



ARKANSAS BEST  
CORPORATION

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**Notice of  
Annual Meeting  
&  
Proxy Statement**

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**2013**



## Contents

	<b>Page</b>
Notice of Annual Meeting of Stockholders .....	1
Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting .....	3
Proxy Statement	
Record Date .....	5
Proxies .....	5
Voting Shares .....	6
Proposal I. Election of Directors .....	7
Directors of the Company .....	7
Governance of the Company .....	11
2012 Director Compensation Table .....	17
Principal Stockholders and Management Ownership .....	20
Executive Officers of the Company .....	22
Compensation Discussion & Analysis .....	25
Compensation Committee Report .....	38
Compensation Committee Interlocks and Insider Participation .....	38
Summary Compensation Table .....	39
2012 Grants of Plan-Based Awards .....	41
Outstanding Equity Awards at 2012 Fiscal Year-End .....	44
2012 Option Exercises and Stock Vested .....	45
2012 Equity Compensation Plan Information .....	46
2012 Pension Benefits .....	47
2012 Non-Qualified Deferred Compensation .....	49
Potential Payments upon Termination or Change in Control .....	51
Certain Transactions and Relationships .....	57
Section 16(a) Beneficial Ownership Reporting Compliance .....	57
Report of the Audit Committee .....	58
Principal Accountant Fees and Services .....	59
Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm .....	60
Proposal II. Advisory Vote on Executive Compensation .....	60
Other Matters .....	61
Cost of Solicitation .....	61
Stockholder Communication with the Board .....	61
Procedure for Submitting Stockholder Proposals for 2014 Annual Meeting .....	62
General Matters .....	62





ARKANSAS BEST  
CORPORATION

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**Notice of  
Annual Meeting of Stockholders  
Arkansas Best Corporation**

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**To Be Held on May 21, 2013**

**To the Stockholders of Arkansas Best Corporation:**

You are cordially invited to attend the Annual Meeting of Stockholders of Arkansas Best Corporation (the "Company") on Tuesday, May 21, 2013 at 8:00 a.m. (CDT) at the principal offices of the Company located at 3801 Old Greenwood Road, Fort Smith, Arkansas 72903. In addition to this notice, enclosed are a proxy card and a proxy statement containing information about the following matters to be acted upon at the meeting:

- I. To elect nine directors for a one-year term to expire at the 2014 Annual Meeting of Stockholders;
- II. To conduct an advisory vote on executive compensation; and
- III. To act upon such other matters as may properly be brought before the meeting affecting the business and affairs of the Company.

Only stockholders of record at the close of business on March 22, 2013 are entitled to notice of and to vote at the meeting or any adjournment(s) or postponement(s) thereof. Whether or not you plan to attend the meeting, please complete, sign, date and return the enclosed proxy card or follow the instructions on the proxy card and vote by Internet or by telephone as promptly as possible. It is important that your shares be represented at the meeting.

*The Board of Directors urges you to sign and date your enclosed proxy card and promptly return it in the enclosed pre-addressed, postage-paid envelope or follow the instructions on the proxy card and vote by Internet or by telephone, even if you are planning to attend the meeting. Many of the Company's stockholders hold their shares in "street-name" in the name of a brokerage firm or bank. If you hold your shares in "street-name," please note that only your brokerage firm or bank can sign a proxy on your behalf. Accordingly, you must provide voting instructions to your brokerage firm or bank in order for your shares to be voted. The Board of Directors urges you to contact the person responsible for your account today and instruct them to execute a proxy considering the recommendations of the Board, which are described in this Proxy Statement.*

*Please note that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you will not be permitted to vote in person at the meeting unless you first obtain a legal proxy issued in your name from the record holder.*

By Order of the Board of Directors, April 9, 2013.

Robert A. Young III  
Chairman of the Board

Judy R. McReynolds  
President-Chief Executive Officer

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ARKANSAS BEST  
CORPORATION

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**Important Notice Regarding the Availability of Proxy  
Materials for the Stockholder Meeting**

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**To Be Held on May 21, 2013**

**The Proxy Statement, proxy card and 2012 Annual Report on Form 10-K  
to stockholders are available at [www.arkbest.com](http://www.arkbest.com).**

The 2013 Annual Meeting of Stockholders of Arkansas Best Corporation (the “Company”) will be held on Tuesday, May 21, 2013 at 8:00 a.m. (CDT) at the principal offices of the Company located at 3801 Old Greenwood Road, Fort Smith, Arkansas 72903. To obtain directions to attend the Annual Meeting and to vote in person, contact the Company’s Investor Relations Department at toll-free telephone number 800-961-9744, email address [invrel@arkbest.com](mailto:invrel@arkbest.com) or through the Company website [www.arkbest.com](http://www.arkbest.com).

The matters intended to be acted upon at the Annual Meeting are:

- I. Election of nine directors for a one-year term to expire at the 2014 Annual Meeting of Stockholders;

John W. Alden  
Fred A. Allardyce  
William M. Legg  
Judy R. McReynolds  
John H. Morris  
Craig E. Philip  
Steven L. Spinner  
Janice E. Stipp  
Robert A. Young III

- II. Advisory vote on executive compensation; and
- III. Consideration of such other matters as may properly be brought before the meeting affecting the business and affairs of the Company.

**The Board of Directors recommends a vote “FOR” each of the  
nominees for election to the Board and “FOR” the approval of  
the compensation of the Company’s Named Executive Officers.**

The following proxy materials are being made available at the website location specified above:

- The Proxy Statement for the 2013 Annual Meeting of Stockholders
- The 2012 Annual Report on Form 10-K
- The form of proxy card being distributed to stockholders in connection with the 2013 Annual Meeting of Stockholders

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ARKANSAS BEST  
CORPORATION

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**Proxy Statement**

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This Proxy Statement is furnished to the stockholders of Arkansas Best Corporation (“ABC” or the “Company”) in connection with the solicitation of proxies on behalf of the ABC Board of Directors (the “Board”) to be voted at the Company’s Annual Meeting of Stockholders (the “2013 Annual Meeting”) to be held on May 21, 2013 at 8:00 a.m. (CDT) at the principal offices of the Company for the purposes set forth in this Proxy Statement. This Proxy Statement, the Notice of Annual Meeting, the related proxy card, and the 2012 Annual Report on Form 10-K to Stockholders are being mailed to stockholders beginning on or about April 12, 2013. ABC’s principal place of business is at 3801 Old Greenwood Road, Fort Smith, Arkansas 72903, and its telephone number is 479-785-6000.

**Record Date**

The Board has fixed the close of business on March 22, 2013 as the record date for the 2013 Annual Meeting. Only stockholders of record on that date are entitled to vote at the meeting in person or by proxy.

**Proxies**

Registered stockholders may vote their shares of the Company’s common stock by proxy or in person at the meeting. To vote by proxy, registered stockholders must either: (i) visit the website designated on the proxy card to submit their proxy on the Internet; (ii) call the toll-free number set forth on the proxy card to submit their proxy telephonically; or (iii) mail their signed and dated proxy card in the envelope provided. Beneficial stockholders should follow the instructions that they receive from their bank, broker or other nominee to have their shares voted.

The proxies named on the enclosed proxy card were appointed by the Board to vote the shares represented by the proxy card. Upon receipt by the Company of either a submitted Internet or telephone vote or a properly signed and dated proxy card, the shares represented thereby will be voted in accordance with the stockholder’s instructions. If a stockholder does not vote either by Internet, telephone or returning a signed proxy card, his or her shares cannot be voted by proxy. Stockholders voting by returning a paper proxy card are urged to mark the ovals on the proxy card to show how their shares are to be voted. If a stockholder returns a signed proxy card without marking the ovals, the shares represented by the proxy card will be voted as recommended by the Board herein and in the proxy card. The proxy also confers discretionary authority to the proxy holders to vote on any other matter not presently known to the Company that may properly come before the meeting.

Registered stockholders may revoke their proxy at any time before the shares are voted at the 2013 Annual Meeting by: (i) timely submitting a proxy with new voting instructions, using the Internet or telephone voting system; (ii) voting in person at the 2013 Annual Meeting by completing a ballot; however, attending the meeting without completing a ballot will not revoke any previously submitted proxy; (iii) timely delivery of a valid, duly executed proxy card bearing a later date; or (iv) delivery of written notice of revocation to the Corporate Secretary of the Company at 3801 Old Greenwood Road, Fort Smith, Arkansas 72903, by 5:00 p.m. (CDT), on or before May 20, 2013. Beneficial stockholders may change their votes by submitting new voting instructions to their bank, broker or other nominee in accordance with that entity’s procedures.

## Voting Shares

On the record date, there were 25,629,573 shares of the Company's common stock outstanding and entitled to vote ("Common Stock"). Each share of Common Stock is entitled to one vote. The holders in person or by proxy of a majority of the total number of shares of Common Stock shall constitute a quorum for purposes of the 2013 Annual Meeting. If stockholders holding the number of shares of Common Stock necessary for a quorum shall fail to be present in person or by proxy at the time and place fixed for any meeting, the holders of a majority of the shares entitled to vote who are represented in person or by proxy may adjourn the meeting from time to time, until a quorum is present, and at any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the original meeting. Votes are tabulated by the inspector of elections, Wells Fargo Bank, N.A.

If you hold your shares in "street name," you will receive instructions from your broker or other nominee describing how to vote your shares.

For Proposal I (Election of Directors) and Proposal II (Advisory Vote on Executive Compensation) to be voted on at the 2013 Annual Meeting, you must provide timely instructions on how the broker or other nominee should vote your shares. If you do not give timely instructions to the broker or other nominee on how that broker or nominee should vote your shares, a "broker non-vote" results. Although any broker non-vote would be counted as present at the meeting for purposes of determining a quorum, it would be treated as not entitled to vote with respect to Proposal I and Proposal II.

Abstentions occur when stockholders are present at the annual meeting but fail to vote or voluntarily withhold their vote for any of the matters upon which the stockholders are voting.

***Election of Directors.*** Directors are elected by a plurality of the votes of the shares of Common Stock present in person or by proxy and entitled to vote on the election of directors. Under Delaware law, votes that are withheld from a director's election will be counted toward a quorum but will not affect the outcome of the vote on the election of a director. Broker non-votes will not be taken into account in determining the outcome of the election.

***Other Matters.*** The required vote to approve any matter other than the election of directors is the affirmative vote by the holders of a majority of the total number of shares of Common Stock present in person or by proxy and entitled to vote on the matter.

Proposal II. With respect to Proposal II, an abstention is treated as entitled to vote and, therefore, has the same effect as voting "against" such proposal. For purposes of Proposal II, broker non-votes are not treated as entitled to vote and, therefore, are not counted for purposes of determining whether a majority has been achieved. Proposal II is a non-binding advisory vote. However, the Board and the Compensation Committee will consider the outcome of the vote on Proposal II when considering future executive compensation decisions.

Unless otherwise instructed or unless authority to vote is withheld, the enclosed proxy card will be voted for the election of each of the director nominees and for the approval, on an advisory basis, of the compensation of the Company's Named Executive Officers (as defined below).

## **Proposal I. Election of Directors**

### ***The Board of Directors recommends a vote “FOR” Proposal I.***

The Board has designated John W. Alden, Fred A. Allardyce, William M. Legg, Judy R. McReynolds, John H. Morris, Craig E. Philip, Steven L. Spinner, Janice E. Stipp and Robert A. Young III as nominees for election as Directors of the Company at the Annual Meeting (each a “Nominee”). Each Nominee is currently a Director of the Company. If elected, each Nominee will serve until the expiration of his/her term at the Annual Meeting in 2014 or until his/her earlier death, resignation or removal from office.

Each Nominee has indicated his/her willingness to serve as a member of the Board, if elected. If, for any reason not presently known, any of Messrs. Alden, Allardyce, Legg, Morris, Philip, Spinner or Young or Ms. McReynolds or Stipp are unable or unwilling to serve if elected, your proxy card may be voted for the election in his/her stead of a substitute nominee designated by the Board or a committee thereof, unless the proxy withholds authority to vote for the Nominee.

Assuming the presence of a quorum, to be elected, a Nominee must receive the affirmative vote of the holders of a plurality of the shares of Common Stock voted on Proposal I, in person or by proxy, at the 2013 Annual Meeting. Unless otherwise instructed or unless authority to vote is withheld, the enclosed proxy card will be voted for the election of each of the Nominees.

## **Directors of the Company**

The following information relates to the Nominees named above. The information includes the publicly traded company directorships and certain other directorships held by each Director for the past five years and the specific experience, qualifications, attributes and skills that each Director possesses that led to the conclusion that the person should serve as a Director of the Company. There are no family relationships among Directors and executive officers of the Company or its subsidiaries.

### **Nominees for Election at the 2013 Annual Meeting, Term Will Expire at the 2014 Annual Meeting**

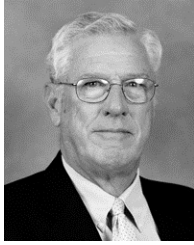


**JOHN W. ALDEN**, age 71, has been a Director of the Company since May 2005. Mr. Alden retired as Vice Chairman of United Parcel Service of America, Inc. (“UPS”) in 2000. From 1988 until his retirement from UPS, he served as a Director of UPS. Mr. Alden worked for UPS for 35 years in various capacities. Currently, Mr. Alden is also a Director of Barnes Group, Inc., Dun & Bradstreet Corporation and Silgan Holdings, Inc.

#### ***Key Attributes, Experience and Skills***

As Vice Chairman and Senior Vice President–Business Development of UPS, Mr. Alden led a global public transportation company and public company board. Through his 35 years at UPS, he gained expertise in the areas of sales and marketing, operations, customer service, management, senior management, business development and public company board strategic planning and oversight. Mr. Alden, Chairman of the Board’s Nominating/Corporate Governance Committee and member of the Board’s Compensation Committee, has served on seven boards over the past 20 years.

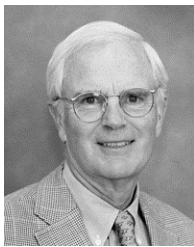
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**FRED A. ALLARDYCE**, age 71, has been a Director of the Company and the Board's Audit Committee Financial Expert since February 2004. Mr. Allardyce has been Chairman and Chief Executive Officer of Advanced Breath Diagnostics since March 2000 and Chairman of Monitor Instruments since September 2000. Advanced Breath Diagnostics is a development-stage medical diagnostic company and Monitor Instruments is a development-stage scientific instrument company. From 1977 through 1999, he was employed by American Standard Inc., a publicly traded company, where he served in the following positions: Senior Vice President—Medical Products from January 1998 until November 1999; Chief Financial Officer from 1992 to 1997; Controller from 1983 to 1991; and Assistant Controller from 1977 to 1982. He also served in various financial-related capacities for Joseph E. Seagram & Sons from 1972 to 1977 and at Continental Oil Company from 1965 to 1972. Mr. Allardyce earned a B.A. in Economics from Yale University and an M.B.A. from the University of Chicago Graduate School of Business, where he was the recipient of the Institute of Professional Accountants Fellowship. Mr. Allardyce was Chairman in fiscal 1999–2000 of Financial Executives International, a 15,000-member organization of financial leaders.

***Key Attributes, Experience and Skills***

Mr. Allardyce has extensive accounting and auditing experience in public and private organizations and has a strong background in financial controls and reporting, financial management, financial analysis, acquisitions, entrepreneurship and investment banking, including finance and private equity. A former chief financial officer and controller of a public company, his skills also include preparing financial reports, maintaining internal controls and overseeing financial reporting. Mr. Allardyce is Chairman of the Board's Audit Committee and is the Audit Committee's Financial Expert.



**WILLIAM M. LEGG**, age 68, has been a Director of the Company since April 2002. He retired from Deutsche Banc Alex.Brown, an investment banking firm ("Alex.Brown"), as Managing Director, in 2002. During his 31 years at Alex.Brown, he served as Head of Alex.Brown's Transportation Group and Co-Head of Alex.Brown & Sons, Inc.'s Corporate Finance Department. Mr. Legg and his group executed initial public offerings for many logistics companies including: Viking Freight, MS Carriers, Werner Enterprises, J.B. Hunt, Swift, Old Dominion, CH Robinson, and Hub Group. Mr. Legg worked on transportation-related transactions for Deutsche Post, PepsiCo, ARA Services, Transport Development Group and the Company. Mr. Legg earned a B.A. from Trinity College and an M.B.A. from Loyola College. Prior to joining Alex.Brown in 1971, he served as an officer in the United States Navy.

***Key Attributes, Experience and Skills***

Mr. Legg brings to the Board significant investment banking experience, including finance, private equity, mergers and acquisitions, capital structures and strategic planning. His contributions to the Board include in-depth knowledge of other transportation companies and industry subsets. His years in transportation-related finance bring valuable analytical transportation knowledge to the Board. Mr. Legg has experience in executive compensation, governance, and director nomination matters. He is the Board's Compensation Committee Chairman and is a member of the Board's Nominating/Corporate Governance Committee.

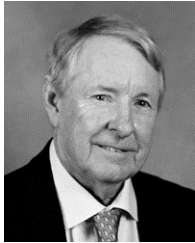
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**JUDY R. MCREYNOLDS**, age 50, has been a Director of the Company and President and Chief Executive Officer since January 1, 2010. She served as Senior Vice President–Chief Financial Officer and Treasurer from February 2006 through December 2009. She was Vice President–Controller of ABC from January 2000 until January 31, 2006. She previously served as the Controller of the Company from July 1998 until December 1999. Ms. McReynolds joined the Company as Director of Corporate Accounting in June 1997. Ms. McReynolds has been a member of the Board of Directors of OGE Energy Corp. since July 2011 and serves on its Compensation Committee and Nominating and Governance Committee. She has served on the Transportation Industry Council of the Federal Reserve Bank of St. Louis since June 2012.

***Key Attributes, Experience and Skills***

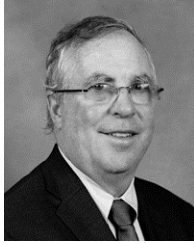
As the only member of the Company’s senior management who serves on the Board, Ms. McReynolds provides significant industry-specific experience and unique expertise on both Arkansas Best Corporation and ABF Freight System, Inc. services, resulting from a 15-year tenure with the Company and 23 years of financial experience in the less-than-truckload (“LTL”) and truckload trucking industry. Her experience as Chief Financial Officer, Certified Public Accountant, Controller, and currently as Chief Executive Officer, have contributed to the Board’s insights in LTL and truckload transportation knowledge, labor and pension matters, investment and corporate banking, financial analysis, strategic planning, appropriate capital structures and shareholder value.



**JOHN H. MORRIS**, age 69, has been a Director of the Company since July 1988 and was a Director of Treadco, Inc. from June 1991 to June 1999. Mr. Morris was affiliated with StoneCreek Capital, a private equity firm, from 1992 to 2008. Mr. Morris served as a Managing Director of Kelso & Company, Inc., a private equity firm, from March 1989 to March 1992, was a General Partner from 1987 to March 1989 and prior to 1987, was a Vice President. Prior to 1985, Mr. Morris was President of LBO Capital Corp. Previous work experience includes Booz, Allen and Hamilton, three years with the First National Bank of Atlanta and nine years with Touche Ross & Co., a predecessor of Deloitte and Touche, as a management consultant. After leaving Touche Ross, he joined Kelso & Company (“Kelso”), a boutique private equity firm in 1982. While with Kelso, he was responsible for several large buyouts, including Spectramed, IHOP, Arkansas Best Corporation, and Landstar Systems, and served on the committee that approved all Kelso acquisitions. Mr. Morris’s public board experience includes, in addition to Arkansas Best Corporation and Treadco, Inc., Spectramed, Inc. and Landstar Systems. Mr. Morris received a Bachelor of Industrial Engineering degree from Georgia Tech and an M.B.A. in Finance from Georgia State University. He received a CPA Certificate from the State of Georgia in 1974.

***Key Attributes, Experience and Skills***

Mr. Morris has extensive experience in mergers and acquisitions, including the analysis of acquisitions, private equity investing and business and financial structures. He has other public transportation company-related board service as described above. Knowledgeable in investment banking and LTL transportation, Mr. Morris has provided consulting services to companies for over 10 years and has been involved in more than 40 acquisitions through his roles at Kelso & Co. and StoneCreek Capital. Currently, a member of the ABC Board Nominating/Corporate Governance Committee and the Compensation Committee, Mr. Morris’s Board expertise also includes the area of executive and director compensation, corporate governance, director nominations and audit.



**DR. CRAIG E. PHILIP**, age 59, has been a Director of the Company since August 2011. Dr. Philip is Chief Executive Officer of Ingram Barge Company. He was President of Ingram Barge from 1994 until 1999 when he was named Chief Executive Officer. Dr. Philip began his transportation career with Conrail in 1980, working for Ingram Barge from 1982 until 1987 and serving as Vice President of the Intermodal Division of Southern Pacific Railroad before returning to Ingram Barge in 1991. He has held adjunct faculty positions at Princeton University and at Vanderbilt University. Dr. Philip holds Master's and Doctorate degrees in Engineering from the Massachusetts Institute of Technology and an undergraduate degree in Civil Engineering from Princeton University.

***Key Attributes, Experience and Skills***

Dr. Philip's career in the marine, rail and intermodal industries spans more than 30 years. He provides the Board with a unique blend of leadership experience in various modes of freight transportation, in combination with experience in industrial marketing and strategic planning. Dr. Philip currently serves on the Board's Compensation Committee and Nominating/Corporate Governance Committee.



**STEVEN L. SPINNER**, age 53, has been a Director of the Company since July 2011. Mr. Spinner has been President and Chief Executive Officer and a member of the Board of Directors of United Natural Foods, Inc. ("UNFI") since September 2008. Prior to joining UNFI in 2008, he was a Director and Chief Executive Officer of Performance Food Group Company ("PFG") from October 2006 to May 2008 and PFG's President and Chief Executive Officer from May 2005 to May 2008. He was the Senior Vice President and Chief Executive Officer of PFG's Broadline Division ("Broadline") from February 2002 to May 2005 and Division President of Broadline from August 2001 to February 2002.

***Key Attributes, Experience and Skills***

Mr. Spinner provides the insight and knowledge that comes from years of senior-level executive management, logistical experience and knowledge of network businesses. His background has given him extensive experience in the wholesale food distribution business, which includes overseeing the organic and acquisition growth of a food distribution company and directing the successful integration of the operational, organizational and technological aspects of two companies. Mr. Spinner brings valuable knowledge to the Board as an active CEO of a public company. Mr. Spinner currently serves on the Board's Audit Committee.



**JANICE E. STIPP**, age 53, has been a Director of the Company since October 2012. Ms. Stipp is Executive Vice President, Chief Financial Officer and Treasurer of Tecumseh Products, a global manufacturer of compressors and condensing units for the commercial refrigeration market. She was named to this position in October 2011. Prior to that, she was Chief Financial Officer at Revestone Industries; Acument Global Technologies, a Platinum Equity portfolio company; and GDX Automotive, a Cerberus Equity portfolio company. She began her career in 1981 with Lear Siegler, working in corporate audit. From 1984 to 1999, she worked for General Motors in a variety of financial roles. She graduated from Michigan State University in 1981 with a BA in Accounting and received her CPA certification in 1983 and MBA from Wayne State University in 1987.

***Key Attributes, Experience and Skills***

Ms. Stipp has 31 years of financial and accounting experience with a variety of industrial companies. For the past seven years, she has served as CFO of both public and private firms. She has a strong background in financial controls, auditing, financial management and accounting, acquisitions, and treasury. She is experienced in corporate restructuring, having lead turnaround efforts at several of the private equity-sponsored firms where she worked. In addition to her CFO experience, she has also held the Corporate Controller position and has held several treasury-related positions. Given her years of senior-level executive management, she has extensive experience working with boards of directors at several firms. Ms Stipp's financial experience brings valuable knowledge to the Audit Committee.



**ROBERT A. YOUNG III**, age 72, has been a Director of the Company since 1970 and Chairman of the Board since July 2004. He was Chief Executive Officer of the Company from August 1988 until his retirement in January 2006. He was President of the Company from 1973 to 2004 and was Chief Operating Officer of the Company from 1973 to 1988. Mr. Young served as President of ABF Freight System, Inc., the Company's largest subsidiary ("ABF"), from 1979 to 1994. Between 1964 and 1973, he worked as Supervisor of Terminal Operations for ABF; Vice President–General Manager of Data-Tronics Corp., a Company subsidiary; Senior Vice President–National Bank of Commerce of Dallas; and as Vice President, Finance and Executive Vice President of the Company. Mr. Young was a Director of Treadco, Inc. from June 1991 to June 1999. Treadco, Inc. was a publicly held company from 1991 to 1999. The Company owned more than 40% of the outstanding stock of Treadco, Inc. from 1991 to 1999, when the Company purchased all remaining outstanding stock via a tender offer. Substantially all operations of Treadco were disposed of in 2000.

***Key Attributes, Experience and Skills***

Serving the Company and ABF in executive and Board positions over the past four decades, Mr. Young has become an acknowledged leader in transportation and finance. He was a member of the Board of the Federal Reserve Bank ("Reserve Board") of St. Louis, Little Rock Branch, from July 2004 until his retirement from the Reserve Board on December 31, 2011. After 49 years in the trucking industry and 42 years on the Company's Board, he provides strong leadership through his background in LTL transportation, mergers and acquisitions, investment banking, private equity, labor and personnel selection and evaluation.

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## **Governance of the Company**

### **Board Leadership Structure**

The Company has separated the positions of Chairman of the Board and Chief Executive Officer. The Company believes this separation allows the individuals serving in these positions to effectively utilize their skills and time on behalf of the Company. Robert A. Young III, who brings more than 42 years of LTL transportation, finance and board experience to the Board, serves as nonemployee Chairman of the Board and leads the Board in its governance role. Judy R. McReynolds brings significant LTL and truckload experience to her day-to-day leadership role as Chief Executive Officer. For complete business biographical information on Mr. Young and Ms. McReynolds, see "Directors of the Company." Because Mr. Young, as Chairman, qualifies as an independent director under NASDAQ requirements, the Company does not have a Lead Independent Director.

The business of the Company is managed under the direction of the Board. There are nine members of the Board. The three standing Board committees – the Audit Committee, the Compensation Committee, and the Nominating/Corporate Governance Committee – are an integral part of the Board leadership structure. These committees, of which all members are independent Directors, are discussed below in more detail under "Committees of the Board". The Company's leadership structure includes an experienced management team, upon whose advice, reports and opinions the Board relies. The Board also relies on the advice of counsel, accountants, executive compensation consultants, auditors, strategic planning consultants and other expert advisors.

The size of the Board and the different types of corporate and transportation backgrounds of the members of the Board allow for timely, effective action in the rapidly evolving trucking industry. See "Key Attributes, Experience and Skills" for each Director under "Directors of the Company."

A robust committee framework sustains the lines of communication among Directors and with management. Regularly scheduled management reports and presentations, based on operational, financial, legal and risk management aspects of the Company's operations, provide vital information to the Board. Directors have complete access to the Chief Executive Officer and other members of senior management.

The Board meets on a regularly scheduled basis five times a year to review significant developments affecting the Company and to act on matters requiring Board approval. It also holds special meetings when Board action is required between scheduled meetings. The Board met six times during 2012. During 2012, each member of the Board participated in at least 75% of all Board and applicable committee meetings held during the period for which he/she was a Director. The Nominating/Corporate Governance Committee has determined that a majority of the members of the Board are independent pursuant to applicable NASDAQ independence standards. Independent Directors are Messrs. Alden, Allardyce, Legg, Morris, Philip, Spinner, and Young and Ms. Stipp. Independent Directors met in executive session four times in 2012.

It is the Company's policy that all members of its Board attend each annual meeting of its stockholders, except when illness or other personal matters prevent such attendance. All eight members of the Board at the time of the 2012 Annual Meeting attended the 2012 Annual Meeting.

### **Board's Role in Risk Oversight**

The Board believes that the current management structure facilitates risk oversight by combining experienced leadership with independent review by the Board and its committees. Potential risk factors that are monitored through this structure include financial, operational, technological, disaster, environmental, cyberspace, legal and regulatory, fraud/corruption, employment practices, executive compensation, reputational and legislative areas. Risk factors may present themselves on any of the multiple levels of the Company. The Board is regularly informed through committee reports of each committee's activities in overseeing risk management within their respective areas of oversight responsibility.

The Audit Committee directly oversees risk management relating to financial reporting and public disclosure and the steps management has taken to monitor and control those exposures. In addition, the Audit Committee is responsible for the oversight of general financial risk matters. The Audit Committee meets regularly with financial management, including the Chief Financial Officer and the Vice President–Controller, as well as our external auditors and our Chief Audit Executive. In addition, the Company's Risk Management Committee, which consists of several members of senior management, provides periodic reports to the Audit Committee of its activities in various risk management areas, and the Chairman of the Company's Risk Management Committee makes presentations to the Audit Committee from time to time regarding various risk or potential risk matters. The Audit Committee also requests and receives from time to time presentations regarding other potential risk areas, including those related to information technology.

The Compensation Committee is responsible for oversight of risk related to executive compensation. Additionally, the Compensation Committee is responsible for oversight of risk for the Company's compensation policies and practices for all employees. Management has evaluated the Company's compensation policies and practices for all employees, including the Named Executive Officers (listed below under "Compensation, Discussion & Analysis") and non-executive officers. The evaluation included consideration of whether any of the Company's compensation policies and practices, including incentive plans, create risks that are reasonably likely to have a material adverse effect on the Company. The primary responsibility for the Company's evaluation was assigned to the Company's Risk Management Committee, which includes as its members the Vice President responsible for the Risk Management Department, the Vice President–General Counsel, the Vice President–Chief Financial Officer, the Senior Vice President–Tax and Chief Audit Executive, ABF Senior Vice President–Sales and Marketing, and the Vice President–Controller, as well as other executives. Based on management's evaluation, including the specific process completed by the Company's Risk Management Committee, management concluded that the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. Management's evaluation, including the conclusions reached by the Company's Risk Management Committee, was discussed with the Compensation Committee.

The information used by management and the Company's Risk Management Committee and provided to the Compensation Committee included a framework of potential risk factors for certain compensation plans and identified how the Company's existing processes and compensation programs mitigate those risks. Mitigating factors for potential risks identified included:

- a combination of short- and long-term compensation;
- a combination of equity- and cash-based compensation;



- multiple performance metrics;
- relative performance metric;
- robust financial control policies and audit practices;
- benefit caps for annual and long-term incentive plans;
- clawback policy;
- vesting periods for equity awards;
- stock ownership requirements for senior officers;
- approval of performance criteria, as well as performance results by the Compensation Committee that consists of only independent Directors; and
- review of peer groups by an independent compensation consultant and the Compensation Committee.

The most recent management evaluation was provided to the Compensation Committee in January 2013. Based on the information provided and the Compensation Committee's knowledge of the compensation policies and practices of the Company, the Compensation Committee concluded that the risks arising from the Company's compensation plans and practices are not reasonably likely to have a material adverse effect on the Company.

The Nominating/Corporate Governance Committee is responsible for overseeing risks associated with corporate governance and reviews corporate governance matters at least once a year. In connection with this responsibility, the Nominating/Corporate Governance Committee annually reviews the Company's Corporate Governance Guidelines and their implementation.

### **Committees of the Board**

The Board has established Audit, Compensation, Nominating/Corporate Governance, and Qualified Legal Compliance committees to devote attention to specific subjects and to assist it in the discharge of its responsibilities. The functions of those committees, their current members, and the number of meetings held during 2012 are described below.

***Audit Committee.*** Among the responsibilities of the Audit Committee contained in its charter are: (i) assisting the Board in overseeing matters involving the accounting, auditing, financial reporting, and internal control functions of the Company; (ii) being directly responsible for the appointment, termination, and oversight of the independent registered public accounting firm for the Company; (iii) responsibility for establishing procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and (iv) implementing the Company's policy regarding the review and approval of any "related person transaction" as required pursuant to Securities and Exchange Commission ("SEC") Regulation S-K, Item 404. Pursuant to the Audit Committee Charter, the Audit Committee reviews, approves or ratifies all related person transaction issues brought to its attention. Annually, as part of the Company's proxy preparation, all Directors and executive officers who are subject to related person transaction disclosure are instructed to report in writing any such transactions to the Company; and further, they are reminded of their obligation to report to the Company any such transactions that may be planned or subsequently occur.

Messrs. Allardyce (Chair) and Spinner and Ms. Stipp are currently members of the Audit Committee. The Nominating/Corporate Governance Committee has determined that each member of the Audit Committee meets all applicable SEC and NASDAQ independence standards. Mr. Allardyce is the Board-designated "Audit Committee Financial Expert." The Audit Committee met five times during 2012. The Audit Committee Charter is posted in the Corporate Governance section of the Company website, [www.arkbest.com](http://www.arkbest.com).

***Compensation Committee.*** The Compensation Committee is responsible for reviewing and approving executive management compensation. The Compensation Committee's current members are Messrs. Legg (Chair), Alden, Morris and Philip. The Nominating/Corporate Governance Committee has determined that each member of the Compensation Committee meets applicable NASDAQ independence standards and Internal Revenue Code ("IRC") Section 162(m) nonemployee director requirements. The Compensation Committee met six times in 2012. The Compensation Committee Charter is posted in the Corporate Governance section of the Company website, [www.arkbest.com](http://www.arkbest.com).

The Board has designated the Compensation Committee to also serve as the Stock Option Committee for the Company's stock option plans. The Stock Option Committee administers the Company's 2000 Non-Qualified Stock Option Plan and 2002 Stock Option Plan. The Compensation Committee also has authority to make and administer awards under the 2005 Ownership Incentive Plan.

The Compensation Committee has determined and reviewed the value and forms of compensation for Named Executive Officers and other officers based on the Compensation Committee members' knowledge and experience; competitive proxy and market compensation information; periodic review and analysis from an independent compensation consultant retained by, and which reports directly to, the Compensation Committee; and management recommendations.

The Compensation Committee directly engaged Meridian Compensation Partners, LLC ("Meridian") as its independent executive compensation consulting firm in 2012. Meridian reviewed executive compensation practices, including executive compensation design issues, market trends, and technical considerations and provided ongoing consulting assistance to the Compensation Committee throughout the year. Other than executive compensation consulting to the Board, Compensation Committee or Nominating/Corporate Governance Committee, Meridian does not provide any other services to the Company. The Compensation Committee has assessed the independence of Meridian under the SEC rules and concluded that Meridian's work for the Compensation Committee does not raise any conflict of interest.

The Compensation Committee did not direct Meridian to perform the above services in any particular manner or under any particular method. The Compensation Committee has the final authority to hire and terminate the consultant and evaluates the consultant periodically. The Compensation Committee also approves the fees paid to its independent compensation consultant.

The Compensation Committee may not and does not delegate its authority to review and determine the forms and values of the various elements of compensation for Named Executive Officers. The Compensation Committee does delegate to Company management the implementation and record-keeping functions related to the various elements of compensation it has approved.

***Nominating/Corporate Governance Committee.*** The current members of the Nominating/Corporate Governance Committee are Messrs. Alden (Chair), Legg, Morris and Philip. The Nominating/Corporate Governance Committee has determined that each member of the committee is independent, as defined in applicable NASDAQ independence standards. The Nominating/Corporate Governance Committee's responsibilities include: (i) identifying individuals believed to be qualified to become Directors and to select and recommend to the Board for its approval the nominees to stand for election as Directors by the stockholders or, if applicable, to be appointed to fill vacancies on the Board; (ii) determining appropriate compensation for Directors; (iii) recommending any changes regarding size, structure, composition, processes and practices of the Board; (iv) reviewing the independence of Directors and assessing whether members are meeting the applicable independence standards required to serve on the various Board committees; (v) reviewing the Company's corporate governance standards; and (vi) making recommendations regarding succession planning for the Chief Executive Officer of the Company. Meridian consults with the Nominating/Corporate Governance Committee regarding the value and forms of compensation for Directors. The Nominating/Corporate Governance Committee held four meetings in 2012. The Nominating/Corporate Governance Charter is posted on the Corporate Governance section of the Company website, [www.arkbest.com](http://www.arkbest.com).

In recommending nominees for the Board, the Nominating/Corporate Governance Committee considers any specific criteria the Board may request from time to time and such other factors as it deems appropriate. These factors may include any special training or skill, experience with businesses and other organizations of comparable size and type, experience or knowledge with businesses or organizations that are particularly relevant to the Company's current or future business plans, financial expertise, the interplay of the candidate's experience with the experience of the other Directors, sufficient time to devote to the responsibilities of a director, freedom from conflicts of interest or legal issues and the extent to which, in the Nominating/Corporate Governance Committee's opinion, the candidate would be a desirable addition to the Board.

Diversity is taken into account when determining how the candidates' qualities and attributes would complement the other Directors' backgrounds. Type of advanced studies and certification, type of industry or aspect of transportation experience, area of corporate experience and gender, among other factors, are taken into consideration. The Nominating/Corporate Governance Committee believes that the different business and educational backgrounds of

the Directors of the Board contribute to the overall insight necessary to evaluate matters coming before the Board. The Nominating/Corporate Governance Committee implements its policy of considering a range of candidates by including diversity aspects in its analysis of candidates' qualifications. A listing of current Directors' and potential candidates' qualifications and attributes is periodically discussed in Nominating/Corporate Governance Committee meetings. In these discussions, the effectiveness of this methodology is addressed.

There is currently no set of specific minimum qualifications that must be met by a nominee recommended by the Nominating/Corporate Governance Committee, as different factors may assume greater or lesser significance at particular times and the needs of the Board may vary in light of its composition and the Nominating/Corporate Governance Committee's perceptions about future issues and needs.

The Nominating/Corporate Governance Committee may draw upon individuals known by members of the Board, and at the Nominating/Corporate Governance Committee's discretion, candidates recommended by management or third parties engaged by the Nominating/Corporate Governance Committee to assist it in identifying appropriate candidates.

The Nominating/Corporate Governance Committee shall consider any candidate for director recommended by a stockholder if submitted in accordance with the Stockholder Director Nomination Procedure set forth below. The Nominating/Corporate Governance Committee shall consider the same factors when considering a stockholder-recommended candidate as it does when considering other candidates.

The Nominating/Corporate Governance Committee considers director candidates submitted by stockholders that follow the procedure set forth in the following Stockholder Director Nomination Procedure, in accordance with the Company's bylaws:

Any stockholder entitled to vote at an annual meeting of stockholders and intending to recommend candidate(s) for nomination for director at that meeting must submit a written stockholder notice to Arkansas Best Corporation. The information required to be included in a stockholder notice nominating a candidate for the Board of Directors is set forth in detail in the Company's bylaws and includes the following information: (1) as to the stockholder giving the notice and any beneficial owner, if any, on whose behalf the nomination is made (a) the name and address, including business address and telephone number, of such persons, (b) the class and number of shares of the Company which are owned beneficially and of record by such persons, (c) any option, warrant or other derivative security owned by such persons, (d) any agreement pursuant to which such persons have the right to vote any shares of the Company, and (e) any other information relating to such persons required to be disclosed in a proxy statement in connection with the solicitation of proxies relating to the election of directors in a contested election; and (2) as to each person whom the stockholder proposes to nominate for election or re-election as a director (a) all information relating to such person required to be disclosed in a proxy statement relating to the election of directors in a contested election, (b) such person's written consent to being named in the proxy statement and to serving as a director if elected, and (c) a description of all direct and indirect compensation and other material monetary agreements during the past three years between the stockholder and beneficial owner, if any, and their affiliates and the proposed nominee and his or her other affiliates. Additionally, for a candidate to be eligible to be a nominee for election as director, the candidate must deliver to the Corporate Secretary a written response to a questionnaire with respect to candidate's background and qualifications and a written representation and agreement. Such stockholder notice and candidate questionnaire and representation and agreement must be received by the Corporate Secretary at 3801 Old Greenwood Road, Fort Smith, Arkansas 72903 not earlier than 120 days and not later than 90 days prior to the first anniversary of the preceding year's annual meeting of stockholders: provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after the anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be received no earlier than the close of business on the 120<sup>th</sup> day prior to the date of such annual meeting and not later than the close of business on the later of the 100<sup>th</sup> day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10<sup>th</sup> day following the day on which public announcement of the date of such meeting is first made. For information regarding the required information in the stockholder notice and the candidate's questionnaire and representation and agreement, contact the Corporate Secretary's office at [info@arkbest.com](mailto:info@arkbest.com) or at 479-785-6000.

***Qualified Legal Compliance Committee.*** The Qualified Legal Compliance Committee is responsible for confidentially receiving, retaining and considering any report pursuant to SEC Rule 205 by an attorney representing the Company. The Audit Committee serves as the Qualified Legal Compliance Committee. The Qualified Legal Compliance Committee Charter is posted in the Corporate Governance section of the Company website, [www.arkbest.com](http://www.arkbest.com).

### **Corporate Governance Guidelines and Code of Conduct**

The Board has adopted Corporate Governance Guidelines and a Code of Conduct. The full text of both documents is posted in the Corporate Governance section of the Company website, [www.arkbest.com](http://www.arkbest.com).

The Company's Code of Conduct applies to all of its Directors, officers (including the Chief Executive Officer, Chief Financial Officer, principal accounting officer, Controller, and any person performing similar functions) and employees. The Company intends to post on its website any amendment to, or waiver from, a provision of the Code of Conduct that applies to its Chief Executive Officer, Chief Financial Officer, principal accounting officer, Controller or persons performing similar functions and that relates to any of the following elements of the Code of Conduct: honest and ethical conduct; disclosure in reports or documents filed with the SEC and other public communications; compliance with applicable laws, rules and regulations; prompt internal reporting of code violations; and accountability for adherence to the Code of Conduct.

## 2012 Director Compensation Table

The table below summarizes the compensation paid by the Company to Non-Employee Directors for the fiscal year ended December 31, 2012. The Nominating/Corporate Governance Committee is responsible for reviewing and awarding compensation to the Directors. The Nominating/Corporate Governance Committee sets the levels and forms of Director compensation based on its experience, review of the compensation paid to directors of comparable publicly traded companies and the advice of its independent compensation consultant. The Nominating/Corporate Governance Committee uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board.

Name (1)	Fees Earned or Paid in Cash	Stock Awards (2, 3,4)	All Other Compensation	Total
John W. Alden <sup>(6)</sup> .....	\$ 61,500	\$ 73,350	\$ —	\$ 134,850
Fred A. Allardyce <sup>(6)</sup> .....	62,500	73,350	—	135,850
Frank Edelstein.....	6,333	—	—	6,333
William M. Legg <sup>(6)</sup> .....	61,500	73,350	—	134,850
John H. Morris.....	53,500	73,350	—	126,850
Craig E. Philip.....	56,500	73,350	—	129,850
Steven L. Spinner.....	55,000	73,350	—	128,350
Janice E. Stipp.....	13,000	36,700	—	49,700
Robert A. Young III <sup>(7)</sup> .....	109,000	73,350	72,425 <sup>(5)</sup>	254,775

- (1) Judy R. McReynolds, the President and Chief Executive Officer of the Company, is not included in this table since she is an employee of the Company and thus received no compensation for her service as a Director. The compensation received by Ms. McReynolds as an officer of the Company is shown in the Summary Compensation Table on page 39. Mr. Edelstein retired from the Board on January 25, 2012 and did not receive compensation during fiscal year 2012 for his service as a Director, other than cash fees for meetings attended in January and a pro-rata portion of his annual retainer fee. Ms. Stipp joined the Board on October 23, 2012.
- (2) Reflects the aggregate grant date fair value made during 2012 computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (formerly Statement of Financial Accounting Standards No. 123R) (“FASB ASC Topic 718”), determined without regard to estimated forfeitures. Messrs. Alden, Allardyce, Legg, Morris, Philip, Spinner and Young received an award of 5,000 restricted stock units (“RSUs”) under the 2005 Ownership Incentive Plan on May 4, 2012 (computed using the closing price of \$14.67 per share on such date). As a new member of the Board, Ms. Stipp received an award of 5,000 RSUs under the 2005 Ownership Incentive Plan on November 8, 2012 (computed using the closing price of \$7.34 per share on such date). See Note L to our consolidated financial statements on Form 10-K for the year ended December 31, 2012 for additional detail regarding assumptions underlying the value of these equity awards. Dividends are paid on RSUs at the same rate and at the same time as the dividends paid to stockholders.
- (3) As of December 31, 2012, each Non-Employee Director had the following aggregate number of RSUs outstanding, although only the value of the 2012 RSU award is provided in the Stock Awards column.

	Alden	Allardyce*	Edelstein	Legg	Morris*	Philip	Spinner	Stipp	Young
Vested but subject to transfer restrictions ....	13,800	18,200	—	13,800	21,900	—	—	—	13,800
Unvested.....	—	—	—	—	—	10,000	9,800	5,000	—
Total RSUs Outstanding.....	13,800	18,200	—	13,800	21,900	10,000	9,800	5,000	13,800

\*Messrs. Allardyce and Morris elected to defer their 2009 RSU award of 4,400 RSUs until their termination from Board service. Mr. Morris elected to defer his 2007 RSU award of 3,700 until the earlier of termination from Board service or April 23, 2013. All deferral elections must be made in the year prior to the year the award is granted.

- (4) No stock options were granted during fiscal 2012 to any Director. As of December 31, 2012, each Non-Employee Director has the following aggregate number of stock options outstanding, although only the value of the 2012 RSU award is provided in the Stock Awards column. The options are all fully vested.

	Alden	Allardyce	Edelstein	Legg	Morris	Philip	Spinner	Stipp	Young
Vested stock options.....	–	7,500	12,000	7,500	13,500	–	–	–	–
Unvested stock options.....	–	–	–	–	–	–	–	–	–
Total stock options outstanding.....	–	7,500	12,000	7,500	13,500	–	–	–	–

- (5) For purposes of the column titled “All Other Compensation,” for 2012 Mr. Young’s amount consists of the following:

	Young
Perquisites <sup>(i)</sup> .....	\$ 57,409
Gross-ups <sup>(i)</sup> .....	5,020
Executive medical premiums <sup>(ii)</sup> .....	9,996
Total .....	\$ 72,425

- (i) Mr. Young’s perquisites include: (a) spousal travel to Company or industry events and any related Company lost tax deduction resulting from the spouse accompanying him on the Company’s corporate aircraft, (b) personal use of an administrative assistant, (c) infrequent personal use of a lodging facility and related hunting property owned by the Company for business entertainment purposes, and (d) a Christmas gift from the Company (the Company also provides a Christmas gift to each of the other Board members). It is estimated that 40% of Mr. Young’s administrative assistant’s time is spent on his personal business, and the incremental cost associated with that personal use is estimated to be \$36,615. This value is calculated by adding together 40% of the administrative assistant’s salary, pension accrual and health and welfare cost for 2012. Mr. Young retains an office at the Company’s corporate office.
- (ii) Because Mr. Young is a former officer of the Company, he and his spouse participate in the Company’s fully insured third-party executive medical plan that is provided for life upon retirement. The Company pays the majority of the premium amount for this coverage. The amount shown is total premiums paid by the Company for coverage during 2012.
- (6) Committee Chairpersons: Mr. Allardyce, Audit Committee and Qualified Legal Compliance Committee; Mr. Legg, Compensation Committee; and Mr. Alden, Nominating/Corporate Governance Committee.
- (7) The Company owns and pays premiums on two \$1 million life insurance policies on Mr. Young. As owner of the policies, the Company is entitled to either the cash surrender value of each or the total of premiums paid, whichever amount is greater. The death value in excess of this amount is payable to Mr. Young’s beneficiary. For 2012, the aggregate premiums on these policies were \$32,438. In 2012, Mr. Young paid the Company a premium amount of \$16,077 for term life insurance based on the face value in excess of the December 31, 2012 cash surrender value; therefore, no compensation value is included for 2012.

## **Cash Compensation**

For the fiscal year ended December 31, 2012, the standard cash compensation arrangement for Non-Employee Directors was as follows:

### **Annual Retainers**

Board Chair	\$ 100,000
Members	\$ 40,000
Audit Committee Chair	\$ 7,500
Other Committee Chair	\$ 5,000

Retainers are cumulative, i.e., each Director who is (i) a Non-Employee and (ii) not the Board Chair, receives a “Member Retainer” plus the appropriate retainer fee for any other positions he holds.

### **Daily Meeting Fees**

Board Meeting	\$1,500 per day
Committee Meeting	\$1,500 per day

Only one daily meeting fee is paid in the event of multiple meetings held on the same day.

## **Equity-Based Awards**

The policy for granting equity awards states that the Nominating/Corporate Governance Committee is responsible for granting all equity compensation to Non-Employee Directors. Under the terms of this policy, the effective date of an equity award will be the date which is five business days following the Company's applicable quarterly earnings release. The number of shares/units awarded is based on stated dollar amounts for each Director, which is divided by the closing stock price on the date of grant. In prior years, Non-Employee Directors received annual equity awards equal to approximately \$100,000 on the date of grant of the awards. However, in 2012 the award value was reduced to \$73,350 due to decreases in the Company's stock price and the desire to preserve shares for issuance under the Company's 2005 Ownership Incentive Plan.

The RSU awards to Non-Employee Directors provide for three-year cliff vesting. All of the RSU awards are subject to accelerated vesting due to death, disability or change in control of the Company. Accelerated vesting for RSUs also occurs upon attainment of normal retirement age (age 65 with five years of service with the Company). Messrs. Alden, Allardyce, Legg, Morris, and Young are currently eligible for normal retirement. Upon early retirement (three years of service as a Director), a Director is eligible for accelerated vesting of a pro rata number of shares based on the number of whole months since the award date. Vested RSU awards are paid in shares on the earlier to occur of (i) the normal vesting date applicable to the award or (ii) the Director's termination of service with the Company. On the normal vesting date of the 2007 and 2009 RSU awards in 2012, the resulting shares were issued to the Directors.

Prior to 2005, the Compensation Committee awarded stock options. A portion of these options are still outstanding and all outstanding options are fully vested. All stock options previously granted (i) have an exercise price not less than the closing price of the Common Stock on the grant date, (ii) were exercisable at 20% per year, generally starting on the first anniversary of the grant date and (iii) have a term of 10 years.

*Stock Ownership Policy.* The Nominating/Corporate Governance Committee believes that the Directors of the Company should maintain a level of equity holdings in the Company that will further align the interests of Directors with the Company's stockholders. The Board adopted a Stock Ownership Policy for Directors, which was effective January 1, 2008. Under this policy, Directors must own shares equal to six times their annual retainer by January 1, 2013, or five years from the date he or she became a member of the Board. No Director covered by the policy is permitted to sell any shares of Company stock granted to such Director under any Company award agreement (except to pay the exercise price of stock options or taxes generated as a result of equity grants) until such time as the Director satisfies the stock ownership requirement. Restricted stock, RSUs and stock owned outright count toward the Company's Stock Ownership Policy requirements. However, RSUs are not reflected as shares beneficially owned in the "Principal Stockholders and Management Ownership" table.

Should a Director covered by the policy fail to have the required amount accumulated after five years, the issuance of further equity awards to such Director may be discontinued until such time as the Director has complied with the policy. The Nominating/Corporate Governance Committee monitors ownership levels annually. As of the review completed in 2012, all of the Directors have met their ownership requirements except for Messrs. Philip and Spinner and Ms. Stipp who became members of the Board in 2011, 2011 and 2012, respectively, and thus have five years to meet their ownership requirements.

*Clawback Policy.* The Committee has implemented a policy for the "clawback" of any equity awards granted to a Director whose misconduct contributed to the Company being required to restate its financial statements. Under the terms of the policy, the Board will, to the full extent permitted by governing law, in appropriate cases, effect the cancellation of unvested restricted or deferred stock awards previously granted to the Director if (a) the amount of the equity award was calculated based upon the achievement of certain financial results that were subsequently the subject of the restatement, (b) the Director engaged in intentional misconduct that caused or partially caused the need for the restatement and (c) the amount of the equity award that would have been awarded to the Director had the results been properly reported would have been lower than the amount actually awarded.

## **Medical Benefits Available to Directors**

Non-Employee Directors and their spouses do not participate in the Company's health plan (medical/dental coverage). Because Mr. Young is a former employee of the Company, he participates in the Company's fully insured third-party executive medical plan that is provided to Company officers for life upon their retirement. The Company pays the majority of the premium for this coverage.

## **Principal Stockholders and Management Ownership**

The following table sets forth certain information concerning beneficial ownership of the Common Stock as of March 22, 2013 by (i) each person who is known by the Company to own beneficially more than five percent (5%) of the outstanding shares of Common Stock; (ii) each Director and Named Executive Officer of the Company or ABF the Company's largest subsidiary, who is listed in the Summary Compensation Table (collectively "Named Executive Officers"), and Director nominees; and (iii) all Directors and executive officers as a group.

Unless otherwise indicated, to the Company's knowledge, the persons included in the tables below have sole voting and investment power with respect to all the shares of Common Stock beneficially owned by them, subject to applicable community property laws. The number of shares beneficially owned by a person includes shares of Common Stock that are subject to stock options or warrants that are either currently exercisable or exercisable within 60 days after March 22, 2013. These shares are also deemed outstanding for the purpose of computing the percentage of outstanding shares owned by the person. These shares are not deemed outstanding for the purpose of computing the percentage ownership of any other person. On March 22, 2013, there were 25,629,573 shares of Common Stock outstanding.

	<b>Shares Beneficially Owned</b>	<b>Percentage of Shares Outstanding</b>
<b>(i) Name / Address</b>		
BlackRock, Inc. <sup>(1)</sup> ..... 40 East 52 <sup>nd</sup> Street, New York, NY 10022	1,947,626	7.60%
Dimensional Fund Advisors LP <sup>(2)</sup> ..... Palisades West, Building One, 6300 Bee Cave Road, Austin, TX 78746	1,678,367	6.55%
The Vanguard Group, Inc. <sup>(3)</sup> ..... 100 Vanguard Blvd., Malvern, PA 19355	1,476,067	5.76%
Royce & Associates, LLC <sup>(4)</sup> ..... 745 Fifth Avenue, New York, NY 10151	1,422,120	5.55%
Franklin Resources, Inc. <sup>(5)</sup> ..... One Franklin Parkway, San Mateo, CA 94403	1,309,170	5.11%
<b>(ii) Name</b>		
	<b>Position</b>	
Robert A. Young III <sup>(6, 7, 9)</sup>	Chairman of the Board (also a Director Nominee).....	1,190,403
John W. Alden <sup>(6, 7, 10)</sup>	Director (also a Director Nominee).....	15,500
Fred A. Allardyce <sup>(6, 7, 8)</sup>	Director (also a Director Nominee).....	25,500
William M. Legg <sup>(6, 7)</sup>	Director (also a Director Nominee).....	22,500
Judy R. McReynolds <sup>(6, 7, 11)</sup>	Director and President-CEO (also a Director Nominee).....	26,691
John H. Morris <sup>(6, 7, 8)</sup>	Director (also a Director Nominee).....	15,600
Craig E. Phillip <sup>(6, 7)</sup>	Director (also a Director Nominee).....	-
Steven L. Spinner <sup>(6, 7)</sup>	Director (also a Director Nominee).....	-
Janice E. Stipp <sup>(6, 7)</sup>	Director (also a Director Nominee).....	-
Jim A. Ingram <sup>(6, 7)</sup>	Sr. VP-Strategic Development.....	8,821
J. Lavon Morton <sup>(6, 7, 12)</sup>	Sr. VP-Tax and Chief Audit Executive.....	19,585
Michael E. Newcity <sup>(6, 7)</sup>	Vice President-CFO.....	1,900
Roy M. Slagle <sup>(6, 7, 13)</sup>	ABF President-CEO.....	21,168
<b>(iii) All Current Directors and Executive Officers as a Group (19 total)<sup>(14)</sup></b> .....	1,433,859	5.57%
*Less than 1%		



- (1) Based on information contained in Amendment No. 3 to Schedule 13G filed with the SEC by BlackRock, Inc. on February 8, 2013, BlackRock, Inc. has sole voting and sole dispositive power with respect to 1,947,626 shares of Common Stock.
- (2) Based on information contained in Amendment No. 4 to Schedule 13G filed with the SEC by Dimensional Fund Advisors LP on February 11, 2013, Dimensional Fund Advisors LP beneficially owns 1,678,367 shares of Common Stock and has sole voting power with respect to 1,649,254 shares and sole dispositive power with respect to 1,678,367 shares.
- (3) Based on information contained in Amendment No. 1 to Schedule 13G filed with the SEC by The Vanguard Group, Inc. (“Vanguard”) on February 11, 2013, Vanguard has sole voting power with respect to 39,210 shares of Common Stock, shared voting power with respect to 0 shares of Common Stock, sole dispositive power with respect to 1,437,857 shares of Common Stock and shared dispositive power with respect to 38,210 shares of Common Stock.
- (4) Based on information contained in Amendment No. 11 to Schedule 13G filed with the SEC by Royce & Associates, LLC on January 4, 2013, Royce & Associates, LLC has sole voting and sole dispositive power with respect to 1,422,120 shares of Common Stock.
- (5) Based on information contained in Amendment No. 2 to Schedule 13G filed with the SEC on February 1, 2013, by Franklin Resources, Inc. (“FRI”), Charles B. Johnson, and Rupert H. Johnson, Jr., principal stockholders of FRI are Charles B. Johnson and Rupert H. Johnson, Jr. and each owns in excess of 10% of outstanding common stock of FRI. Neither FRI nor the Principal Stockholders have sole or shared voting or dispositive power of any shares of Common Stock. Franklin Templeton Investments Corp., an investment manager and subsidiary of FRI, has sole voting and dispositive power over 1,049,170 shares of Common Stock. Franklin Advisors, Inc., an investment manager and subsidiary of FRI, has sole voting and dispositive power over 260,000 shares of Common Stock.
- (6) Includes options to purchase shares of Common Stock, which are vested (or will vest within 60 days of the record date) as follows:

	<u>As of March 22, 2013</u>
Young.....	-
Alden.....	-
Allardyce.....	7,500
Legg.....	4,500
McReynolds.....	7,500
Morris.....	7,500
Philip.....	-
Spinner.....	-
Stipp.....	-
Ingram.....	400
Morton.....	7,500
Newcity.....	-
Slagle.....	7,500

- (7) Includes RSUs, which are vested (or will vest within 60 days of the record date) as follows:

	<u>As of March 22, 2013</u>
Young.....	-
Alden.....	-
Allardyce.....	-
Legg.....	-
McReynolds.....	4,600
Morris.....	-
Philip.....	-
Spinner.....	-
Stipp.....	-
Ingram.....	4,100
Morton.....	4,100
Newcity.....	650
Slagle.....	4,600

- (8) Includes RSUs which are vested and deferred. Messrs. Allardyce and Morris elected to defer their 2009 RSU award of 4,400 RSUs until their termination from Board service. Mr. Morris also elected to defer his 2007 RSU award of 3,700 until the earlier of termination from Board service or April 23, 2013. All deferral elections must be made in the year prior to the year the award is granted.

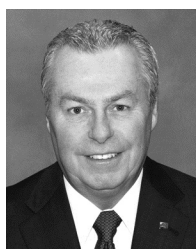
- (9) Includes 937,385 shares of Common Stock held by the Robert A. Young III 2008 Trust and 14,556 shares of Common Stock held by Cross Creek Management Co. of which Mr. Young is director and President. Mr. Young has sole voting and investment power over these shares.
- (10) Includes 15,500 shares of Common Stock held by the John W. Alden Trust, of which Mr. Alden is trustee.
- (11) Includes 14,591 shares of Common Stock held by the McReynolds 2005 Joint Trust, of which Ms. McReynolds is co-trustee.
- (12) Includes 22 shares held by Mr. Morton in the Arkansas Best 401(k) and DC Retirement Plan.
- (13) Includes 9,068 shares of Common Stock held by the Roy M. Slagle Living Trust, of which Mr. Slagle is trustee.
- (14) Includes 52,900 shares of Common Stock that may be acquired upon the exercise of options that are currently vested or will vest within 60 days of the record date. Also includes 38,550 RSUs that will vest within 60 days of the record date and 12,500 RSUs that are vested and deferred; RSUs were granted under the Company's 2005 Ownership Incentive Plan.

## **Executive Officers of the Company**

The following information sets forth the name, age, principal occupation and business experience during the last five years of each of the current executive officers of the Company and ABF, the Company's largest subsidiary. The executive officers, including the Named Executive Officers, serve at the pleasure of the Board. For information regarding ownership of the Common Stock by the executive officers of the Company, see "Principal Stockholders and Management Ownership" on page 20. There are no family relationships among Directors and executive officers of the Company or its subsidiaries.



**JUDY R. MCREYNOLDS**, age 50, is President and Chief Executive Officer and a Director of the Board. See previous description under "Directors of the Company."



**ROY M. SLAGLE**, age 59, has been ABF's President–Chief Executive Officer since January 1, 2012. Mr. Slagle was Senior Vice President–Sales and Marketing of ABF from February 2006 through December 2011, Vice President–Administration and Treasurer for ABF from January 2000 through January 2006 and Vice President and Treasurer for ABF from 1995 to 2000. He was a Regional Vice President of Sales for ABF from 1989 to 1995. Between 1976 and 1989, Mr. Slagle served ABF as Operations Supervisor at the Dayton, Ohio terminal; Operations Manager at the Dayton terminal; Branch Manager at the Cincinnati, Ohio terminal; Branch Manager at the Carlisle, Pennsylvania terminal; and Regional Training Specialist at the Dayton terminal.

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**MICHAEL E. NEWCITY**, age 43, has been Vice President–Chief Financial Officer for the Company since June 1, 2010. He previously served as Director–Economic Analysis for the Company from November 2007 through May 2010, and prior to that he had served as Director–E-Systems and Emerging Technologies for ABF from November 2005 through October 2007. In these capacities, Mr. Newcity led the group that provides critical analysis on topics including costing and profitability methods, incentive plans, metrics and forecasting as well as the development and implementation of internal management systems. From January 2000 through October 2005, Mr. Newcity held several managerial positions with ABF that spanned marketing, information technology, and business development. He began his career with the Company in 1993 at its subsidiary, Data-Tronics Corp., leading the Company’s e-commerce development initiatives through December 1999. Mr. Newcity holds an MBA from the Walton College at the University of Arkansas.



**J. LAVON MORTON**, age 62, has been Senior Vice President–Tax and Chief Audit Executive since January 1, 2010. He served as the Company’s Vice President–Tax and Chief Internal Auditor from January 2000 through December 2009. From May 1997 to December 1999, Mr. Morton was the Company’s Vice President–Financial Reporting. Mr. Morton joined the Company as Assistant Treasurer in December 1996. From 1972 through November 1996, Mr. Morton was employed by Ernst & Young LLP. Mr. Morton was a Partner in Ernst & Young LLP from October 1984 through November 1996. From January 2003 to October 2005, Mr. Morton was a Director and a designated Audit Committee Financial Expert of BEI Technologies, Inc. BEI was purchased by Schneider Electric in October 2005. Mr. Morton is currently Vice Chairman of the Tax Policy Committee of the American Trucking Associations (ATA). He has served as Chairman of ATA’s Tax Policy Committee and was a member of the ATA Board of Directors from October 2004 to October 2007. Mr. Morton is a Certified Public Accountant. Mr. Morton holds a Master of Tax degree from the University of Tulsa.

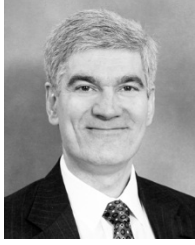


**JIM A. INGRAM**, age 45, has been Senior Vice President–Strategic Development for the Company since November 2011. He had previously served as Vice President–Strategic Development for ABC from April 2010 through October 2011, Vice President–Market Development for ABC from January 2008 to April 2010 and Vice President–Market Development for ABF from February 2006 through December 2007. From January 2000 through January 2006, Mr. Ingram was ABF’s Director–Quotation Services. Between January 1990 and December 1999, Mr. Ingram served in ABF’s Pricing Department as an Analyst, Senior Analyst and Pricing Manager.



**JAMES W. KEENAN**, age 54, has been Senior Vice President–Sales and Marketing for ABF since January 1, 2012. He served as ABF’s Vice President–Sales from 2007 until January 2012. Mr. Keenan had previously served as Vice President–Sales and Marketing for Clipper, a former Company subsidiary, from May 1995 to December 1998 and as Vice President–Administration and Treasurer for ABF from February 2006 to February 2007. Mr. Keenan joined ABF in 1981, working as an ABF Pricing Department analyst and later as Pricing Department Manager. From 1988 to 1995 and again from 1999 to 2006, Mr. Keenan served as Regional Vice President of Sales.

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**CHRISTOPHER L. BURTON**, age 55, has been Vice President–Economic Analysis for the Company since January 1, 2008. Previously for ABF, he served as Vice President–Economic Analysis from February 1, 2006 through December 31, 2007, Director–Economic Analysis from September 1995 through January 2006, and Manager–Pricing from February 1995 through August 1995. From January 1979 through January 1995, Mr. Burton served the Company’s subsidiary, Data-Tronics Corp., as Manager of Services & Human Resources and Systems Analyst/Programmer and also worked for the Company as an Economic Analyst.



**DAVID R. COBB**, age 47, has been Vice President and Controller of the Company since May 1, 2006. Mr. Cobb was employed by Smith International, Inc., a publicly traded international oilfield service company acquired by Schlumberger Limited, as Vice President and Controller from 2002 to April 2006. He was employed by Kent Electronics Corporation, a publicly traded specialty electronics distributor and network integrator, from 1995 to 2001 and Price Waterhouse, a predecessor of PricewaterhouseCoopers LLP from 1988 to 1994. Mr. Cobb is a Certified Public Accountant. Mr. Cobb has served publicly traded companies since 1988.



**WALTER J. ECHOLS**, age 59, has been Vice President–Real Estate for the Company since January 1, 2012. Mr. Echols previously served as Vice President–Real Estate for ABF from January 1994 until January 2012 and Director–Real Estate for ABF from November 1987 until 1994. Mr. Echols joined Data-Tronics Corp., a subsidiary of the Company, in June 1975 serving as Manager–Sales & Marketing until becoming Manager of the Data-Tronics Corp. Information Center in 1983.



**ERIN K. GATTIS**, age 39, has been Vice President–Human Resources for the Company since October 1, 2011. She previously served as the Company’s Chief of Staff from January 2010 through September 2011. Prior to that departmental director position, Ms. Gattis served as Manager of Retirement Services and Executive Compensation from August 2006 to September 2009. She joined the Company in 1999 and between 1999 and 2006 worked for both the Company and ABF as a Retirement Specialist, Benefits Analyst, Supervisor of Executive Compensation and Manager of Executive Compensation. Ms. Gattis holds a Senior Professional in Human Resources certification.



**MICHAEL R. JOHNS**, age 54, has been the Company’s Vice President–General Counsel and Corporate Secretary since April 2, 2007. From 1991 to 2007, he was a partner in the law firm of Dover Dixon Horne PLLC in Little Rock, Arkansas. Mr. Johns was a practicing attorney in two other Little Rock law firms for seven years, including Rose Law Firm, prior to 1991. He is a Certified Public Accountant. Mr. Johns is a member of the American Bar Association, Sebastian County Bar Association and Arkansas Society of Certified Public Accountants.

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## Compensation Discussion & Analysis

The purpose of this Compensation Discussion & Analysis (“CD&A”) is to provide you with an overview and analysis of (i) our executive compensation programs; (ii) material compensation changes made during the year for Named Executive Officers; and (iii) the process for review and decision-making for the executive compensation programs. The Compensation Committee (the “Committee”) of the Board of Directors determines the compensation and reviews, approves and oversees the administration of plans and programs for our Named Executive Officers.

The Named Executive Officers for 2012 are listed below:

<b>Named Executive Officer</b>	<b>Title</b>
Judy R. McReynolds	ABC President–Chief Executive Officer (“ABC CEO”)
Roy M. Slagle	ABF President–Chief Executive Officer (“ABF CEO”)
J. Lavon Morton	ABC Senior Vice President–Tax & Chief Audit Executive
Jim A. Ingram	ABC Senior Vice President–Strategic Development
Michael E. Newcity	ABC Vice President–Chief Financial Officer (“CFO”)

### **Executive Summary**

#### **Company Performance**

In 2012, the Company experienced revenue growth and exceeded \$2 billion in revenue but returned to operating losses because of ABF’s unionized cost structure and weaker economic conditions particularly in the second half of the year. The revenue growth resulted from the non-asset-based segments of the Company while ABF’s revenues were flat. The non-asset-based segments improved operating income despite weaker economic conditions. We have continued to expand our portfolio of expedited and premium logistics services in 2012. As a result of the acquisition of Panther Expedited Services in June and other initiatives, we now have access to the broader logistics market beyond less than truckload and are better able to serve customers seeking end-to-end solutions to all of their shipping and supply chain needs. A few financial statistics include:

- revenue of \$2.1 billion compared to \$1.9 billion in 2011.
- net loss of \$7.7 million, or \$0.31 per share compared to net income of \$6.2 million, or \$0.23 per share, in 2011.

#### **Executive Compensation Relative to Company Performance**

Overall compensation levels in 2012 for the Named Executive Officers were down compared to 2011 as a result of the weak performance in certain segments of the Company.

**Annual Incentive Compensation:** For 2012, the annual cash incentive continued to be based in part on Return on Capital Employed (“ROCE”), as further described on page 31. However, the Committee wanted to shift the focus to improving operating results. As a result, in 2012 the cash flow improvement metric was replaced with operating income improvement. The 2012 metrics were weighted 50% each. No incentive was paid under the 2012 Annual Cash Incentive Compensation Plan because neither performance goal was attained.

**Long-Term Incentive Compensation:** There were no payouts under the 2010-2012 cash long-term incentive compensation plan due to the continued negative effects of our unfavorable union cost structure and weak economic conditions on the profitability of the Company. Consistent with equity awards in 2010 and 2011, an RSU award was granted to Named Executive Officers in 2012 to further link Named Executive Officer compensation with stock price performance and stockholder interests. A cash long-term incentive award for 2012-2014 was granted including metrics for ROCE and Total Shareholder Return (“TSR”) consistent with the grant in 2011-2013.

As of the Proxy Statement record date, the stock options awarded to the Named Executive Officers in 2004 and prior years were “underwater,” meaning the Company’s stock price was less than the exercise price of the options. It is the Company’s policy to not re-price options.

### **Compensation Philosophy and Objectives**

The primary objectives of the Company’s executive compensation program are to:

- attract and retain highly qualified executives;
- motivate the Company’s leaders to work together as a team to deliver superior business performance;
- balance rewards between short-term results and the long-term strategic decisions needed to ensure sustained business performance over time; and
- ensure that the interests and risk tolerance of the Company’s leaders are closely aligned with those of the Company’s stockholders.

As discussed in the sections that follow, the Company uses a variety of compensation vehicles to meet its compensation philosophy and objectives. The Company does not establish a targeted mix of weightings between the various components. Both internal and external influences on our compensation program fluctuate periodically, and the Company believes that it is in the best interest of the Company, the Company’s stockholders, as well as the Named Executive Officers, to provide the Committee with the flexibility to design a compensation program appropriate to the current market environment and the Company’s goals.

Position and level of responsibility are important factors in the compensation of the Company’s executives. There are internal salary levels, as well as annual and long-term target incentive opportunities for each executive level in the organization. The Company believes this strategy emphasizes the executive team concept.

Each Named Executive Officer is a long-term employee of the Company with tenure ranging from 15 to 36 years, resulting in a group that is very knowledgeable about our Company and the overall transportation industry. This knowledge is very valuable to both the Company and our stockholders and makes members of our management desired targets for other transportation companies. Our compensation program is designed to prevent loss of our existing managerial talent as well as attract future leaders for the Company.

In 2012, the Company held its second stockholder advisory vote on the compensation paid to our Named Executive Officers, resulting in over 99% of votes cast approving such compensation. The Committee considered these results and the overwhelming support expressed by stockholders as well as many other factors in evaluating the Company’s executive compensation programs as discussed in this CD&A. These factors include the Committee’s assessment of the interaction of our compensation programs with our corporate business objectives, evaluations of our programs by external consultants, and review of data of a selected group of peers. Each of these factors is evaluated in the context of the Committee’s duty to act as the Directors determine to be in the stockholders’ best interests. Based on this evaluation, the Committee did not make any changes to our executive compensation program, policies or pay levels as a result of the 2012 “say on pay” advisory vote.

### **Roles and Responsibilities in Determining Executive Compensation**

The Compensation Committee is responsible for overseeing and approving compensation levels and incentive plans for the Named Executive Officers. The Committee approves salary levels, incentive plan performance metrics, performance goals, targets and maximum payouts, equity awards and the peer group used for benchmarking. The Committee also evaluates the need for, and provisions of, severance arrangements for the Named Executive Officers. As a part of its responsibilities, the Committee also reviews risks associated with compensation plans.

The Committee retains an independent consultant, Meridian, to assist with the evaluation of compensation programs and award levels and to provide updates to the Committee on trends and issues related to executive compensation as well as to review executive compensation related proxy disclosures. Meridian participates in Committee meetings, reviews Committee materials and provides advice to the Committee upon request. Meridian does not provide any services to the Company other than the services provided as independent executive compensation consultant for the Board and Compensation and Nominating/Corporate Governance Committees. The Compensation Committee has assessed the independence of Meridian under the SEC rules and concluded that Meridian’s work for the Compensation Committees does not raise any conflict of interest.

The Company has retained Mercer to provide additional consulting services at the direction of management and to assist with management's recommendations for our peer group and executive compensation. Mercer assists with market analysis, plan design, proxy disclosure review, review of corporate governance practices and periodically participates in Committee meetings and reviews Committee materials.

From time to time, the Company's Chairman of the Board, President–Chief Executive Officer, Senior Vice President–Tax & Chief Audit Executive, Vice President–General Counsel and Corporate Secretary, Vice President–Chief Financial Officer, Vice President–Human Resources and ABF President–Chief Executive Officer provide analysis and recommendations to the Committee on compensation issues.

At certain meetings, the President–Chief Executive Officer presents pay recommendations to the Committee for her direct reports. The President–Chief Executive Officer does not make recommendations on her own compensation. Some or all of the above-listed individuals routinely attend the meetings of the Committee to provide information relating to matters the Committee is considering. None of the above-listed individuals participate in discussions concerning their own pay or attend Committee executive sessions, except to the extent requested by the Committee.

Management formulates its recommendations with assistance from Mercer. The Committee considers management recommendations and reviews recommendations from Meridian before making decisions on compensation to be provided to the executives. The Committee feels these recommendations provide valuable insight in making compensation decisions; however, the Committee alone approves all pay decisions for the Named Executive Officers.

### **Determining Appropriate Pay Levels and Linkage to Objectives**

The Committee compares its compensation program with the compensation levels of executives at similar peer entities in our industry to determine whether the Company is providing a competitive compensation program within the market in which we compete for qualified executives. For base salary, the Company has historically targeted between the 25th and 50th percentiles of the market (i.e., the peer group described below) for Named Executive Officers. Annual cash incentives are designed to deliver total cash compensation (salary and annual incentives) to meet or exceed the 50th percentile of the market when the Company performs above target performance. Total direct compensation, including base salary, annual cash incentives, long-term cash incentives and equity awards, is also targeted to meet or exceed the 50th percentile of the market when the Company exceeds target performance levels.

To assess the competitive range of pay for a particular position, the Committee periodically examines pay data for executives in positions of comparable size and complexity at other companies. The Company's market compensation peer group is designated by the Committee.

During the fall of 2011, a market analysis was conducted for the Company's executive compensation program in conjunction with the Company's retention assessment and incentive plan review. The analysis examined peer group incentive plan designs and practices and reviewed severance and change in control agreements provided by peers. This analysis indicated that total direct compensation for the Named Executive Officers is within the desired range when the Company performs well. The 2011 industry peer companies included the seven trucking companies listed below, which the Company considers to be its direct competitors for business and executive talent.

- Con-Way, Inc.
- J.B. Hunt Transportation Services, Inc.
- Landstar System, Inc.
- Old Dominion Freight Line, Inc.
- SAIA, Inc.
- Werner Enterprises
- YRC Worldwide, Inc.

In conjunction with input from Meridian and Mercer, in January 2012 the Committee reviewed and revised the market compensation peer group to more accurately represent the Company’s current direct competitors (which are the same companies used in the TSR comparison of the 2012-2014 cash long-term incentive plan). The previous market compensation peer group had been in place since 2008. The peer group, as listed below, consists of the Stephen’s Transportation Index with the addition of YRC Worldwide, Inc. Although this peer group change was made in 2012, no market compensation analysis was conducted in 2012. This peer group has also been approved by the Committee for any 2013 market compensation analysis.

- Celadon Group Inc.
- Con-Way, Inc.
- Covenant Transport, Inc.
- Heartland Express, Inc.
- Knight Transportation, Inc.
- Marten Transport, Ltd.
- Old Dominion Freight Line, Inc.
- SAIA, Inc.
- Swift Transportation Corporation
- USA Truck Inc.
- Vitran Corporation
- Werner Enterprises
- YRC Worldwide, Inc.

Due to the strong performance orientation of the annual cash incentive, as discussed on page 31, and the long-term cash incentives, as described on page 32, the Committee is satisfied that above-median total cash and total direct compensation will only be awarded when the Company performs well against the historical ROCE (as further described below) of the S&P 500 companies. The S&P 500 is an appropriate performance benchmark because it is a broad-based group of companies in leading industries in the United States. The S&P 500 reflects the risk and return characteristics of the broader market on an on-going basis. While the S&P 500 includes companies that are larger than the Company, the performance of these companies reflects stable, well-managed organizations. Performance at or above the level of the S&P 500 companies is considered acceptable performance by management and worthy of performance-based incentive payments. For long-term incentives, the Company also uses TSR relative to the above listed peer group to more directly align the cash long-term incentive plan with shareholder value creation.

The Committee evaluates Named Executive Officers’ compensation by analyzing two general categories: (i) short-term cash compensation and (ii) long-term incentive compensation.

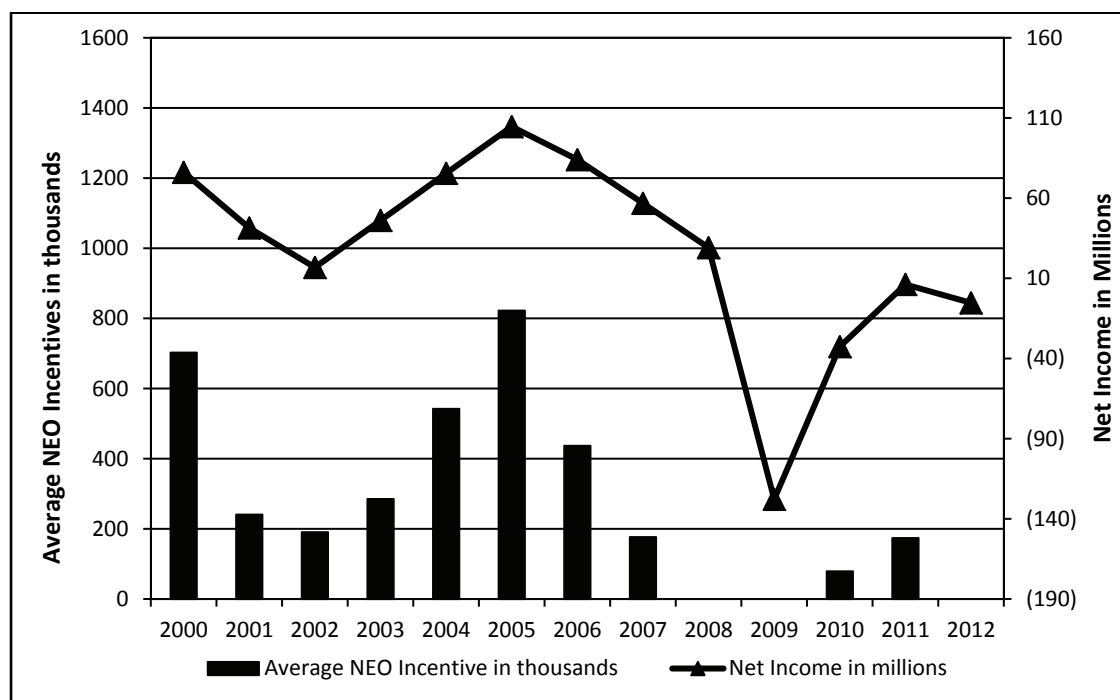
<b>Short-Term Cash Compensation</b>				<b>Long-Term Incentive Compensation</b>						
Base Salary	+	Annual Cash Incentive (1-Yr. Financial Goals)	=	Total Cash Compensation	+	Long-Term Cash Incentive (3-Yr. Financial Goals)	+	Equity Awards (Annual Grant with 5-Yr. vesting)	=	Total Direct Compensation

Although the Committee does review retirement, perquisites and other benefits such as the 401(k) plan, pension plan and health and welfare benefits, these benefits are not referenced against market data or used in determining direct compensation levels. These benefits are more fully described in the “Retirement and Other Benefits” and the “Perquisites” sections of this CD&A.



## Pay for Performance

In addition to being designed to attract and retain effective management, our compensation program also has a strong relationship between pay and performance and our compensation programs evolve and are adjusted over time to support the Company's goals and short- and long-term objectives. The following chart illustrates how incentive payments (both short- and long-term) track with the Company's net income performance.



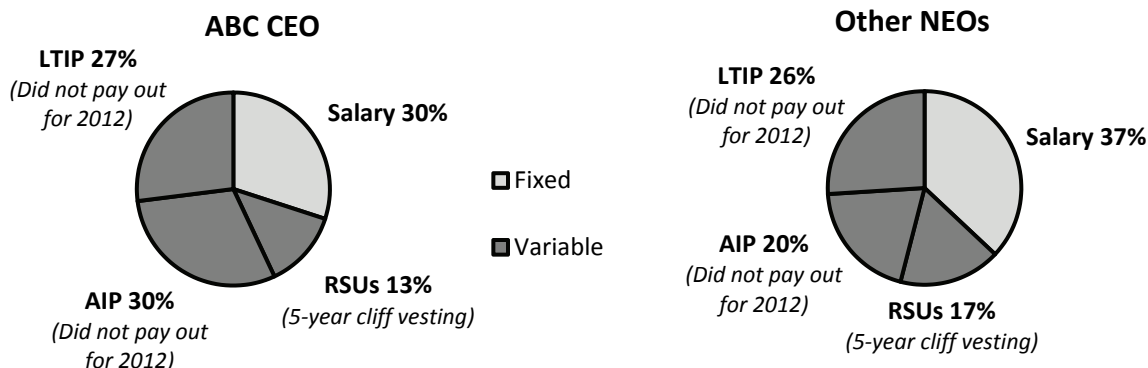
Performance-based annual and long-term incentive compensation represents a significant portion of the Named Executive Officers' compensation package.

Historically, the annual incentive plan was tied to the Company's ROCE. There was no annual incentive benefit paid for performance in 2008 and 2009 due to the severe recessionary environment and its effect on the Company's financial results. For 2010, the primary annual incentive plan was again tied to the Company's ROCE but cash flow improvement over the 2010 forecast was added as a second measure. While no payout was earned on ROCE in 2010, there was a benefit earned under the cash flow improvement component of the plan. For 2011, the annual incentive plan benefit was based on 2011 cash flow improvement over 2010 and ROCE. The target cash flow improvement for 2011 was exceeded resulting in a payout under the cash flow component; however, the threshold payout under the ROCE component was not attained. The resulting payment for 2011 was below target incentive levels. In 2012, the cash flow improvement metric was replaced with operating income improvement. Operating income was added in 2012 to encourage focus on profitable growth of the Company. In 2012, the Company again faced difficult economic conditions and an unfavorable union cost structure resulting in no incentive payment under either the operating income or ROCE component for the year.

The 2012-2014 cash long-term incentive compensation plan is based equally on ROCE and TSR relative to a peer group. Beginning in 2011, TSR replaced EPS and was added to incorporate a relative metric into the long-term plan that reflects the cyclicity of the Company's industry. The Committee believes that this more directly aligns the plan with shareholder value creation. Prior long-term incentive compensation plans were based on EPS growth and ROCE. Due to the continuing effects of the recession and an unfavorable union cost structure and its effect on the Company's financial results, there have been no payouts under the cash long-term plans since the 2006-2008 plan.

## 2012 Variable vs. Fixed Compensation

The charts below show the significant portion of the Named Executive Officers' 2012 target compensation that was variable based on reaching certain performance goals or the value of the Common Stock.



## Components of Compensation

**Base Salary.** Base salaries for Named Executive Officers are reviewed by the Committee on an annual basis. In establishing base salaries, the Committee reviews the following:

- the Company's compensation philosophy and objectives as described above;
- market analysis, the latest of which was conducted in 2011 by Mercer;
- input from the Compensation Committee's independent consultant, Meridian;
- economic and inflationary factors;
- the Company's recent and historical financial performance;
- the Company's strategic plans;
- the resources of the Company; and
- the President–Chief Executive Officer's recommendations (on positions other than her own).

The Committee does not assign a specific weighting to any of these factors.

For 2012, the Committee approved modest base salary increases for the officer group generally consistent with increases made for salaried employees. Named Executive Officer base salaries increased by approximately 3% in 2012 other than with respect to Ms. McReynolds, Mr. Slagle and Mr. Ingram. Based on Ms. McReynolds' performance in her second year as the Company's President–CEO and the Company's continued improvement in operating results in 2010 and 2011, the Committee increased Ms. McReynolds salary from \$525,000 to \$575,000. This increase was a part of the Compensation Committee's plan to increase Ms. McReynolds' pay level as she has additional time in her new CEO role. With this increase, based on the most recent market analysis in 2011, her salary is between the 25<sup>th</sup> and 50<sup>th</sup> percentile as compared to our 2011 market compensation peer group and is below the salary for the Company's two prior President-CEOs. Mr. Slagle's salary was increased from \$285,000 to \$375,000 upon his promotion to ABF President-CEO effective January 1, 2012. Mr. Ingram's salary was increased from \$232,000 to \$294,000 upon his promotion to Senior Vice President-Strategic Development effective November 1, 2011. The following chart shows the base salary rates for each Named Executive Officer for 2011 and 2012:

	2011 Salary	2012 Salary
Judy R. McReynolds	\$525,000	\$575,000
Roy M. Slagle	\$285,000	\$375,000
J. Lavon Morton	\$285,000	\$294,000
Jim A. Ingram	\$240,833	\$294,000
Michael E. Newcity	\$258,000	\$266,000

**Annual Cash Incentive Compensation.** The annual cash incentive compensation plan benefit for 2012 was based on the Company’s ROCE and operating income improvement. In 2010 and 2011, in addition to ROCE, the incentive was based on cash flow improvement; however, the Committee wanted to shift the focus to improving operating results. This resulted in a change from the cash flow improvement metric to operating income improvement in 2012. Operating income was added to encourage focus on profitable growth of the Company. In 2012, the performance metrics were equally weighted. Under the plan, participants would receive a payout if certain operating income improvement levels over 2011 were met and/or if certain ROCE levels were achieved. Operating income is generally determined as operating income as shown by the consolidated financial statements and consistent with the historical determination of operating income in Arkansas Best’s financial statements. ROCE is generally calculated by dividing net income (adjusted for nonrecurring or unusual items) by average debt plus average equity for the applicable period. The Committee and management believe that ROCE keeps participants focused on the profitable use of Company resources and promotes profitable growth, both of which increase the value of the Company to its stockholders. Additionally, ROCE is a valuable motivational tool since it can be calculated throughout the year by participants.

The ROCE incentive award scale is based on studies conducted since the inception of the ROCE plan in 1998 regarding the historical average ROCE for the S&P 500 publicly traded companies over longer periods of time.

For 2012, Named Executive Officers had a target incentive opportunity expressed as a percentage of their base salary called the target salary factor that is multiplied by a performance factor determined by the operating income improvement or ROCE achieved by the Company. The target incentive opportunity for Mr. Newcity, the Company’s Chief Financial Officer since June 2010, was raised from 40% to 45% of base salary based on his performance during that time period and to bring his total compensation closer to the 50<sup>th</sup> percentile of our 2011 market compensation peer group, based on results of the 2011 market analysis.

The following table shows the 2012 target salary factors for the annual incentive plan:

<b>Job Title</b>	<b>Target Salary Factor</b>
ABC President & CEO	100%
ABF President & CEO	70%
ABC Senior Vice President	50%
ABC Vice President–CFO	45%

The following tables show how the Company determined the performance factor applied in each half of the incentive paid under the 2012 annual cash incentive compensation plan:

<b>Operating Income Improvement</b>	<b>Performance Factor Earned</b>
<+\$20 million	0%
+\$20 million	40%
+\$50 million	100%
+\$90 million	200%

The operating income component was capped at a 200% performance factor.

<b>ROCE % Achieved</b>	<b>Performance Factor Earned</b>
<5%	0%
5%	50%
10%	100%
15%	300%

The ROCE component was capped at a 300% performance factor.

Performance requirements for an incentive under the ROCE or operating income improvement component of the 2012 annual plan were not met; therefore, no incentive was paid under the plan, as reflected in the table below.

<b>Job Title</b>	<b>2012 Target Annual Incentive Opportunity</b>	<b>Actual 2012 Annual Incentive Plan Payout</b>
ABC President & CEO	\$575,000	\$0
ABF President & CEO	\$262,500	\$0
ABC Senior Vice Presidents	\$147,000	\$0
ABC Vice President–CFO	\$119,700	\$0

**Long-Term Cash Incentive Compensation.** The Committee has adopted three-year cash incentive programs annually since 2006 (each new three-year measurement period is considered a separate and distinct cash long-term incentive plan for purposes of performance measures and payouts), each of which includes certain Named Executive Officers as participants. The cash long-term incentive plan provides long-term incentive compensation as described below. Management and the Committee believe that the combination of performance measures in the cash long-term incentive plan places an emphasis on motivating profitable growth and on the level of profitability from the efficient use of Company assets. The performance period for the 2010-2012 cash long-term incentive compensation plan ended on December 31, 2012. Performance requirements for the ROCE and earnings per share growth components were not met; therefore, no incentive was paid under the plan, as reflected in the table below.

<b>Job Title</b>	<b>2010-2012 Target Cash Long-Term Incentive Opportunity</b>	<b>Actual 2010-2012 Long-Term Incentive Plan Payout</b>
ABC President & CEO	\$439,167	\$0
ABF President & CEO	\$223,361	\$0
ABC Senior Vice President, Morton	\$199,267	\$0
ABC Senior Vice President, Ingram <sup>1</sup>	\$154,077	\$0
ABC Vice President–CFO	\$122,803	\$0

(1) The ABC Senior Vice President Incentive Opportunities differ because Mr. Ingram was not a Senior Vice President for the full three years of the performance period.

In January 2012, the Committee adopted a three-year cash long-term incentive plan program for January 1, 2012 through December 31, 2014. The 2012-2014 cash long-term incentive plan is comprised of two parts:

<b>Cash Long-Term Incentive Plan Components</b>	<b>Weighting</b>
Relative TSR Component	50%
ROCE Component	50%

In addition to ROCE that has been a component of the three-year cash long-term incentive plan since its inception, since 2011 the second metric has been TSR compared to our performance peer group. This peer group consists of certain publicly held transportation companies, all of which are engaged in motor freight transportation or related businesses as a significant part of their business. The purpose of the plan is to encourage focus on efficient use of corporate assets to create profitable growth during the measurement period and to reward participants when they outperform their peer group, particularly in light of the cyclical nature of the Company’s industry. The relative TSR component is intended to more directly align the plan with shareholder value creation.

The performance peer group for the TSR component of the 2012-2014 cash long-term incentive plan (which beginning in 2012 includes the same companies used in market compensation comparisons) is as follows:

- Celadon Group Inc.
- Con-Way, Inc.
- Covenant Transport, Inc.
- Heartland Express, Inc.
- Knight Transportation, Inc.
- Marten Transport, Ltd.

- Old Dominion Freight Line, Inc.
- SAIA, Inc.
- Swift Transportation Corporation
- USA Truck Inc.
- Vitran Corporation
- Werner Enterprises
- YRC Worldwide, Inc.

For the “ROCE Component,” the Committee used the Company’s three-year average ROCE as its performance measure. The ROCE goal is based on studies conducted by the Company on historical averages of ROCE for S&P 500 publicly traded companies over longer periods of time. The minimum ROCE required to receive an incentive under the cash long-term incentive plan is 3%. The actual incentive earned for the ROCE Portion is dependent on the three-year average of ROCE achieved and the participant’s average annualized base salary during the measurement period. Participants receive 100% of their target incentive opportunity, subject to the applicable weighting for the ROCE Portion, if an ROCE level of 10% is achieved during the measurement period.

As described more fully below, in prior years, the Named Executive Officers were given an election to remain in the Deferred Salary Agreements (collectively “DSA”) or transition to the cash long-term incentive plan program. All of the Named Executive Officers participate in the cash long-term incentive plan.

For 2012, Named Executive Officers had a target incentive opportunity expressed as a percentage of their base salary called the target salary factor that is multiplied by a performance factor for each performance component. The target incentive opportunity for Mr. Newcity, the Company’s Chief Financial Officer since June 2010, was raised from 55% to 60% of base salary based on his performance during that time period and to bring him closer to the 50<sup>th</sup> percentile in total compensation as compared to our compensation peer group, based on results of the 2011 market analysis. The following table shows the 2012 target salary factor for the Named Executive Officers.

<b>Job Title</b>	<b>Cash Long-Term Incentive Plan Incentive Award Salary Factor  (“Salary Factor”)</b>
ABC President & CEO	85%
ABF President & CEO	75%
Senior Vice Presidents	70%
Vice President–CFO	60%

The following tables show how payments are determined for each half of the cash long-term incentive plan:

<b>Relative TSR</b>	<b>Performance Factor Earned for Relative TSR</b>
< 25 <sup>th</sup> percentile	0%
25 <sup>th</sup> percentile	25%
50 <sup>th</sup> percentile	100%
75 <sup>th</sup> percentile	200%

The Relative TSR component was capped at a 200% performance factor.

<b>ROCE % Achieved</b>	<b>Performance Factor Earned on ROCE</b>
<3%	0%
3%	30%
10%	100%
15%	300%

The ROCE component was capped at a 300% performance factor.

Any payments for the 2012-2014 cash long-term incentive plan will be made in early 2015.

For 2012-2014 cash long-term incentive plan awards, the 2012 Change in Control Plan provides for immediate payment of an earned award upon a qualified termination following a change in control. For awards that have not reached the end of the measurement period, the benefit amount will be prorated based on the number of whole months completed during the measurement period as of the date of the qualified termination; provided, however that the amount payable shall be computed and paid in the normal course of business and under the terms of the cash long-term incentive plan after the end of the measurement period. See the “Potential Payments upon Termination or Change in Control” section for more information.

**Equity Awards.** The Company’s policies and practices for aligning the Named Executive Officers’ interests with stockholders’ interests and encouraging stock ownership by Named Executive Officers are described below:

To help align executive interests with those of shareholders, the Company awards RSUs. In 2012, target award values were reduced due to a decrease in the Company’s stock price and the desire to preserve shares for issuance under the Company’s 2005 Ownership Incentive Plan. Named Executive Officers were granted RSUs in 2012 under the Company’s 2005 Ownership Incentive Plan as follows:

<b>Named Executive Officer</b>	<b>Target Award Value</b>	<b>Reduced Target Award Value for 2012</b>	<b>RSUs Granted in 2012</b>
Judy R. McReynolds	\$330,000	\$242,055	16,500
Roy M. Slagle	\$240,000	\$176,040	12,000
J. Lavon Morton	\$180,000	\$132,030	9,000
Jim A. Ingram	\$180,000	\$132,030	9,000
Michael E. Newcity	\$170,000	\$124,695	8,500

The number of RSUs awarded to each Named Executive Officer was based on the Named Executive Officer’s position within the Company. Other considerations included the total number of shares available to be granted, the number of previously granted RSUs currently outstanding, burn rate and potential shareholder dilution.

See the “Outstanding Equity Awards at 2012 Fiscal Year-End” section for additional information.

Prior to 2005, the Named Executive Officers were awarded stock options. A portion of these options are still outstanding. All outstanding options are fully vested but have an exercise price substantially in excess of the Company’s current and recent stock price.

The Committee has granted RSUs since 2007. The Committee believes the awarding of RSUs with five-year cliff vesting facilitates the Named Executive Officers’ accumulation of an equity interest in the Company. This vesting schedule also assists the Named Executive Officers in complying with the Stock Ownership Policy. Stock will be issued in settlement of the RSUs on the regular five-year vesting date or, if earlier, at the time the Named Executive Officer’s employment terminates due to retirement, death or disability.

**Ownership and Retention Policy** – The Committee believes that the Named Executive Officers should maintain meaningful equity holdings in the Company. The Board adopted a Stock Ownership Policy (the “Policy”) for Named Executive Officers that became effective January 1, 2008. Under this Policy, Named Executive Officers must own stock with a value equal to or greater than the following multiple of their base salary within five years from the date of their appointment to a position subject to the Policy. If a Named Executive Officer is already subject to the Policy and is subsequently promoted, that officer will have three years from the promotion date to satisfy the new higher ownership requirement.

<b>Position Title</b>	<b>Stock Ownership Multiple</b>
ABC President & CEO	3 x base salary
Other Named Executive Officers	2 x base salary

Participants may not sell any shares granted under a Company award agreement (except to pay the exercise price of stock options or taxes generated as a result of equity grants) until they satisfy the stock ownership requirement. Stock owned in a Company-sponsored retirement plan, restricted stock, RSUs and stock owned outright count toward the ownership requirement. Should a person covered by the Policy fail to have the required amount accumulated after his or her required compliance date, then further equity grants may be discontinued until the person has complied with the Policy. The Committee monitors ownership levels annually. As of the previous review in April, 2012, all Named Executive Officers have met their requirement. The Committee reserves the right to amend or terminate the Policy at any time or waive the restrictions for any individual at its sole discretion.

**Equity Award Practices** – The Committee’s policy for granting equity awards states:

- the Committee shall be responsible for the granting of all equity-based compensation for employees;
- the award dates for each grant shall be five business days following the Company’s applicable quarter’s earnings release;
- the exercise price or value of the grant shall be determined by reference to the closing price of the Common Stock on the specified award date;
- the number of shares/units awarded will be based on stated dollar amounts for each participant unless otherwise approved by the Board; and
- any award which does not conform to these policy requirements must be approved by the Board

**Retirement and Other Benefits.** The Named Executive Officers are eligible to participate in retirement and benefit programs as described below. The Committee reviews the overall cost to the Company of the various programs generally on an annual basis or when changes are proposed. The Committee believes the benefits provided by these programs continue to be important factors in attracting and retaining the overall officer group, including the Named Executive Officers. However, in recent years, these benefits have become more limited.

In the past, the Company provided officers with the predominant portion of their long-term cash compensation through post-employment payments under the Supplemental Benefit Plan (the “SBP”) and DSA retirement programs described below. All benefits under these plans have been frozen, and officers now receive a significant portion of their long-term cash through the performance plan described earlier. As officers promoted after the SBP and DSA freeze, Messrs. Newcity and Ingram are not participants in the SBP or DSA.

Following are the various benefit programs in which the Named Executive Officers have either active or frozen participation.

Supplemental Benefit Plan – Prior to 2010, the Company maintained a noncontributory, unfunded supplemental pension benefit plan that supplements benefits under the Arkansas Best Corporation Pension Plan (the “Pension Plan”). Under the SBP, the Company will pay sums in addition to amounts payable under the Pension Plan to eligible officers, including the Named Executive Officers. The SBP has been frozen since December 31, 2009. See the “2012 Pension Benefits” section for more information.

Deferred Salary Agreements – The Company and ABF also have unfunded, noncontributory DSAs with certain of their officers. No Named Executive Officers are active participants in the DSA. See the “2012 Pension Benefits” section for more information.

Pension Plan – As part of their postemployment compensation, the Named Executive Officers participate in the Company’s Pension Plan on the same basis as all other eligible noncontractual employees hired prior to January 1, 2006. See the “2012 Pension Benefits” section for more information on the benefit and terms and conditions of the Pension Plan.

401(k) Savings Plan – The Company maintains the Arkansas Best 401(k) and DC Retirement Plan for eligible noncontractual employees. The Named Executive Officers are eligible to participate in this plan on the same basis as all other eligible employees. Prior to 2010, the Company matched 50% of the employee’s contributions up to a maximum of 6% of the employee’s eligible earnings subject to the Internal Revenue Service (“IRS”) annual compensation limit. Due to the adverse economic environment and our unfavorable union cost structure and its effect on the Company’s operating results and the need to conserve cash, the 401(k) match was suspended in 2010 and 2011. The 401(k) match was reinstated at the prior rate effective January 1, 2012.

Voluntary Savings Plan (“VSP”) – The Arkansas Best VSP is a nonqualified plan created to offset the IRC limitations on contributions to the Company’s 401(k) plan for certain eligible officers, including the Named Executive Officers. Prior to 2010, the Company matched 15% of the participant’s contributions up to a maximum annual match amount of \$15,000. The match was suspended for the VSP effective January 1, 2010. See the “2012 Non-Qualified Deferred Compensation” section for a more detailed description of the VSP. Mr. Morton is the only Named Executive Officer who has a balance in the VSP.

Health and Welfare Plans – The Company provides medical, dental, vision, life insurance and disability benefits to all eligible noncontractual employees. The Named Executive Officers are eligible to participate in these benefit plans on the same basis as all other eligible noncontractual employees. The Named Executive Officers also have individual long-term disability policies subsidized by the Company that supplement the group disability policy.

Officer Life Insurance – The Company’s and ABF’s officers, including the Named Executive Officers, are provided with life insurance coverage of \$1 million in the event they suffer accidental death while traveling on Company business.

Post-Employment Medical Policy (“Executive Medical Policy”) – The Company provides the Named Executive Officers and their eligible dependents with lifetime health coverage under the Company’s Executive Medical Policy following their termination of employment after age 55 with 10 years of service. The health coverage is provided through a fully insured third-party provided health plan. Eligible officers from age 55 to 60 pay a premium to the Company, historically equivalent to the then current COBRA rate. From age 60 to 65, the terminated officer is required to reimburse the Company an amount equivalent to the premium paid for health coverage by active officers of the Company. For retired officers age 65 and over, nominal premiums are charged by the Company for continued retiree coverage.

The Executive Medical Policy provides that coverage will be forfeited if the officer becomes an employee, consultant or director of, or has an ownership interest in, any competitor of the Company.

*Perquisites.* Perquisites are generally limited to situations where there is some related business benefit to the Company, such as personal travel cost associated with spousal attendance at Company or industry events. See the “Summary Compensation Table” for a listing of the reportable perquisites for the Named Executive Officers.

### **Employment Agreements and Change in Control Provisions**

None of our Named Executive Officers is party to an employment agreement with the Company. However, in September 2011, the Committee conducted an assessment of retention programs within our peer group and the broader market. It was determined that the Company did not have adequate protection in place for its Named Executive Officers in the event of a change in control. In January 2012, the Committee approved a Change in Control Plan for certain senior officers of the Company including the Named Executive Officers. The Committee believes the new plan serves the best interests of the stockholders since it helps retain executives during uncertain times leading up to and immediately following a change in control. By providing fair compensation in the event of termination following a change in control, the plan allows the executives to reasonably evaluate potential actions without concern over how it may impact them financially.

The plan provides the following benefits if an eligible executive is involuntarily terminated following a change in control:

- (i) a cash payment (for Ms. McReynolds the payment is two times her base salary plus two times her average annual cash incentive and for the remaining Named Executive Officers the payment is one times the executive’s base salary plus one times his average annual cash incentive);
- (ii) a prorated annual incentive payment for the year of termination;
- (iii) prorated cash long-term incentive payments;
- (iv) full vesting of all equity awards; and
- (v) a lump sum payment adequate to cover medical and dental premiums for 24 months.



In addition, each of the officer compensation programs listed below contains provisions which accelerate that program's benefit if certain Company change in control or termination following a change in control events occur:

- equity awards
- cash long-term incentive plan
- DSA
- VSP

The benefits are intended to provide the officer participants with a reasonable severance package that is based on the value the officers have created and is realized by the Company's stockholders in the event of a change in control. None of the change in control provisions requires the Company to gross-up a Named Executive Officer for taxes they may owe on change in control benefits including any excise taxes under IRC Section 4999. Under the terms of the Change in Control Plan, a best-of-net calculation will be performed to determine whether change in control benefits due to the Named Executive Officers should be reduced (so no excise tax will be imposed under IRC Section 280G) or should be paid in full (with any excise taxes resulting to be paid in full by the Named Executive Officer). See the "Potential Payments upon Termination or Change in Control" section for additional information regarding these change in control provisions.

### **Clawbacks**

The Committee has implemented a policy for the "clawback" of any bonus or incentive compensation awarded to any executive officer, including a Named Executive Officer, whose misconduct contributed to the Company being required to restate its financial statements. Under the terms of the policy, the Board may require reimbursement of any bonus or incentive compensation awarded or effect the cancellation of unvested RSUs or deferred stock awards previously granted to the executive officer under the scenarios described below:

- the amount of the bonus or incentive compensation was calculated based upon the achievement of certain financial results that were subsequently the subject of the restatement;
- the executive officer engaged in intentional misconduct that caused or partially caused the need for the restatement; and
- the amount of the bonus or incentive compensation that would have been awarded to the executive officer had the results been properly reported would have been lower than the amount actually awarded.

### **Prohibited Transactions in Company Stock**

The Insider Trading Agreement prohibits certain transactions in the Company's securities, including the purchase or sale of puts, calls, options or other derivative securities based on the Company's securities. The policy also prohibits monetization transactions, such as forward sale contracts, in which the stockholder continues to own the underlying security without all the risks or rewards of ownership, short-selling Company securities or "selling against the box" (failing to deliver sold securities) as well as any other hedging transaction involving the Company's securities.

### **Tax and Accounting Implications**

***Deductibility of Executive Compensation.*** Section 162(m) of the IRC generally precludes a public company from taking a federal income tax deduction for annual compensation in excess of \$1 million per individual paid to its Chief Executive Officer or the other three most highly compensated officers of the Company (other than the Chief Executive Officer or Chief Financial Officer). Under Section 162(m), certain compensation, including "performance-based compensation," is excluded from this deduction limitation. It is the Committee's intent to structure compensation paid to the officers to be fully deductible. However, from time to time, the Committee may award compensation that may not be fully deductible if it determines that such awards are consistent with its compensation philosophy and in the best interests of the Company and its stockholders. The Committee has been advised that all of the 2012 compensation paid to the Named Executive Officers is deductible. IRC Section 280G prohibits the deduction of any "excess parachute payment." Benefits payable under the Change in Control Plan as well as accelerated vesting of equity awards and annual and long-term cash incentives could result in "excess parachute payments" that are not deductible by us. For more information regarding amounts payable and benefits available upon the occurrence of certain changes in control, see "Executive Compensation – Potential Payments upon Termination or Change in Control."

**Non-Qualified Deferred Compensation.** The Company designs and operates its nonqualified deferred compensation arrangements in a manner that is intended to be in compliance with Section 409A of the IRC and the final regulations issued thereunder.

### **Key Compensation Actions, Including Changes for 2013**

**Base Salary:** At this time, no salary increases have been approved for Named Executive Officers in 2013.

**Annual Incentive Goals and Metrics:** For the 2013 Annual Cash Incentive Compensation Plan, the incentive continues to be based on ROCE and operating income improvement. The 2013 metrics are weighted 50% each.

**Long-Term Incentive Plan:** The 2013-2015 cash long-term incentive plan continues to be based on ROCE and relative TSR. Under the cash long-term incentive plan, the Company's relative three-year TSR is compared to our performance peer group.

**Risk Assessment:** The most recent compensation plan risk assessment by the Committee was conducted in January 2013. For more information on the risk assessment process and results, see the section of this proxy titled "Governance of the Company - Board's Role in Risk Oversight" in the Corporate Governance section of this proxy.

## **Compensation Committee Report**

The Compensation Committee generally meets in conjunction with the Company's regular Board meetings, but also holds special meetings when deemed appropriate. In 2012, the Compensation Committee met six times. The Nominating/Corporate Governance Committee has determined that each member of the Compensation Committee meets applicable NASDAQ independence standards and IRC Section 162(m) non-employee director requirements. The Compensation Committee Charter is published in the Corporate Governance section of the Company website at [www.arkbest.com](http://www.arkbest.com).

The Compensation Committee has reviewed and discussed the above Compensation Discussion & Analysis with management and based on the review and discussions, the Compensation Committee recommended to the Board that it be included in the Company's Annual Report filed on Form 10-K and, as applicable, the Company's 2013 Proxy Statement.

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### **Committee Members**

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William M. Legg, Chairman  
John W. Alden  
John H. Morris  
Craig E. Philip

## **Compensation Committee Interlocks and Insider Participation**

None of the Compensation Committee members are officers or employees or former officers or employees of the Company. No executive officer of the Company serves as a member of the Board of any other entity or the Compensation Committee of any other entity that has one or more executive officers serving as a member of the Board or Compensation Committee. Messrs. Legg, Alden, Morris and Philip served on the Compensation Committee in 2012.

## Summary Compensation Table

The following table sets forth compensation paid for the fiscal years indicated for our 2012 Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(2)</sup>	Change in Pension Value and Non-Qualified Deferred Compensation Earnings (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
Judy R. McReynolds .....	2012	\$ 575,000	\$ 242,055	\$ –	\$ 97,574	\$ 30,757	\$ 945,386
<i>ABC President–CEO</i>	2011	525,000	329,960	383,093	92,858	16,496	1,347,407
	2010	450,000	329,376	142,799	72,776	2,818	997,769
Roy M. Slagle .....	2012	375,000	176,040	–	220,608	44,046	815,694
<i>ABF President–CEO</i>	2011	285,000	180,800	103,982	263,546	28,107	861,435
	2010	275,000	180,480	74,711	271,657	21,855	823,703
J. Lavon Morton .....	2012	294,000	132,030	–	41,739	8,983	476,752
<i>ABC Senior Vice President– Tax and Chief Audit Executive</i>	2011	285,000	180,800	103,982	41,891	1,483	613,156
	2010	275,000	180,480	74,338	113,460	1,483	644,761
Jim A. Ingram <sup>(5)</sup> .....	2012	294,000	132,030	–	63,566	8,534	498,130
<i>ABC Senior Vice President– Strategic Development</i>							
Michael E. Newcity .....	2012	266,000	124,695	–	55,248	8,485	454,428
<i>ABC Vice President– Chief Financial Officer</i>	2011	258,000	169,500	75,305	46,015	513	549,333
	2010	190,083	169,200	36,572	33,956	291	430,102

- The amounts reflect the aggregate grant date fair value of RSU awards to the Named Executive Officers during 2012 under the 2005 Ownership Incentive Plan, computed in accordance with FASB ASC Topic 718, determined without regard to estimated forfeitures. The fair value of RSU awards is equal to the fair market value of the Common Stock on the date of grant multiplied by the number of RSUs awarded. The Named Executive Officers each received an award of RSUs under the 2005 Ownership Incentive Plan on May 4, 2012. The actual amount realized by the officer will vary based on a number of factors, including the Company's performance, stock price fluctuations, and applicable vesting. Dividends are paid on RSUs at the same rate and at the same time as the dividends paid to Company stockholders. See Note L to the consolidated financial statements included in our 2012 Annual Report on Form 10-K for the year ended December 31, 2012 for additional detail regarding assumptions underlying the value of these equity awards.
- There were no amounts paid with respect to, or accrued under, the cash long-term incentive plans during 2012 for the 2010-2012, 2011-2013 or the 2012-2014 cash long-term incentive plans. There was no annual cash incentive compensation earned during 2012 for any Named Executive Officer under the Annual Cash Incentive Compensation Plan. See the "2012 Grants of Plan-Based Awards" table for additional information on these plan awards.
- Reflects the increase in actuarial present value for 2012 of each Named Executive Officer's accumulated benefit under the Company's Pension Plan, legacy SBP and DSAs. The values reported are determined using the same assumptions as used by the Company for financial reporting purposes for the Company's Pension Plan, SBP and DSAs. See the "2012 Pension Benefits" section for additional information on these plans.

The 2012 change in value by plan is as follows:

	McReynolds	Slagle	Morton	Ingram	Newcity
Pension Plan .....	\$ 46,131	\$ 81,598	\$ 29,568	\$ 63,566	\$ 55,248
Supplemental Benefit Plan .....	46,481	117,385	1,146	–	–
Deferred Salary Agreement .....	4,962	21,625	11,025	–	–
Total Increase .....	<u>\$ 97,574</u>	<u>\$ 220,608</u>	<u>\$ 41,739</u>	<u>\$ 63,566</u>	<u>\$ 55,248</u>

Earnings under the Company's VSP are not above market and are not included in this table. Of the Named Executive Officers, only Mr. Morton participates in the VSP. Earnings with respect to outstanding vested RSUs are also not above market and are not included in this column. See the "2012 Non-Qualified Deferred Compensation" section for additional information on the VSP and RSU arrangements.

- (4) All Other Compensation for 2012 consists of the following:

	McReynolds	Slagle	Morton	Ingram	Newcity
401(k) Company Match .....	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Long-Term Disability Premiums .....	1,931	1,930	1,303	854	805
24-Hour Accidental Death Premiums .....	180	180	180	180	180
Vacation Pay .....	—	—	—	—	—
Perquisites <sup>(i)</sup> .....	15,453	25,334	—	—	—
Gross-Ups <sup>(ii)</sup> .....	5,693	9,102	—	—	—
Total Other Compensation .....	\$ 30,757	\$ 44,046	\$ 8,983	\$ 8,534	\$ 8,485

- (i) Perquisite values for Ms. McReynolds and Mr. Slagle include expenses for spousal travel to Company or industry events and any related Company lost tax deduction resulting from the spouse accompanying the Named Executive Officer on a Company airplane. Mr. Slagle's perquisite value includes travel club fees. Ms. McReynolds perquisite value includes a Christmas gift from the Company (the Company also provides a Christmas gift to each of the other Board members). In general, the Company's executive officers are not allowed to use corporate aircraft for personal trips. When appropriate for business purposes, executive officers' spouses are permitted to accompany them on trips. Executive officers are also permitted to invite their spouse or other personal guests to occasionally accompany them on business trips when space is available. When the spouse's or guest's travel does not meet the IRS standard for "business use," the cost of that travel, determined under the IRS Standard Industrial Fare Level, is imputed as income to the executive officer, and if the spouse's travel was related to a business purpose, the Company will reimburse the executive officer for the associated income tax resulting from the imputed income.

The Company determines the cost of personal use of Company aircraft using all aircraft operating costs and total flight hours as prescribed by IRS Notice 2005-45 and related regulations. Under IRS rules, spousal travel on a business trip is generally considered nonbusiness travel. The incremental cost to the Company included in the perquisite values above is based on the Company's normal effective income tax rate.

- (ii) Tax gross-ups for Ms. McReynolds and Mr. Slagle are for spousal travel to a Company or industry event.

- (5) Mr. Ingram was not a Named Executive Officer for 2010 and 2011. Accordingly, the table includes Mr. Ingram's compensation for only 2012.

## 2012 Grants of Plan-Based Awards

The following table provides information related to non-equity and equity-based awards made to the Named Executive Officers for the 2012 fiscal year:

Name (a)	Award Type <sup>(1)</sup>	Grant Date (b)	Approval Date (c) <sup>(2)</sup>	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(3, 4)</sup>			All Other Stock Awards	
				Threshold	Target (\$) (d)	Maximum	Number of Shares of Stock or Units (#) (d)	Grant Date Fair Value of Stock Awards (e) <sup>(5)</sup>
Judy R. McReynolds.....	AIP	01/24/2012	N/A	\$ –	\$ 575,000	\$ 1,437,500		
	RSU	05/04/2012	04/23/2012				16,500	\$ 242,055
	C-LTIP	01/24/2012	N/A	–	505,056	1,262,640		
Roy M. Slagle .....	AIP	01/24/2012	N/A	–	262,500	656,250		
	RSU	05/04/2012	04/23/2012				12,000	176,040
	C-LTIP	01/24/2012	N/A	–	290,633	726,583		
J. Lavon Morton .....	AIP	01/24/2012	N/A	–	147,000	367,500		
	RSU	05/04/2012	04/23/2012				9,000	132,030
	C-LTIP	01/24/2012	N/A	–	212,666	531,665		
Jim A. Ingram .....	AIP	01/24/2012	N/A	–	147,000	367,500		
	RSU	05/04/2012	04/23/2012				9,000	132,030
	C-LTIP	01/24/2012	N/A	–	212,666	531,665		
Michael E. Newcity .....	AIP	01/24/2012	N/A	–	119,700	299,250		
	RSU	05/04/2012	04/23/2012				8,500	124,695
	C-LTIP	01/24/2012	N/A	–	164,925	412,312		

(1) Award Types:

AIP = annual incentive compensation plan

RSU = restricted stock units granted under the 2005 Ownership Incentive Plan

C-LTIP = three-year cash long-term incentive compensation plan (2012-2014 plan period)

- (2) The RSU award was approved by the Committee on April 23, 2012; however, the award was not effective until May 4, 2012. The terms of the Company's equity award policy state the effective date of an equity award is the date which is five business days following the Company's most recent quarter's earnings release.
- (3) The performance criteria for the 2012 annual incentive plan award were approved by the Committee on January 24, 2012. Amounts shown in the "Estimated Future Payouts under Non-Equity Incentive Plan Awards" column with respect to the 2012 annual incentive plan award represent the threshold, target and maximum payment levels of the 2012 annual incentive plan. Awards under the annual incentive plan are described in greater detail in the narrative following this table and in the section above entitled "Compensation Discussion & Analysis – Components of Compensation – Annual Cash Incentive Compensation." The actual amount of the 2012 annual incentive plan award paid for 2012 performance with respect to each Named Executive Officer is set forth in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table."
- (4) The performance criteria for the 2012-2014 cash long-term incentive compensation plan award were approved by the Committee on January 24, 2012. Amounts shown in the "Estimated Future Payouts under Non-Equity Incentive Plan Awards" column represent the threshold, target and maximum payment levels with respect to cash long-term incentive compensation plan awards granted in 2012. Awards under the cash long-term incentive compensation plan are described in greater detail in the narrative following this table and in the section entitled "Compensation Discussion & Analysis – Components of Compensation – Long-Term Cash Incentive Compensation."
- (5) Reflects the full grant date fair value (\$14.67 per share), computed in accordance with FASB ASC Topic 718, determined without regard to forfeitures, of RSU awards made under the 2005 Ownership Incentive Plan on May 4, 2012.

## **Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table**

### ***Non-Equity Incentive Compensation***

*Annual Incentive Compensation Plan:* The 2012 awards granted under the Company's annual incentive compensation plan were made on January 24, 2012. Awards under the annual incentive compensation plan become payable based on the Company's actual performance for the year in relation to pre-established performance goals. Annual incentive compensation plan awards earned are generally paid as soon as administratively practicable following the date the awards are calculated, but no later than March 15 of the year following the year to which the performance goals relate. Participants generally must be employed on the payment date in order to receive payment of their earned annual incentive compensation plan awards. However, if participants terminate during the plan year due to early retirement (age 55 with 10 years of service), normal retirement (age 65), death or disability, such participants remain eligible to receive a prorated annual incentive compensation plan award, provided, in the case of early or normal retirement, the individual has been a participant for at least 90 days during the plan year. Payment of the prorated incentive, if any, is made at the end of the measurement period and based upon actual performance results. Upon any other termination, a participant's award will be forfeited, unless the Committee, in its discretion, decides that a prorated award should be paid. The 2012 Change in Control Plan provides for immediate payment of an earned award upon a qualified termination following a change in control, except where payment must be delayed six months for key employees as required by Section 409A of the IRC. For awards that have not reached the end of the measurement period, the benefit amount will be prorated based on the number of whole months completed during the measurement period as of the date of the qualified termination. Target salary factors are set forth in the "Compensation Discussion & Analysis" in the section entitled "Components of Compensation – Annual Cash Incentive Compensation." Additional information regarding the treatment of these awards upon termination or a change in control is provided in the section below entitled "Potential Payments upon Termination or Change in Control."

For 2012, the performance goals under the annual incentive compensation plan were based on the level of operating income improvement and the ROCE for the Company, and these performance goals were equally weighted. Operating income improvement for 2012 over 2011 operating income of at least \$20 million for 2012 was necessary to trigger any payments under the 2012 operating income component of the annual incentive compensation plan award, and a minimum 5% ROCE was required for 2012 to earn an award under the ROCE portion of the annual incentive compensation plan. A higher increase in improvement of operating income or higher level ROCE would have resulted in higher incentive payments. The maximum payment to any individual allowed under the plan during 2012 was (i) 200% of the operating income component and (ii) 300% of the ROCE component. Because the Company's ROCE and operating income did not reach a level that resulted in a payout for 2012, no payments were made with respect to the ROCE or operating income components of the annual incentive compensation plan awards granted in 2012. See "Components of Compensation – Annual Cash Incentive Compensation" in the section entitled "Compensation Discussion & Analysis" for further detail regarding awards under the Company's annual incentive compensation plan.

*Cash Long-Term Incentive Compensation Plan:* The 2012 awards granted under the cash long-term incentive compensation plan were granted on January 24, 2012. Awards under the cash long-term incentive compensation plan become payable based on the Company's actual performance over a three-year measurement period in relation to pre-established performance goals. Generally, participants in the cash long-term incentive compensation plan must remain employed through the end of the measurement period in order to receive payment of any earned award. However, if participants have at least 12 months of employment during a measurement period, such participants are eligible for a prorated benefit upon retirement (age 55 with 10 years of service), death or disability based on their base salary received and the period of time employed during the measurement period and payment, if any, is made at the end of the measurement period based upon actual performance results.

For the 2012-2014 cash long-term incentive compensation plan, the 2012 Change in Control Plan provides for immediate payment of an earned award upon a qualified termination following a change in control, except where payment must be delayed six months for key employees as required by Section 409A of the IRC. For awards that have not reached the end of the measurement period, the benefit amount will be prorated based on the number of whole months completed during the measurement period as of the date of the qualified termination. Target salary factors are set forth in the "Compensation Discussion & Analysis" in the section

entitled “Components of Compensation – Long-Term Cash Incentive Compensation.” Additional information regarding the treatment of these awards upon termination or a change in control is provided in the section below entitled “Potential Payments upon Termination or Change in Control.”

For the 2012-2014 cash long-term incentive compensation plan, the performance goals were established based on ROCE and TSR relative to our peer group. These performance goals were equally weighted. No payment will be made under the ROCE portion of the cash long-term incentive compensation plan if the ROCE is less than 3%, with higher ROCE resulting in higher incentive payments. No payment will be made under the TSR portion of the cash long-term incentive compensation plan if the percentile rank of the Company’s TSR relative to the peer companies over the measurement period is below the 25<sup>th</sup> percentile, with higher TSR relative positioning resulting in higher incentive payments. The maximum payment to any individual allowed under the 2012-2014 cash long-term incentive compensation plan is based on a maximum performance factor earned of 300% for the ROCE component and 200% with respect to the TSR component. The incentive earned under the cash long-term incentive compensation plan will depend on the actual three-year average of ROCE achieved, the TSR relative positioning and the participant’s average annualized base salary during the measurement period. Any payment for the cash long-term incentive compensation plan award associated with 2012-2014 measurement period will be calculated and paid in early 2015.

#### ***Stock Awards under the 2005 Ownership Incentive Plan***

RSUs were granted under the Company’s 2005 Ownership Incentive Plan on May 4, 2012. Vesting and settlement of RSUs generally occurs on the earlier of the fifth anniversary of the award date or the date the participant experiences a qualifying termination from employment with the Company. Upon a participant’s normal retirement (age 65) or termination due to death or disability, the RSUs will fully vest. If termination of the participant occurs within 24 months of a change in control of the Company for good reason or without cause (as defined in the RSU agreement for awards prior to January 1, 2012 and as defined in the 2012 Change in Control Plan for awards January 1, 2012 and later), the participant’s RSUs awarded become fully vested and will be distributed as soon as administratively possible, except where payment must be delayed for six months for key employees as required by Section 409A of the IRC. Upon early retirement eligibility (age 55 with 10 years of service), if a minimum of 12 months have elapsed since the award date, the participant becomes vested in a pro rata number of RSUs based on the number of whole months since the award date. The remaining shares subject to the RSUs will continue to vest with respect to 1/60 of the total number of shares subject to the award each month through the participant’s normal retirement date or, if sooner, the end of the vesting period. A participant does not have to terminate employment in order to vest upon normal or early retirement eligibility, but no RSUs will be distributed until actual termination or the fifth anniversary of the award date, if earlier. Dividend equivalents are paid on RSUs at the same rate and at the same time as the dividends paid to Company stockholders.

## Outstanding Equity Awards at 2012 Fiscal Year-End

The following table provides information related to any equity-based awards outstanding as of December 31, 2012 for the Named Executive Officers:

Name (a)	Option Awards <sup>(1)</sup>				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Option Exercise Price (\$) (d)	Option Expiration Date (e)	Number of Shares or Units of Stock that Have Not Vested (#) <sup>(2)</sup> (f)	Market Value of Shares or Units of Stock that Have Not Vested (\$) (g) <sup>(3)</sup>
Judy R. McReynolds.....	6,000	—	\$ 24.5900	1/22/2013	4,600 <sup>(4)</sup>	\$ 43,930
	7,500	—	29.1000	1/28/2014	8,000 <sup>(5)</sup>	76,400
					14,600 <sup>(6)</sup>	139,430
					14,600 <sup>(7)</sup>	139,430
					16,500 <sup>(8)</sup>	157,575
Roy M. Slagle.....	7,500	—	24.5900	1/22/2013	307 <sup>(4)</sup>	2,932
	7,500	—	29.1000	1/28/2014	2,133 <sup>(5)</sup>	20,370
					4,133 <sup>(6)</sup>	39,470
					5,333 <sup>(7)</sup>	50,930
					12,000 <sup>(8)</sup>	114,600
J. Lavon Morton.....	3,000	—	24.5900	1/22/2013	273 <sup>(4)</sup>	2,607
	7,500	—	29.1000	1/28/2014	1,893 <sup>(5)</sup>	18,078
					4,133 <sup>(6)</sup>	39,470
					5,333 <sup>(7)</sup>	50,930
					9,000 <sup>(8)</sup>	85,950
Jim A. Ingram.....	200	—	24.5900	1/22/2013	4,100 <sup>(4)</sup>	39,155
	400	—	29.1000	1/28/2014	7,100 <sup>(5)</sup>	67,805
					7,100 <sup>(6)</sup>	67,805
					7,100 <sup>(7)</sup>	67,805
					9,000 <sup>(8)</sup>	85,950
Michael E. Newcity.....					650 <sup>(4)</sup>	6,208
					1,100 <sup>(5)</sup>	10,505
					7,500 <sup>(6)</sup>	71,625
					7,500 <sup>(7)</sup>	71,625
					8,500 <sup>(8)</sup>	81,175

- (1) All stock options previously granted are fully vested and (i) have an exercise price not less than the closing price of the Common Stock on the grant date, (ii) became exercisable with respect to 20% of total option shares each year, generally starting on the first anniversary of the grant date, and (iii) are granted for a term of 10 years. Following a participant's termination as a result of death, disability, normal retirement (age 65) or early retirement (age 55 with 10 years of service), a participant will have until the earlier of two years from the date of termination or the ten-year anniversary of the grant date to exercise stock options.
- (2) Vesting of RSUs generally occurs on the fifth anniversary of the award date, and settlement of RSUs generally occurs at that time or, if earlier, upon the award holder's qualifying termination of employment. Upon a participant's eligibility for normal retirement (age 65) or termination due to death or disability, RSUs generally will become vested in full. If termination of the participant occurs within 24 months of a change in control of the Company for good reason or without cause (as defined in the RSU agreements for awards prior to January 1, 2012 and as defined in the 2012 Change in Control Plan for awards January 1, 2012 and later), the participant's RSUs awarded become fully vested and will be distributed as soon as administratively possible, except for RSUs where payment must be delayed for six months for key employees as required by Section 409A of the IRC. Upon early retirement (age 55 with 10 years of service), the participant is entitled to the vesting of a pro rata number of RSUs based on the number of whole months elapsed since the award date, if there has elapsed a minimum of twelve months since the award date. Employees, including Named Executive Officers, who have attained the early retirement age and service requirements but have not terminated employment, continue to vest in 1/60th of their RSU awards each month. Messrs. Morton and Slagle have attained early retirement age in accordance with the terms of the RSU awards.
- (3) Reflects the value of unvested RSUs as of December 31, 2012 awarded under the 2005 Ownership Incentive Plan. The value is based on the closing market price of the Common Stock of \$9.55 on December 31, 2012.
- (4) These RSU awards fully vest on April 30, 2013, the fifth anniversary of their grant date. Dividend equivalents are paid at the same rate and at the same time as dividends paid to the Company's stockholders.



- (5) These RSU awards fully vest on April 29, 2014, the fifth anniversary of their grant date. Dividend equivalents are paid at the same rate and at the same time as dividends paid to the Company's stockholders.
- (6) These RSU awards fully vest on July 28, 2015, the fifth anniversary of their grant date. Dividend equivalents are paid at the same rate and at the same time as dividends paid to the Company's stockholders.
- (7) These RSU awards fully vest on May 2, 2016, the fifth anniversary of their grant date. Dividend equivalents are paid at the same rate and at the same time as dividends paid to the Company's stockholders.
- (8) These RSU awards fully vest on May 4, 2017, the fifth anniversary of their grant date. Dividend equivalents are paid at the same rate and at the same time as dividends paid to the Company's stockholders.

## 2012 Option Exercises and Stock Vested

The following table provides information related to RSUs that became vested during the 2012 fiscal year for the Named Executive Officers. No Named Executive Officer exercised any stock options to purchase shares of the Common Stock in 2012.

Name (a)	Stock Awards	
	Number of Shares Acquired on Vesting (#) (d) <sup>(1,2)</sup>	Value Realized on Vesting (\$ (e) <sup>(3)</sup>
Judy R. McReynolds.....	4,600	\$ 80,270
Roy M. Slagle.....	7,094	175,331
J. Lavon Morton.....	6,774	160,448
Jim A. Ingram.....	4,000	69,800
Michael E. Newcity.....	650	11,343

- (1) Upon final vesting of the 2007 RSU award on April 23, 2012, (a) of Ms. McReynolds' 4,600 vested shares, 1,538 were cancelled to cover withholding obligations and 3,062 were issued to Ms. McReynolds; (b) of Mr. Ingram's 4,000 vested shares, 1,338 were cancelled to cover withholding obligations and 2,662 were issued to Mr. Ingram; and (c) of Mr. Newcity's 650 vested shares, 217 were cancelled to cover withholding obligations and 433 were issued to Mr. Newcity. All the shares issued for the 2007 RSU award at final vesting are free of all restrictions. All shares owned by executive officers are subject to company imposed restrictions that limit trading during periods when officers have material nonpublic information as well as the Company's policy related to minimum stock ownership for executive officers as discussed in the "Compensation Discussion & Analysis" section.
- (2) Messrs. Slagle and Morton were subject to pro rata vesting in 2012 because they had attained early retirement age under the terms of the RSU awards. The pro rata vesting of RSUs is outlined in the table below. Of Mr. Slagle's 7,094 vested shares in 2012, 307 shares related to final vesting of the 2007 RSU award. As of result of the 2007 RSU vesting, of the 4,600 RSUs awarded, 1,472 were cancelled to cover withholding obligations and 3,128 were issued to Mr. Slagle. Only 307 shares related to the 2007 award are reflected in the table below since the other shares were reflected in prior years. Of Mr. Morton's 6,774 vested shares in 2012, 267 related to final vesting of the 2007 RSU award. As a result of the 2007 RSU vesting, of the 4,000 RSUs awarded, 1,280 were cancelled to cover withholding obligations and 2,720 were issued to Mr. Morton. Only 267 shares related to final vesting of the 2007 RSU award are reflected in the table below since the other shares were reflected in prior years. Vested but unissued RSUs will be settled at the earlier of five years from the award date or a qualifying termination event. The value of the vested but not issued RSUs is reported in the 2012 "Nonqualified Deferred Compensation Table".

	Slagle Vested in 2012	Morton Vested in 2012
2007 RSU Award	307	267
2008 RSU Award	920	820
2009 RSU Award	1,600	1,420
2010 RSU Award	1,600	1,600
2011 RSU Award	2,667	2,667
2012 RSU Award	0	0
Total pro rata vesting in 2012	7,094	6,774

- (3) Value realized from RSU vesting is equal to the closing market price of the Common Stock on the date of vesting multiplied by the number of vested shares.

## 2012 Equity Compensation Plan Information

The following table sets forth information as of December 31, 2012 with respect to the Company's compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(3)</sup>	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans, Excluding Securities Reflected in Column (a)
Equity Compensation Plans Approved by Security Holders .....	1,453,480 <sup>(1)</sup>	\$ 27.998	666,795
Equity Compensation Plans Not Approved By Security Holders <sup>(2)</sup> .....	68,425	25.903	—
Total .....	<u>1,521,905</u>	<u>\$ 27.402</u>	<u>666,795</u>

- (1) This amount includes stock option awards outstanding under the 2002 Arkansas Best Corporation Stock Option Plan (the "Prior Plan") and RSU awards under the 2005 Ownership Incentive Plan. No grants were made from the Prior Plan after April 20, 2005. On April 20, 2005, the Company's stockholders approved the 2005 Ownership Incentive Plan, which provides for the award of incentive stock options, nonqualified stock options, stock appreciation rights ("SARs"), restricted stock, RSUs and performance award units. The 2005 Ownership Incentive Plan does not permit reload options. The aggregate number of shares that may be issued pursuant to awards under the 2005 Ownership Incentive Plan, as of December 31, 2012, is 2,200,000 shares plus any shares subject to outstanding awards under the Prior Plan and the Arkansas Best Corporation Non-Qualified Stock Option Plan (see note 2 below) that cease for any reason to be subject to such awards (other than by reason of exercise or settlement of the awards to the extent they are exercised for or settled in vested and nonforfeitable shares) on or after April 20, 2005. No options have been granted under the Company's 2005 Ownership Incentive Plan. The Board's Compensation Committee administers each of these plans.
- (2) On April 19, 2000, the Company adopted its Non-Qualified Stock Option Plan ("2000 Non-Qualified Plan") as a broad-based plan with 1,000,000 option shares authorized for awards. No grants were made from the 2000 Non-Qualified Plan after April 20, 2005. No awards were ever made under the 2000 Non-Qualified Plan to members of the Board or to its Named Executive Officers at any time during which they were a Named Executive Officer.
- (3) The weighted-average exercise price does not include RSU awards.

## 2012 Pension Benefits

The following table illustrates the present value of the accumulated benefit as of December 31, 2012 under the Arkansas Best Corporation Pension Plan (the “Pension Plan”), ABC Supplemental Benefit Plan (the “SBP”), and Deferred Salary Agreements (collectively “DSA”) for the Named Executive Officers:

Name (a)	Plan Name (b)	Number of Years Credited Service (#)(c)	Present Value of Accumulated Benefit \$(d)	Payments During Last Fiscal Year \$(e)
Judy R. McReynolds <sup>(1)</sup> .....	ABC Pension Plan	15.5	\$ 277,659	\$ –
	ABC Supplemental Benefit Plan	10.7	344,897	–
	ABC Deferred Salary Agreement	10.7	87,654	–
Roy M. Slagle <sup>(2)</sup> .....	ABC Pension Plan	36.4	1,006,107	–
	ABC Supplemental Benefit Plan	33.4	2,731,719	–
	ABC Deferred Salary Agreement	33.4	382,032	–
J. Lavon Morton <sup>(2)</sup> .....	ABC Pension Plan	16.0	381,442	–
	ABC Supplemental Benefit Plan	13.1	1,232,713	–
	ABC Deferred Salary Agreement	13.1	194,776	–
Jim A. Ingram .....	ABC Pension Plan	22.9	339,860	–
Michael E. Newcity .....	ABC Pension Plan	19.5	212,788	–

(1) Ms. McReynolds elected to cease participation in the SBP and DSA and the benefits were frozen effective January 31, 2008. Number of Years of Credited Service for the SBP and DSA was frozen based on her service as of the January 31, 2008 freeze date. See the “Components of Compensation – Retirement and Other Benefits” section of the “Compensation Discussion & Analysis” for additional information.

(2) The SBP and DSA benefits were frozen effective December 31, 2009 for all remaining participants, including Mr. Morton and Mr. Slagle. Number of Years of Credited Service for the SBP and DSA is frozen based on the Named Executive Officer’s service as of the December 31, 2009 freeze date. See the “Components of Compensation – Retirement and Other Benefits” section of the “Compensation Discussion & Analysis” for additional information.

The actuarial present value of the accumulated benefits disclosed above is determined using the same assumptions as used by the Company for financial reporting purposes except the payment date is assumed to be age 60 for the Pension Plan and SBP rather than age 65. Such assumptions are discussed in Note L to the Company’s consolidated financial statements in the 2012 Annual Report on Form 10-K. The earliest date a benefit can be paid with no benefit reduction under the Pension Plan and SBP is age 60. The payment date is assumed to be age 65 for the DSA, which is the earliest date a benefit can be paid with no benefit reduction.

**Pension Plan.** The Pension Plan is a tax-qualified defined benefit plan that covers certain nonunion employees, including the Named Executive Officers. Benefits are based upon a participant’s years of service and the highest average monthly earnings for sixty (60) consecutive months referred to as final average pay (“FAP”) and expressed in terms of annual compensation. As of December 31, 2012, the FAP for the Named Executive Officers without regard to IRC limitations was: Ms. McReynolds, \$547,998; Mr. Slagle, \$493,371; Mr. Morton, \$411,513; Mr. Ingram, \$304,137 and Mr. Newcity, \$211,097. Eligible earnings generally include salary and annual incentive payments and are subject to the IRC annual compensation limitation. For 2012, the annual IRC limitation was \$250,000. Pension Plan benefits are also subject to certain other limitations in the IRC. Benefits are paid from the Arkansas Best Pension Trust. Participants may elect a lump sum or annuity payment. Payment from the Pension Plan is made upon normal retirement, early retirement, termination, death or disability as defined and more fully described in the “Potential Payments Upon Termination or Change in Control” section.

Normal retirement (age 65 or older) benefits under the Pension Plan are calculated as a lump sum equal to:

$$10\% \times \text{FAP} \times \text{years of service} + \text{after-tax employee contributions (if any)}$$

After-tax contributions to the Pension Plan were only allowed prior to July 1, 1988.

Early retirement eligible participants (age 55 with 10 years of service) are subject to a benefit reduction of 5% for each year he or she retires prior to age 60.

No new participants were permitted in the Pension Plan after December 2005, but benefit accruals for existing participants continue under the Pension Plan.

**Supplemental Benefit Plan.** The SBP supplements benefits under the Pension Plan. The SBP was designed to replace benefit reductions (i) from various IRC limits and (ii) from reductions in the rate of benefit accruals from the Company's 1985 pension formula. The SBP takes into account all eligible earnings under the Pension Plan without regard to IRC limitations. Participation in the SBP was generally limited to officers of the Company or ABF, including certain Named Executive Officers. Upon termination of employment, benefits are paid in a lump sum as soon as administratively feasible. Certain benefits must be delayed for six months for key employees as required by Section 409A of the IRC. Benefits are paid from the general assets of the Company.

Benefits under the SBP are calculated as an annuity and then converted to a lump sum.

The annuity formula for the ABC Supplemental Benefit Plan is:

$$1\% \times \$400 \times \text{years of service} + 2.0\% \times (\text{FAP} - \$400) \times \text{years of service} - \text{Pension Plan benefit}$$

The annuity formula for ABF employees under the ABC Supplemental Benefit Plan is:

$$.75\% \times \$400 \times \text{years of service} + 1.75\% \times (\text{FAP} - \$400) \times \text{years of service} - \text{Pension Plan benefit}$$

Early retirement eligible participants (age 55 with 10 years of service) are subject to a benefit reduction of 6% per year for each year prior to age 60.

No new participants were permitted in the SBP after December 2005, and caps have been placed on the maximum benefits payable. Benefit accruals in the SBP were frozen for all remaining participants effective December 31, 2009.

Mr. Morton and Mr. Slagle each met the early retirement criteria under the Pension Plan and SBP as of December 31, 2012. Mr. Newcity and Mr. Ingram are not eligible for participation in the SBP.

**Deferred Salary Agreements.** The Company and ABF have unfunded, noncontributory DSAs with certain of their officers, including certain Named Executive Officers. No DSA has been entered into since December 2005, and neither the Company nor ABF intends to enter into these agreements in the future. Mr. Newcity and Mr. Ingram are not eligible to participate in the DSA program. For the existing DSAs, upon normal retirement (age 65), death or disability as defined in the "Potential Payments upon Termination or Change in Control" section, the DSA benefit is equal to 35% of the participant's final monthly base salary paid monthly for 120 months. Upon termination of employment prior to age 65, the monthly benefit is equal to the participant's years of service (with a maximum of 25 years) times 3% times 35% of the participant's final monthly base salary. Benefit payments commence in the month following termination, except to the extent a portion of the benefit must be delayed for six months for key employees as required by Section 409A of the IRC. DSA benefits are paid from the general assets of the Company.

The DSAs provide that in the event of a change in control of the Company, as defined in the "Potential Payments upon Termination or Change in Control" section, followed by the officer's termination within 36 months for pre-2005 deferred salary accruals or within 24 months for post-2004 deferral salary accruals all benefits become 100% vested. The DSA benefit will be paid as a lump sum within fifteen days, with the 120 monthly installments discounted at 6.22% as provided in the DSA, except where payment must be delayed for six months for key employees as required by Section 409A of the IRC. DSA benefits will be reduced to the extent required to avoid being classified as excess parachute payments under Section 280G of the IRC. Other than during a 36 month period following a change in control of the Company for benefits accrued and vested prior to 2005 or during a 24 month period following a change in control of the Company for benefits accrued and vested after 2004, any unpaid DSA benefit is subject to forfeiture if the participant is discharged for wrongful conduct injurious to the Company, or if, following the date of termination, the participant discloses confidential information relating to the Company to unauthorized persons or becomes employed or renders services to a competitor of the Company.

The Company has a practice of not granting extra years of credited service under any of its benefit plans.

## 2012 Non-Qualified Deferred Compensation

This table shows the Named Executive Officers' deferred compensation activity during fiscal year 2012 with respect to outstanding vested RSUs and the VSP. While Named Executive Officers are eligible to participate in the VSP, no Named Executive Officers made deferrals to the VSP in 2012.

Name (a)	Executive Contributions in Last Fiscal Year (\$)(b)	Registrant Contributions in Last Fiscal Year (\$)(c)	Aggregate Earnings in Last Fiscal Year (\$)(d) <sup>(1)</sup>	Aggregate Withdrawals/ Distributions (\$)(e)	Aggregate Balance at Last Fiscal Year End (\$)(f) <sup>(2,3,4)</sup>
Judy R. McReynolds.....	\$ -	\$ -	\$ -	\$ -	\$ -
Roy M. Slagle.....	-	-	(162,266)	-	159,428
J. Lavon Morton.....	-	-	(129,280)	50,000	255,971
Jim A. Ingram.....	-	-	-	-	-
Michael E. Newcity.....	-	-	-	-	-

- (1) The earnings amount represents an estimate of annual earnings with respect to vested but unpaid RSUs and is based on the difference in closing market price of the Common Stock of \$19.27 as of December 30, 2011 (the last trading day of 2011) and \$9.55 as of December 31, 2012, multiplied by the number of vested RSUs as of December 31, 2012 described in footnote (4) below. For Mr. Morton, the only Named Executive Officer who participates in the VSP, this amount also includes a gain of \$22,032 in the VSP during 2012.
- (2) Includes the value associated with 15,567 vested RSUs for Mr. Morton and 16,694 vested RSUs for Mr. Slagle. The value is based on the closing market price of the Common Stock of \$9.55 on December 31, 2012. RSUs that vested during 2012 are reported in the 2012 "Option Exercises and Stock Vested" Table.
- (3) For Mr. Morton, this amount also includes his balance in the VSP in the amount of \$107,307. Mr. Morton is the only Named Executive Officer with a balance in the VSP.
- (4) Amounts previously reported in the "Summary Compensation Table with respect to RSUs in prior years (2008-2011) are set forth in the table below. To the extent those previously-awarded RSUs have become vested but remain unpaid, the value associated with those RSUs as of December 31, 2012 (calculated as described in footnote (2) above) is reported in the "Aggregate Balance at Last Fiscal Year End" column above. The grant date fair value of RSUs awarded in 2012 is reported in the "Stock Awards" column of the 2012 Summary Compensation Table.

	Slagle	Morton <sup>1</sup>
2008 RSU Grant Date Fair Value.....	\$ 181,608	N/A
2009 RSU Grant Date Fair Value.....	180,400	N/A
2010 RSU Grant Date Fair Value.....	180,480	\$ 180,480
2011 RSU Grant Date Fair Value.....	180,800	180,800
Total.....	<u>\$ 723,288</u>	<u>\$ 361,280</u>

1. Mr. Morton was not a Named Executive Officer in 2008 or 2009, therefore no amount is reported for him in this footnote.

**VSP.** Eligible participants in the VSP include certain officers of the Company and its subsidiaries, including the Named Executive Officers. The VSP is a nonqualified plan created to offset the IRC limitations on contributions by highly compensated employees to the Company's 401(k) plan. The VSP allows participants to annually defer from 1% to 75% of each of their base salary and incentive compensation that is paid in cash. The Company match was suspended effective January 1, 2010. Prior to 2010, the Company made matching contributions to the VSP equal to 15% of the participant's VSP contributions made, up to an annual maximum match of \$15,000. The Company match generally vests five years from the year in which the deferral occurs. Accelerated vesting of the Company match occurs upon termination, death, disability, attaining age 60 or a change in control of the Company. See the "Potential Payments upon Termination or Change in Control" section for additional information.

Participants can select investments from a select group of mutual funds that are generally the same options available under the Company’s 401(k) plan. Although no assets may actually be invested, the participant’s benefit value is based on the gains/losses of the investments they choose. No above-market or preferential earnings are paid under the VSP. Participants may change their investment options at any time by submitting a change form to the plan administrator. The table below shows the funds available in the VSP and the annual return of each for the calendar year ended December 31, 2012:

<b>Fund</b>	<b>2012 Return</b>
Fidelity Retirement Money Market Fund .....	0.01%
Vanguard Total Bond Index Institutional Shares .....	4.18%
PIMCO Total Return Fund – Administrative Class .....	10.10%
Vanguard Inflation-Protected Securities – Investor Class.....	6.90%
Templeton Global Bond A.....	15.81%
Neuberger Berman Genesis .....	10.10%
Dodge & Cox Stock Fund.....	22.01%
Fidelity Low-Priced Stock Fund .....	18.50%
Fidelity Spartan Extended Market Index Fund – Investor Class .....	18.01%
Spartan 500 Index Fund – Investor Class .....	15.93%
Franklin Flex Cap Growth Fund – Class A .....	9.60%
Harbor International Fund – Investor Class .....	20.41%
Spartan International Index Fund .....	18.69%
Vanguard Target Retirement Income Fund .....	8.23%
Vanguard Target Retirement 2010 Fund .....	10.12%
Vanguard Target Retirement 2015 Fund .....	11.37%
Vanguard Target Retirement 2020 Fund .....	12.35%
Vanguard Target Retirement 2025 Fund .....	13.29%
Vanguard Target Retirement 2030 Fund .....	14.24%
Vanguard Target Retirement 2035 Fund .....	15.16%
Vanguard Target Retirement 2040 Fund .....	15.56%
Vanguard Target Retirement 2045 Fund .....	15.58%
Vanguard Target Retirement 2050 Fund .....	15.58%
Vanguard Target Retirement 2055 Fund .....	15.58%
Vanguard Target Retirement 2060 Fund .....	10.68%

As required by Section 409A of the IRC, elections to defer salary must be made prior to the end of the year preceding the year the salary was earned. Elections to defer incentive payments under the VSP must be made no later than six months prior to the end of the designated performance period.

Withdrawal elections must be made in conjunction with the deferral election. A participant’s withdrawal election must specify a payment date, which may be (i) a specified date at least one year following the election date described in the preceding paragraph, (ii) the participant’s separation date or (iii) a specified anniversary of the participant’s separation. A participant may elect to receive a distribution in a lump sum or in installments. In some circumstances, a participant will be required to receive a lump sum payment. Post-2004 deferrals payable upon a participant’s separation from service will be delayed six months if the participant constitutes a specified employee under Section 409A of the IRC. Changes to withdrawal elections for post-2004 deferrals must be made at least 12 months prior to the initial elected payment date and must defer the new initial payment date at least five years. Changes to withdrawal elections for pre-2005 deferrals must be filed at least 12 months prior to the initial elected payment date, and the newly elected payment date must be at least 12 months from the date the change election was filed. For pre-2005 deferrals, participants are eligible for an in-service withdrawal of their vested balance. If such a withdrawal is requested, an amount equal to 10% of the withdrawn amount is forfeited and participation in the plan is suspended until the first enrollment period following the one-year anniversary of the withdrawal. There are no in-service withdrawals allowed for post-2004 deferrals, except hardship withdrawals available to participants in order to satisfy a severe financial hardship plus the amounts anticipated to pay taxes on the withdrawal amount. The term “severe financial hardship” generally means an unforeseeable event resulting from a sudden and unexpected illness or accident experienced by the participant or his or her dependents and/or the loss of property due to casualty or

other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the participant's control. If a participant takes a hardship withdrawal, the participant's participation in the plan will be suspended until the first enrollment period following the one-year anniversary of the withdrawal.

Pre-2005 deferrals are defined as employee contributions and Company match that were deferred prior to and vested as of December 31, 2004.

Post-2004 deferrals are defined as employee contributions and Company match that were deferred after December 31, 2004 or Company match that was not vested as of December 31, 2004.

In the event of a change in control of the Company, as defined in the VSP, all contributions, Company match and earnings on each will be distributed as a lump sum as soon as administratively possible, except where payment must be delayed for six months for key employees as required by Section 409A of the IRC.

**RSUs.** The vesting and settlement terms applicable to RSUs are described previously in the "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table – Stock Awards under the 2005 Ownership Incentive Plan" section and in footnote (2) to the "Outstanding Equity Awards at 2012 Fiscal Year-End" table. As described therein, participants who reach early retirement eligibility (age 55 with 10 years of service) vest in a pro rata number of RSUs based on the number of whole months since the award grant date, if a minimum of 12 months have elapsed since the award grant date. The remaining shares subject to the RSUs will continue to vest with respect to 1/60 of the total number of shares subject to the award each month through the participant's actual early retirement date. Settlement of such vested RSUs will occur on the earlier of the fifth anniversary of the award date or the date a participant experiences a qualifying termination from employment with the Company, except where payment must be delayed for six months for key employees as required by Section 409A of the IRC.

## **Potential Payments upon Termination or Change in Control**

The Company does not have any employment contracts or severance arrangements with the Chief Executive Officer or with any other Named Executive Officer other than the applicable termination provisions contained within the various arrangements discussed elsewhere in this proxy statement.

The termination and change in control provisions existing as of December 31, 2012 are described and quantified below. All payments are assumed to be made in accordance with the six-month delay for key employees as required by Section 409A of the IRC where applicable.

**Payments Made upon Termination.** Regardless of the manner in which a Named Executive Officer's employment with the Company terminates, the officer is entitled to receive compensation and other benefits earned during the term of his or her employment, including the following:

- Accrued vacation (see the table on page 55 for values);
- Monthly DSA benefit earned as of the termination date (see the "2012 Pension Benefits" section for lump sum value as of December 31, 2012);
- Company match account under VSP becomes 100% vested (see the "2012 Non-Qualified Deferred Compensation" section for values);
- Executive medical coverage, if the officer is already eligible for early retirement (age 55 with 10 years of service) at the time of termination, with the officer responsible for paying a monthly premium amount equal to the current COBRA rate until age 60. All retirees are responsible for paying a reduced monthly premium after age 60 (see the table on page 55 for values);
- Pension Plan benefits earned as of the termination date (see the "2012 Pension Benefits" section for values); and
- SBP earned as of the SBP freeze date (see the "2012 Pension Benefits" section for values).

***Payments Made Upon Early Retirement.*** In the event of a Named Executive Officer's termination due to his or her early retirement, the officer will be entitled to the following, in addition to the items identified in the above "Payments Made upon Termination" section. Early retirement is generally defined as termination of employment after reaching at least age 55 with 10 years of service.

- Vesting of a pro rata number of RSUs based on the number of whole months elapsed since the award date if there has elapsed a minimum of 12 months since the award date (see the table on page 55 for values);
- Executive medical coverage, with the officer responsible for paying a monthly premium amount equal to the then current COBRA rate until age 60. All retirees are responsible for paying a reduced monthly premium after age 60 (see the table on page 55 for values); and
- A pro rata benefit under the cash long-term incentive compensation plan and under the annual incentive plan based on the number of months of participation in the applicable measurement period if he or she has completed a minimum of (a) 12 months in the measurement period under the cash long-term incentive compensation plan or (b) 90 days in the measurement period under the annual incentive plan (see the "Summary Compensation Table" for 2012 annual incentive plan payments and cash long-term incentive compensation plan accruals, if any).

***Payments Made Upon Normal Retirement, Death or Disability.*** In the event of a Named Executive Officer's termination due to his or her normal retirement, death or disability, the officer will be entitled to the following, in addition to the items identified in the above "Payments Made upon Termination" section. Under the Company's plans, normal retirement is generally defined as termination of employment on or after attaining age 65 and disability is generally determined to have occurred if the participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than 12 months.

- Immediate vesting of all unvested RSUs (see the table on page 55 for values of RSUs related to accelerated vesting);
- Executive medical coverage (see table on page 55 for values);
- 100% vesting in the DSA benefit which is paid monthly over 120 months (see table on page 55 for the value, if any, related to the Named Executive Officers); and
- A pro rata benefit under the cash long-term incentive compensation plan and under the annual incentive plan based on the number of months of participation in the applicable measurement period, if he or she has completed a minimum of (a) 12 months in the measurement period under the compensation cash long-term incentive compensation plan or (b) 90 days in the measurement period under the Annual Incentive Plan (see the "Summary Compensation Table" for annual incentive plan payments and cash long-term incentive compensation plan accruals, if any).

***Payments Made Upon a Change in Control.*** In the event of a change in control of the Company, the Named Executive Officer will be entitled to the following:

- Company match account under VSP becomes 100% vested and the VSP account balance is paid as a lump sum (see the "2012 Non-Qualified Deferred Compensation" section for values); and
- For the 2011-2013 cash long-term incentive compensation plan, a pro rata benefit, based on the number of months of participation in the applicable measurement period equal to the greater of 100% of officer's target incentive opportunity or the actual award earned during the measurement period. Under the terms of their agreement to switch from the SBP and DSA to the cash long-term incentive compensation plan, upon a change in control, Ms. McReynolds and Messrs. Morton and Slagle will receive a change in control benefit under the cash long-term incentive compensation plan equal to the cash long-term incentive compensation plan change in control benefit in excess of the DSA change in control benefit, if any (see the table on page 55 for cash long-term incentive compensation plan values, if any).

"Change in Control" under the Company's plans is generally defined as the earliest date on which any of the following events shall occur: (i) the approval by shareholders of the Company of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the total voting power represented by the voting securities of the company or such surviving entity outstanding immediately after such merger or consolidation; (ii) the approval by shareholders of the Company of a plan of complete liquidation of the Company or



an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; (iii) any "person" (as defined in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 as amended) becoming the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 30% (or, for awards granted prior to 2005, 35%) or more of the total voting power represented by the Company's then outstanding voting securities; or (iv) the replacement of a majority of the Board during a 12-month period by Directors whose appointment or election is not endorsed by a majority of the Directors before the date of the appointment or election. Notwithstanding any other provision of the plans to the contrary, with respect to post-2004 deferrals or earnings under any deferred compensation plan, distributions shall only be made upon the occurrence of Change in Control that qualifies as either a "change in the ownership" of the Company, a "change in effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company, in each case, as defined under Section 409A of the IRC.

***Payments Made upon Termination After a Change in Control.*** In the event of a Named Executive Officer's termination following a change in control of the Company, the Named Executive Officer will be entitled to the following, in addition to the items identified in the above "Payments Made upon Termination" section:

- If termination of the Named Executive Officer occurs within 24 months of the change in control for "Good Reason" or without "Cause" as defined in the RSU agreements for awards prior to January 1, 2012 and as defined in the 2012 Change in Control Plan for awards January 1, 2012 and later, RSUs become fully vested as of the termination date and will be distributed as soon as administratively possible (see the table on page 55 for RSU values related to accelerated vesting);
- A pro rata benefit under the Annual Incentive Plan based on the number of months of participation in the applicable measurement period equal to the actual award earned during the measurement period (see the "Summary Compensation Table" for Annual Incentive Plan payments); and
- If termination of the Named Executive Officer occurs within 36 months of the change in control for benefits accrued and vested prior to 2005 and within 24 months of the change in control for benefits accrued and vested after 2004, the officer becomes 100% vested in the DSA benefit and the benefit is distributed as a lump sum (see the "2012 Pension Benefits" section for values);
- For the 2010-2012 cash long-term incentive compensation plan, if termination of the Named Executive Officer occurs within 24 months of the change in control for "Good Reason" or without "Cause" as defined in the plan, the participating officer is entitled to a pro rata benefit, based on the number of months of participation in the applicable measurement period equal to the greater of 100% of the officer's target incentive opportunity or the actual award earned during the measurement period. Under the terms of their agreement to switch from the SBP and DSA to the cash long-term incentive compensation plan, upon a change in control, Ms. McReynolds and Messrs. Morton and Slagle will receive a change in control benefit under the cash long-term incentive compensation plan equal to the cash long-term incentive compensation plan change in control benefit in excess of the DSA change in control benefit, if any (see the table on page 55 for cash long-term incentive compensation plan values, if any);
- For the 2012-2014 cash long-term incentive compensation plan, a pro rata benefit, based on the number of months of participation in the applicable measurement period equal to the greater of 100% of officer's target incentive opportunity or the actual award earned during the measurement period; and
- If termination of the Named Executive Officer occurs within 24 months of the change in control for "Good Reason" or without "Cause" as defined in the 2012 Change in Control Plan, he or she is entitled to (i) a lump sum cash payment equal to (A) 24 months of the then current premium to elect continuation of coverage under the medical and dental plans of the Company for the coverage in effect for the officer immediately prior to the date of termination; and (B) with respect to Ms. McReynolds, two times her base salary in effect on the date of termination plus two times her average annual cash incentive earned during the three years prior to the year in which the date of termination occurs, and (C) for the remaining Named Executive Officers, one times the executive's base salary in effect on the date of termination plus one times his average annual cash incentive earned during the three years prior to the year in which the date of termination occurs.

"Good Reason" under the Company's arrangements is generally defined as (i) any material and adverse reduction in the Named Executive Officer's title, duties or responsibilities; (ii) a material reduction in the Named Executive Officer's base salary or employee benefits (including reducing the Named Executive Officer's level of participation or bonus award opportunity in the Company's incentive compensation plans); or (iii) a relocation of the Named

Executive Officer's principal place of employment by more than 50 miles without the prior consent of the Named Executive Officer.

"Cause" under the Company's arrangements is generally defined as the (i) Named Executive Officer's gross misconduct or fraud in the performance of a Named Executive Officer's duties to the Company or any subsidiary; (ii) Named Executive Officer's conviction or guilty plea or plea of no contest with respect to any felony or act of moral turpitude; (iii) Named Executive Officer engaging in any material act of theft or material misappropriation of Company or any third party's property; or (iv) Named Executive Officer's breach of the Company's Code of Conduct as such code may be revised from time to time.

The Change in Control Plan provides that, unless outstanding equity awards are assumed by the successor and/or replaced by the successor with substitute awards of approximate value, in the event any equity awards are outstanding immediately prior to a change in control, such awards will become fully vested, settled and paid upon the occurrence of a change in control (with any performance-based awards being vested, settled and paid at the actual performance level).

If amounts payable to a Named Executive Officer under the Change in Control Plan (or pursuant to any other arrangement or agreement with the Company) exceed the amount allowed under section 280G of the IRC and would be subject to the excise tax imposed by section 4999 of the IRC, then, prior to the making of any payments to a Named Executive Officer, the Change in Control Plan provides that a best-net calculation will be made comparing (i) the before income tax net benefit to the Named Executive Officer of the payments after payment of the excise tax to (ii) the before income tax net benefit to the Named Executive Officer if the payments are reduced to the extent necessary to avoid being subject to the excise tax. If the amount calculated under (i) is less than the amount calculated under (ii) in the preceding sentence, then the payments will be reduced to the extent necessary to avoid being subject to the excise tax.

***Restrictive Covenants.*** Under the DSA, no unpaid benefit will be paid if the Named Executive Officer is discharged for wrongful conduct injurious to the Company, if the Named Executive Officer discloses confidential information relating to the Company or if the Named Executive Officer becomes employed or renders service to any competitor of the Company. Under the cash long-term incentive compensation plan and RSU award agreements, if the Compensation Committee determines that the recipient has committed an "Act of Misconduct," as defined in the 2005 Ownership Incentive Plan, the Committee may suspend the recipient's rights to vest in any RSU or cash long-term incentive compensation plan awards outstanding and may provide that the recipient will forfeit any vested but not yet paid awards. The Executive Medical Policy provides that coverage will be forfeited if the Named Executive Officer becomes an employee or consultant of, or has an ownership interest in any competitor of the Company. Under the Change in Control Plan, the Named Executive Officer is prohibited from solicitation of customers, clients and employees of the Company for a 12-month period following the termination and may not communicate or divulge any confidential information, knowledge or data to any one at any time or the Committee may reduce or offset the benefits under the plan.

The Company also has a policy for the "clawback" of any bonus or incentive compensation awarded to any officer, including a Named Executive Officer, whose misconduct contributed to the Company being required to restate its financial statements. Under the terms of the policy, the Board may require reimbursement of any bonus or incentive compensation awarded and effect the cancellation of unvested RSU awards previously granted to the Named Executive Officer under certain scenarios, which are described in the "Compensation Discussion & Analysis" section of this proxy statement.

An "Act of Misconduct" has been committed under the Company's arrangements if the Committee, the Chief Executive Officer, or any other person designated by the Committee determines a Named Executive Officer has committed an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Company or any subsidiary, breach of fiduciary duty, violation of Company ethics policy or Code of Conduct, deliberate disregard of Company or subsidiary policies, or if a participant makes an unauthorized disclosure of any Company or subsidiary trade secret or confidential information, solicits any employee or service provider to leave the employ or cease providing services to the Company or any subsidiary, breaches any intellectual property or assignment of inventions covenant, engages in any conduct constituting unfair competition, breaches any non-competition agreement, induces any Company or subsidiary customer to breach a contract with the Company or any subsidiary or to cease doing business with the Company or any subsidiary or induces any principal for whom the Company or any subsidiary acts as agent to terminate such agency relationship.

The following table reflects compensation potentially payable to each Named Executive Officer under various employment termination and other scenarios based on the arrangements existing as of December 31, 2012. The amounts shown below assume that a change in control occurred and/or each Named Executive Officer terminated employment with the Company effective December 31, 2012, and estimate the value that could be realized by each Named Executive Officer as a result of each specified triggering event.

See the “2012 Pension Benefits” section of this proxy for benefits payable under the Pension Plan and SBP. Benefits payable under the VSP and with respect to vested RSUs are quantified in the “2012 Non-Qualified Deferred Compensation” table. Annual incentive compensation award payments are set forth in the “Non-Equity Incentive Plan Compensation” column of the “Summary Compensation Table”.

Name	Benefit	General Termination	Early Retirement	Normal Retirement	Death	Disability	Change in Control	Termination Without Cause or Resignation for Good Reason After Change in Control
Judy R. McReynolds	RSUs <sup>(1)</sup>	\$ –	\$ 208,572	\$ 556,765	\$ 556,765	\$ 556,765	\$ –	\$ 556,765
	Executive Medical <sup>(2)</sup>	–	500,736	243,361	401,048	758,530	–	–
	Accrued Vacation <sup>(3)</sup>	44,231	44,231	44,231	44,231	44,231	–	44,231
	DSA <sup>(4)</sup>	–	–	–	–	–	–	442,576
	C-LTIP <sup>(5)</sup>	–	–	–	–	–	–	308,257
	Annual Incentive Plan <sup>(6)</sup>	–	–	–	–	–	–	–
	Cash Severance <sup>(7)</sup>	–	–	–	–	–	–	1,500,594
	Medical Premiums <sup>(8)</sup>	–	–	–	–	–	–	36,024
<b>Total<sup>(9)</sup></b>	<b>44,231</b>	<b>753,539</b>	<b>844,357</b>	<b>1,002,044</b>	<b>1,359,526</b>	<b>–</b>	<b>2,888,447</b>	
Roy M. Slagle <sup>(10)</sup>	RSUs <sup>(1)</sup>	–	–	228,302	228,302	228,302	–	228,302
	Executive Medical <sup>(2)</sup>	514,646	514,646	310,172	414,076	623,277	–	–
	Accrued Vacation <sup>(3)</sup>	36,058	36,058	36,058	36,058	36,058	–	36,058
	DSA <sup>(4)</sup>	–	–	–	–	–	–	174,476
	C-LTIP <sup>(5)</sup>	–	–	–	–	–	–	197,691
	Annual Incentive Plan <sup>(6)</sup>	–	–	–	–	–	–	–
	Cash Severance <sup>(7)</sup>	–	–	–	–	–	–	434,564
	Medical Premiums <sup>(8)</sup>	–	–	–	–	–	–	26,400
<b>Total<sup>(9)</sup></b>	<b>550,704</b>	<b>550,704</b>	<b>574,532</b>	<b>678,436</b>	<b>887,637</b>	<b>–</b>	<b>1,097,491</b>	
J. Lavon Morton <sup>(10)</sup>	RSUs <sup>(1)</sup>	–	–	197,036	197,036	197,036	–	197,036
	Executive Medical <sup>(2)</sup>	490,053	490,053	310,172	434,617	597,674	–	–
	Accrued Vacation <sup>(3)</sup>	22,615	22,615	22,615	22,615	22,615	–	22,615
	DSA <sup>(4)</sup>	–	–	–	–	–	–	355,189
	C-LTIP <sup>(5)</sup>	–	–	–	–	–	–	–
	Annual Incentive Plan <sup>(6)</sup>	–	–	–	–	–	–	–
	Cash Severance <sup>(7)</sup>	–	–	–	–	–	–	353,440
	Medical Premiums <sup>(8)</sup>	–	–	–	–	–	–	35,544
<b>Total<sup>(9)</sup></b>	<b>512,668</b>	<b>512,668</b>	<b>529,823</b>	<b>654,268</b>	<b>817,325</b>	<b>–</b>	<b>963,824</b>	
Jim A. Ingram	RSUs <sup>(1)</sup>	–	140,519	328,520	328,520	328,520	–	328,520
	Executive Medical <sup>(2)</sup>	–	558,967	310,172	519,386	976,508	–	–
	Accrued Vacation <sup>(3)</sup>	28,269	28,269	28,269	28,269	28,269	–	28,269
	C-LTIP <sup>(5)</sup>	–	–	–	–	–	117,366	139,303
	Annual Incentive Plan <sup>(6)</sup>	–	–	–	–	–	–	–
	Cash Severance <sup>(7)</sup>	–	–	–	–	–	–	334,453
	Medical Premiums <sup>(8)</sup>	–	–	–	–	–	–	35,544
	<b>Total<sup>(9)</sup></b>	<b>28,269</b>	<b>727,755</b>	<b>666,961</b>	<b>876,175</b>	<b>1,333,297</b>	<b>117,366</b>	<b>866,089</b>
Michael E. Newcity	RSUs <sup>(1)</sup>	–	70,804	241,138	241,138	241,138	–	241,138
	Executive Medical <sup>(2)</sup>	–	558,967	310,172	497,800	994,097	–	–
	Accrued Vacation <sup>(3)</sup>	20,462	20,462	20,462	20,462	20,462	–	20,462
	C-LTIP <sup>(5)</sup>	–	–	–	–	–	96,067	122,803
	Annual Incentive Plan <sup>(6)</sup>	–	–	–	–	–	–	–
	Cash Severance <sup>(7)</sup>	–	–	–	–	–	–	303,292
	Medical Premiums <sup>(8)</sup>	–	–	–	–	–	–	35,544
<b>Total<sup>(9)</sup></b>	<b>20,462</b>	<b>650,233</b>	<b>571,772</b>	<b>759,400</b>	<b>1,255,697</b>	<b>96,067</b>	<b>723,239</b>	

- (1) The RSU value is calculated using a per share price of \$9.55, which is the closing market price of the Common Stock on December 31, 2012 multiplied by the number of the Named Executive Officer's RSUs vesting as a result of the applicable triggering event. Benefits payable with respect to previously vested RSUs are quantified in the "2012 Non-Qualified Deferred Compensation" table.
- (2) The executive medical value is based on the accumulated benefit obligation for the Named Executive Officer as of December 31, 2012 using the same assumptions as used by the Company for financial reporting purposes except the Named Executive Officer's actual age at December 31, 2012 for the applicable triggering events.
- (3) The accrued vacation value is based on the Named Executive Officer's actual earned weeks of vacation and base salary rate as of December 31, 2012.
- (4) The DSA value is equal to the accelerated benefit value as a result of the applicable triggering event. This value is based on the difference in the present value of the 120 monthly payments assuming the applicable triggering event occurred on December 31, 2012 less the actual DSA benefit accrued as of December 31, 2012. An interest rate of 6% was used to value the stream of payments upon normal retirement, death or disability. An interest rate of 6.22% was used to value the stream of payments upon a change in control as provided under the terms of the DSA.
- (5) The cash long-term incentive compensation plan value is the prorated benefit accrued under the cash long-term incentive compensation plan assuming the applicable triggering event. See the "Payments Made upon Change in Control" and "Payments Made upon Termination after a Change in Control" sections above for additional information. For cash long-term incentive compensation plan participants with a frozen DSA, the cash long-term incentive compensation plan change in control value is equal to the cash long-term incentive compensation plan change in control value in excess of the DSA change in control value, if any.
- (6) The Annual Incentive Plan change in control value, if any, is equal to the annual incentive amount earned by each Named Executive Officer as of December 31, 2012.
- (7) The cash severance payment value is a lump sum cash payment equal to (A) with respect to Ms. McReynolds, two times her base salary in effect on the date of termination plus two times her average annual cash incentive earned during the three years prior to the year in which the date of termination occurs or (B) for the remaining Named Executive Officers, one times the executive's base salary in effect on the date of termination plus one times his average annual cash incentive earned during the three years prior to the year in which the date of termination occurs. See the "Payments Made upon Termination after a Change in Control" sections above for additional information.
- (8) The medical premium is a lump sum payment equal to 24 months of the then current premium to elect continuation of coverage under the medical and dental plans of the Company for the coverage in effect for the officer immediately prior to the date of termination. See the "Payments Made upon Termination after a Change in Control" sections above for additional information.
- (9) Totals represent aggregate amounts reflected in the table payable upon each termination or change in control event as indicated above. These totals do not include benefits payable under the Pension Plan, DSA (upon death, disability or normal retirement) or SBP (reported above in the "2012 Pension Benefits" section) or under the VSP or with respect to previously vested RSU awards (reported in the "2012 Non-Qualified Deferred Compensation" table).
- (10) Messrs. Morton and Slagle already qualify for early retirement provisions (age 55 with 10 years of service) as of December 31, 2012; therefore, the amounts provided for voluntary termination are the same as for early retirement.

## Certain Transactions and Relationships

SEC Regulation S-K Item 404 requires that the Company disclose certain “related person transactions” with the Company’s Directors and executive officers, among others. For additional information regarding related person transactions, see the Audit Committee section under “Governance of the Company.”

Steven L. Spinner, who joined the Board in July 2011, is the President and Chief Executive Officer and a director of United Natural Foods, Inc. (“UNFI”). In 2012, UNFI made ordinary course of business payments to ABF, the largest subsidiary of the Company, in the amount of \$1.45 million for freight services.

The Company has entered into the following agreements in prior years:

**Indemnification Agreements.** The Company has entered into indemnification agreements with the members of its Board. Under these agreements, the Company is obligated to indemnify its Directors to the fullest extent permitted under the Delaware General Corporation Law for expenses, including attorneys’ fees, judgments and settlement amounts incurred by them in any action or proceeding arising out of their services as a Director. The Company believes that these agreements are helpful in attracting and retaining qualified Directors. The Company’s Restated Certificate of Incorporation, as amended, and Third Amended and Restated Bylaws also provide for indemnification of the Company’s officers and Directors to the fullest extent permitted by the Delaware General Corporation Law.

**Stockholders’ Agreement.** Pursuant to the terms of the Stockholders’ Agreement entered into in 1988 between the Company and Robert A. Young III, the Company has agreed that it will offer Mr. Young the right to include shares of the Common Stock he owns in certain registration statements filed by the Company (the “Piggy-back Rights”). Mr. Young is the Company’s Chairman of the Board and until his retirement in January 2006 was the Company’s Chief Executive Officer.

Under the Stockholders’ Agreement, the Company will indemnify Mr. Young for securities law liabilities in connection with any such offering, other than liabilities resulting from information furnished in writing by Mr. Young. The Company is obligated to pay all expenses incurred in connection with the registration of Mr. Young’s shares of Common Stock in connection with the Piggy-back Rights, excluding underwriters’ discounts and commissions.

## Section 16(a) Beneficial Ownership Reporting Compliance

The Company’s executive officers, Directors and persons who own more than 10% of a registered class of the Company’s equity securities are required by Section 16(a) of the Securities Exchange Act of 1934 to file reports of ownership and changes of ownership with the SEC. The SEC’s rules require such person to furnish the Company with copies of all Section 16(a) reports that are filed on their behalf. Based on a review of the reports submitted to the Company, the Company believes that the applicable Section 16(a) reporting requirements were complied with for all transactions which occurred in 2012.

The Company has not received any information from 10% stockholders indicating that they have not complied with filing requirements.

## **Report of the Audit Committee**

The Audit Committee of the Board is comprised of Messrs. Allardyce and Spinner, and Ms. Stipp. The Nominating/Corporate Governance Committee has determined that each member of the Audit Committee meets applicable SEC and NASDAQ independence standards for Audit Committee members.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in the Company's 2012 Annual Report on Form 10-K with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee also reviewed and discussed with management the assessment and report of management on the effectiveness of the Company's internal control over financial reporting, which was performed by management using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission. The Audit Committee also reviewed and discussed with the Company's independent registered public accounting firm (the "Accounting Firm") its attestation report on the Company's internal control over financial reporting.

The Audit Committee reviewed and discussed with the Accounting Firm, which is responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, the Accounting Firm's judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 61 as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight in Rule 3200T. In addition, the Audit Committee has received the written disclosures and the letter from the Accounting Firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the Accounting Firm's communications with the Audit Committee concerning independence and has discussed with the Accounting Firm its independence from management and the Company, including the matters in the written disclosures, and considered the compatibility of nonaudit services with the Accounting Firm's independence.

The Audit Committee discussed with the Company's internal auditors and the Accounting Firm the overall scope and plans for their respective audits. The Audit Committee meets with the internal auditors and the Accounting Firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board has approved) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the SEC.

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### **Audit Committee**

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Fred A. Allardyce, Chair  
Janice E. Stipp  
Steven L. Spinner

The Audit Committee Charter, adopted by the Board for the Audit Committee on April 19, 2000 and most recently revised on January 26, 2011, is posted in the Corporate Governance section of the Company Website, [www.arkbest.com](http://www.arkbest.com).

## Principal Accountant Fees and Services

The firm of Ernst & Young LLP served as the independent registered public accounting firm for the Company for the fiscal year ended December 31, 2012. In connection with the audit of the 2012 financial statements, the Company entered into an engagement agreement with Ernst & Young LLP that sets forth the terms by which Ernst & Young LLP will perform audit services for the Company. That agreement is subject to alternative dispute resolution (“ADR”) procedures agreed upon by the parties which do not limit the damage claims that could be asserted by either party. ADR procedures are used in lieu of litigation with the goal of resolving disputes in a more expeditious and cost-effective manner. Representatives of Ernst & Young LLP are expected to attend the 2013 Annual Meeting. They will have the opportunity to make a statement and respond to appropriate questions from stockholders.

We are not asking stockholders to ratify the appointment of an independent registered public accounting firm for 2013. The Audit Committee has begun a process to select an independent registered public accounting firm for 2013. Other firms are being considered along with Ernst & Young LLP. Once the selection process has concluded, the Audit Committee will appoint the Company’s independent registered public accounting firm for 2013. The Audit Committee has the discretion to appoint a different independent registered public accounting firm at any time during the year if the Audit Committee believes that such a change would be in the best interest of the Company and its stockholders.

The following is a summary of the fees billed to the Company by Ernst & Young LLP for professional services rendered for the fiscal years ended December 31, 2012 and December 31, 2011:

<b>Fee Category</b>	<b>2012 Fees</b>	<b>2011 Fees</b>
Audit Fees .....	\$ 1,055,000	\$ 753,244
Audit-Related Fees.....	–	25,000
Tax Fees.....	33,658	14,062
All Other Fees.....	2,500	1,995
Total Fees.....	<u>\$ 1,091,158</u>	<u>\$ 794,301</u>

**Audit Fees.** Consists of fees billed for professional services rendered for the integrated audit of the Company’s consolidated financial statements and internal control over financial reporting and quarterly reviews of the interim consolidated financial statements included in quarterly reports and services that are normally provided by the Accounting Firm in connection with statutory and regulatory filings or engagements. These services also include accounting consultations related to the impact of changes in rules or standards. 2012 includes additional audit fees related to Panther Expedited Services, Inc.

**Audit-Related Fees.** Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s consolidated financial statements and are not reported under “Audit Fees.”

**Tax Fees.** Consists of fees billed for professional services for tax compliance and tax consulting. These services include assistance regarding federal, state and international tax compliance. 2012 includes additional tax fees related to Panther Expedited Services, Inc.

**All Other Fees.** Consists of fees for online technical accounting research materials.

## **Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

The Audit Committee, under the responsibilities and duties outlined in its charter, is to pre-approve all audit and non-audit services provided by the Accounting Firm. These services may include audit services, audit-related services, tax services and other services as allowed by law or regulation. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specifically approved amount. The Accounting Firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the Accounting Firm in accordance with this pre-approval and the fees incurred to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

The Audit Committee, or the Audit Committee Chair under authority of the Audit Committee, pre-approved 100% of the Company's 2011 and 2012 audit fees, audit-related fees, tax fees and all other fees.

## **Proposal II. Advisory Vote on Executive Compensation**

*The Board recommends a vote "FOR" Proposal II.*

At the 2011 Annual Meeting, stockholders voted in favor of the Board's recommendation to hold a non-binding advisory vote on the compensation of the Company's Named Executive Officers (the "Say on Pay Vote") on an annual basis ("Frequency Vote"), and since the 2011 Annual Meeting, the Company has held annual non-binding Say on Pay Votes.

The non-binding Say on Pay Vote is not intended to address any specific item of compensation, but rather the overall compensation of the Named Executive Officers and the philosophy, policies and practices described in this Proxy Statement. To that end, and in accordance with the Frequency Vote recommendation of the stockholders and the Board's decision that the Company will hold future Say on Pay Votes on an annual basis until the next Frequency Vote is conducted, the Board has submitted the following resolution to be voted on by our stockholders at the 2013 Annual Meeting:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers as disclosed in the Proxy Statement for Arkansas Best Corporation's 2013 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion & Analysis, the Summary Compensation Table and the other related tables and narrative disclosure.

The Board recognizes that executive compensation is an important matter for our stockholders. As described in detail in the "Compensation Discussion & Analysis" ("CD&A") section of this proxy statement, the Compensation Committee is responsible for establishing, implementing and monitoring adherence with our executive compensation policy. One of the objectives of the Compensation Committee is that the total compensation paid to our executive officers is fair, reasonable and competitive. In particular, the Compensation Committee believes executive officer compensation should provide competitive base salaries and benefits to attract and retain superior employees and provide short- and long-term incentive compensation to incentivize executive officers to attain and to reward executive officers for attaining established financial goals that are consistent with increasing stockholder value. We aim to foster a pay-for-performance culture with a substantial portion of total compensation being tied to and varying with our financial, operating and strategic performance. The Compensation Committee has a strong focus on paying for performance, with targeted incentive compensation for our Named Executive Officers being from 47% to 57% of their total compensation on an annualized basis. In addition, the Compensation Committee seeks to align executives' long-term interests with the interests of our stockholders. It is always the intention of the Compensation Committee that our executive officers be compensated competitively and consistently with our strategy, sound corporate governance principles and stockholder interests and concerns.



As described in the CD&A, we believe our compensation program is effective, appropriate and strongly aligned with the long-term interests of our stockholders and that the total compensation package provided to the Named Executive Officers (including potential payouts upon a termination or change of control) are reasonable and not excessive. **As you consider this Proposal II, we encourage you to carefully review the CD&A and “Executive Compensation” sections of this Proxy Statement for a detailed discussion of our executive compensation program, including the more detailed information about our compensation philosophy and objectives and the past compensation of the Named Executive Officers.**

As an advisory vote, Proposal II is not binding on the Board or the Compensation Committee, will not overrule any decisions made by the Board or the Compensation Committee or require the Board or the Compensation Committee to take any action. Although the vote is non-binding, the Board and the Compensation Committee value the opinions of our stockholders and intend to consider the outcome of the vote when making future compensation decisions for executive officers. In particular, to the extent there is any significant vote against the Named Executive Officers’ compensation as disclosed in this proxy statement, we will consider our stockholders’ concerns and the Compensation Committee will evaluate whether any actions are appropriate in the future to address those concerns.

The Board recommends that stockholders vote “FOR” the approval of the compensation of the Named Executive Officers, as disclosed in this proxy statement.

## **Other Matters**

The Board does not know of any matters that will be presented for action at the 2013 Annual Meeting other than those described above and matters incident to the conduct of the meeting. If, however, any other matters not presently known to management should come before the 2013 Annual Meeting, it is intended that the shares represented by the accompanying proxy will be voted on such matters in accordance with the discretion of the holders of such proxy.

## **Cost of Solicitation**

Proxies may be solicited by Directors, officers or employees of the Company or its subsidiaries in person, by telephone, telegram or other means. However, no payment will be made to any of them for their solicitation activities. The costs of solicitation, including the standard charges and expenses of banks, brokerage houses, other institutions, nominees and fiduciaries for preparing, assembling and forwarding proxy materials to and obtaining proxies from beneficial owners of shares held of record by such persons, will be borne by the Company.

## **Stockholder Communication with the Board**

Arkansas Best Corporation stockholders may communicate with the Board, or any individual member of the Board, by sending the communication as follows:

Board of Directors (or Individual Member’s Name)  
c/o Corporate Secretary  
Arkansas Best Corporation  
P.O. Box 10048  
Fort Smith, AR 72917-0048

Communications addressed to the Board will be sent to the Chairman of the Board.

All communications to the Board, or an individual member, will be opened and reviewed by the Corporate Secretary prior to forwarding to the Board or individual member of the Board. This review will facilitate a timely review of any matters contained in the communication if, for any reason, the Board member is unavailable to timely review the communication.

## **Procedure for Submitting Stockholder Proposals for 2014 Annual Meeting**

To permit the Company and its stockholders to deal with stockholder proposals in an informed and orderly manner, the Company's bylaws establish an advance notice procedure. Pursuant to the Company's bylaws, for a proposal that is not intended to be included in the Company's proxy statement to be properly and timely submitted as business to come before the 2014 Annual Meeting, the stockholder must submit a written notice ("stockholder notice") that must be received by the Corporate Secretary of the Company at the address above not less than 90 days nor more than 120 days prior to the first anniversary of the 2013 Annual Meeting. In the event that the date of the 2014 Annual Meeting is more than 30 days before or more than 60 days after the anniversary date of the 2013 Annual Meeting, to be timely received, the proposal must be received by the Corporate Secretary of the Company not less than 100 days nor more than 120 days prior to the date of the 2014 Annual Meeting, and in the event that the first public announcement of the date of the 2014 Annual Meeting is less than 100 days prior to the date of such meeting, the proposal must be received by the Corporate Secretary of the Company by the 10<sup>th</sup> day following the date of the public announcement. Such stockholder notices must set forth as to each matter the stockholder proposes to bring before the Annual Meeting certain information specified in the bylaws including, among other things: (1) as to the stockholder giving the notice and any beneficial owner, if any, on whose behalf the proposal is made (a) the name and address, including business address and telephone number, of such persons, (b) the class and number of shares of the Company which are owned beneficially and of record by such persons, (c) any option, warrant or other derivative security owned by such persons, (d) any agreement pursuant to which such persons have the right to vote any shares of the Company, (e) any other information relating to such persons required to be disclosed in a proxy statement in connection with the solicitation of proxies for the proposal, and (f) a description of all material agreements and understandings between such persons and any other person in connection with the proposal of such business by the stockholder; (2) a brief description of the business desired to be brought before the meeting, including the exact text of any proposal to be presented for adoption; and (3) the reasons for conducting such business at the meeting. For information regarding the required information in the stockholder notice, contact the Corporate Secretary's office at [info@arkbest.com](mailto:info@arkbest.com) or 479-785-6000.

Notwithstanding the above provisions, pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, any stockholder who wishes to submit a proposal for inclusion in the Company's proxy statement and proxy relating to the 2014 Annual Meeting must deliver such proposal to the Company no later than the close of business on December 13, 2013. Proposals should be addressed to Corporate Secretary, Arkansas Best Corporation, P.O. Box 10048, Fort Smith, AR 72917-0048. In order to prevent controversy about the date of receipt of a proposal, which must be no later than the close of business on December 13, 2013, the Company strongly recommends that any stockholder wishing to present a proposal submit the proposal by certified mail, return receipt requested.

### **General Matters**

Upon written request, the Company will provide stockholders with a copy of its 2012 Annual Report on Form 10-K filed with the SEC (including financial statements and schedules thereto), without charge. Written requests should be directed to: David Humphrey, Vice President—Investor Relations and Corporate Communications, Arkansas Best Corporation, P.O. Box 10048, Fort Smith, Arkansas 72917-0048.

Certain stockholders sharing an address may have received only one copy of this Proxy Statement and the 2012 Annual Report on Form 10-K. The Company will promptly deliver, upon oral or written request, a separate copy of the Proxy Statement and the 2012 Annual Report on Form 10-K to a stockholder at a shared address to which only a single copy of such documents was delivered. Separate copies may be requested by contacting your broker, bank or other holder of record or by contacting the Company at the following address or telephone number:

Arkansas Best Corporation  
Attention: Vice President—Investor Relations  
and Corporate Communications  
P.O. Box 10048  
Fort Smith, Arkansas 72917-0048  
Telephone: 479-785-6000


If you want to receive separate copies of the Company's Annual Report on Form 10-K and Proxy Statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you can make these requests through the following sources:

Stockholders of record should contact the Company's Corporate Secretary in writing at Arkansas Best Corporation, P.O. Box 10048, Fort Smith, Arkansas 72917-0048 or by telephone at 479-785-6000.

Stockholders who are beneficial owners should contact their bank, broker or other nominee record holder or contact Broadridge in writing at Broadridge, Attention: Householding Department, 51 Mercedes Way, Edgewood, New York 11717 or by telephone at 800-542-1061.

***Your vote is important. Whether or not you plan to attend the meeting, we hope you will vote promptly: by Internet, by telephone or by signing, dating and returning the enclosed proxy card.***

Fort Smith, Arkansas  
Date: April 9, 2013



MICHAEL R. JOHNS  
*Secretary*

