Dear J.B. Hunt Transport Services Customer:

During the course of 2017, Truckload, Intermodal and Dedicated fleet driver and non-company carrier capacity have all experienced tremendous changes and challenges. Whether talking to customers, reading industry commentary, or reviewing public transportation companies' financial results, we can easily conclude that the core issue is centered on qualified driver availability. We recognize the impact this capacity tightening will have on customer service levels, and correspond with you today in preparation for the peak season as well as the 2018 budgeting and bid season.

J.B. Hunt Initiatives

The shortage of driver personnel in the transportation industry has been a lingering issue affecting service and costs for decades. J.B. Hunt continues to offer competitive pay packages, career opportunities, meaningful capital deployment in driving technology, late-model fleet equipment, and one of the highest safety ratings among large carriers.

Over the past 3 years, anticipating no change in the driver environment, we have also made significant investments in driver experience and retention initiatives. We have improved our terminals and operating centers, enhanced management training, streamlined our on-boarding programs, created better driver career paths, and leveraged data analytics to guide our efforts in the entire driver recruiting, hiring and retention areas of the company. With these initiatives, the turnover percentage in our driving force is at one of the lowest levels ever. Since 2006, J.B. Hunt has doubled in size and reduced the annual amount of driver hires needed by 50%. However, our costs to recruit drivers have risen significantly during the same period.

Going into 2017, we did not anticipate the staffing challenges to reach the severity levels that are now present. So far this year, we have attempted to mitigate the hiring and retention issues through a series of internally-funded (without proper customer rate support) driver pay increases. We anticipate a need to increase driver pay rates again throughout Q3:17 and Q4:17. We have also improved driver benefits, established retention bonuses, and started offering sign-on bonuses up to $10,000 per driver. Even with these investments, the percent of open trucks in our fleets continues to rise.

Driver and Carrier Market

Alternatives to a driving career continue to develop, affecting the number of company trucks we operate and the amount of third-party carrier capacity we utilize for Intermodal and Highway Services. As displayed in the table below, the driver workforce continues to age and wages for drivers trail considerably the increases in inflation and the minimum wage. The American Trucking Associations now predicts that the driver shortage could reach 240,000 drivers by 2022.

	% of Total Drivers	
Age group	2003	2016
20-34 years	30.4%	19.0%
35+ years	69.6%	81.0%

Category	% Increase from 2006
Mimimum Wage	45.3%
CPI-U	18.5%
For-Hire Driver W2	6.3%

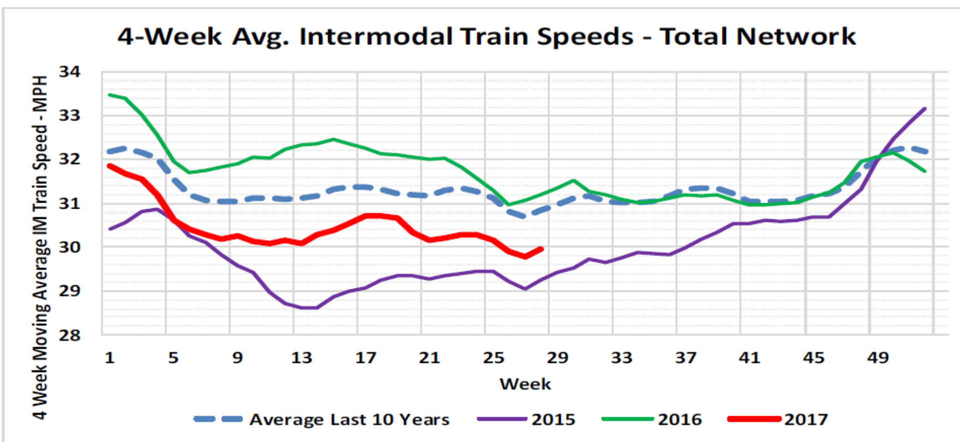
Source: National Transportation Institute

Driver wages have not only been suppressed by rate economics but also changes in regulations and the operational environment of today's supply chain. As illustrated in our white paper 660 Minutes, drivers only utilize approximately 7 of the 11 available driving hours in their 14-hour shift due in part to the hours of service regulations that started the running-clock effect in 2015.

The impact of this capacity shortage is measured by the Market Demand Index as reported by truckstop.com. Since June, it has maintained historically high levels which illustrate the shortage of available power compared to loads. In addition, FTR Transportation Intelligence says the industry is utilizing 98% of the available capacity, and we believe 5-10% of the industry's trucks do not have drivers.

Intermodal Network

Intermodal facility construction and slower railroad velocity are negatively impacting available capacity and increasing operating costs throughout the network. The North American rail network fluidity continues to provide challenges across the board to industry container velocity. Most North American railroads have posted a reduction in their intermodal train speeds in 2017 compared with 2016 and their 10-year average. As a result, our containers are on the trains longer which affects our total available containers. Although we have increased our fleet year over year, we are experiencing between 3-6% fewer effective containers during this time. We need our customers to unload the containers at the destination more than ever, and we will continue to highlight this challenge to those customers that utilize our containers as storage. We will be able to provide real time and very accurate data on the utilization of our container fleet heading into 2018 facilitated by our ORBCOMM installation across the entire container fleet, which will reach approximately 90,000 by year end 2017.



Source: FTR Transportation Intelligence

Summary

This is one of the highest periods of turbulence and volatility in supply we've ever experienced, and we don't think it will abate any time soon. We predict our cost environment will be fluid and more responsive to the supply of drivers and capacity, as well as the additional constraints anticipated by the upcoming ELD mandate. With the expected impact of these conditions, we advise budgeting for transportation cost increases that may reach 10% or more.

We value our relationship with you and will work to find solutions to help mitigate these cost increases while continuing to provide the capacity and service you expect. Your J.B. Hunt sales representative will be contacting you in the coming weeks to address your capacity needs. Thank you for working with us during this time of fluctuation.

John Roberts
President and CEO
J.B. Hunt Transport, Inc.

Shelley Simpson
Chief Commercial Officer
J.B. Hunt Transport, Inc.