2000

Annual Report

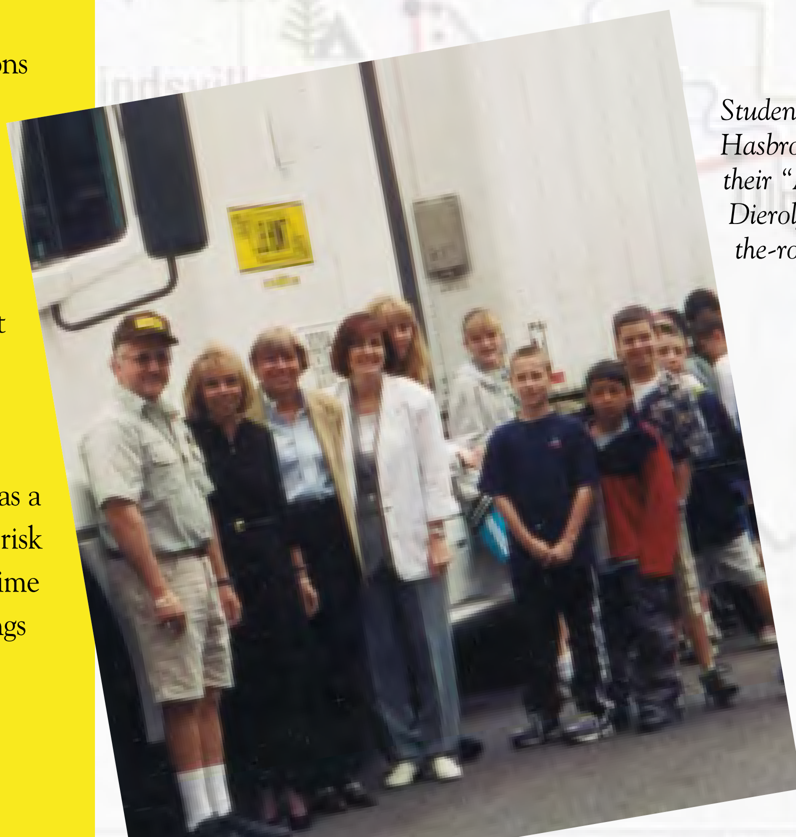
Letter to Shareholders

Transplace.com

Twin Drivers Reach Three Million Miles

Kids Safety Drawing Contest

This report contains statements that may be considered as forward-looking or predictions concerning future operations. Such statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management's belief or interpretation of information currently available. Shareholders and prospective investors are cautioned that actual results and experience may differ materially from the forward-looking statements as a result of many factors. Among all the factors and events that are not within the Company's control and could have a material impact on future operating results are general economic conditions, cost and availability of diesel fuel, adverse weather conditions and competitive rate fluctuations and availability of drivers. Current and future changes in fuel prices could result in significant fluctuations of quarterly earnings. Financial and operating results of the Company may fluctuate as a result of these and other risk factors as detailed from time to time in Company filings with the Securities and Exchange Commission.



Students from Lincoln School, Hasbrouck Heights, N.J. welcome their "Adopted Driver" Bruce Dierolf, an East Brunswick over-the-road driver.

Letter to Shareholders

Kirk Thompson
Wayne Garrison

The new millennium ushered in major challenges for the transportation industry. As a result, it was a year marred by increasing trucking business failures and decreasing profits. In spite of this unusually tough operating environment, J.B. Hunt Transport Services was able to post improved earnings and financial results. Certainly our profitability fell short of both our expectations and acceptable returns, but we are encouraged by the level of progress we achieved under extremely adverse conditions.

The 21st Century began with oil prices setting ten-year highs. The run-up in diesel fuel prices which began in the second half of 1999 zoomed to new heights in the first quarter of 2000, topping out 54 percent higher than the first quarter of 1999 and costing the company 17 cents per share of earnings net of fuel surcharges in the first quarter alone. The volatile fuel prices abated slightly in the second quarter, only to set new highs in the second half of the year. Intense effort was expended in educating our customers to the severe penalty we were incurring for high fuel prices, and better fuel surcharges were negotiated beyond the first quarter.

In addition to extremely high fuel prices, the transportation industry is facing a number of other cost pressures. With the decline of the U.S. stock market, insurance companies have begun to stress profitability from underwriting activities as opposed to relying on lucrative gains from investments. As a result, most carriers are faced with soaring insurance premiums. Increases of 25 to 100 percent are being reported as commonplace.

J.B. Hunt has been primarily self-insured for the better part of a decade, and therefore does not rely on low-deductible insurance for the major part of its risk management. Contributing to our industry-leading low cost of insurance and claims is our dedication to safety. Safe, experienced drivers are a key to our significant improvement in safety over the past several years. The Company experienced its best year in history in 2000 in reducing serious accidents and injury. With the cost of insurance and claims rising substantially, our industry-leading compensation and time-off programs are important in keeping our trucks seated with the highest quality, most professionally conscientious drivers available. While we were unable to reach the optimal number of drivers to attain an acceptable level of utilization of our assets for most of the year, steady improvement throughout the year found us in the best position we have ever experienced by year's end. In fact, the Company has been forced to implement a hiring cap early in 2001. We continue to believe, now more than ever, that he who has the best drivers wins.

Higher interest rates, a slowing economy that plagued the year almost from the start, and plunging used-truck values have added additional hardship to the industry. Carriers unable to trade in their equipment or use it effectively, facing values below book and finding financing drying up, have begun to disappear at alarming rates. With manufacturers reporting steep drops in new equipment orders and predictions for an even worsening used-truck market combined with unusually high costs in the other areas mentioned, conditions appear ripe for a massive correction in the supply of capacity to the freight market. The Company is unable to predict the precise timing of when demand will exceed the available capacity, but anticipates growing truckload scarcity later in 2001. Additionally, the Company also expects rising freight rates to reflect the demand/supply imbalance and return some of the onerous cost increases that have hampered the industry for the last several years. Very simply, freight rates have not kept pace with a burgeoning economy and higher operating costs. Unfortunately, the result is a number of weak providers in a very necessary, fundamental segment of our economy. Adequate margins and return on invested capital must be restored in order to support the needs of the shipping public.

The Company's focus is on improving the margins in the Truck segment of our business while maintaining profitable growth in the Dedicated Contract Services and Intermodal segments. Focus is a virtue that has served us well in the past. Paring down our service

Letter to Shareholders

(continued)

offerings to three and separating the Truck and Intermodal segments have allowed us to perform micro-diagnostics on each unit and prescribe the necessary actions to improve results. Applying the "cure" is our sole objective for 2001. No growth in capacity is planned for the Truck segment until margins reflect the risk inherent in operating this random over-the-road business. The Company will continue to add capacity, as is profitably required, for Dedicated operations and will seek opportunities for profitable expansion of our Intermodal business.

Finally, a word about our Transplace.com alliance. The Company, along with five other truckload carriers, merged our non-asset based logistics businesses together to create a world-class, Internet-based, global transportation logistics company. The combination was completed on July 1, 2000. As the dot-com world continues to sort itself out, those companies that add value to supply chain delivery systems with real customers, real business and real assets that can execute the strategies engineered with and by the best transportation logistics professionals will excel in the marketplace. Transplace.com, which meets and exceeds those criteria, has positioned itself, backed by the substantial assets and commitment of six of the nation's leading carriers, to be successful. We expect this bold, innovative initiative to be THE watershed event in the new world order of logistics services.

In conclusion, while the environment has been extremely unkind to transportation providers, and while we are dissatisfied with our overall performance and financial results for the year, we are encouraged and confident that the progress we have demonstrated is real and sustainable. We seek to build on that improvement and return J.B. Hunt to respectable margins and returns on your investment. Your patience is appreciated.

Financial Highlights

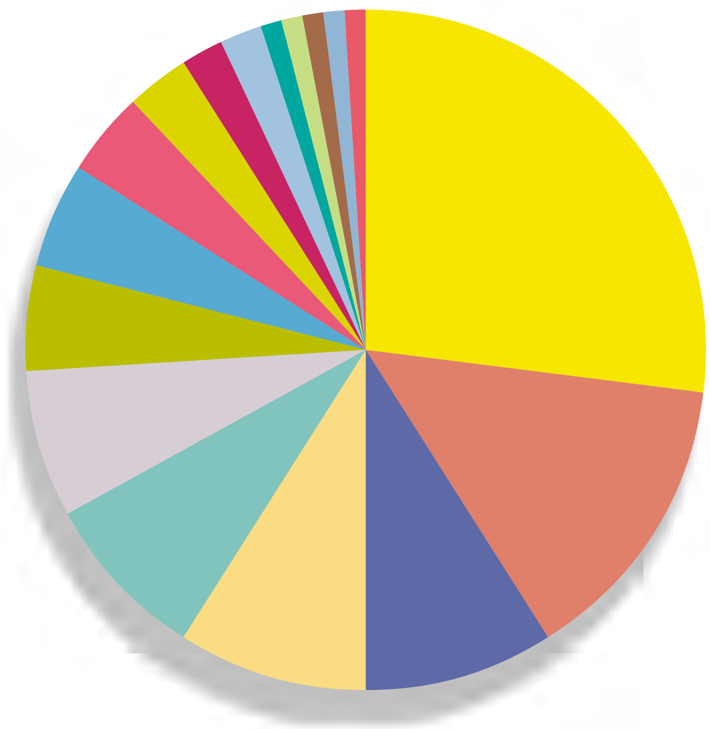
(Dollars in thousands, except per share amounts)

Years ended December 31	**1996**	**1997**	**1998**	**1999**	**2000**
For the Year					
Revenue	$1,486,748	$1,554,292	$1,841,628	$2,045,073	$2,160,447*
Operating income	60,187	42,104	101,538	74,289	63,411
Net earnings	22,115	11,366	46,837	31,909	36,075
Net capital expenditures	127,117	89,949	264,897	10,302	101,395
Per Diluted Share Data					
Net earnings	$0.58	$0.31	$1.28	$0.89	$1.02
Market price range	22.13-13.75	19.25-13.38	38.88-12.31	26.25-11.88	10.50-17.50
Market price at year-end	14.00	18.75	23.00	13.84	16.81
Book value	9.60	9.48	10.55	11.26	12.15
Cash dividend	.20	.20	.20	.20	.05
At Year-End					
Total tractors	7,750	7,508	8,906	9,460	10,649
Containers and trailers	27,773	30,391	35,366	39,465	44,307
Employees	11,575	11,782	14,250	14,697	15,983
Total assets	$1,043,439	$1,021,919	$1,171,479	$1,127,464	$1,231,921
Stockholders' equity	357,255	337,964	375,657	401,386	428,003

* Logistics business contributed to Transplace.com effective July 1, 2000

Percent of Revenue

Percent of Revenue 2000



General Merchandisers	27%
Forest & Paper Products	14%
Specialty Retailers	9%
Motor Vehicles & Parts	9%
Soaps, Cosmetics	8%
Food	7%
Beverages	5%
Miscellaneous	5%
Trucking	4%
Rubber & Plastic Products	3%
Wholesalers	2%
Building Materials, Glass	2%
Electronics, Electrical Equip.	1%
Pharmaceuticals	1%
Metal Products	1%
Chemicals	1%
Metals	1%

Number of Tractors Operated

Number of Tractors Operated*

* Tractors owned/leased at year end (December 31)

Transplace.com

Six of the nation's largest truckload carriers form new entity.

In January 1992, J.B. Hunt Logistics was created as a logistics management service company in response to customer interest and industry trends in third-party logistics and outsourcing. Over time, J.B. Hunt Logistics evolved into a system that provided customers with solutions for complex logistics problems utilizing pioneering modeling techniques and algorithms. While their developments in technology and their experienced personnel progressively positioned J.B. Hunt Logistics as an industry leader, a larger vision was emerging. This vision developed into the building of a large-scale network of unsurpassed capacity and freight volume and synchronizing it with one of the most advanced e-business logistics and optimization platforms ever conceived. In April 2000, J.B. Hunt Logistics combined with the existing transportation logistics business units of six of the largest publicly held truckload companies to become Transplace.com., LLC. (Transplace.com).

Transplace.com, led by Chief Executive Officer Dr. Jun-Sheng Li, opened with over 5,000 partner carriers providing capacity in multiple modes of transportation for more than 1.2 million annual shipments. Their mission: "To leverage their large-scale network and logistics technologies to optimize freight and assets while driving down network costs, improving service system-wide and marshalling and deploying committed capacity where and when it is most needed." Transplace.com will become "The Supermarket for Transportation Solutions," providing a full spectrum of global transportation services, including: carrier management, freight exchange, total logistics management, web hosting and fleet services. Transplace.com differentiates itself from other logistics competitors via technology, experience and an established, trusted market presence.

So what new opportunities does Transplace.com present for J.B. Hunt? As Transplace.com evolves and develops, it continues to afford J.B. Hunt the opportunity to provide extended services to our customers and therefore support our abilities to more perfectly meet their needs and expectations. Our customers will realize an integrated supply-chain analysis, design, and operational effort that combines the asset and operational strengths of the most innovative truckload service provider in the marketplace with the most advanced web-based logistics technology available. While Transplace.com remains an effective means of broadening our service offerings and market coverage, its network efficiencies also provide us opportunities to minimize our empty-mile costs and increase our utilization. As Transplace.com continues to integrate its systems and expand its business development efforts, its freight network is also increasing, which provides J.B. Hunt another channel to aggressively pursue our cost-reduction and productivity goals. The Transplace.com network will also assist both the truckload and the dedicated divisions as we create more driver-friendly routes and increase our load ratios.

In addition to the internal growth and efficiency prospects already mentioned, J.B. Hunt's 27 percent ownership stake in Transplace.com provides an innovative opportunity to increase our operational efficiency. Transplace.com has our complete support in its business integration and development efforts. As J.B. Hunt Logistics did in the past, Transplace.com continues to bring new and exciting opportunities to our customers and J.B. Hunt, while we continue concentrating on our truckload, intermodal and dedicated business.

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, 2000

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
(ZIP CODE)

Registrant's telephone number, including area code:
(501) 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, $.01 Par Value

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTIONS 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 THE FILING REQUIREMENTS FOR AT LEAST THE PAST 90 DAYS.

YES __X__ NO _____

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K (SECTION 229.405 OF THIS CHAPTER) IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF 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. [ ]

THE AGGREGATE MARKET VALUE OF 15,215,986 SHARES OF THE REGISTRANT'S $.01 PAR VALUE COMMON STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT AS OF FEBRUARY 28, 2001 WAS $240,564,739 (BASED UPON $15.81 PER SHARE BEING THE CLOSING SALE PRICE ON THAT DATE, AS REPORTED BY NASDAQ). IN MAKING THIS CALCULATION, THE ISSUER HAS ASSUMED, WITHOUT ADMITTING FOR ANY PURPOSE, THAT ALL EXECUTIVE OFFICERS AND DIRECTORS OF THE REGISTRANT, AND NO OTHER PERSONS, ARE AFFILIATES.

THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE REGISTRANT'S CLASSES OF COMMON STOCK, AS OF FEBRUARY 28, 2001: 35,280,616.

DOCUMENTS INCORPORATED BY REFERENCE

CERTAIN PORTIONS OF THE NOTICE AND PROXY STATEMENT FOR THE ANNUAL MEETING OF THE STOCKHOLDERS TO BE HELD APRIL 26, 2001 PART II.

PART I

ITEM 1. BUSINESS

GENERAL

J.B. Hunt Transport Services, Inc., together with its wholly-owned subsidiaries ("JBHT" or the "Company"), is a diversified transportation services company operating under the jurisdiction of the U.S. Department of Transportation (DOT) and various state regulatory agencies. JBHT is an Arkansas holding company incorporated on August 10, 1961. Through its subsidiaries and associated companies, JBHT provides a wide range of logistics and transportation services to a diverse group of customers. The Company directly manages or provides tailored, technology-driven solutions to a growing list of Fortune 500 companies. These customers may request specifically targeted transportation service or outsource their entire transportation function to JBHT, or an associated company. The Company also directly transports full-load containerizable freight throughout the continental United States and portions of Canada and Mexico. Transportation services may utilize JBHT equipment and employees, or may employ equipment and services provided by associated or unrelated third parties in the transportation industry. The Company currently operates four distinct operating segments: dry-van truck only ("JBT"), intermodal ("JBI"), dedicated contract services ("DCS") and logistics business segments. Effective July 1, 2000, the Company, along with five other large, publicly-held transportation companies, contributed its logistics business to a new, commonly owned company, Transplace.com, LLC.

JBT

Primary transportation service offerings classified in this segment include full truck-load, dry-van, freight which is typically transported utilizing company-owned revenue equipment. Freight is picked up at the dock or specified location of the shipper and transported directly to the location of the consignee. The load may be transported entirely by company-owned and controlled power equipment or a portion of the movement may be handled by a third-party motor carrier. Typically, the charges for the entire movement are billed to the customer by the Company and the Company, in turn, pays the third-party for their portion of the transportation services provided. JBT operates utilizing certain Canadian authorities which were initially granted in 1988 and may transport freight to and from all points in the continental United States to Quebec, British Columbia and Ontario. The Company has authorization to operate directly in all the Canadian provinces, but to date has served limited points in Canada, primarily through interchange operations with Canadian motor carriers. The Company operated its JBT and JBI segments in combined fashion in periods prior to January 1, 2000. This combined operation was reported as Van/Intermodal ("Van") in prior periods. At December 31, 2000, the JBT segment operated approximately 5,850 tractors, 18,120 trailers and employed 8,462 people, 6,789 of which were drivers. JBT gross revenue was $834 million in 2000, an increase of 9% over 1999.

JBI

Transportation service offerings of the JBI segment utilize agreements with various railroads to provide proven intermodal freight solutions to JBI customers in all major lanes of commerce in the United States, Canada, and Mexico. The Company differentiates itself from others through its premium service network, as well as, coordinated door to door service on company-owned and controlled assets. The Company established its first intermodal agreement with the Santa Fe Railway in 1989. Through growth of this transportation segment and additions, deletions, and mergers of rail carriers, the Company now has agreements with seven North American rail carriers: BNSF, Norfolk Southern, CSX, Kansas City Southern, Union Pacific, Canadian National, and Florida East Coast railroads. Typically, freight is picked up at the dock or specified location of the shipper and transported to the rail carrier for loading on to rail cars. Upon completion of the rail routing, the freight is picked up at the rail carrier's ramp and transported to the consignee. These originating and destination drays may be transported entirely by company-owned and controlled power equipment or may be handled by a third-party motor carrier. It is the Company's customary business practice that all charges for the entire movement are billed to the customer by the Company and the Company, in turn, pays the rail carrier and third-party motor carrier for their portion of the transportation services provided. In 1993, rail operations were expanded to utilize high-cube containers which can be separated from the chassis and double-stacked on rail cars to provide improved productivity. This concept is know as container-on-flatcar (COFC). The agreements the Company has with its rail carriers allow for the majority of JBI business carried under these rail agreements to receive priority space on trains and preferential loading and unloading at rail facilities. At December 31, 2000, the JBI segment operated approximately 910 tractors, 21,930 containers and employed 1,705 people, 1,410 of which were drivers. JBI gross revenue was $681 million in 2000, an increase of 5% over 1999.

DCS

Since 1992, JBHT has offered dedicated contract carriage as a service option. DCS segment operations specialize in the design, development, and execution of supply chain solutions. Capitalizing on advanced systems and technologies, DCS offers engineered transportation solutions that support private fleet conversion, dedicated fleet creation, and transportation system augmentation. DCS operations typically provide customized services that are governed by long-term contracts and currently include dry van, flatbed, and temperature-controlled operations. Near 100% on-time service is standard with efficient routes executed to design specifications.

DCS operations focus on driving out cost and enhancing customer value through leveraging the JBHT freight network for backhaul infusion. Network freight may be used to reposition equipment near outbound domiciles, thereby reducing inefficient empty miles and system cost. DCS also frequently finds synergy in shared resources with the JBT and JBI segments including terminals, maintenance shops, bulk fuel locations, and trailer pools providing further economies of scale. In the year 2000, DCS reported gross revenues of $479 million, a 49% increase over 1999 and a 50% compound annual growth rate since 1998. Increased utilization and productivity drove top-line revenue growth as the number of tractors increased 43% to 3,890 in 2000. Total DCS employees were 4,746 at December 31, 2000, 4,083 of which were drivers.

LOGISTICS

The Company formally began offering logistics transportation services in 1992 through a wholly-owned subsidiary, J.B. Hunt Logistics (JBL). JBL services frequently included an arrangement whereby a shipper might outsource a substantial portion of its entire distribution and transportation process to one organization. The JBL segment business included a wide range of comprehensive transportation and management services including experienced professional managers, information and optimization technology, and the actual design or redesign of system solutions. A new JBL customer or service arrangement may have required a significant amount of up-front analysis and design time, while alternatives were considered and custom systems and software were developed. Effective July 1, 2000, the Company contributed substantially all of its JBL segment business, all related intangible assets and $5 million of cash to a newly-formed, commonly-owned company, Transplace.com, LLC ("TPC").

TPC is an Internet-based global transportation logistics company. The initial members include the Company, along with five other large, publicly-held transportation companies: Covenant Transport, Inc.; M.S. Carriers, Inc.; Swift Transportation Co., Inc.; U.S. Xpress Enterprises, Inc., and Werner Enterprises, Inc. The Company presently has an approximate 27% membership interest in TPC and, accordingly, utilizes the equity method of accounting. The financial results of TPC since inception, are included on a one-line, non-operating item included on the Consolidated Statements of Earnings entitled "equity in earnings of associated companies." Equity in earnings from TPC totaled $440,000 in 2000.

ASSOCIATED COMPANY – MEXICO

The Company has provided transportation services to and from Mexico since 1989. These services frequently involve equipment interchange operations with various Mexican motor carriers. A joint venture agreement with Transportacion Maritima Mexicana, one of the largest transportation companies in Mexico, was signed in 1992. The joint venture, Comercializadora Internacional de Carga, St. de CV and its subsidiaries, originate and complete northbound and southbound international truck movements between the U.S. and Mexico. The joint venture also provides Mexican domestic irregular route truck service, refrigerated freight services, Mexican dedicated contract business and short-haul drayage to and from the Mexican maritime ports and rail heads. The Company's share of its Mexican joint venture operating results are included on a one-line, non-operating item on the Consolidated Statements of Earnings entitled "equity in earnings of associated companies." Equity in earnings from the Company's Mexican joint venture totaled $4.3 million in 2000 and $3.1 million in 1999.

OTHER

The Company announced a decision in late 1999, to separate the operation of the Van business into truck (JBT) and intermodal (JBI) segments. In late 2000, a decision was made to supplement Company owned tractors with independent contractors (I/C's). An I/C is a driver who personally owns one or more tractors and agrees to lease that equipment to the Company. These arrangements typically call for the I/C to transport freight offered by the Company utilizing a tractor owned by the I/C, in trailers owned or controlled by the Company. This new program was initiated by the JBT segment in December of 2000. At December 31, 2000, 16 I/C's were leasing tractors to the Company.

MARKETING AND OPERATIONS

JBHT transports a wide range of products including automotive parts, department store merchandise, paper and wood products, food and beverages, plastics, chemicals and manufacturing materials and supplies. The Company's primary customers include many of the "Fortune 500" companies, but no single customer accounted for more than 12% of revenues during 2000. A broad geographic dispersion and a good balance in the type of freight transported allows JBHT some protection from major seasonal fluctuations. However, consistent with the truckload industry in general, freight is typically stronger during the second half of the year, with peak volume occurring in August through mid November. Revenue and earnings are also affected by bad weather, holidays, fuel prices and railroad service levels.

The Company generally markets all of its service offerings through a nationwide marketing network. All transportation services offered are typically billed directly to the customer by JBHT and all inquiries, claims and other customer contacts are handled by the Company. Certain marketing, sales, engineering and design functions are assigned to each operating segment. However, marketing strategy, pricing and national account service coordination is managed at the corporate level.

PERSONNEL

At December 31, 2000, JBHT employed approximately 15,980 people, including 12,280 drivers. Historically the truckload transportation industry and the Company have experienced shortages of qualified drivers. In addition, driver turnover rates for truckload motor carriers frequently exceed 100%. In September of 1996, JBHT announced a new compensation program for the approximate 3,500 over-the-road JBT drivers. This comprehensive package, which was effective in February of 1997, included an average 33% increase in wages for this group of employees. This program was designed to attract and retain a professional and experienced work force capable of delivering a high level of customer service. As anticipated, this increase in driver wages and benefits was partially offset by lower driver recruiting and training expense, reduced accident costs and better equipment utilization. The average driver turnover in the JBT segment business was approximately 66% during 2000. Drivers are typically compensated on a rate-per-mile basis, a rate-per-week basis or a combination of factors. JBHT also employed approximately 2,970 office personnel and 730 mechanics at December 31, 2000. No employees are represented by collective bargaining agreements and management believes that its relationship with its employees is excellent.

REVENUE EQUIPMENT

At December 31, 2000, JBHT owned or leased approximately 10,650 tractors and operated 22,380 trailers and 21,930 containers. JBHT believes that modern, late-model, clean equipment differentiates quality customer service, increases equipment utilization and reduces maintenance costs and downtime. The Company generally operates with newer revenue equipment in the JBT segment, with the age of tractors and trailers approximating two years and four years, respectively, at December 31, 2000. Slightly older equipment and tractors designed for local and regional operations are typically utilized in the JBI segment. Specially designed high-cube containers which can be separated from the chassis and double-stacked on rail cars are also operated by JBI. The average age of JBI tractors and containers at December 31, 2000 was approximately three years and five years, respectively. The composition of the dedicated contract fleet varies with specific customer service requirements. All JBHT revenue equipment is maintained in accordance with a specific maintenance program primarily based on age and miles traveled.

COMPETITION

JBHT is one of the largest publicly held truckload carriers in the United States. It competes primarily with other irregular route, truckload common carriers. Less-than-truckload common carriers and private carriers generally provide limited competition for truckload carriers. JBHT and its associated companies are one of a few carriers offering nationwide logistics management and dedicated revenue equipment services. Although a number of carriers may provide competition on a regional basis, only a limited number of companies represent competition in all markets. The extensive rail network developed in conjunction with the various railroads also allows the Company the opportunity to differentiate its services in the marketplace.

REGULATION

The Company's operations as a for-hire carrier are subject to regulation by the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) and by various Canadian provinces. Entry controlled barriers have largely been removed as a result of federal deregulation statutes such as the Interstate Commerce Commission Termination Act of 1995 (ICCTA). The FMCSA continues to enforce safety regulations and has proposed new rules which, if approved in their present form, would limit driver's hours of service. President Bush is considering implementation of provisions of the North America Free Trade Agreement (NAFTA), which may result in increased competition between U.S. and Mexican carriers for truckload services moving between these two countries. The Company believes it has responded effectively to the marketplace changes caused by increased domestic competition and that it can effectively respond to any foreseeable changes in FMCSA regulations or NAFTA implementation.

ITEM 2. PROPERTIES

The Company's corporate headquarters are in Lowell, Arkansas. A 150,000-square-foot building was constructed and occupied in September 1990. The Company also utilizes its former corporate building as general offices. In 1999, a new 20,000 square foot building was constructed and occupied near the corporate headquarters. A portion of this leased facility serves as a backup data center and provide disaster recovery support services. An additional 20,000 square foot building consisting of general office space for Corporate employees was completed and occupied in 2000. This building is located next door to the data center building and is a leased facility.

Principal outside facilities consist primarily of general offices which support operational, safety and maintenance functions. In addition to the principal facilities listed below, the Company leases numerous small offices and trailer parking yards in various locations throughout the county to support customer trailing equipment pool commitments.

A summary of the Company's principal facilities follows:

Location	Acreage	Maintenance Shop (square feet)	Office Space (square feet)
Atlanta, Georgia	30	29,800	10,400
Chicago, Illinois	27	50,000	14,000
Dallas, Texas	14	24,000	7,800
Detroit, Michigan	27	44,300	10,800
East Brunswick, New Jersey	20	20,000	7,800
Houston, Texas	13	24,700	7,200
Kansas City, Missouri	10	31,000	6,700
Little Rock, Arkansas	24	29,200	7,200
Louisville, Kentucky	14	40,000	10,000
Lowell, Arkansas (corporate headquarters)	25	—	150,000
Lowell, Arkansas	40	50,200	14,000
Lowell, Arkansas (office and data center)	2	—	20,000
Memphis, Tennessee	10	26,700	8,000
Phoenix, Arizona	14	10,000	5,300
San Bernardino, California	8	14,000	4.000
South Gate, California	12	12,000	5,500
Syracuse, New York	13	19,000	8,000

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in certain 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, management believes the resolution of claims and pending litigation will not have a material adverse effect on the financial condition or results of operations of the Company.

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

No matters were submitted during the fourth quarter of 2000 to a vote of security holders.

EXECUTIVE OFFICERS OF THE COMPANY

Information with respect to the executive officers of the Company is set forth below:

Name	Age	Position with Company	Executive Officer Since
J.B. Hunt	74	Senior Chairman of the Board; Director	1961
Wayne Garrison	48	Chairman of the Board; Director	1979
Johnelle Hunt	69	Secretary; Director	1972
Kirk Thompson	47	President and Chief Executive Officer; Director	1984
Paul R. Bergant	54	Executive Vice President, Marketing and Chief Marketing Officer	1985
Bob D. Ralston	54	Executive Vice President, Equipment and Properties	1989
Jerry W. Walton	54	Executive Vice President, Finance and Administration and Chief Financial Officer	1991
Craig Harper	43	Executive Vice President, Operations and Chief Operations Officer	1997
Jun-Sheng Li (1)	42	President, J.B. Hunt Logistics and Executive Vice President, Integrated Solutions	1998
John N. Roberts III (2)	36	President, Dedicated Contract Services and Executive Vice President, Enterprise Solutions	1997
Kay J. Palmer (3)	37	Chief Information Officer	1999

(1) Dr. Li joined the Company in 1994 as Senior Vice President of J.B. Hunt Logistics. In June of 1995, he was named President of J.B. Hunt Logistics and in June of 1998, he was appointed to the additional post of Executive Vice President, Integrated Solutions. In July, 2000, Dr. Li took the position of Chief Executive Officer, President and Chairman of the Board of Transplace.com, LLC, while also remaining an employee of JBHT until December 31, 2000.

(2) Mr. Roberts joined the Company in 1989 as a management trainee. In December of 1990, he became a Regional Marketing Manager. In February of 1996, he was named Vice President, Marketing Strategy and was appointed President, Dedicated Contract Services, in July of 1997. In June of 1998, he was appointed to the additional position of Executive Vice President of Enterprise Solutions.

(3) Ms. Palmer joined the Company in 1988 as a programming specialist. In June of 1989, she was named Director of Application Services. In June of 1995, she was named Vice President of Applications. She became Senior Vice President of Information Services in August of 1998 and named Chief Information Officer in June of 1999.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

PRICE RANGE OF COMMON STOCK

The Company's common stock is traded in the over-the-counter market under the symbol "JBHT." The following table sets forth, for the calendar years indicated, the range of high and low sales prices for the Company's common stock as reported by the National Association of Securities Dealers Automated Quotations National Market System ("NASDAQ").

	2000		1999	
Period	High	Low	High	Low
1st Quarter	$ 16.00	$ 10.50	$ 26.25	$ 18.00
2nd Quarter	17.50	13.13	23.25	14.19
3rd Quarter	16.00	11.50	16.75	11.88
4th Quarter	17.25	10.50	15.00	12.38

On February 28, 2001, the high and low sales prices for the Company's common stock as reported by the NASDAQ were $16.00 and $14.50, respectively. As of February 28, 2001, the Company had 1,563 stockholders of record.

DIVIDEND POLICY

On January 21, 2000, the Board of Directors declared a quarterly dividend of $.05 per share, paid on February 17, 2000 to shareholders of record on February 3, 2000. The Company declared and paid cash dividends of $.20 per share in 1999 and 1998. On February 16, 2000, the Board of Directors announced a decision to discontinue its policy of paying quarterly cash dividends. No dividends have been paid since February of 2000.

ITEM 6. SELECTED FINANCIAL DATA

(Dollars in millions, except per share amounts)

Years Ended December 31	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Operating revenues	$2,160.4	$2,045.1	$1,841.6	$1,554.3	$1,486.7	$1,352.2	$1,207.6	$1,020.9	$912.0	$733.3%
Operating income	63.4	74.3	101.5	42.1	60.2	22.8	84.9	78.6	69.1	59.4
Earnings (loss) before cumulative effect of changes in accounting methods	36.1	31.9	46.8	11.4	22.1	(2.2)	40.4	38.2	36.9	29.5
Basic earnings (loss) per share before cumulative effect of changes in accounting methods	1.02	.90	1.32	.31	.58	(.06)	1.05	1.00	1.03	.85
Cash dividends per share	.05	.20	.20	.20	.20	.20	.20	.20	.20	.19
Total assets	1,231.9	1,127.5	1,171.5	1,021.9	1,043.4	1,016.8	993.7	862.4	715.7	520.1
Long-term debt and lease obligations	300.4	267.6	417.0	322.8	332.6	339.0	299.2	303.5	216.3	156.9
Stockholders' equity	428.0	401.4	375.7	338.0	357.3	356.9	377.9	344.0	308.6	215.8

Diluted earnings per share were $1.02, $.89, $1.28, $.31 and $.58, for the years 2000, 1999, 1998, 1997 and 1996, respectively.

PERCENTAGE OF OPERATING REVENUE

Years Ended December 31	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Operating revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating expenses:										
Salaries, wages and employee benefits	35.6	34.9	34.9	34.4	32.6	33.8	33.5	36.4	38.2	40.0
Rents and purchased transportation	32.1	33.7	33.7	33.1	29.0	26.8	24.1	18.5	12.2	7.0
Fuel and fuel taxes	11.3	8.3	7.5	9.1	10.8	10.6	10.9	12.4	14.2	16.3
Depreciation	6.2	7.3	7.6	8.4	8.9	10.2	10.2	10.1	10.3	10.1
Operating supplies and expenses	6.1	6.2	5.3	5.9	6.2	7.0	6.7	7.1	7.4	8.0
Insurance and claims	1.8	2.0	1.8	2.4	3.9	3.8	3.1	4.0	4.8	4.7
Operating taxes and licenses	1.5	1.3	1.3	1.6	1.9	2.0	2.2	2.8	2.8	3.0
General and administrative expenses	1.3	1.7	1.4	1.3	1.5	1.7	1.2	–	1.2	1.4
Communication and utilities	1.2	1.0	1.0	1.1	1.2	1.1	1.1	1.0	1.3	1.4
Special charges	–	–	–	–	–	1.3	–	–	–	–
Total operating expenses	97.1	96.4	94.5	97.3	96.0	98.3	93.0	92.3	92.4	91.9
Operating income	2.9	3.6	5.5	2.7	4.0	1.7	7.0	7.7	7.6	8.1
Interest expense	(1.1)	(1.4)	(1.6)	(1.6)	(1.6)	(1.8)	(1.6)	(1.4)	(1.2)	(1.5)
Equity in earnings of associated companies	.2	.2	.1	.1	–	(.1)	–	–	–	-
Earnings before income taxes	2.0	2.4	4.0	1.2	2.4	(.2)	5.4	6.3	6.4	6.6
Income taxes	.3	.8	1.5	.5	.9	–	2.1	2.6	2.3	2.6
Cumulative effect of changes in accounting methods	–	–	–	–	–	–	–	–	.2	(.2)
Net earnings (loss)	1.7%	1.6%	2.5%	.7%	1.5%	(.2%)	3.3%	3.7%	4.3%	3.8%

The following table sets forth certain operating data of the Company.

Years Ended December 31	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Total loads	2,696,658	2,769,834	2,243,856	1,802,006	1,605,546	1,361,251	1,187,815	1,081,013	960,031	796,929
Average number of tractors owned/ leased in the fleet during the year	10,055	9,183	8,207	7,629	7,728	7,559	7,094	6,890	6,424	5,286
Tractors owned/leased (at year end)	10,650	9,460	8,906	7,508	7,750	7,706	7,412	6,775	7,004	5,843
Independent contractors (at year end)	16	–	–	–	–	–	–	–	–	–
Trailers/containers (at year end)	44,310	39,465	35,366	30,391	27,773	24,618	22,687	19,089	17,391	12,389
Tractor miles (in thousands)	1,000,127	986,288	922,560	790,018	810,450	772,199	740,626	718,767	733,700	638,926

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

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements of the Company and related footnotes appearing in this annual report.

SUMMARY OF 2000

Financial and operating results for the year 2000 were impacted by a number of significant items. Consolidated operating revenues for 2000 increased 6% over 1999. Excluding the JBL operations, which were contributed to TPC as of July 1, 2000, revenue growth for the remaining segments was approximately 15%. The increase in fuel surcharge revenue associated with higher costs of fuel in the current year accounted for approximately 4% of revenue growth for these remaining segments. Prior to January 1, 2000, the JBT and JBI businesses had been operated and reported together as the Van business segment. Accordingly, 2000 was the first full year that certain JBT and JBI identifiable information was available.

JBT segment revenue, which consists primarily of full truckload, dry-van freight, increased 9%, to $833.8 million in 2000, from $763.2 million, in 1999. Revenue per loaded mile, excluding fuel surcharges, increased 3.4% in 2000. The JBT company owned/leased tractor fleet totaled 5,850 at December 31, 2000. A new initiative to utilize independent contractors, who own their tractors was commenced in late 2000. In addition to its company owned tractors, the JBT segment had operating arrangements with 16 independent contractors at December 31, 2000. The JBT segment incurred an operating loss of $7.1 million in 2000. Since the JBT and JBI segments were operated in combined fashion during 1999, no comparative operating results were available. A portion of the year 2000 JBT operating loss was due to certain costs incurred to separate the JBT and JBI business units.

The JBI segment business, which includes primarily truckload freight transported by rail and certain repositioning truck freight, grew 5%, to $681.1 million in 2000, from $651.6 million in 1999. Intermodal revenue per loaded mile in 2000, exclusive of fuel surcharges, was essentially flat compared with 1999. The JBI tractor fleet totaled 910 at December 31, 2000. The intermodal segment generated operating income of $36.7 million in 2000. A comparable amount for 1999 is not available.

DCS segment business primarily includes services provided with company-owned revenue equipment and employee drivers assigned to specific customers or traffic lanes. During 2000, DCS segment revenue grew 49%, to $478.6 million, from $320.2 million in 1999. A portion of the DCS segment revenue growth was due to transfers of equipment and drivers from the JBT business segment. The DCS tractor fleet totaled 3,890 at December 31, 2000. DCS operating income was $28.4 million in 2000, compared with $24.1 million in 1999. The lower margin on the DCS segment business in 2000 was primarily due to a higher proportionate share of corporate support costs being assigned to the business.

As previously mentioned, the JBL business was contributed to TPC effective July 1, 2000. JBL generated $230 million of revenue and $8.1 million of operating income between January 1, 2000 and June 30, 2000. The Company's share of TPC's results of operations were reported in a one-line, non-operating item on the consolidated statements of earnings and totaled $440,000 in 2000. No gain or loss was recognized upon formation and contribution of JBL segment assets to TPC.

RESULTS OF OPERATIONS

2000 COMPARED WITH 1999

Operating Segments
For Years Ended December 31
(in millions of dollars)

	Gross Revenue 2000	Gross Revenue 1999	% Change	Operating Income 2000	Operating Income 1999
JBT	$ 833.8	$ 763.2	9%	($7.1)	–
JBI	681.1	651.6	5%	36.7	–
Van	1,514.9	1,414.8	7%	29.6	$ 44.4
DCS	478.6	320.2	49%	28.4	24.1
Logistics	230.0*	387.9	(41%)	8.1*	10.5
Other	–	–	–	(2.7)	(4.7)
Subtotal	2,223.5	2,122.9	5%	63.4	74.3
Inter-segment eliminations	(63.1)	(77.8)	–	–	–
Total	$ 2,160.4	$ 2,045.1	6%	$ 63.4	$ 74.3

**As of December 31, 2000, TPC qualifies as a reportable business segment for financial reporting purposes. However, the logistics segment information shown above excludes TPC from its inception in July 2000. TPC is accounted for on the equity method.*

The following table sets forth items in the 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 Revenue		Percentage Change
	2000	1999	2000 vs. 1999
Operating revenues	100.0%	100.0%	5.6%
Operating expenses:			
Salaries, wages and employee benefits	35.6%	34.9%	7.9%
Rents and purchased transportation	32.1	33.7	.8
Fuel and fuel taxes	11.3	8.3	43.3
Depreciation	6.2	7.3	(9.8)
Operating supplies and expenses	6.1	6.2	4.1
Insurance and claims	1.8	2.0	(3.9)
Operating taxes and licenses	1.5	1.3	20.4
General and administrative expenses	1.3	1.7	(17.8)
Communication and utilities	1.2	1.0	15.1
Total operating expenses	97.1	96.4	6.4
Operating income	2.9	3.6	(14.6)
Interest expense	(1.1)	(1.4)	(9.2)
Equity in earnings of associated companies	.2	.2	52.1
Earnings before income taxes	2.0	2.4	(13.5)
Income taxes	.3	.8	(62.9)
Net earnings	1.7%	1.6%	13.1%

OPERATING EXPENSES

Total operating expenses in 2000 increased 6.4% over 1999, while total operating revenues increased 5.6%. Operating expenses expressed as a percentage of operating revenue (operating ratio) were 97.1% in 2000, compared with 96.4% in 1999. These comparisons were impacted by the contribution of the JBL segment business to TPC, effective July 1, 2000. Salaries, wages and employee benefits increased 7.9% during 2000 and rose to 35.6% of revenue in 2000, from 34.9% in 1999. These increases were primarily due to increases in driver compensation and higher costs of medical insurance. The higher level of driver compensation expense in 2000, was due to changes in the mix of drivers and not a pay rate change. Rents and purchased transportation expense increased .8% and declined slightly as a percentage of revenue, reflecting a substantial decrease in purchased transportation, due to the contribution of the JBL segment business, offset by an increase in rent expense for leased revenue equipment as discussed below. Fuel and fuel tax expense increased 43.3% and rose to 11.3% of revenue in 2000, from 8.3% in 1999. Fuel expense was driven by an approximate 35% higher cost per gallon and slightly lower fuel miles per gallon. Fuel surcharges, which were initiated in late 1999, recovered approximately 90% of higher fuel costs during 2000.

Depreciation expense decreased 9.8% and also declined as a percentage of revenue, primarily due to transactions to sell and leaseback certain trailing equipment in 2000 and 1999. These transactions and a decision to rent, rather than buy, additional trailers decreased depreciation expense and increased rents and purchased transportation expenses in 2000. Operating supplies and expenses increased 4.1%, but remained approximately the same percentage of revenue in 2000 and 1999. The 20.4% increase in operating taxes and licenses expense was due to the larger size of the tractor fleet and a higher state base plate cost per tractor in 2000. Communication and utility costs were up 15.1%, primarily due to expanded data and telecommunications networks and higher satellite communication expenses.

Interest expense declined 9.2% in 2000, primarily due to the reduction of average debt balances in 2000 versus 1999, resulting from the sale and leaseback transactions. The equity in earnings of associated companies amounts represent the Company's share of earnings from operations in Mexico and from TPC. Earnings recognized from Mexican operations in 2000 totaled $4.3 million, compared with $3.1 million in 1999. Earnings recognized from TPC were $440,000 in 2000. The effective income tax rates were approximately 15% in 2000 and 35% in 1999. The primary reason for the decrease in the year 2000 effective income tax rate was the benefit of the amortization of the gain on the sale and leaseback transaction, which closed in late 1999.

As a result of the above, net earnings for 2000 were $36.1 million, or diluted earnings per share of $1.02, compared with $31.9 million in 1999, or $.89 per diluted share. The average number of shares outstanding remained substantially the same in 2000 and in 1999.

SUMMARY OF 1999

The 1999 financial and operating results were impacted by a number of significant items during the year. Van (JBT and JBI combined) revenue growth was limited to 3%, partly due to rail service delays which occurred during the second and third quarters of 1999. JBT loads increased about 6%, while JBI load count declined approximately 3% during 1999. Tractor count in the Van segment was essentially flat for the year. JBT revenue per loaded mile, before fuel surcharges, was up approximately 1%, while JBI rates declined about 1%. Van revenue growth increased slightly during the fourth quarter of 1999 due to fuel surcharges which were initiated as fuel costs began to rise significantly. Operating income in the Van segment was reduced, in part, by higher revenue equipment maintenance and tire costs, and significant increases in the cost of fuel. In addition, an initiative to separate the JBT and JBI businesses resulted in higher third party dray expense during the latter part of 1999.

DCS segment revenue grew 51% to $320.2 million in 1999 from $211.9 million in 1998. This increase in DCS revenue was driven by new customer contracts and projects and fleet additions to existing contracts. The higher level of DCS operating income during 1999 was primarily due to the growth of segment revenue. Margins in the DCS business declined slightly during 1999, partly due to higher fuel costs and higher driver wage expense. The 22% increase in JBL segment revenue during 1999 was consistent with the prior year. This growth reflected new logistics agreements with new customers and growth of business volumes with existing customers. The increase in 1999 JBL operating income was primarily related to higher revenue levels with some lower purchased transportation costs providing for slightly better margins on some business.

The operating losses classified as “other” in 1999 and 1998 were primarily a result of corporate administrative expenses which were not allocated to the business segments.

RESULTS OF OPERATIONS

1999 COMPARED WITH 1998

Operating Segments
For Years Ended December 31
(in millions of dollars)

	Gross Revenue			Operating Income	
	1999	1998	% Change	1999	1998
JBT	$ 763.2	$ 733.6	4%	–	–
JBI	651.6	644.8	1%	–	–
Van	1,414.8	1,378.4	3%	44.4	$ 81.1
DCS	320.2	211.9	51%	24.1	17.0
JBL	387.9	317.3	22%	10.5	7.5
Other	–	8.0	–	(4.7)	(4.1)
Subtotal	2,122.9	1,915.6	11%	74.3	101.5
Inter-segment eliminations	(77.8)	(74.0)	–	–	–
Total	$ 2,045.1	$ 1,841.6	11%	$ 74.3	$ 101.5

The following table sets forth items in the 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 Revenue		Percentage Change
	1999	1998	1999 vs. 1998
Operating revenues	100.0%	100.0%	11.0%
Operating expenses:			
Salaries, wages and employee benefits	34.9%	34.9%	11.0%
Rents and purchased transportation	33.7	33.7	11.2
Fuel and fuel taxes	8.3	7.5	23.2
Depreciation	7.3	7.6	6.1
Operating supplies and expenses	6.2	5.3	29.2
Insurance and claims	2.0	1.8	24.1
Operating taxes and licenses	1.3	1.3	12.9
General and administrative expenses	1.7	1.4	33.1
Communication and utilities	1.0	1.0	10.8
Total operating expenses	96.4	94.5	13.3
Operating income	3.6	5.5	(26.8)
Interest expense	(1.4)	(1.6)	(1.2)
Equity in earnings of associated companies	.2	.1	108.6
Earnings before income taxes	2.4	4.0	(34.0)
Income taxes	.8	1.5	(37.6)
Net earnings	1.6%	2.5%	(31.9%)

OPERATING EXPENSES

Total operating expenses in 1999 increased 13.3% over 1998, while total operating revenues increased 11.0%. Operating expenses expressed as a percentage of operating revenues (operating ratio) were 96.4% in 1999, compared with 94.5% in 1998. Salaries, wages and employee benefits increased 11.0% during 1999 and remained exactly the same percentage of operating revenue for 1999 and 1998. Rents and purchased transportation expense increased 11.2% and also maintained a consistent relationship with operating revenues. While fuel costs were below prior year levels during the first quarter of 1999, cost per gallon started to rise during March and April. During the third quarter of 1999, fuel prices averaged nearly $.20 per gallon higher than the comparable period in 1998 and the spread widened to nearly $.30 per gallon by November of 1999. For the year 1999, fuel and fuel taxes increased 23.2% and grew from 7.5% of operating revenue in 1998 to 8.3% in 1999.

Depreciation expense increased 6.1% during 1999, but declined slightly as a percentage of operating revenues. The amount of depreciation expense on revenue equipment increased in relative proportion to the size of the fleet. Depreciation expense in 1999 was reduced, in part, by a sale and immediate leaseback of certain trailing equipment. This transaction closed during the fourth quarter of 1999. Operating supplies and expenses increased 29.2% during 1999 and rose as a percentage of operating revenues. This increase was primarily due to higher revenue equipment maintenance and tire expenditures during 1999.

Insurance and claims expense, which had declined significantly from 1997 to 1998, increased 24.1% in 1999. While the frequency of vehicle collisions declined slightly during 1999, the severity, or cost per collision, rose significantly during 1999. Operating taxes and licenses increased 12.9% during 1999, partly due to the growth of the tractor fleet and increases in licensing fees charged by certain states. General and administrative expenses increased 33.1%, but remained nearly the same percentage of operating revenue for both years. A portion of this increased expense was for rental and maintenance of computer equipment. Communication and utilities increased 10.8%, reflecting expanded data and telecommunications networks and higher satellite communications costs. Interest expense declined slightly and the effective income tax rate declined to 35% in 1999 from 37% in 1998. These decreases were due, in part, to the sale and leaseback transaction described above. The overall impact of this sale and leaseback transaction increased 1999 earnings per share by approximately $.02.

As a result of the above, net earnings for 1999 declined to $31.9 million, or diluted earnings per share of $.89, compared with $46.8 million in 1998, or $1.28 per diluted share. The average number of weighted average shares outstanding (before the effect of dilutive stock options) remained substantially the same for 1999 and 1998. A decrease in weighted average shares assuming dilution resulted from the decreased effect of dilutive stock options caused by a decline in the Company's average price of common stock during 1999.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates significant amounts of cash from operating activities. Net cash provided by operating activities was $125 million in 2000, $136 million in 1999 and $181 million in 1998. The decline in cash flow over the past two years partly reflects the Company's decision to acquire new revenue equipment through operating leases rather than purchase. Other factors impacting cash flow have been increases in prepaid lease and insurance costs in 2000; increases in accounts receivable in 1999 and 1998, a trend which was reversed in 2000, with the contribution of JBL to TPC and improvements in the receivable aging.

Net cash used in investing activities was $100 million in 2000, $19 million in 1999 and $259 million in 1998. The primary use of funds for investing activities was the acquisition of new revenue equipment. The number of new tractors purchased totaled approximately 1,900 in 2000, 2,200 in 1999, 2,900 in 1998. The amount of investment spending to acquire trailing equipment varied significantly during the three year period ended December 31, 2000. The total number of trailing pieces of equipment purchased was approximately 3,600 in 2000, 2,200 in 1999 and 4,700 in 1998. Net cash used for investing activities in 2000 was reduced by the sale and leaseback of approximately $66 million of trailers in September of 2000. Net cash used for investing activities in 1999 was reduced by a sale and immediate leaseback of approximately $175 million of trailing equipment. The Company also elected to rent a significant number of trailers during 2000. As mentioned previously, a $5 million cash investment in TPC was also made in 2000.

Net financing activities consumed approximately $32 million in 2000 and $113 million in 1999, but generated $83 million in 1998. Proceeds from the sale and leaseback of trailing equipment which approximated $66 million in 2000 and $175 million in 1999 were used to reduce commercial paper note balances and long-term debt. The Company sold $100 million of 7.00% senior notes in September of 1998, which mature in September of 2004. Financing activities also included the purchase of treasury stock, which totaled $7.6 million in 2000 and $5.8 million in 1998. Dividends of approximately $1.8 million were paid in 2000 and $7.1 million were paid in both 1999 and 1998. The Company announced in February of 2000, a decision to discontinue paying dividends. In January of 2001, Moody's Investors Service downgraded the ratings of the Company's senior unsecured debt to Baa3 from Baa2 and its commercial paper to Prime-3 from Prime-2.

During 2000, the Company entered into various capital lease agreements to lease revenue equipment with a net book value of approximately $94 million.

SELECTED BALANCE SHEET DATA

As of December 31	2000	1999	1998
Working capital ratio	1.06	1.09	1.09
Current maturities of long-term debt and lease obligations (millions)	$ 101	$ 60	$ 16
Total debt and capitalized lease obligations (millions)	$ 401	$ 328	$ 433
Total debt to equity	.94	.82	1.15
Total debt as a percentage of total capital	.48	.45	.54

The Company is authorized to issue up to $150 million in notes under a commercial paper note program, of which $74 million was outstanding at December 31, 2000.

From time to time the Board of Directors authorizes the repurchase of Company common stock. Purchases of Company stock were:

	2000	1999	1998
Number of shares acquired	500,000	–	225,000
Price range of shares	$ 10.94 - $ 16.13	–	$ 17.50 - $ 28.00

At December 31, 2000, the Company had committed to purchase approximately $90 million of revenue and service equipment net of expected proceeds from sale or trade-in allowances. Additional capital spending for new revenue equipment is anticipated during 2001, however, funding for such expenditures is expected to come from cash generated from operations and existing borrowing facilities. The Company had approximately $75.6 million of unused borrowing capacity under its committed revolving lines of credit.

YEAR 2000

The Company did not experience any material Year 2000 problems or disruptions with internal systems, and has not experienced any material problems or disruptions with customers or suppliers systems.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 establishes new accounting and reporting standards for derivative financial instruments and for hedging activities. SFAS 133 requires an entity to measure all derivatives at fair value and to recognize them in the balance sheet as an asset or liability, depending on the entity's rights or obligations under the applicable derivative contract. The recognition of changes in fair value of a derivative that affect the income statement will depend on the intended use of the derivative. If the derivative does not qualify as a hedging instrument, the gain or loss on the derivative will be recognized currently in earnings. If the derivative qualifies for special hedge accounting, the gain or loss on the derivative will either (1) be recognized in income along with an offsetting adjustment to the basis of the item being hedged or (2) be deferred in other comprehensive income and reclassified to earnings in the same period or periods during which the hedged transaction affects earnings. SFAS 133 was amended by Statement of Financial Accounting Standards No. 138 ("SFAS 138") in June 2000 that amended the accounting and reporting standards of SFAS 133 for certain derivative instruments and certain hedging activities. SFAS 138 also amended SFAS 133 for decisions made by the FASB relating to the Derivatives Implementation Group process. The Company has completed its analysis of Statement 133 and does not expect adoption as of January 1, 2001 to have a material effect on results of operations or financial position.

FORWARD-LOOKING STATEMENTS

This report contains statements that may be considered as forward-looking or predictions concerning future operations. Such statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management's belief or interpretation of information currently available. Shareholders and prospective investors are cautioned that actual results and experience may differ materially from the forward-looking statements as a result of many factors. Among all the factors and events that are not within the Company's control and could have a material impact on future operating results are general economic conditions, cost and availability of diesel fuel, adverse weather conditions and competitive rate fluctuations and availability of drivers. Current and future changes in fuel prices could result in significant fluctuations of quarterly earnings. Financial and operating results of the Company may fluctuate as a result of these and other risk factors as detailed from time to time in Company filings with the Securities and Exchange Commission.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's earnings are affected by changes in short-term interest rates as a result of its issuance of short-term commercial paper. The Company from time to time utilizes interest rate swaps to mitigate the effects of interest rate changes; none were outstanding at December 31, 2000. Risk can be estimated by measuring the impact of a near-term adverse movement of 10% in short-term market interest rates. If short-term market interest rates average 10% more during the next twelve months, there would be no material adverse impact on the Company's results of operations based on variable rate debt outstanding at December 31, 2000. At December 31, 2000, the fair value of the Company's fixed rate long-term obligations approximated carrying value.

Although the Company conducts business in foreign countries, international operations are not material to the Company's consolidated financial position, results of operations or cash flows. Additionally, foreign currency transaction gains and losses were not material to the Company's results of operations for the year ended December 31, 2000. Accordingly, the Company is not currently subject to material foreign currency exchange rate risks from the effects that exchange rate movements of foreign currencies would have on the Company's future costs or on future cash flows it would receive from its foreign investment. To date, the Company has 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

The Board of Directors
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, 2000 and 1999, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of J.B. Hunt Transport Services, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

KPMG LLP

Tulsa, Oklahoma
February 2, 2001

CONSOLIDATED BALANCE SHEETS

December 31, 2000 and 1999
(Dollars in thousands, except per share amounts)

Assets	**2000**	**1999**
Current assets:		
Cash and cash equivalents	$ 5,370	12,606
Trade accounts receivable	225,797	238,573
Inventories	7,233	7,825
Prepaid licenses and permits	17,224	17,380
Other current assets	75,347	18,757
Total current assets	330,971	295,141
Property and equipment, at cost:		
Revenue and service equipment	1,117,689	1,038,056
Land	19,987	20,949
Structures and improvements	76,159	76,517
Furniture and office equipment	120,622	103,872
Total property and equipment	1,334,457	1,239,394
Less accumulated depreciation	489,282	453,509
Net property and equipment	845,175	785,885
Other assets (note 7)	55,775	46,438
	$ 1,231,921	1,127,464

CONSOLIDATED BALANCE SHEETS

December 31, 2000 and 1999
(Dollars in thousands, except per share amounts)

Liabilities and Stockholders' Equity	**2000**	**1999**
Current liabilities:		
Current maturities of long-term debt (note 2)	$ 84,400	60,000
Current installments of obligations under capital leases (note 8)	16,489	–
Trade accounts payable	158,585	180,009
Claims accruals	13,260	788
Accrued payroll	29,148	19,462
Other accrued expenses	10,390	10,371
Deferred income taxes (note 4)	13,002	4,185
Total current liabilities	325,274	274,815
Long-term debt, excluding current maturities (note 2)	222,694	267,639
Obligations under capital leases, excluding current installments (note 8)	77,694	–
Claims accruals	4,974	7,368
Deferred income taxes (note 4)	173,282	176,256
Total liabilities	803,918	726,078
Stockholders' equity (notes 2 and 3):		
Preferred stock, par value $100. Authorized 10,000,000 shares; none outstanding	–	–
Common stock, par value $.01 per share. Authorized 100,000,000 shares; issued 39,009,858 shares	390	390
Additional paid-in capital	107,090	107,172
Retained earnings	385,221	350,928
Accumulated other comprehensive loss	(6,502)	(5,324)
	486,199	453,166
Treasury stock, at cost (3,795,400 shares in 2000 and 3,370,872 shares in 1999)	(58,196)	(51,780)
Total stockholders' equity	428,003	401,386
Commitments and contingencies (notes 2, 3, 4, 5 and 8)		
	$ 1,231,921	1,127,464

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, 2000, 1999 and 1998
(Dollars in thousands, except per share amounts)

	2000	1999	1998
Operating revenues	$ 2,160,447	2,045,073	1,841,628
Operating expenses:			
Salaries, wages and employee benefits (note 5)	769,393	713,378	642,946
Rents and purchased transportation	694,756	689,561	619,902
Fuel and fuel taxes	242,835	169,407	137,561
Depreciation	134,391	148,968	140,355
Operating supplies and expenses	130,947	125,748	97,295
Insurance and claims	38,982	40,555	32,674
Operating taxes and licenses	32,641	27,118	24,029
General and administrative expenses	28,563	34,740	26,091
Communication and utilities	24,528	21,309	19,237
Total operating expenses	2,097,036	1,970,784	1,740,090
Operating income	63,411	74,289	101,538
Interest expense	(25,747)	(28,346)	(28,700)
Equity in earnings of associated companies	4,777	3,141	1,506
Earnings before income taxes	42,441	49,084	74,344
Income taxes (note 4)	6,366	17,175	27,507
Net earnings	$ 36,075	31,909	46,837
Basic earnings per share	$ 1.02	0.90	1.32
Diluted earnings per share	$ 1.02	0.89	1.28

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2000, 1999 and 1998
(Dollars in thousands, except per share amounts)

	Common Stock	Additional Paid-in Capital	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity (Notes 2 and 3)
Balances at December 31, 1997	390	105,682		286,409	(5,621)	(48,896)	337,964
Tax benefit of stock options exercised	–	925		–	–	–	925
Sale of treasury stock to employees	–	382		–	–	2,486	2,868
Forfeiture of restricted stock	–	(4)		–	–	(18)	(22)
Repurchase of treasury stock	–	–		–	–	(5,814)	(5,814)
Cash dividends paid ($.20 per share)	–	–		(7,101)	–	–	(7,101)
Comprehensive income – net earnings	–	–	$ 46,837	46,837	–	–	46,837
Balances at December 31, 1998	390	106,985		326,145	(5,621)	(52,242)	375,657
Sale of subsidiary stock	–	200	–	–	–		200
Tax benefit of stock options exercised	–	55	–	–	–		55
Sale of treasury stock to employees	–	(65)		–	–	477	412
Forfeiture of restricted stock to employees	–	(3)		–	–	(15)	(18)
Cash dividends paid ($.20 per share)	–	–		(7,126)	–	–	(7,126)
Comprehensive income:							
Net earnings	–	–	31,909	31,909	–	–	31,909
Foreign currency translation adjustments	–	–	297	–	297	–	297
Total comprehensive income	–	–	$ 32,206	–	–	–	–
Balances at December 31, 1999	390	107,172		350,928	(5,324)	(51,780)	401,386
Remeasurement of stock options	–	110	–	–	–	–	110
Tax benefit of stock options exercised	–	31	–	–	–	–	31
Sale of treasury stock to employees	–	(223)	–	–	–	1,160	937
Repurchase of treasury stock	–	–	–	–	–	(7,576)	(7,576)
Cash dividends paid ($0.05 per share)	–	–	–	(1,782)	–	–	(1,782)
Comprehensive income:							
Net earnings	–	–	36,075	36,075	–	–	36,075
Foreign currency translation adjustments	–	–	(1,178)	–	(1,178)	–	(1,178)
Total comprehensive income	–	–	$ 34,897	–	–	–	–
Balances at December 31, 2000	$ 390	107,090		385,221	(6,502)	(58,196)	428,003

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2000, 1999 and 1998
(Dollars in thousands)

	2000	1999	1998
Cash flows from operating activities:			
Net earnings	$ 36,075	31,909	46,837
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	134,391	148,968	140,355
(Gain) loss on sale of revenue equipment	(267)	849	(4,051)
Provision for deferred income taxes	5,843	16,146	25,722
Equity in earnings of associated companies	(4,777)	(3,141)	(1,506)
Tax benefit of stock options exercised	31	55	925
Remeasurement of options	110	–	–
Forfeiture of restricted stock	–	(18)	(22)
Amortization of discount, net	55	594	(144)
Changes in operating assets and liabilities:			
Trade accounts receivable	12,776	(54,206)	(15,169)
Other assets	(58,057)	(26,624)	(5,686)
Trade accounts payable	(21,424)	32,042	9,458
Claims accruals	10,078	(5,141)	(24,177)
Accrued payroll and other accrued expenses	9,705	(5,760)	8,820
Net cash provided by operating activities	125,073	135,673	181,362
Cash flows from investing activities:			
Additions to property and equipment	(225,672)	(224,795)	(306,128)
Investment in associated company	(5,000)	–	–
Proceeds from sale of equipment	126,350	214,493	41,231
Decrease (increase) in other assets	4,404	(9,128)	5,858
Net cash used in investing activities	(99,918)	(19,430)	(259,039)
Cash flows from financing activities:			
Net borrowings (repayments) of commercial paper borrowings	$ 39,400	(96,350)	(1,150)
Proceeds from long-term debt	–	–	99,400
Repayments of long-term debt	(60,000)	(10,000)	(5,000)
Principal payments under capital lease obligations	(3,370)	–	–
Proceeds from sale of subsidiary stock	–	200	–
Proceeds from sale of treasury stock	937	412	2,868
Repurchase of treasury stock	(7,576)	–	(5,814)
Dividends paid	(1,782)	(7,126)	(7,101)
Net cash provided by (used in) financing activities	(32,391)	(112,864)	83,203
Net increase (decrease) in cash and cash equivalents	(7,236)	3,379	5,526
Cash and cash equivalents at beginning of year	12,606	9,227	3,701
Cash and cash equivalents at end of year	$ 5,370	12,606	9,227
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 26,138	28,944	26,387
Income taxes	$ 3,654	95	11
Non-cash activities:			
Capital lease obligations for revenue equipment	$ 97,553	–	–
Assets contributed to associated company	$ 2,927	–	–

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) DESCRIPTION OF BUSINESS

J.B. Hunt Transport Services, Inc., together with its wholly-owned subsidiaries ("Company"), is a diversified transportation services company operating under the jurisdiction of the U.S. Department of Transportation and various state regulatory agencies.

The Company has four distinct operating segments: Truck; Intermodal; Logistics; and Dedicated Contract Services. See note 10.

(B) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(C) CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

(D) TIRES IN SERVICE

The Company capitalizes 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.

(E) PROPERTY AND EQUIPMENT

Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives of 5 to 10 years for revenue and service equipment, 10 to 40 years for structures and improvements, and 3 to 10 years for furniture and office equipment.

Property and equipment under capital leases are stated at the present value of minimum lease payments; and amortized over the straight-line method over the shorter of the lease term or estimated useful life of the asset.

(F) REVENUE RECOGNITION

The Company recognizes revenue based on relative transit time in each reporting period with expenses recognized as incurred.

(G) INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit 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 in income in the period that includes the enactment date.

(H) EARNINGS PER SHARE

A reconciliation of the numerator and denominator of basic and diluted earnings per share is shown below (in thousands, except per share amounts):

	Years ended December 31, 2000	1999	1998
Basic earnings per share:			
Numerator (net earnings)	$ 36,075	31,909	46,837
Denominator (weighted average shares outstanding)	35,313	35,628	35,582
Earnings per share	$1.02	.90	1.32
Diluted earnings per share:			
Numerator (net earnings)	$ 36,075	31,909	46,837
Denominator:			
Weighted average shares outstanding	35,313	35,628	35,582
Effect of common stock options	104	174	1,019
	35,417	35,802	36,601
Earnings per share	$ 1.02	.89	1.28

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.

	2000	1999	1998
Number of shares under option	5,394,000	4,318,000	162,000
Range of exercise prices	$ 14.00 - 37.50	$ 17.38 - 37.50	$ 26.00 - 37.50

(I) CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of trade receivables. Concentrations of credit risk with respect to trade receivables are limited due to the Company's large number of customers and the diverse range of industries which they represent. As of December 31, 2000 and 1999, the Company had no significant concentrations of credit risk.

(J) FOREIGN CURRENCY TRANSLATION

Local currencies are generally considered the functional currencies outside the United States. Assets and liabilities are translated at year-end exchange rates for operations in local currency environments. Income and expense items are translated at average rates of exchange prevailing during the year.

Foreign currency translation adjustments, which reflect foreign currency exchange rate changes applicable to the net assets of the Mexican operations have been recorded as a separate item of accumulated other comprehensive loss in stockholders' equity for the years ended December 31, 1999 and 2000. For the year ended December 31, 1998, Mexico was considered a highly inflationary economy as defined by Statement of Financial Accounting Standards ("SFAS") No. 52, Foreign Currency Translation. Accordingly, the more stable currency of the reporting parent (the Company) was used, and the effect of exchange rates resulting in translation adjustments have been recorded as a component of net earnings for the year ended December 31, 1998. As of January 1, 1999, Mexico is no longer considered a highly inflationary economy.

(K) STOCK BASED COMPENSATION

The Company has adopted the disclosure requirements of SFAS No. 123, Accounting for Stock-Based Compensation and, as permitted under SFAS No. 123, applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for compensation costs for its stock option plans. Accordingly, compensation expense is recognized on the date of grant only if the current market price of the underlying common stock at date of grant exceeds the exercise price.

(L) IMPAIRMENT OF LONG-LIVED ASSETS AND LONG-LIVED ASSETS TO BE DISPOSED OF

The Company continually evaluates the carrying value of its 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 exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(M) USE OF ESTIMATES

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(N) COMPREHENSIVE INCOME

Comprehensive income consists of net earnings and foreign currency translation adjustments and is presented in the consolidated statements of stockholders' equity.

(O) RECLASSIFICATIONS

To conform to the 2000 presentation, certain accounts for 1999 and 1998 have been reclassified. The reclassifications had no effect on net earnings and stockholders' equity previously reported.

(2) LONG-TERM DEBT

Long-term debt consists of (in thousands):

	2000	1999
Commercial paper	$ 74,400	35,000
Senior notes payable, due 11/17/00, interest at 6.25% payable semiannually	–	25,000
Senior notes payable, due 12/12/00, interest at 6.00% payable semiannually	–	25,000
Senior notes payable, due 9/1/03, interest at 6.25% payable semiannually	98,260	98,260
Senior notes payable, due 9/15/04, interest at 7.00% payable semiannually	95,000	95,000
Senior subordinated notes, interest at 7.80% payable semiannually	40,000	50,000
	307,660	328,260
Less current maturities	(84,400)	(60,000)
Unamortized discount	(566)	(621)
	$ 222,694	267,639

Under its commercial paper note program, the Company is authorized to issue up to $150 million in notes. These notes are supported by credit agreements, which aggregate $150 million, with a group of banks, which expires December 14, 2001. The effective rate on the commercial note program was 7.28% and 5.32% as of December 31, 2000 and 1999, respectively. The 7.80% senior subordinated notes are payable in five equal annual installments beginning October 30, 2000. Under the terms of the credit agreements, the Company had additional unused borrowing capacity of approximately $75.6 million at December 31, 2000.

Under the terms of the credit agreements and the note agreements, the Company is required to maintain certain financial covenants including leverage tests, minimum tangible net worth levels and other financial ratios. The Company was in compliance with all of the financial covenants at December 31, 2000.

Current maturities of long-term debt at December 31, 2000 consist of commercial paper due in 2001 and the second installment of the 7.80% senior subordinated notes. The aggregate annual maturities of long-term debt for each of the four years ending December 31 are as follows (in thousands): 2001, $84,400; 2002, $10,000; 2003, $108,260; and 2004, $105,000.

(3) CAPITAL STOCK

The Company maintains a Management Incentive Plan ("Plan") that provides various vehicles to compensate key employees with Company common stock or common stock equivalents. Under the original Plan, the Company was authorized to award, in aggregate, not more than 5,000,000 shares. During 1998 and again in 2000, the stockholders of the Company amended the Plan whereby the Company is now authorized to award, in aggregate, not more than 8,500,000 shares. At December 31, 2000 there were approximately 1,935,000 shares available for grant under the Plan. The Company has utilized three such vehicles to award stock or grant options to purchase the Company's common stock: restricted stock awards, restricted options and nonstatutory stock options.

Restricted stock awards are granted to key employees subject to restrictions regarding transferability and assignment. Shares of Company common stock are issued to the key employees and held by the Company until each employee becomes vested in the award. Vesting of the awards generally occurs over a four-year period of time from the award date. Termination of the employee for any reason other than death, disability or certain cases of retirement causes the unvested portion of the award to be forfeited.

The Plan provides that nonstatutory stock options may be granted to key employees for the purchase of Company common stock for 100% of the fair market value of the common stock at the grant date. The options generally vest over a ten-year period and are forfeited if the employee terminates for any reason. The Company amended certain vested options related to employees of its logistics segment, extending the exercise period after termination. This resulted in a remeasurement of these options and accordingly $110,000 was charged to compensation expense in 2000.

Compensation expense (benefit) under the Plan for restricted stock awards is charged to earnings over the vesting period and amounted to approximately $0, ($5,400), and $20,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

A summary of the restricted and nonstatutory options to purchase Company common stock follows:

	Number of Shares	Weighted Average Exercise Price Per Share	Number of Shares Exercisable
Outstanding at December 31, 1997	3,039,925	$ 16.70	274,225
Granted	602,000	18.12	
Exercised	(176,760)	16.66	
Terminated	(115,275)	16.81	
Outstanding at December 31, 1998	3,349,890	16.98	323,390
Granted	471,000	14.03	
Exercised	(26,375)	12.90	
Terminated	(56,950)	16.09	
Outstanding at December 31, 1999	3,737,565	16.65	551,940
Granted	908,250	12.75	
Exercised	(98,100)	13.06	
Terminated	(237,950)	16.15	
Outstanding at December 31, 2000	4,309,765	15.94	831,812

During 1995, the Board of Directors established a nonqualified stock option plan to provide performance based compensation to the Chairman of the Board. The plan allows the Chairman the option to purchase up to 2.5 million shares of the Company's common stock at a price of $17.63 per share. These options vested after five years. Under the original plan the options must be exercised within one year of vesting and all unexercised options will terminate. During 2000, the stockholders of the Company amended the plan whereby the exercise period was extended to be within two years of vesting.

Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, the Company's net earnings would have been reduced to the pro forma amounts indicated below.

		2000	1999	1998
Net earnings (in thousands)	As reported	$ 36,075	31,909	46,837
	Pro forma	30,723	27,391	42,881
Basic earnings per share	As reported	1.02	.90	1.32
	Pro forma	.87	.77	1.21
Diluted earnings per share	As reported	1.02	.89	1.28
	Pro forma	.87	.76	1.17

Pro forma net earnings reflects only options granted since December 31, 1995. Therefore, the full impact of calculating compensation costs for stock options under SFAS No. 123 is not reflected in the pro forma net earnings amounts presented above because compensation cost is reflected over the options' vesting periods of 5 to 10 years and compensation cost for options granted prior to January 1, 1996 is not considered.

The per share weighted-average fair value of stock options granted during 2000, 1999 and 1998 was $9.07, $4.13 and $13.23, respectively, on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions: 2000 – expected dividend yield 0.0%, volatility of 52.4%, risk-free interest rate of 5.2%, and an expected life of 6.6 years; 1999 – expected dividend yield 1.2%, volatility of 51.6%, risk-free interest rate of 6.5%, and an expected life of 7.3 years; 1998 – expected dividend yield .9%, volatility of 65.5%, risk-free interest rate of 4.7%, and an expected life of 7.7 years.

The following table summarizes information about stock options outstanding at December 31, 2000:

	Options outstanding			Options exercisable	
Range of exercise prices	Options outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price per share	Options exercisable	Weighted average exercise price per share
$ 10.63 – 11.37	114,750	7.7	$ 10.67	250	$ 10.88
11.58 – 15.00	1,830,800	6.9	13.13	404,060	13.43
15.01 – 18.75	4,309,040	2.6	17.36	209,340	16.46
18.76 – 22.50	368,000	5.6	20.13	143,225	19.94
22.51 – 26.25	99,675	5.3	23.64	53,525	23.21
26.26 – 30.00	117,000	8.4	28.76	19,400	28.63
30.01 – 37.50	10,000	8.5	37.50	2,000	37.50
$ 10.63 – 37.50	6,809,265	4.1	$ 16.56	831,800	$ 16.35

(4) INCOME TAXES

Total income tax expense for the years ended December 31, 2000, 1999 and 1998 was allocated as follows (in thousands):

	2000	1999	1998
Earnings before income taxes	$ 6,366	17,175	27,507
Stockholders' equity, for tax benefit of stock options exercised	31	55	925
	$ 6,335	17,120	26,582

Refundable income taxes at December 31, 2000 and 1999 were $3,133,000 and $3,000,000, respectively. These amounts have been included in other current assets on the balance sheet.

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

	2000	1999	1998
Current expense:			
Federal	$ 66	662	1,410
State and local	457	367	375
	523	1,029	1,785
Deferred expense (benefit):			
Federal	8,032	18,233	21,354
State and local	(2,189)	(2,087)	4,368
	5,843	16,146	25,722
Total tax expense	$ 6,366	17,175	27,507

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

	2000	1999	1998
Income tax – statutory rate	$ 14,854	17,179	26,020
State tax, net of Federal effect	(1,125)	(869)	3,050
Sale/leaseback benefit	(7,863)	(741)	–
Other, net	500	1,606	(1,563)
Total tax expense	$ 6,366	17,175	27,507

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2000 and 1999 are presented below (in thousands):

	2000	1999
Deferred tax assets:		
Claims accruals, principally due to accrual for financial reporting purposes	$ 7,232	7,261
Tax credit carryforwards	9,105	7,321
Net operating loss carryforwards	37,830	43,395
Accounts receivable, principally due to allowance for doubtful accounts	3,227	3,999
Other	5,101	4,176
Total gross deferred tax assets	62,495	66,152
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation and capitalized interest	182,712	81,298
Prepaid permits and insurance, principally due to expensing for income tax purposes	20,222	12,809
Sale and leaseback transaction	36,144	44,007
Other	9,701	8,479
Total gross deferred tax liabilities	248,779	246,593
Net deferred tax liability	$ 186,284	180,441

The Company believes its history of profitability and taxable income, the reversal of deferred tax liabilities, and its utilization of tax planning sufficiently supports the carrying amount of the deferred tax assets. Accordingly, the Company has not recorded a valuation allowance as all deferred tax benefits are more likely than not to be realized.

At December 31, 2000, the Company had available net operating loss ("NOL") carryforwards of approximately $104,915,000 expiring from the year 2007 to 2017. Additionally, the Company had general business tax credit carryforwards of approximately $4,405,000 expiring from the year 2007 to 2009, and alternative minimum tax credit carryforwards with no expiration of approximately $4,700,000.

(5) EMPLOYEE BENEFIT PLANS

The Company maintains a defined contribution employee retirement plan, which includes a 401(k) option, under which all employees are eligible to participate. The Company matches a specified percentage of employee contributions, subject to certain limitations. For the years ended December 31, 2000, 1999 and 1998, total Company contributions to the plan, including matching 401(k) contributions, were $6,553,000, $7,348,000 and $6,533,000, respectively.

(6) FAIR VALUE OF SIGNIFICANT FINANCIAL INSTRUMENTS

(a) Cash and Cash Equivalents, Accounts Receivable, and Trade Accounts Payable

The carrying amount approximates fair value because of the short maturity of these instruments.

(b) Long-Term Debt

The carrying amount of the commercial paper debt approximates the fair value because of the short maturity of the commercial paper instruments.

The fair value of the fixed rate debt is presented as the present value of future cash flows discounted using the Company's current borrowing rate for notes of comparable maturity. The calculation arrives at a theoretical amount the Company would pay a creditworthy third party to assume its fixed rate obligations and not the termination value of these obligations. Consistent with market practices, such termination values may include various prepayment and termination fees that the Company would contractually be required to pay if it retired the debt early.

The estimated fair values of the Company's financial instruments are summarized as follows (in thousands):

	At December 31, 2000		At December 31, 1999	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Cash and cash equivalents	$ 5,370	5,377	12,606	12,606
Accounts receivable	225,797	225,797	238,573	238,573
Trade accounts payable	150,585	150,585	180,009	180,009
Long-term debt:				
Commercial paper	74,400	74,400	35,000	35,000
Fixed rate obligations	233,260	234,352	293,260	287,754

(7) RELATED PARTY TRANSACTIONS

The Company advances premiums on life insurance policies on the lives of the Company's principal stockholder and his wife. All premiums paid by the Company, along with accrued interest thereon, are reimbursable from a trust which is the owner and beneficiary of the policy. The Company has a guarantee from the stockholder for the amount of premiums paid by the Company together with interest at the rate of 5% per annum until June of 2000. In July of 2000 the Board of Directors approved an adjustment to the interest rate to be the average borrowing rate of the Company for July 2000 which was 7.15%. The amounts reimbursable to the Company amount to approximately $8,002,000 and $7,044,000 at December 31, 2000 and 1999, respectively, and are included in other assets in the accompanying consolidated balance sheets. See also note 9 for disclosure of transactions with an associated company.

(8) COMMITMENTS AND CONTINGENCIES

During 1999, the Company entered into a sale and leaseback transaction for a portion of its container fleet. Containers having a net book value of approximately $175,000,000 were sold to third party leasing companies at approximate net book value. A gain on the transaction has been deferred and will be amortized to income in relation to rent expense recognized under the leases. The containers are being leased back under operating leases over terms of four to ten years. The Company also leases terminal facilities, shuttle yards and computer equipment under operating leases having various terms. Under the terms of certain lease agreements, the Company is required to maintain certain covenants including minimum credit ratings. The Company was in compliance with this requirement at December 31, 2000.

During 2000 the Company entered into various capital lease agreements to lease revenue equipment. These capital leases are secured by revenue equipment with a net book value at December 31, 2000 of approximately $94,000,000 and contain certain guarantees of residual value at the end of the lease terms with fixed price purchase options.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of December 31, 2000 are:

	Capital Leases	Operating Leases
2001	$ 20,239	65,142
2002	20,239	38,414
2003	58,761	22,336
2004	8,310	18,366
2005	–	17,228
Thereafter	–	17,949
Total minimum lease payments	107,549	179,435
Less amount representing interest (at rates ranging from 8.0% to 8.5%)	13,366	
Present value of net minimum capital lease payments	94,183	
Less current installments of obligations under capital leases	16,489	
Obligations under capital leases excluding current installments	$ 77,694	

At December 31, 2000 gross property and equipment and accumulated amortization recorded under capital leases was $97,553,000 and $3,158,000, respectively.

Total rent expense was $87,545,000 in 2000, $39,862,000 in 1999, and $28,692,000 in 1998, respectively.

At December 31, 2000, the Company had committed to purchase approximately $90,000,000 of revenue and service equipment net of expected proceeds from sale or trade-in allowances.

The Company is involved in certain 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, management believes the resolution of claims and pending litigation will not have a material adverse effect on the financial condition or results of operations of the Company.

(9) INVESTMENT IN AFFILIATED COMPANY

In March 2000, the Company, along with five other motor carriers, announced the intent to contribute all of its non-asset based logistics business into a recently formed joint venture, Transplace.com (TPC). TPC is an internet-based global transportation logistics company. TPC commenced operations effective July 1, 2000. The Company contributed all of its logistics segment business and all related intangible assets, plus $5.0 million of cash, in exchange for an approximate 27% initial membership interest in TPC. The Company accounts for its approximate 27% interest in TPC utilizing the equity method of accounting. No gain or loss was recognized upon formation and contribution of logistics segment assets to TPC. The excess of the Company's share of TPC's net assets over its cost basis is being amortized over 20 years on a straight-line method. Equity in earnings of TPC was not significant in 2000.

The Company provided various services to TPC under a shared service agreement, the terms of which expired on December 31, 2000. The services included the following: payroll and benefits; accounting; computer system maintenance; office facilities; and telecommunications. The fees from these services approximated $2,971,000 in 2000 and were recorded in the consolidated statement of earnings as reimbursements of salaries, wages and employee benefits and general and administrative expenses.

At December 31, 2000, the Company had advanced to TPC in the form of a loan $5,600,000. This amount was repaid in full during January 2001.

The Company earned revenues of $43,500,000 from TPC in providing transportation services in the last six months of 2000.

At December 31, 2000, trade accounts receivable includes $1,148,000 due from TPC for freight and fees related to the shared service agreement.

10) SEGMENT INFORMATION

The Company had four reportable business segments during 2000. Segments included Truck (JBT), Intermodal (JBI), Dedicated Contract Services (DCS) and Logistics. JBT business includes full truck-load, dry-van freight which is typically transported utilizing company-owned or controlled revenue equipment. This freight is typically transported over roads and highways and does not move by rail. The JBI segment includes freight which 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. The JBT and JBI business segments were operated in combined fashion (formally reported as Van/Intermodal in prior periods) and limited identifiable comparative information is available for JBT and JBI prior to January 1, 2000. Accordingly, the Company has provided comparable segment information for the year ended December 31, 2000 based on the prior segmentation, which included JBT and JBI as the former segment, "Van/Intermodal".

DCS segment business typically includes company-owned revenue equipment and employee drivers which are assigned to a specific customer, traffic lane or service. DCS operations usually include formal, written long-term agreements or contracts which govern services performed and applicable rates.

Prior to July 1, 2000, the Logistics business segment primarily consisted of J.B. HuntLogistics (JBL) a wholly-owned subsidiary which provided a wide range of comprehensive transportation and freight management services. Such services included experienced professional managers, information and optimization technology and the actual design or redesign of freight system solutions. JBL utilized JBT, JBI or DCS owned or controlled assets and employees, or third-party carriers, or a combination to meet customer service requirements. JBL services typically were provided in accordance with written long-term agreements. As discussed in Note 9, the Company exchanged its ownership in JBL for an initial membership interest in TPC. Effective July 1, 2000, the Company began accounting for its ownership in TPC utilizing the equity method of accounting. As of December 31, 2000, TPC qualifies as a reportable business segment and, accordingly, the Logistics segment information shown below includes both JBL and TPC. Information for TPC included in the following tables is the entity's results of operations without regard to the Company's ownership interest which is then subtracted in reconciling to the consolidated statement of earnings.

The Company's customers are geographically dispersed across the United States and includes many of the "Fortune 500" companies. One customer accounted for approximately 12% of consolidated operating revenues in 2000. No single customer exceeded 10% in 1999 and 1998. A summary of certain segment information is presented below (in millions):

	Assets		
	2000	1999	1998
Truck	$ 871	–	–
Intermodal	128	–	–
Van/Intermodal	999	826	925
Logistics	33	73	43
Dedicated Contract Services	138	95	62
Other (includes corporate and intersegment eliminations)	62	133	141
Total	$ 1,232	1,127	1,171

	Revenues		
	2000	1999	1998
Truck	$ 834	763	734
Intermodal	681	652	645
Van/Intermodal	1,515	1,415	1,379
Logistics	727	388	317
Dedicated Contract Services	479	320	212
Other	–	–	8
Total segment revenues	2,721	2,123	1,916
Inter-segment eliminations	(63)	(78)	(74)
Less revenues of equity method investee	(498)	–	–
Consolidated Statements of earnings amount	$ 2,160	2,045	1,842

	Operating income		
	2000	1999	1998
Truck	$ (7)	–	–
Intermodal	37	–	–
Van/Intermodal	30	44	81
Logistics	9	11	8
Dedicated Contract Services	28	24	17
Other	(3)	(5)	(4)
Total segment operating income	64	74	102
Less operating income of equity method investee	(1)	–	–
Consolidated Statements of earnings amount	$ 63	74	102

	Depreciation expense		
	2000	1999	1998
Truck	$ 65	–	–
Intermodal	23	–	–
Van/Intermodal	88	113	109
Logistics	—	1	1
Dedicated Contract Services	36	26	18
Other	10	9	12
Total	$ 134	149	140

(11) QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Operating results by quarter for the years ended December 31, 2000 and 1999 are as follows (in thousands, except per share data):

	Quarter			
	First	Second	Third	Fourth
2000:				
Operating revenues	$ 533,556	583,500	509,422	533,969
Operating income	$ 9,554	20,347	15,817	17,694
Net earnings	$ 5,013	11,054	9,123	10,885
Basic earnings per share	$ .14	.31	.26	.31
Diluted earnings per share	$ .14	.31	.26	.31
1999:				
Operating revenues	$ 470,244	497,554	523,901	553,374
Operating income	$ 24,174	24,240	14,975	14,041
Net earnings	$ 10,585	10,785	4,958	5,581
Basic earnings per share	$ .30	.30	.14	.16
Diluted earnings per share	$ .29	.30	.14	.16

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No reports on Form 8-K have been filed within the twenty-four months prior to December 31, 2000 involving a change of accountants or disagreements on accounting and financial disclosure.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT

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 26, 2001 set forth under section entitled "Proposal One Election of Directors".

EXECUTIVE OFFICERS

Information with respect to executive officers of the Company is set forth in Item 4 of this Report under the caption "Executive Officers of the Company".

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required for Items 11 and 12 is hereby incorporated by reference from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held on April 26, 2001 set forth under sections entitled "Principal Stockholders of the Company," "Report of the Compensation Committee," "2001 Performance-based Compensation," and "Compensation Committee Interlocks and Insider Participation."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required for Item 13 is hereby incorporated by reference from Note (7) Related Party Transactions and Note (9) Investment in Affiliated Company of the Notes to Consolidated Financial Statements and from the Notice and Proxy Statement for Annual Meeting of Stockholders to be held on April 26, 2001 set forth under the section entitled "Compensation Committee Interlocks and Insider Participation."

PART IV

ITEM 14. EXHIBITS

The following documents are filed as part of this report:

(a) EXHIBITS

The response to this portion of Item 14 is submitted as a separate section of this report ("Exhibit Index").

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the registrant had duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lowell, Arkansas, on March 9, 2001.

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

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

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

By: /s/ Donald G. Cope
Donald G. Cope
Senior Vice President, Controller,
Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ John A. Cooper, Jr. John A. Cooper, Jr.	Member of the Board of Directors	March 9, 2001
/s/ Wayne Garrison Wayne Garrison	Member of the Board of Directors (Chairman)	March 9, 2001
/s/ Gene George Gene George	Member of the Board of Directors	March 9, 2001
/s/ Thomas L. Hardeman Thomas L. Hardeman	Member of the Board of Directors	March 9, 2001
/s/ J. Bryan Hunt, Jr. J. Bryan Hunt, Jr.	Member of the Board of Directors (Vice Chairman)	March 9, 2001
/s/ J.B. Hunt J.B. Hunt	Member of the Board of Directors (Senior Chairman)	March 9, 2001
/s/ Johnelle Hunt Johnelle Hunt	Member of the Board of Directors (Corporate Secretary)	March 9, 2001
/s/ Kirk Thompson Kirk Thompson	Member of the Board of Directors (President and Chief Executive Officer)	March 9, 2001
/s/ John A. White John A. White	Member of the Board of Directors	March 9, 2001

EXHIBIT INDEX

Exhibit Number	Description
3A	The Company's Amended and Restated Articles of Incorporation dated May 19, 1988 (incorporated by reference from Exhibit 4A of the Company's S-8 Registration Statement filed April 16, 1991; Registration Statement Number 33-40028).
3B	The Company's Amended Bylaws dated September 19, 1983 (incorporated by reference from Exhibit 3C of the Company's S-1 Registration Statement filed February 7, 1985; Registration Number 2-95714).
10A	Material Contracts of the Company (incorporated by reference from Exhibits 10A-10N of the Company's S-1 Registration Statement filed February 7, 1985; Registration Number 2-95714).
10B	The Company has an Employee Stock Purchase Plan filed on Form S-8 on February 3, 1984 (Registration Number 2-93928), and a Management Incentive Plan filed on Form S-8 on April 16, 1991 (Registration Statement Number 33-40028). The Management Incentive Plan is incorporated herein by reference from Exhibit 4B of Registration Statement 33-40028. The Company amended and restated its Employee Retirement Plan on Form S-8 (Registration Statement Number 33-57127) filed December 30, 1994. The Employee Retirement Plan is incorporated herein by reference from Exhibit 99 of Registration Statement Number 33-57127. The Company amended and restated its Management Incentive Plan on Form S-8 (Registration Statement Number 33-40028) filed July 7, 1995. The Company filed the Chairman's Stock Option Incentive Plan as part of a definitive 14A on March 26, 1996.
21	Subsidiaries of J.B. Hunt Transport Services, Inc. • J.B. Hunt Transport, Inc., a Georgia corporation • L.A., Inc., an Arkansas corporation • J.B. Hunt Corp., a Delaware corporation • J.B. Hunt Logistics, Inc., an Arkansas corporation • Comercializadora Internacional de Cargo S.A. De C.V., a Mexican corporation • Hunt Mexicana, S.A. de C.V., a Mexican corporation • Servicios de Logistica de Mexico, S.A. de C.V., a Mexican corporation • Servicios Administratios de Logistica, S.A. de C.V., a Mexican corporation • Asesoria Administrativa de Logistica, S.A. de C.V., a Mexican corporation. • FIS, Inc., a Nevada corporation
23	Consent of KPMG LLP

BOARD OF DIRECTORS

J.B. Hunt
Senior Chairman of the Board

Wayne Garrison
Chairman of the Board

J. Bryan Hunt, Jr.
Vice-Chairman of the Board

John A. Cooper, Jr.
Cooper Communities, Inc.

Gene George
George's, Inc.

Thomas L. Hardeman
United Parcel Service, Inc. (retired)

Johnelle Hunt
Corporate Secretary

Lloyd E. Peterson*
Peterson Farms, Inc.

Kirk Thompson
President and Chief Executive Officer

Dr. John A. White
Chancellor, University of Arkansas

OFFICERS

J.B. Hunt
Senior Chairman of the Board

Wayne Garrison
Chairman of the Board

Kirk Thompson
President and Chief Executive Officer

Johnelle Hunt
Corporate Secretary

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

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

Craig Harper
Executive Vice President, Operations
and Chief Operations Officer

John N. Roberts III
President, Dedicated Contract Services
Executive Vice President, Enterprise Solutions

Kay Palmer
Chief Information Officer

Bob D. Ralston
Executive Vice President,
Equipment and Properties

SHAREHOLDER INFORMATION

Corporate Address
J.B. Hunt Transport Services, Inc.
615 J.B. Hunt Corporate Drive
Lowell, AR 72745
501.820.0000

Internet Address
http://www.jbhunt.com

Auditors
KPMG LLP
Tulsa, Oklahoma

Counsel
Wright, Lindsey & Jennings
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

Stock Transfer Agent and Registrar
First Chicago Trust Company,
a division of EquiServe
P.O. Box 2500
Jersey City, NJ 07303-2500
1.800.446.2617 for Shareholder Inquiries
http://www.equiserve.com
e-mail: fctc@em.fcnbd.com

Annual Meeting
The Annual Meeting of Shareholders will be held at 10 a.m., CDT, on Thursday, April 26, 2001, at the corporate headquarters of J.B. Hunt Transport Services, Inc., located on Interstate 540 at the Lowell Exit.

**Resigned February 15, 2001*

Twin Brothers Share Vision for Safety-First Driving

J.B. Hunt Drivers Achieve Lifetime of Safe Driving

To have one driver achieve a lifetime of safe driving is quite an accomplishment for a company. But to have two drivers – who are not just fellow drivers but brothers, and who are not just brothers but identical twins – is twice as nice.

J.B. Hunt found itself in the enviable position of having veteran drivers Lonny and Tommy Whitman reach a pinnacle point in their careers within just a year of each other – each accumulating three million miles of driving for the same company without an accident. Lonny reached the three-million mark first in July 1999, and Tommy duplicated the goal in July 2000. Their impressive achievements earned each $35,000 ($5,000, $10,000 and $20,000 for reaching one-, two- and three-million mile levels, respectively) in cash awards from J.B. Hunt. The twins are the only two drivers in the Company's history – and among only a handful of drivers industry-wide – to reach this goal.

"We're honored to reach this point and to have been with this Company for so long," said Lonny Whitman. "We've stayed with J.B. Hunt through the years because it's clear that the driver is this Company's No. 1 concern, and safety is so very important to them."

"Lonny and Tommy are very special to us," said Kirk Thompson, president and CEO. "We're proud of them and what their accomplishments do to set the standard not just for our drivers but for all drivers throughout the industry."

The Company honored each brother with a surprise reception and their $20,000 cash award during special ceremonies at the corporate offices in Lowell, Arkansas, when other drivers reaching the one- and two-million mile safety mark were honored and given cash awards.

Tommy and Lonny Whitman

"The Whitmans' achievements underscore our long-standing commitment to safety on the road," said Thompson. "We have many drivers who reach the one- and two-million mile safety mark," he added, "and we hope to have many more follow Lonny and Tommy's example as well."

Going the Extra Mile

Not surprisingly, the brothers are often asked about their secret to a three-million mile safety record. And they would be the first to tell young drivers that it pays, literally, to take a safety-first approach to driving. "Being a safe driver over the long haul isn't that hard to achieve if you are consistent in what you do, stay alert, remain focused on your load and keep a positive attitude," explained Tommy.

"We don't mind going the extra mile to make sure our load is safe," added Lonny. "We just make safety a habit. For instance, we've always tried to plan our trips carefully and to avoid as many dangerous situations as possible. We don't get ourselves into congested traffic areas, and we bypass cities whenever possible. We also get out and check to make sure no one is behind us before backing."

Floyd Couch, manager of automotive operations for J.B. Hunt, has known the Whitman brothers for many years. "Their load always came first," he said. "Regardless of how difficult the assignment or the obstacles they faced, they always saw that their load was delivered safely and on time. I'm not surprised to see them achieve this significant milestone."

The Early Days

The brothers enjoy reminiscing about the years they have driven together for J.B. Hunt. The twins joined the Company in 1977 when it was just getting started. "It was so much like a family then, with four dispatchers and a handful of drivers," remembered Lonny. "When you saw a J.B. Hunt logo on a truck somewhere out on the road, you always stopped to see who it was and try to share a meal together."

In many instances, the extremely close-knit brothers would find each other just by having an inclination of where the other might be. "The fleet manager would try to send us in the same direction," said Tommy. "But when we were separated, we always had a feeling about where the other was and how he was doing." On one occasion, Lonny found Tommy in New Orleans – even though he didn't know he was there – just by looking for his truck. Johnelle Hunt, wife of founder J.B. Hunt and current corporate secretary and member of the board of directors, spoke of the twins with great fondness. "I can remember very well when they came to work with us. It was back in the days when everyone knew each other on a first-name basis," she said. "We knew they were special then. Once you met them, you felt as if you'd known them forever."

Hunt added that the twins' dedication to the Company is impressive. "They found a home with us and they stayed for all these years," she said. "It takes a special person to be a driver in the first place because of the responsibility and the hours on the road. But for us to be lucky enough to have found twin brothers with the same unique qualities is pretty rare. They are simply the best at what they do."

And the Winners Are...

COLOR YOUR WORLD

This year's Safety Drawing Contest, held in August, carried the theme "Color Your World." Although the content of the drawings was up to each individual artist, every drawing had to include J.B. Hunt equipment featured with a safety theme.

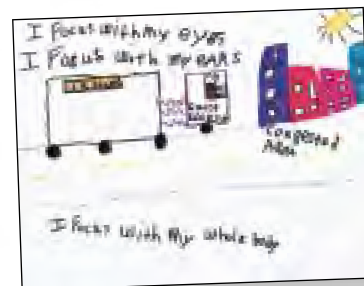
Artists were grouped into the following age categories: 4-7 yrs., 8-12 yrs. and 13-18 yrs. After viewing all the great drawings submitted from children of corporate employees, terminal employees and DCS employees, we were amazed to learn how many talented young artists are in the J.B. Hunt family. The artists have made judging the finalists very tough once again this year.

We wish we could honor all the kids who submitted a drawing because every one of the artists deserves to win. Here are the top four winners from each age category:

Age 4-7 years

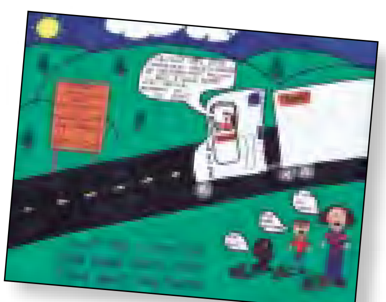
1st Place Winner
Danielle Lynch, age 7
daughter of **Danny Lynch**
East Brunswick, NJ

2nd Place Winner
Aaron Sifuentes, age 7
son of **Yolanda Sifuentes**
South Gate, CA



3rd Place Winner
Austin Tyler Weir, age 7
son of **Craig & Betty Jo Weir**
both at Corporate

Age 8-12 years



1st Place Winner
Rebecca Wheeley, age 11
daughter of **Pat Wheeley**
Corporate Driver Personnel

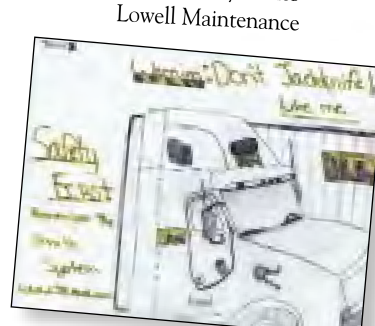
2nd Place Winner
Joyce Nisthal, age 11
daughter of **Erick Nisthal**
Modesto, CA

3rd Place Winner
Daniel Rakes, age 11
son of **Bobby Rakes**
Lowell Maintenance

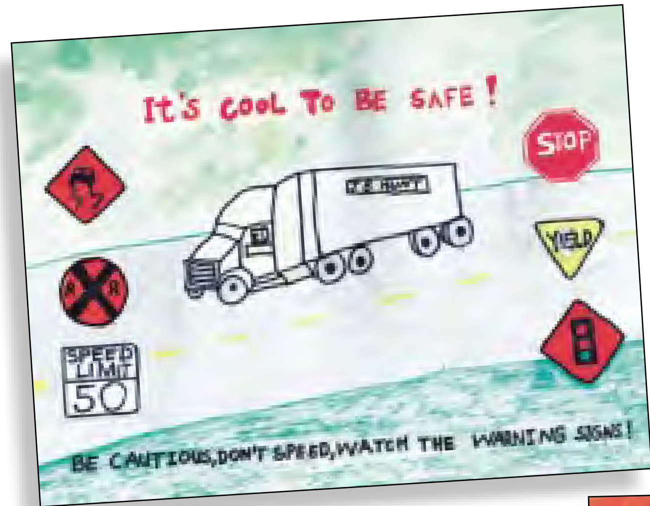
Age 13-18 years

1st Place Winner
Joshua Wolff, age 13
son of **Robert Fallows**
Syracuse, NY

2nd Place Winner
Crystal Favela, age 17
daughter of **Ruben Favela**
San Bernardino, CA



3rd Place Winner
Jessica Ann Carter, age 13
granddaughter of **Bob Carter**
Dallas, TX



GRAND PRIZE WINNER
(4-7 yrs.)

Kaylyn Walters, age 7
Daughter of Mark Walters
DCS Lansing, IL

GRAND PRIZE WINNER
(8-12 yrs.)

Garrett Rogers, age 10
Son of Mike Rogers
South Gate, CA

GRAND PRIZE WINNER
(13-18 yrs.)

Sara Favela, age 15
Daughter of Ruben Favela
San Bernardino, CA

The Grand Prize winners receive a fun-filled weekend vacation package, including hotel accommodations and admission to area attractions. First place winners receive their choice of either an age-appropriate girl's or boy's bicycle or: 4-7 yrs. – "Byron," a 32" floppy dog cuddle toy; 8-12 yrs. – color pocket TV; 13-18 yrs. – Outdoor Gear Package. Second place winners receive their choice of either prize: 4-7 yrs. – boombox or "Brandon," a golden retriever toy dog; 8-12 yrs. – free-standing air hockey game or personal CD player; 13-18 yrs. – micro stereo shelf wall system or electronic dartboard. Third place winners receive their choice of either prize: 4-7 yrs. – Barbie answering machine or Hot Wheels race service center; 8-12 yrs. – table-top air hockey or balance board; 13-18 yrs. – Maxima camera with kit or AM/FM/Clock/Radio/ Telephone.

Congratulations to all our winners!

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