

HUNT J B TRANSPORT SERVICES INC  
Form DEF 14A  
March 13, 2018

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No.    )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**J.B. HUNT TRANSPORT SERVICES, INC.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:



**J.B. HUNT TRANSPORT SERVICES, INC.**

615 J.B. Hunt Corporate Drive

Lowell, Arkansas 72745

479-820-0000

Internet Site: [jbhunt.com](http://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**

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**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](http://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.

### ***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](http://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 workforce. 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**

<b>Board Member</b>	<b>Change in Pension</b>							<b>Total (\$)</b>
	<b>Fees Paid in Cash (\$)</b>	<b>Fees Paid in Stock (\$)</b>	<b>Restricted Share or Stock Option Awards (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Value and Nonqualified Deferred Earnings Compensation (\$)</b>	<b>All Other Compensation (\$)</b>	<b>(1)</b>	
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 (\$) <sup>(2)</sup>	Restricted Share or Stock Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation		All Other Compensation (\$) <sup>(1)</sup>	Total (\$)
				Earnings (\$)			
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.

**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		Percent of Class (%) (3)
	Directly (1)	Indirectly (2)	
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](http://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](http://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	Corporate		
	Audit	Compensation	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](http://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 invested 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.

## 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.

<b>Position</b>	<b>Ownership Multiple of Base Salary</b>
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 28 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:

Period	EPS			Bonus Payout % of Salary		
	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:

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

- (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 27 under the section titled Long-Term, Equity-Based Award .*

**Components of All Other Compensation for Calendar Year 2017**

Name	Perquisites	Company	Total
	and Other	Contributions	
	Personal Benefits	to 401(k) Plan	
	(\$)	(\$)	(\$)
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	Legal and			Total
	Personal Use	Accounting	Club	Perquisites
	of Company Plane	Fees	Dues	and Other
	(\$) (1)	(\$)	(\$)	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 29 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 27 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 26 under Annual Bonus Award for further detail.

Name	Estimated Possible Payouts Under Non-Equity Incentive Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			Stock Awards:	Option Awards:	Grant Awards:
	Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Number of Shares of Underlying Stock	Number of Options	Exercise Price of Stock and Option
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 29 of this Proxy Statement.

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

**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 Not Vested (#) (1)	Market Value of Shares or Units Not Vested (\$) (2)	Equity Incentive Plan	Equity Incentive
			Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (1)	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.*

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**Restricted Share Units Vested**

<b>Name</b>	<b>Number of Shares Acquired on Vesting</b>	<b>Value Realized on Vesting</b>
<b>Name</b>	<b>(#)</b>	<b>(\$)</b> (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
<b>Total</b>	<b>66,156</b>	<b>6,076,429</b>
David G. Mee	2,000	183,700
	3,000	275,550
	3,110	285,654
	2,916	267,835
	3,047	279,867
<b>Total</b>	<b>14,073</b>	<b>1,292,605</b>
Shelley Simpson	3,000	275,550
	2,000	183,700
	3,000	275,550
	3,888	357,113
	3,047	279,867
<b>Total</b>	<b>14,935</b>	<b>1,371,780</b>
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
<b>Total</b>	<b>15,935</b>	<b>1,463,630</b>
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
<b>Total</b>	<b>35,773</b>	<b>3,285,750</b>

(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:*

<i>John N. Roberts, III</i>	<i>34,167</i>
<i>David G. Mee</i>	<i>7,267</i>
<i>Shelley Simpson</i>	<i>8,309</i>
<i>Nicholas Hobbs</i>	<i>8,228</i>
<i>Terrence D. Matthews</i>	<i>21,694</i>

(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 employee's 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 20, 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](http://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.

### **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**
  
- (b) 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**

**AGAINST**

**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, Generation 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**

**AGAINST**

**PROPOSAL NUMBER FIVE**

**STOCKHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING  
ARE URGED TO VOTE BY TELEPHONE, MAIL OR INTERNET  
IF YOU VOTE BY TELEPHONE OR THE INTERNET,  
DO NOT RETURN YOUR PROXY CARD**

By Order of the Board of Directors

DAVID G. MEE

Corporate Secretary









