aggregate intrinsic value of unvested restricted and performance share units was $180.6 million at December 31, 2017. The total fair value of shares vested for restricted share, performance share, and stock option awards during the years ended December 31, 2017, 2016, and 2015, was $36.4 million, $38.1 million, and $37.3 million, respectively.

7. *Income Taxes*

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

	Years ended December 31, 2017	2016	2015
Current:			
Federal	$ 134,284	$ 191,422	$ 160,235
State and local	23,456	21,871	22,306
	157,740	213,293	182,541
Deferred:			
Federal	(261,592)	45,846	71,292
State and local	12,828	4,568	9,135
	(248,764)	50,414	80,427
Total tax expense/(benefit)	$ (91,024)	$ 263,707	$ 262,968

Income tax expense attributable to earnings before income taxes differed from the amounts computed using the statutory federal income tax rate of 35% as follows (in thousands):

	Years ended December 31, 2017	2016	2015
Income tax at federal statutory rate	$ 208,334	$ 243,529	$ 241,571
State tax, net of federal effect	18,334	19,165	18,671
Federal tax reform	(309,223)	–	–
Benefit of stock compensation	(4,907)	–	–
199/R&D credit	(7,056)	–	–
Nondeductible meals and entertainment	1,374	1,419	1,420
Change in effective state tax rate, net of federal benefit	3,403	(1,055)	1,761
Other, net	(1,283)	649	(455)
Total tax expense	$ (91,024)	$ 263,707	$ 262,968

The Tax Cuts and Jobs Act (the Act) was enacted in December 2017. Beginning in 2018, the Act reduces the U.S. federal corporate tax rate from 35% to 21%. At December 31, 2017, we had not completed our accounting for the tax effects of enactment of the Act. However, we have made a reasonable estimate of the effects on our existing deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. The provisional amount recorded resulting from the remeasurement of our deferred tax balance was $309.2 million, which is included as a component of income tax from continuing operations. We are still refining our calculations for our 2017 federal income tax return, which will be filed based on the law prior to the Act, and could potentially affect the measurement of these balances. Remaining aspects of the Act are not relevant to our operations.

Income taxes receivable was $61.3 million and $15.7 million at December 31, 2017 and 2016, 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, 2017 and 2016, are presented below (in thousands):

	December 31, 2017	2016
Deferred tax assets:		
Insurance accruals	$ 27,700	$ 34,788
Allowance for doubtful accounts	6,605	2,347
Compensation accrual	3,661	10,443
Deferred compensation accrual	17,620	26,062
Federal benefit of state uncertain tax positions	8,681	14,085
State NOL carry-forward	4,944	3,444
Other	3,134	3,853
Total gross deferred tax assets	72,345	95,022
Valuation allowance	(4,944)	(3,444)
Total deferred tax assets, net of valuation allowance	67,401	91,578
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	566,396	831,555
Prepaid permits and insurance, principally due to expensing for income tax purposes	28,089	37,119
Other	14,786	13,538
Total gross deferred tax liabilities	609,271	882,212
Net deferred tax liability	$ 541,870	$ 790,634

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, 2017	2016	2015
Beginning balance	$ 35.4	$ 32.0	$ 31.6
Additions based on tax positions related to the current year	11.6	10.3	9.4
Additions/(reductions) based on tax positions taken in prior years	5.4	(3.2)	(2.5)
Reductions due to settlements	(2.4)	(0.4)	(3.0)
Reductions due to lapse of applicable statute of limitations	(4.7)	(3.3)	(3.5)
Ending balance	$ 45.3	$ 35.4	$ 32.0

At December 31, 2017 and 2016, we had a total of $45.3 million and $35.4 million, respectively, in gross unrecognized tax benefits. Of these amounts, $37.5 million and $23.0 million represent the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate in 2017 and 2016, 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, 2017, 2016, and 2015, was $2.1 million, $1.9 million, and $1.9 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, 2017 and 2016, was $3.6 million and $4.4 million, respectively.

Tax years 2014 and forward remain subject to examination by federal tax jurisdictions, while tax years 2007 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, 2017, 2016, and 2015, our matching contributions to the plan were $16.7 million, $15.6 million, and $14.7 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 $16.4 million as of December 31, 2017, and $14.9 million as of December 31, 2016. 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 $16.4 million as of December 31, 2017, and $14.9 million as of December 31, 2016.

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, 2017	2016	Input Level
Trading investments	$ 16.4	$ 14.9	1
Interest rate swaps	$ (1.4)	$ 2.9	2
Senior notes, net of unamortized discount and debt issuance costs	$ (595.6)	$ (599.0)	2

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

Financial Instruments

The carrying amount of our senior revolving line of credit and remaining senior notes not measured at fair value on a recurring basis was $490.0 million and $387.3 million at December 31, 2017 and 2016, 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 $506.3 million and $402.3 million at December 31, 2017 and 2016, respectively.

In 2017, we remeasured an advance deposit previously made for the purchase of new trailing equipment from a carrying amount of $20.2 million to a fair value of zero, due the manufacturer not being able to meet delivery. The resulting charge is included in general and administrative expenses, net of asset dispositions in our Consolidated Statements of Earnings. The carrying amounts of all other instruments at December 31, 2017 and 2016, approximate their fair value due to the short maturity of these instruments.

10. *Commitments and Contingencies*

As of December 31, 2017, we had approximately $74.2 million of obligations remaining under operating lease arrangements related primarily to terminal and support facilities. Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2017, are approximately $74.2 million, with payment streams as follows (in millions): 2018 – $24.5; 2019 – $18.6; 2020 – $15.0; 2021 – $8.8; 2022 – $4.2; and thereafter – $3.1.

Total rent expense was $64.3 million in 2017, $44.1 million in 2016, and $39.5 million in 2015. At December 31, 2017, we had outstanding commitments of approximately $797.6 million, net of proceeds from sales or trade-ins during 2018 and 2019, which is primarily related to the acquisition of containers, chassis, and tractors.

During 2017, 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 $4.4 million as of December 31, 2017.

We are a defendant in certain class-action lawsuits in which the plaintiffs are current and former California-based drivers who allege claims for unpaid wages, failure to provide meal and rest periods, and other items. During the first half of 2014, the District Court in the lead class-action granted judgment in our favor with regard to all claims. The plaintiffs appealed the case to the United States Court of Appeals for the Ninth Circuit. In July 2017, the Ninth Circuit issued a Memorandum decision vacating the judgment in our favor and remanding the case to the District Court for further proceedings. The Ninth Circuit denied our Petition for Rehearing En Banc in November 2017, and the case has been reassigned to the United States District Court for the Central District of California for further proceedings according to the schedule entered by the Court. In February 2018, we filed a Petition for a Writ of Certiorari in the Supreme Court of the United States seeking review of the Ninth Circuit's decision. The overlapping claims in the other lawsuits remain stayed pending final resolution of the appellate process or a final decision in the lead class-action case. We cannot reasonably estimate at this time the possible loss or range of loss, if any, that may arise from these lawsuits, however, as of December 31, 2017, we have recorded a $10 million reserve representing an amount we deem acceptable for the settlement of these claims.

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 has requested the same, and the arbitration process has commenced. BNSF provides a significant amount of rail transportation services to our JBI business segment. At this time, we are unable to reasonably predict the outcome of the arbitration, and, as such, no gain or loss contingency can be determined or recorded. Normal commercial business activity between the parties, including load tendering, load tracing, billing and payments, has continued and is expected to continue on a timely basis.

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. *Acquisition*

On July 20, 2017, we entered into an agreement to acquire Special Logistics Dedicated, LLC (SLD), and its affiliated entities, subject to customary closing conditions. The purchase price was $136.0 million with no assumption of debt. The closing of the transaction was effective on July 31, 2017. Total consideration paid in cash under the SLD agreement was $137.6 million and consisted of the agreed upon purchase price adjusted for an estimated working capital adjustment and cash acquired. In addition, we incurred approximately $3.1 million in transaction costs which are recorded in general and administrative expenses, net of asset dispositions in our Consolidated Statements of Earnings. The SLD acquisition was accounted for as a business combination. 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 $76 million of finite-lived intangible assets and approximately $40 million of goodwill. Goodwill consists of acquiring and retaining the SLD existing network and expected synergies from the combination of operations. The following table outlines the consideration transferred and preliminary purchase price allocation at their respective estimated fair values as of December 31, 2017 (in millions):

Consideration	$	137.6
Cash		0.7
Accounts receivable		9.4
Other current assets		1.4
Property and equipment		14.9
Intangibles		75.5
Accounts payable		(3.9)
Accrued Liabilities		(0.2)
Goodwill	$	39.8

As of December 31, 2017, the purchase price allocation is considered preliminary, subject to revision, as valuation procedures and tax considerations are completed.

As this acquired business is not significant to our consolidated results of operations and financial position, pro forma financial information has not been presented. The results of the acquired operations after the respective acquisition date have been included in our Consolidated Statements of Earnings.

12. *Goodwill and Other Intangible Assets*

As discussed in Note 11, Acquisitions, we recorded goodwill of approximately $40 million and additional finite-lived intangible assets of approximately $76 million in connection with the SLD acquisition. All goodwill was assigned to our Dedicated Contract Services® business segment. The initial carrying amount of goodwill recorded in the third quarter of 2017, was subsequently reduced during the fourth quarter of 2017, as our valuation procedures and tax considerations were more refined. No impairment losses have been recorded for goodwill as of December 31, 2017. Prior to the SLD acquisition, our only intangible asset consisted of our purchased LDC network access within our Dedicated Contract Services® segment. Identifiable intangible assets consist of the following (in millions):

	December 31, 2017		December 31, 2016		Weighted Average Amortization Period
Finite-lived intangibles:					
Non-competition agreements	$	0.2	$	–	5
Customer relationships		75.3		–	10
LDC Network		10.5		10.5	10
Total finite-lived intangibles		86.0		10.5	
Less accumulated amortization		(12.3)		(8.1)	
Total identifiable intangible assets, net	$	73.7	$	2.4	

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

During the years ending December 31, 2017, 2016, and 2015, intangible asset amortization expense was $4.2 million, $1.0 million and $1.0 million, respectively. Estimated amortization expense for our finite-lived intangible assets is expected to be approximately $8.6 million for 2018, $7.8 million for 2019, and $7.6 million for 2020 through 2022. 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.

13. *Segment Information*

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

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

	Assets (Excludes intercompany accounts) December 31,	
	2017	2016
JBI	$ 2,108	$ 2,032
DCS	1,182	951
ICS	204	136
JBT	283	279
Other (includes corporate)	688	553
Total	$ 4,465	$ 3,951

	Revenues Years ended December 31,		
	2017	2016	2015
JBI	$ 4,084	$ 3,796	$ 3,665
DCS	1,719	1,533	1,451
ICS	1,025	852	699
JBT	378	388	386
Total segment revenues	7,206	6,569	6,201
Intersegment eliminations	(16)	(14)	(13)
Total	$ 7,190	$ 6,555	$ 6,188

	Operating Income Years ended December 31,		
	2017	2016	2015
JBI	$ 407	$ 450	$ 477
DCS	171	205	163
ICS	23	36	36
JBT	23	30	40
Total	$ 624	$ 721	$ 716

	Depreciation and Amortization Expense Years ended December 31,		
	2017	2016	2015
JBI	$ 163	$ 160	$ 148
DCS	158	143	133
JBT	41	41	42
Other	22	18	17
Total	$ 384	$ 362	$ 340

14. *Quarterly Financial Information (Unaudited)*

As further discussed in Note 7, Income Taxes, our fourth quarter 2017, net earnings and earnings per share include the effect of a $309.2 million provisional amount recorded as a component of income tax expense from continuing operations resulting from the remeasurement of our deferred tax balance due to the enactment of the Tax Cuts and Jobs Act. Operating results by quarter for the years ended December 31, 2017 and 2016 are as follows (in thousands, except per share data):

	Quarter			
	First	Second	Third	Fourth
2017:				
Operating revenues	$ 1,629,158	$ 1,726,915	$ 1,843,334	$ 1,990,160
Operating income	$ 149,389	$ 163,615	$ 164,972	$ 145,814
Net earnings	$ 102,702	$ 97,869	$ 100,385	$ 385,308
Basic earnings per share	$ 0.93	$ 0.89	$ 0.92	$ 3.51
Diluted earnings per share	$ 0.92	$ 0.88	$ 0.91	$ 3.48
2016:				
Operating revenues	$ 1,528,712	$ 1,615,026	$ 1,690,659	$ 1,721,062
Operating income	$ 167,890	$ 175,792	$ 182,977	$ 194,361
Net earnings	$ 100,098	$ 105,011	$ 109,425	$ 117,556
Basic earnings per share	$ 0.89	$ 0.93	$ 0.97	$ 1.05
Diluted earnings per share	$ 0.88	$ 0.92	$ 0.97	$ 1.05

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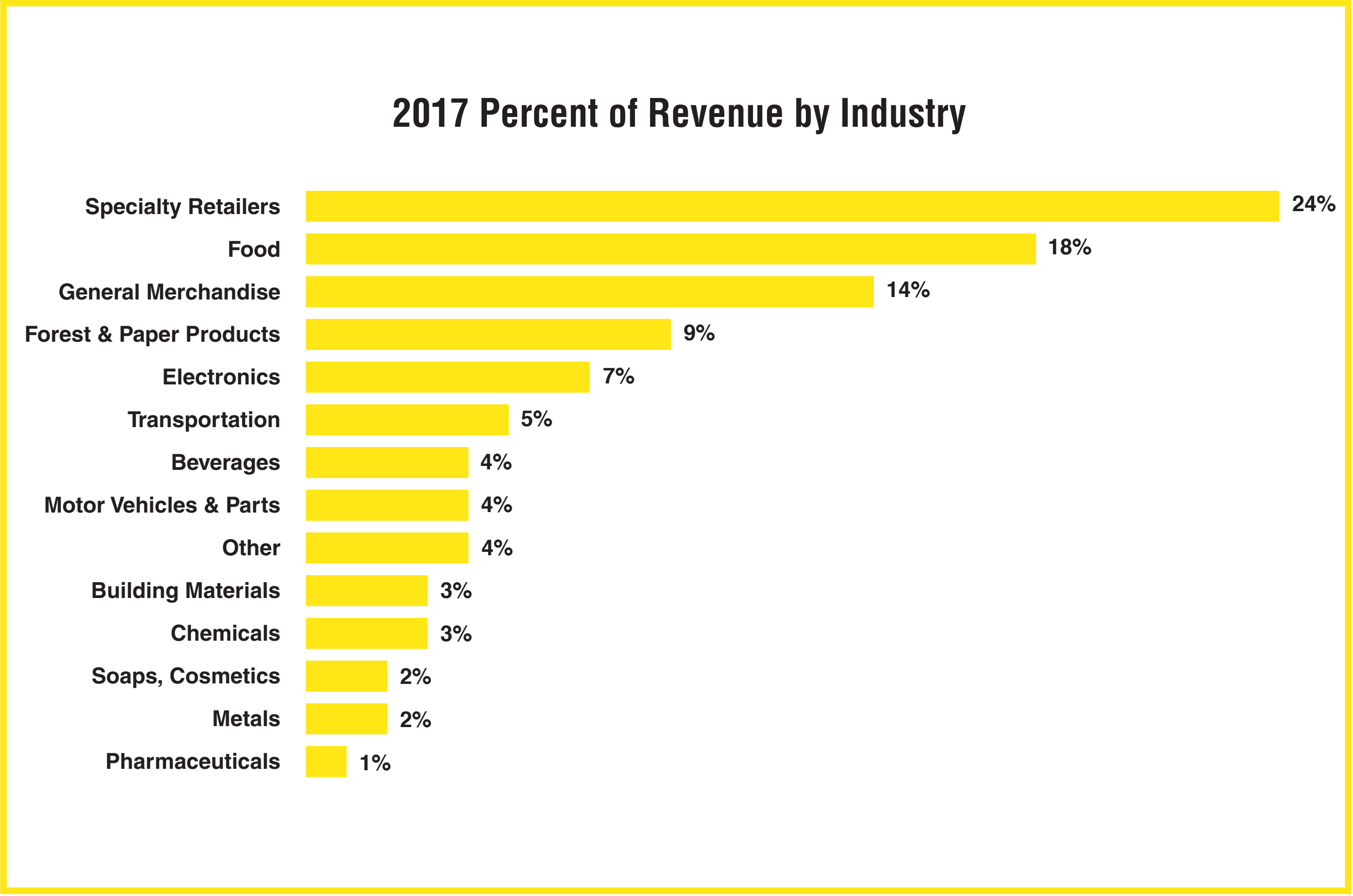
Stock Exchange Listing
J.B. Hunt Transport Services, Inc.
Class A Common Stock is listed on
NASDAQ National Market System

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
www.computershare.com/investor

Annual Meeting
The Annual Meeting of Stockholders
will be held at 10:00 a.m. CDT,
on Thursday, April 19, 2018,
at the corporate headquarters of
J.B. Hunt Transport Services, Inc.,
Lowell, Arkansas, located on
Interstate 49 at the Lowell Exit 78.



2017 Percent of Revenue by Industry
Specialty Retailers
24%
Food
18%
General Merchandise
14%
Forest & Paper Products
9%
Electronics
7%
Transportation
5%
Beverages
4%
Motor Vehicles & Parts
4%
Other
4%
Building Materials
3%
Chemicals
3%
Soaps, Cosmetics
2%
Metals
2%
Pharmaceuticals
1%

J.B. HUNT®
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www.jbhunt.com