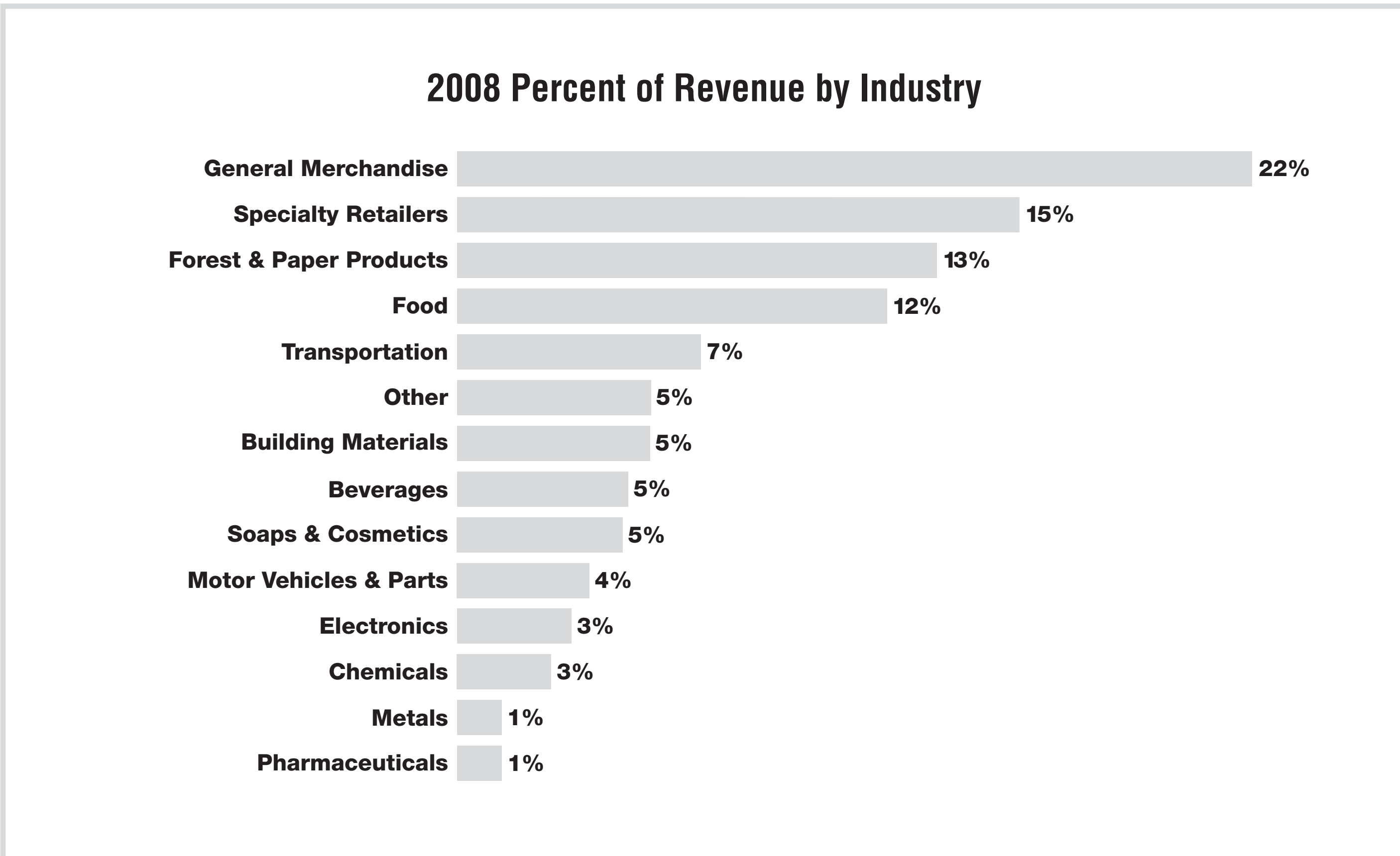
J.B. HUNT TRANSPORT SERVICES, INC.

2008

NOTICE OF ANNUAL MEETING, PROXY STATEMENT AND ANNUAL REPORT

J.B. HUNT®

The Transportation Logistics Company


2008 Percent of Revenue by Industry
General Merchandise
22%
Specialty Retailers
15%
Forest & Paper Products
13%
Food
12%
Transportation
7%
Other
5%
Building Materials
5%
Beverages
5%
Soaps & Cosmetics
5%
Motor Vehicles & Parts
4%
Electronics
3%
Chemicals
3%
Metals
1%
Pharmaceuticals
1%

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DEAR FELLOW STOCKHOLDERS:

As of this writing, J.B. Hunt Transport Services and BNSF Railway celebrate 20 years of joint intermodal service. When the partnership started, it was thought of as experimental by many, and no one could have imagined the effect it would have on the transportation industry. Today, intermodal is one of the most efficient, economical and environmentally friendly ways to move goods, and J.B. Hunt is the recognized leader in intermodal. At J.B. Hunt, we've always had an eye toward the long term and a focus on bringing innovative and cost-effective solutions to our customers' supply-chain challenges. We do not always take the conventional approach to a problem. Indeed, our culture of innovation and the view toward the long term also led us years ago to make strategic investments in our Dedicated Contract Services (DCS) and Integrated Capacity Solutions (ICS) businesses. These investments enabled us to weather many of the difficulties that came about this past year as diesel fuel prices skyrocketed and the Country officially entered a recession in December 2007. More specifically, our business mix enabled us to keep earnings and revenue, before fuel surcharge, nearly flat with last year even as we further reduced our exposure to the more cyclical Truck segment. While we are not immune to future challenges our economy may experience, we are confident that our strategy and our people will enable us to deliver attractive returns to our shareholders and cost-effective solutions to our customers.

In the past year and for the first time in our history, Intermodal grew to represent more than half of our Company's revenues and an even greater share of profits. Importantly, our success with Intermodal meant a more cost-effective solution for our customers, less congestion on the highways and a reduced carbon footprint as compared to highway transport. It also meant greater volumes for our rail partners. No single element of our Intermodal network accounts for our industry-leading service or attractive financial returns. It involves many factors that have been refined over many years. We certainly enjoy long-standing, mutually beneficial relationships with our rail partners, which include expedited rail ramp entry and exit. However, also important is our company-owned drayage fleet and the industry's largest container fleet. Further, our co-location adjacent to busy intermodal facilities and private gate access enables us to maintain higher service levels. It also means higher utilization of our equipment and a more driver-friendly alternative to over-the-road driving. Likewise, because we maintain our own proprietary chassis pool, we do not need to rely upon a shared pool, which means we have access to equipment when and where we need it. We believe that all of these factors contribute to our success in growing more quickly than the overall market.

We are excited about the opportunity for Intermodal growth in the eastern part of the Country. These markets have traditionally been known as "truck markets" because of shorter lengths of haul and because some of the older rail infrastructure wasn't designed for double-stack containers. These dynamics are changing as our rail partners continue to invest in the necessary infrastructure. In some cases, relatively small amounts of capital can unclog significant traffic bottlenecks. We will continue to invest with our partners, recognizing that the long-term benefits can be substantial. Our ownership and control of the equipment plays an important role in these shorter-haul markets where drayage can represent a larger portion of the entire move. We are unique in this regard. Lastly, because our Truck segment has operated in these markets for many years, we believe we have an excellent understanding of the market dynamics and where Intermodal can make economic sense for our customers. In summary, we believe that J.B. Hunt is extraordinarily positioned for the dynamics of the Eastern markets.

We are particularly pleased with the performance of our DCS business during this past year. While trucking company failures soared, diesel fuel prices reached record levels and the economy struggled with a deepening recession, DCS held margins nearly flat year over year and saw just a slight reduction in revenue. DCS, on a stand-alone basis, would be among the country's largest and most profitable transportation companies, and the stability of operating income during this period would have made them a standout performer. Importantly, our recent results mask some important work that was being done behind the scenes. We have found that our greatest successes come about as we understand our customers' businesses better and, as a result, deliver the right combination of people, assets and ideas that make a measurable bottom-line difference. We back up our rhetoric with the use of our proprietary methodology known as Customer Value Delivery™ (CVD). Key components of CVD are scheduled, formal reviews throughout the year, which builds on periodic measurement and reporting of key performance indicators. With this approach and a renewed focus, we successfully grew our customer base and revenues in specialized and replenishment services, which essentially offset the continued runoff of legacy contracts where our focus had simply been to provide equipment on a "dedicated" basis. Providing solutions-based transportation services requires a longer sales cycle, but the recognizable value to our customers enables us to avoid pure price competition. Value for our customers is achieved using a holistic approach, not on a low-bid, commodity like level. In addition, we operate under longer-term contracts that provide us with a level of stability and predictability that is good for our customers, employees and our shareholders. We also made continued cost reductions in labor, depreciation, and insurance and claims through improved safety.

Our Truck segment had a challenging year despite our ongoing strategic efforts to reduce exposure to the more cyclical elements of this business. During 2008 we reduced our truck fleet 16%, which is on top of the 23% reduction from the prior year. Our Truck fleet is 42% below the level during the last economic downturn of 2000-2001. Our ability to satisfy customer needs through our Intermodal and Integrated Capacity Solutions (ICS) divisions is part of the reason we can be more aggressive than some other large fleets in adjusting our fleet size. Nonetheless, our attempts to "right-size" the fleet in relation to our customer requirements and return-on-investment targets only provided a modest cushion to worsening demand trends and the resulting pricing pressures.

The demand for truckload services will rebound with economic activity, and the industry's capacity has been contracting for some time. As such, we are confident that at some point supply and demand will come back into balance. Sometimes this can occur rapidly and unexpectedly, as was the case in June 2008. Following the sharp rise in diesel prices and a rapid rise of trucking company failures in the first five months of the year, a slight uptick in demand in June quickly threw supply and demand in favor of capacity providers. This rebalance was immediately evident in firming rates and improved equipment utilization. While that rebalancing ultimately turned out to be short-lived, our Truck division should be able to respond favorably when we do get a more sustainable recovery. Longer term, the trucking industry is expected to face a number of supply constraints. Perhaps foremost will be the need for qualified drivers. Over-the-road driving has always been a difficult profession, and demographics continue to work against the traditional source for drivers. The industry must deal with strict hours-of-service requirements and evolving security and safety measures from federal, state and municipal authorities. Each of these factors will continue to pressure the supply of industry capacity. Highway congestion, emission requirements and a host of other factors are also at play and affect for-hire as well as private fleets. We feel that we are well-positioned to meet these challenges within our Truck division, but we also see this as longer-term opportunities for our Intermodal, DCS and ICS segments.

ICS continued its rapid growth and made an important contribution to our profitability. The ability of this segment to bring a variety of transport options to a broad range of customers should continue to support this growth. ICS fills an important part of our long-term strategy to bring a broader variety of cost-effective solutions to existing relationships as well as to new ones. Despite being an industry leader, J.B. Hunt is small relative to the size of the North American trucking market. By harnessing the technology, the brand and the expertise behind J.B. Hunt, ICS is able to capture a greater share of this market while meeting the one-way transportation needs of our customers effectively and cost-efficiently. We believe that the ICS non-asset-based, multimodal approach is the most effective way for us to penetrate some of the markets and customer segments that would not otherwise have fit our asset-based network. This greatly expands the size of our potential markets and our desire to meet all of our customers' supply-chain requirements.

We cannot be successful long term in this business if we do not treat our carrier partners well. Having our own roots in asset-based trucking, we know the importance of making our partners successful. Our quick-pay and cash advances services, for example, were important ingredients this past year in growing our carrier base and expanding our geographic reach.

We are pleased that despite the challenging freight market, we increased cash flow, reduced indebtedness and improved asset turnover. We believe that our financial strength is particularly important during these challenging times. Over the years, our financial strength and flexibility have enabled us to fund our growth, repurchase shares of our stock and return capital to shareholders in the form of dividends. We laid the foundation for these results in years past when we refocused our resources to areas where we believed we could bring a value-added, differentiated service to our customers. With our unique Intermodal network, solutions-based DCS segment, and our asset-based and non-asset-based truck offerings, we are excited about all that we can bring to our customers and to our shareholders. We will continue to direct our resources to areas where we can provide a service our customers will value at a return our shareholders find attractive. We recognize that a transportation business is successful one load at a time and that our people are behind every successful load. Our confidence in our future resides in our people, and we are grateful for their continued hard work and commitment.

Sincerely,

Kirk Thompson

Wayne Garrison

J.B. HUNT

J.B. HUNT TRANSPORT SERVICES, INC.

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on April 30, 2009

The Annual Meeting of Stockholders of J.B. Hunt Transport Services, Inc. (the "Company") will be held on April 30, 2009, 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 three (3) Class II Directors for a term of one (1) year

(2) To ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2009 calendar year

(3) To transact such other business as may properly come before the annual meeting or any adjournments thereof

Only stockholders of record on February 20, 2009 will be entitled to vote at the meeting or any adjournments thereof. The stock transfer books will not be closed.

The 2008 Annual Report to Stockholders is included in this publication.

By Order of the Board of Directors

DAVID G. MEE
Corporate Secretary

Lowell, Arkansas
March 20, 2009

YOUR VOTE IS IMPORTANT
PLEASE EXECUTE YOUR PROXY WITHOUT DELAY

J.B. HUNT TRANSPORT SERVICES, INC.

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

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by J.B. Hunt Transport Services, Inc. (the "Company"), on behalf of its Board of Directors (the "Board"), for the 2009 Annual Meeting of Stockholders (the "Annual Meeting"). The Proxy Statement and the related proxy card are being distributed on or about March 20, 2009.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS' MEETING TO BE HELD ON APRIL 30, 2009

This Proxy Statement and our 2008 Annual Report to Stockholders, which includes our Annual Report on Form 10-K, are available at *www.jbhunt.com*.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

When And Where Is The Annual Meeting?

Date:	Thursday, April 30, 2009
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 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 Sharilyn S. Gasaway, Coleman H. Peterson and James L. Robo as Class II directors to hold office for a term of one year, expiring at the close of the Annual Meeting of Stockholders in 2010.
- 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 2009 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 Friday, February 20, 2009, 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 126,091,815 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

The election of directors requires the affirmative vote of a plurality of the shares of our common stock cast at the annual meeting. This means that the three Class II director nominees receiving the most votes will be elected. 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 the election of directors.

- Ratification of the Appointment of 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 as an aggregate 6,739,309 shares of common stock representing 5.34% of our common stock issued and outstanding and, therefore, 5.34% 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 in favor of the election of the Class II director nominees and in favor of the ratification of E&Y as the Company's independent registered public accounting firm.

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 29, 2009 (the day before the annual meeting).

If you are the beneficial owner of shares held in street name, you may 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 if 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?

Brokers, banks and other nominees who do not have instructions from their "street name" customers may not use their discretion in voting their customers' shares on "non-routine" matters. The proposals to elect the director nominees and ratify the appointment of E&Y as the Company's independent registered public accounting firm are considered routine matters 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. You should follow the directions provided by your nominee regarding instructions on how to vote your shares.

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 "non-routine" 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 timely received, and not subsequently revoked, will be voted at the annual meeting or any adjournment or postponement thereof in the manner directed on the proxy. Wayne Garrison and Kirk Thompson 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 ratification of the appointment of E&Y as the Company's independent registered public accounting firm for the 2009 calendar year, and
(3) 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 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.

The Company has retained Broadridge, an independent proxy solicitation firm, to assist in soliciting proxies from stockholders. Broadridge will receive a fee of approximately $40,000 as compensation for its services and will be reimbursed for its out-of-pocket expenses. The fee amount is not contingent on the number of stockholder votes cast in favor of any proposals, 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, Wayne Garrison and Kirk Thompson, 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 Class II 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 2010 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 2010 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 20, 2009, 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 in its quarterly report on Form 10-Q for the second quarter of the 2009 calendar year.

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 proxy 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, and
(2) **FOR** the ratification of E&Y as the Company's independent registered public accounting firm for the 2009 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.

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 FILLING IN, 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 Sharilyn S. Gasaway, Coleman H. Peterson and James L. Robo as Class II directors, to hold office for a term of one year, expiring at the close of the 2010 Annual Meeting of Stockholders or until their successors are elected and qualified or until their earlier resignation or removal. The Board believes 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 Class II directors to serve on the Board and thereby reduce the number of directors to be elected at the annual meeting.

THE BOARD UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR EACH OF THE DIRECTOR NOMINEES LISTED HEREIN

INFORMATION ABOUT THE BOARD

The Board is currently divided into three classes. The term of office of directors in each class expires at the annual meeting held on the following dates:

Class	Year Term Expires
Class I	2011
Class II	2010
Class III	2010

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.

At its regularly scheduled meeting on January 31, 2008, the Board, upon recommendation of the Corporate Governance Committee, decided to declassify its Board. On February 27, 2008, the Board amended the Bylaws to provide for the annual election of directors beginning in 2009. The result is as follows:

- Class I director nominees elected at the 2008 annual meeting will serve a term of three years. Their term will expire in 2011.
- Class II director nominees elected in 2009 will serve a term of one year. Their term will expire in 2010.
- Class II and Class III nominees elected in 2010 will serve a term of one year. Their term will expire in 2011.
- In 2011, and going forward, all director nominees will serve a one-year term and will stand for re-election each year.

The stockholders of the Company elect successors for directors whose terms have expired at the Company's annual meeting. The Board elects members to fill new membership positions and vacancies in unexpired terms on the Board. In the amendment to the Bylaws adopted February 27, 2008, the Board included in its existing policy that 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 the earlier of their death, retirement, resignation or removal.

Directors and Executive Officers

The names of the Company's directors and executive officers as of February 20, 2009, and their respective ages and positions are as follows:

Name	Age	Position
Paul R. Bergant	62	Executive Vice President, Chief Marketing Officer and President, Intermodal
David N. Chelette	45	Vice President and Treasurer
Donald G. Cope	58	Sr. Vice President, Finance, Controller and Chief Accounting Officer
Wayne Garrison	56	Chairman of the Board; Class III Director
Sharilyn S. Gasaway	40	Class II Director
Gary C. George	58	Class III Director
Craig Harper	51	Executive Vice President, Operations and Chief Operations Officer
Bryan Hunt	50	Class III Director
Terrence D. Matthews	50	Executive Vice President, Sales and Marketing
David G. Mee	48	Sr. Vice President, Tax and Risk Management and Corporate Secretary
Kay J. Palmer	45	Executive Vice President and Chief Information Officer
Coleman H. Peterson	60	Class II Director
Bob D. Ralston	62	Executive Vice President, Equipment and Properties
John N. Roberts III	44	Executive Vice President and President, Dedicated Contract Services
James L. Robo	46	Class II Director
Shelley Simpson	37	Sr. Vice President and President, Integrated Capacity Solutions
Kirk Thompson	55	President and Chief Executive Officer; Class I Director
Leland Tollett	72	Class I Director
Jerry W. Walton	62	Executive Vice President, Finance and Administration and Chief Financial Officer
John A. White	69	Class I Director

NOMINEES FOR DIRECTOR

CLASS II – TERM EXPIRES 2010

Sharilyn S. Gasaway

Mrs. Gasaway, 40, was elected to the Board at its regularly scheduled meeting on February 5, 2009. She is a member of the Audit and the Nominating and Corporate Governance committees. Most recently she served as the Executive Vice President and Chief Financial Officer of Alltel Corp., the Little Rock, Arkansas-based Fortune 500 wireless carrier. 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 has been an integral part of the successful combination of Alltel and Verizon. 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. She has a Bachelor of Science degree in accounting from Louisiana Tech University and is a Certified Public Accountant. She currently serves as a Board and Audit Committee member of the American Red Cross of Greater Arkansas and on the Louisiana Tech University College of Business Advisory Board.

Coleman H. Peterson

Mr. Peterson, 60, 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 retired from Wal-Mart Stores, Inc. as its Executive Vice President of the 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 as Senior Vice President of Human Resources. He holds master's and bachelor's degrees from Loyola University of Chicago. He serves as a member of the Board and chairs the Compensation Committee of Build-A-Bear Workshop. Locally, he serves as Chairman of the Board of Trustees for Northwest Arkansas Community College.

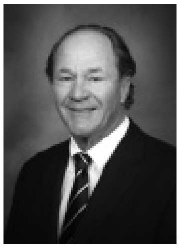
James L. Robo

Mr. Robo, 46, was elected to the Board in 2002. He is chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee. Mr. Robo is President and Chief Operating Officer of FPL Group. He served as President of NextEra Energy Resources (formerly FPL Energy) until December 2006 and Vice President of Corporate Development and Strategy of FPL Group until July 2002. FPL Group is a U.S. electric company whose two main subsidiaries are Florida Power & Light and NextEra Energy Resources. Prior to joining FPL Group in 2002, Mr. Robo spent 10 years at General Electric Company. He served as President and Chief Executive Officer of GE Mexico from 1997-1999 and was 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.

REMAINING MEMBERS OF THE CURRENT BOARD

The remaining members of the current Board, their experience and qualifications as Board members, the class in which they serve, and the expiration of their terms are as follows:

CLASS III – TERM EXPIRES 2010



Wayne Garrison

Mr. Garrison, 56, was elected to the Board in 1981. He is Chairman of the Board of the Company and has held this title since 1995. Joining the Company in 1976 as Plant Manager, he has also served the Company 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.

Gary C. George

Mr. George, 58, was elected to the Board in 2006. He is a member of the Executive Compensation and the Nominating and Corporate Governance committees. Mr. George is Vice 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 and served on the Board of Trustees for the University of Arkansas from 1995 through 2005. He also served on the Board of First National Bank of Springdale until 2003. He is presently serving as the Chairman of the Board of Legacy National Bank in Springdale, Arkansas.

Bryan Hunt

Mr. Hunt, 50, was elected to the Board in 1991. He is Chairman of the Board of Global Dealer Group, a private company with operations in motor vehicle sales and service in Arkansas, Missouri, Mississippi and Oklahoma. He also serves as Chairman of the Board of Best Buy Here Pay Here of Arkansas, a private company with used-car operations in Arkansas, Missouri and Oklahoma. Additionally, he serves as Chairman of the Board of Progressive Car Finance, a private company that provides subprime financing for automobile dealers. Mr. Hunt is the son of Johnelle Hunt.

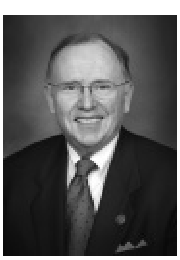
CLASS I – TERM EXPIRES 2011

Kirk Thompson

Mr. Thompson, 55, was elected to the Board in 1985. He is President and Chief Executive Officer of the Company. Mr. Thompson, a certified public accountant, 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.

Leland Tollett

Mr. Tollett, 72, was elected to the Board in 2001 and is a member of the Nominating and Corporate Governance Committee. He currently serves as the interim President and Chief Executive Officer of Tyson Foods, Inc. From 2001 to 2008 he was a private investor and a consultant to Tyson Foods, Inc. Mr. Tollett served as Chairman of the Board and Chief Executive Officer of Tyson Foods, Inc. from 1995 to 1998. A Tyson Foods employee since 1959, he also served as President and Chief Executive Officer from 1991 to 1995. He first became a board member of Tyson Foods, Inc. in 1984 and served in that capacity until February 1, 2008.



John A. White

Dr. White, 69, was elected to the Board in 1998. He is chairman of the Audit Committee and a member of the Executive Compensation and the Nominating and Corporate Governance committees. Dr. White is Chancellor Emeritus and Distinguished Professor of the University of Arkansas. Previous to this appointment, he served as Chancellor of the University of Arkansas, a position he held for 11 years, beginning July 1, 1997. A graduate of the University of Arkansas (BSIE), Virginia Tech (MSIE) and The Ohio State University (PhD), he also holds honorary doctorates from the Katholieke Universitiet of Leuven in Belgium and from George Washington University. Dr. White is a member of the National Academy of Engineering. He also serves on the Board and the Audit committees of Logility, Inc. and Motorola, Inc.

EXECUTIVE OFFICERS OF THE COMPANY

Paul R. Bergant joined the Company in 1978 as General Counsel and currently serves as Executive Vice President, Chief Marketing Officer and President of our Intermodal business segment. Prior to joining the Company, he worked for the Kansas Corporation Commission as Assistant General Counsel and in a private law practice in Chicago, Illinois.

David N. Chelette joined the Company in 1993 as a Finance Manager and currently serves as 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.

Donald G. Cope joined the Company in 1991 as Vice President of Finance and Corporate Controller and currently serves as Senior Vice President, Controller and Chief Accounting Officer. Prior to joining the Company, he worked in the finance departments of various transportation companies, including Schneider National and Crete Carrier as Vice President of Finance. Mr. Cope is a Certified Public Accountant.

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

Terrence D. Matthews joined the Company in 1986 as a National Accounts Manager and currently serves as 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 joined the Company in 1992 as Vice President, Tax and currently serves as Senior Vice President, Tax and Risk Management and Corporate Secretary. Prior to joining the Company, he was a Senior Tax Manager for KPMG LLP. Mr. Mee is a Certified Public Accountant.

Kay J. Palmer 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.

Bob D. Ralston joined the Company in 1978 as a Night Shift Shop Foreman and currently serves as Executive Vice President of Equipment and Properties. Prior to joining the Company, he worked as the Sales Manager for Ozark Kenworth.

John N. Roberts III joined the Company in 1989 as a Management Trainee and currently serves as Executive Vice President and President of the Dedicated Contract Services business segment.

Shelley Simpson joined the Company in 1994 as a Management Trainee and currently serves as Senior Vice President and President of the Integrated Capacity Solutions business segment.

Jerry W. Walton joined the Company in 1991 as Executive Vice President of Finance and currently serves as Executive Vice President of Finance and Administration and Chief Financial Officer. Prior to joining the Company, he was the Managing Partner of the Little Rock office of KPMG LLP. Mr. Walton is a Certified Public Accountant.

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 2008, compensation for nonemployee directors, serving on the Board, was as follows:

- an annual retainer of $115,000 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
- $2,000 for each Audit Committee meeting attended
- $1,500 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 2008

Board Member	Fees Paid in Cash ($)	Fees Paid in Stock ($)	Restricted Share or Stock Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (1)	Total ($)
Sharilyn S. Gasaway (2)	–	–	–	–	–	–	–
Gary C. George	27,000	115,000	–	–	–	–	142,000
Bryan Hunt	133,000	–	–	–	–	–	133,000
Coleman H. Peterson	35,000	115,000	–	–	–	–	150,000
James L. Robo	41,000	115,000	–	–	–	10,653	166,653
Leland Tollett	37,000	115,000	–	–	–	–	152,000
John A. White	47,000	115,000	–	–	–	1,109	163,109

(1) *Reimbursement of expenses to attend Board and Committee meetings*
(2) *Mrs. Gasaway was elected to the Board at its regularly scheduled meeting on February 5, 2009*

Each nonemployee member of the Board had the choice of receiving his or her annual retainer of $115,000 in Company stock, cash or any combination thereof. Those directors choosing to receive their retainer in Company stock received 3,130 shares based on the $36.74 closing market price on July 17, 2008.

To more closely align their interests with those of the stockholders, each Board member is required to own three times their estimated annual compensation in Company stock within five years of their 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 pension plan or deferred compensation plan in calendar year 2008.

Until her retirement on May 1, 2008, Johnelle Hunt, an employee and director of the Company, received a salary of $36,154 for her services as the Company's Corporate Secretary. The Company also remitted payment of $10,000 on her behalf for professional fees and provided a Company match of $1,038 to her 401(k) account.

Security Ownership of Management

The following table sets forth the beneficial ownership of the Company's common stock as of February 20, 2009, 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 power to vote or direct the voting of a security and the sole 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)(%)
Paul R. Bergant	235,773	0	*
Sharilyn S. Gasaway	1,775	275	*
Wayne Garrison	5,057,820	12,000	4.01
Gary C. George	27,282	353,310 (4)	*
Craig Harper	100,000	0	*
Bryan Hunt	72,300	0	*
Coleman H. Peterson	13,437	0	*
James L. Robo	31,259	0	*
Kirk Thompson	150,000	0	*
Leland Tollett	47,961	0	*
Jerry W. Walton	305,636	0	*
John A. White	38,620	0	*
All executive officers and Directors as a group (20 persons)	6,739,309	405,594	5.34

**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 20, 2009. Also includes pledged shares as shown below:

Craig Harper	*40,000*
Bryan Hunt	*47,877*
Kirk Thompson	*148,240*

(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 126,091,815 shares of common stock outstanding of the Company on February 20, 2009.

(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.

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

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 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 Sharilyn S. Gasaway, Gary C. George, Coleman H. Peterson, James L. Robo, Leland Tollett, and John A. White 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.

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 2010 Annual Meeting of Stockholders, director candidates must be submitted to the Company's Corporate Secretary by November 20, 2009. Director candidates submitted by stockholders must contain at least the following information:

- the name and address of the recommending stockholder,
- the number of shares of the Company's common stock beneficially owned by the recommending stockholder and the dates such shares were purchased,
- the name, age, business address and residence of the candidate,
- the principal occupation or employment of the candidate for the past five years,
- a description of the candidate's qualifications to serve as a director, including financial expertise and why the candidate does or does not qualify as "independent" under the NASDAQ corporate governance listing standards,

- the number of shares of the Company's common stock beneficially owned by the candidate, if any, and,
- a description of the arrangements or understandings between the recommending stockholder and the candidate, if any, or any other person pursuant to which the recommending stockholder is making the recommendation.

In addition, the recommending stockholder and the candidate must submit, with the recommendation, a signed statement agreeing and acknowledging that:

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

For a complete list of the information that must be included in director recommendations submitted by stockholders, please see the "Policy Regarding Director Recommendations by Stockholders" on the "Corporate Governance" page of the "Investors" section of our website at 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 interest 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 director qualifications set forth above are general in nature and may be modified by the Board or the Corporate Governance Committee from time to time as the Board or the Corporate Governance Committee deems appropriate.

Communications With The Board

Stockholders and other interested parties may communicate with the Board, Board Committees, the independent or nonmanagement directors, each as a group and individual directors 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.
615 J.B. Hunt Corporate Drive
Lowell, Arkansas 72745
Attention: Corporate Secretary

The directors of the Company, including the nonmanagement directors, 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 are substantially incomplete.

Board Meetings

The Board held five meetings during the 2008 calendar year. All directors attended at least 75% of the Board meetings and committee meetings on which each served during 2008. All directors attended the 2008 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.

Additionally, the independent directors held executive sessions after each Board meeting of, which John A. White served as lead director.

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 discloses the Board members who served on each of the Board's committees during calendar year 2008 and the number of meetings held by each Committee.

	Audit	**Compensation**	**Corporate Governance**
Gary C. George		X	X
Coleman H. Peterson		Chair	X
James L. Robo	X		Chair
Leland Tollett	X		X
John A. White	Chair	X	X
Number of Meetings	8	5	2

On February 5, 2009, the Corporate Governance Committee recommended, and the Board approved, the following committee assignments for the 2009 calendar year.

	Audit	**Compensation**	**Corporate Governance**
Sharilyn S. Gasaway	X		X
Gary C. George		X	X
Coleman H. Peterson		Chair	X
James L. Robo	X		Chair
Leland Tollett			X
John A. White	Chair	X	X

AUDIT COMMITTEE

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

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

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

The Board has determined that all three members of the Audit Committee satisfy 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 Messrs. Robo, White and Tollett 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 2008, 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. For 2009, Mrs. Gasaway will replace Mr. Tollett as an Audit Committee member and the Board has determined that she has the attributes of a financial expert as defined by the SEC.

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 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 other 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 Company's Annual Report on Form 10-K or 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, 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 three 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 Internal Revenue Code, as amended (the "Code").

The Compensation Committee met five times in 2008. All members attended at least 75% 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,
- 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 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 calendar year 2008. 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 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

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 timely made by such reporting persons.

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.

Johnelle Hunt is the mother of director Bryan Hunt and widow of founder J.B. Hunt. Bryan Hunt is the son of J.B. and Johnelle Hunt. There are no other family relationships among the foregoing directors. As an employee of the Company, Johnelle Hunt received a salary of $36,154 for her services in 2008 as the Company's Corporate Secretary until her retirement May 1, 2008. The Company also remitted payment of $10,000 on her behalf for professional fees and provided a Company match of $1,038 to her 401(k) account in 2008.

A son-in-law of Mr. Thompson, President and Chief Executive Officer of the Company, was employed by the Company in calendar year 2008 and received in 2008 compensation of $150,374. 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. Mr. Coleman H. Peterson currently serves 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. Mrs. 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 of the aforementioned Board members was instrumental in securing the contribution, nor did either participate in the voting processes related to this transaction.

The contribution represents an investment by our Company in a growing institution, located only 10 miles from our headquarters, in the pursuit of excellence that has not only provided training and skills for many of our current employees, but also allows us to participate in the education of the next generation of J.B. Hunt Transport Services team members. The J.B. Hunt Transport Services, Inc. Center for Academic Excellence will serve as a focal point and enabling infrastructure for information technology, supply-chain management, computational science and engineering, and technology-enabled education, research and outreach on the University campus to prepare students for the diverse, innovative, collaborative, team-oriented environment prevalent in today's workspace. The close proximity of the University to our Company is invaluable as we jointly identify transportation and technology issues that require the brightest and best minds to ensure that the American supply chain remains the model for the world.

Compensation Committee Interlocks and Insider Participation

During the 2008 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, 2008. Unless otherwise indicated in the footnotes below, "beneficially owned" means the sole power to vote or direct the voting of a security and the sole power to dispose or direct the disposition of a security.

Name and Address	Number of Shares	Percent of Class
Johnelle D. Hunt 3333 Pinnacle Hills Parkway Rogers, AR 72756	31,612,025	25.07%

Information relating to the above stockholder is based on the stockholder's Form 4, filed with the SEC on December 31, 2008.

REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE

The Executive Compensation Committee (the "Compensation Committee") is composed of Coleman H. Peterson, Chairman, 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 Internal Revenue Code of 1986, as amended (the "Code"). Messrs. Peterson, George and White served as members of the Compensation Committee during the entire 2008 calendar year.

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. In carrying out its responsibilities, the Compensation Committee, among other things:

- determines 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 letter to the stockholders and the CD&A report included in the Proxy.

The Chairman of the Board and the Chief Executive Officer provide recommendations to the Compensation Committee regarding the form and amount of compensation paid to executive officers who report directly to them. Additionally, the Chairman of the Board 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 2008, the Compensation Committee engaged Hewitt & Associates ("Hewitt") to review the Company's executive compensation policies and practices. Hewitt was also directed to determine a comparable peer group for executive compensation purposes and to report and recommend changes in compensation levels for the NEOs to bring them into the 75th percentile of total direct compensation of the peer group. Hewitt is retained by, and reports to, the Compensation Committee in order to provide compensation analyses and consultation at the request of the Compensation Committee and was chosen in 2008, after a formal search process. Hewitt provides no other services to the Company.

The Compensation Committee met five times in 2008 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 2008.

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 fourth 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 Company's MIP was originally adopted and approved by the Board on March 17, 1989, and 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.

The Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis (the "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.
2008 Executive Compensation Committee
Coleman H. Peterson, Chairman
Gary C. George
John A. White

COMPENSATION DISCUSSION AND ANALYSIS

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 are privately owned and others of which have significantly larger market capitalization than the Company. 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. As a consequence, the Company's compensation program is structured to attract, retain and develop, over the long term, executive talent with the ability to succeed in a broad span of responsibilities over complex business units on a relatively individualized basis. 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 with 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 from the perspective of owners 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 competitive with or greater than our peers and that create value for our stockholders,
- motivating and exhibiting leadership that aligns the interest of our employees with that 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 Hewitt 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 selected a peer group, as noted below, 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.	UTI Worldwide, Inc.	Werner Enterprises, Inc.
YRC Worldwide, Inc.		

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

Aecom Technology Corporation	Albemarle Corporation	AmeriCredit Corporation
Aon Corporation	Autodesk, Inc.	Benchmark Electronics, Inc.
Bearingpoint, Inc.	Bon Ton Stores, Inc.	Great Atlantic and Pacific Tea
Mercury General Corporation	Mueller Industries	Patterson Companies, Inc.
Universal Forest Products, 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 began reviewing tally sheets in 2005. The Compensation Committee anticipates that these aids will be developed and enhanced continually to provide the Compensation 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.

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 approximately $6,000 to each NEO's account per year based on the NEO's voluntary contribution amount. The equity buildup in unvested equity-based awards and stock owned currently is critical to each executive's ability to adequately provide for his or her retirement. As previously mentioned and explained in detail later, we have a Company stock ownership policy for our executives, but we do not have a "hold until retirement" restriction. We do not believe that such a restriction is prudent for the employee or necessary to protect our Company.

Tally Sheets

Compensation tally sheets for each of the NEOs were prepared and reviewed by the Compensation Committee in 2008. 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, 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. 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 250 individuals) and are intended to attract and retain employees who contribute to the Company's success, 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.

In December 2005, the Compensation Committee began granting time-vested restricted share units in lieu of stock options under the MIP. The Compensation Committee believes that restricted share units are currently more effective than stock options in achieving the Company's compensation objectives, as these grants are subject to less market volatility and are less dilutive to stockholders. 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 2008, grants were made October 30, 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 and did not involve grants to executive officers or an isolated group. For stock options granted prior to October 2005, the Compensation Committee typically granted stock options in the fourth quarter of the fiscal year. 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 to adhere 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 financial and individual performance for the current year and has available current competitive market data.

Pursuant to the provision 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 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, beginning in 2005, the Compensation Committee began granting restricted share units in lieu of stock options under the MIP. 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 in order to avoid the appearance of any impropriety.

Deductibility of Compensation and Other Regulatory Considerations

The Code places a limit of $1,000,000 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 officers (the "Covered Employees"). There is an exception to this $1,000,000 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.

The Compensation Committee will 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 restricted share units do not qualify as performance-based compensation under the Code. In 2008, $584,000 paid to the Chairman of the Board was not deductible by the Company.

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 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, 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	3.50 times
Senior Vice Presidents and Vice Presidents of Operations	2.75 times
Vice Presidents, Regional Operations Managers, and Directors of Operations	2 times

The Compensation Committee has determined that as of the annual award date, October 30, 2008, all the Company's officers and members of senior management covered by these guidelines have 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 requiring replacement of awards or payments as a result of an officer's illegal transactions or restatements. The Company became a public company in 1983. Since that time, it has had no illegal actions by its officers.

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 short-term and long-term compensation, base salary and incentive compensation, and cash and noncash compensation, all of which are 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 contributions.

For 2008, the target total direct compensation of the NEOs generally fell between 38% and 86% of the 75th percentile of total compensation paid to executives holding equivalent positions in their 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 also believes that total compensation was reasonable. The Compensation Committee also believes that changes made in total compensation, as discussed below, were necessary to move each NEO closer to the 75th percentile of the peer group for his or her respective position.

2008 COMPENSATION

Elements of Compensation

The Company's primary compensation components are summarized below. Generally, the Company's compensation program consists of 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 *25* 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 fiscal year, and
• the Company's overall performance during prior fiscal 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.

As a result, cash usually, but not always, comprises a much greater percentage of the total compensation package than long-term, equity-based compensation. In 2008, our executive officers, including NEOs, received approximately 27% to 51% of their total compensation in cash. 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 Hewitt as its compensation consultant. Hewitt reports directly to the Compensation Committee and has no other engagements with the Company. In 2008, Hewitt prepared a study providing information and an independent analysis of the executive compensation program and practices. The results of the study included observations about the Company's target 2008 executive compensation.

In general:
• base salaries range from 57% to 120% of the 75th percentile of the respective peer group
• target cash bonuses range from 12% to 35% of the 75th percentile of the respective peer group
• the lump-sum value of the long-term incentive awards ranges from 39% to 120% of the 75th percentile of the respective peer group
• total direct compensation for executive officers ranges from 38% to 86% 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.

For 2008, the Compensation Committee reviewed and approved the salaries of all Section 16 reporting persons. The Compensation Committee presented to the independent, nonemployee board members, for their approval, salary recommendations for Messrs. Garrison and Thompson, the Company's Chairman of the Board and Chief Executive Officer, respectively. The Compensation Committee and/or independent, nonemployee board members established the following base salaries for the NEOs effective October 31, 2008.

Kirk Thompson	$ 695,000
Jerry W. Walton	388,700
Wayne Garrison	530,000
Paul R. Bergant	345,000
Craig Harper	360,000

Annual Bonus Award

As previously mentioned, the Company has had a bonus plan in place for several years that is tied to EPS. The Compensation Committee establishes a matrix of EPS results with bonus payout levels at its fall meeting when management presents its budget for the following year. 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 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 a quarterly EPS target is met by the Company, the executive is eligible to receive a "progress payment" equal to 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 12.5% of the executive's lowest possible annual bonus amount, to be the threshold bonus amounts described below.

For 2008, the established matrix consisted of EPS ranging from $1.50 to $2.25 translating to bonus payout percentages ranging from 15% to 220% of an executive's base salary. The Compensation Committee established a target bonus percentage of 30% of an executive's salary had the Company reported EPS of $1.58. The actual payout percentage was 20% of an executive's base salary as of March 1, 2008, because EPS was reported below target.

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 have been awarded for the past four years because they are less dilutive to shares outstanding and to profits. Restricted share units 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 760,625 restricted share units were granted in 2008. Of that number, approximately 46% of the units granted were issued to the executive officer group. Approximately 31% of the total share units were granted to the NEOs. As described above, MIP participants who hold the title of director and above have an ownership requirement in Company stock.

For 2008, the Compensation Committee and/or nonemployee independent directors approved the following restricted stock unit grants to the NEOs:

Kirk Thompson	104,000
Jerry W. Walton	22,000
Wayne Garrison	66,000
Paul R. Bergant	23,000
Craig Harper	24,000

All the awards shown above vest 20% annually, beginning July 15, 2009. These grants of restricted share units were used as the compensation component to move the NEOs to the 75th percentile of total direct compensation of their 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.

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.

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 employee contributions to the 401(k) plan. The Company provides no postretirement medical or supplemental retirement benefits to its employees.

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

Personal Benefits

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

Company Aircraft

The Company actively participates in shared ownership of aircraft services with NetJets. With the approval of the 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 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 personal severance agreements with any of its executives. However, according to the terms of the previously mentioned MIP, all outstanding options and restricted share units would immediately vest upon a "change in control."

Generally, a "change in control" per the MIP 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 or when more than 50% of the outstanding shares change ownership in a transaction that is not a merger, reorganization or consolidation.

Proxy Statement

SUMMARY COMPENSATION

The following table summarizes the total compensation earned by or paid to the Chief Executive Officer, Chief Financial Officer and the three most highly compensated executive officers of the Company who served in such capacities as of December 31, 2008, 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 ($) (1)	Restricted Share Units ($) (2)	Stock Option Awards ($) (2)	Non-Equity Incentive Plan Compensation (1)	Change in Value for Deferred Compensation ($)	All Other Compensation ($)	Total ($)
Kirk Thompson	2008	656,923	800,621	272,494	93,438	0	15,072	1,838,548
President	2007	633,077	222,749	296,545	17,325	0	12,629	1,182,325
and CEO	2006	605,769	96,139	330,135	270,000	0	11,652	1,313,695
Jerry W. Walton	2008	383,877	474,198	101,939	55,056	0	12,311	1,027,381
EVP, Finance &	2007	373,692	194,056	131,473	10,230	0	24,053	733,504
Administration	2006	358,269	57,737	160,971	159,750	0	11,467	748,194
and CFO								
Wayne Garrison	2008	517,308	1,703,575	34,194	74,031	0	74,312	2,403,420
Chairman	2007	502,308	477,508	61,923	13,750	0	53,105	1,108,594
of the Board	2006	500,000	87,201	137,933	225,000	0	13,530	963,664
Paul R. Bergant	2008	340,769	393,864	107,683	48,875	0	16,138	907,329
EVP, CMO	2007	331,538	154,829	137,303	9,075	0	31,459	664,204
and President	2006	317,884	53,673	166,253	141,750	0	13,549	693,109
of Intermodal								
Craig Harper	2008	354,404	253,511	136,184	51,031	0	6,480	801,610
EVP, Operations	2007	346,538	115,461	150,938	9,488	0	6,750	629,175
and COO	2006	311,365	52,929	168,883	137,250	0	4,233	674,660

(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 into the Company's 401(k) plan. All non-equity awards are reported in the year in which they are earned.*

(2) *Amounts reflect totals expensed in the Company's financial statements in 2008 under SFAS 123R. See Note 5 of the Company's annual report as reported on Form 10-K for assumptions used in the valuation.*

Components of All Other Compensation for Calendar Year 2008

Name	Year	Perquisites and Other Personal Benefits ($)	Company Contributions to 401(k) Plan ($)	Total ($)
Kirk Thompson	2008	8,101	6,971	15,072
Jerry W. Walton	2008	10,206	2,105	12,311
Wayne Garrison	2008	68,322	5,990	74,312
Paul R. Bergant	2008	9,888	6,250	16,138
Craig Harper	2008	0	6,480	6,480

Components of Perquisites for Calendar Year 2008

Name	Year	Personal Use of Company Plane ($) (1)	Legal and Accounting Fees ($)	Club Dues and Security ($)	Total Perquisites and Other Personal Benefits ($)
Kirk Thompson	2008	0	4,700	3,401	8,101
Jerry W. Walton	2008	0	2,750	7,456	10,206
Wayne Garrison	2008	60,197	8,125	0	68,322
Paul R. Bergant	2008	0	2,315	7,573	9,888
Craig Harper	2008	0	0	0	0

(1) The value of personal aircraft usage reported above is based on the Company's actual invoiced amount from NetJets for the variable costs incurred on each trip. Since the Company's aircraft is used primarily for business travel, this methodology excludes fixed costs that do not change based on usage, such as depreciation and management fees. On certain occasions, an executive's spouse or other family member may accompany the executive on a flight when such person is invited to attend the event for appropriate business purposes. No additional direct operating cost is incurred in such situations under the foregoing methodology; however, the value of personal use of Company aircraft is imputed as income to the NEO. Messrs. Thompson and Bergant had such imputed income in 2008. 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 2008. 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 are measured based on the executive's level of responsibility and other matters described on page 24 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 24 of the Proxy Statement under "Annual Bonus Award" for further detail.

		Estimated Possible Payouts Under Non-Equity Incentive Awards (1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (2)			Stock Awards:	Option Awards:		
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($) (1)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**Number of Shares of Stock or Units (#) (3)**	**Number of Securities Underlying Options (#)**	**Exercise or Base Price of Option Awards ($/Sh)**	**Grant Date Fair Value of Stock and Option Awards ($) (4)**
Kirk Thompson	10/30/08	12,188	195,000	1,430,000	N/A	N/A	N/A	104,000	–	–	26.78
Jerry W. Walton	10/30/08	7,181	114,900	842,600	N/A	N/A	N/A	22,000	–	–	26.78
Wayne Garrison	10/30/08	9,656	154,500	1,133,000	N/A	N/A	N/A	66,000	–	–	26.78
Paul R. Bergant	10/30/08	6,375	102,000	748,000	N/A	N/A	N/A	23,000	–	–	26.78
Craig Harper	10/30/08	6,656	106,500	781,000	N/A	N/A	N/A	24,000	–	–	26.78

(1) *This column reflects the maximum non-equity incentive award each NEO was eligible to receive for 2008 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 26 of this Proxy Statement.*

(2) *The Company has no equity incentive plan awards.*

(3) *This column reflects the number of restricted share units that were granted to the NEOs in 2008. Grants were made to each of the NEOs on October 30, 2008.*

(4) *The market value is a 4.08% discount from the Company's closing stock price of $27.92 on the date of grant. 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, 2008.

	Option Awards					RSU Awards			
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#) (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned 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)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market of Payout Value of Unearned Shares, Units Or Other Rights That Have Not Vested ($)
Kirk Thompson		15,200		3.37	11/5/10	35,000	919,450		
		90,000		3.47	11/2/12	40,000	1,050,800		
		71,120		7.08	10/24/13	63,000	1,655,010		
		100,000		12.20	10/23/14	104,000	2,732,080		
		100,000		20.36	10/21/15				
Jerry W. Walton		10,000		7.08	10/24/10	10,000	262,700		
		13,336		12.20	10/23/10	11,004	289,075		
		40,000		20.36	10/21/12	17,000	446,590		
						22,000	577,940		
Wayne Garrison		20,000		12.20	10/23/10	20,000	525,400		
						40,000	1,050,800		
						60,000	1,576,200		
						66,000	1,733,820		
Paul R. Bergant		10,000		7.08	10/24/10	10,000	262,700		
		13,336		12.20	10/23/10	9,000	236,430		
		40,000		20.36	10/21/11	17,000	446,590		
						23,000	604,210		
Craig Harper		60,000		3.47	11/2/12	17,000	446,590		
		35,560		7.08	10/24/13	20,000	525,400		
		48,000		12.20	10/23/14	17,000	446,590		
		48,000		20.36	10/21/15	24,000	630,480		

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

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
Kirk Thompson	15,200	6/1/09	20,000	6/1/09
	30,000	6/1/09	20,000	6/1/10
	30,000	6/1/10	20,000	6/1/11
	30,000	6/1/11	20,000	6/1/12
	17,776	6/1/09	20,000	6/1/13
	17,776	6/1/10	20,000	6/1/12
	17,776	6/1/11	40,000	6/1/13
	17,792	6/1/12	40,000	6/1/14
Jerry W. Walton	10,000	6/1/09	20,000	6/1/10
	13,336	6/1/09	20,000	6/1/11
Wayne Garrison	20,000	6/1/09		
Paul R. Bergant	10,000	6/1/09	40,000	6/1/10
	13,336	6/1/09		
Craig Harper	20,000	6/1/09	9,600	6/1/09
	20,000	6/1/10	9,600	6/1/10
	20,000	6/1/11	9,600	6/1/11
	8,888	6/1/09	9,600	6/1/12
	8,888	6/1/10	9,600	6/1/13
	8,888	6/1/11	16,000	6/1/12
	8,896	6/1/12	16,000	6/1/13
			16,000	6/1/14

(2) Restricted share units are time-vested awards. Effective vesting dates are noted.

	Shares Vesting	Vesting Date	Shares Vesting	Vesting Date
Kirk Thompson	8,750	7/15/13	10,000	7/15/12
	8,750	7/15/14	30,000	7/15/14
	17,500	7/15/15	23,000	7/15/15
	5,000	7/15/11	20,800	7/15/09
	5,000	7/15/12	20,800	7/15/10
	5,000	7/15/13	20,800	7/15/11
	5,000	7/15/14	20,800	7/15/12
	10,000	7/15/15	20,800	7/15/13
	10,000	7/15/16		
Jerry W. Walton	5,000	7/15/10	5,000	7/15/11
	5,000	7/15/11	4,400	7/15/09
	2,996	7/15/09	4,400	7/15/10
	4,004	7/15/10	4,400	7/15/11
	4,004	7/15/11	4,400	7/15/12
	7,000	7/15/09	4,400	7/15/13
	5,000	7/15/10		
Wayne Garrison	5,000	7/15/10	10,000	7/15/16
	5,000	7/15/11	30,000	7/15/09
	10,000	7/15/12	30,000	7/15/10
	5,000	7/15/11	13,200	7/15/09
	5,000	7/15/12	13,200	7/15/10
	5,000	7/15/13	13,200	7/15/11
	5,000	7/15/14	13,200	7/15/12
	10,000	7/15/15	13,200	7/15/13
Paul R. Bergant	2,500	7/15/10	8,500	7/15/11
	7,500	7/15/11	4,600	7/15/09
	3,000	7/15/09	4,600	7/15/10
	3,000	7/15/10	4,600	7/15/11
	3,000	7/15/11	4,600	7/15/12
	8,500	7/15/09	4,600	7/15/13
Craig Harper	3,400	7/15/12	2,000	7/15/15
	4,250	7/15/13	9,000	7/15/14
	4,250	7/15/14	8,000	7/15/15
	5,100	7/15/15	4,800	7/15/09
	6,000	7/15/11	4,800	7/15/10
	5,000	7/15/12	4,800	7/15/11
	4,000	7/15/13	4,800	7/15/12
	3,000	7/15/14	4,800	7/15/13

(3) *Values are based on the market closing price of $26.27 on December 31, 2008.*

Options Exercised and Restricted Share Units Vested

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise/Vesting ($) (1) (2)	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise/Vesting ($) (1) (2)
Kirk Thompson	15,200	465,707	0	0
	30,000	916,158		
	17,776	478,683		
Total	62,976	1,860,548	0	0
Jerry W. Walton	8,000	189,701	2,996	98,898
	10,000	215,128	5,000	165,050
	13,332	218,549		
Total	31,332	623,378	7,996	263,948
Wayne Garrison	20,000	434,400	30,000	990,300
Total	20,000	434,400	30,000	990,300
Paul R. Bergant	8,000	239,797	3,000	99,030
	10,000	279,446		
	13,332	304,298		
Total	31,332	823,541	3,000	99,030
Craig Harper	4,000	106,800	0	0
	4,000	123,160		
	20,000	608,800		
	8,888	238,465		
Total	36,888	1,077,225	0	0

(1) *Value realized on the acquired shares shown above are gross earnings. Values are earned over multiple years. Election to exercise an option in calendar year 2008 should not be interpreted to mean that all value was earned in the year the option was exercised.*
Mr. Garrison exercised and purchased 12,622 shares, which was a portion of the available vested shares.
Mr. Harper exercised and purchased 6,280 shares, which was a portion of the available vested shares.

(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 2008

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, if the balance is greater than $25,000, in quarterly installments payable over a period of 3, 5, 10 or 15 years upon reaching the age of 55, having 15 years of service, or being disabled. Our total liability under this plan was $7.6 million as of December 31, 2008, and $9.7 million as of December 31, 2007. 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 $7.6 million as of December 31, 2008, and $9.7 million as of December 31, 2007.

Name	Executive Contributions in 2008 ($) (1)	Registrant Contributions in 2008 ($)	Aggregate Earnings in 2008 ($)	Aggregate Withdrawals and Distributions ($)	Aggregate Balance at 2008 ($)
Kirk Thompson	29,051	0	(110,699)	0	350,179
Jerry W. Walton	0	0	(162,024)	0	613,898
Wayne Garrison	0	0	0	0	0
Paul R. Bergant	75,553	0	(382,058)	45,530	1,061,636
Craig Harper	48,198	0	(162,519)	56,773	327,192

(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 personal severance agreements with any of its executives. However, according to the terms of the previously mentioned MIP, all outstanding options and restricted share units would immediately vest upon a "change in control."

Generally, a "change in control" per the MIP 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 or when more than 50% of the outstanding shares change ownership in a transaction that is not a merger, reorganization or consolidation.

Potential benefits of the NEOs due to a "change in control" are shown below. The amounts represent the immediate vesting of all outstanding options and restricted share units and are valued using the closing market price of $26.27 on December 31, 2008.

Kirk Thompson	$ 12,120,213
Jerry W. Walton	2,192,243
Wayne Garrison	5,167,620
Paul R. Bergant	2,165,868
Craig Harper	5,058,496

REPORT OF THE AUDIT COMMITTEE

The Audit Committee

The Audit Committee is composed of Dr. John A. White, Chairman, James L. Robo and Leland Tollett. Messrs. White, Robo and Tollett served as members of the Audit Committee during calendar year 2008. 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 listing standards and has also made the determination that Messrs. White, Robo and Tollett each have the attributes of an audit committee financial expert as defined by the regulations of the SEC.

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. In carrying out its responsibilities, the Audit Committee, among other things:

- monitors the integrity of the financial reporting process, systems of internal controls, and financial statements and reports of the Company,
- appoints, compensates, retains 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 2008, 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 2008 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, 2008, as filed with the SEC.

J.B. Hunt Transport Services, Inc.
2008 Audit Committee Members
John A. White, Chairman
James L. Robo
Leland Tollett

PROPOSAL NUMBER TWO 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 2009 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 2009 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 2009 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 2009 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 THAT THE STOCKHOLDERS VOTE <u>FOR</u> THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE 2009 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 2006, 2007 and 2008 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, 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 2008, 2007 and 2006 calendar years, respectively:

	2008 ($)	2007 ($)	2006 ($)
Audit fees (1)	905,000	969,300	1,037,500
Audit-related fees	–	–	–
Tax fees (2)	22,600	–	–
All other fees	–	–	–

(1) *Audit fees consisted of the audit of the Company's annual financial statements, including the audit of management's assessment of the effectiveness of internal control over financial reporting and 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) *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 2006, 2007 or 2008.

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 an aggregate of services expected to be rendered during that year for each of four categories of services to the Audit Committee for approval.

(1) ***Audit services*** include audit work performed in the preparation of 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.

(2) ***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.

(3) ***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, and include fees in the areas of tax compliance, tax planning and tax advice.

(4) ***Other fees*** are those associated with services 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 members 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

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

FORM 10-K

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

For the fiscal year ended December 31, 2008	Commission file number 0-11757

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

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

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes __X__ No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

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

The aggregate market value of 83,848,547 shares of the registrant's $0.01 par value common stock held by non-affiliates as of June 30, 2008, was $2.8 billion (based upon $33.28 per share).

As of February 20, 2009, the number of outstanding shares of the registrant's common stock was 126,091,815.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Notice and Proxy Statement for the Annual Meeting of the Stockholders, to be held April 30, 2009, are incorporated by reference in Part III of this Form 10-K.

FORWARD-LOOKING STATEMENTS

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

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

PART I

ITEM 1. BUSINESS

OVERVIEW

We are one of the largest surface transportation companies in North America. J.B. Hunt Transport Services, Inc. is a publicly held holding company that, together with our wholly owned subsidiaries and affiliated companies, provides a wide range of transportation services to a diverse group of customers throughout the continental United States, Canada and Mexico. Unless otherwise indicated by the context, "we," "us," "our" and "JBHT" refer to J.B. Hunt Transport Services, Inc. and its consolidated subsidiaries. We were incorporated in Arkansas on August 10, 1961, and have been a publicly held company since our initial public offering in 1983. Our wide scope of scalable service offerings is relatively uncommon in the industry and ranges from full-load containerized freight transportation over highways and railroads to individual deliveries to small businesses and personal residences. We have arrangements with most of the major North American rail carriers to transport freight in containers and trailers. We also provide customized freight movement, revenue equipment, labor and systems services that are tailored to meet individual customer's requirements and typically involve longer-term contracts. These arrangements are generally referred to as dedicated services and may include multiple pickups and drops, local and home deliveries, freight handling, specialized equipment and network design. We also provide integrated capacity and comprehensive transportation and logistics services and solutions by utilizing a network of thousands of reliable third-party carriers. While these unrelated outside carriers, at times, supplement our dry-van, full-load operations, they also provide flatbed, refrigerated, less-than-truckload (LTL) and other specialized equipment, drivers and services.

Our business operations are primarily organized through four distinct, but complementary, business segments. These segments include intermodal (JBI), dedicated contract services (DCS), full-load dry-van (JBT) and integrated capacity solutions (ICS). Our business is somewhat seasonal, with slightly higher freight volumes typically experienced during August through early November. Our DCS segment is subject to less seasonal variation than our other segments. For the calendar year ended December 31, 2008, our consolidated revenue totaled $3.7 billion, after the elimination of intersegment business. Of the total, 52% was generated by our JBI business segment, 25% by DCS, 18% by JBT and 5% by ICS.

Additional general information about us is available from our Internet website at www.jbhunt.com. We make a number of reports and other information available free of charge on our website, including our annual report on Form 10-K, our proxy statement and our earnings releases. Our website also contains corporate governance guidelines, our code of ethics, our whistleblower policy, Board committee charters and other corporate policies.

OUR MISSION AND STRATEGY

We forge long-term partnerships with key customers that include supply-chain management as an integral part of their strategy. Working in concert, we drive out cost, add value and function as an extension of our customers' enterprise. We believe that our operating strategy can add value to customers and increase our profits and returns to stockholders.

RECENT FOCUS

Our recent focus has been to maximize the return on our invested capital and to generate free cash flow to reduce outstanding debt. We continuously analyze where capital expenditures yield the best return and allocate funds to those business units and specific activities inside the business unit. Unacceptable returns in various areas have caused us to reduce certain of these business models or exit those activities within the business model. Our goal is to become more asset-light in the services we provide, but to continue to grow with new and existing customers by providing the most efficient transportation solutions to their supply chains. Examples of steps taken to reach those goals include the continued contraction of the JBT business unit coupled with the growth in our ICS business unit, the expansion of our eastern intermodal network, the repayment of approximately $280 million in outstanding debt in 2008, and the expansion of our new customer base. We also continue to direct our dedicated business unit toward providing best-in-class service in applications that require unique and specialized services ranging from retail and small-business replenishment to deliveries at personal residences.

Increasingly, our customers are seeking energy-efficient transportation solutions to reduce both cost and greenhouse-gas emissions. Our intermodal service addresses both demands. We are customizing dedicated solutions aimed at minimizing transportation-related carbon emissions. Efforts to improve fleet fuel efficiency are ongoing, and we are an Environmental Protection Agency (EPA) SmartWay℠ Transport Partner.

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

OPERATING SEGMENTS

Segment information is also included in Note 13 to our Consolidated Financial Statements.

JBI Segment

The transportation service offerings of our JBI segment utilize arrangements with most major North American rail carriers to provide intermodal freight solutions for our customers throughout the continental United States, Canada and Mexico. Our JBI segment began operations in 1989 with a unique partnership with the former Santa Fe Railway (now the BNSF Railway Company), a watershed event in the industry and the first agreement that linked major rail and truckload carriers in a joint marketing environment. Essentially, JBI draws on the intermodal (also known as "container on flatcar") services of rail carriers for the underlying linehaul movement of its equipment and performs the pickups and deliveries ("drayage") for customers at the origin and destination rail terminal locations. We provide the drayage service at either the origin or destination rail ramp utilizing our company-owned tractors for the majority of our intermodal loads, but utilize third parties where economical. Performing our own dray services keeps costs lower and improves customer service. JBI provides seamless coordination of the rail and dray movements for our customers and delivers a single billing for the complete door-to-door service.

Our intermodal program has grown to more than 837,000 loads in 2008. JBI operates 39,161 company-controlled containers systemwide. The entire fleet comprises 53-foot, high-cube containers and is designed to take advantage of intermodal double-stack economics and superior ride quality. JBI also manages a fleet of 2,124 company-owned tractors and 2,633 company drivers that provide efficiency to our intermodal operations. At December 31, 2008, the total JBI employee count was 2,913. Revenue for the JBI segment in 2008 was $1.95 billion, compared with $1.65 billion in 2007.

DCS Segment

DCS offers transportation services that generally are not provided by common truckload carriers or intermodal due to strict service requirements, specialized equipment, and intense driver and delivery personnel demands. Our operations are managed on site by transportation professionals who work in concert daily with the customer and our drivers to ensure we deliver their product or service on time in a safe and cost-effective manner. All operations are governed by longer-term contracts that typically include fixed cost components related to dedicated specialized equipment and fuel surcharge programs on round-trip miles. These contracts combined with our best-in-class execution allow DCS to retain its customer base with consistent margins.

DCS revenue for 2008 was $927 million, compared with $937 million in 2007. At December 31, 2008 our segment operated 4,454 company-controlled trucks, 101 customer-owned trucks, and 67 independent contractor trucks. The DCS segment employed 5,444 people at December 31, 2008.

JBT Segment

The service offering in this segment is full-load, dry-van freight, utilizing tractors operating over roads and highways. We typically pick up freight at the dock or specified location of the shipper and transport the load directly to the location of the consignee. We use our company-owned tractors and employee drivers or independent contractors who agree to transport freight in our trailers. At December 31, 2008, we had 841 independent contractors operating in the JBT segment, some of whom were leasing company-owned tractors. JBT revenue for 2008 was $676 million, compared with $842 million in 2007. At December 31, 2008, the JBT segment operated 2,489 company-owned tractors and employed 3,030 people, 2,750 of whom were drivers.

In 2008, we entered into a plan to further reduce the size of our JBT fleet and sell approximately 1,100 trailers. This plan is consistent with our strategy as an asset-light transportation company and our focus for growth and investment in segments that provide the desired margins. We expect to sell or trade this equipment during calendar year 2009.

ICS Segment

ICS provides non-asset, asset-light, and transportation logistics solutions to customers through relationships with thousands of third-party carriers and integration with JBHT-owned equipment. By leveraging the JBHT brand, systems and network, ICS brings a broader service offering to customers by providing flatbed, refrigerated, expedited and LTL, as well as a variety of dry-van and intermodal solutions. ICS provides single source logistics management for customers that desire to outsource their transportation functions and utilize JBHT's proven supply-chain, technology, and design expertise to improve efficiency. ICS operates outside offices as well as on-site logistics personnel working in direct contact with customers. ICS revenue for 2008 was $209 million, compared with $92 million in 2007. At December 31, 2008, the ICS segment employed 278 people.

Logistics Business and Affiliated Company

We own a 37% equity interest in a global transportation and logistics company, Transplace, Inc. (TPI). TPI is co-owned by five large transportation companies and provides a blend of logistics technology and transportation management services. Our share of TPI's financial results is included on a one-line nonoperating item included on our Consolidated Statements of Earnings titled "equity in loss of affiliated company."

Marketing and Operations

We transport, or arrange for the transportation of, a wide range of freight, including general merchandise, food and beverages, forest and paper products, building materials, chemicals and automotive parts. Our customer base is extremely diverse and includes a large number of Fortune 500 companies. Our ability to offer multiple services, utilizing our four business segments and a full complement of logistics services through third parties, represents a competitive advantage. We provide a broad range of transportation services to larger shippers that seek to use a limited number of "core" carriers. We have no customers that represent 10% or more of our total revenue in 2008.

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

People

We believe that one of the factors differentiating us from our competitors is our service-oriented people. As of December 31, 2008, we had 14,667 employees, including 10,022 company drivers, 1,197 mechanics and 3,448 office personnel. We also had arrangements with more than 900 independent contractors to transport freight in our trailing equipment. None of our employees is represented by unions or covered by collective bargaining agreements.

Revenue Equipment

Our JBI segment utilizes high-cube containers, which can be separated from the chassis and double-stacked on rail cars. We continue the process of expanding our container fleet and reconditioning our chassis fleet. The composition of our DCS trailing fleet also varies with specific customer requirements and may include dry-vans, flatbeds, temperature-controlled, curtain-side vans, straight trucks and dump trailers. Our JBT segment operates primarily with 53-foot dry-van trailers. We continue to execute our strategy of reducing the size of the JBT segment. We primarily utilize third-party carriers' tractor and trailing equipment for our ICS segment; however, certain loads will utilize third-party carriers' tractors powering our trailing equipment.

As of December 31, 2008, our company-owned tractor and truck fleet consisted of 9,067 units. In addition, we had 912 independent contractors, who operate their own tractors, but transport freight in our trailing equipment. We operate with standardized tractors in as many fleets as possible, particularly in our JBI and JBT fleets. Based on our customers' preferences and the actual business application, our DCS fleet is extremely diversified. We believe operating with relatively newer revenue equipment provides better customer service, attracts quality drivers and lowers maintenance expense. At December 31, 2008, the average age of our combined tractor fleet was 3.3 years, our containers averaged 5.3 years of age and our trailers averaged 7.2 years. We perform routine servicing and preventive maintenance on our equipment at most of our regional terminal facilities.

Effective with model-year 2007 tractors, the EPA mandated lower emission standards for newly manufactured heavy-duty tractor engines. The 2007 EPA-compliant engines show a slight reduction in miles per gallon and an increase in operating costs. Further, the acquisition costs of these new engines have increased by approximately 10%. A new set of more stringent emissions standards will become effective for newly manufactured tractor engines in January 2010.

Competition and the Industry

The freight transportation market in which we operate is frequently referred to as highly fragmented and competitive. Our JBI segment competes with other intermodal marketing companies as well as other full-load carriers that utilize railroads for a portion of the transportation service. Considering the diversified nature of the services provided by our DCS segment, competition ranges from large diversified carriers to local transportation and delivery service carriers. Our ICS segment utilizes the fragmented nature of the truck industry and competes with other non-asset-based logistics companies and freight brokers, as well as full-load carriers. The full-load freight competition of our JBT segment includes thousands of carriers, many of which are very small. While we compete with a number of smaller carriers on a regional basis, only a limited number of companies represent competition in all markets across the country.

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

Regulation

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

In November 2008, the FMCSA adopted final provisions of the Agency's December 17, 2007, interim final rule concerning hours of service for commercial vehicle drivers. This final rule allows drivers to continue to drive up to 11 hours within a 14-hour nonextendable window from the start of the workday, following at least 10 consecutive hours off duty. The rule also allows motor carriers and drivers to continue to restart calculations of weekly on-duty limits after the driver has at least 34 consecutive hours off duty. The rule was effective January 19, 2009. We continue to monitor the actions of the FMCSA.

ITEM 1A. RISK FACTORS

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

Our business is subject to general economic and business factors, any of which could have a material adverse effect on our results of operations. Recent economic trends and the current tightening of credit in financial markets could adversely affect our ability, and the ability of our suppliers, to obtain financing for operations and capital expenditures.

Our business is dependent upon a number of factors that may have a material adverse effect on the results of our operations, many of which are beyond our control. These factors include interference with, or termination of, our relationships with certain railroads, significant increases or rapid fluctuations in fuel prices, fuel taxes, interest rates, insurance premiums, self-insurance levels, excess capacity in the trucking industry, license and registration fees, terrorist attacks or actions, acts of war, adverse weather conditions, increased costs for new revenue equipment or decreases in the value of used equipment, surpluses in the market for used equipment, and difficulty in attracting and retaining qualified drivers and independent contractors.

We are also affected by recessionary economic cycles and downturns in customers' business cycles, particularly in market segments and industries such as retail and manufacturing, where we have a significant concentration of customers. Economic conditions represent a greater potential for loss, and we may be required to increase our reserve for bad debt losses. In addition, our results of operations may be affected by seasonal factors. Customers tend to reduce shipments after the winter holiday season, and our operating expenses tend to be higher in the winter months, primarily due to colder weather, which causes higher fuel consumption from increased idle time and higher maintenance costs.

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

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

Our ICS business segment utilizes third-party carriers. Aside from periodic use of our trailing equipment to fulfill certain loads, we do not own or control the revenue equipment or drivers delivering the loads. The inability to obtain reliable third-party carriers could have a material adverse effect on our operating results and business growth.

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

For the calendar year ended December 31, 2008, our top 10 customers, based on revenue, accounted for approximately 35% of our revenue. Our JBI, JBT and ICS segments typically do not have long-term contracts with their customers. While our DCS segment business may involve a written contract, those contracts may contain cancellation clauses, and there is no assurance that our current customers will continue to utilize our services or that they will continue at the same levels. A reduction in or termination of our services by one or more of our major customers could have a material adverse effect on our business and operating results.

Ongoing insurance and claims expenses could significantly reduce our earnings.

Our future insurance and claims expenses might exceed historical levels, which could reduce our earnings. During 2006 and 2007, the self-insured portion of our claims exposure for all claims was $500,000 per occurrence. During 2008, the self-insured portion of our claims was $500,000 per occurrence for personal injury and property damage and $1 million per occurrence for workers' compensation. If the number or severity of claims for which we are self-insured increases, our operating results could be adversely affected. We have renewed our policies for 2009 with substantially the same terms as our 2008 policies. We purchase insurance coverage for the amounts above which we are self-insured. If these expenses increase, and we are unable to offset the increase with higher freight rates, our earnings could be materially and adversely affected.

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

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

We continue to monitor actions taken by the FMCSA. Significant changes in hours-of-service regulations and other motor carrier safety regulations could negatively impact our operations due to lower driver productivity or increased capital expenditures for monitoring and recordkeeping equipment.

Effective with model-year 2007 tractors, the EPA mandated lower emission standards for newly manufactured heavy-duty tractor engines. The acquisition costs of these new engines have increased by approximately 10%. A new set of more stringent emissions standards will become effective for newly manufactured tractor engines in January 2010. While it is too early to assess the impact of the new standards, our fuel costs, operating costs and acquisition costs could be impacted.

Our operations are subject to various environmental laws and regulations, the violation of which could result in substantial fines or penalties.

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

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

During the past several years, fuel cost per gallon has varied significantly. We have a fuel surcharge revenue program in place with the majority of our customers, which has historically enabled us to recover the majority of higher fuel costs. Most of these programs automatically adjust weekly depending on the cost of fuel. However, there can be timing differences between a change in our fuel cost and the timing of the fuel surcharges billed to our customers. In addition, we incur additional costs when fuel prices rise that cannot be fully recovered due to our engines being idled during cold or warm weather and empty or out-of-route miles that cannot be billed to customers. Rapid increases in fuel costs or shortages of fuel could have a material adverse effect on our operations or future profitability. As of December 31, 2008, we had no derivative financial instruments to reduce our exposure to fuel-price fluctuations.

Difficulty in attracting and retaining drivers, delivery personnel and third-party carriers could affect our profitability and ability to grow.

Periodically, we have experienced difficulty in attracting and retaining qualified drivers, including independent contractors. If we are unable to continue attracting an adequate number of employees or contract with enough independent contractors, we could be required to significantly increase our employee compensation package, let revenue equipment sit idle or dispose of the equipment altogether, which could adversely affect our growth and profitability. In addition, our ICS segment growth could be limited by an inability to attract third-party carriers which we rely upon to provide transportation services.

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters are in Lowell, Arkansas. We occupy a number of buildings in Lowell that we utilize for administrative support, data center, primary customer service and freight dispatch. We maintain a backup data center for disaster recovery, maintenance shop and driver operations facility in Lowell. We also own or lease approximately 20 other significant facilities across the United States where we perform maintenance on our equipment, provide bulk fuel and employ personnel to support operations. These facilities vary from seven to 35 acres in size. Each of our business segments utilizes our larger facilities for services including bulk fueling, maintenance and driver support activities. In addition to our principal properties listed below, we lease a number of small offices and parking yards throughout the country that support our customers' business needs.

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

Type	Acreage	Maintenance Shop (square feet)	Office Space (square feet)
Maintenance and support facilities	342	581,000	156,050
Corporate headquarters, Lowell, Arkansas	59	–	262,000
Offices and data center, Lowell, Arkansas	4	–	20,000

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of our security holders during the quarter ended December 31, 2008.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded in the over-the-counter market under the symbol "JBHT." At December 31, 2008, we were authorized to issue up to 1 billion shares of our common stock and 167.1 million shares were issued. The high and low sales prices of our common stock as reported by the National Association of Securities Dealers Automated Quotations National Market system (NASDAQ) and the quarterly dividends paid per share on our common shares were:

Period	Dividends Paid	High	Low
2008			
First Quarter	$ 0.10	$ 33.80	$ 23.28
Second Quarter	0.10	36.32	28.93
Third Quarter	0.10	40.25	30.63
Fourth Quarter	0.10	33.69	20.92
2007			
First Quarter	$ 0.09	$ 28.14	$ 21.55
Second Quarter	0.09	29.90	26.34
Third Quarter	0.09	31.94	25.40
Fourth Quarter	0.09	29.03	23.60

On February 20, 2009, the high and low sales prices for our common stock as reported by the NASDAQ were $21.94 and $21.21, respectively, and we had 1,345 stockholders of record.

Dividend Policy

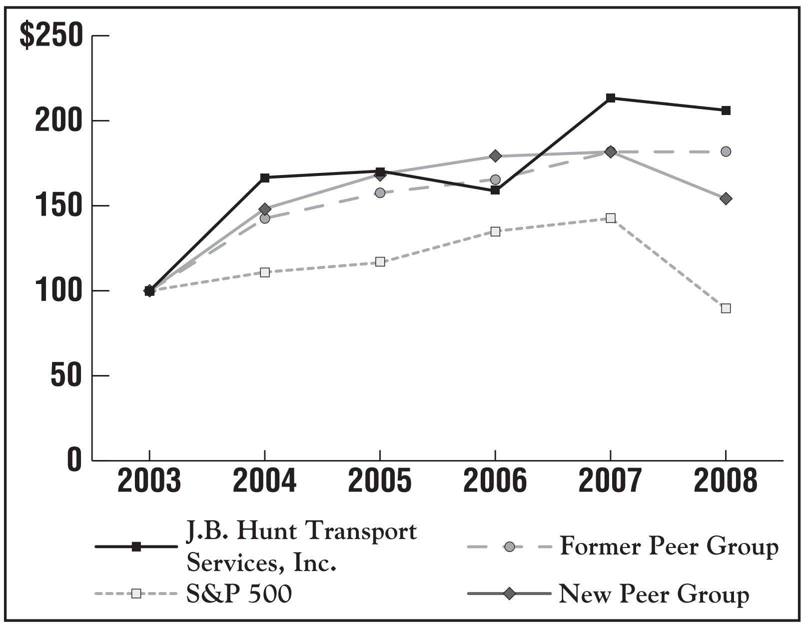
Our dividend policy is subject to review and revision by the Board of Directors, and payments are dependent upon our financial condition, earnings, capital requirements and any other factors the Board of Directors may deem relevant. In February 2009, we announced an increase in our quarterly cash dividend from $0.10 to $0.11, which was paid February 26, 2009, to stockholders of record on February 12, 2009. We currently intend to continue paying cash dividends on a quarterly basis. However, no assurance can be given that future dividends will be paid.

Purchases of Equity Securities

On April 21, 2005, our Board authorized the purchase of $500 million of our common stock over the next five years. Purchases under that authorization were completed in March 2007. On May 2, 2007, our Board authorized up to $500 million in additional purchases of our common stock over the next 12 months, which were completed by December 31, 2007. There were no stock purchases during calendar year 2008.

Stock Performance Graph

The following graph compares the cumulative five-year total return to stockholders of our common stock relative to the cumulative total returns of the S&P 500 index and two customized peer groups of companies that include a former peer group and a new peer group. The former peer group consists of eight companies: CH Robinson Worldwide Inc., Covenant Transportation Group Inc., Heartland Express Inc., Knight Transportation Inc., Landstar System Inc., Pacer International Inc., Ryder System Inc. and Werner Enterprises Inc. The new peer group consists of 13 companies: Arkansas Best Corp., CH Robinson Worldwide Inc., CON-Way Inc., Expeditor International Of Washington, HUB Group Inc., Kansas City Southern, Landstar System Inc., Old Dominion Freight Line Inc., Pacer International Inc., Ryder System Inc., UTI Worldwide Inc., Werner Enterprises Inc. and YRC Worldwide Inc. The new peer group was developed to reflect a better representation of our evolving business model. The graph assumes that the value of the investment in our common stock, in each of the peer groups, and in the index (including reinvestment of dividends) was $100 on 12/31/2003 and tracks it through 12/31/2008. The stock price performance included in this graph is not necessarily indicative of future stock price performance.



	Years Ended December 31					
	2003	2004	2005	2006	2007	2008
J.B. Hunt Transport Services, Inc.	$ 100.00	$ 166.46	$ 170.04	$ 158.26	$ 212.72	$ 205.49
S&P 500	100.00	110.88	116.33	134.70	142.10	89.53
Former Peer Group	100.00	142.39	157.12	165.16	181.46	181.29
New Peer Group	100.00	147.79	168.24	178.48	181.32	153.74

Securities Authorized For Issuance Under Equity Compensation Plans

Plan Category (1)	Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (A))
	(A)	(B)	(C)
Equity compensation plans approved by security holders	7,807,986	$7.07 (2)	12,117,925

(1) We have no equity compensation plans that are not approved by security holders.

(2) Upon vesting, restricted share units are settled with shares of our common stock on a one-for-one basis. Accordingly, the restricted share units have been excluded for purposes of computing the weighted-average exercise price.

ITEM 6. SELECTED FINANCIAL DATA

(Dollars in millions, except per share amounts)

Earnings data for the years ended December 31	**2008**	**2007**	**2006**	**2005**	**2004**
Operating revenues	$ 3,732	$ 3,490	$ 3,328	$ 3,128	$ 2,786
Operating income (2)	358	369	373	344	310
Net earnings (1) (2)	201	213	220	207	146
Basic earnings per share (1) (2)	1.60	1.59	1.48	1.32	0.91
Diluted earnings per share (1) (2)	1.56	1.55	1.44	1.28	0.88
Cash dividends per share	0.40	0.36	0.32	0.24	0.045
Operating expenses as a percentage of operating revenues:					
Rents and purchased transportation	39.6%	35.3%	33.8%	33.8%	33.5%
Salaries, wages and employee benefits	23.0	25.4	26.8	27.3	29.8
Fuel and fuel taxes	14.0	13.3	13.4	12.4	10.4
Depreciation and amortization	5.4	5.9	5.5	5.2	5.4
Operating supplies and expenses	4.2	4.5	4.4	4.3	4.4
Insurance and claims	1.6	2.0	2.2	1.8	2.0
General and administrative expenses, net of asset dispositions	1.1	1.4	1.0	1.5	1.4
Operating taxes and licenses	0.9	1.0	1.0	1.2	1.2
Communication and utilities	0.6	0.6	0.7	0.7	0.8
Arbitration settlement (2)	–	–	–	0.8	–
Total operating expenses	90.4	89.4	88.8	89.0	88.9
Operating income	9.6	10.6	11.2	11.0	11.1
Net interest expense	0.9	1.3	0.5	0.2	0.2
Equity in loss of affiliated company	–	–	0.1	0.2	0.1
Earnings before income taxes	8.7	9.3	10.6	10.6	10.8
Income taxes (1)	3.3	3.2	4.0	4.0	5.6
Net earnings	5.4%	6.1%	6.6%	6.6%	5.2%

(1) Reflects a $12.1 million tax benefit in 2007 and a $33.6 million tax reserve, including accrued interest expense, in 2004.
(2) Reflects a $25.8 million pretax charge in 2005 for a BNI arbitration settlement.

Balance sheet data as of December 31	**2008**	**2007**	**2006**	**2005**	**2004**
Working capital ratio	0.97	0.93	0.98	1.72	1.49
Total assets (millions)	$ 1,793	$ 1,863	$ 1,770	$ 1,549	$ 1,503
Stockholders' equity (millions)	529	343	759	817	861
Current portion of long-term debt (millions)	$ 118.5	$ 234.0	$ 214.0	–	–
Total debt (millions)	$ 633.5	$ 913.1	$ 396.4	$ 124.0	–
Total debt to equity	1.20	2.66	0.52	0.15	–
Total debt as a percentage of total capital	54%	73%	34%	13%	–

Operating data for the years ended December 31	**2008**	**2007**	**2006**	**2005**	**2004**
Total loads (in thousands)	2,951	3,008	2,915	2,866	2,884
Average number of company-operated tractors and trucks during the year	9,688	10,635	10,721	10,316	10,042
Company tractors and trucks operated at year-end	9,067	10,308	10,961	10,480	10,151
Independent contractors at year-end	912	1,084	1,107	1,310	1,301
Trailing equipment at year-end	63,308	60,614	52,881	49,733	48,317
Company tractor miles (in millions)	797	926	965	953	943

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Workers' Compensation and Accident Costs

We purchase insurance coverage for a portion of expenses related to employee injuries (workers' compensation), vehicular collisions, accidents and cargo claims. Most of our insurance arrangements include a level of self-insurance (deductible) coverage applicable to each claim, but provide an umbrella policy to limit our exposure to catastrophic claim costs that are completely insured. Our policies also include a contractual premium adjustment factor to be applied to incurred loss amounts at the end of 48 months from each policy period inception. This contractual premium adjustment factor is used to convert the self-insured losses to fully insured losses and relieves us of any further liability on those claims. Our estimated accrual of ultimate losses includes these premium adjustment factors as part of the liability we recognize when the accidents occur.

The amounts of self-insurance change from time to time based on certain measurement dates and policy expiration dates. During 2006 and 2007, we were self-insured for $500,000 per occurrence for personal injury, property damage and workers' compensation. For 2008, we were self-insured for $500,000 per occurrence for personal injury and property damage and $1 million for workers' compensation. We have renewed our policies for 2009 with substantially the same terms as our 2008 policies.

Our claims accrual policy for all self-insured claims is to recognize a liability at the time of the incident based on our analysis of the nature and severity of the claims and analyses provided by third-party claims administrators, as well as legal, economic and regulatory factors. Our safety and claims personnel work directly with representatives from the insurance companies to continually update the estimated cost of each claim. The ultimate cost of a claim develops over time as additional information regarding the nature, timing and extent of damages claimed becomes available. Accordingly, we use an actuarial method to develop current claim information to derive an estimate of our ultimate claim liability. This process involves the use of loss-development factors based on our historical claims experience and includes the contractual premium adjustment factor mentioned above. In doing so, the recorded liability considers future claims growth and conversion to fully insured status and provides an allowance for incurred-but-not-reported claims. We do not discount our estimated losses. At December 31, 2008, we had an accrual of approximately $18 million for estimated net claims. In addition, we are required to pay certain advanced deposits and monthly premiums. At December 31, 2008, we had a prepaid insurance asset of approximately $50 million, which represented prefunded claims and premiums. We are also substantially self-insured for loss of and damage to our owned and leased revenue equipment.

Revenue Equipment

We operate a significant number of tractors, trucks, containers and trailers in connection with our business. This equipment may be purchased or acquired under operating lease agreements. In addition, we may rent revenue equipment from third parties and various railroads under short-term rental arrangements. Revenue equipment that is purchased is depreciated on the straight-line method over the estimated useful life down to an estimated salvage or trade-in value. We periodically review the useful lives and salvage values of our revenue equipment and evaluate our long-lived assets for impairment. See Note 2, Summary of Significant Accounting Policies, in our Consolidated Financial Statements, for a discussion of our plan to sell certain revenue equipment. We have not identified any impairment to our remaining assets at December 31, 2008.

We have an agreement with our primary tractor supplier for residual or trade-in values for certain new equipment. We have utilized these trade-in values, as well as other operational information such as anticipated annual miles, in accounting for depreciation expense. If our tractor supplier were unable to perform under the terms of our agreement for trade-in values, it could have a material adverse effect on our financial results.

Revenue Recognition

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

We record revenues on the gross basis at amounts charged to our customers because we are the primary obligor, we are a principal in the transaction, we invoice our customers and retain all credit risks and we maintain discretion over pricing. Additionally, we are responsible for carrier selection with respect to our ICS business.

Our trade accounts receivable includes accounts receivable reduced by an allowance for uncollectible accounts and revenue adjustments. The allowance for uncollectible accounts and revenue adjustments is based on historical experience as well as any known trends or uncertainties related to customer billing and account collectibility. The adequacy of our allowance is reviewed quarterly.

Income Taxes

We account for income taxes under the asset-and-liability method in accordance with current accounting standards. Our deferred tax assets and liabilities represent items that will result in taxable income or a tax deduction in future years for which we have already recorded the related tax expense or benefit in our statement of earnings. Deferred tax accounts arise as a result of timing differences between when items are recognized in our Consolidated Financial Statements compared with when they are recognized in our tax returns. We assess the likelihood that deferred tax assets will be recovered from future taxable income. To the extent we believe recovery does not meet the more-likely-than-not threshold, a valuation allowance is established. To the extent we establish a valuation allowance, we include an expense as part of our income tax provision. We have not recorded a valuation allowance at December 31, 2008, as all deferred tax assets are more likely than not to be realized.

Significant judgment is required in determining and assessing the impact of complex tax laws and certain tax-related contingencies on our provision for income taxes. As part of our calculation of the provision for income taxes, we assess whether the benefits of our tax positions are at least more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, we accrue the largest amount of the benefit that is more likely than not of being sustained in our Consolidated Financial Statements. Such accruals require us to make estimates and judgments, whereby actual results could vary materially from these estimates. Further, a number of years may elapse before a particular matter, for which we have established an accrual, is audited and resolved. See Note 6, Income Taxes, in our Consolidated Financial Statements, for a discussion of our current tax contingencies.

YEAR IN REVIEW

Significant events for calendar year 2008 include:

- Reported seventh consecutive year of record revenues
- Reduced our total debt by approximately $280 million or 31%
- Continued strategy of transitioning our economic model from that of a primarily asset-based truckload carrier to an asset-light transportation company
- Designated approximately 1,100 trailers in our JBT segment to be sold or traded in 2009 in connection with our strategy to reduce the JBT segment fleet size to the appropriate level
- Increased our quarterly dividend to $0.10 per share in January 2008 from $0.09 in 2007, and announced an increase to $0.11 per share effective February 2009

Our 2008 net earnings of $200.6 million, or $1.56 per diluted share, were down 6% from the $213.1 million, or $1.55 per diluted share, earned in 2007. A slowing freight environment and increased fuel costs were our major challenges for 2008. Despite decreasing fuel prices in the second half of 2008, compared with the first half, fuel costs continued to represent a challenge for the transportation industry during 2008. Our 2008 fuel cost per gallon averaged 30% above 2007 levels. However, due to our fuel surcharge programs, we were able to recover the majority of our higher fuel costs.

Freight demand during 2008 was up for our JBI and ICS segments. Demand for dry-van truck capacity was softer, particularly during the fourth quarter 2008. Our JBI and ICS segments grew operating income by 6% and 146%, respectively. DCS showed a small decline in operating income of 2% while JBT declined 96% from 2007. In response to changing market conditions and a continued focus on growing segments that produce the greatest return on invested capital, we increased our JBI tractor and container counts by 18% and 15%, respectively, as well as increased our DCS trailer count by 11%. We reduced our JBT company-owned tractor fleet by 27%, excluding tractors designated as held for sale. We were able to effect some of these changes by transferring revenue equipment among our fleets.

Our 2008 consolidated operating ratio (operating expenses divided by total operating revenues) was 90.4%, compared with 89.4% in 2007. Our 2008 operating income reflected $3.9 million of pretax charges to write down the value of certain assets held for sale. Operating income in 2007 reflected $8.4 million of pretax charges related to assets held for sale.

RESULTS OF OPERATIONS

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

	Percentage of Operating Revenues			Percentage Change Between Years	
	2008	2007	2006	2008 vs. 2007	2007 vs. 2006
Operating revenues	100.0%	100.0%	100.0%	6.9%	4.9%
Operating expenses:					
Rents and purchased transportation	39.6	35.3	33.8	19.7	9.8
Salaries, wages and employee benefits	23.0	25.4	26.8	(3.3)	(0.4)
Fuel and fuel taxes	14.0	13.3	13.4	12.3	3.6
Depreciation and amortization	5.4	5.9	5.5	(1.4)	11.7
Operating supplies and expenses	4.2	4.5	4.4	1.5	6.9
Insurance and claims	1.6	2.0	2.2	(12.8)	(2.7)
General and administrative expenses, net of asset dispositions	1.1	1.4	1.0	(14.2)	45.1
Operating taxes and licenses	0.9	1.0	1.0	(4.1)	(2.6)
Communication and utilities	0.6	0.6	0.7	(8.9)	(6.2)
Total operating expenses	90.4	89.4	88.8	8.1	5.6
Operating income	9.6	10.6	11.2	(2.8)	(1.0)
Net interest expense	0.9	1.3	0.5	(18.9)	180.4
Equity in loss of affiliated company	0.0	0.0	0.1	41.1	(61.3)
Earnings before income taxes	8.7	9.3	10.6	(0.9)	(8.3)
Income taxes	3.3	3.2	4.0	8.7	(16.7)
Net earnings	5.4%	6.1%	6.6%	(5.9)%	(3.1)%

2008 Compared With 2007

Consolidated Operating Revenues

Our total consolidated operating revenues rose to $3.7 billion in 2008, a 6.9% increase over 2007. Significantly higher fuel prices resulted in fuel surcharge (FSC) revenues of $730 million in 2008, compared with $480 million in 2007. This FSC revenue impacted our year-to-year comparison. If FSC revenues were excluded from both years, our 2008 revenue decreased less than 1% from 2007. A 13.5% and 117.3% increase in 2008 JBI and ICS load volume, respectively, contributed to our higher levels of revenue. The increases in revenue of our JBI and ICS segments were partially offset by decreases in our DCS segment as a result of decreased activity for delivery service accounts due to the overall economic slowdown and weak housing market. Our JBT segment revenue decreased as a result of rate declines and reduced tractor utilization, as a result of decreasing freight demand in the JBT segment.

Consolidated Operating Expenses

Our total 2008 consolidated operating expenses increased 8.1% over 2007 and offset the impact of the 6.9% increase in 2008 revenue over 2007 that resulted in a slight increase in our operating ratio to 90.4% from 89.4% in 2007. Rents and purchased transportation costs rose 19.7% in 2008, primarily due to additional funds paid to railroads, drayage companies and third-party carriers servicing ICS. The total cost of salaries, wages and employee benefits decreased 3.3% in 2008 from 2007, primarily due to decreases in total driver pay. This reduction in total driver pay was primarily the result of a 24% decrease in the number of drivers in the JBT segment.

Fuel and fuel taxes expense increased 12.3% in 2008, primarily due to 29.7% higher fuel cost per gallon and slightly lower fuel miles per gallon. We have fuel surcharge programs in place with the majority of our customers. These programs typically involve a specified computation based on the change in national, regional or local fuel prices. While these programs may incorporate fuel cost increases as frequently as weekly, most also reflect a specified miles-per-gallon factor and require a certain minimum change in fuel costs (e.g., $0.05 per gallon) to trigger an increase in fuel surcharge revenue. As a result, some of these programs have a timing lag between when the cost is incurred and when it is recovered. This lag negatively impacts operating income in times of rapidly increasing fuel costs and positively impacts operating income when fuel costs decrease rapidly.

It is not meaningful to compare the amount of fuel surcharge revenue or the change in fuel surcharge revenue between reporting periods to fuel and fuel taxes expense, or the change of fuel expense between periods, as a significant portion of fuel costs is included in our payments to railroads, dray carriers and other third parties. These payments are classified as purchased transportation expense. While we are not always able to recover all fuel cost increases, partly due to empty miles run and engine-idling time, we are typically able to recover the majority of our increased fuel costs.

Two additional factors related to fuel costs and fuel surcharge revenue primarily impact JBT operating income when fuel costs change rapidly. Some freight services incur empty miles and we may be unable to charge fuel surcharge revenue on those miles. In addition, most systems and software applications utilized in the truckload industry for measuring miles and billing revenue result in computations that average 10% to 12% fewer miles than what is actually traveled (hub miles). The combination of these two factors frequently results in no fuel surcharge revenue billed for approximately 20% to 25% of the applicable miles actually traveled. During times of rapidly changing fuel costs, operating income from these services can be significantly impacted.

The 1.4% decrease in depreciation and amortization expense was due to fewer tractors owned in our JBT and DCS segments. Operating supplies and expenses rose 1.5% in 2008, primarily as a result of increased costs in airfare and travel expenses. Insurance and claims expense decreased 12.8% due to fewer accidents and lower claims costs. The 14.2% decrease in general and administrative expenses was primarily due to a decrease in other driving expenses due to a decrease in the number of drivers, and a decrease in the charge to write down to estimated fair value certain assets held for sale compared with the 2007 write-down. In addition, gains on asset sales were $1.2 million in 2008 compared with losses on asset sales of $0.4 million in 2007.

Net interest expense for 2008 decreased by 18.9% compared with 2007. This decrease was due to reduced outstanding debt balances as well as reduced interest rates on our variable rate debt. Interest expense was further reduced by a refund of interest previously paid to the Internal Revenue Service (IRS) from the 1999 tax case settlement and lower accrued interest on uncertain tax positions.

Our effective income tax rate was 37.8% in 2008 and 34.4% in 2007. The increase in 2008 was primarily due to the 2007 rate being reduced by our 1999 tax case settlement in 2007. See the section comparing 2007 with 2006 operating results for further details of this settlement. We expect our effective income tax rate to approximate 38% for calendar year 2009. The "equity in loss of affiliated company" item on our Consolidated Statement of Earnings reflects our share of the operating results of TPI.

Segments

We operated four business segments during calendar year 2008. The operation of each of these businesses is described in our notes to the Consolidated Financial Statements. The following tables summarize financial and operating data by segment:

Operating Revenue by Segment

	Years Ended December 31 (in millions)		
	2008	2007	2006
JBI	$1,952	$ 1,653	$ 1,430
DCS	927	937	915
JBT	676	842	966
ICS	209	92	42
Subtotal	3,764	3,524	3,353
Intersegment eliminations	(32)	(34)	(25)
Total	$3,732	$ 3,490	$ 3,328

Operating Income by Segment

	Years Ended December 31 (in millions)		
	2008	2007	2006
JBI	$ 254	$ 239	$ 182
DCS	92	94	104
JBT (1)	1	32	84
ICS	11	4	3
Total	$ 358	$ 369	$ 373

(1) *Includes $3.9 million of pretax charges in 2008 and an $8.4 million pretax charge in 2007 to write down the value of certain assets held for sale.*

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Operating Data by Segment

	Years Ended December 31		
	2008	2007	2006
JBI			
Loads	837,575	738,207	629,533
Average length of haul (miles)	1,843	1,925	1,989
Revenue per load	$ 2,330	$ 2,239	$ 2,272
Average tractors (during the period) (1)	2,020	1,689	1,485
Tractors (end of period)			
Company-owned	2,124	1,795	1,551
Independent contractor	4	6	23
Total Tractors	2,128	1,801	1,574
Containers (end of period)	39,161	34,019	27,622
Average effective trailing equipment usage (2)	35,678	30,069	25,269
DCS			
Loads	1,321,473	1,398,892	1,376,538
Average length of haul (miles)	227	249	264
Revenue per truck per week (3)	$ 3,842	$ 3,515	$ 3,466
Average trucks (during the period) (1)	4,716	5,224	5,176
Trucks (end of period)			
Company-owned	4,454	4,941	5,177
Independent contractor	67	100	122
Customer-owned (DCS-operated)	101	92	59
Total Trucks	4,622	5,133	5,358
Trailers (end of period)	9,106	8,233	6,519
Average effective trailing equipment usage (2)	12,762	13,321	12,457
JBT			
Loads	622,002	785,860	864,622
Average length of haul (miles)	465	513	533
Loaded miles (000)	292,430	408,486	465,366
Total miles (000)	334,931	466,293	524,565
Average nonpaid empty miles per load	68.7	73.2	66.6
Revenue per tractor per week (3)	$ 3,522	$ 3,763	$ 3,704
Average tractors (during the period) (1)	3,752	4,872	5,347
Tractors (end of period)			
Company-owned	2,612	3,572	4,233
Independent contractor	841	978	962
Tractors held for sale	(123)	(570)	–
Total Tractors	3,330	3,980	5,195
Trailers (end of period)	15,470	18,345	18,740
Trailers held for sale	(2,121)	(2,500)	–
Total Trailers	13,349	15,845	18,740
Average effective trailing equipment usage (2)	11,758	13,074	13,474
ICS			
Loads	140,481	64,663	26,032

(1) *Includes company-owned and independent contractor tractors for JBI and JBT segments, and also includes customer-owned trucks for the DCS segment*
(2) *Reflects average use of corporate wide trailing equipment*
(3) *Using weighted workdays*

JBI Segment

JBI segment revenue grew by 18.1% to $1.95 billion in 2008, from $1.65 billion in 2007. A significant portion of this revenue growth was driven by a 13.5% increase in load volume. The remaining portion of revenue growth was primarily the result of a 4.1% increase in revenue per load, including fuel surcharges, partially offset by a 4.3% decrease in the average length of haul.

Operating income in our JBI segment rose to $254 million in 2008, from $239 million in 2007. While increased volumes contributed to higher operating margins, we were able to increase our driver productivity and significantly reduce our reliance on third-party equipment and drayage. All of these factors contributed to our operating income increasing by 6.3% in 2008.

DCS Segment

DCS segment revenue declined 1.0% to $927 million in 2008, from $937 million in 2007. This decrease in revenue was primarily due to an 8.8% decrease in average length of haul and lower load counts as we worked with our customers to reach the optimum fleet size for their businesses.

Operating income decreased to $92 million in 2008, compared with $94 million in 2007. This decrease in operating income was due to decreased revenue and higher fuel and operating costs. These higher operating expenses, relative to 2007, were offset by decreases in equipment rental costs and lower insurance and claim costs.

JBT Segment

JBT segment revenue declined 19.6% to $676 million in 2008, from $842 million in 2007. The decrease in revenue was primarily the result of a 20.9% decrease in load count due to much softer demand in 2008 than in 2007.

Operating income in our JBT segment declined to $1.4 million in 2008, from $32 million in 2007, mainly due to reduced revenue and higher fuel costs.

ICS Segment

ICS segment revenue grew 128.5% to $209 million in 2008, from $92 million in 2007. This increase in revenue was primarily due to a 117.3% increase in load volume from both new and existing customers.

Operating income increased nearly 146% to $11 million in 2008, compared with $4 million in 2007. The large revenue growth was partially offset by increased operating expenses, including higher personnel and technology costs related to growing and investing in the ICS segment. In 2008, we continued to gain operating leverage from the higher revenue growth that began to cover higher operating expenses.

2007 Compared With 2006

Consolidated Operating Revenues

Our total consolidated operating revenues rose to $3.5 billion in 2007, a 4.9% increase over 2006. Significantly higher fuel prices resulted in FSC revenues of $480 million in 2007, compared with $430 million in 2006. This FSC revenue impacted our year-to-year comparison. If FSC revenues were excluded from both years, the increase of 2007 revenue over 2006 was 3.9%. This increased level of revenue, excluding FSC, was primarily the result of increases in load volume and price improvements as a result of our capacity-management actions and ICS business growth. A 17.3% and 148.4% increase in 2007 JBI and ICS load volume, respectively, contributed to our higher levels of revenue. The increases in revenue of our JBI, DCS and ICS segments were partially offset by decreases in our JBT segment as a result of a smaller tractor fleet, rate declines and reduced tractor utilization due to decreasing freight demand in the JBT segment.

Consolidated Operating Expenses

Our total 2007 consolidated operating expenses increased 5.6% over 2006. The combination of the 4.9% increase in 2007 revenue over 2006 and this increase in operating expenses resulted in a slight increase in our operating ratio to 89.4% from 88.8% in 2006. Rents and purchased transportation costs rose 9.8% in 2007, primarily due to additional funds paid to railroads, drayage companies and third-party carriers servicing ICS. This increase was partially offset by a decrease in trailing equipment rentals due to our decision to purchase certain trailing equipment off operating leases during 2007. The total cost of salaries, wages and employee benefits decreased less than 1% in 2007 from 2006, primarily due to decreases in total driver pay. This reduction in total driver pay was primarily the result of a 27% decrease in the number of drivers in the JBT segment.

Fuel and fuel taxes expense increased 3.6% in 2007, primarily due to 6.9% higher fuel cost per gallon and slightly lower fuel miles per gallon. The 11.7% increase in depreciation and amortization expense was driven by our purchases of trailing equipment, including new containers and chassis for our JBI segment, as well as trailers purchased off operating leases. Operating supplies and expenses rose 6.9% in 2007, partly as a result of higher revenue equipment maintenance, including tractors and trailing equipment, as well as increased tire costs. The 45.1% increase in general and administrative expenses was primarily related to the $8.4 million pretax charge in the fourth quarter to write down the value of certain assets held for sale to fair value, less costs to sell. This increase was also due to losses on asset sales of $0.4 million in 2007 compared with gains on asset sales of $2.9 million in 2006.

Our effective income tax rate was 34.4% in 2007 and 37.9% in 2006. The decrease in our effective tax rate compared with the prior-year rate is primarily the result of our settlement on a proposed IRS adjustment, which resulted in a $12.1 million decrease of income tax expense in the second quarter 2007. See Note 6, Income Taxes, for further information regarding this settlement. The "equity in loss of affiliated company" item on our Consolidated Statement of Earnings reflects our share of the operating results of TPI.

JBI Segment

JBI segment revenue grew by 15.6% to $1.65 billion in 2007, from $1.43 billion in 2006. A significant portion of this revenue growth was driven by a 17.3% increase in load volume. The remaining portion of revenue growth was primarily the result of changes in freight mix and fuel surcharge revenue. The increase was partially offset by a decrease in revenue per load due to a 3.2% decrease in the average length of haul from 2006.

Operating income in our JBI segment rose to $239 million in 2007, from $182 million in 2006. While increased volumes contributed to higher operating margins, we were able to reduce the number of empty truck miles in our pickup and delivery operations, increase our driver productivity, and significantly reduce our reliance on third-party equipment and drayage. All of these factors contributed to increasing our operating income by 31.4% in 2007.

DCS Segment

DCS segment revenue grew 2.3% to $937 million in 2007, from $915 million in 2006. This increase in revenue was primarily due to a 1.4% increase in revenue per truck per week and slightly higher load counts from customer demand.

Operating income decreased to $94 million in 2007, compared with $104 million in 2006. The decrease in operating income was primarily the result of an increase in driver compensation, increases in fuel costs, and higher casualty and workers' compensation costs in 2007 compared with 2006.

JBT Segment

JBT segment revenue declined 12.8% to $842 million in 2007, from $966 million in 2006. The decrease in revenue was primarily the result of a 9.1% decrease in load count, due to much softer demand in 2007 compared with 2006. An approximate 2% decrease in rates also contributed to the decrease in revenue.

Operating income in our JBT segment declined to $32 million in 2007, from $84 million in 2006. In addition to reduced revenue from lower load volume, operating expenses were higher in 2007, compared with 2006, due to increases in tractor maintenance and tire costs. Also, we recorded an $8.4 million pretax charge in December 2007 to write down the value of certain assets held for sale.

ICS Segment

ICS segment revenue grew 118.9% to $92 million in 2007, from $42 million in 2006. This increase in revenue was primarily due to a 148.4% increase in load volume from both new and existing customers.

Operating income increased nearly 27.7% to $4 million in 2007, compared with $3 million in 2006. The large revenue growth was partially offset by increased operating expenses, including higher personnel and technology costs related to growing and investing in the ICS segment. In the second half of 2007, we were able to gain operating leverage from the higher revenue growth that began to cover higher operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $505 million in 2008, $458 million in 2007 and $423 million in 2006. The increase in 2008 cash provided by operating activities relative to 2007, after consideration of adjustments for noncash items such as depreciation, share-based compensation and impairment charges, was due primarily to the timing of cash activity related to trade accounts receivable and trade accounts payable, as well as tax payments.

Cash flows used in investing activities primarily reflected additions to and disposals from our fleet of revenue equipment. The lower level of cash used in investing activities during 2008 partly reflected our strategy of reduced investment in the asset-based operations of our JBT segment.

Net cash used in financing activities during 2008 increased over 2007, primarily due to repayments on our revolving lines of credit in 2008, compared with cash provided by issuance of our senior notes and borrowings on our revolving lines of credit in 2007. Cash provided by increased borrowings in 2007 was primarily used for company stock purchases and capital expenditures.

Our dividend policy is subject to review and revision by the Board of Directors and payments are dependent upon our financial condition, earnings, capital requirements and any other factors the Board of Directors may deem relevant. We paid an $0.08 per share quarterly dividend in 2006, a $0.09 per share quarterly dividend in 2007 and a $0.10 per share quarterly dividend in 2008. In February 2009, we announced an increase in our quarterly cash dividend from $0.10 to $0.11, effective with our payment in February 2009. We currently intend to continue paying cash dividends on a quarterly basis. However, no assurance can be given that future dividends will be paid.

Liquidity

Our need for capital has typically resulted from the acquisition of intermodal trailing equipment, trucks, tractors and dry-van trailers required to support our growth and the replacement of older equipment with new, late-model equipment. We are frequently able to accelerate or postpone a portion of equipment replacements depending on market conditions. We have, during the past few years, obtained capital through cash generated from operations, revolving lines of credit and long-term debt issuances. We have also periodically utilized operating leases to acquire revenue equipment. To date, none of our operating leases contains any residual value guarantees.

At December 31, 2008, we were authorized to borrow up to a total of $425 million under two different revolving lines of credit. The first line of credit is supported by a credit agreement with a group of banks for a total commitment amount of $350 million, which expires March 29, 2012. The applicable interest rate under this agreement is based on either the prime rate or LIBOR, depending upon the specific type of borrowing, plus a margin based on the level of borrowings and our credit rating. At December 31, 2008, we had $115.0 million outstanding at an average interest rate of 1.95% under this agreement.

Our second line of credit is an Accounts Receivable Securitization program with a revolving-credit facility up to $75 million. This facility is secured by our accounts receivable, and we renewed this facility at maturity on July 28, 2008, for a one-year term maturing on July 27, 2009. The applicable interest rate under this agreement is the prevailing A1/P1 commercial paper rate in the market, plus a margin based on our level of borrowing and commercial paper dealer fees. At December 31, 2008, we had $50 million outstanding at an average interest rate of 3.61% under this agreement.

In March 2007, we sold $200 million of 5.31% Senior notes (2011 Notes), which mature March 29, 2011, to various purchasers through a private placement offering pursuant to our note purchase agreement dated March 15, 2007. The proceeds were used for the purchase of trailing equipment off operating leases and for general working capital purposes. The 2011 Notes were issued at par value. Interest payments are due semiannually, in March and September of each year.

In July 2007, we sold $200 million of 6.08% Senior notes (2014 Notes), which mature July 26, 2014, to various purchasers through a private placement offering pursuant to our note purchase agreement dated July 15, 2007. Proceeds from these notes were used to purchase shares of our common stock, pay down existing debt on our revolving-credit facilities and finance capital expenditures for revenue equipment. Principal payments in the amount of $50.0 million are due July 26, 2012, and July 26, 2013, with the remainder due upon maturity. Interest payments are due semiannually, in January and July of each year. The note purchase agreements describe the terms and conditions of both notes, which include requirements to maintain certain covenants and financial ratios.

In September 2006, we entered into a $100 million term loan and credit agreement in connection with our purchase of used, dry-van trailers. This $100 million facility is collateralized by a security interest in the trailing equipment and matures September 29, 2009. We are required to make minimum quarterly principal payments in the amount of $3.5 million, through June 29, 2009, with the remainder due upon maturity. Stated interest on this facility is a three-month LIBOR variable rate. Concurrent with the loan and credit agreement, we entered into an interest rate swap agreement to effectively convert this floating rate debt to a fixed rate basis of 5.85%. The swap expires September 29, 2009, when the related term loan is due. At December 31, 2008, we had $68.5 million outstanding under this term loan facility.

Our revolving lines of credit and debt facilities require us to maintain certain covenants and financial ratios. We were in compliance with all covenants and financial ratios at December 31, 2008.

We believe that our liquid assets, cash generated from operations and revolving lines of credit will provide sufficient funds for our operating and capital requirements for the foreseeable future. Decreases in our working capital ratio were primarily driven by our increases in debt issuances to purchase revenue equipment and our common stock.

We are currently committed to spend approximately $140 million, net of proceeds from sales or trade-ins during 2009, which is primarily related to tractors and containers.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements are related to our operating leases for trailing equipment and facilities. As of December 31, 2008, we had less than $200,000 of obligations on the trailing equipment leases and approximately $4.1 million on the facilities leases.

	Contractual Cash Obligations As of December 31, 2008 (in thousands) Amounts Due In Calendar Year:				
	Total	2009	2010-2011	2012-2013	2014 and thereafter
Operating leases	$ 4,333	$ 2,080	$ 1,939	$ 314	$ –
Long-term debt obligations	633,500	118,500	200,000	215,000	100,000
Commitments to acquire revenue equipment and facilities	139,989	139,989	–	–	–
Total	$ 777,822	$ 260,569	$ 201,939	$ 215,314	$ 100,000

We had standby letters of credit outstanding of approximately $11.3 million at December 31, 2008, that expire at various dates in fiscal year 2009, which are related to (1) our self-insured retention levels for casualty and workers' compensation claims, and (2) our operating lease agreements. We plan to renew these letters of credit in accordance with our third-party agreements. The table above excludes $18.4 million of liabilities under Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, (FIN 48) as we are unable to reasonably estimate the ultimate timing of settlement. See Note 6, Income Taxes, in the Notes to Consolidated Financial Statements for further discussion.

RECENT ACCOUNTING PRONOUNCEMENTS

Fair Value Measurements

Effective January 1, 2008, we adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157) and Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115* (FAS 159). See Note 10, Fair Value Measurements, for the impact of these adoptions.

In February 2008, the FASB issued Staff Position FAS 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of FAS 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, until January 1, 2009. We will adopt the provisions of FAS 157 for nonfinancial assets and liabilities during the first quarter of 2009; however, we are still evaluating the impact, if any, this statement will have on our Consolidated Financial Statements.

In October 2008, the FASB issued Staff Position FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active*, (FSP 157-3). FSP 157-3 clarifies the application of FAS 157 in cases where a market is not active. We have considered the guidance provided by FSP 157-3 in our determination of estimated fair values as of December 31, 2008, and the impact was not material.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Of our total $633.5 million of debt, we had $165.0 million of variable rate debt outstanding at December 31, 2008, under our revolving lines of credit. The interest rates applicable to these agreements are based on either the prime rate or LIBOR. Our earnings would be affected by changes in these short-term interest rates. Risk can be quantified by measuring the financial impact of a near-term adverse increase in short-term interest rates. At our current level of borrowing, a 1% increase in our applicable rate would reduce annual pretax earnings by approximately $1.7 million. Our remaining debt is effectively fixed rate debt, and therefore changes in market interest rates do not directly impact our interest expense. Periodically, we enter into derivative instruments in response to market interest rates.

Although we conduct business in foreign countries, international operations are not material to our consolidated financial position, results of operations or cash flows. Additionally, foreign currency transaction gains and losses were not material to our results of operations for the year ended December 31, 2008. Accordingly, we are not currently subject to material foreign currency exchange rate risks from the effects that exchange rate movements of foreign currencies would have on our future costs or on future cash flows we would receive from our foreign investment. To date, we have not entered into any foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

The price and availability of diesel fuel are subject to fluctuations due to changes in the level of global oil production, seasonality, weather and other market factors. Historically, we have been able to recover a majority of fuel-price increases from our customers in the form of fuel surcharges. We cannot predict the extent to which high fuel price levels will continue in the future or the extent to which fuel surcharges could be collected to offset such increases. As of December 31, 2008, we had no derivative financial instruments to reduce our exposure to fuel-price fluctuations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The information required by Regulation S-K, Item 304(a) has previously been reported and is hereby incorporated by reference from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held April 30, 2009. There have been no disagreements with our accountants, as defined in Regulation S-K, Item 304(b).

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Management's Report on Internal Control Over Financial Reporting

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

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

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework*. Based on our assessment, we believe that as of December 31, 2008, our internal control over financial reporting is effective based on those criteria.

The effectiveness of internal control over financial reporting as of December 31, 2008, has been audited by Ernst & Young LLP, an independent registered public accounting firm that also audited our Consolidated Financial Statements. Ernst & Young LLP's report on internal control over financial reporting is included herein.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the fourth quarter ended December 31, 2008, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The schedule of directors is hereby incorporated by reference from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held April 30, 2009.

Executive Officers

The schedule of executive officers is hereby incorporated by reference from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held April 30, 2009.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer/controller, and all other officers, employees and directors. Our code of ethics is available on our Internet website at www.jbhunt.com. If we make substantive amendments to this code of ethics or grant any waiver, including any implicit waiver, we will disclose the nature of such amendment or waiver on our website or in a report on Form 8-K within four days of such amendment or waiver.

Corporate Governance

In complying with the rules and regulations required by the Sarbanes-Oxley Act of 2002, NASDAQ, Public Company Accounting Oversight Board (PCAOB) and others, we have attempted to do so in a manner that clearly meets legal requirements but does not create a bureaucracy of forms, checklists and other inefficient or expensive procedures. We have adopted a code of conduct, code of ethics, whistleblower policy and charters for all of our Board of Director Committees and other formal policies and procedures. Most of these items are available on our Company website, www.jbhunt.com. If we make significant amendments to our code of ethics or whistleblower policy, or grant any waivers to these items, we will disclose such amendments or waivers on our website or in a report on Form 8-K within four days of such action.

Audit Committee

The information required by Regulation S-K, Item 407(d) is hereby incorporated by reference from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held April 30, 2009.

ITEM 11. EXECUTIVE COMPENSATION

The information required for Item 11 is hereby incorporated by reference from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held April 30, 2009.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required for Item 12 is hereby incorporated by reference from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held April 30, 2009.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required for Item 13 is hereby incorporated by reference from Note 12, Affiliated Company, of the Notes to Consolidated Financial Statements and from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held April 30, 2009.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required for Item 14 is hereby incorporated by reference from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held April 30, 2009.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

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

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

Allowance for Doubtful Accounts and Revenue Adjustments for the Years Ended:	Balance at Beginning of Year	Charged to Expense/ Against Revenue	Write-Offs, Net of Recoveries	Balance at End of Year
December 31, 2006	$ 7.4	$ 8.5	$ (9.9)	$ 6.0
December 31, 2007	6.0	8.6	(9.7)	4.9
December 31, 2008	4.9	8.9	(8.6)	5.2

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

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

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Lowell, Arkansas, on the 27th day of February, 2009.

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

By: /s/ Kirk Thompson
Kirk Thompson
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on the 27th day of February, 2009, on behalf of the registrant and in the capacities indicated.

/s/ Wayne Garrison Wayne Garrison	Member of the Board of Directors (Chairman)
/s/ Gary C. George Gary C. George	Member of the Board of Directors
/s/ J. Bryan Hunt, Jr. J. Bryan Hunt, Jr.	Member of the Board of Directors
/s/ Coleman H. Peterson Coleman H. Peterson	Member of the Board of Directors
/s/ James L. Robo James L. Robo	Member of the Board of Directors
/s/ Kirk Thompson Kirk Thompson	Member of the Board of Directors (President and Chief Executive Officer)
/s/ Leland E. Tollett Leland E. Tollett	Member of the Board of Directors
/s/ John A. White John A. White	Member of the Board of Directors (Presiding Director)
/s/ Jerry W. Walton Jerry W. Walton	Executive Vice President, Finance and Administration, Chief Financial Officer
/s/ Donald G. Cope Donald G. Cope	Senior Vice President, Controller, Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of J.B. Hunt Transport Services, Inc. dated May 19, 1988 (incorporated by reference from Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2005, filed on April 29, 2005)
3.2	Restated Bylaws of J. B. Hunt Transport Services, Inc. dated February 27, 2008 (incorporated by reference from Exhibit 3(ii) of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2008, filed on April 30, 2008)
10.1	Amended and Restated Employee Retirement Plan (incorporated by reference from Exhibit 99 of the Company's Form S-8, filed December 30, 1994)
10.2	Amended and Restated Management Incentive Plan (incorporated by reference from Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2005, filed on April 29, 2005)
10.3	Summary of Compensation Arrangements with Named Executive Officers
10.4	Senior Revolving Credit Facility Agreement (incorporated by reference from Exhibit 10.2 of the Company's current report on Form 8-K, filed on March 30, 2007)
10.5	Term Loan Agreement (incorporated by reference from Exhibits 10.1 through 10.4 of the Company's current report on Form 8-K, filed on October 5, 2006)
10.6	Note Purchase Agreement (incorporated by reference from Exhibit 10.1 of the Company's current report on Form 8-K, filed on March 30, 2007)
10.7	Master Note Purchase Agreement (incorporated by reference from Exhibit 10.1 of the Company's current report on Form 8-K, filed on July 30, 2007)
21	Subsidiaries of J.B. Hunt Transport Services, Inc.
23.1	Consent of Ernst & Young LLP
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002

INDEX TO CONSOLIDATED FINANCIAL INFORMATION

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of J.B. Hunt Transport Services, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of J.B. Hunt Transport Services, Inc. and subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 6 to the consolidated financial statements, in 2007 the Company changed its method of accounting for income taxes.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), J.B. Hunt Transport Services, Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2009 expressed an unqualified opinion thereon.

Ernst & Young LLP

Rogers, Arkansas
February 25, 2009

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

We are responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitation, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. We assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework*. Based on our assessment, we believe that as of December 31, 2008, our internal control over financial reporting is effective based on those criteria.

The effectiveness of internal control over financial reporting as of December 31, 2008, has been audited by Ernst & Young LLP, an independent registered public accounting firm that also audited our Consolidated Financial Statements. Ernst & Young LLP's report on internal control over financial reporting is included herein.

/s/ Kirk Thompson
Kirk Thompson
President and Chief Executive Officer

/s/ Jerry W. Walton
Jerry W. Walton
Executive Vice President, Finance and Administration,
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited J.B. Hunt Transport Services, Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). J.B. Hunt Transport Services, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, J.B. Hunt Transport Services, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of J.B. Hunt Transport Services, Inc. and subsidiaries as of December 31, 2008 and 2007 and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2008 and our report dated February 25, 2009 expressed an unqualified opinion thereon.

Ernst + Young LLP

Rogers, Arkansas
February 25, 2009

J.B. HUNT TRANSPORT SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31, 2008 and 2007
(in thousands, except share data)

Assets	**2008**	**2007**
Current assets:		
Cash and cash equivalents	$ 2,373	$ 14,957
Trade accounts receivable, net	280,614	330,202
Inventories	18,214	15,445
Assets held for sale	17,843	39,747
Prepaid licenses and permits	17,612	20,477
Prepaid insurance	50,449	49,129
Other current assets	9,182	18,937
Total current assets	396,287	488,894
Property and equipment, at cost:		
Revenue and service equipment	1,881,320	1,804,876
Land	25,413	24,280
Structures and improvements	122,753	114,358
Furniture and office equipment	140,407	137,379
Total property and equipment	2,169,893	2,080,893
Less accumulated depreciation	783,363	722,170
Net property and equipment	1,386,530	1,358,723
Other assets	10,636	15,129
	$ 1,793,453	$ 1,862,746

Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 118,500	$ 234,000
Trade accounts payable	196,059	189,987
Claims accruals	18,095	19,402
Accrued payroll	33,156	34,310
Other accrued expenses	31,995	26,663
Deferred income taxes	10,083	20,070
Total current liabilities	407,888	524,432
Long-term debt	515,000	679,100
Other long-term liabilities	30,490	34,453
Deferred income taxes	311,064	281,564
Total liabilities	1,264,442	1,519,549
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $100 par value. 10 million shares authorized; none outstanding	–	–
Common stock, $.01 par value. 1 billion shares authorized; (167,099,432 shares issued at December 31, 2008, and 2007 of which 126,062,115 shares and 124,572,121 shares were outstanding at December 31, 2008, and 2007, respectively)	1,671	1,671
Additional paid-in capital	170,931	170,536
Retained earnings	1,343,077	1,192,628
Accumulated other comprehensive loss	(1,186)	(993)
Treasury stock, at cost (41,037,317 shares at December 31, 2008, and 42,527,311 shares at December 31, 2007)	(985,482)	(1,020,645)
Total stockholders' equity	529,011	343,197
	$ 1,793,453	$ 1,862,746

See Notes to Consolidated Financial Statements.

J.B. HUNT TRANSPORT SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

Years Ended December 31, 2008, 2007 and 2006
(in thousands, except per share amounts)

	2008	2007	2006
Operating revenues, excluding fuel surcharge revenues	$ 3,001,531	$ 3,009,819	$ 2,897,816
Fuel surcharge revenues	730,412	480,080	430,171
Total operating revenues	3,731,943	3,489,899	3,327,987
Operating expenses:			
Rents and purchased transportation	1,479,234	1,235,390	1,124,734
Salaries, wages and employee benefits	859,588	888,594	892,066
Fuel and fuel taxes	520,647	463,538	447,309
Depreciation	202,288	205,133	183,604
Operating supplies and expenses	158,202	155,893	145,794
Insurance and claims	60,772	69,655	71,582
General and administrative expenses, net of asset dispositions	41,363	48,211	33,232
Operating taxes and licenses	32,162	33,540	34,447
Communication and utilities	19,269	21,156	22,566
Total operating expenses	3,373,525	3,121,110	2,955,334
Operating income	358,418	368,789	372,653
Interest income	890	1,011	978
Interest expense	35,337	43,523	16,137
Equity in loss of affiliated company	1,735	1,230	3,181
Earnings before income taxes	322,236	325,047	354,313
Income taxes	121,643	111,913	134,361
Net earnings	$ 200,593	$ 213,134	$ 219,952
Weighted average basic shares outstanding	125,416	134,334	148,581
Basic earnings per share	$ 1.60	$ 1.59	$ 1.48
Weighted average diluted shares outstanding	128,533	137,639	152,317
Diluted earnings per share	$ 1.56	$ 1.55	$ 1.44
Dividends declared per common share	$ 0.40	$ 0.36	$ 0.32

See Notes to Consolidated Financial Statements.

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

Years Ended December 31, 2008, 2007, and 2006
(in thousands, except per share amounts)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Stockholders' Equity
Balances at December 31, 2005	$ 1,671	$ 182,680	$ 863,586	$ –	$ (230,912)	$ 817,025
Comprehensive income:						
Net earnings	–	–	219,952	–	–	219,952
Unrealized loss related to derivatives accounted for as hedges, net of tax	–	–	–	(148)	–	(148)
Total comprehensive income	–	–	–	–	–	219,804
Cash dividend declared and paid ($0.32 per share)	–	–	(47,734)	–	–	(47,734)
Tax benefit of stock options exercised	–	12,367	–	–	–	12,367
Purchase of treasury shares	–	–	–	–	(257,395)	(257,395)
Stock compensation	–	7,651	–	–	–	7,651
Stock option exercises and restricted share issuances, net of stock repurchased for payroll taxes	–	(25,633)	–	–	33,652	8,019
Balances at December 31, 2006	$ 1,671	$ 177,065	$ 1,035,804	$ (148)	$ (454,655)	$ 759,737
Comprehensive income:						
Net earnings	–	–	213,134	–	–	213,134
Unrealized loss related to derivatives accounted for as hedges, net of tax	–	–	–	(845)	–	(845)
Total comprehensive income	–	–	–	–	–	212,289
Cash dividend declared and paid ($0.36 per share)	–	–	(48,847)	–	–	(48,847)
Tax benefit of stock options exercised	–	13,885	–	–	–	13,885
Purchase of treasury shares	–	–	–	–	(603,371)	(603,371)
FIN 48 entries to recognize uncertain tax positions	–	–	(7,463)	–	–	(7,463)
Stock compensation	–	9,389	–	–	–	9,389
Stock option exercises and restricted share issuances, net of stock repurchased for payroll taxes	–	(29,803)	–	–	37,381	7,578
Balances at December 31, 2007	$ 1,671	$ 170,536	$ 1,192,628	$ (993)	$(1,020,645)	$ 343,197
Comprehensive income:						
Net earnings	–	–	200,593	–	–	200,593
Unrealized loss related to derivatives accounted for as hedges, net of tax	–	–	–	(193)	–	(193)
Total comprehensive income	–	–	–	–	–	200,400
Cash dividend declared and paid ($0.40 per share)	–	–	(50,144)	–	–	(50,144)
Tax benefit of stock options exercised	–	14,853	–	–	–	14,853
Stock compensation	–	13,773	–	–	–	13,773
Stock option exercises and restricted share issuances, net of stock repurchased for payroll taxes	–	(28,231)	–	–	35,163	6,932
Balances at December 31, 2008	$ 1,671	$ 170,931	$ 1,343,077	$(1,186)	$ (985,482)	$ 529,011

See Notes to Consolidated Financial Statements.

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

Years Ended December 31, 2008, 2007, and 2006
(in thousands)

	2008	2007	2006
Cash flows from operating activities:			
Net earnings	$ 200,593	$ 213,134	$ 219,952
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	202,288	205,133	183,604
Share-based compensation	13,773	9,389	7,171
(Gain)/loss on sale of revenue equipment and other	(659)	456	(2,891)
Impairment on assets held for sale	3,934	8,374	–
Provision for deferred income taxes	19,513	3,499	4,915
Equity in loss of affiliated company	1,735	1,230	3,181
Changes in operating assets and liabilities:			
Trade accounts receivable	50,043	16,049	(2,750)
Income tax receivable	4,790	21,784	(11,824)
Other assets	31,672	12,317	20,218
Trade accounts payable	(16,460)	14,993	7,923
Claims accruals	(1,307)	(640)	4,391
Accrued payroll and other accrued expenses	(4,769)	(47,913)	(10,827)
Net cash provided by operating activities	505,146	457,805	423,063
Cash flows from investing activities:			
Additions to property and equipment	(303,241)	(363,552)	(483,188)
Proceeds from sale of equipment	92,360	32,917	72,985
Net proceeds/(purchases) of available for sale investments	6,275	(8,756)	–
Change in other assets	2,302	(1,096)	(558)
Net cash used in investing activities	(202,304)	(340,487)	(410,761)
Cash flows from financing activities:			
Proceeds from issuances of long-term debt	–	400,000	100,000
Payments on long-term debt	(14,000)	(14,000)	(3,500)
Net proceeds/(payments) from revolving lines of credit and other	(273,068)	135,022	175,900
Purchase of treasury stock	–	(603,371)	(257,395)
Stock option exercises	8,956	10,312	9,223
Stock repurchased for payroll taxes	(2,023)	(2,733)	(1,204)
Tax benefit of stock options exercised	14,853	13,885	12,367
Dividends paid	(50,144)	(48,847)	(47,734)
Net cash used in financing activities	(315,426)	(109,732)	(12,343)
Net increase (decrease) in cash and cash equivalents	(12,584)	7,586	(41)
Cash and cash equivalents at beginning of year	14,957	7,371	7,412
Cash and cash equivalents at end of year	$ 2,373	$ 14,957	$ 7,371
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 35,495	$ 52,897	$ 14,013
Income taxes	$ 81,934	$ 107,349	$ 124,307

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. *Business*

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

2. *Summary of Significant Accounting Policies*

Basis of Consolidation

Our Consolidated Financial Statements include all of our wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

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

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

Cash and Cash Equivalents

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

Accounts Receivable Allowance

Our trade accounts receivable includes accounts receivable reduced by an allowance for uncollectible accounts and revenue adjustments. The allowance for uncollectible accounts and revenue adjustments is based on historical experience as well as any known trends or uncertainties related to customer billing and account collectibility. The adequacy of our allowance is reviewed quarterly. The allowance for uncollectible accounts and revenue adjustments was $5.2 million and $4.9 million at December 31, 2008 and 2007, respectively.

Inventory

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

Investments in Marketable Equity Securities

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

At December 31, 2008, the fair value of our investments classified as available-for-sale securities was $1.9 million, compared with $8.8 million at December 31, 2007. See Note 7, Employee Benefit Plans, for a discussion of our trading securities.

Property and Equipment

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

Revenue Recognition

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

Emerging Issues Task Force Issue No. 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent (EITF 99-19), provides the criteria for recognizing revenue on a gross or net basis. Based on the guidance in EITF 99-19, we record revenues on the gross basis at amounts charged to our customers because we are the primary obligor, we are a principal in the transaction, we invoice our customers and retain all credit risks and we maintain discretion over pricing. Additionally, we are responsible for carrier selection with respect to our ICS business.

Derivative Instruments

We account for derivatives in accordance with Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* (FAS 133), as amended. We periodically utilize derivative instruments to manage exposure to changes in interest rates. At inception of a derivative contract, we document relationships between derivative instruments and hedged items, as well as our risk-management objective and strategy for undertaking various derivative transactions, and assess hedge effectiveness. If it is determined that a derivative is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, we discontinue hedge accounting prospectively. In 2006, we entered into an interest rate swap agreement to convert a portion of our variable rate debt to a fixed interest rate. This derivative instrument is accounted for as a cash flow hedge in accordance with FAS 133.

Income Taxes

Income taxes are accounted for under the asset-and-liability method in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* (FAS 109), as amended. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date. See Note 6, Income Taxes, regarding a change in our accounting for uncertain tax positions beginning in 2007.

Earnings Per Share

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

	Years ended December 31		
	2008	2007	2006
Weighted average shares outstanding – basic	125,416	134,334	148,581
Effect of common stock equivalents	3,117	3,305	3,736
Weighted average shares outstanding – diluted	128,533	137,639	152,317

Options to purchase shares of common stock that were outstanding during each year, but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares, are shown in the table below.

	2008	2007	2006
Number of shares under option	–	–	12,000
Range of exercise prices	–	–	$24.27 – $24.43

Concentrations of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, include trade receivables. For the years ended December 31, 2008, 2007 and 2006, our top 10 customers, based on revenue, accounted for approximately 35%, 38% and 40%, respectively, of our total revenue. Our top 10 customers, based on revenue, accounted for approximately 27% and 34% of our total trade accounts receivable for the years ended December 31, 2008 and 2007, respectively. One customer accounted for approximately 9%, 12% and 14% of our total revenue for the years ended December 31, 2008, 2007 and 2006, respectively. Each of our four business segments conducts business with this customer.

Share-based Compensation

We have share-based compensation plans covering certain employees, including officers and directors. Effective January 1, 2006, we accounted for share-based compensation utilizing the fair value recognition provisions of Statement of Financial Accounting Standards

No. 123R, *Share-based Payment* (FAS 123R). We currently are utilizing restricted share units and nonstatutory stock options. Issuances of our stock upon share option exercise or vested restricted share units are made from treasury stock. Our restricted share unit awards include both graded-vesting and cliff-vesting awards and therefore vest in increments during the requisite service period or all at the end of the requisite service period as appropriate for each type of vesting. We recognize compensation expense over the requisite service period for the entire award.

Impairment of Long-Lived Assets and Assets Held for Sale

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

In December 2007, partly in response to changing market conditions, we entered into a plan to sell approximately 700 tractors and 2,500 trailers within our JBT segment. Accordingly, we discontinued recording depreciation expense on this revenue equipment effective January 1, 2008. We reclassified the net book value from net property and equipment to assets held for sale in our Consolidated Balance Sheets. At December 31, 2007, we recorded a pretax charge of $8.4 million to reduce the carrying value of the revenue equipment to estimated fair value, less cost to sell. Based on our quarterly assessment to evaluate the carrying value of our assets held for sale, we determined that a decline in the fair value of certain tractors held for sale had occurred and accordingly recognized an impairment charge of $0.8 million in September 2008.

In December 2008, we entered into a plan to sell approximately 1,100 trailers within our JBT segment. We reclassified the net book value from net property and equipment to assets held for sale in our Consolidated Balance Sheets and discontinued recording depreciation expense for these assets held for sale. We recorded a pretax charge of $3.1 million to reduce the carrying value of these assets to estimated fair value, less cost to sell. All impairment charges are included in “general and administrative expenses, net of asset dispositions” in our Consolidated Statements of Earnings and are recorded in our JBT segment.

Claims Accruals

We purchase insurance coverage for a portion of expenses related to employee injuries (workers’ compensation), vehicular collisions, accidents and cargo claims. Most of our insurance arrangements include a level of self-insurance (deductible) coverage applicable to each claim, but provide an umbrella policy to limit our exposure to catastrophic claim costs that are completely insured. Our policies also include a contractual premium adjustment factor to be applied to incurred loss amounts at the end of 48 months from each policy period inception. This contractual adjustment factor is used to convert the self-insured losses to fully insured losses and relieves us of any further liability on those claims. Our estimated accrual of ultimate losses includes these premium adjustment factors as part of the liability we recognize when the accidents occur.

The amounts of self-insurance change from time to time based on certain measurement dates and policy expiration dates. During 2006 and 2007, we were self-insured for $500,000 per occurrence for personal injury, property damage and workers’ compensation. For 2008, we were self-insured for $500,000 per occurrence for personal injury and property damage and $1 million for workers’ compensation.

Our claims accrual policy for all self-insured claims is to recognize a liability at the time of the incident based on our analysis of the nature and severity of the claims and analyses provided by third-party claims administrators, as well as legal, economic and regulatory factors. Our safety and claims personnel work directly with representatives from the insurance companies to continually update the estimated cost of each claim. The ultimate cost of a claim develops over time as additional information regarding the nature, timing and extent of damages claimed becomes available. Accordingly, we use an actuarial method to develop current claim information to derive an estimate of our ultimate claim liability. This process involves the use of loss-development factors based on our historical claims experience and includes the contractual premium adjustment factor mentioned above. In doing so, the recorded liability considers future claims growth and conversion to fully insured status and provides an allowance for incurred-but-not-reported claims. We do not discount our estimated losses. At December 31, 2008 and 2007, we had an accrual of approximately $18 million and $19 million, respectively, for estimated net claims. In addition, we are required to pay certain advanced deposits and monthly premiums. At December 31, 2008 and 2007, we had a prepaid insurance asset of approximately $50 million and $49 million, respectively, which represented prefunded claims and premiums. We are also substantially self-insured for loss of and damage to our owned and leased revenue equipment.

Recent Accounting Pronouncements

Effective January 1, 2008, we adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157) and Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115* (FAS 159). See Note 10, Fair Value Measurements, for the impact of these adoptions.

In February 2008, the FASB issued Staff Position FAS 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of FAS 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, until January 1, 2009. Accordingly, we have not applied FAS 157 to our assets held for sale, which are recorded at estimated fair value, less cost to sell. We will adopt the provisions of FAS 157 for nonfinancial assets and liabilities during the first quarter of 2009; however, we are still evaluating the impact, if any, this will have on our Consolidated Financial Statements.

In October 2008, the FASB issued Staff Position FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active*, (FSP 157-3). FSP 157-3 clarifies the application of FAS 157 in cases where a market is not active. We have considered the guidance provided by FSP 157-3 in our determination of estimated fair values as of December 31, 2008, and the impact was not material.

3. *Financing Arrangements*

Our current financing arrangements consist of the following (in millions):

	December 31	
	2008	2007
Revolving lines of credit	$ 165.0	$ 430.6
Senior notes	400.0	400.0
Term loan	68.5	82.5
Less current portion of long-term debt	(118.5)	(234.0)
Total long-term debt	$ 515.0	$ 679.1

Aggregate maturities of long-term debt subsequent to December 31, 2008, are as follows (in millions): 2009 - $118.5 (classified as current portion of long-term debt); 2010 - $0.0; 2011 - $200.0; 2012 - $165.0; 2013 - $50.0; and 2014 - $100.0.

Revolving Lines of Credit

At December 31, 2008 and 2007, we were authorized to borrow up to a total of $425 million and $575 million, respectively, under two different revolving lines of credit. The first line of credit is supported by a credit agreement with a group of banks for a total commitment amount of $350 million, for both the 2008 and 2007 periods ended December 31, which expires March 29, 2012. The applicable interest rate under this agreement is based on either the prime rate or LIBOR, depending upon the specific type of borrowing, plus a margin based on the level of borrowings and our credit rating. At December 31, 2008 and 2007, we had $115.0 million and $210.6 million outstanding, respectively, at an average interest rate of 1.95% and 5.84%, respectively, under this agreement.

Our second line of credit is an Accounts Receivable Securitization program with a revolving credit facility up to $75 million at December 31, 2008 and $225 million at December 31, 2007. This facility is secured by our accounts receivable, and we renewed this facility at maturity on July 28, 2008, for a one-year term maturing on July 27, 2009. The applicable interest rate under this agreement is the prevailing A1/P1 commercial paper rate in the market, plus a margin based on our level of borrowing and commercial paper dealer fees. At December 31, 2008 and 2007, we had $50 million and $220 million outstanding, respectively, at an average interest rate of 3.61% and 5.32%, respectively, under this agreement.

Senior Notes

In March 2007, we sold $200 million of 5.31% Senior notes (2011 Notes), which mature March 29, 2011, to various purchasers through a private placement offering pursuant to our note purchase agreement dated March 15, 2007. The proceeds were used for the purchase of trailing equipment off operating leases and for general working capital purposes. The 2011 Notes were issued at par value. All principal payments are due upon maturity. Interest payments are due semiannually, in March and September of each year.

In July 2007, we sold $200 million of 6.08% Senior notes (2014 Notes), which mature July 26, 2014, to various purchasers through a private placement offering pursuant to our note purchase agreement dated July 15, 2007. Proceeds from these notes were used to purchase shares of our common stock, pay down existing debt on our revolving credit facilities and finance capital expenditures for revenue equipment. The 2014 Notes were issued at par value. Principal payments in the amount of $50.0 million are due July 26, 2012, and July 26, 2013, with the remainder due upon maturity. Interest payments are due semiannually, in January and July of each year. The note purchase agreements describe the terms and conditions of both notes, which include requirements to maintain certain covenants and financial ratios.

Term Loan

In September 2006, we entered into a $100 million term loan and credit agreement in connection with our purchase of used, dry-van trailers. This $100 million facility is collateralized by a security interest in the trailing equipment and matures September 29, 2009. We are required to make minimum quarterly principal payments in the amount of $3.5 million, through June 29, 2009, with the remainder due upon maturity. Stated interest on this facility is a three-month LIBOR variable rate. Concurrent with the loan and credit agreement, we entered into an interest rate swap agreement to effectively convert this floating rate debt to a fixed rate basis of 5.85%. The swap expires September 29, 2009, when the related term loan is due. At December 31, 2008, we had $68.5 million outstanding under this term loan facility.

Our revolving lines of credit and debt facilities require us to maintain certain covenants and financial ratios. We were in compliance with all covenants and financial ratios at December 31, 2008.

4. *Capital Stock*

We have one class of preferred stock and one class of common stock. We had no outstanding shares of preferred stock at December 31, 2008 or 2007. Holders of shares of common stock are entitled to receive dividends when and if declared by the Board of Directors and are entitled to one vote per share on all matters submitted to a vote of the stockholders. At December 31, 2008, we had 7.8 million shares of common stock to be issued upon the exercise or vesting of equity awards and 12.1 million shares reserved for future issuance pursuant to share-based payment plans.

On April 21, 2005, our Board authorized the purchase of $500 million of our common stock over the next five years. Purchases under that authorization were completed in March 2007. On May 2, 2007, our Board authorized up to $500 million in additional purchases of our common stock over the next 12 months, which were completed by December 31, 2007. There were no purchases during 2008.

5. *Share-based Compensation*

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

Our nonstatutory stock options may be granted to key employees for the purchase of our common stock for 100% of the fair market value of the common stock at the grant date as awarded by the Compensation Committee. These options generally vest over a 10-year period and are forfeited immediately if the employee terminates for any reason other than death, disability or retirement after age 55. An employee is allowed to surrender shares of common stock that the employee has owned for at least six months in full or partial payment of the option price of an option being exercised and/or to satisfy tax withholding obligations incident to the exercise of an option. We did not grant any stock options during the years ended December 31, 2008, 2007 and 2006.

We began awarding restricted share units in 2005. These restricted share units have various vesting schedules ranging from three to ten years when awarded. These restricted share units do not contain rights to vote or receive dividends until the vesting date. Unvested restricted share units are forfeited if the employee terminates for any reason other than death, disability or special circumstances as determined by the Compensation Committee. Restricted shares are valued based on the fair value of the award on the grant date, adjusted for dividend estimates based on grant date dividend rates.

Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* (FAS 123R) requires the cost of all share-based payments to employees, including grants of employee stock options, to be recognized in our Consolidated Financial Statements based on the grant date fair value of those awards. In accordance with FAS 123R, this cost will be recognized over the period for which an employee is required to provide service in exchange for the award. For awards outstanding as of January 1, 2006, FAS 123R required us to recognize future compensation expense for the unvested portion of outstanding share-based payments based on the fair value of the award on the grant date. It also required that the benefits associated with tax deductions in excess of recognized compensation expense be reported as a financing cash flow rather than as an operating cash flow. We adopted FAS 123R, effective January 1, 2006, utilizing the modified prospective method and, therefore, did not restate our prior-period results.

Share-based compensation expense is recorded in salaries, wages and employee benefits in our Consolidated Statements of Earnings, along with other compensation expenses to employees. The following table summarizes the components of our share-based compensation program expense (in thousands):

	Years ended December 31		
	2008	**2007**	**2006**
Stock options			
Pretax compensation expense	$ 3,613	$ 4,569	$ 5,405
Tax benefit	1,364	1,573	2,050
Stock option expense, net of tax	$ 2,249	$ 2,996	$ 3,355
Restricted share units			
Pretax compensation expense	$10,160	$ 4,820	$ 2,496
Tax benefit	3,835	1,660	946
Restricted share unit expense, net of tax	$ 6,325	$ 3,160	$ 1,550

A summary of our nonstatutory stock options and restricted share units follows:

	Number of Shares (in thousands)	Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Stock Options				
Outstanding at December 31, 2007	6,838	$ 9.50	5.58	$ 123.4
Exercised	1,459	5.74	–	41.7
Forfeited	117	11.67	–	–
Outstanding at December 31, 2008	5,262	10.49	4.95	83.0
Exercisable	423	$ 7.22	4.27	$ 8.1

The aggregate intrinsic value of options exercised during the years ended December 31, 2008, 2007 and 2006 was $41.7 million, $40.4 million and $35.3 million, respectively.

	Number of Shares	Weighted Average Grant Date Fair Value
Restricted Share Units		
Unvested at December 31, 2005	633,200	$ 18.89
Granted	676,720	22.31
Vested	(13,119)	19.62
Forfeited	(11,060)	19.55
Unvested at December 31, 2006	1,285,741	$ 20.68
Granted	684,210	26.99
Vested	(22,558)	20.71
Forfeited	(33,944)	21.40
Unvested at December 31, 2007	1,913,449	$ 22.92
Granted	760,625	28.34
Vested	(74,699)	24.79
Forfeited	(53,470)	24.06
Unvested at December 31, 2008	2,545,905	$ 24.46

At December 31, 2008, we had $9.6 million and $42.8 million of total unrecognized compensation expense, net of estimated forfeitures related to stock options and restricted share units, respectively, that is expected to be recognized over the remaining weighted average period of approximately 2.3 years for stock options and 2.2 years for restricted share units.

6. *Income Taxes*

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

	Years ended December 31		
	2008	2007	2006
Current:			
Federal	$ 93,699	$ 114,499	$ 121,855
State and local	8,985	13,462	7,781
	102,684	127,961	129,636
Deferred:			
Federal	19,776	(16,209)	5,891
State and local	(817)	161	(1,166)
	18,959	(16,048)	4,725
Total tax expense	$ 121,643	$ 111,913	$ 134,361

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

	Years ended December 31		
	2008	2007	2006
Income tax – statutory rate	$ 112,782	$ 113,766	$ 124,009
State tax, net of federal effect	6,380	9,569	5,232
Nondeductible meals and entertainment	2,531	4,828	5,691
Change in effective state tax rate, net of federal effect	(569)	(714)	(932)
IRS settlement	–	(13,678)	–
Other, net	519	(1,858)	361
Total tax expense	$ 121,643	$ 111,913	$ 134,361

Income taxes payable at December 31, 2008 and 2007, were $14.7 million and $9.9 million, respectively. These amounts have been included in other accrued expenses in our Consolidated Balance Sheets. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2008 and 2007, are presented below (in thousands):

	December 31	
	2008	2007
Deferred tax assets:		
Claims accruals, principally due to accruals for financial reporting purposes	$ 1,826	$ 1,865
Accounts receivable, principally due to allowance for doubtful accounts	1,223	1,037
Vacation pay	5,703	5,308
Long-term deferred compensation	12,686	9,227
State tax contingency and interest accrual	6,823	7,422
Interest rate swap	740	554
Other	1,947	3,222
Total gross deferred tax assets	30,948	28,635
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	337,168	298,991
Prepaid permits and insurance, principally due to expensing for income tax purposes	14,914	27,609
Other	13	3,669
Total gross deferred tax liabilities	352,095	330,269
Net deferred tax liability	$ 321,147	$ 301,634

We believe that our history of profitability and taxable income, the reversal of deferred tax liabilities, and our utilization of tax planning sufficiently support the carrying amount of the deferred tax assets. Accordingly, we have not recorded a valuation allowance, as all deferred tax benefits are more likely than not to be realized.

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109* (FIN 48), which clarifies the accounting treatment for uncertain tax positions. FIN 48 prescribes recognition and measurement guidance and requires that we assess whether the benefits of our tax positions taken are more likely than not of being sustained under tax audits. We adopted the provisions of FIN 48, effective January 1, 2007. Prior to adoption, we accounted for uncertain tax positions under Statements of Financial Accounting Standards No. 5, *Accounting for Contingencies* (FAS 5), whereby we recorded liabilities associated with tax uncertainties when the likelihood of occurrence was probable and we were able to reasonably estimate the liability. As a result of this adoption, we recognized an increase in noncurrent deferred tax assets of $29.4 million and an increase in other long-term liabilities of $36.9 million, with a corresponding reduction to beginning retained earnings of $7.5 million, as of January 1, 2007. We have not restated prior-period results. For the year ended December 31, 2008, we have made adjustments to the balance of unrecognized tax benefits that is a component of other long-term liabilities on our Consolidated Balance Sheet as follows (in millions):

	December 31	
	2008	2007
Beginning balance	$ 17.1	$ 62.6
Additions based on tax positions related to the current year	2.6	3.2
Additions based on tax positions taken in prior years	0.3	0.3
Reductions due to settlements	(3.2)	(48.4)
Reductions due to lapse of applicable statute of limitations	(1.9)	(0.6)
Ending balance	$ 14.9	$ 17.1

In June 2007, we completed a Post Appeals Mediation with the IRS, whereby we agreed to a settlement of a sale-and-leaseback transaction and other uncertain tax positions related to the IRS audits for tax years 1998-2003. As a result of this settlement, we made a cash payment to the IRS for previous tax liabilities, including interest, in the amount of $49.5 million. No penalties have been proposed or paid on these deficiencies. We adjusted the amount of the accrued liability in excess of the net settlement amount in June 2007, which resulted in a decrease in the income tax expense of approximately $12.1 million.

At December 31, 2008, we had a total of $14.9 million in gross unrecognized tax benefits. Of this amount, $9.7 million represents the amount of unrecognized tax benefits that, if recognized, would impact our effective tax rate. Interest and penalties related to income taxes are classified as interest expense in our Consolidated Financial Statements. The amount of accrued interest and penalties during the year ended December 31, 2008, was $1.5 million. Future changes to unrecognized tax benefits will be recognized as income tax expense and interest expense, as appropriate. The total amount of accrued interest and penalties for such unrecognized tax benefits at December 31, 2008, was $3.5 million.

Only tax years 2004 and forward remain subject to examination by federal tax jurisdictions, while tax years 1998 and forward remain open for state jurisdictions.

7. *Employee Benefit Plans*

We maintain a defined contribution employee retirement plan, which includes a 401(k) option, under which all employees are eligible to participate. We match a specified percentage of employee contributions, subject to certain limitations. For the years ended December 31, 2008, 2007 and 2006, our matching contributions to the plan were $8.5 million, $7.9 million and $7.5 million, respectively.

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, if the balance is greater than $25,000, in quarterly installments payable over a period of 3, 5, 10 or 15 years upon reaching age 55, having 15 years of service or becoming disabled. Our total liability under this plan was $7.6 million as of December 31, 2008, and $9.7 million as of December 31, 2007. These amounts are included in other long-term liabilities in our Consolidated Balance Sheets. Participant withholdings are held by a trustee and invested in equity securities as directed by participants. These investments are classified as trading securities and recorded at fair value. Realized and unrealized gains and losses are recognized currently in earnings. The investments are included in other assets in our Consolidated Balance Sheets and totaled $7.6 million as of December 31, 2008, and $9.7 million as of December 31, 2007.

8. *Derivative and Financial Instruments*

Interest rate swap

In September 2006, we entered into an agreement to swap the variable rate on our $100 million term loan and credit facility for a fixed 5.85% interest rate. This interest rate swap effectively converts the floating rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense. The swap expires September 29, 2009, when the related term loan is due. The derivative is designated as a hedge of the variability of cash flows to be paid related to the term loan and meets the required criteria of a cash flow hedge under the provisions of FAS 133. Accordingly, changes in the fair value of the derivative are recorded in accumulated other comprehensive income and reclassified into earnings as the underlying hedged item affects earnings to the extent the derivative is effective in offsetting gains and losses of changes in the fair value of the hedged item. The ineffective portion of gains and losses, if any, is recorded in current earnings through interest expense. The fair value of the swap was a $1.9 and $1.6 million liability at December 31, 2008 and 2007, respectively, and is recorded in other accrued expenses in our Consolidated Balance Sheets.

Fair value

The carrying amounts and estimated fair values, based on their net present value, of our long-term debt at December 31, 2008, were as follows (in thousands):

	Carrying Value	Estimated Fair Value
Revolving lines of credit	$ 165,000	$ 165,000
Senior notes	400,000	396,299
Term loan	68,500	69,954

The carrying amounts of all other instruments at December 31, 2008, approximate their fair value due to the short maturity of these instruments.

9. *Comprehensive Income*

Comprehensive income includes changes in the fair value of derivative instruments, which qualify for hedge accounting. A reconciliation of net income and comprehensive income follows (in thousands):

	Years ended December 31		
	2008	2007	2006
Net income	$ 200,593	$ 213,134	$ 219,952
Unrealized loss on derivative instruments	(284)	(1,399)	(243)
Income tax benefit	91	554	95
Comprehensive income	$ 200,400	$ 212,289	$ 219,804

10. *Fair Value Measurements*

Effective January 1, 2008, we adopted FAS 157. FAS 157, among other things, defines fair value, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. Assets and liabilities measured at fair value are based on one or more of three valuation techniques stated in FAS 157. The three valuation techniques are as follows:

Market Approach	Prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities
Income Approach	Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models)
Cost Approach	Amount that currently would be required to replace the service capacity of an asset (often referred to as replacement cost)

FAS 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for evaluating such assumptions, FAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value as follows:

Level 1	Quoted prices in active markets for identified assets or liabilities
Level 2	Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly
Level 3	Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions about what market participants would use in pricing the asset or liability

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following are assets and liabilities measured at fair value on a recurring basis at December 31, 2008:

	Asset/(Liability) Balance (in millions)	Valuation Technique	Input Level
Available for sale investments	$ 1.9	Market	2
Trading investments	7.6	Market	1
Interest rate swap	(1.9)	Market	2

Available for sale investments are classified in prepaid expenses and other, trading investments are classified in other assets and the interest rate swap is classified in other accrued expenses in our Consolidated Balance Sheets. Adoption of FAS 157 increased our disclosures regarding fair value measurements and did not have an effect on our operating income or net earnings.

No assets or liabilities were elected for fair value measurement under FAS 159, and therefore adoption of FAS 159 had no impact on our financial statements.

11. *Commitments and Contingencies*

As of December 31, 2008, we had approximately $4.3 million of obligations remaining under operating lease arrangements related to trailing equipment and terminal facilities. None of our operating leases contains any residual value guarantees. Under the terms of certain lease agreements, we are required to maintain certain covenants, including minimum credit ratings. We were in compliance with these requirements at December 31, 2008.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2008, are approximately $4.3 million, with payment streams as follows (in thousands): 2009 - $2,080; 2010 - $1,066; 2011 - $873; 2012 - $242; and 2013 - $72.

Total rent expense was $19.6 million in 2008, $29.2 million in 2007, and $78.8 million in 2006.

At December 31, 2008, we had outstanding commitments to acquire approximately $140 million of revenue equipment and facilities in 2009. This amount is net of $94.5 million of expected sales proceeds from equipment dispositions.

During 2008, we issued financial standby letters of credit as a guarantee of our performance under certain operating lease commitments and self-insurance arrangements. If we default on our commitments under the lease agreements or other arrangements, we are required to perform under these guarantees. The undiscounted maximum amount of our obligation to make future payments in the event of defaults is approximately $11.3 million.

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

12. *Affiliated Company*

We have a 37% ownership interest in a logistics joint venture called Transplace, Inc. (TPI). We routinely enter into transactions with TPI regarding the movement of freight. Prior to January 1, 2007, we provided various services to TPI under a shared-service agreement, primarily related to computer system operations, services and maintenance. We earn transportation revenues and purchase transportation services from TPI. We advanced $7.7 million to TPI in the form of a note receivable during 2005, and in January 2009 the due date on this note was extended to August 2011. In 2006, we reduced the remainder of our original investment in the joint venture to zero as a result of our equity in loss of TPI. Since 2006 we have reduced the balance of the note receivable by the amount of our equity in losses of TPI. This note receivable balance, including accrued interest, was $2.6 million at December 31, 2008, after the reduction based on our equity in loss of TPI, and carried an interest rate of 6.0%. This note receivable from TPI is classified as other assets in our Consolidated Balance Sheets at December 31, 2008 and 2007. When the note is paid, any reduction in the value of the note as a result of our portion of equity losses in TPI may be recovered and recorded as a gain in the period collected. A summary of our revenues and expenses related to TPI for the three-year periods ended December 31, 2008, and balance sheet amounts at December 31, 2008 and 2007, is presented below (in millions):

	Years ended December 31		
	2008	2007	2006
Revenue earned from TPI for providing transportation services	$ 22.5	$ 22.0	$ 50.8
Amount billed to TPI for information technology services provided	$ 0.0	$ 0.0	$ 2.6
Purchased transportation expense paid to TPI for freight movements	$ 0.2	$ 0.2	$ 0.2
Payments to TPI for travel services provided	$ 0.3	$ 0.3	$ 0.3

	December 31	
	2008	2007
Accounts receivable from TPI, included in trade accounts receivable	$ 3.4	$ 2.6
Note receivable, including interest, from TPI	$ 2.6	$ 4.4

13. *Segment Information*

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

Prior to 2007, ICS financial results were reported as part of the JBT segment. Beginning January 1, 2007, we began reporting ICS results separately. Prior-period information has been restated to reflect ICS as a separate segment.

Our customers are geographically dispersed across the United States. One customer accounted for approximately 9%, 12% and 14% of consolidated operating revenues in 2008, 2007 and 2006, respectively. A summary of certain segment information as of December 31 is presented below (in millions):

	Assets (1) December 31		
	2008	2007	2006
JBI	$ 793	$ 695	$ 537
DCS	399	421	450
JBT	380	535	571
ICS	24	16	4
Other (includes corporate)	197	196	208
Total	$ 1,793	$ 1,863	$ 1,770

	Revenues Years ended December 31		
	2008	2007	2006
JBI	$ 1,952	$ 1,653	$ 1,430
DCS	927	937	915
JBT	676	842	966
ICS	209	92	42
Total segment revenues	3,764	3,524	3,353
Intersegment eliminations	(32)	(34)	(25)
Total	$ 3,732	$ 3,490	$ 3,328

	Operating Income Years ended December 31		
	2008	2007	2006
JBI	$ 254	$ 239	$ 182
DCS	92	94	104
JBT (2)	1	32	84
ICS	11	4	3
Other	–	–	–
Total	$ 358	$ 369	$ 373

	Depreciation and Amortization Expense Years ended December 31		
	2008	2007	2006
JBI	$ 57	$ 45	$ 34
DCS	69	71	65
JBT	65	78	73
ICS	–	–	–
Other	11	11	12
Total	$ 202	$ 205	$ 184

(1) Business segment assets exclude the net impact of intercompany transactions and accounts.

(2) Includes $3.9 million of pretax charges in 2008 and an $8.4 million pretax charge in 2007 to write down the value of certain assets held for sale.

14. *Quarterly Financial Information (Unaudited)*

Operating results by quarter for the years ended December 31, 2008 and 2007 are as follows (in thousands, except per-share data):

	Quarter			
	First	Second	Third	Fourth
2008:				
Operating revenues	$ 878,383	$ 977,339	$ 996,434	$ 879,787
Operating income	$ 72,055	$ 94,045	$ 106,266	$ 86,051
Net earnings	$ 36,413	$ 50,604	$ 60,300	$ 53,276
Basic earnings per share	$ 0.29	$ 0.40	$ 0.48	$ 0.42
Diluted earnings per share	$ 0.28	$ 0.39	$ 0.47	$ 0.41
2007:				
Operating revenues	$ 797,451	$ 855,860	$ 891,638	$ 944,950
Operating income	$ 80,399	$ 96,227	$ 95,899	$ 96,265
Net earnings	$ 44,170	$ 63,857	$ 50,783	$ 54,323
Basic earnings per share	$ 0.31	$ 0.46	$ 0.39	$ 0.43
Diluted earnings per share	$ 0.30	$ 0.45	$ 0.38	$ 0.42

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and President, Integrated Capacity Solutions

STOCKHOLDER INFORMATION

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Rogers, Arkansas

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

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

Stock Symbol
JBHT

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Annual Meeting
The Annual Meeting of Stockholders
will be held at 10:00 a.m., CDT,
on Thursday, April 30, 2009,
at the corporate headquarters of
J.B. Hunt Transport Services, Inc.,
Lowell, Arkansas, located on
Interstate 540 at the Lowell Exit 78.

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