SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2005 or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number: 0-27754

HUB GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	**36-4007085**
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)

3050 Highland Parkway, Suite 100
Downers Grove, Illinois 60515
(Address, including zip code, of principal executive offices)
(630) 271-3600
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes X No__

On July 19, 2005, the registrant had 19,329,763 outstanding shares of Class A common stock, par value $.01 per share, and 662,296 outstanding shares of Class B common stock, par value $.01 per share.

HUB GROUP, INC.

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HUB GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	June 30, 2005	December 31, 2004
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,972	$ 16,806
Restricted investments	885	—
Accounts receivable		
Trade, net	140,609	140,762
Other	13,576	8,313
Deferred taxes	4,364	4,667
Prepaid expenses and other current assets	3,126	4,746
TOTAL CURRENT ASSETS	169,532	175,294
PROPERTY AND EQUIPMENT, net	16,385	19,487
GOODWILL, net	215,175	215,175
OTHER ASSETS	428	889
TOTAL ASSETS	$ 401,520	$ 410,845
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable		
Trade	$ 116,820	$ 115,819
Other	3,598	1,660
Accrued expenses		
Payroll	14,052	19,542
Other	13,909	15,100
TOTAL CURRENT LIABILITIES	148,379	152,121
DEFERRED TAXES	35,723	31,788
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 2,000,000 shares authorized; no shares issued or outstanding in 2005 and 2004	—	—
Common stock		
Class A: $.01 par value; 47,337,700 shares authorized; 20,281,248 shares issued (including treasury stock in 2005) and 19,329,763 shares outstanding in 2005; 19,933,610 shares issued and outstanding in 2004	203	199
Class B: $.01 par value; 662,300 shares authorized; 662,296 shares issued and outstanding in 2005 and 2004	7	7
Additional paid-in capital	184,477	182,262
Purchase price in excess of predecessor basis, net of tax benefit of $10,306	(15,458)	(15,458)
Retained earnings	77,884	64,611
Unearned compensation	(3,910)	(4,685)
Treasury stock, at cost (951,485 shares in 2005)	(25,785)	—
TOTAL STOCKHOLDERS' EQUITY	217,418	226,936
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 401,520	$ 410,845

See notes to unaudited condensed consolidated financial statements.

HUB GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	**2004**	**2005**	**2004**
Revenue	$ 371,630	$ 348,971	$ 711,488	$ 677,273
Transportation costs	324,721	305,306	621,334	591,805
Gross margin	46,909	43,665	90,154	85,468
Costs and expenses:				
Salaries and benefits	21,503	22,233	43,379	44,575
General and administrative	9,489	10,315	19,241	20,596
Depreciation and amortization of property and equipment	2,453	2,851	4,936	5,734
Total costs and expenses	33,445	35,399	67,556	70,905
Operating income	13,464	8,266	22,598	14,563
Other income (expense):				
Interest expense	(140)	(1,684)	(347)	(3,397)
Interest income	183	56	384	109
Other, net	40	363	54	404
Total other income (expense)	83	(1,265)	91	(2,884)
Income before provision for income taxes	13,547	7,001	22,689	11,679
Provision for income taxes	5,622	2,942	9,416	4,907
Net income	$ 7,925	$ 4,059	$ 13,273	$ 6,772
Basic earnings per common share	$ 0.40	$ 0.26	$ 0.66	$ 0.43
Diluted earnings per common share	$ 0.38	$ 0.24	$ 0.63	$ 0.40
Basic weighted average number of shares outstanding	19,977	15,702	20,130	15,598
Diluted weighted average number of shares outstanding	20,796	16,938	20,977	16,762

See notes to unaudited condensed consolidated financial statements.

HUB GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the six months ended June 30, 2005
(in thousands, except shares)

	June 30, 2005
Class A & B Common Stock Shares Outstanding	
Beginning of year	20,595,906
Exercise of non-qualified stock options	346,258
Issuance of restricted stock	1,380
Purchase of treasury shares	(1,117,431)
Treasury shares issued under restricted stock and stock option plans	165,946
Ending balance	19,992,059
Class A & B Common Stock Amount	
Beginning of year	$ 206
Issuance of restricted stock and exercise of stock options	4
Ending balance	210
Additional Paid-in Capital	
Beginning of year	182,262
Exercise of non-qualified stock options	(1,697)
Tax benefit of employee stock plans	3,912
Ending balance	184,477
Purchase Price in Excess of Predecessor Basis, Net of Tax	
Beginning of year	(15,458)
Ending balance	(15,458)
Retained Earnings	
Beginning of year	64,611
Net income	13,273
Ending balance	77,884
Unearned Compensation	
Beginning of year	(4,685)
Issuance of restricted stock awards, net of forfeitures	(286)
Compensation expense related to restricted stock awards	1,061
Ending balance	(3,910)
Treasury Stock	
Beginning of year	—
Purchase of treasury shares	(30,558)
Issuance for restricted stock and exercise of stock options	4,773
Ending balance	(25,785)
Total stockholders' equity	$ 217,418

See notes to unaudited condensed consolidated financial statements.

HUB GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30,	
	2005	**2004**
Cash flows from operating activities:		
Net income	$ 13,273	$ 6,772
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	5,154	5,812
Deferred taxes	8,150	4,735
Compensation expense related to restricted stock	1,061	1,044
Gain on sale of assets	(18)	(162)
Other assets	461	697
Changes in working capital:		
Restricted investments	(885)	—
Accounts receivable, net	(5,110)	(1,547)
Prepaid expenses and other current assets	1,620	(101)
Accounts payable	2,939	(4,814)
Accrued expenses	(6,681)	1,667
Net cash provided by operating activities	19,964	14,103
Cash flows from investing activities:		
Purchases of property and equipment, net	(2,034)	(1,682)
Net cash used in investing activities	(2,034)	(1,682)
Cash flows from financing activities:		
Proceeds from stock options exercised	2,794	3,359
Purchase of treasury stock	(30,558)	(2,767)
Net payments on revolver	—	(6,000)
Payments on long-term debt	—	(7,013)
Net cash used in financing activities	(27,764)	(12,421)
Net decrease in cash and cash equivalents	(9,834)	—
Cash and cash equivalents beginning of period	16,806	—
Cash and cash equivalents end of period	$ 6,972	$ —
Supplemental disclosures of cash flow information		
Cash paid for:		
Interest	$ —	$ 2,630
Income taxes	$ 1,066	$ 368

See notes to unaudited condensed consolidated financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements of Hub Group, Inc. ("we," "us" or "our") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted pursuant to those rules and regulations. However, we believe that the disclosures contained herein are adequate to make the information presented not misleading.

The financial statements reflect, in our opinion, all material adjustments (which include only normal recurring adjustments) necessary to fairly present our financial position and results of operations for the three months and six months ended June 30, 2005 and 2004.

These unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2004. Results of operations in interim periods are not necessarily indicative of results to be expected for a full year due partially to seasonality.

NOTE 2. Restructuring Charges

During the six months ended June 30, 2005, we recorded a $219,000 severance charge for termination of 30 employees. All severance charges are included in salaries and benefits in the statement of income. Additionally, we recorded charges of $37,000 related to the 2002 restructuring plan as a result of changes in assumptions related to the closing of a facility.

The following table displays the activity and balances for the restructuring reserves for the six months ended June 30, 2005 (in thousands):

	Headcount Reduction	Consolidation of Facilities	Total
Balance at December 31, 2004	$ –	$ 146	$ 146
Additional Restructuring Expenses	176	–	176
Cash Payments	(78)	(79)	(157)
Adjustment for previous estimate	–	37	37
Balance at March 31, 2005	**$ 98**	**$ 104**	**$ 202**
Additional Restructuring Expenses	43	–	43
Cash Payments	(120)	(48)	(168)
Balance at June 30, 2005	**$ 21**	**$ 56**	**$ 77**

NOTE 3. Stock Based Compensation

Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," as amended by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure," encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. We have chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, compensation expense for stock options is measured as the excess, if any, of the quoted market price of our stock at the date of the grant over the amount an employee must pay to acquire the stock. We grant options at fair market value and therefore recognize no compensation expense.

The following table illustrates the effect on the net income and net income per share if we had applied the fair value recognition provisions of SFAS No. 123, to stock-based employee compensation (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net income, as reported	$7,925	$4,059	$13,273	$6,772
Add: Total stock-based compensation included in net income, net of related tax effects	316	319	620	605
Deduct: Total stock-based compensation expense determined under fair value based method for all awards, net of related tax effects	(400)	(470)	(791)	(924)
Net income, pro forma	$7,841	$3,908	$13,102	$6,453
Earnings per share:				
Basic-- as reported	$0.40	$0.26	$0.66	$0.43
Basic-- pro forma	$0.39	$0.25	$0.65	$0.41
Diluted-- as reported	$0.38	$0.24	$0.63	$0.40
Diluted-- pro forma	$0.38	$0.23	$0.62	$0.38
Dividend Yield	$0.00	$0.00	$0.00	$0.00

The pro forma disclosure is not likely to be indicative of pro forma results which may be expected in future periods because of the fact that options vest over several years, pro forma compensation expense is recognized as the options vest and additional awards may also be granted.

In December 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123 (revised 2004), Share-Based Payment, which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement 123 (R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach in Statement 123 (R) is similar to the approach described in Statement 123. However, Statement 123 (R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. This statement must be adopted effective January 1, 2006.

Statement 123 (R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required under the current literature. This requirement will reduce net operating cash flow and increase net financing cash flow in periods after adoption. We cannot estimate what those amounts will be in the future because they depend on, among other things, when employees exercise stock options.

NOTE 4. Earnings Per Share

The following is a reconciliation of our earnings per share (in thousands, except for per share data):

	Three Months Ended June 30, 2005			Three Months Ended June 30, 2004		
	Income	**Shares**	**Per Share Amount**	**Income**	**Shares**	**Per Share Amount**
Basic EPS						
Net Income	$7,925	19,977	$0.40	$4,059	15,702	$0.26
Effect of Dilutive Securities						
Stock options and restricted stock	—	819	—	—	1,236	—
Diluted EPS						
Net Income	$7,925	20,796	$0.38	$4,059	16,938	$0.24

	Six Months Ended June 30, 2005			Six Months Ended June 30, 2004		
	Income	**Shares**	**Per Share Amount**	**Income**	**Shares**	**Per Share Amount**
Basic EPS						
Net Income	$13,273	20,130	$0.66	$6,772	15,598	$0.43
Effect of Dilutive Securities						
Stock options and restricted stock	—	847	—	—	1,164	—
Diluted EPS						
Net Income	$13,273	20,977	$0.63	$6,772	16,762	$0.40

No stock options were excluded from the determination of diluted weighted-average shares because they would have been anti-dilutive for the three months ending June 30, 2005 and 2004. Additionally, no stock options were excluded from the determination of diluted weighted average shares because they would have been anti-dilutive for the six months ended June 30, 2005. For the six months ended June 30, 2004, 11,500 stock options were excluded from the determination of diluted weighted- average shares because they would be anti-dilutive.

NOTE 5. Deferred Compensation Plan

In January 2005, we established the Hub Group, Inc. Nonqualified Deferred Compensation Plan (“the Plan”) to provide added incentive for the retention of certain key employees. Under the Plan, participants can elect to defer up to 50% of their base salary and up to 100% of their bonus. Accounts will grow on a tax-deferred basis to the participant. Restricted investments included in the consolidated balance sheet represent the fair value of the mutual fund and other security investments related to the Plan at June 30, 2005. Both realized and unrealized gains and losses, which have not been material, are included in income and expense and offset the change in the deferred compensation liability. The Company provides a 50% match on the first 6% of employee compensation deferred under the Plan, with a maximum match equivalent to 3% of base salary.

NOTE 6. Property and Equipment

Property and equipment consist of the following (in thousands):

	June 30, 2005	December 31, 2004
Building and improvements	$ 237	$ 237
Leasehold improvements	950	942
Computer equipment and software	52,664	52,442
Furniture and equipment	7,092	7,188
Transportation equipment and automobiles	1,939	1,461
	62,882	62,270
Less: Accumulated depreciation and amortization	(46,497)	(42,783)
Property and Equipment, net	$ 16,385	$ 19,487

NOTE 7. Debt

On March 23, 2005, we entered into a revolving credit agreement that provides for unsecured borrowings of up to $40 million. The interest rate ranges from LIBOR plus 0.75% to 1.25% or Prime plus 0.5%. The revolving line of credit expires on March 23, 2010. The financial covenants require a minimum net worth of $175 million and a cash flow leverage ratio of not more than 2.0 to 1.0. The commitment fees charged on the unused line of credit are between 0.15% and 0.25% per annum.

We had $39 million of unused and available borrowings under our bank revolving line of credit at June 30, 2005. We were in compliance with our debt covenants at June 30, 2005.

We have standby letters of credit that expire from 2005 to 2012. As of June 30, 2005, the outstanding letters of credit were $1 million.

NOTE 8. Commitments and Contingencies

In March 2005, we entered into an equipment purchase contract with Shanghai Jindo Container Co., Ltd. We agreed to purchase 3,400 fifty-three foot dry freight steel domestic containers for approximately $33 million. As of July 18, approximately 1,128 containers were delivered. The remainder are expected to be delivered by the end of the third quarter 2005. However, this timeframe is subject to the manufacturer meeting production and delivery schedules. We are financing these containers with operating leases.

In June 2005, our Quality Services subsidiary entered into a 5 year operating lease agreement for 31 tractors. The total obligation for this lease is $2.5 million.

We are a party to litigation incident to our business, including claims for freight lost or damaged in transit, freight improperly shipped or improperly billed, property damage and personal injury. Some of the lawsuits to which we are party are covered by insurance and are being defended by our insurance carriers. Some of the lawsuits are not covered by insurance and we are defending them. We do not believe that the outcome of this litigation will have a material adverse effect on our financial position.

NOTE 9. Stock Buy Back Plan

During the first quarter of 2005, the Board of Directors authorized the purchase of up to $30 million worth of our Class A Common Stock. Repurchases were made from time to time as market and business conditions warranted. We intend to hold the repurchased shares in treasury for future use. This program replaces our previous repurchase plan. During the first half of 2005, we completed the authorized purchase of $30 million worth of our Class A Common Stock.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan
January 1 to January 31	—	—	—
February 1 to February 28	64,800	$ 27.19	64,800
March 1 to March 31	110,000	$ 30.04	110,000
April 1 to April 30	200,000	$ 28.07	200,000
May 1 to May 31	398,700	$ 27.38	398,700
June 1 to June 30	321,299	$ 26.07	321,299
Total	1,094,799	$ 27.38	1,094,799

NOTE 10. Stock Split

The Board of Directors approved a two for one stock split in February 2005. The Board set May 4, 2005 as the record date and May 11, 2005 as the payment date. All shares have been retroactively restated to give effect to the two-for-one stock split, which was effected in the form of a 100% stock dividend. Each of our Class A stockholders and Class B stockholders received one Class A share on each share of Class A Common Stock and each share of Class B Common Stock held by them on the record date in connection with the stock split. In accordance with the terms of our Certificate of Incorporation, the number of votes held by each share of Class B Common Stock was adjusted in connection with this stock dividend such that each share of Class B Common Stock now entitles its holder to approximately 40 votes. Each share of Class A Common Stock entitles its holder to one vote.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OUTLOOK, RISKS AND UNCERTAINTIES

The information contained in this quarterly report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "hopes," "believes," "intends," "estimates," "anticipates," and variations of these words and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are inherently uncertain and subject to risks. Such statements should be viewed with caution. Actual results or experience could differ materially from the forward-looking statements as a result of many factors. We assume no liability to update any such forward-looking statements contained in this quarterly report. Factors that could cause our actual results to differ materially include:

- the degree and rate of market growth in the intermodal, truck brokerage and logistics markets served by us;
- deterioration in our relationships with existing railroads or adverse changes to the railroads' operating rules;
- changes in rail service conditions or adverse weather conditions;
- further consolidation of railroads;
- the impact of competitive pressures in the marketplace, including entry of new competitors, direct marketing efforts by the railroads or marketing efforts of asset-based carriers;
- changes in rail, drayage and trucking company capacity;
- equipment shortages;
- changes in the cost of services from rail, drayage, truck or other vendors;
- labor unrest in the rail, drayage or trucking company communities;
- general economic and business conditions;
- fuel shortages or prices;
- increases in interest rates;
- decrease in demand for our distribution services;
- changes in homeland security or terrorist activity;
- difficulties in maintaining or enhancing our information technology systems;
- changes to or new governmental regulation;
- loss of several of our largest customers;
- inability to recruit and retain key personnel; and
- awards of large customer contracts.

EXECUTIVE SUMMARY

Hub Group, Inc. ("we," "us" or "our") is the largest intermodal marketing company ("IMC") in North America and a full service transportation provider offering intermodal, truck brokerage or highway services and comprehensive logistics services. These service offerings are referred to as the Core Transportation business. The Core Transportation business operates through a nationwide network of operating centers. We also operate Hub Group Distribution Services ("HGDS" or "Hub Distribution"). Hub Distribution performs certain specialized services, predominately installation of point of purchase displays, and is responsible for its own operations, customer service, marketing and management information systems support.

As an IMC, we arrange for the movement of our customers' freight in containers and trailers over long distances. We contract with railroads to provide transportation for the long-haul portion of the shipment and with local trucking companies, known as "drayage companies," for local pickup and delivery. As part of the intermodal services, we negotiate rail and drayage rates, electronically track shipments in transit, consolidate billing and handle claims for freight loss or damage on behalf of our customers.

We also arrange for the transportation of freight by truck, providing customers with another option for their transportation needs. We match the customers' needs with carriers' capacity to provide the most effective service and price combinations. As part of our highway services, we negotiate rates, track shipments in transit and handle claims for freight loss or damage on behalf of our customers.

Our logistics service consists of complex transportation management services, including load consolidation, mode optimization and carrier management. These service offerings are designed to take advantage of the increasing trend for shippers to outsource all or a greater portion of their transportation needs.

We have full time marketing representatives throughout North America who service local, regional and national accounts. We believe that fostering long-term customer relationships is critical to our success and allows us to better understand our customers' needs and specifically tailor our transportation services to them.

Revenue growth resulted primarily from price increases, mix and fuel surcharges during the first half of 2005 compared to the first half of 2004. The price increase resulted from rate increases from our carriers. During 2004, we severed relationships with certain low profitability customers.

We use various performance indicators to manage our business. We closely monitor gains and losses for our significant customers and evaluate on-time performance, costs per load by location and days sales outstanding by location. Vendor cost changes and vendor service issues are also tracked closely.

Our installation services business, HGDS, is a project-based business with significant customer concentration and higher margins than our other service lines. Any decrease in the demand from these customers or our failure to secure new project business could have a material effect on HGDS revenue.

RESULTS OF OPERATIONS

The following table summarizes our revenue by business line:

	Three Months Ended June 30,			Six Months Ended June 30		
	2005	**2004**	**% Change**	**2005**	**2004**	**% Change**
Revenue (in thousands)						
Core Transporation						
Intermodal	$ 259,260	$ 247,940	4.6%	$ 492,922	$ 484,261	1.8%
Brokerage	68,038	56,778	19.8%	128,192	107,738	19.0%
Logistics	34,524	33,786	2.2%	70,113	67,699	3.6%
Total Core	361,822	338,504	6.9%	691,227	659,698	4.8%
Hub Distribution	9,808	10,467	(6.3%)	20,261	17,575	15.3%
Total Revenue	$ 371,630	$ 348,971	6.5%	$ 711,488	$ 677,273	5.1%

The following table includes certain items in the consolidated statement of income as a percentage of revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	**2004**	**2005**	**2004**
Revenue	100.0%	100.0%	100.0%	100.0%
Transportation costs	87.4	87.5	87.3	87.4
Gross margin	12.6	12.5	12.7	12.6
Costs and expenses:				
Salaries and benefits	5.7	6.3	6.1	6.7
General and administrative	2.6	3.0	2.7	3.0
Depreciation and amortization	0.7	0.8	0.7	0.8
Total costs and expenses	9.0	10.1	9.5	10.5
Operating income	3.6	2.4	3.2	2.1
Other expense				
Interest expense	0.0	(0.5)	0.0	(0.5)
Interest income	0.0	0.0	0.0	0.0
Other, net	0.0	0.1	0.0	0.1
Total other expense	0.0	(0.4)	0.0	(0.4)
Income before provision for income taxes	3.6	2.0	3.2	1.7
Provision for income taxes	1.5	0.8	1.3	0.7
Net income	2.1%	1.2%	1.9%	1.0%

Three Months Ended June 30, 2005 Compared to the Three Months Ended June 30, 2004

Revenue

Revenue increased 6.5% to $372 million in 2005 from $349 million in 2004. Intermodal revenue increased 4.6% due primarily to price increases, mix and fuel surcharges offset by a 7.9% decrease in volume. Truckload brokerage revenue increased 19.8% due primarily to an increase in revenue per load from price increases, mix, fuel surcharges and new business. Logistics revenue increased 2.2% due to the transfer of the time sensitive delivery of pharmaceutical samples from Hub Distribution to this service line during the third quarter of 2004 and as a result of adding new customers. Hub Distribution revenue decreased 6.3% due primarily to the transfer of the time sensitive delivery of pharmaceutical samples.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Gross Margin

Gross margin increased 7.4% to $46.9 million in 2005 from $43.7 million in 2004. As a percent of revenue, gross margin has remained fairly consistent at 12.6% in 2005 and 12.5% in 2004.

Salaries and Benefits

As a percentage of revenue, salaries and benefits decreased to 5.7% from 6.3% in 2004. Salaries and benefits decreased to $21.5 million in 2005 from $22.2 million in 2004. This was due primarily to a decrease in headcount. Headcount as of June 30, 2005 was 1,167 while headcount at June 30, 2004 was 1,176.

General and Administrative

General and administrative expenses decreased to $9.5 million in 2005 from $10.3 million in 2004. As a percentage of revenue, these expenses decreased to 2.6% in 2005 from 3.0% in 2004. The decrease in general and administrative expenses is primarily attributed to a decrease in equipment leases, sales taxes and telephone costs.

Depreciation and Amortization of Property and Equipment

Depreciation and amortization decreased to $2.5 million in 2005 from $2.9 million in 2004. This expense as a percentage of revenue decreased to 0.7% in 2005 from 0.8% in 2004. The decrease in depreciation and amortization is due primarily to lower computer equipment and software depreciation.

Other Income (Expense)

Other income increased to $0.1 million in 2005 from an expense of $1.3 million in 2004 due to a decrease in interest expense caused primarily by the extinguishment of the private placement debt during the third quarter of 2004. Interest income increased due to investing cash.

Provision for Income Taxes

The provision for income taxes increased to $5.6 million in 2005 compared to $2.9 million in 2004. We provided for income taxes using an effective rate of 41.5% in 2005 and an effective rate of 42.0% in the second quarter of 2004. The decrease in the effective tax rate is primarily the result of a lower state tax rate due to business restructuring.

Net Income

Net income increased to $7.9 million in 2005 from $4.1 million in 2004 due primarily to higher gross margin, lower general and administrative expenses, lower salaries and benefit expenses and lower interest expense.

Earnings Per Common Share

Basic earnings per share were $0.40 in 2005 and were $0.26 in 2004 and diluted earnings per share increased to $0.38 in 2005 from $0.24 in 2004. The weighted average diluted shares outstanding increased 22.8% from 16,938,000 at June 30, 2004 to 20,796,000 at June 30, 2005 due primarily to our follow-on offering of Class A Common Stock in July 2004.

Six Months Ended June 30, 2005 Compared to the Six Months Ended June 30, 2004

Revenue

Revenue increased 5.1% to $711.5 million in 2005 from $677.3 million in 2004. Intermodal revenue increased 1.8% due primarily to price increases, mix and fuel surcharges offset by a 9.7% decrease in volume. Truckload brokerage revenue increased 19% due primarily to an increase in revenue per load from price increases, mix, fuel surcharges and new business. Logistics revenue increased 3.6% due to the transfer of the time sensitive delivery of pharmaceutical samples from Hub Distribution to this service line during the third quarter of 2004 and as a result of adding new customers. Hub Distribution revenue increased 15.3% due primarily to an increase in the installation business.

Certain prior year amounts have been reclassified to conform to the current year presentation.

Gross Margin

Gross margin increased 5.5% to $90.2 million in 2005 from $85.5 million in 2004. As a percent of revenue, gross margin has remained relatively consistent at 12.7% in 2005 and 12.6% in 2004.

Salaries and Benefits

As a percentage of revenue, salaries and benefits decreased to 6.1% from 6.7% in 2004. Salaries and benefits decreased to $43.4 million in 2005 from $44.6 million in 2004. This was due primarily to a decrease in headcount.

General and Administrative

General and administrative expenses decreased to $19.2 million in 2005 from $20.6 million in 2004. As a percentage of revenue, these expenses decreased to 2.7% in 2005 from 3.0% in 2004. The decrease in general and administrative expenses is primarily attributed to a decrease in equipment leases, professional fees, travel and entertainment expense and rent expense.

Depreciation and Amortization of Property and Equipment

Depreciation and amortization decreased to $4.9 million in 2005 from $5.7 million in 2004. This expense as a percentage of revenue decreased to 0.7% in 2005 from 0.8% in 2004. The decrease in depreciation and amortization is due primarily to lower computer equipment and software depreciation.

Other Income (Expense)

Other income increased to $0.1 million in 2005 from an expense of $2.9 million in 2004 due to a decrease in interest expense caused primarily by the extinguishment of the private placement debt during the third quarter of 2004. Interest income increased due to investing cash.

Provision for Income Taxes

The provision for income taxes increased to $9.4 million in 2005 compared to $4.9 million in 2004. We provided for income taxes using an effective rate of 41.5% in 2005 and an effective rate of 42.0% in 2004. The decrease in the effective tax rate is primarily the result of a lower state tax rate due to business restructuring.

Net Income

Net income increased to $13.3 million in 2005 from $6.8 million in 2004 due primarily to higher gross margin, lower general and administrative expenses, lower salaries and benefits expense and lower interest expense.

Earnings Per Common Share

Basic earnings per share were $0.66 in 2005 and were $0.43 in 2004 and diluted earnings per share increased to $0.63 in 2005 from $0.40 in 2004. The weighted average diluted shares outstanding increased 25.1% from 16,762,000 at June 30, 2004 to 20,977,000 at June 30, 2005 due primarily to our follow-on offering of Class A Common Stock in July 2004.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. In certain circumstances, those estimates and assumptions can affect amounts reported in the accompanying consolidated financial statements. We have made our best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Note 1 of the “Notes to Consolidated Financial Statements” in our Annual Report on Form 10-K for the year ended December 31, 2004, includes a summary of the significant accounting policies and methods used in the preparation of our consolidated financial statements. The following is a brief discussion of the more significant accounting policies and estimates.

Allowance for Uncollectible Trade Accounts Receivable

In the normal course of business, we extend credit to customers after a review of each customer’s credit history. An allowance for uncollectible trade accounts has been established through an analysis of the accounts receivable aging, an assessment of collectibility based on historical trends and an evaluation of the current economic conditions. To be more specific, we reserve every account balance that has aged over one year, certain customers in bankruptcy and account balances specifically identified as uncollectible. In addition, we provide a reserve for accounts not specifically identified as uncollectible based upon historical trends. The trends are continuously reviewed and updated. The allowance is reported on the balance sheet in net accounts receivable. Actual collections of accounts receivable could differ from management’s estimates due to changes in future economic, industry or customer financial conditions. Recoveries of receivables previously charged off are recorded when received.

Revenue Recognition

Revenue is recognized at the time 1) persuasive evidence of an arrangement exists, 2) services have been rendered, 3) the sales price is fixed and determinable and 4) collectibility is reasonably assured. In accordance with EITF 91-9, revenue and related transportation costs are recognized based on relative transit time. Further, we report revenue on a gross basis in accordance with the criteria in EITF 99-19, “Reporting Revenue Gross as a Principal versus Net as an Agent.” We are the primary obligor and are responsible for providing the service desired by the customer. The customer views us as responsible for fulfillment including the acceptability of the service. Service requirements may include, for example, on-time delivery, handling freight loss and damage claims, setting up appointments for pick up and delivery and tracing shipments in transit. We have discretion in setting sales prices and as a result, our earnings vary. In addition, we have the discretion to select our vendors from multiple suppliers for the services ordered by our customers. Finally, we have credit risk for our receivables. These three factors, discretion in setting prices, discretion in selecting vendors and credit risk, further support reporting revenue on the gross basis.

Deferred Income Taxes

Deferred income taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. We believe that it is more likely than not that our deferred tax assets will be realized with the exception of $332,000 related to state tax net operating losses for which a valuation allowance has been established. In the event the probability of realizing the remaining deferred tax assets do not meet the more likely than not threshold in the future, a valuation allowance would be established for the deferred tax assets deemed unrecoverable.

Valuation of Goodwill

We review goodwill for impairment on an annual basis or whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. We utilize a third-party independent valuation firm to assist in performing the necessary valuations to be used in the impairment testing. These valuations are based on market capitalization, discounted cash flow analysis or a combination of both methodologies. The assumptions used in the valuations include expectations regarding future operating performance, discount rates, control premiums and other factors which are subjective in nature. Actual cash flows from operations could differ from management’s estimates due to changes in business conditions, operating performance and economic conditions. Should estimates differ materially from actual results, we may be required to record impairment charges in the future.

LIQUIDITY AND CAPITAL RESOURCES

During the year, we have funded operations and capital expenditures through cash flows from operations.

Cash provided by operating activities for the six months ended June 30, 2005, was approximately $20 million, which resulted primarily from net income from operations of $13 million, non-cash charges of $15 million offset by decreases in working capital of $8 million.

Net cash used in investing activities for the six months ended June 30, 2005, was $2 million and related primarily to expenditures made to enhance our information system capabilities. We expect capital expenditures to be approximately $4 million to $5 million for the year ended December 31, 2005.

The net cash used in financing activities for the six months ended June 30, 2005, was $28 million. Uses of cash related to the purchase of treasury stock. We generated cash from stock options being exercised.

On March 23, 2005 we entered into a revolving credit agreement that provides for unsecured borrowings of up to $40 million. The interest rate ranges from LIBOR plus 0.75% to 1.25% or Prime plus 0.5%. The revolving line of credit expires on March 23, 2010. The financial covenants require a minimum net worth of $175 million and a cash flow leverage ratio of not more than 2.0 to 1.0. The commitment fees charged on the unused line of credit are between 0.15% and 0.25% per annum.

Our unused and available borrowings under our bank revolving line of credit at June 30, 2005 are $39 million. We were in compliance with our debt covenants at June 30, 2005.

We have standby letters of credit that expire from 2005 to 2012. As of June 30, 2005, our outstanding letters of credit were $1 million.

Contractual Obligations

Our contractual cash obligations as of June 30, 2005 are minimum rental commitments. Minimum annual rental commitments, at June 30, 2005, under noncancellable operating leases, principally for real estate and equipment, are payable as follows (in thousands):

Remainder 2005	$ 4,378
2006	8,160
2007	7,411
2008	6,601
2009	4,807
2010 and thereafter	8,746
Total	$40,103

In March 2005, we entered into an equipment purchase contract with Shanghai Jindo Container Co., Ltd. We agreed to purchase 3,400 fifty-three foot dry freight steel domestic containers for approximately $33 million. As of July 18, approximately 1,128 containers were delivered. The remainder are expected to be delivered by the end of the third quarter 2005. However, this timeframe is subject to the manufacturer meeting production and delivery schedules. We are financing these containers with operating leases. The lease obligation is included in the table above.

In June 2005, our Quality Services subsidiary entered into a 5 year operating lease agreement for 31 tractors. This $2.5 million lease obligation is also included in the table above.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk related to changes in interest rates on our bank line of credit which may adversely affect our results of operations and financial condition.

CONTROLS AND PROCEDURES

As of June 30, 2005, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of June 30, 2005. There have been no changes in our internal control over financial reporting identified in connection with such evaluation that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Note 9 of the Company's Notes to Unaudited Condensed Consolidated Financial Statements is incorporated herein by reference.

Item 4. Submission of Matters to a Vote of Security Holders

The 2005 Annual Meeting of Stockholders of Hub Group, Inc. was held on May 4, 2005. All six of the Company's directors were reelected with the following votes: Phillip C. Yeager: 17,808,958 votes for and 3,942,463 votes withheld; David P. Yeager: 17,737,447 votes for and 4,013,974 votes withheld; Mark A. Yeager: 17,731,360 votes for and 4,020,061 votes withheld; Gary D. Eppen: 20,835,839 votes for and 915,582 votes withheld; Charles R. Reaves: 20,837,039 votes for and 914,382 votes withheld; Martin P. Slark: 20,837,039 votes for and 914,382 votes withheld.

Also at the meeting, the Stockholders voted on an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of Class A Common Stock. This proposal was approved by the following votes: 18,109,539 votes for, 3,641,254 votes against and 628 votes withheld.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly authorized this report to be signed on its behalf by the undersigned thereunto duly authorized.

HUB GROUP, INC.

DATE: July 22, 2005

/s/ Thomas M. White
Thomas M. White
Senior Vice President-Chief Financial
Officer and Treasurer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.	Description
31.1	Certification of David P. Yeager, Vice Chairman and Chief Executive Officer, Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of Thomas M. White, Senior Vice President-Chief Financial Officer and Treasurer, Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of David P. Yeager and Thomas M. White, Chief Executive Officer and Chief Financial Officer, respectively, Pursuant to 18 U.S.C. Section 1350.

Exhibit 31.1

CERTIFICATION

I, David P. Yeager, certify that:

1) I have reviewed this report on Form 10-Q of Hub Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a(f) and 15d-15(f))for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principals;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 22, 2005

/s/ David P.Yeager
Name: David P. Yeager
Title: Vice Chairman and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Thomas M. White, certify that:

1) I have reviewed this report on Form 10-Q of Hub Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a(f) and 15d-15(f))for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally accepted accounting principals;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 22, 2005

/s/ Thomas M. White
Name: Thomas M. White
Title: Senior Vice President-
Chief Financial Officer and Treasurer

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The following statement is provided by the undersigned to accompany the Form 10-Q for the quarter ended June 30, 2005 of Hub Group, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and shall not be deemed filed pursuant to any provision of the Exchange Act of 1934 or any other securities law.

Each of the undersigned certifies that the foregoing Report on Form 10-Q fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Hub Group, Inc.

/s/David P. Yeager	/s/Thomas M. White
David P. Yeager	Thomas M. White
Vice Chairman and Chief Executive Officer	Senior Vice President- Chief Financial Officer
Hub Group, Inc.	and Treasurer
	Hub Group, Inc.