

HUNT J B TRANSPORT SERVICES INC  
Form DEF 14A  
March 15, 2012

**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:

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(4) Proposed maximum aggregate value of transaction:

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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: [www.jbhunt.com](http://www.jbhunt.com)

### **NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To Be Held April 26, 2012

The Annual Meeting of Stockholders of J.B. Hunt Transport Services, Inc. (the "Company") will be held April 26, 2012, at 10 a.m. (CDT) at the Company's headquarters, located at 615 J.B. Hunt Corporate Drive, Lowell, Arkansas, for the following purposes:

- (1) To elect Directors for a term of one (1) year
- (2) To approve the Company's Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan
- (3) To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2012 calendar year

(4) To transact such other business as may properly come before the Annual Meeting or any adjournments thereof  
Only stockholders of record on February 14, 2012, will be entitled to vote at the meeting or any adjournments thereof. The stock transfer books will not be closed.

The 2011 Annual Report to Stockholders is included in this publication.

By Order of the Board of Directors

DAVID G. MEE

Corporate Secretary

Lowell, Arkansas

March 19, 2012

**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 2012 Annual Meeting of Stockholders (the Annual Meeting). The Proxy Statement and the related proxy card are being distributed on or about March 19, 2012.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF**

**PROXY MATERIALS FOR THE STOCKHOLDERS MEETING**

**TO BE HELD APRIL 26, 2012**

This Proxy Statement and our 2011 Annual Report to Stockholders, which includes our Annual Report on Form 10-K, are available at [www.jbhunt.com](http://www.jbhunt.com).

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND**

**THE ANNUAL MEETING**

***When And Where Is The Annual Meeting?***

Date: Thursday, April 26, 2012  
Time: 10 a.m., Central Daylight Time  
Location: J.B. Hunt Transport Services, Inc.  
Corporate Offices  
First-Floor Auditorium  
615 J.B. Hunt Corporate Drive

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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, William J. Shea, Jr., 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 2013.

Consider and vote upon a proposal to approve the Company's Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan pursuant to Section 162(m) of the Internal Revenue Code, as amended (the Code).

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 2012 calendar year.



Transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

***What Constitutes A Quorum?***

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

***Who Is Entitled To Vote?***

Only stockholders of record of the Company's common stock at the close of business on Tuesday, February 14, 2012, 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 117,045,048 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.

**Approval of the Company's Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan**

The approval of the Company's Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan pursuant to Section 162(m) of the Code, requires the affirmative vote of the majority of the shares of our common stock 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) are not counted as votes cast and, therefore, will have no effect on the outcome of this vote. Stockholder approval is required for the Company's Second Amended and Restated Management Incentive Plan.

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

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

As of the record date, directors and executive officers of the Company beneficially owned an aggregate 6,781,919 shares of common stock representing 5.8% of our common stock issued and outstanding and, therefore, 5.8% 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:

In favor of the election of directors for one (1) year

In favor of a resolution approving the Company's Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan

In favor of the ratification of the appointment of Ernst & Young as the Company's independent registered public accounting firm for the 2012 calendar year

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

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

If you are the beneficial owner of shares of the Company's common stock on the record date, you may vote these shares in person at the Annual Meeting if you have requested 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 on the proxy card. The Internet and telephone voting systems will be available until 11:59 p.m. Central Daylight Time on Wednesday, April 25, 2012 (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 to elect directors and to approve the Company's Second Amended and Restated Management Incentive Plan 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.

The 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 these proposals.

***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 the rules of NASDAQ, 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.

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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 Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan, and
- (3) **FOR** the ratification of the appointment of E&Y as the Company s independent registered public accounting firm for the 2012 calendar year, and 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 2011, the Company retained Broadridge, an independent proxy solicitation firm, to assist in soliciting proxies from stockholders. Broadridge received a fee of approximately \$54,000 as compensation for its services and was reimbursed for its out-of-pocket expenses. The fee amount is 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.

***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 2013 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 2013 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 16, 2012, 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 Form 8-K within four days after the annual stockholders meeting on April 26, 2012.

***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) contact 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 approval of the director nominees,
- (2) **FOR** the approval of the Company's Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan, and
- (3) **FOR** the ratification of the appointment of E&Y as the Company's independent registered public accounting firm for the 2012 calendar year.

***Who Can Help Answer My Questions?***

If you have questions concerning a proposal or the Annual Meeting, if you would like additional copies of this Proxy Statement, or if you need directions to or special assistance at the Annual Meeting, please call the Corporate Secretary toll-free at 800-643-3622. In addition, information regarding the Annual Meeting is available via the Internet at our website, [www.jbhunt.com](http://www.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 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, William J. Shea, Jr., and Kirk Thompson as directors to hold office for a term of one year, expiring at the close of the 2013 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 ABOUT THE BOARD**

The Board's directors hold a term of office of one year.

#### **OTHER 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 2013

#### **Douglas G. Duncan**

Mr. Duncan, 61, was elected to the Board in 2010. He is a member of the Audit Committee and the Nominating and Corporate Governance Committee. On February 28, 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 Brambles LTD and Benchmark Electronics, Inc., where he also chairs the Nominating and Corporate Governance Committee.

#### **Francesca M. Edwardson**

Ms. Edwardson, 54, was elected to the Board on June 6, 2011. She serves on the Company's Executive Compensation Committee and the Nominating and Corporate Governance Committee. She is the Chief Executive Officer of the American Red Cross of Greater Chicago, a chartered unit of the American Red Cross. 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, Ill., with degrees in economics and law, and serves on the Board of Trustees for the Lincoln Park Zoo.

#### **Wayne Garrison**

Mr. Garrison, 59, 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, 43, was elected to the Board in 2009. She is a member of the Audit 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 and the Conflicts Committee of Genesis Energy, LP. She also serves on the Board of Directors and Audit, Investment, and Nominating and Corporate Governance Committees of Waddell & Reed Financial, Inc., as well as on the Louisiana Tech University College of Business Advisory Board.

**Gary C. George**

Mr. George, 61, 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. Mr. George is Chairman and Chief Executive Officer of George's, Inc., a private, fully integrated poultry company in northwest Arkansas. 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 also served on the Board of First National Bank of Springdale until 2003. He is presently serving as Chairman of the Board of Legacy National Bank in Springdale, Ark.

**Bryan Hunt**

Mr. Hunt, 53, was elected to the Board in 1991. He is the Managing Member of Hunt Auto Group, a private company with operations in motor vehicle sales and service in Arkansas, Mississippi, Missouri and Oklahoma. He also serves as Managing Member of Best Buy Here Pay Here of Arkansas, a private company with used-car operations in Arkansas, Missouri and Oklahoma. Additionally, he is the Managing Member of Progressive Car Finance, a private company that provides subprime financing for automobile dealers, and 71 Auto Auction, a private company engaged in the auction of automobiles, trucks, boats and other motor vehicles to dealers and the general public. A graduate of the University of Arkansas, he has a degree in marketing and transportation. The son of co-founders J.B. and Johnelle Hunt, Mr. Hunt serves on the Board of the Children's Museum and Habitat for Humanity of Benton County.

**Coleman H. Peterson**

Mr. Peterson, 63, was elected to the Board in 2004. He is chairman of the Executive Compensation Committee and a member of the Nominating and Corporate Governance Committee. Mr. Peterson is the President and CEO of Hollis Enterprises LLC, a human resources consulting firm founded in 2004. He is retired from Wal-Mart Stores, Inc. as Executive Vice President of its People Division. During his tenure, Mr. Peterson was responsible for recruitment, retention and development of the world's largest corporate work force. Prior to his experience with Wal-Mart, Mr. Peterson spent 16 years with Venture Stores, with his last position being Senior Vice President of Human Resources. He holds bachelor's and master's degrees from Loyola University of Chicago. Mr. Peterson serves on the Board of Directors, chairs the Compensation Committee, and serves on the Nominating and Corporate Governance Committee of Build-A-Bear Workshop. He also serves on the Board of Directors, chairs the Compensation Committee and serves on the Public Responsibility Committee of Cracker Barrel Old Country Store, Inc. Locally, he served as Chairman of the Board of Trustees for Northwest Arkansas Community College until December 31, 2010. Mr. Peterson served as a member of the Board of Directors and chaired the Compensation Committee of The ServiceMaster Company and served on the Board of Directors of Knockout Holdings, Inc. He also sat on the Executive Committee of the NAACP and served as Treasurer for the NAACP's Special Contribution Fund.

**John N. Roberts, III**

Mr. Roberts, 47, 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.

**James L. Robo**

Mr. Robo, 49, was elected to the Board in 2002. He is chairman of the Audit Committee and a member of the Nominating and Corporate Governance Committee. Mr. Robo is President and Chief Operating Officer of NextEra Energy, Inc. He served as President of NextEra Energy Resources until December 2006 and as Vice President of Corporate Development and Strategy until July 2002. NextEra Energy is a U.S. electric company whose two main subsidiaries are Florida Power & Light and NextEra Energy Resources. 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.

**William J. Shea, Jr.**

Mr. Shea, 57, was elected to the Board in 2011. He serves on the Company's Audit Committee and Nominating and Corporate Governance Committee. As founder of Kelley Transportation Services in 1984, he currently serves as its President. He was also the Founder and President of Bay Cities Leasing before it was sold to General Electric Credit Corporation in 2004. He served as Vice President of Marketing for Brae Corporation Rail Division from 1983 until 1984, Director of Marketing of ITEL Corporation Rail Division from 1979 to 1983, and Marketing Representative for IBM Corporation GSD from 1977 until 1979. He received a degree in economics from the Wharton School at the University of Pennsylvania in 1977. He currently serves on the board of the International Transportation Institute of the University of Denver and served as a director on the board of Interpool Corporation from 2004-2008.

**Kirk Thompson**

Mr. Thompson, 58, 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.

**DIRECTOR COMPENSATION**

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.

In calendar year 2011, compensation for nonemployee directors, serving on the Board, was as follows:

- an annual retainer of \$135,000 paid in Company stock, cash or any combination thereof
- an annual retainer of \$12,000, paid in cash, to the Audit Committee Chairman
- an annual retainer of \$8,000, paid in cash, to the Executive Compensation Committee Chairman
- an annual retainer of \$4,000, paid in cash, to the Nominating and Corporate Governance Committee Chairman
- \$4,500 for each Board meeting attended
- \$2,500 for each Audit Committee meeting attended
- \$2,000 for each Executive Compensation Committee meeting attended
- \$1,500 for each Nominating and Corporate Governance Committee meeting attended
- reimbursement of expenses to attend Board and Committee meetings

**Nonemployee Board of Director Compensation Paid in Calendar Year 2011**

<b>Board Member</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>Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Douglas G. Duncan	173,500					4,566	178,066
Francesca M. Edwardson	14,500	135,000				3,812	153,312
Wayne Garrison	153,000					13,555	166,555
Sharilyn S. Gasaway	41,000	135,000					176,000
Gary C. George	27,000	135,000					162,000
Bryan Hunt	18,000	135,000					153,000
Coleman H. Peterson	35,000	135,000				3,784	173,784
James L. Robo	45,000	135,000				4,385	184,385
William J. Shea, Jr.	38,500	135,000				5,649	179,149
Leland E. Tollett (2)	4,500						4,500
John A. White	194,000						194,000

(1) Reimbursement of expenses to attend Board and Committee meetings

(2) Mr. Tollett retired from the Board on April 28, 2011, and attended one Board meeting in 2011 prior to his retirement.

Each nonemployee member of the Board had the choice of receiving his or her annual retainer of \$135,000 in Company stock, cash or any combination thereof. Those directors choosing to receive their retainer in Company stock received 2,845 shares based on the \$47.45 closing market price July 21, 2011. Douglas G. Duncan, Wayne Garrison and John A. White 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 2011.

## EXECUTIVE OFFICERS OF THE COMPANY

**Gary Anderson**, 45, joined the Company in 1994 as an Assistant Purchasing Manager and currently serves as Executive Vice President of Maintenance, Properties and Equipment, a position he assumed January 1, 2012. Most recently, he held the position of Senior Vice President of Maintenance.

**David N. Chelette**, 48, joined the Company in 1993 as a Finance Manager and currently serves as Senior Vice President and Treasurer and Assistant Secretary. Prior to joining the Company, he was Cash Manager for Brinker International, Inc. Mr. Chelette is a Certified Public Accountant.

**Craig Harper**, 54, joined the Company in 1992 as Vice President of Marketing and currently serves as Executive Vice President and Chief Operations Officer. Prior to joining the Company, he worked for Rinco Chemical Industries as its Chief Executive Officer.

**Nicholas Hobbs**, 49, joined the Company in 1984 as a Management Trainee and currently serves as Executive Vice President and President of Dedicated Contract Services. He has held numerous positions within the Company, including serving as Senior Vice President of Operations in Dedicated Contract Services from 2000 to 2010.

**John Kuhlow**, 41, joined the Company in 2006 as Assistant Corporate Controller. He currently serves as Vice President and Controller, a position he assumed November 1, 2011. Prior to joining the Company, he was a Senior Audit Manager for KPMG LLP. Mr. Kuhlow is a Certified Public Accountant.

**Terrence D. Matthews**, 53, joined the Company in 1986 as a National Accounts Manager and currently serves as Executive Vice President and President of Intermodal, a position he assumed January 1, 2012. Most recently, he held the position of Executive Vice President of Sales and Marketing for our Truck and Intermodal business segments. Prior to joining the Company, he worked as a National Accounts Manager for North American Van Lines.

**David G. Mee**, 51, 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.

**Kay Johnson Palmer**, 48, joined the Company in 1988 as a Program Analyst of Finance and currently serves as Executive Vice President and Chief Information Officer. Prior to joining the Company, she worked at EDS as a Systems Engineer Manager.

**Shelley Simpson**, 40, joined the Company in 1994 as a Management Trainee and currently serves as Executive Vice President, Chief Marketing Officer and President of the Integrated Capacity Solutions business segment. She assumed the position of Chief Marketing Officer on September 1, 2011.

## SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth the beneficial ownership of the Company's common stock as of February 14, 2012, by each of its current directors (including all nominees for director), the Named Executive Officers (the "NEOs"), and all other executive officers and directors as a group. Unless otherwise indicated in the footnotes below, "beneficially owned" means the sole or shared power to vote or direct the voting of a security or the sole or shared power to dispose or direct the disposition of a security.

Owner	Number of Shares Beneficially Owned Directly (1)	Number of Shares Beneficially Owned Indirectly (2)	Percent of Class (%) (3)
Douglas G. Duncan	11,000		*
Francesca M. Edwardson	4,000		*
Wayne Garrison	4,020,112		3.4
Sharilyn S. Gasaway	11,844	275	*
Gary C. George	40,126	1,507,123(4)	1.3
Craig Harper	103,927		*
Bryan Hunt	75,145		*
Terrence D. Matthews	166,305	10,717	*
David G. Mee	85,916		*
Coleman H. Peterson	23,781		*
John N. Roberts, III	274,364		*
James L. Robo	56,003		*
William J. Shea, Jr.	2,845		*
Kirk Thompson	104,189		*
John A. White	40,297		*

All executive officers and

directors

as a group (21) 5,230,177 1,551,742 5.8

\*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 as trustee of family trusts in which the trustee has no beneficial ownership, (c) options that are currently exercisable, and (d) options that will become exercisable within 60 days from February 14, 2012. Also includes pledged shares as shown below:

Gary C. George	639,126
Bryan Hunt	74,145
John N. Roberts, III	100,000

(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, or (c) in a spouse's retirement account.

(3) Calculated on the basis of 117,045,048 shares of common stock outstanding of the Company on February 14, 2012.

(4) The reporting person disclaims beneficial ownership of these shares, which are held in limited partnerships. 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.



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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 Governance Guidelines, 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 [www.jbhunt.com](http://www.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, James L. Robo and William J. Shea, Jr. 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.

### **Lead Director**

The Board has established the position of Lead Director, to which John A. White was appointed. The 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 Lead Director facilitates communication between the Chairman and CEO and the independent directors, as appropriate, and performs such other functions as the Board directs. John A. White will retire from the Board on April 26, 2012. On February 2, 2012, the independent Board members nominated and approved James L. Robo for the position of Lead Director.

### **Independent Director Meetings**

Independent directors generally meet in executive session as part of each regularly scheduled Board meeting, with discussion led by the 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 2013 Annual Meeting of Stockholders, director candidates must be submitted to the Company's Corporate Secretary by November 16, 2012. 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:

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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 [www.jbhunt.com](http://www.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 located in northwest Arkansas

Coleman H. Peterson human resource experience with a large international workforce, corporate governance, and retail experience

James L. Robo business experience related to the transportation industry and equipment

William J. Shea, Jr. business experience related to the transportation industry, in general, and specific to the intermodal industry

John A. White business and academic experience related to general business practices and extensive service on the boards of other publicly traded companies

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

**Board Diversity**

As indicated by the criteria above, the Board prefers a mix of background and experience among its members. 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, 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 meetings during the 2011 calendar year. All directors attended at least 75% of the Board meetings and committee meetings on which each served during 2011. All directors attended the 2011 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 2011:

	<b>Corporate</b>		
<b>Director</b>	<b>Audit</b>	<b>Compensation</b>	<b>Governance</b>
Douglas G. Duncan	X		X
Francesca M. Edwardson		X	X
Sharilyn S. Gasaway	X		X
Gary C. George		X	X
Coleman H. Peterson		Chair	X
James L. Robo	X		Chair
William J. Shea, Jr.	X		X
John A. White	Chair	X	X
Number of Meetings in 2011	8	3	2

On February 2, 2012, the Corporate Governance Committee recommended, and the Board approved, the following committee assignments for the 2012 calendar year.

	<b>Corporate</b>		
<b>Director</b>	<b>Audit</b>	<b>Compensation</b>	<b>Governance</b>
Douglas G. Duncan	X		X
Francesca M. Edwardson		X	X
Sharilyn S. Gasaway	X		X
Gary C. George		X	Chair
Coleman H. Peterson		Chair	X
James L. Robo	Chair		X
William J. Shea, Jr.	X		X
<b>AUDIT COMMITTEE</b>			

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 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.

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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 2011, the Audit Committee met eight times. All members attended at least 75% of the Audit Committee meetings. For additional information concerning the Audit Committee, see Report of the Audit Committee set forth below.



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## 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,  
review the Company's plan for succession of management, 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 SEC requirements and as "outside directors" for purposes of Section 162(m) of the Code.

The Compensation Committee met three times in 2011. 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, 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 twice during 2011. All members attended both 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 that applies to all of the Company's directors, officers and employees. The purpose and role of this Code 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 [www.jbhunt.com](http://www.jbhunt.com) any amendments or waivers of any provision of this Code made for the benefit of executive officers or directors of the Company.

## Corporate Governance Guidelines

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The Board has adopted Corporate Governance Guidelines to assist it in exercising its responsibilities to the Company and its stockholders. The 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.

**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 in accordance with the Company's Corporate Code of Ethical and Professional Standards for Directors, Officers and Employees.

Bryan Hunt is the son of Johnelle Hunt, a principal stockholder of the Company. There are no other family relationships among the foregoing directors.

A son-in-law of Mr. Thompson, Chairman of the Board of the Company, was employed by the Company in calendar year 2011 and earned \$258,615 in 2011 compensation. He was also employed in calendar year 2000, prior to becoming Mr. Thompson's son-in-law.

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, Mr. 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.

On October 13, 2005, the Company announced a gift of \$10 million to the University of Arkansas to facilitate the construction of the new J.B. Hunt Transport Services, Inc. Center for Academic Excellence. Johnelle Hunt served as Treasurer for the University of Arkansas Campaign for the 21st Century, and Dr. John A. White served as Chancellor of the University of Arkansas. Neither John A. White nor Johnelle Hunt was instrumental in securing the contribution, nor did either participate in the voting processes related to this transaction. The final installment of this commitment was paid in 2010.

**Compensation Committee Interlocks and Insider Participation**

During the 2011 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, 2011. 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.

<b>Name and Address</b>	<b>Number of shares</b>	<b>Percent of Class</b>
Johnelle Hunt 3333 Pinnacle Hills Parkway Rogers, AR 72756	20,455,598	17.5%
Wellington Management Company, LLP 75 State Street Boston, MA 02109	8,065,794	6.9%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	5,858,413	5.0%

Information relating to Johnelle Hunt is based on the stockholder's Form 4, filed with the SEC on April 4, 2011. Information pertaining to the ownership of Wellington Management as of December 31, 2011, is based on its Schedule 13G filed with the SEC on February 14, 2012. Information pertaining to the ownership of BlackRock, Inc. as of December 31, 2011, is based on its Schedule 13G filed with the SEC on February 9, 2012.



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## REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE

The Executive Compensation Committee (the Compensation Committee) is composed of Coleman H. Peterson, Chairman, Francesca M. Edwardson, Gary C. George and John A. White, none of whom is an officer or employee of the Company and all of whom have been determined by the Board 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 Code. Messrs. Peterson, George and White served as members of the Compensation Committee during the entire 2011 calendar year. Ms. Edwardson became a Committee member on June 6, 2011.

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 [www.jbhunt.com](http://www.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 Bonus Plan,
- 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.

The Chairman of the Board recommends to the Compensation Committee the form and amount of compensation paid to the Chief Executive Officer. The Chief Executive Officer provides recommendations to the Compensation Committee regarding the form and amount of compensation 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. Traditionally, management has provided to the Compensation Committee historical and prospective breakdowns of primary compensation components for each executive officer, as well as tally sheets, wealth accumulation analyses and internal pay equity analyses as described in more detail below.

In 2011, the Compensation Committee engaged Meridian Compensation Partners, LLC (Meridian) to review the Company's executive compensation policies and practices. Meridian was also directed to determine a comparable peer group for executive compensation purposes and to report considerations regarding changes in compensation levels for the NEOs to bring them into the 75th percentile of total direct compensation of the peer group. Meridian is retained by, and reports to, the Compensation Committee to provide compensation analyses and consultation at the request of the Compensation Committee. Meridian provides no other services to the Company and was paid \$17,910 for the consulting engagement.

The Compensation Committee met three times in 2011 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 2011.

Historically, the Compensation Committee meets each February 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 letter for the Proxy Statement. These goals are approved within 90 days of the beginning of the year, pursuant to the Code. During the third quarter of each year, the Compensation Committee generally discusses any new compensation issues, the base compensation, bonus and MIP award analyses, and the engagement of the compensation consultant for annual executive and director compensation surveys. The Compensation Committee also meets during the fourth quarter to:

- 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,
- review the extent to which the Company's performance goals were attained and approve short-term cash bonus and long-term incentive awards, and
- determine executives' base salaries for the following year.

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.

2011 Executive Compensation Committee

Coleman H. Peterson, Chairman

Francesca M. Edwardson

Gary C. George

John A. White

## COMPENSATION DISCUSSION AND ANALYSIS

### Introduction

The Compensation and Discussion 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 2011. 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

Kirk Thompson Chairman of the Board

Paul R. Bergant former Executive Vice President, Chief Marketing Officer and President, Intermodal

Craig Harper Executive Vice President and Chief Operations Officer

### 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 the external competitiveness and linkage between executive compensation and the 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 performers 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

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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

### 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 selection of a peer group, as noted below, consisting of 13 transportation and logistics companies in the national marketplace. These companies represent both business competition and the most relevant labor market for our executives.

Arkansas Best Corporation	CH Robinson Worldwide, Inc.	CON-Way, Inc.
Expeditors Int'l of Washington, Inc.	Hub Group, Inc.	Kansas City Southern
Landstar System, Inc.	Old Dominion Freight Line, Inc.	Pacer International, Inc.
Ryder System, Inc.	Swift Transportation Company	UTI Worldwide, Inc.
Werner Enterprises, Inc.		

The Compensation Committee utilized a different peer group of 13 companies for the Executive Chairman/Non-CEO position. These companies are similar to the Company in size, revenue or market capitalization, and have a comparable chairman role.

Constellation Brands, Inc.	Dole Food Co., Inc.	hhgregg, Inc.
Hyatt Hotels Corp.	Iron Mountain, Inc.	Kansas City Southern
Mueller Industries	Old Dominion Freight Line, Inc.	O'Reilly Automotive, Inc.
Petsmart, Inc.	Regal Entertainment Group	Werner Enterprises, Inc.
Wesco International, Inc.		

The Compensation Committee decided that the appropriate comparative total compensation target should be at the 75th percentile of the respective peer group.

### Compensation Analysis Tools

In addition to the competitive compensation survey information for each officer that was compiled, the Compensation Committee also reviewed compensation tally sheets, wealth accumulation analyses and internal pay equity analyses. The Compensation Committee anticipates that these aids will continue to be developed and enhanced to provide the Committee with the most relevant information and analyses practicable.

Our objective for total executive compensation is to provide compensation in the 75th percentile of the respective peer group. We arrived at this conclusion because of our size and performance compared with the peer group. We believe that a sizeable portion of overall compensation should be at risk and tied to stockholder value. Our bonuses are tied to earnings per share (EPS); as EPS increases, so do executive bonuses. Long-term incentives are used as tools to reward executives for current and future performance, to encourage an executive to remain with the Company and to align the executive's interests with those of our stockholders. As part of our long-term incentive strategy, executives are expected to maintain stock ownership values as a multiple of their base salary. While certain components of compensation are directly tied to the Company's reported financial performance, sufficient accounting and operational controls are in place and effective 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.

### Wealth Accumulation Analysis

This analysis included prior long-term incentive awards (options and restricted share units), prior and future vesting schedules and overall value of stock owned, plus the value of unvested options and restricted share units.

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. This match, however, was suspended from March 1, 2009, until July 1, 2010. The equity buildup in unvested equity-based awards and stock owned currently is critical to each executive's ability to adequately provide for his or her retirement. As previously mentioned and explained in detail later, we have a Company stock ownership policy for our executives, but we do not have a hold until retirement restriction. We do not believe that such a restriction is prudent for the employee or necessary to protect our Company.

**Tally Sheets**

A compensation tally sheet for each of the NEOs was prepared and reviewed by the Compensation Committee in 2011. These tally sheets detail dollar amounts for components of the NEO's total compensation, including current salary and estimated cash bonus, both current and outstanding equity-based awards, change in control severance payments, if any, personal benefits, if any, and other perquisites.

**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 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 2005. Currently, there are 44 million shares of common stock authorized for issuance under the MIP, of which approximately 9.5 million shares are available for future options and other awards.

As discussed in Proposal Two of this Proxy Statement, the Board of Directors has adopted, subject to stockholder approval, the Company's Second Amended and Restated Management Incentive Plan (the Restated MIP). Certain material provisions of the Restated MIP, as proposed to be approved by stockholders, are described in the following sections of this CD&A. Such descriptions are qualified in their entirety by reference to the complete text of the Restated MIP, which is attached as Appendix A to this Proxy Statement.

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 320 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. However, in October 2011 the Compensation Committee granted performance-based restricted share units to the NEOs of the Company. The future vesting of these performance-based awards is contingent on the Company's attainment of predetermined performance metrics established by the Compensation Committee. 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. This process occurs in late October or early November of each year to coincide with our third-quarter Board meeting. We consider this our annual award date. 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. Historically, annual awards of equity compensation have been granted to all awardees, including the NEOs, in October. In 2011, 390,285 grants were made on October 26, and 330,500 grants were made on October 27, the date of the third-quarter Board meeting. Grants have been made in months other than the annual award date on a very limited basis. The limited exceptions to this grant-date practice have included, for example, the hiring of a key employee or the promotion of an employee to an executive office.

The Compensation Committee anticipates that it will continue adhering to these general grant dates for the foreseeable future for administrative ease and consistency. Awards are made in the fourth quarter because the Compensation Committee has a good view as to the Company's financial performance and the executive's individual performance for the current year and has available current competitive market data.

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. Stock options are 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 through a cashless simultaneous exercise and sale. 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. 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 three 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**

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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 and the next three most highly compensated executive officers whose compensation is required to be disclosed in the Company's annual Proxy Statement, other than the Chief Financial Officer (the "Covered Employees"). There is an exception to this \$1 million limitation for performance-based compensation that meets certain requirements. 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. However, as further discussed in Proposal Two, the Board of Directors has adopted and approved the Restated MIP, subject to stockholder approval, to enable the Company to further its eligibility to deduct for federal income tax purposes certain performance-based equity awards that may be granted to Covered Employees.

The Restated 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. Prior to any vesting of an award, the Committee must certify in writing that all of the necessary performance goals have been met. Material terms of the performance goals must be disclosed to and reapproved by the stockholders every five years. In October, 2011, 225,000 grants of qualified performance-based compensation restricted share units were made to Covered Employees and vest, under the provisions of the Restated MIP, upon the Company's attainment of predetermined performance metrics established and approved by the Compensation Committee.

The Compensation Committee will continue to consider various alternatives to preserving the deductibility of compensation payments and benefits to the extent reasonably practicable and to the extent consistent with its other compensation objectives. Base salary, bonuses or the vesting of nonperformance-based restricted share units do not qualify as performance-based compensation under the Code. In 2011, the following compensation paid was not deductible by the Company:

John N. Roberts, III	\$ 1,184,817
Kirk Thompson	2,461,414
Paul R. Bergant	1,112,707
Craig Harper	365,741

#### Derivative Trading

It is the Company's policy that officers and directors not engage in any put or call transactions on Company stock. Such transactions create a significant enticement for abusive trading and, in many instances, give the unwelcome appearance of the officer or director betting against the Company. There is no Company policy, other than required by law, that would prohibit the Company's executive officers from entering into a forward-sale or forward-purchase contract.

#### Stock Ownership Guidelines

To motivate the Company's officers and senior management to emulate its stockholders, the Company expects its management to own Company stock at levels described in the table shown below.

Stock ownership is defined as stock owned:

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

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

The Compensation Committee has determined that as of the annual award dates, October 26 and October 27, 2011, all of the Company's officers and members of senior management covered by these guidelines had met their ownership goals.

#### Stock Retention Policy

Other than indicated above, 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, in 2011 the Compensation Committee 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. 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.

For 2011, the target total direct compensation of the NEOs fell between 85% and 146% of the 75th percentile of total compensation paid to executives holding equivalent positions in peer group companies. The Compensation Committee believes that payments and awards were consistent with the Company's financial performance, size and the individual performance of each of the NEOs and that total compensation was reasonable. The Compensation Committee also believes that changes made in total compensation, as discussed in the 2011 Compensation section below, were necessary to move each NEO closer to the 75th percentile of the peer group for his or her respective position.

## 2011 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, a short-term cash incentive award, 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,  
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, due to the nature of our bonus plan described below. Grants of stock options or restricted share units are made annually. Stock options and 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 plan, which is directly tied to EPS. Equity-based awards from the MIP may also vary in vesting from three to 10 years. These awards are subject to forfeiture if the employee leaves the Company. 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 2011, Meridian prepared a study providing information and an independent analysis of the Company's executive compensation program and practices. The results of the study included observations about the Company's target 2011 executive compensation.

In general:

- base salaries range from 62% to 111% of the 75th percentile of the respective peer group
- target cash bonuses range from 4% to 10% of the 75th percentile of the respective peer group
- the lump-sum value of the long-term incentive awards ranges from 89% to 255% of the 75th percentile of the respective peer group
- total direct compensation for executive officers ranges from 85% to 146% of the 75th percentile of the respective peer group

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,
- 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 Award**

As previously mentioned, the Company has had a bonus plan in place for several years that is tied to EPS. At its fall meeting when management presents its budget for the following year, the Compensation Committee establishes a matrix of EPS results with bonus payout levels. These forecasted 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 EPS budget and bonus plan matrix 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 EPS. Therefore, as the Company performs against the original budget, the executive's bonus performs against the pre-established matrix.

The bonus plan is based on annual EPS; however, quarterly EPS targets are established. If the Company meets a quarterly EPS target, the executive is eligible to receive a progress payment equal to approximately 12.5% of his or her projected annual bonus payout. The annual bonus earned is reduced by the progress payments received during the year. We consider a single quarterly progress payment, computed at approximately 12.5% of the executive's lowest possible annual bonus amount, to be the threshold bonus amounts described below. The Company's bonus plan has no reimbursement or clawback feature if a progress payment is made in a plan year where an annual bonus is not earned. However, in 2011 the Compensation Committee 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.





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For 2011, the established matrix consisted of EPS ranging from \$1.60 to \$2.40, translating to annual bonus payout percentages ranging from 5% to 180% of an executive's base salary. The 2011 quarterly and annual bonus payout targets compared with actual reported EPS and actual payout percentages were as follows:

Period	EPS		Reported EPS	Bonus Payout % of Salary		
	Minimum	Target		Minimum	Target	Actual
1Q 11	0.29	0.41	0.40	0.6	6.3	5.8
2Q 11	0.37	0.49	0.53	0.6	6.3	11.3
3Q 11	0.40	0.52	0.57	0.6	6.3	12.5
4Q 11	0.54	0.58	0.61	3.2	31.1	45.4
Annual	1.60	2.00	2.11	5.0	50.0	75.0

Actual earned bonus amounts by quarter for each NEO:

	1Q 11	2Q 11	3Q 11	4Q 11	Total Annual
John N. Roberts, III	\$ 31,625	\$ 61,875	\$ 68,750	\$ 250,250	\$ 412,500
David G. Mee	20,125	39,375	43,750	159,250	262,500
Kirk Thompson	34,212	66,938	74,375	270,725	446,250
Paul R. Bergant	21,562	42,188	46,875	170,625	281,250
Craig Harper	21,275	41,625	46,250	168,350	277,500

**Long-Term, Equity-Based Award**

Each executive is eligible to receive a long-term incentive award of restricted share units. 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 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 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. Restricted share units are used as long-term incentives because they are less dilutive to shares outstanding and to profits. Restricted share units generally vest from three 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. A total of 824,125 restricted share units were granted in 2011. Approximately 27% of the total share units granted were to the NEOs, and approximately 40% 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.

For 2011, the Compensation Committee and/or independent directors approved the following restricted share unit grants to the NEOs:

John N. Roberts, III	105,000
Kirk Thompson	60,000
David G. Mee	15,000
Paul R. Bergant	0
Craig Harper	15,000
Terrence D. Matthews (1)	30,000

*(1) Terrence D. Matthews assumed the position of Executive Vice President and President of Intermodal effective January 1, 2012. The Compensation Committee approved this grant October 27, 2011, in anticipation of his promotion.*

As discussed in our Compensation Discussion and Analysis and in Proposal Two of this Proxy Statement, the Board of Directors has adopted, subject to stockholder approval, the Restated MIP. The restatement of the MIP relates primarily to specific language and requirements to be followed by our Compensation Committee when the Committee intends to issue qualified performance-based compensation awards to our NEOs to enable the Company to further its eligibility to deduct for federal income tax purposes certain performance-based equity awards in accordance with Section 162(m) of the Code. Accordingly, the 2011 NEO awards shown above are performance-based restricted share units which vest from five to 10 years annually, beginning July 15, 2012, upon the Company's attainment of predetermined operating metrics established and approved by the Compensation Committee. In addition, these grants of restricted share units were used as the compensation component to move certain NEOs to the 75th percentile of total direct compensation of their respective peer group after consideration of the above base salary and target annual bonus amounts. The Compensation Committee acknowledged that the separate components of total direct compensation were not always in the 75th percentile of their respective peer groups, as determined earlier, but it felt that its mix of current and long-term compensation is more appropriate to align the NEOs' 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 bonus. 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 and Citationair. With the approval of the Chairman of the Board or the Chief Executive Officer, the NEOs and other management employees use Company aircraft services for business purposes. Personal use of the 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 actual cost to the Company. 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 the 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 non-incentive-based options and restricted share units would immediately vest upon a change in control.

Generally, a change in control would be 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 when the stockholders approve a transaction that is a merger, reorganization or consolidation 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, 2011, for services rendered to the Company. These five officers are referred to as the NEOs in this Proxy Statement.

Name and Principal and Position	Year	Salary (\$ (1))	Share Units (\$ (2))	Non-Equity Incentive			All Other Compensation (\$)	Total (\$)
				Option Awards (\$ (2))	Plan Compensation (\$ (1))	Deferred Compensation (\$)		
John N. Roberts, III President and CEO	2011	549,019	4,374,300		412,500	0	12,917	5,348,736
David G. Mee EVP, Finance & Administration and CFO	2011	352,308	624,900		262,500	0	19,740	1,259,448
	2010	297,030	1,218,700		100,590	0	11,133	1,627,453
	2009	248,515	877,500		0	0	9,520	1,135,535
Kirk Thompson Chairman of the Board	2011	591,923	2,499,600		446,250	0	15,640	3,553,413
	2010	695,000	2,089,200		243,246	0	10,999	3,038,445
	2009	695,000	2,459,392		0	0	12,603	3,166,995
Paul R. Bergant (3) EVP, CMO and President of Intermodal	2011	375,000	0		281,250	0	22,858	679,108
	2010	349,615	417,840		120,751	0	17,562	905,768
	2009	345,000	543,904		0	0	12,373	901,277
Craig Harper EVP, Operations and COO	2011	370,000	624,900		277,500	0	7,823	1,280,223
	2010	361,538	661,580		126,000	0	5,654	1,154,772
	2009	353,077	567,552		0	0	1,571	922,200

(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 the award, which will be earned over the vesting period (3 to 7 years) of each individual's specific grant. No stock options were granted during 2011, 2010 or 2009.

(3) On July 21, 2011, Mr. Bergant announced his retirement from the Company effective January 1, 2012. Terrence D. Matthews assumed the position of Executive Vice President and President of Intermodal effective January 1, 2012. Upon Mr. Bergant's retirement, the Company executed a consulting agreement under which Mr. Bergant would perform specific duties on a project-by-project basis for the Company. A quarterly retainer of \$93,750 and certain other perquisites until December 31, 2013, will be paid for his services. A Noncompete Agreement in favor of the Company was executed for the same duration by Mr. Bergant. As a consultant to the Company, any restricted share units granted to Mr. Bergant will vest over their original terms, in accordance with the MIP, until the consulting agreement expires.

**Components of All Other Compensation for Calendar Year 2011**

<b>Name</b>	<b>Year</b>	<b>Perquisites and Other</b>	<b>Company Contributions to 401(k) Plan</b>	<b>Total</b>
		<b>Personal Benefits (\$)</b>	<b>(\$)</b>	<b>(\$)</b>
John N. Roberts, III	2011	12,917	0	12,917
David G. Mee	2011	9,968	9,772	19,740
Kirk Thompson	2011	7,726	7,914	15,640
Paul R. Bergant	2011	12,608	10,250	22,858
Craig Harper	2011	0	7,823	7,823

**Components of Perquisites for Calendar Year 2011**

<b>Name</b>	<b>Year</b>	<b>Personal Use of Company Plane (\$)(1)</b>	<b>Legal and Accounting Fees (\$)</b>	<b>Club Dues (\$)</b>	<b>Total Perquisites and Other Personal Benefits (\$)</b>
John N. Roberts, III	2011	0	4,395	8,522	12,917
David G. Mee	2011	0	3,080	6,888	9,968
Kirk Thompson	2011	0	4,325	3,401	7,726
Paul R. Bergant	2011	0	6,213	6,395	12,608
Craig Harper	2011	0	0	0	0

(1) The value of personal aircraft usage reported above is based on the Company's actual invoiced amount from NetJets or Citationair 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. Mr. Roberts and Mr. Bergant had such imputed income in 2011. This value is calculated pursuant to Internal Revenue Service guidelines using Standard Industry Fare Level rates, which are determined by the U.S. Department of Transportation.



**Grants of Plan-Based Awards**

The following table reflects estimated possible payouts under equity and non-equity incentive plans to the NEOs during 2011. 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 shares 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 restricted share units.

NEOs are eligible to earn cash bonuses under the non-equity incentive award plan based on the Company's EPS for the calendar year. Please refer to page 26 under Annual Bonus Award for further detail.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			Stock Awards:	Option Awards:	Grant Date Fair Value	
		Threshold (\$)	Target (\$)	Maximum (\$) (1)	Threshold (#)	Target (#) (2)	Maximum (#)	Number of Shares of Stock or Units	Number of Securities Underlying Options	Exercise or Base Price of Option	of Stock and Option Awards (\$)
John N. Roberts, III	10/27/2011	3,438	275,000	990,000	15,000	105,000	105,000	(#)	(#)	(\$/Sh)	(3)
David G. Mee	10/27/2011	2,188	175,000	630,000	3,000	15,000	15,000				
Kirk Thompson	10/27/2011	3,719	297,500	1,071,000	12,000	60,000	60,000				
Paul R. Bergant	10/27/2011	2,344	187,500	675,000	0	0	0				
Craig Harper	10/27/2011	2,313	185,000	666,000	3,000	15,000	15,000				
Terrance D. Matthews	10/27/2011	2,250	180,000	648,000	3,000	30,000	30,000				

(1) This column reflects the maximum non-equity incentive award each NEO was eligible to receive for 2011 under the percentage assigned to each NEO for the cash bonus pool. The actual awards earned are reported in the Summary Compensation Table shown on page 29 of this Proxy Statement.

(2) This column reflects the number of performance-based restricted share units that were granted to the NEOs in 2011.

(3) The fair value of the awards was based on a 4.06% discount from the Company's closing stock price of \$43.42 on October 27, 2011. 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 restricted share units, as the units do not collect or accrue dividends until the awards vest and are settled with Company stock.

**Outstanding Equity Awards at Calendar Year-end**

The following table sets forth information concerning stock options and restricted share units held by the NEOs as of December 31, 2011.

Name	Option Awards					RSU Awards		Equity Incentive Plan Awards: Market of Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$ (3))
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#) (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested (\$ (3))	
John N. Roberts, III		8,896		7.08	10/24/13	17,000	766,190	
		19,200		12.20	10/23/14	9,990	450,249	
		48,000		20.36	10/21/15	17,000	766,190	
						8,000	360,560	
						15,000	676,050	
						60,000	2,704,200	105,000
David G.								
Mee		6,672		7.08	10/24/13	11,000	495,770	
		12,800		12.20	10/23/14	9,990	450,249	
		32,000		20.36	10/21/15	17,000	766,190	
						6,800	306,476	
						30,000	1,352,100	
						28,000	1,261,960	15,000
Kirk								
Thompson		17,792		7.08	10/24/13	35,000	1,577,450	
		40,000		12.20	10/23/14	35,000	1,577,450	
		100,000		20.36	10/21/15	63,000	2,839,410	
						41,600	1,874,912	
						49,920	2,249,894	
						48,000	2,163,360	60,000
Paul R.								
Bergant						9,200	414,644	
						7,360	331,715	
						8,000	360,560	
Craig								
Harper		8,896		7.08	10/24/13	17,000	766,190	
		19,200		12.20	10/23/14	14,000	630,980	

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48,000	20.36	10/21/15	17,000	766,190		
			9,600	432,672		
			11,520	519,206		
			15,200	685,064		
					15,000	676,050

(1) *Unvested and unexercisable options. Effective vesting dates are noted below.*

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
John N. Roberts, III	8,896	6/1/12	16,000	6/1/13
	9,600	6/1/12	16,000	6/1/14
	9,600	6/1/13		
	16,000	6/1/12		
David G. Mee	6,672	6/1/12	10,666	6/1/13
	6,400	6/1/12	10,667	6/1/14
	6,400	6/1/13		
	10,667	6/1/12		
Kirk Thompson	17,792	6/1/12	40,000	6/1/13
	20,000	6/1/12	40,000	6/1/14
	20,000	6/1/13		
	20,000	6/1/12		
Craig Harper	8,896	6/1/12	16,000	6/1/13
	9,600	6/1/12	16,000	6/1/14
	9,600	6/1/13		
	16,000	6/1/12		

(2) 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
John N. Roberts, III	3,400	7/15/12	4,000	7/15/12
	4,250	7/15/13	4,000	7/15/13
	4,250	7/15/14	5,000	7/15/12
	5,100	7/15/15	5,000	7/15/13
	3,990	7/15/12	5,000	7/15/14
	3,000	7/15/13	15,000	7/15/12
	2,010	7/15/14	15,000	7/15/13
	990	7/15/15	15,000	7/15/14
	17,000	7/15/14	15,000	7/15/15
	David G. Mee	2,200	7/15/12	3,400
2,750		7/15/13	3,400	7/15/13
2,750		7/15/14	10,000	7/15/14
3,300		7/15/15	10,000	7/15/15
3,990		7/15/12	10,000	7/15/16
3,000		7/15/13	7,000	7/15/12
2,010		7/15/14	7,000	7/15/13
990		7/15/15	7,000	7/15/14
Kirk Thompson	17,000	7/15/15	7,000	7/15/15
	8,750	7/15/13	23,000	7/15/15
	8,750	7/15/14	20,800	7/15/12
	17,500	7/15/15	20,800	7/15/13
	5,000	7/15/12	16,640	7/15/12
	5,000	7/15/13	16,640	7/15/13
	5,000	7/15/14	16,640	7/15/14
	10,000	7/15/15	12,000	7/15/12
	10,000	7/15/16	12,000	7/15/13
	10,000	7/15/12	12,000	7/15/14
Paul R. Bergant	30,000	7/15/14	12,000	7/15/15
	4,600	7/15/12	3,680	7/15/13
	4,600	7/15/13	4,000	7/15/12
Craig Harper	3,680	7/15/12	4,000	7/15/13
	3,400	7/15/12	4,800	7/15/12
	4,250	7/15/13	4,800	7/15/13
	4,250	7/15/14	3,840	7/15/12
	5,100	7/15/15	3,840	7/15/13
	5,000	7/15/12	3,840	7/15/14
	4,000	7/15/13	3,800	7/15/12
	3,000	7/15/14	3,800	7/15/13
	2,000	7/15/15	3,800	7/15/14
	9,000	7/15/14	3,800	7/15/15
8,000	7/15/15			

*Performance-Based Awards*

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
John N. Roberts, III	15,000	7/15/12	15,000	7/15/16
	15,000	7/15/13	15,000	7/15/17
	15,000	7/15/14	15,000	7/15/18
	15,000	7/15/15		
David G. Mee	3,000	7/15/12	3,000	7/15/15
	3,000	7/15/13	3,000	7/15/16
	3,000	7/15/14		
Kirk Thompson	12,000	7/15/12	12,000	7/15/15
	12,000	7/15/13	12,000	7/15/16
	12,000	7/15/14		
Craig Harper	3,000	7/15/12	3,000	7/15/15
	3,000	7/15/13	3,000	7/15/16
	3,000	7/15/14		

(3) Values are based on the last market closing price of \$45.07 on December 31, 2011.

**Options Exercised and Restricted Share Units Vested**

Name	Option Awards		Restricted Share Units	
	Number of Shares	Value	Number of Shares	Value
	Acquired on Exercise (#)	Realized on Exercise (\$ (1) (2))	Acquired on Vesting (#)	Realized on Vesting (\$ (1) (2))
John N. Roberts, III	30,000	1,205,775	5,010	241,933
	17,776	688,331	4,000	193,160
	19,200	645,168	5,000	241,450
Total	66,976	2,539,274	15,000	724,350
David G. Mee	8,000	312,352	5,010	241,933
	6,666	250,268	3,400	164,186
	6,400	207,514	7,000	338,030
Total	21,066	770,134	15,410	744,149
Kirk Thompson	30,000	1,245,234	5,000	241,450
	17,776	673,671	20,800	1,004,432
	20,000	655,556	16,640	803,546
			12,000	579,480
Total	67,776	2,574,461	54,440	2,628,908
Paul R. Bergant			7,500	362,175
			3,000	144,870
			8,500	410,465
			4,600	222,134
			3,680	177,707
			4,000	193,160
Total			31,280	1,510,511
Craig Harper	20,000	832,786	6,000	289,740
	8,888	338,004	4,800	231,792
	9,600	315,929	3,840	185,434
			3,800	183,502
Total	38,488	1,486,719	18,440	890,468

(1) Value realized on the acquired shares shown above is gross earnings. Values are earned over multiple years. Election to exercise an option or the receipt of vested shares in calendar year 2011 should not be interpreted to mean that all value was earned in the year the option was exercised or shares received. Each executive exercised and purchased or retained a portion of the available vested shares as shown below:

John N. Roberts, III	66,704
David G. Mee	17,357
Kirk Thompson	38,409
Paul R. Bergant	20,194
Craig Harper	16,625

(2) Values are calculated by subtracting the exercise price from the fair market value of the underlying common stock on the date of exercise or vesting.

**Components of Nonqualified Deferred Compensation for Calendar Year 2011**

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 being disabled. Our total liability under this plan was \$10,751,270 as of December 31, 2011, and \$10,099,370 as of December 31, 2010. 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 \$10,751,270 as of December 31, 2011, and \$10,099,370 as of December 31, 2010.

Name	Executive Contributions in 2011 (\$)(1)	Registrant Contributions in 2011 (\$)	Aggregate Earnings in 2011 (\$)	Aggregate Withdrawals and Distributions (\$)	Aggregate Balance at 2011 (\$)
John N. Roberts, III	0	0	0	0	0
David G. Mee	0	0	0	0	0
Kirk Thompson	77,753	0	41,459	0	755,619
Paul R. Bergant	0	0	(17,135)	48,528	1,266,964
Craig Harper	74,940	0	(3,812)	18,430	444,234

(1) Amounts of executive contributions are included as part of the NEO's salary in the Summary Compensation Table detailed above.

**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 non-incentive-based options and restricted share units would immediately vest upon a change in control.

Generally, a change in control would be 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 when the stockholders approve a transaction that is a merger, reorganization or consolidation 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 of the NEOs due to a change in control are shown below. The amounts represent the immediate vesting of all outstanding non-incentive-based options and restricted share units and are valued using the last closing market price of \$45.07 on December 31, 2011.

John N. Roberts, III	\$ 7,878,582
David G. Mee	6,097,671
Kirk Thompson	16,744,194
Paul R. Bergant	1,106,919
Craig Harper	5,955,445
Terrence D. Matthews	6,272,858



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## PROPOSAL NUMBER TWO

# APPROVAL OF THE COMPANY'S SECOND AMENDED AND RESTATED MANAGEMENT INCENTIVE PLAN

On October 26, 2011, the Compensation Committee adopted the Company's Second Amended and Restated Management Incentive Plan (the Restated MIP). On February 2, 2012, the Board of Directors adopted and approved, subject to stockholder approval, the Restated MIP. The Management Incentive Plan (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 was last amended at our Annual Meeting of Stockholders on April 21, 2005. The Restated MIP will become effective immediately upon stockholder approval of this proposal at the Annual Meeting.

As discussed in our Compensation Discussion and Analysis on page 21, the Company intends to continue its practice of compensating its executives through programs that emphasize performance. Performance-based equity awards issued under the Company's MIP represent an important element of long-term incentive compensation, and accordingly, we have modified the MIP to enable the Company to further its eligibility to deduct for federal income tax purposes certain performance-based equity awards that may be granted to our named executive officers in accordance with Section 162(m) of the Internal Revenue Code, as amended (the Code). This proposal seeks stockholder approval of the Restated MIP, including the material terms of the performance goals under which compensation may be paid that is intended to meet the performance-based compensation exception under Section 162(m) of the Code. Each component of the Restated MIP has been approved by the Board of Directors.

The restatement of the MIP relates primarily to specific language and requirements to be followed by our Compensation Committee when the Committee intends to issue qualified performance-based compensation awards to our named executive officers. Under the restated plan, performance goals selected must be established in writing by the Committee and may be based on one or more performance criteria outlined below. The performance goal for the named executive must also be based on an objective formula or standard. Prior to any vesting of qualified performance-based compensation awards, the Committee must certify in writing that all of the required performance goals and other material terms of the arrangement have been met. In addition, material terms of the performance goals outlined within the Restated MIP must be disclosed to and reapproved by the stockholders every five years.

### Second Amended and Restated Management Incentive Plan

The following summary of the material provisions of the Restated MIP, as proposed to be approved by stockholders, is qualified in its entirety by reference to the complete text of the Restated MIP, which is attached as Appendix A to this Proxy Statement and incorporated by reference into this proposal. As used in the following summary, the term Plan means the Restated MIP.

*Purpose of the Plan.* The purpose of the Plan is to attract, retain and motivate key employees by providing them with the opportunity to participate with the stockholders in the long-term growth and financial success of the Company through the purchase or awarding of shares of common stock or the awarding of share units, money credits or stock appreciation rights, thereby more closely aligning management's interests with those of the Company's stockholders.

*Administration of the Plan.* The Plan is administered by our Compensation Committee. The Compensation Committee, subject to the limitations in the plan, may interpret the provisions of the Plan; select eligible persons to receive awards; determine the type of grant, either in form of stock awards, money credits, share units, stock options, stock appreciation rights or combinations thereof; determine the number of shares subject to the grant; determine the restriction and forfeiture provisions relating to restricted stock; and determine the time and conditions of vesting or exercise, the form of payment, and all other terms of the award.

*Term of the Plan.* The Plan will become effective immediately upon stockholder approval and will terminate 10 years after it becomes effective unless terminated earlier by the Board of Directors.

*Shares Available.* The shares of common stock of the Company issued or to be issued under the Plan may be authorized and unissued shares of common stock, treasury stock or a combination thereof. The maximum number of shares of common stock that may be issued under the Plan is 44 million shares. As of December 31, 2011, approximately 9.5 million shares of common stock were available for issuance under the Plan.

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If there is a change in the shares of common stock of the Company because of a recapitalization, reclassification, stock split, stock dividend or consolidation of the common stock, or a merger, consolidation or sale of the Company, the number of shares available for issuance under the Plan and the number of shares that are the subject of any grant will be correspondingly adjusted.

*Limitation of the Plan.* Benefits granted to any plan participant in any one year may not exceed 2% of the total shares of common stock authorized for issuance under the Plan (i.e., 2% of 44 million shares).

*Performance-Based Criteria.* Section 162(m) of the Code limits publicly held companies to an annual deduction for federal income tax purposes of \$1.0 million for compensation paid to their Chief Executive Officer and the three next highest compensated executive officers (other than the Chief Financial Officer) determined at the end of each year (referred to as covered employees). However, performance-based compensation that meets certain conditions is excluded from this limitation.

Any awards that the Compensation Committee intends to qualify for the Section 162(m) performance-based compensation deduction exemption must be based on pre-established, objective performance goals. These goals must be established by the Compensation Committee in writing no later than 90 days after the beginning of the service period to which the award relates and while the outcome is substantially uncertain (i.e., before 25% of the performance period has elapsed). Performance goals must be based on an objective formula or standard and may be based on one or more criteria, including revenue, earnings per share, return on assets, return on capital, return on investment, return on sales, productivity, market share, cash flow, generation of free cash, common stock price, operating income, operating expense ratios, quality, delivery performance or level of improvement in any of the foregoing. Before the recipient may receive any payment, the Compensation Committee must certify in writing that all of the performance goals have been met. In addition, the material terms of the performance goals must be disclosed to and reapproved by the stockholders every five years.

*Stock Options.* The Plan allows for the issuance of options that entitle the holder, upon exercise of the option, to purchase from the Company shares of common stock. Such options do not meet the requirements for special tax treatment under the Code (nonqualified options). The options have an exercise price per share of not less than 100% of the fair market value of the underlying shares on the date of grant. The term of each option is set by the Compensation Committee and may not exceed 11 years from the date of grant. The Compensation Committee also sets the exercise schedule and any other terms, provisions and conditions of the options. Options may be exercised upon notice to the Company and payment of the option exercise price and any payroll taxes due. Additionally, if approved by the Compensation Committee, the exercise price for an option may also be satisfied by delivery of already owned shares of common stock, valued at its fair market value as of the time of exercise, or a combination of shares and cash, equal in the aggregate to the option price.

*Share Units.* The Compensation Committee may award a credit of share units, which entitles the holder, upon exercise, to receive from the Company shares of common stock, cash or any combination of the two as determined by the Compensation Committee. Each share unit is equivalent to one share of Company common stock, without dividend or voting privileges. Share units may be granted in the form of performance-based or time-vested.

*Other Awards.* The Compensation Committee may also award any of the following:

- Stock awards, which are grants of shares of the Company's common stock subject to certain transfer restrictions set forth by the Compensation Committee and which may be granted in the form of performance-based or fixed awards;
- Money credits, which entitle the holder, upon exercise, to receive from the Company shares of common stock, cash or any combination of the two as determined by the Compensation Committee. Each money credit is equivalent to one U.S. dollar; and
- Stock appreciation rights (SARs), which entitle the holder, upon exercise of such SAR, to receive from the Company shares of common stock, cash or any combination of the two as specified in the exercise request (but subject to approval of the Compensation Committee with respect to any cash payment) having an aggregate value equal to the product of (i) the excess of the fair market value on the date of exercise over the exercise price per share specified in such SAR or its related option, multiplied by (ii) the number of shares for which such SAR may be exercised.

*Eligibility Under the Plan.* As noted above, the purpose of the Plan is to provide key employees of the Company the opportunity to receive awards under the Plan, subject to the discretion of the Compensation Committee. Key employees may include employees, officers, directors and consultants of the Company. Currently, the Company believes approximately 320 persons are eligible to participate in the Plan, including 11 executive officers, 300 other employees and nine nonemployee directors. The number of consultants eligible to participate in the Plan is not determinable.

*New Plan Benefits.* No determination has been made with respect to the future recipients of awards under the Plan, and it is not possible to specify the names or positions of persons to whom awards will be granted, or the number of shares, within the limitations of the Plan, to be covered by such awards. However, as required by SEC rules, the following table shows the number and dollar value benefit of all options granted during fiscal 2011 to (i) each of our named executive officers, (ii) all current executive officers as a group, (iii) all non-executive directors as a group, and (iv) all non-executive officers and employees as a group:

### New Plan Benefits

#### Second Amended and Restated Management Incentive Plan

Name and Position	Dollar Value (\$) (1)	Number of Restricted Stock Units (#) (2)
<i>NEOs</i>		
John N. Roberts, III, President and CEO	4,374,300	105,000
David G. Mee, EVP, Finance & Administration and CFO	624,900	15,000

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Kirk Thompson, Chairman of the Board	2,499,600	60,000
Paul R. Bergant, EVP, CMO and President of Intermodal (3)	0	0
Craig Harper, EVP, Operations and COO	624,900	15,000
Terry D. Matthews, EVP, President of Intermodal (3)	1,249,800	30,000
Executive Officers Group	13,904,260	333,500
Non-Executive Directors Group	0	0
Non-Executive Officers and Employees Group	19,967,216	490,625

- (1) Amounts reflect grant date fair value of the award, which will be earned over the vesting period (five to 10 years) of each individual's specific grant, pending achievement of required performance goals set for performance-based awards.
- (2) Represents 2011 grants of performance-based restricted stock units to NEOs and time-based restricted stock units to all others listed.
- (3) Mr. Matthews assumed the position of Executive Vice President and President of Intermodal effective January 1, 2012, upon the scheduled retirement of Mr. Bergant. The Compensation Committee approved this grant October 27, 2011, in anticipation of his promotion.

*Forfeiture; Recoupment.* The Compensation Committee may cause a forfeiture of any realized gains by a Plan participant who breaches any agreement with or obligation to the Company or who violates any Company policy or procedure. Awards may be annulled for any employee who is terminated for cause. All awards are subject to mandatory repayment if the participant becomes subject to any clawback or recoupment under Company policy or applicable law.

*Amendment and Termination of the Plan.* The Board of Directors may amend or terminate the Plan at any time; however, no amendment may be made without stockholder approval that would increase the maximum number of shares available for issuance under the Plan, modify the class of eligible employees who may participate in the Plan, or materially increase the awards accruing to participants under the Plan.

### **Federal Income Tax Consequences**

The following general summary of the typical federal income tax consequences of the issuance, vesting, exercise and sale of share units, options, stock awards and other awards under the Plan is based on existing provisions of the Code, applicable Treasury regulations, administrative rulings and judicial decisions, all of which are subject to change. This summary does not describe any foreign, state, local or other tax consequences that may also apply.

*Restricted Share Units.* Restricted share units are awarded and settled from shares of common stock reserved for issuance under the Plan. A recipient of a restricted share unit has taxable income in an amount equal to the excess of the fair market value of the shares of common stock received on the date the restricted share unit vests over any consideration paid for the shares. A restricted share unit vests either when it is no longer subject to a substantial risk of forfeiture or when it is freely transferable to a third party. The taxable income constitutes wages subject to income and employment tax withholding, and the Company receives a corresponding income tax deduction. The recipient will have a basis in his or her shares of common stock received upon vesting of the units equal to the value of the shares on the date the units vest, at which time the holding period for the shares will begin. In general, a sale of the shares will produce capital gain or loss that will be long term or short term depending on the period of time included in the recipient's holding period.

*Options.* Generally, an optionee will not be deemed to receive any income for federal income tax purposes upon the grant of any option under the Plan, nor will the Company be entitled to a tax deduction at that time. Upon the exercise of a nonqualified option, the optionee will be deemed to have received taxable income in an amount equal to the excess of the market price of the shares received on the exercise date over exercise price. The Company will be allowed a corresponding income tax deduction equal to the excess of market value of the shares on the date of exercise over the cost of such shares to the optionee. Special federal income tax rules apply if the optionee uses shares of common stock to pay all or part of the option exercise price.

*Stock Awards.* A recipient of a stock award, such as restricted stock, is generally treated in the same manner as a recipient of a restricted share unit settled in shares of common stock.

*Other Awards.* Income tax consequences for SARs, share units settled for cash and money credits vary by award, but generally compensation equal to the fair market value of the award will be recognized by the recipient at the time all rights and title of the award transfers to the recipient. The Company will generally receive a tax deduction at the same time and in the same amount as the award recipient recognizes the compensation.

*Limitation on Deduction of Certain Compensation.* A publicly held corporation may not deduct compensation over \$1 million that is paid in any year to one of its executive officers who is a covered employee under Section 162(m) of the Code unless the compensation constitutes qualified performance-based compensation under the Code. The Compensation Committee may attempt to ensure that awards under the Plan will qualify for deduction, but may not necessarily do so in every instance.

**Vote Required**

Stockholder approval of this proposal is required. We urge you to read the text of the Restated MIP, which is attached to this Proxy Statement as Appendix A and incorporated by reference into this proposal. We believe the modifications to the MIP will result in additional benefit to the Company while continuing our practice of compensating our executives through programs that emphasize performance. 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 the Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan.**

**THE BOARD OF DIRECTORS UNANIMOUSLY**

**RECOMMENDS A VOTE**

**FOR**

**THE APPROVAL OF THE COMPANY S SECOND AMENDED AND**

**RESTATED MANAGEMENT INCENTIVE PLAN, INCLUDING THE MATERIAL TERMS**

**OF THE PERFORMANCE GOALS UNDER SUCH PLAN**

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## REPORT OF THE AUDIT COMMITTEE

### The Audit Committee

The Audit Committee is composed of Dr. John A. White, Chairman, Douglas G. Duncan, Sharilyn S. Gasaway, James L. Robo and William J. Shea, Jr. Each served as a member of the Audit Committee during calendar year 2011. 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 made the determination that Messrs. White, Duncan, Robo and Shea and Ms. 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 [www.jbhunt.com](http://www.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 2011, 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 2011 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 the Statement on Auditing Standards No. 61, 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, 2011, as filed with the SEC.

J.B. Hunt Transport Services, Inc.

2011 Audit Committee Members

John A. White, Chairman

Douglas G. Duncan

Sharilyn S. Gasaway

James L. Robo

William J. Shea, Jr.





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## **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 2012 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 2012 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 2012 calendar year. Additionally, even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the 2012 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**

#### **THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP**

#### **AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

#### **FOR THE 2012 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 on 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 2011, 2010 and 2009 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, employee benefit plan, tax consultation services, and consents for and review of registration statements filed with the SEC. 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 2011, 2010 and 2009 calendar years, respectively:

	<b>2011 (\$)</b>	<b>2010 (\$)</b>	<b>2009 (\$)</b>
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Audit fees (1)	930,750	991,500	940,760
Audit-related fees (2)	30,000	25,192	
Tax fees (3)	11,654	69,023	
All other fees			

(1) *Audit fees consisted of the audit of the Company's annual financial statements, including the audit of the effectiveness of internal control over financial reporting, the review of the Company's quarterly reports on Form 10-Q, and consents for and review of registration statements filed with the SEC.*

(2) *Audit-related fees consisted of an audit of the Employee Benefit Plan.*

(3) *Tax fees consisted principally of 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 year 2011, 2010 or 2009.

### **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 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 when it may become necessary to engage the independent auditor for additional services not contemplated in the original preapproval. In those instances, the Audit Committee requires specific preapproval before engaging the independent auditor.

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

**STOCKHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING ARE URGED**

**TO VOTE BY TELEPHONE, MAIL OR INTERNET**

**IF YOU VOTE BY TELEPHONE OR THE INTERNET,**

**DO NOT RETURN YOUR PROXY CARD**

By Order of the Board of Directors

DAVID G. MEE

Corporate Secretary

## APPENDIX A

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

#### SECOND AMENDED AND RESTATED MANAGEMENT INCENTIVE PLAN

##### I. NAME; PURPOSE

1.1 NAME. This instrument shall be known as the J.B. Hunt Transport Services, Inc. Second Amended and Restated Management Incentive Plan (the Plan ).

1.2 HISTORY OF PLAN. By action of the Board of Directors (the Board ) in 1984, and after approval by the Company s stockholders, the Company adopted the J.B. Hunt Transport Services, Inc. Stock Option Plan of 1984 ( 1984 Option Plan ). The 1984 Option Plan was modified and approved by stockholders in March of 1989 to increase the authorized shares to 2,000,000, creating the J.B. Hunt Transport Services, Inc. Management Incentive Plan (the Original MIP ). The Original MIP was amended on July 7, 1995, April 16, 1998, April 20, 2000 and April 21, 2005 to increase the authorized shares to 5,000,000, 6,500,000, 17,000,000 and 22,000,000 shares respectively.

1.3 PURPOSE. The Plan is designed to benefit certain key employees of J.B. Hunt Transport Services, Inc. and any entity in which J.B. Hunt Transport Services, Inc. or any subsidiary owns, directly or indirectly, a majority of the voting stock (collectively these entities shall be the Company ).

The overall objectives of the Plan are to increase the long-term financial success of the Company, and increase the value of the Company to its stockholders, by:

- (a) attracting and retaining key personnel who are instrumental in the continued success of the Company; and
- (b) motivating key employees by providing them with the opportunity to participate with the stockholders in the long-term growth and financial success of the Company.

1.4 OVERVIEW OF THE PLAN BENEFITS. The benefits to be provided under this Plan, although more specifically set out herein, are stock awards, share units, money credits, stock options, stock appreciation rights, or any combination of the foregoing (collectively the Plan Benefits ) subject to the terms and conditions stated in this Plan.

##### II. NO RIGHT TO CONTINUED EMPLOYMENT; CREATION OF COMMITTEE; ADMINISTRATION OF THE PLAN; PARTICIPANTS; ETC.

2.1 *THE COMMITTEE*. The Plan shall be administered by the Compensation Committee (the Committee ) of the Board of Directors of J.B. Hunt Transport Services, Inc. (the Board ), comprised solely of two or more outside directors, unless another committee of the Board shall be designated. A director is an outside director if the director: (a) is not a current employee of the publicly held corporation; (b) is not a former employee of the publicly held corporation who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year; (c) has not been an officer of the Company; and (d) does not receive remuneration, either directly or indirectly, in any capacity other than as a director.

2.2 *GRANT AND TERMS OF PLAN BENEFITS; ADMINISTRATION OF THE PLAN*. The Committee may grant Plan Benefits to Participants (hereafter defined) on the terms and subject to the conditions stated in this Plan.

The Committee shall, subject to the limitations of this Plan, have full power and discretion to interpret and administer the Plan; to establish selection guidelines; to select eligible persons for participation; and to determine the form of grant, either in the form of stock awards, money credits, share units, stock options or stock appreciation rights or combinations thereof, the number of shares subject to the grant, the fair market value of the Common Stock when necessary, the restriction and forfeiture provisions relating to restricted stock, the time and conditions of vesting or exercise, the conditions, if any, under which time of vesting or exercise may be accelerated, the conditions, form, time, manner and terms of payment of any award, and all other terms and conditions of the grant provided that all stock options shall be granted in compliance with and subject to the terms of Section 6 of this Plan. The Committee may establish rules, regulations and guidelines for the administration of the Plan, and impose, incidental to a grant of Plan Benefits, conditions with respect to employment or other activities not inconsistent with or

conflicting with the Plan.

The Committee may, in its discretion, delegate to the Chief Executive Officer of the Company the power and authority with respect to the selection of and grants of Plan Benefits to certain Participants who are not:

1. the beneficial owner of more than 10% of any class of equity securities of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended;
2. a director of the Company; or
3. an officer of the Company, as that term is defined in Rule 16a-1(f) of the Rules of the Securities and Exchange Commission.

The interpretation by the Committee of the terms and provisions of the Plan and the administration thereof, and all action taken by the Committee, shall be final, binding and conclusive on the Company, its stockholders, all Participants and employees of the Company, and upon their respective beneficiaries, successors and assigns, and upon all other persons claiming under or through any of them. By accepting Plan Benefits each Participant, and each person claiming under or through him, shall be conclusively deemed to have indicated his acceptance and ratification of, and consent to, all provisions of the Plan and any action or decision under the Plan by the Company, the Board or the Committee.

**2.3 PLAN PARTICIPANTS.** Unless denied the right to participate by specific sections hereof, the following persons shall be eligible to be participants in the Plan and, subject to the discretion of the Committee, received Plan Benefits:

- (a) employees of the Company;
- (b) officers of the Company;
- (c) directors of the Company; and
- (d) consultants.

The foregoing class of persons shall be referred to herein as Participants .

**2.4 LIMITATION ON SHARES TO BE ISSUED; REVERSION OF UNEXERCISED SHARES.** The maximum number of shares of Common Stock of the Company, \$0.01 par value (the Common Stock ), to be issued under the Plan shall be 22,000,000 shares, including shares already issued or to be issued pursuant to any previously exercised and outstanding options awarded under the 1984 Option Plan or the Original MIP. Shares awarded pursuant to grants made under either the 1984 Option Plan, the Original MIP, or this Plan, which are not exercised for any reason (whether by reason of expiration, surrender, cancellation, termination or forfeiture) or received by the Company as the payment of purchase price as described in Section 6.6(a)(2) shall be available for future grants.

**2.5 SHARES OF COMMON STOCK.** Shares of Common Stock to be issued may be authorized and un-issued shares of Common Stock, treasury stock or a combination thereof. It is contemplated that the Company, although under no legal obligation to do so, may from time to time purchase shares of Common Stock for the purpose of paying all or any portion of any award payable in or measured by the value of shares of Common Stock, or for the purpose of replacing shares issued or transferred in payment of all or part of an award. All shares so purchased shall, unless and until transferred in payment of an award, be at all times the property of the Company available for any corporate purposes, and no Participant or employee or beneficiary, individually or as a group, shall have any right, title or interest in any shares of Common Stock so purchased.

**2.6 ADJUSTMENT PROVISIONS.** In the event that any recapitalization, or reclassification, split-up or consolidation of shares of Common Stock shall be effective, or the outstanding shares of Common Stock are, in connection with a merger or consolidation of the Company or a sale by the Company of all or a part of its assets, exchanged for a different number or class of shares of stock or other securities of the Company, or for shares of the stock or other securities of any other corporation, or new, different or additional shares or other securities of the Company or of another corporation are received by the holders of Common Stock or any distribution is made to the holders of Common Stock other than a cash dividend, (a) the maximum number of class of shares or other securities that may be issued or transferred under the Plan, and (b) the number of share units or the number and class of shares or other securities which are the subject of any grant, shall in each case be equitably adjusted. If an equitable adjustment cannot be made or the Board determines that further adjustment is appropriate to accomplish fairly the purposes of the Plan, the Board shall make such equitable adjustment under the Plan as it determines will fairly preserve the Plan Benefits to the Participants and the Company.

**2.7 EFFECTIVE DATE AND TERM OF PLAN.** The Plan shall be effective immediately upon its approval by the stockholders. Awards may be made and shares may be issued pursuant to the Plan on or after its effective date pursuant to, and in accordance with, agreements for the issuance thereof entered into prior to the effective date. The Plan shall terminate ten years after it becomes effective unless terminated prior thereto by action of the Board. No further grants shall be made under the Plan after its termination, but termination shall not affect the rights of any Participant under any grants made prior to termination. This Plan or any subsequent Plan may be amended and readopted by the Board and the stockholders from time to time. Each re-adoption shall constitute a new Plan. Participants may hold awards under more than one Plan.

**2.8 LIMITATION OF PLAN BENEFITS.** Plan Benefits granted to any Participant in any one year shall be limited to two percent (2%) of the total shares authorized for issuance under the Plan (i.e., 2% of 22,000,000).

**2.9 PERFORMANCE BASED CRITERIA.** If the Committee determines that grants of stock awards, share units and money credits should be made to Participants in order to qualify for the compensation deduction exemption established by Section 162(m), the award shall be governed by this Section 2.9 of the Plan in addition to other applicable sections of the Plan. The Committee shall base such compensation solely on account of the attainment of one or more pre-established, objective performance goals. The performance goal must be established in writing by the Committee prior to the commencement of the services to which the performance goal relates, but no later than ninety (90) days after the commencement of the service period to which it relates, and while the outcome is substantially uncertain (i.e., before 25% of the performance period has elapsed). Performance goals may be based on one or more criteria: revenue, EPS, return on assets, return on capital, return on investment, return on sales, productivity, market share, cash flow, generation of free cash, Common Stock price, operating income, operating expense ratios, quality, delivery performance or level of improvement in any of the foregoing.

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The written performance goal for a Covered Employee must be based on an objective formula or standard for performance-based compensation, such that a third party having knowledge of the relevant performance results could calculate the amount to be paid to the employee and must specify the individual employees or class of employees to which it applies. Once established, the Committee shall not be entitled any discretion to increase the amount of grants under the Plan that would otherwise be due upon attainment of the performance goal.

Prior to any payment of remuneration, the Committee must certify in writing that all of the performance goals and other material terms of the arrangement for the remuneration has been met. This section of the Plan shall not apply to an award to a Participant unless the Committee has determined that such award should qualify for the compensation deduction exemption of Section 162(m).

Material terms of the performance goals must be disclosed to and reapproved by the stockholders no later than the first stockholder meeting that occurs in the fifth year following the year in which stockholders previously approved the performance goals.

2.10 *FORFEITURE; RECOUPMENT*. The Committee reserves the right to cause a forfeiture of the gain realized by a Participant with respect to an Award thereunder on account of actions taken by, or failed to be taken by, such Participant in violation or breach of or in conflict with any (a) employment agreement, (b) confidentiality obligation with respect to the Company, (c) non-competition agreement, (d) agreement prohibiting solicitation of employees or clients of the Company, (e) Company policy or procedure, (f) other agreement, or (g) any other obligation of such Participant to the Company, as and to the extent specified in such agreement. The Committee may annul an outstanding Award if the Participant thereof is an employee and is terminated for cause.

Any Award granted pursuant to the Plan shall be subject to mandatory repayment by the Participant to the Company to the extent the Participant is, or in the future becomes, subject to (a) any Company clawback or recoupment policy that is adopted to comply with the requirements of any applicable law, rule or regulation, or (b) any law, rule or regulation which imposes mandatory recoupment under circumstances set forth in such law, rule or regulation.

### III. STOCK AWARDS

3.1 *FORM OF AWARD*. Stock awards, whether performance awards or fixed awards, may be made to selected Participants in the form of shares of Common Stock, but which may be forfeitable and/or with restrictions or transfer in any form as hereinafter provided.

3.2 *PERFORMANCE AWARDS*. Awards may be made in terms of a stated potential maximum number of shares, with the actual number earned to be determined by reference to the level of achievement of corporate, group, division, individual or other specific objectives over a period or periods of not less than one or more than ten years. No interests of any kind shall be vested in an individual receiving a performance award until the conclusion of the period or periods and the determination of the level of achievement specified in the award, and the time of vesting thereafter shall be specified in the award.

3.3 *FIXED AWARDS*. Awards may be made to Participants which are not contingent on the performance of objectives but which are contingent on the Participant's continuing in the employ of the Company, rendering consulting services or refraining from competitive activities for a period to be specified in the award, which period shall not be less than one year.

3.4 *RIGHTS WITH RESPECT TO RESTRICTED SHARES*. Awards may be made in the form of shares which are subject to restrictions on transfer, as determined by the Committee. Unless otherwise provided by the Committee, the Participant who receives shares of restricted Common Stock shall have the right to vote the shares and to receive dividends thereon from the date of issuance, unless and until forfeited.

3.5 *TERMS AND CONDITIONS*. Awards shall contain such terms and conditions as the Committee shall specify, including without limitation, restrictions on the sale or other disposition of the shares, or the forfeiture of the awards upon termination of employment prior to the expiration of a designated period of time or the occurrence of other events. In addition, shares of restricted Common Stock issued pursuant to an award shall be released from the restrictions at the times determined by the Committee. The award shall be paid to the Participant either in shares of Common Stock having a fair market value equal to the maturity value of the award, or in cash equal to the maturity value of the award, or in such combination thereof as the Committee shall determine.

3.6 *STATUS OF AWARDS UNDER CODE SECTION 162(M)*. It is the intent of the Company that Awards granted under Section 2.9 to Covered Employees (as defined by Section 162 (m)) shall, if so designated by the Committee, constitute qualified performance based compensation (as defined by Code Section 162(m)). Accordingly, the terms of Section 2.9 including the definition of Covered Employee, shall be interpreted in a manner consistent with Section 162(m). If any provision of the Plan or any agreement relating to any such award does not comply or is inconsistent with the requirements of Section 162(m), such provision shall be considered or deemed amended to the extent necessary to conform to such requirements.

### IV. SHARE UNITS

4.1 *CREDITS*. The Committee may in its discretion provide that a Participant shall receive a credit of share units, each of which is equivalent to a share of Common Stock except for the power to vote and the entitlement to current dividends.

4.2 *PERFORMANCE AWARDS*. Awards may be made in terms of a stated potential maximum number of shares, with the actual number earned to be determined by reference to the level of achievement of corporate, group, division, individual or other specific objectives over a period or periods of not less than one or more than ten years. No interests of any kind shall be vested in an individual receiving a performance award until the conclusion of the period or periods and the determination of the level of achievement specified in the award, and the time of vesting thereafter shall be specified in the award.



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4.3 *FIXED AWARDS*. Awards may be made to Participants which are not contingent on the performance of objectives but which are contingent on the Participant's continuing in the employ of the Company, rendering consulting services or refraining from competitive activities for a period to be specified in the award, which period shall not be less than one year.

4.4 *RIGHTS WITH RESPECT TO SHARE UNITS*. If share units are credited to a Participant, amounts equal to dividends otherwise payable on a like number of shares of Common Stock after the crediting of the units may, in the discretion of the Committee, be paid to the Participant as and when paid, or converted into additional share units which shall be credited to the Participant and held until later forfeited or paid out. Share units may be paid to the Participant in the form of cash or shares of Common Stock according to such requirements and guidelines as the Committee shall deem appropriate.

4.5 *TERMS AND CONDITIONS*. Awards shall contain such terms and conditions as the Committee shall specify, including without limitation, the forfeiture of the awards upon termination of employment prior to the expiration of a designated period of time or the occurrence of other events.

4.6 *STATUS OF AWARDS UNDER CODE SECTION 162(M)*. It is the intent of the Company that Awards granted under Section 2.9 to Covered Employees (as defined by Section 162 (m)) shall, if so designated by the Committee, constitute qualified performance based compensation (as defined by Code Section 162(m)). Accordingly, the terms of Section 2.9 including the definition of Covered Employee, shall be interpreted in a manner consistent with Section 162(m). If any provision of the Plan or any agreement relating to any such award does not comply or is inconsistent with the requirements of Section 162(m), such provision shall be considered or deemed amended to the extent necessary to conform to such requirements.

## V. MONEY CREDITS

5.1 *CREDITS*. The Committee may in its discretion provide that a Participant shall receive a credit of money credits, which shall be in units of a dollar or a fraction thereof.

5.2 *RIGHTS WITH RESPECT TO MONEY CREDITS*. If a Participant is credited with money credits, a money account shall be established for the Participant which shall be credited with interest equivalents on amounts previously credited to the account, or an amount equal thereto paid to the Participant, on a calendar quarter basis compounded and at such rate as the Committee determines to be appropriate from time to time. Money credits may be paid to the Participant in the form of cash or shares of the Company's Common Stock according to such requirements and guidelines as the Committee shall deem appropriate.

## VI. STOCK OPTIONS

6.1 *STOCK OPTION PLAN*. By action of the Board in 1984, and after approval by the Stockholders, the Company adopted the 1984 Option Plan. The 1984 Option Plan was modified and approved by stockholders in March of 1989 to increase the authorized shares to 2,000,000, creating the Old MIP. The Old MIP was amended on July 7, 1995, April 16, 1998, April 20, 2000 and April 2005 to increase the authorized shares to 5,000,000, 6,500,000 and 17,000,00 shares respectively. This Section 6 sets out the terms and conditions for the MIP for grants issued on April 21, 2005 and thereafter until this Plan expires or is subsequently amended.

6.2 *OPTIONS ISSUED UNDER PREVIOUS OPTION PLANS*. All stock options issued pursuant to the 1984 Option Plan shall be governed by the terms and conditions set forth in the 1984 Option Agreement. All stock options issued pursuant to the Old MIP shall be governed by the terms and conditions set forth in the Old MIP Agreement.

### 6.3 *STOCK SUBJECT TO THE PLAN*.

- (a) Options may, from time to time on and after the effective date of this Plan, be granted to Participants of the Company or its affiliates to purchase not more than the aggregate number of shares of stock (subject to adjustment in accordance with paragraph 6.3(b) reserved in accordance with Section 2.4 of the Plan). As the Committee may determine from time to time, the shares may consist either in whole or in part of shares of authorized but un-issued Common Stock, or shares of authorized and issued Common Stock reacquired by the Company. If an option is surrendered or for any other reason ceases to be exercisable in whole or in part, the shares which were subject to such option but as to which the option has not been exercised shall continue to be available under the Option Plan.
- (b) If there shall be any change in the stock subject to the Plan or the stock subject to any option granted hereunder, through merger, consolidation, reorganization, recapitalization, reincorporation, stock split, stock dividend (in excess of 2%), or other change in the corporate structure of the Company, appropriate adjustment shall be made by the Committee to the aggregate number of shares subject to the Plan and the number of shares and price per share subject to outstanding options in order to preserve, but not to increase, the benefits of the optionee; provided, however, that subject to any required action by the stockholders, if the Company shall not be the surviving corporation in any merger, consolidation, or reorganization, every option outstanding hereunder shall terminate, unless the surviving corporation shall (subject to any applicable provisions of the Internal Revenue Code) assume (with appropriate changes) the outstanding options or replace them with new options of comparable value (in accordance with Section 425(a) of the Internal Revenue Code). Notwithstanding the preceding provisions, if such surviving corporation does not so assume or replace the outstanding options hereunder, each optionee shall have the right immediately prior to such merger, consolidation, or reorganization to exercise all his

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outstanding option(s), whether or not the options have vested.

6.4 *ELIGIBILITY*. Persons who shall be eligible to have granted to them the options provided for by this Option Plan shall be those persons set out in Section 2.3 of the Plan, as the Committee in its sole discretion shall determine.

6.5 *ADMINISTRATION OF THE PLAN*. The Option Plan shall be administered as set forth in Section 2 of the Plan.

6.6 (a) *PURCHASE PRICE; TERMS; EXERCISE OF OPTIONS*.

- (1) Calculation of Purchase Price. The purchase price of the Common Stock under each stock option shall be 100% of the fair market value of the Common Stock on the date of grant (the Purchase Price ). The fair market value of the Common Stock on any day shall be (i) if the principal market for the Common Stock is a national securities exchange or the National Market System of the National Association of Securities Dealers Automated Quotations, the highest closing price of the Common Stock on such exchange or system on the day the option is granted or if no sale of the Company's Common Stock shall have been made on any stock exchange on that day, on the next preceding day on which there was a sale of such stock, or, (ii) if the principal market for the Common Stock is not one of the markets noted in 6.6(a)(1)(i) and the Common Stock is quoted on the National Association

of Securities Dealers Automated Quotations System, the mean between the closing bid and the closing asked prices for the Common Stock on such day on such System, or (iii) if the principal market for the Common Stock is not a national securities exchange and the Common Stock is not quoted on the National Association of Securities Dealers Automated Quotations System, the mean between the highest bid and lowest asked price for the Common Stock on such day as reported by the National Quotation Bureau, Inc.; provided that if clauses (i), (ii) and (iii) of this Paragraph are all inapplicable, or if no trades have been made or no quotes are available for such day, the fair market value of the Common Stock shall be determined by the Committee by any method consistent with applicable regulations adopted by the Commissioner of Internal Revenue relating to the stock options. The Purchase Price shall be subject to adjustment as provided in paragraph 2(b) hereof.

- (2) Payment of Purchase Price. The Purchase Price shall become due immediately upon exercise of the option and shall be payable in full in cash or cash equivalents; provided, however, that the Committee shall have the authority, exercisable at its discretion either at the time the option is granted or at the time it is exercised, to make the option payable in one of the alternative forms specified below:
- (i) full payment in shares of Company Common Stock (owned for at least six months before the exercise date) having a fair market value on the Exercise Date (as such term is defined below) equal to the Purchase Price; or
  - (ii) a combination of shares of Company Common Stock valued at fair market value on the Exercise Date and cash or cash equivalents, equal in the aggregate to the Purchase Price.

For purposes of this paragraph 6.6(a)(2), the Exercise Date shall be the date on which the Company receives written notice of the exercise of the option, together with payment of the Purchase Price in the form authorized by the Committee.

- (b) Terms and Conditions of Options. Each option granted pursuant to this Option Plan shall be evidenced by a written Stock Option Agreement (the "Agreement") executed by the Company and the person to whom such option is granted (the "Optionee"). The term of each option shall be for such a period of time, not more than eleven years from the date it is granted, as the Committee may determine. All options granted under this Option Plan shall vest and expire at the times specified in the Agreement. During the lifetime of the Optionee, the option shall be exercisable only by the Optionee and shall not be assignable or transferable other than by will or the laws of descent and distribution. In general, options shall vest ratably over a specified period of time. However, all unvested options shall become immediately vested in full upon the death or total and permanent disability of the Optionee. In addition, the Agreement may contain such other terms, provisions and conditions as may be determined by the Committee (and not inconsistent with this Option Plan. The terms of the Agreement with an Optionee may be amended from time to time upon execution of a written amendment, approved by the Committee, and signed by the Company and the Optionee.

- (c) Exercise of Option. The option shall be exercisable at any time and from time to time pursuant to the exercise schedule contained in the Agreement and in accordance with the following:

- (1) Method of Exercise. The option shall be exercisable by a written notice delivered by the Optionee (or other person exercising the option) to the Committee. The notice shall be addressed to the Committee c/o Mr. John Roberts, J.B. Hunt Transport, Inc., P.O. Box 130, Lowell, Arkansas 72745. The notice shall:
- (i) state the election to exercise the option, the number of shares in respect of which it is being exercised, the person in whose name the stock certificate(s) (if any) for such shares of Common Stock is to be registered, his or her address and Social Security Number (or if more than one, the names, addresses and Social Security Numbers of such persons);
  - (ii) contain such representations and agreements as to the investment intent of the person exercising the option with respect to such shares of Common Stock as may be satisfactory to the Company's counsel;
  - (iii) be signed by the person or persons entitled to exercise the option and, if the option is being exercised by any person or persons other than the Optionee, be accompanied by proof, satisfactory to counsel for the Company, of the right of such person or persons to exercise the Option; and
  - (iv)

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be accompanied by payment to the Company of the full Purchase Price of the shares with respect to which the option is exercised. The Purchase Price shall be paid in cash or cash equivalents, unless the Committee notifies the person of a different manner of payment pursuant to Section 6.6(a)(2) of this Option Plan.

- (2) Conditions to be Satisfied Prior to Issuance of Common Stock. The Company shall not be required to issue or deliver any certificates (if any) for shares of Common Stock purchased upon the exercise of an option (i) prior to the completion of any registration or other qualification of such shares under any state or federal laws or rulings or regulations of any government regulatory body, which the Company shall determine to be necessary or advisable or, (ii) prior to receiving an opinion of counsel, satisfactory to the Company, that the sale or issuance of such shares is exempt from these registration or qualification requirements.
  
- (3) Restrictions on Exercise. As a condition to his exercise of this option, the Company may require the person exercising the option to make any representation and warranty to the Company as may be required by any applicable law or regulation.

**6.7 STOCK APPRECIATION RIGHTS.** The Committee may, under such terms and conditions as it deems appropriate, authorize the surrender by an Optionee of all or part of an unexercised option and authorize a payment in consideration therefore of an amount equal to the difference obtained by subtracting the Purchase Price of the sales when subject to exercise under such option from the fair market value of the

stock represented by such shares on the date of surrender, provided that the Committee determines that such settlement is consistent with the purpose of the Plan. Such payment may be made in shares or Common Stock valued at their fair market value on the date of surrender of such option or in cash or partly in shares and partly in cash. Acceptance of such a surrender and the manner of payment to the Participant shall be in the discretion of Committee.

6.8 *EMPLOYMENT RELATED TAXES*. As a general rule, the exercise of an Option creates taxable income to the Participant for which Federal and State income tax withholding may apply. The withholding obligations of the Participant may be satisfied at their election using cash or Company common stock owned by the Participant for at least six months before the Exercise Date.

6.9 *TERMINATION AND NEW GRANT OF OPTIONS*. The Board shall have the authority to effect, at any time and from time to time, with the consent of the affected Optionees, the termination of any or all outstanding options under the Option Plan and to grant in substitution therefore new options under the Option Plan covering the same or different numbers of shares of Common Stock but having a Purchase Price per share not less than fair market value on the new grant date.

6.10 *USE OF PROCEEDS*. Proceeds realized from the sale of Common Stock pursuant to options granted under the Option Plan shall constitute general funds of the Company.

6.11 *AMENDMENT, SUSPENSION, OR TERMINATION OF THE OPTION PLAN*.

- (a) The Board may at any time suspend or terminate the Option Plan, and may amend it from time to time in such respects as the Board may deem advisable; provided, however, except as provided in paragraph 6.3(b) hereof, the Board shall not amend the Option Plan in the following respects without the consent of stockholders then sufficient to approve the Plan in the first instance:
  - (i) To increase the maximum number of shares subject to the Option Plan; or
  - (ii) To change the designation or class of persons eligible to receive options under the Option Plan.
- (b) Unless the Option Plan theretofore shall have been terminated, the Option Plan shall terminate ten years after the effective date as set forth in Section 2.7 of the Plan. No option may be granted when the Option Plan has been suspended, or after the termination of the Option Plan, and no amendment, suspension or termination of the Option Plan shall, without the Optionee's consent, alter or impair any rights or obligations under any option theretofore granted to him under the Option Plan. The Option Plan may be amended and readopted by the Board and the stockholders from time to time and each such re-adoption shall constitute a new Plan. Participants may hold awards under more than one Plan.

## **VII. STOCK APPRECIATION RIGHTS**

7.1 *GRANTS*. Rights may be granted to selected Participants entitling the grantee to receive cash or shares of Common Stock having a fair market value equal to the appreciation in market value of a stated number of shares of Common Stock from the date of grant, or in the case of rights granted in tandem with or by reference to a stock option granted simultaneously with or prior to the grant of such rights, from the date of grant of the related stock option to the date of exercise.

## **VIII. INDEMNIFICATION OF COMMITTEE**

8.1 In addition to such other rights of indemnification as they may have as directors or as members of the Committee, the members of the Committee shall be indemnified by the Company against the reasonable expenses including attorney's fees actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any option granted thereunder, and against all amounts paid by them in settlement thereof provided such settlement is approved by independent legal counsel selected by the Company or paid by them in satisfaction of a judgment in any such action, suit or proceeding that such Committee member is liable for negligence or misconduct in the performance of his duties.

## **IX. AMENDMENTS**

9.1 *AMENDMENTS*. The Plan may be amended or terminated by the Board at any time and in any respect, except that no amendment may be made without the approval of the stockholders of the Company if such amendment would

- (a) increase the maximum number of shares of Common Stock available for issuance under the Plan;
- (b) modify the class of eligible employees who are Participants in the Plan; or
- (c) materially increase Plan Benefits accruing to Participants under the Plan.

Similarly, subject to obtaining the consent of the Participant where required by contract law, the Committee may alter, amend or modify any award or grant made pursuant to this Plan in any respect not in conflict with the provisions of the Plan, if the Committee deems such alteration, amendment or modification to be in the best interests of the Participant or the Company by reason of changes or interpretation in tax, securities or other applicable laws.

#### **X. FORCE AND EFFECT; PREVAILING LAWS; SUCCESSORS; NOTICE; RESOLUTION OF DISPUTES**

10.1 *FORCE AND EFFECT*. The various provisions of this Plan are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

10.2 *PREVAILING LAWS*. This Plan shall be construed and enforced in accordance with and governed by the laws of the State of Arkansas applicable to corporations and the issuance of stock by Arkansas corporations.

10.3 *RESOLUTION OF DISPUTES*. Any dispute or disagreement which should arise under, or as a result of or in any way relate to, the interpretation, construction or application of this Plan will be determined by the Board of Directors of the Company. Any determination made hereunder shall be final, binding and conclusive for all purposes.



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**FORM OF RESTRICTED STOCK AGREEMENT FOR THE J.B. HUNT TRANSPORT SERVICES, INC.  
SECOND AMENDED AND RESTATED MANAGEMENT INCENTIVE PLAN**

**THIS** Restricted Stock Agreement ( Agreement ) made as of \_\_\_\_\_, by and between J.B. Hunt Transport Services, Inc. ( Company ) and \_\_\_\_\_ ( Recipient ):

**WHEREAS**, the Company maintains the J.B. Hunt Transport Services, Inc. Second Amended and Restated Management Incentive Plan (the Plan ) under which the Company s Compensation Committee of the Board of Directors ( Committee ) may, among other things, award shares of the Company s \$.01 par value common stock ( Common Stock ) to such members of the Company s management as the Committee may determine, subject to terms, conditions, or restrictions as it may deem appropriate;

**WHEREAS**, pursuant to the Plan the Committee has awarded to Recipient, a Restricted Stock Award ( Award ) conditioned upon the execution by the Company and the Recipient of this Agreement setting forth all the terms and conditions applicable to such Award in accordance with the laws of the State of Arkansas;

**THEREFORE**, in consideration of the past services of the Recipient and the mutual promises and covenants contained herein it is hereby agreed as follows:

**1. AWARD OF SHARES**

Under the terms of the Plan, the Committee has awarded to the Recipient an Award on \_\_\_\_\_ ( Award Date ), for \_\_\_\_\_ shares of Common Stock subject to the terms, conditions and restrictions set forth in this Agreement. There will be no purchase price required by the Recipient in connection with this transaction.

**2. AWARD RESTRICTIONS**

The Award vests as described below and each vested portion of the Award shall expire thirty (30) days after each designated vesting date.

Vesting to occur over the period of \_\_\_\_\_ in \_\_\_\_\_ increments of \_\_%.

Upon vesting date and upon satisfaction of the requirements of Section 8 below, the Company shall issue the shares in either certificated or non-certificated form to the Recipient. If issued in certificated form, the certificate shall be delivered, without legend, in an amount reflecting the number of shares vested less any previously delivered shares registered on the Company s books in the name of the Recipient or the Recipient s beneficiary. Upon receipt of the shares, the Recipient or beneficiary are free, upon compliance with applicable law, to hold or dispose of such shares at will.

During the vesting period, those shares covered by the Award, but not vested, are not transferable by the Recipient by means of sale, assignment, exchange, pledge or otherwise. However, during the vesting period, the Recipient does have the right to tender for sale or exchange with the Company s written consent, any such shares in the event of any tender offer within the meaning of Section 14(d) of the Securities Exchange Act of 1934.

**3. ADMINISTRATION OF AWARD**

The Restricted Stock shall be released in a book-entry account (the Account ) at the Company s transfer agent when the restrictions associated with such Restricted Stock expire pursuant to Sections 2, 4 or 8. The Recipient shall execute and deliver to the transfer agent one or more stock powers in blank for the Restricted Stock. The shares of Restricted Stock subject to these Awards are not eligible for dividend distributions (other than adjustments described in Section 8), not eligible to be voted and not eligible to be enrolled in any dividend reinvestment program until the restrictions thereon expire.

The Committee shall have full authority and discretion (subject only to the express provisions of the Plan) to decide all matters relating to the administration and interpretation of the Plan of this Agreement. All such Committee determinations shall be final, conclusive and binding upon the Company, the Recipient, and any and all interested parties.

#### **4. EMPLOYMENT TERMINATION**

Termination of the Recipient's employment with the Company for any reason, other than death or disability, shall result in forfeiture of the Award on the date of termination to the extent not already vested. If the Recipient terminates employment with the Company due to death or disability during the vesting period, that Award, to the extent not already vested, shall vest in full as of the date of such termination. If the Recipient's employment terminates on account of early retirement (as defined by the Committee), or under special circumstances determined by the Committee, the Award, to the extent not already vested, may be vested in full or in parts as determined by the Committee. The Recipient may designate a beneficiary to receive the stock certificate representing that portion of the Award automatically vested upon death. The Recipient has the right to change such beneficiary designation at will.

#### **5. ADJUSTMENT OF SHARES FOR RECAPITALIZATION, ETC.**

In the event there is a change in the outstanding Stock of the Company by reason of any reorganization, recapitalization, stock split, stock dividend, combination of shares or otherwise, there shall be substituted for or added to each share of Stock theretofore appropriated or thereafter subject, or which may become subject, to this Award, the number and kind of shares of stock or other securities into which each outstanding share of Stock shall be so changed or to which each share shall be exchanged, or to which each such share shall be entitled, as the case may be. Adjustment under the preceding provisions of this Section 5 will occur automatically upon any such change in the outstanding Stock of the Company. No fractional interest will be issued under the Plan on account of any such adjustment.

#### **6. COMPANY RECORDS**

Records of the Company or its Subsidiaries or Affiliates regarding any period(s) of service, termination of service and the reason therefore, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

#### **7. NO LIABILITY FOR GOOD FAITH DETERMINATION**

The members of the Board and the Committee shall not be liable for any act, omission, interpretation or determination taken or made in good faith with respect to this Agreement or the Restricted Stock granted hereunder and all members of the Board or the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

#### **8. WITHHOLDING TAXES**

The Company will require the Recipient receiving the shares of Common Stock under an Award, to reimburse the Company for such taxes required to be withheld by the Company and withhold any distribution in whole or in part until the Company is so reimbursed. The Recipient may satisfy the withholding obligation using cash or Company Common Stock owned (other than through this Award) by the Recipient for at least six (6) months prior to the vesting date.

#### **9. IMPACT ON OTHER BENEFITS**

The value of the Award (either on the Award Date or at the time the shares are vested) shall not be includable as compensation or earnings for purposes of any other benefit plan offered by the Company.

#### **10. ACCELERATION OF VESTING**

Notwithstanding anything contained in this agreement to the contrary, in the event that, at any time following the date of a change of control (as hereinafter defined) (i) a recipient's employment with the Company or one of its subsidiaries terminates as a result of such recipient's retirement, termination without just cause (as hereinafter defined) by the Company or one of its subsidiaries, or resignation by the recipient for good reason; or (ii) with respect to a recipient employed by one of the Company's subsidiaries, a sale transaction (as hereinafter defined) is effected; then all vesting restrictions on any shares of the Company's common stock (with the exception of any shares granted based on performance) or acquiring Company common stock awarded to that participant under this Agreement shall immediately lapse and such shares shall be vested.

For awards granted based on performance based criteria, if less than half of the performance period has lapsed, such award shall be converted into restricted stock assuming target performance has been achieved (or into unrestricted stock if no further restrictions apply). If at least half the performance period has lapsed, such award shall be converted into restricted stock based on actual performance to date (or into unrestricted stock if no further restrictions apply). If actual performance is not determinable, such award shall be converted into restricted stock assuming target performance has been achieved, based on the discretion of the Committee (or into unrestricted stock if no further restrictions apply).

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For purposes of this Plan, "just cause" shall mean the willful and continued failure of a recipient to substantially perform his duties with the Company or one of its subsidiaries after a written demand for substantial performance is delivered to such participant by the Board of Directors of the Company, or its subsidiary, which specifically identifies the manner in which the board believes that such participant has not substantially performed his duties; or willful misconduct by the recipient materially injures the Company or its subsidiaries monetarily or otherwise (it being understood that no act, or failure to act, on the part of a recipient shall be considered "willful" unless done, or omitted to be done, by such recipient in bad faith and with knowledge that the action or omission was not in the best interest of the Company or such subsidiary).

"Sale transaction" shall mean, with respect to an employee of one of the Company's subsidiaries, the direct or indirect sale or other disposition by the Company of in excess of fifty percent (50%) of the voting capital stock of such subsidiary, the complete liquidation of such subsidiary, or the sale by such subsidiary or all or substantially all of its assets.

For purposes of this Section 10, change of control means:

- (1) Any transaction involving the acquisition ( Acquisition Transaction ), by any person, corporation, partnership or other entity, or any group (collectively referred to herein as a person ), of beneficial ownership of shares representing thirty percent (30%) or more of the Company s then outstanding voting securities entitled to vote generally in the election of directors ( Voting Securities ), but excluding, for this purpose, any such acquisition by (a) the Company or any of its subsidiaries or any employee benefit plan (or related trust) of the Company, or any of its subsidiaries, or (b) any corporation with respect to which immediately following such acquisition, shares representing more than fifty percent (50%) of such corporation s Voting Securities are beneficially owned, directly or indirectly, by those persons who are the beneficial owners of the Company s voting securities immediately prior to such acquisition; or
- (2) Persons who as of May 1, 2005, constitute the Company s board of directors (the Incumbent Board ) cease, for any reason, to constitute at least a majority of the board, provided that any person becoming a director of the Company subsequent to May 1, 2005, whose election was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall, for the purposes of this Agreement, be considered to be a member of the Incumbent Board; or
- (3) Approval by the stockholders of the Company of a reorganization, merger or consolidation with respect to which those persons who were the beneficial owners of the Company s voting securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, shares representing more than fifty percent (50%) of the voting securities of the corporation resulting from such reorganization, merger or consolidation, or a complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

For purposes of this Section 10, acquisition transaction means any of the following events:

- (a) A merger, reorganization or consolidation involving the Company in which the outstanding stock is converted into or exchanged for the common stock of another entity, provided that such other entity has not, prior to or at the time of such merger, reorganization or consolidation, directly or indirectly acquired beneficial ownership of in excess of twenty percent (20%) of the outstanding shares of the Company for consideration other than such common stock (such a merger, reorganization or consolidation being herein referred to as a Stock Merger Transaction ); or
- (b) Any merger, reorganization or consolidation involving the Company which is not a Stock Merger Transaction and with respect to which these persons who were the beneficial owners of the Company stock immediately prior to such merger, reorganization, or consolidation, do not, following such merger, reorganization, or consolidation, beneficially own, directly or indirectly, shares representing more than fifty percent (50%) of the common stock of the corporation resulting from such merger, reorganization or consolidation, or a complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

## 11. ADMINISTRATION

The Committee shall have full authority and discretion (subject only to the express provisions of the Plan) to decide all matters relating to the administration and interpretation of the Plan and this Agreement. All such Committee determinations shall be final, conclusive and binding upon the Company, the Recipient, and any and all interested parties.

## 12. RIGHT TO CONTINUED EMPLOYMENT

Nothing in this Agreement or in the Plan shall confer on a Recipient any right to continue in the employ of the Company or in any way affect the Company s right to terminate the Recipient s employment without prior notice at any time for any and no reason.

## 13. AMENDMENTS

This Agreement shall be subject to the terms of the Plan as amended except that the Award that is the subject of this Agreement may not in any way be restricted or limited by any Plan amendment or termination approved after the date of the award without the Recipient s written consent.

## 14. FORCE AND EFFECT

The various provisions of this Agreement are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

## 15. PREVAILING LAWS

## Edgar Filing: HUNT J B TRANSPORT SERVICES INC - Form DEF 14A

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Arkansas applicable to corporations and the issuance of stock by Arkansas corporations.

### **16. SUCCESSORS**

This Agreement shall be binding upon and inure to the benefit of the successors, assigns and heirs of the respective parties.

### **17. NOTICE**

Unless waived by the Company, any notice to the Company required under or relating to this Agreement shall be in writing and addressed to:

J.B. HUNT TRANSPORT SERVICES, INC.

Attention: John Roberts

P. O. Box 130

Lowell, Arkansas 72745

### **18. TERMS**

Any terms used in this Agreement that are not otherwise defined shall have the meanings prescribed to them in the Plan.

**19. ENTIRE AGREEMENT**

This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

**IN WITNESS THEREOF**, the parties have signed this Agreement as of the date hereof.

J. B. HUNT TRANSPORT SERVICES, INC.

By:

John Roberts  
President and Chief Executive Officer

Recipient:

---

**FORM OF NEO RESTRICTED STOCK AGREEMENT FOR THE J.B. HUNT TRANSPORT SERVICES, INC. SECOND AMENDED AND RESTATED MANAGEMENT INCENTIVE PLAN**

**THIS** Restricted Stock Agreement ( Agreement ) made as of \_\_\_\_\_, by and between J.B. Hunt Transport Services, Inc. ( Company ) and \_\_\_\_\_ (hereinafter referred to as the Recipient, NEO, Named Executive Officer, or Covered Employee ):

**WHEREAS**, the Company maintains the J.B. Hunt Transport Services, Inc. Second Amended and Restated Management Incentive Plan (the Plan ) under which the Company s Compensation Committee of the Board of Directors ( Committee ) may, among other things, award shares of the Company s \$.01 par value common stock ( Common Stock ) to such members of the Company s management as the Committee may determine, subject to terms, conditions, or restrictions as it may deem appropriate;

**WHEREAS**, pursuant to the Plan the Committee has awarded to Recipient, a Restricted Stock Award ( Award ) conditioned upon the execution by the Company and the Recipient of this Agreement setting forth all the terms and conditions applicable to such Award in accordance with the laws of the State of Arkansas;

**THEREFORE**, in consideration of the past services of the Recipient and the mutual promises and covenants contained herein it is hereby agreed as follows:

**1. AWARD OF SHARES**

Under the terms of the Plan, the Committee has awarded to the Recipient an Award on \_\_\_\_\_ ( Award Date ), for \_\_\_\_\_ shares of Common Stock subject to the terms, conditions and restrictions set forth in this Agreement. There will be no purchase price required by the Recipient in connection with this transaction.

**2. AWARD RESTRICTIONS**

The Award shall vest according to the schedule set forth below and each vested portion shall expire thirty (30) days after each designated vesting date:

\_\_\_\_\_ shares (20% of total shares awarded on Award Date) shall vest on the later to occur of (i) \_\_\_\_\_ or (ii) the date on which the Committee makes the certification described below (the First Vest );

\_\_\_\_\_ shares (20% of total shares awarded on Award Date) shall vest on the later to occur of (i) \_\_\_\_\_ or (ii) the date on which the Committee makes the certification described below (the Second Vest );

\_\_\_\_\_ shares (20% of total shares awarded on Award Date) shall vest on the later to occur of (i) \_\_\_\_\_ or (ii) the date on which the Committee makes the certification described below (the Third Vest );

\_\_\_\_\_ shares (20% of total shares awarded on Award Date) shall vest on the later to occur of (i) \_\_\_\_\_ or (ii) the date on which the Committee makes the certification described below (the Fourth Vest );

\_\_\_\_\_ shares (20% of total shares awarded on Award Date) shall vest on the later to occur of (i) \_\_\_\_\_ or (ii) the date on which the Committee makes the certification described below (the Final Vest );

Notwithstanding the provisions of this section,

- (i) the First Vest shall be conditioned on, subject to and shall not occur until certification by the Committee (either by resolution or in such other manner as the Committee deems appropriate) that the performance goals as outlined in the Second Amended and Restated Management Incentive Plan for \_\_\_\_\_ have been achieved. If the Committee does not or cannot certify that the performance goals have been achieved by December 31st of the following year after the First Vest, then the Recipient shall forfeit the right to the shares for that year and such shares shall be cancelled;
- (ii) the Second Vest shall be conditioned on, subject to and shall not occur until certification by the Committee (either by resolution or in such other manner as the Committee deems appropriate) that the performance goals for \_\_\_\_\_ have been achieved. If the Committee does not or cannot certify that the performance goals have been achieved by December 31st of the following year after the

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- Second Vest, then the Recipient shall forfeit the right to the shares for that year and such shares shall be cancelled;
- (iii) the Third Vest shall be conditioned on, subject to and shall not occur until certification by the Committee (either by resolution or in such other manner as the Committee deems appropriate) that the performance goals for \_\_\_\_\_ have been achieved. If the Committee does not or cannot certify that the performance goals have been achieved by December 31st of the following year after the Third Vest, then the Recipient shall forfeit the right to the shares for that year and such shares shall be cancelled;
  - (iv) the Fourth Vest shall be conditioned on, subject to and shall not occur until certification by the Committee (either by resolution or in such other manner as the Committee deems appropriate) that the performance goals for \_\_\_\_\_ have been achieved. If the Committee does not or cannot certify that the performance goals have been achieved by December 31st of the following year after the Fourth Vest, then the Recipient shall forfeit the right to the shares for that year and such shares shall be cancelled;
  - (v) the Final Vest shall be conditioned on, subject to and shall not occur until certification by the Committee (either by resolution or in such other manner as the Committee deems appropriate) that the performance goals for \_\_\_\_\_ have been achieved. If the Committee does not or cannot certify that the performance goals have been achieved by December 31st of the following year after the Final Vest, then the Recipient shall forfeit the right to the shares for that year and such shares shall be cancelled.



Upon vesting date and upon satisfaction of the requirements of Section 8 below, the Company shall issue the shares in either certificated or non-certificated form to the Named Executive Officer. If issued in certificated form, the certificate shall be delivered, without legend, in an amount reflecting the number of shares vested less any previously delivered shares registered on the Company's books in the name of the NEO or the NEO's beneficiary. Upon receipt of the shares, the NEO or beneficiary are free, upon compliance with applicable law, including any restrictions under Section 144 of the Securities Act of 1933, to hold or dispose of such shares at will.

During the vesting period, those shares covered by the Award, but not vested, are not transferable by the Recipient by means of sale, assignment, exchange, pledge or otherwise. However, during the vesting period, the Recipient does have the right to tender for sale or exchange with the Company's written consent, any such shares in the event of any tender offer within the meaning of Section 14(d) of the Securities Exchange Act of 1934.

### **3. ADMINISTRATION OF AWARD**

The Restricted Stock shall be released in a book-entry account (the Account) at the Company's transfer agent when the restrictions associated with such Restricted Stock expire pursuant to Sections 2, 4 or 8. The Recipient shall execute and deliver to the transfer agent one or more stock powers in blank for the Restricted Stock. The shares of Restricted Stock subject to these Awards are not eligible for dividend distributions (other than adjustments described in Section 8), not eligible to be voted and not eligible to be enrolled in any dividend reinvestment program until the restrictions thereon expire.

The Committee shall have full authority and discretion (subject only to the express provisions of the Plan) to decide all matters relating to the administration and interpretation of the Plan of this Agreement. All such Committee determinations shall be final, conclusive and binding upon the Company, the Recipient, and any and all interested parties.

### **4. EMPLOYMENT TERMINATION**

For Covered Employees (as defined by Section 162(m)), if employment is terminated due to death, disability or change in control during the vesting period, then the Award may vest in full or in part before the performance goal applicable to the Award is attained, and irrespective of whether the performance goal applicable to the Award is thereafter attained, but only if and to the extent that (i) the Committee so provides with respect to such Award, and (ii) the Award will nevertheless qualify as performance-based compensation if the performance goal applicable to such Award is attained and the employee's death or disability, or the change in control specified by the Committee does not occur. If a Covered Employee's employment is terminated for any other reason other than death, disability or change in control, then any Award granted that has not vested shall immediately be deemed forfeited. Upon forfeiture of the Award, the employee shall have no further rights with respect thereto.

### **5. ADJUSTMENT OF SHARES FOR RECAPITALIZATION, ETC.**

In the event there is a change in the outstanding Stock of the Company by reason of any reorganization, recapitalization, stock split, stock dividend, combination of shares or otherwise, there shall be substituted for or added to each share of Stock theretofore appropriated or thereafter subject, or which may become subject, to this Award, the number and kind of shares of stock or other securities into which each outstanding share of Stock shall be so changed or to which each share shall be exchanged, or to which each such share shall be entitled, as the case may be. Adjustment under the preceding provisions of this Section 5 will occur automatically upon any such change in the outstanding Stock of the Company. No fractional interest will be issued under the Plan on account of any such adjustment.

### **6. COMPANY RECORDS**

Records of the Company or its Subsidiaries or Affiliates regarding any period(s) of service, termination of service and the reason therefore, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

### **7. NO LIABILITY FOR GOOD FAITH DETERMINATION**

The members of the Board and the Committee shall not be liable for any act, omission, interpretation or determination taken or made in good faith with respect to this Agreement or the Restricted Stock granted hereunder and all members of the Board or the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

### **8. WITHHOLDING TAXES**

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The Company will require the Recipient receiving the shares of Common Stock under an Award, to reimburse the Company for such taxes required to be withheld by the Company and withhold any distribution in whole or in part until the Company is so reimbursed. The Recipient may satisfy the withholding obligation using cash or Company Common Stock owned (other than through this Award) by the Recipient for at least six (6) months prior to the vesting date.

### **9. IMPACT ON OTHER BENEFITS**

The value of the Award (either on the Award Date or at the time the shares are vested) shall not be includable as compensation or earnings for purposes of any other benefit plan offered by the Company.

### **10. ACCELERATION OF VESTING**

Notwithstanding anything contained in this agreement to the contrary, in the event that, at any time following the date of a change of control (as hereinafter defined) (i) a recipient's employment with the Company or one of its subsidiaries terminates as a result of such recipient's retirement, termination without just cause (as hereinafter defined) by the Company or one of its subsidiaries, or resignation by the recipient for good reason; or (ii) with respect to a recipient employed by one of the Company's subsidiaries, a sale transaction (as hereinafter defined) is effected; then all vesting restrictions on any shares of the Company's common stock (with the exception of any shares granted based on performance) or acquiring Company common stock awarded to that participant under this Agreement shall immediately lapse and such shares shall be vested.

For awards granted based on performance based criteria, if less than half of the performance period has lapsed, such award shall be converted into restricted stock assuming target performance has been achieved (or into unrestricted stock if no further restrictions apply). If at least half the performance period has lapsed, such award shall be converted into restricted stock based on actual performance to date (or into unrestricted stock if no further restrictions apply). If actual performance is not determinable, such award shall be converted into restricted stock assuming target performance has been achieved, based on the discretion of the Committee (or into unrestricted stock if no further restrictions apply).

For purposes of this Plan, just cause shall mean the willful and continued failure of a recipient to substantially perform his duties with the Company or one of its subsidiaries after a written demand for substantial performance is delivered to such participant by the Board of Directors of the Company, or its subsidiary, which specifically identifies the manner in which the board believes that such participant has not substantially performed his duties; or willful misconduct by the recipient materially injures the Company or its subsidiaries monetarily or otherwise (it being understood that no act, or failure to act, on the part of a recipient shall be considered willful unless done, or omitted to be done, by such recipient in bad faith and with knowledge that the action or omission was not in the best interest of the Company or such subsidiary).

Sale transaction shall mean, with respect to an employee of one of the Company's subsidiaries, the direct or indirect sale or other disposition by the Company of in excess of fifty percent (50%) of the voting capital stock of such subsidiary, the complete liquidation of such subsidiary, or the sale by such subsidiary or all or substantially all of its assets.

For purposes of this Section 10, change of control means:

- (1) Any transaction involving the acquisition ( Acquisition Transaction ), by any person, corporation, partnership or other entity, or any group (collectively referred to herein as a person ), of beneficial ownership of shares representing thirty percent (30%) or more of the Company's then outstanding voting securities entitled to vote generally in the election of directors ( Voting Securities ), but excluding, for this purpose, any such acquisition by (a) the Company or any of its subsidiaries or any employee benefit plan (or related trust) of the Company, or any of its subsidiaries, or (b) any corporation with respect to which immediately following such acquisition, shares representing more than fifty percent (50%) of such corporation's Voting Securities are beneficially owned, directly or indirectly, by those persons who are the beneficial owners of the Company's voting securities immediately prior to such acquisition; or
- (2) Persons who as of May 1, 2005, constitute the Company's board of directors (the Incumbent Board ) cease, for any reason, to constitute at least a majority of the board, provided that any person becoming a director of the Company subsequent to May 1, 2005, whose election was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall, for the purposes of this Agreement, be considered to be a member of the Incumbent Board; or
- (3) Approval by the stockholders of the Company of a reorganization, merger or consolidation with respect to which those persons who were the beneficial owners of the Company's voting securities immediately prior to such reorganization, merger or consolidation, do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, shares representing more than fifty percent (50%) of the voting securities of the corporation resulting from such reorganization, merger or consolidation, or a complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

For purposes of this Section 10, acquisition transaction means any of the following events:

- (a) A merger, reorganization or consolidation involving the Company in which the outstanding stock is converted into or exchanged for the common stock of another entity, provided that such other entity has not, prior to or at the time of such merger, reorganization or consolidation, directly or indirectly acquired beneficial ownership of in excess of twenty percent (20%) of the outstanding shares of the Company for consideration other than such common stock (such a merger, reorganization or consolidation being herein referred to as a Stock Merger Transaction ); or
- (b) Any merger, reorganization or consolidation involving the Company which is not a Stock Merger Transaction and with respect to which these persons who were the beneficial owners of the Company stock immediately prior to such merger, reorganization, or consolidation, do not, following such merger, reorganization, or consolidation, beneficially own, directly or indirectly, shares representing more than fifty percent (50%) of the common stock of the corporation resulting from such merger, reorganization or consolidation, or a complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company.

## 11. ADMINISTRATION

The Committee shall have full authority and discretion (subject only to the express provisions of the Plan) to decide all matters relating to the administration and interpretation of the Plan and this Agreement. All such Committee determinations shall be final, conclusive and binding upon the Company, the Recipient, and any and all interested parties.

**12. RIGHT TO CONTINUED EMPLOYMENT**

Nothing in this Agreement or in the Plan shall confer on a Recipient any right to continue in the employ of the Company or in any way affect the Company's right to terminate the Recipient's employment without prior notice at any time for any and no reason.

**13. AMENDMENTS**

This Agreement shall be subject to the terms of the Plan as amended except that the Award that is the subject of this Agreement may not in any way be restricted or limited by any Plan amendment or termination approved after the date of the award without the Recipient's written consent.

**14. FORCE AND EFFECT**

The various provisions of this Agreement are severable in their entirety. Any determination of invalidity or unenforceability of any one provision shall have no effect on the continuing force and effect of the remaining provisions.

**15. PREVAILING LAWS**

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Arkansas applicable to corporations and the issuance of stock by Arkansas corporations.

**16. SUCCESSORS**

This Agreement shall be binding upon and inure to the benefit of the successors, assigns and heirs of the respective parties.

**17. NOTICE**

Unless waived by the Company, any notice to the Company required under or relating to this Agreement shall be in writing and addressed to:

J.B. HUNT TRANSPORT SERVICES, INC.

Attention: John Roberts

P. O. Box 130

Lowell, Arkansas 72745

**18. TERMS**

Any terms used in this Agreement that are not otherwise defined shall have the meanings prescribed to them in the Plan.

**19. ENTIRE AGREEMENT**

This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

IN WITNESS THEREOF, the parties have signed this Agreement as of the date hereof.

J. B. HUNT TRANSPORT SERVICES, INC.

By:

John Roberts  
President and Chief Executive Officer

Recipient:

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**FORM OF STOCK OPTION AGREEMENT J.B. HUNT TRANSPORT SERVICES, INC.**

**STOCK OPTION AGREEMENT**, hereinafter referred to as the *Option* or the *Agreement* made on this day of \_\_\_\_\_ between J.B. Hunt Transport Services, Inc., an Arkansas corporation, (*the Company*) and \_\_\_\_\_

The Company, pursuant to the terms of the J.B. Hunt Transport Services, Inc. Amended and Restated Management Incentive Plan adopted by the Company's Board of Directors on April 21, 2005 (*the Plan*), hereby grants an option \_\_\_\_\_ shares of Common Stock of the Company, par value \$0.01 per share (*Common Stock*) to the Optionee at the price and in all respects subject to the terms, definitions and provisions of the Agreement.

**1. Option Price.** The Option price is \$ \_\_\_\_ for each share.

**2. Exercise and Option.** This Option shall be exercisable at any time and from time to time pursuant to the exercise schedule and in accordance with the terms of this Agreement as follows:

(a) **Exercise Schedule.** This Option shall be exercisable in installments as indicated below:

June 1, 20\_\_ \_\_\_\_%

June 1, 20\_\_ \_\_\_\_%

June 1, 20\_\_ \_\_\_\_%

All Options expire at the earliest to occur of the following: (i) the \_\_\_\_\_ anniversary of this Agreement; (ii) 730 days after the Optionee's death, disability or retirement after reaching age 55; or (iii) termination of employment with the Company (for any reason) other than by death or disability or by retirement after reaching age 55.

(b) **Method of Exercise.** This Option shall be exercisable by a written notice which shall:

- (i) state the election to exercise the Option, the number of shares in respect of which it is being exercised, the person in whose name the stock certificate(s) (if any) for such shares of Common Stock is to be registered, his address and Social Security Number (or if more than one, the names, addresses and Social Security Numbers of such persons);
- (ii) contain such representations and agreements as to the holder's investment intent with respect to such shares of Common Stock as may be satisfactory to the Company's counsel;
- (iii) be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any person or persons other than the Optionee, be accompanied by proof, satisfactory to counsel for the Company, of the right of such person or persons to exercise the Option.
- (iv) be accompanied by payment to the Company of the full Option price of the shares with respect to which the Option is exercised. The Option price shall be paid in the following manner:
  - (i) full payment in cash or equivalent;
  - (ii) full payment in shares of Company Stock, owned for at least six months prior to the Exercise Date (as defined in Paragraph 5(b) of the Plan) having a fair market value on the Exercise Date equal to the option price; or
  - (iii) any combination of (i) or (ii), equal to the aggregate to the option price.

The Company's Option Committee also has the discretion to permit payment of the option price in full or in part in accordance with paragraph 6.6 (a) (2) of the Plan.

(c) The Company shall not be required to issue or deliver any certificates (if any) for shares of Common Stock purchased upon the exercise of an option (i) prior to the completion of any registration or other qualification of such shares under any state or federal laws or rulings or regulations of any government regulatory body, which the Company shall determine to be necessary or advisable or, (ii) prior to receiving adoption of counsel, satisfactory to the Company that the sale or issuance of such shares is exempt from these registration or qualification requirements.

(d) **Restrictions on Exercise.** As a condition to his exercise of this Option, the Company may require the person exercising this Option to make any representation and warranty to the Company as may be required by any applicable law or regulation.

(e) **Employment Related Taxes.** As a general rule, the exercise of an Option creates taxable income to the Participant for which Federal and States income tax withholding may apply. The withholding obligations of the Participant may be satisfied at their election using cash or Company common stock owned by the Participant for at least six months before the Exercise Date.

**3. Non Transferability of Option.** This Option may not be assigned or transferred other than by will or the laws of descent and distribution and may be exercised during the lifetime of the Optionee only by him.

**4. Stock Subject to the Option.** In addition to the restrictions set forth above, the Company and the Optionee agree that the Common Stock of the Company acquired pursuant to this Agreement shall be subject to the restrictions set forth in the Plan.

**5. Adjustments Upon Changes in Capitalization.** The number of shares of Common Stock subject to this Agreement shall be proportionately adjusted for any change in the stock structure of the Company because of share dividends, recapitalization, reorganizations, mergers or other restructuring.

**6. Notices.** Each notice relating to this Agreement shall be in writing and delivered in person or by certified mail to the proper address.

Each notice shall be deemed to have been given on the date it is received. Each notice to the Company shall be addressed to it at its principal office, now at 615 J.B. Hunt Corporate Drive, Lowell, Arkansas 72745, attention John Roberts. Each notice to the Optionee or other person or persons then entitled to exercise the Option shall be addressed to the Optionee or such other person or persons at the Optionee's address set forth in the heading of this Agreement. Anyone to whom a notice may be given under this Agreement may designate a new address by notice to that effect.

**7. Benefits of Agreement.** This Agreement shall inure to the benefit of and be binding upon each successor of the Company. All obligations imposed upon the Optionee and all rights granted to the Company under this Agreement shall be binding upon Optionee's heirs, legal representatives, and successors. This Agreement shall be sole and exclusive source of any and all rights which the Optionee, his heirs, legal representatives or successors may have in respect to the Plan or any options or Common Stock granted or issued hereunder, whether to himself or to any other person.

**8. Plan Amendments.**

This Agreement shall be subject to the terms of the Plan as amended except that the Award that is the subject of this Agreement may not in any way be restricted or limited by any Plan amendment or termination approved after the date of the award without the Recipient's written consent.

**9. Successors.**

This Agreement shall be binding upon and inure to the benefit of the successors, assigns and heirs of the respective parties.

**10. Terms.**

Any terms used in this Agreement that are not otherwise defined shall have the meanings prescribed to them in the Plan.

**11. Entire Agreement.**

This Agreement contains the entire understanding of the parties and shall not be modified or amended except in writing and duly signed by the parties. No waiver by either party of any default under this Agreement shall be deemed a waiver of any later default.

**IN WITNESS WHEREOF**, the Company and the Optionee have caused this Agreement to be executed as of the day, month and year first above written.

J. B. HUNT TRANSPORT SERVICES, INC.

By:

John Roberts  
President and Chief Executive Officer

OPTIONEE

By:



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**STOCK OPTION EXERCISE FORM**

To: Office of the Chief Financial Officer  
J.B. Hunt Transport Services, Inc.

This memorandum will confirm my desire to exercise my available vested options in the following manner:

- “ Exercise and sell for cash
- “ Exercise and sell only enough shares to cover option costs and taxes and keep the remaining shares
- “ Exercise and hold (buy)
- “ Exercise and swap/surrender owned shares for option costs and/or taxes

The following options are the ones I have selected for the above transaction(s):

<b>Grant Date</b>	<b>Number of Options Exercised</b>	<b>Option Price</b>
_____	_____	_____

I understand that the difference between market value and option price for the options exercised is taxable compensation to be included in my Form W-2. Therefore, the withholding amounts for Federal and State tax should be withheld at the following rates:

**Federal** \_\_ %    **State** \_\_ %

Optionee

Date

Received by CFO Office:

Signature

Date

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**FORM OF AMENDMENT TO STOCK OPTION AGREEMENT J.B. HUNT TRANSPORT SERVICES, INC.**

This Amendment is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, (the Amendment ) by and between J.B. Hunt Transport Services, Inc. ( the Company ) and \_\_\_\_\_ (the Optionee ) and amends that certain Stock Option Agreement between the Company and the Optionee dated \_\_\_\_\_, (the Agreement).

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Optionee and the Company amend the Agreement as follows (check those which apply):

The remaining unexercised portions of this Option shall be exercisable as follows:

This Option shall terminate as follows:

All other terms and conditions of the Agreement continue in full force and effect.

J. B. HUNT TRANSPORT SERVICES, INC.

By:

\_\_\_\_\_, Optionee

MR A SAMPLE

00000000.000000 ext 00000000.000000 ext  
00000000.000000 ext 00000000.000000 ext

DESIGNATION (IF ANY)

00000000.000000 ext 00000000.000000 ext

ADD 1

ADD 2

ADD 3

ADD 4

ADD 5

ADD 6

### Electronic Voting Instructions

**You can vote by Internet or telephone!**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Central Time, on April 25, 2012.**

#### **Vote by Internet**

Log on to the Internet and go to  
[www.envisionreports.com/JBHT](http://www.envisionreports.com/JBHT)

Follow the steps outlined on the secured website.  
**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**X**

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Follow the instructions provided by the recorded message.

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**A Proposals** The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3.

Election of												
1. Directors:	For	Against	Abstain	For	Against	Abstain	For	Against	Abstain			
01 - Douglas G. Duncan	..	..	..	02 - Francesca M. Edwardson	..	..	..	03 - Wayne Garrison	..	..	..	<b>+</b>
04 - Sharilyn S. Gasaway	..	..	..	05 - Gary C. George	..	..	..	06 - Bryan Hunt	..	..	..	
07 - Coleman H. Peterson	..	..	..	08 - John N. Roberts III	..	..	..	09 - James L. Robo	..	..	..	
10 - William J. Shea, Jr.	..	..	..	11 - Kirk Thompson	..	..	..					
				<b>For</b>	<b>Against</b>	<b>Abstain</b>		<b>For</b>	<b>Against</b>	<b>Abstain</b>		
2. To approve the Company's Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan.				..	..	..		3. To ratify the appointment of Ernst & Young LLP as the Company's independent public accountants for calendar year 2012.	..	..	..	
4. To transact such other business as may properly come before the meeting or any adjournments thereof.												

**B Authorized Signatures** This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

/ /

IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.

Dear Stockholder:

If voting by proxy, we encourage you to vote your shares electronically this year either by telephone or via the Internet. This will eliminate the need to return your proxy card.

Your telephone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned your proxy card. When voting your shares electronically by telephone or via the Internet, you will need the fifteen digit pin on the front of this proxy card. The Computershare Vote by Telephone and Vote by Internet systems are maintained by our transfer agent, Computershare Trust Company, N.A. ( Computershare ) and can be accessed 24 hours a day, seven days a week up until the day prior to the annual meeting; votes may be cast by Internet up until 11:59 p.m. (CDT) on the day before the annual meeting.

If you do not vote via proxy card, telephone or the Internet, you may attend the Annual Meeting of Stockholders on April 26, 2012 at the offices of the corporation, 615 J.B. Hunt Corporate Drive, Lowell, Arkansas and at any adjournment thereof.

**Direct Deposit of Dividends**

We encourage all stockholders who receive their dividends in cash to participate in direct deposit. To enroll in this service, please mail your request along with a copy of a voided check to Computershare at the address noted below.

**Transfer Agent Contact Information**

Computershare Trust Company, N.A.	Telephone Inside the USA:	(877) 498-8861
P.O. Box 43069	Telephone Outside the USA:	(781) 575-2723
Providence RI 02940-3069	TDD/TTY for Hearing Impaired:	(800) 952-9245

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

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

**+**

**This Proxy is being solicited on behalf of the Board of Directors of:**

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

**615 J.B. Hunt Corporate Drive**

**Lowell, Arkansas 72745**

The undersigned hereby constitutes and appoints Kirk Thompson and John N. Roberts III or either of them, proxies for the undersigned, with power of substitution, to represent the undersigned and to vote all of the shares of common stock of J.B. Hunt Transport Services, Inc. (the Company ) which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company to be held on April 26, 2012, at the offices of the Corporation, 615 J.B. Hunt Corporate Drive, Lowell, Arkansas, and at any adjournment thereof.

**This proxy when properly executed will be voted in the manner directed herein by the undersigned. IF NO DIRECTION IS GIVEN, THIS PROXY WILL BE VOTED FOR ALL PROPOSALS.**

The signer hereby revokes all proxies heretofore given by the signer to vote at said meeting or any adjournments thereof.

You are encouraged to specify your choices by marking the appropriate boxes, SEE REVERSE SIDE, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations. The Proxy Committee cannot vote your shares unless you sign and return this card.

**Important Notice Regarding Internet Availability of Proxy Materials for the Stockholder Meeting to be Held on April 26, 2012**

The proxy materials for the Company's Annual Meeting of Stockholders, including the 2011 Annual Report and Proxy Statement, are available over the Internet by accessing [www.envisionreports.com/jbht](http://www.envisionreports.com/jbht).

**Non-Voting Items**

**Change of Address** Please print new address below.

**Comments** Please print your comments below.

Using a **black ink** pen, mark your votes with an **X** as shown in this example.  
Please do not write outside the designated areas.

**X**

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**A Proposals** The Board of Directors recommends a vote **FOR** all the nominees listed and **FOR** Proposals 2 and 3.

1. Election of Directors:			For	Against	Abstain				For	Against	Abstain			
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04 - Sharilyn S. Gasaway	..	..	..	05 - Gary C. George	..	..	..	06 - Bryan Hunt	..	..	..			
07 - Coleman H. Peterson	..	..	..	08 - John N. Roberts III	..	..	..	09 - James L. Robo	..	..	..			
10 - William J. Shea, Jr.	..	..	..	11 - Kirk Thompson	..	..	..							
			<b>For</b>	<b>Against</b>	<b>Abstain</b>				<b>For</b>	<b>Against</b>	<b>Abstain</b>			
2. To approve the Company's Second Amended and Restated Management Incentive Plan, including the material terms of the performance goals under such plan.			..	..	..	3. To ratify the appointment of Ernst & Young LLP as the Company's independent public accountants for calendar year 2012.			..	..	..			
4. To transact such other business as may properly come before the meeting or any adjournments thereof.														

**B Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

/ /



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**615 J. B. Hunt Corporate Drive**

**Lowell, Arkansas 72745**

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