UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A
AMENDMENT NO. 2

CURRENT REPORT PURSUANT

TO SECTION 13 OR 15(D) OF THE

SECURITIES AND EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported) July 1, 2017

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

DELAWARE
(State or Other Jurisdiction of Incorporation)

0-27754	**36-4007085**
(Commission File Number)	(I.R.S. Employer Identification No.)

2000 Clearwater Drive
Oak Brook, Illinois 60523
(Address, including zip code, of principal executive offices)

(630) 271-3600
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former Name or Former Address, If Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

EXPLANATORY NOTE

On July 6, 2017, Hub Group, Inc. (the “Company”) filed a Current Report on Form 8-K (the “Initial Form 8-K”) to report the acquisition of Estenson Logistics, LLC, a Delaware limited liability company (Estenson”) by the Company’s wholly-owned subsidiary Hub Group Trucking, Inc. pursuant to a Purchase Agreement, dated as of May 25, 2017 and effective July 1, 2017 (the “Acquisition”). On September 15, 2017, the Company filed an Amendment to the Current Report on Form 8-K/A (“Amendment No. 1”) to amend and supplement Item 9.01 of the Initial Form 8-K to provide certain historical financial statements and certain pro forma financial information in connection with the Acquisition. This Amendment No. 2 to the Current Report on Form 8-K/A for the Company is being filed solely to add a signature to the accountant´s report in accordance with Item 9.01(a)(2) of Form 8-K.

Any information required to be set forth in the Initial Form 8-K or the Amendment No. 1 which is not being amended or supplemented pursuant to this Amendment No. 2 is hereby incorporated by reference. Except as set forth herein, no other modifications have been made to the information contained in the Initial Form 8-K and/or the Amendment No. 1.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) The unaudited pro forma combined financial statements of Hub Group, Inc. and Estenson as of and for the six months ended June 30, 2017 and for the fiscal year ended December 31, 2016 are filed as Exhibit 99.1 to this Amendment No. 1 to Current Report on Form 8-K/A.

(b) The interim financial statements of Estenson as of June 30, 2017 (unaudited) and December 31, 2016 and for the three and six month periods ended June 30, 2017(unaudited) and June 30, 2016 (unaudited) are filed as Exhibit 99.2 to this Amendment No. 1 to Current Report on Form 8-K/A.

(c) The audited financial statements of Estenson as of December 31, 2016 and December 31, 2015 and for the fiscal years ended December 31, 2016 and December 31, 2015 are filed as Exhibit 99.3 to this Amendment No. 1 to Current Report on Form 8-K/A.

(d) A list of exhibits filed herewith is contained on the Exhibit Index which immediately precedes such exhibits and is incorporated herein by reference.

SIGNATURES

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

HUB GROUP, INC.

DATE: January 5, 2018

/s/ Terri A. Pizzuto
By: Terri A. Pizzuto
Title: Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT INDEX

Exhibit No.

23.1	Consent of Layton, Layton & Tobler, LLP, independent auditor for Estenson.
99.1	The unaudited pro forma combined financial statements of Hub Group, Inc. and Estenson as of and for the six months ended June 30, 2017 and for the fiscal year ended December 31, 2016.
99.2	The interim financial statements of Estenson as of June 30, 2017 (unaudited) and December 31, 2016 and for the three and six month periods ended June 30, 2017(unaudited) and June 30, 2016 (unaudited).
99.3	The audited financial statements of Estenson as of December 31, 2016 and December 31, 2015 and for the fiscal years ended December 31, 2016 and December 31, 2015.

Exhibit 23.1

Layton Layton & Tobler LLP
Certified Public Accountants
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cpa@lltcpa.com www.lltcpa.com

Donald R. Layton, CPA
Stephen D. Waldron, CPA
Peter C. Gubler, CPA, CVA
Francine M. Miller, CPA

Richard D. Layton, CPA, CFE, CFF (Retired)

August 8, 2017

Terri Pizzuto, CFO
Hub Group, Inc.
2000 Cleanwater Drive
Oak Brook, IL 60523

Terri Pizzuto:

Layton Layton & Tobler LLP gives its consent for Hub Group, Inc. to use our independent auditor's report dated March 8, 2017 and the accompanying financial statements for the years ended December 31, 2016 and 2015 in order for Hub Group to complete and prepare their required 8-KA reporting with the SEC. Layton Layton & Tobler LLP requests that in order to use our audit report, HUB Group, Inc. will provide a copy of the 8-KA report, before filing with the SEC, to Layton Layton & Tobler LLP for review.

/s/ Layton Layton & Tobler LLP

Layton Layton & Tobler LLP

Exhibit 99.1

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

On July 1, 2017, Hub Group, Inc. (the “Company”, “Hub”), through its wholly-owned subsidiary Hub Group Trucking, Inc. (“HGT”), closed on the acquisition of Estenson Logistics, LLC, a Delaware limited liability company (“Hub Group Dedicated”), pursuant to a Purchase Agreement dated as of May 25, 2017, by and among HGT and Estenson Logistics, LLC, a Nevada limited liability company (“Estenson”), Hub Group Dedicated, Timothy J. Estenson, an individual, Timothy J. Estenson and Traci M. Estenson, Trustees of the Timothy J. Estenson and Traci M. Estenson Trust, dated February 23, 2003, Paul A. Truman, an individual, The Paul A. and Kristen Truman Living Trust 2009, dated August 6, 2009, and solely for purposes of the certain sections identified therein, Truline Corporation, a Nevada corporation (the “Acquisition”). Excluded from the Acquisition was one customer relationship, which was retained by Estenson. Due to provisions of the Purchase Agreement, $13.4 million of equipment assets related to this retained customer were acquired by Hub and were returned to Estenson post-closing in complete satisfaction of the equipment obligation Hub Group Dedicated had with Estenson. Total consideration for the Acquisition is approximately $286 million, subject to customary post-closing adjustments, including contingent consideration which will not exceed $6 million and is based on Hub Group Dedicated’s Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”) results through June 30, 2019.

On July 1, 2017, Hub Group, Inc. and Hub City Terminals, Inc. (the "Borrowers") entered into a $350 million unsecured credit agreement (the "Credit Agreement") with Bank of Montreal, as administrative agent, and with certain material subsidiaries of the Company from time to time as guarantors, and various financial institutions, as lenders. The Credit Agreement replaces the Amended and Restated Credit Agreement dated December 12, 2013 (the "2013 Credit Agreement") among the Borrowers and Bank of Montreal, as lender. The Company used the Credit Agreement to finance, in part, the Acquisition and for general corporate purposes.

The Credit Agreement provides for a revolving credit facility that matures on July 1, 2022. The initial maximum availability under the Credit Agreement is $350 million, which includes a sublimit of $50 million for letters of credit and a sublimit of $15 million for swingline loans. Availability under the Credit Agreement is reduced by outstanding letters of credit, of which approximately $13.5 million were outstanding as of July 1, 2017. The Borrowers may from time to time increase the maximum availability under the Credit Agreement by up to $150 million if certain conditions are satisfied, including (i) the absence of any event of default or default under the Credit Agreement, and (ii) the Borrowers obtaining commitments from the lenders participating in each such increase.

Borrowings under the Credit Agreement generally bear interest at a variable rate equal to (i) LIBOR plus a specified margin based upon the Borrowers' total net leverage ratio (as defined in the Credit Agreement) (the "Total Net Leverage Ratio"), or (ii) the base rate (which is the highest of (a) the administrative agent's prime rate, (b) the federal funds rate plus 0.50% or (c) the sum of 1% plus one-month LIBOR) plus a specified margin based upon the Total Net Leverage Ratio. The specified margin for Eurodollar loans varies from 100.0 to 200.0 basis points per annum. The specified margin for base rate loans varies from 0.0 to 100.0 basis points per annum. The Borrowers must also pay (1) a commitment fee ranging from 10.0 to 25.0 basis points per annum (based upon the Total Net Leverage Ratio) on the aggregate unused commitments and (2) a letter of credit fee ranging from 100.0 to 200.0 basis points per annum (based upon the Total Net Leverage Ratio) on the undrawn amount of letters of credit. While any payment default exists, the Borrowers must pay interest at a default rate equal to the applicable interest rate described above plus 2.0% per annum.

The unaudited pro forma combined financial information has been prepared using the acquisition method of accounting under U.S. Generally Accepted Accounting Principles (“GAAP”).

The unaudited pro forma combined balance sheet combines the historical consolidated balance sheet of Hub and Estenson as of June 30, 2017 and reflects the pro forma effects of the Acquisition and related financing as if these events had occurred on June 30, 2017. The unaudited pro forma combined statements of income for the fiscal year ended December 31, 2016 and for the six month period ended June 30, 2017 combine the historical consolidated statements of income of Hub and Estenson, adjusted to reflect the pro forma effects of the Acquisition and related financing as if these events had occurred on January 1, 2016.

The historical financial statements and notes thereto of Estenson are included in Exhibit 99.2 and Exhibit 99.3. Hub Group Dedicated’s results of operations will be included in Hub’s results of operations beginning July 1, 2017.

The accompanying unaudited pro forma combined financial information and the historical financial information presented herein should be read in conjunction with and are qualified by the historical financial statements and notes thereto for Hub and Estenson described above. Both Hub’s and Estenson’s year end is December 31st.

The unaudited pro forma combined balance sheet and statements of income include pro forma adjustments which reflect transactions and events that (a) are directly attributable to the Acquisition, (b) are factually supportable and (c) with respect to the statement of income, are expected to have a continuing impact on operating results. The pro forma adjustments are described in the accompanying combined notes to the unaudited pro forma combined financial statements.

The unaudited pro forma combined financial statements do not reflect the costs of any integration activities or the synergies expected from the Acquisition. The unaudited pro forma combined financial information is provided for informational purposes only and is not necessarily indicative of the operating results that would have occurred if the Acquisition had been consummated as of the dates presented nor is it necessarily indicative of our future operating results. The pro forma adjustments are based upon information and assumptions available at the time of this filing and result in a preliminary allocation of the purchase price based on estimates of the fair value of the assets acquired and liabilities assumed. The fair value of certain assets acquired and liabilities assumed are preliminary, and final determination of required adjustments will be made only upon the completion of valuations. Hub has retained an independent valuation firm to assist in the fair value determination of identifiable tangible and intangible assets. The accounting policies used in the preparation of this unaudited pro forma combined financial information are those set out in Hub's audited consolidated financial statements as of December 31, 2016. Hub performed a preliminary review of Estenson's accounting policies to determine whether any adjustments were necessary to ensure comparability in the unaudited pro forma combined financial information. At this time, Hub is not aware of any differences that would have a material effect on the unaudited pro forma combined financial information, except for certain amounts that have been reclassified to conform to Hub's financial statement presentation, as described in Note 4. As more information becomes available, Hub will perform a more detailed review of Estenson's accounting policies. As a result of that review, differences may be identified between the accounting policies of the two companies that, when conformed, could have a material impact on the unaudited pro forma combined financial information. Differences between these preliminary fair value estimates of the acquired assets and assumed liabilities and the final acquisition accounting will occur and these differences may have a material impact on the accompanying unaudited pro forma combined financial statements and the future results of operations and financial position of the combined company.

The following table sets forth the preliminary purchase price allocation for Hub Group Dedicated. The purchase price allocation is preliminary and awaiting finalization of the valuation of the acquired tangible and intangible assets and the related tax valuations.

(In thousands)

Cash and cash equivalents	$	12
Accounts receivable trade		27,009
Accounts receivable other		194
Prepaid expenses and other current assets		1,500
Property and equipment		129,114
Other intangibles		66,400
Goodwill		85,652
Other assets		64
Accounts payable trade		(4,542)
Accrued payroll		(6,245)
Accrued other		(14,467)
Total purchase price	$	284,691

The total purchase price of $284.7 million includes a preliminary fair value estimate of $4.7 million of contingent consideration. Total cash consideration was approximately $280.0 million.

Other intangible assets include customer relationships and trade name in the amounts of $66.0 million and $0.4 million, respectively. The customer relationships and trade name have estimated useful lives of 15 years and 3 months, respectively, and are being amortized on a straight-line basis. These intangible assets have a weighted average useful life of approximately 15 years.

The excess of the purchase price over the tangible and identifiable intangible assets was recorded as goodwill and amounted to approximately $85.7 million. Goodwill will be tested annually for impairment as required by ASC 350, *Intangibles - Goodwill and Other*.

The majority of the goodwill is expected to be deductible for tax purposes.

HUB GROUP, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
(in thousands, except share amounts)

	June 30, 2017				
	Hub Group, Inc. (a)	Estenson Logistics, LLC	Adjustments (b)	Notes	Hub Group, Inc. Pro Forma
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ 151,739	$ 5,145	$ (117,168)	(1)	$ 39,716
Accounts receivable trade, net	448,916	31,294	(4,369)	(2)	475,841
Accounts receivable other	2,786	371	(177)	(3)	2,980
Prepaid taxes	3,648	-	-		3,648
Prepaid expenses and other current assets	12,165	13,298	(11,798)	(4)	13,665
TOTAL CURRENT ASSETS	619,254	50,108	(133,512)		535,850
Restricted investments	23,285	-	-		23,285
Property and equipment, net	440,838	131,448	(2,334)	(5)	569,952
Other intangibles, net	11,196	-	66,400	(6)	77,596
Goodwill, net	262,266	-	85,652	(7)	347,918
Other assets	6,931	64	1,397	(8)	8,392
TOTAL ASSETS	$ 1,363,770	$ 181,620	$ 17,603		$ 1,562,993
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Accounts payable trade	$ 262,529	$ 4,905	$ (444)	(9)	$ 266,990
Accounts payable other	25,404	1,551	(1,551)	(10)	25,404
Accrued payroll	20,913	5,369	875	(11)	27,157
Accrued other	43,277	3,327	17,515	(12)	64,119
Current portion of capital lease	2,733	-	-		2,733
Current portion of long term debt	47,582	27,551	(140)	(13)	74,993
TOTAL CURRENT LIABILITIES	402,438	42,703	16,255		461,396
Long-term debt	106,141	85,939	54,326	(14)	246,406
Non-current liabilities	24,807	7,821	(7,821)	(15)	24,807
Long term portion of capital lease	9,141	-	-		9,141
Deferred taxes	171,417	-	-		171,417
STOCKHOLDERS' EQUITY:					
Preferred stock, $.01 par value; 2,000,000 shares authorized; no shares issued or outstanding in 2017	-	-	-		-
Common Stock					
Class A: $.01 par value; 97,337,700 shares authorized and 41,224,792 shares issued in 2017; 33,433,910 shares outstanding in 2017	412	-	-		412
Class B: $.01 par value; 662,300 shares authorized; 662,296 shares issued and outstanding in 2017	7	-	-		7
Members' capital	-	45,157	(45,157)	(16)	-
Additional paid-in capital	168,443	-	-		168,443
Purchase price in excess of predecessor basis, net of tax benefit of $10,306	(15,458)	-	-		(15,458)
Retained earnings	755,439	-	-		755,439
Accumulated other comprehensive loss	(181)	-	-		(181)
Treasury stock; at cost, 7,790,882 shares in 2017	(258,836)	-	-		(258,836)
TOTAL STOCKHOLDERS' EQUITY	649,826	45,157	(45,157)		649,826
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,363,770	181,620	$ 17,603		$ 1,562,993

(a) As reported in our SEC Form 10-Q filing for the six month period ended June 30, 2017.

(b) See Note 2 "Adjustments" of the Notes to Unaudited Pro Forma Combined Financial Statements for a description of adjustments.

HUB GROUP, INC.
UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME
FOR FISCAL YEAR 2016
(in thousands, except share amounts)

	December 31, 2016				
	Hub Group, Inc. (a)	Estenson Logistics, LLC	Adjustments (b)	Notes	Hub Group, Inc. Pro Forma
Revenue	$ 3,572,790	$ 247,090	$ (35,276)	(1)	$ 3,784,604
Transportation costs	3,118,005	208,873	(45,671)	(2)	3,281,207
Gross margin	454,785	38,217	10,395		503,397
Costs and expenses:					
Salaries and benefits	180,459	6,973	4,350	(3)	191,782
Agent fees and commissions	72,896	-	-		72,896
General and administrative	68,630	16,432	(2,020)	(4)	83,042
Depreciation and amortization	8,966	286	5,036	(5)	14,288
Total costs and expenses	330,951	23,691	7,366		362,008
Operating income	123,834	14,526	3,029		141,389
Other income (expense):					
Interest expense	(3,625)	(2,474)	(2,705)	(6)	(8,804)
Interest and dividend income	393	-	-		393
Other, net	819	(2,657)	1,922	(7)	84
Total other expense	(2,413)	(5,131)	(783)		(8,327)
Income before provision for income taxes	121,421	9,395	2,246		133,062
Provision for income taxes	46,616	-	4,542	(8)	51,158
Net income	$ 74,805	$ 9,395	$ (2,296)		$ 81,904
Other comprehensive (loss) income:					
Foreign currency translation adjustments	(95)	-	-		(95)
Total comprehensive income	$ 74,710	$ 9,395	$ (2,296)		$ 81,809
Basic earnings per common share	$ 2.21				$ 2.42
Diluted earnings per common share	$ 2.20				$ 2.41
Basic weighted average number of shares outstanding	33,841				33,841
Diluted weighted average number of shares outstanding	33,949				33,949

(a) As reported in our SEC Form 10-K for fiscal year 2016.

(b) See Note 2 "Adjustments" of the Notes to Unaudited Pro Forma Combined Financial Statements for a description of adjustments.

HUB GROUP, INC.
UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(in thousands, except share amounts)

	June 30, 2017				
	Hub Group, Inc. (a)	Estenson Logistics, LLC	Adjustments (b)	Notes	Hub Group, Inc. Pro Forma
Revenue	$ 1,817,961	$ 131,918	$ (17,897)	(1)	$ 1,931,982
Transportation costs	1,615,059	116,338	(26,690)	(2)	1,704,707
Gross margin	202,902	15,580	8,793		227,275
Costs and expenses:					
Salaries and benefits	88,217	2,717	3,374	(3)	94,308
Agent fees and commissions	35,031	-	-		35,031
General and administrative	40,938	9,497	(3,347)	(4)	47,088
Depreciation and amortization	4,961	174	2,287	(5)	7,422
Total costs and expenses	169,147	12,388	2,314		183,849
Operating income	33,755	3,192	6,479		43,426
Other income (expense):					
Interest expense	(2,130)	(1,374)	(1,342)	(6)	(4,846)
Interest and dividend income	330	-	-		330
Other, net	194	116	5	(7)	315
Total other expense	(1,606)	(1,258)	(1,337)		(4,201)
Income before provision for income taxes	32,149	1,934	5,142		39,225
Provision for income taxes	12,273	-	2,928	(8)	15,201
Net income	$ 19,876	$ 1,934	$ 2,214		$ 24,024
Other comprehensive (loss) income:					
Foreign currency translation adjustments	92	-	-		92
Total comprehensive income	$ 19,968	$ 1,934	$ 2,214		$ 24,116
Basic earnings per common share	$ 0.60				$ 0.73
Diluted earnings per common share	$ 0.60				$ 0.72
Basic weighted average number of shares outstanding	33,213				33,213
Diluted weighted average number of shares outstanding	33,318				33,318

(a) As reported in our SEC Form 10-Q filing for the six month period ended June 30, 2017.

(b) See Note 2 "Adjustments" of the Notes to Unaudited Pro Forma Combined Financial Statements for a description of adjustments.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited pro forma combined financial statements present the pro forma results of operations of Hub and Estenson on a combined basis based on the historical financial information of each company after giving effect to the Acquisition and related financing. The unaudited pro forma combined statements of income have been prepared assuming the Acquisition and related financing occurred on January 1, 2016. The unaudited pro forma combined balance sheet as of June 30, 2017 reflects the Acquisition and related financing as if they had occurred June 30, 2017.

In accordance with GAAP, the Acquisition is being accounted for using the purchase method of accounting. As a result, the unaudited pro forma combined balance sheet has been adjusted to reflect the preliminary allocation of the purchase price to identified net assets acquired and liabilities assumed. The purchase price allocation in these unaudited pro forma combined financial statements is based upon total consideration of approximately $286 million, including contingent consideration which will not exceed $6 million and is based on Hub Group Dedicated’s EBITDA results through June 30, 2019.

2. Adjustments

The following are brief descriptions of each of the adjustments including pro forma adjustments, reclassification adjustments, and adjustments for assets and liabilities not acquired included in the unaudited pro forma combined financial statements to reflect the financing arrangement and Acquisition:

<u>Balance Sheet</u>

(1) Adjustment to remove $5.1 million of Estenson cash not included in the Acquisition, record the cash received from new indebtedness of $55.0 million, less capitalized financing costs of $1.4 million and payment of part of the purchase price of $165.9 million less related transaction costs of $0.3 million.

(2) Adjustment to remove a receivable from an Estenson customer relationship that was not included in the Acquisition of $4.1 million, to adjust Accounts receivable trade to its preliminary fair market value of $0.2 million and to adjust for intercompany accounts receivable between Hub and Estenson of $0.1 million as a result of pre-acquisition transactions between Hub and Estenson.

(3) Adjustment to remove Accounts receivable other to reflect the historical basis to its preliminary fair market value.

(4) Adjustment to remove insurance deposits in Prepaid and other current assets that were not included in the Acquisition.

(5) Adjustment to Property and equipment in order to reflect the historical basis of these assets at their preliminary fair market value.

(6) Adjustment to record the preliminary fair value of the acquired intangible assets consisting of the customer list of $66.0 million and the tradename of $0.4 million.

(7) Adjustment to record the preliminary fair value the goodwill associated with the Acquisition.

(8) Adjustment to capitalize the financing costs associated with the new indebtedness of Hub used to partially fund the Acquisition.

(9) Adjustment to remove Accounts payable trade that was not included in the Acquisition of $0.4 million and to eliminate intercompany accounts payable between Hub and Estenson of $0.1 million, less an adjustment to state accounts payable at fair market value of $0.1 million.

(10) Adjustment to remove the insurance liabilities included in Accounts payable other that were not included in the Acquisition.

(11) Adjustment to increase vacation liabilities by $1.8 million to conform the accounting policies of Estenson to Hub's and an adjustment to remove accrued payroll liabilities that were not included in the Acquisition of $0.9 million.

(12) To adjust Accrued other liabilities for the following (in thousands):

	As of June 30, 2017
Assets acquired to be returned to seller	$ 13,358
Preliminary fair value of contingent consideration related to the Acquisition	4,703
Consideration payable due to difference in estimated and actual assumed debt	1,366
Other accrued liabilities	306
Adjustment to remove accrued liabilities not included in the Acquisition	(2,218)
Total adjustments	$ 17,515

(13) Adjustment to remove debt that was paid off as part of the Acquisition.

(14) Adjustment to record new indebtedness of $55.0 million incurred by Hub related to funding the Acquisition and to remove debt of $0.7 million that was paid off as part of the Acquisition.

(15) Adjustment to remove insurance liabilities included in Non-current liabilities not included in the Acquisition.

(16) Adjustment to remove the pre-acquisition Members' capital of Estenson.

Income Statement

(1) Adjustment to remove revenues consisting of the following (in thousands):

	Fiscal Year Ended December 31, 2016	Six Months Ended June 30, 2017
Customer relationship not acquired in the Acquisition	$ (35,068)	$ (17,648)
Eliminate intercompany revenue between Hub and Estenson	(208)	(249)
Total revenue adjustments	$ (35,276)	$ (17,897)

(2) Adjustment to transportation costs consisting of the following (in thousands):

	Fiscal Year Ended December 31, 2016	Six Months Ended June 30, 2017
Customer relationship not acquired in the Acquisition	$ (30,583)	$ (15,444)
Depreciation adjustment due to the preliminary fair value adjustment of property and equipment (a)	(8,723)	(6,336)
Adjustment to conform salaries and benefits presentation for corporate employees to be consistent with Hub	(6,006)	(4,532)
Eliminate intercompany transportation costs between Hub and Estenson	(208)	(249)
Adjustment to conform depreciation for non-transportation related equipment to be consistent with Hub	(151)	(129)
Total transportation cost adjustments	$ (45,671)	$ (26,690)

(a) Remaining useful lives range from 1-15 years.

(3) To adjust salaries and benefits in Cost and Expenses (in thousands):

	Fiscal Year Ended December 31, 2016	Six Months Ended June 30, 2017
Adjustment to conform salaries and benefits presentation for corporate employees to be consistent with Hub	$ 6,006	$ 4,532
Restricted stock expense and additional employee incentives	1,332	336
Customer relationship not acquired in the Acquisition	(2,988)	(1,494)
Total salaries and benefits adjustments	$ 4,350	$ 3,374

(4) Adjustment to remove $2.0 million and $1.0 million of expense related to management fees that will have no continuing impact on the combined entity for the fiscal year ended December 31, 2016 and six months ended June 30, 2017, respectively. In addition, this adjustment includes $2.3 million to remove Acquisition-related costs that were recorded in Hub and Estenson's historical results for the six months ended June 30, 2017.

(5) To adjust depreciation and amortization in Cost and Expenses (in thousands)

	Fiscal Year Ended December 31, 2016	Six Months Ended June 30, 2017
Amortization adjustment due to the preliminary fair value of intangible assets (a)	$ 4,800	$ 2,200
Adjustment to conform depreciation presentation for non-transportation related equipment to be consistent with Hub	151	129
Adjustment to depreciation due to the preliminary fair value adjustment of property and equipment (b)	85	(42)
Total depreciation and amortization adjustments	$ 5,036	$ 2,287

(a) Includes customer relationships and trade name in the amounts of $66.0 million and $0.4 million. The customer relationships and trade names have estimated useful lives of 15 years, and 3 months respectively, and are being amortized on a straight-line basis. Goodwill resulting from the Acquisition is not amortized.

(b) The remaining useful lives range from 2-14 years.

(6) Adjustment to interest expense by $2.7 million for fiscal year 2016 and $1.3 million for the six months ended June 30, 2017. The increase is the result of the following (in thousands):

	Fiscal Year Ended December 31, 2016	Six Months Ended June 30, 2017
Interest expense on additional indebtedness (a)	$ (2,438)	$ (1,209)
Amortization of debt issuance costs (b)	(267)	(133)
Total interest expense adjustments	$ (2,705)	$ (1,342)

(a) To reflect additional interest expense on the $55.0 million indebtedness of Hub incurred in connection with the financing of the Acquisition. Interest expense has been calculated based on an interest rate of 3.03% and includes the commitment fees on unused borrowings based on an interest rate of 0.25%. See discussion of the impact of a change in interest rates within Note 3 "Pro Forma Interest Expense" to these unaudited pro forma combined financial statements.

(b) To reflect additional amortization of debt issuance costs on indebtedness incurred in connection with the financing of the Acquisition.

(7) To remove $2.0 million for settlement costs related to litigation that were not included in the assumed liabilities for the fiscal year ended December 31, 2016. To reflect a customer not acquired miscellaneous income of $58 thousand for fiscal year ended December 31, 2016 and $5 thousand for six months ended June 30, 2017.

(8) To reflect the effective tax rate of the combined entity.

3. Interest Expense

The indebtedness incurred under the Credit Agreement has variable interest rates. As a result, an immediate change of the interest rate by 12.5 basis points would cause a change in pro forma interest expense of approximately $0.07 million on an annual basis.

4. Reclassifications to conform to Hub's Presentation

The accompanying Unaudited Pro Forma Combined Balance Sheet has been adjusted to reclassify the Estenson insurance deposit of $11.7 million to Prepaid expenses and other current assets.

The accompanying Unaudited Pro Forma Combined Statements of Income have been adjusted to reclassify the Estenson Gain on disposition of equipment from Other income to General and administrative of $1.3 million for the twelve months ended December 31, 2016 and of $0.2 million for the six months ended June 30, 2017.

ESTENSON LOGISTICS, LLC.

SIX MONTHS ENDED JUNE 30, 2017 AND 2016

ESTENSON LOGISTICS, LLC.
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ESTENSON LOGISITICS, LLC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2017 (unaudited)	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,144,834	$ 13,841,637
Accounts receivable, net	31,294,057	27,830,462
Other receivables	370,542	388,872
Insurance deposit	11,656,951	12,904,878
Prepaid expenses	1,641,069	3,790,803
TOTAL CURRENT ASSETS	50,107,453	58,756,652
PROPERTY AND EQUIPMENT		
Freight revenue equipment	230,623,736	216,357,500
Other property and equipment	4,424,230	3,570,588
TOTAL PROPERTY AND EQUIPMENT	235,047,966	219,928,088
Less accumulated depreciation	103,600,421	93,355,304
NET PROPERTY AND EQUIPMENT	131,447,545	126,572,784
OTHER ASSETS		
Refundable deposits	64,087	181,259
TOTAL ASSETS	$ 181,619,085	$ 185,510,695
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 27,551,001	$ 25,881,832
Accounts payable	4,641,977	4,984,939
Accrued expenses	5,369,196	3,442,836
Current portion of claims payable	1,550,577	1,455,720
Other current liabilities	3,326,596	5,786,670
Due to affiliate	262,915	135,070
TOTAL CURRENT LIABILITIES	42,702,262	41,687,067
LONG-TERM LIABILITIES:		
Notes payable, net of current portion	85,939,433	83,216,887
Claims payable, net of current portion	7,820,792	6,406,082
TOTAL LONG-TERM LIABILITIES	93,760,225	89,622,969
TOTAL LIABILITIES	136,462,487	131,310,036
MEMBERS’ EQUITY:	45,156,598	54,200,659
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 181,619,085	$ 185,510,695

See notes to unaudited consolidated financial statements.

ESTENSON LOGISITICS, LLC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating revenues, excluding fuel surcharge	$ 60,635,981	$ 56,285,088	$ 116,344,290	$ 107,542,663
Fuel surcharge revenues	7,842,281	6,947,582	15,573,984	12,724,234
Total operating revenues	68,478,262	63,232,670	131,918,274	120,266,897
Costs of operations:				
Depreciation	7,039,531	6,304,355	14,064,905	12,371,064
Equipment rent and lease	809,511	894,378	4,041,969	4,559,419
Fuel and oil	7,071,597	6,418,899	13,828,478	11,249,096
Independent transportation providers	3,606,738	2,813,146	6,532,757	5,069,118
Insurance and employee benefits	6,173,993	3,879,534	11,833,079	7,948,860
Payroll taxes	1,860,635	1,857,255	4,358,967	4,014,176
Repairs and maintenance	4,661,273	2,783,571	8,660,643	7,625,031
Salaries and wages	27,827,156	27,290,815	52,117,935	48,659,201
Supplies and miscellaneous	448,018	493,275	899,140	710,976
Total cost of operations	59,498,452	52,735,228	116,337,873	102,206,941
Gross profit	8,979,810	10,497,442	15,580,401	18,059,956
General and administrative expenses	8,196,318	5,885,608	12,599,946	11,166,807
Income from operations	783,492	4,611,834	2,980,455	6,893,149
Other income (expenses):				
Gain on disposition of equipment	148,352	332,667	211,819	542,745
Interest expense	(605,686)	(613,264)	(1,374,477)	(1,271,411)
Other income	127,901	4,892	115,985	13,730
Other expenses	-	(27,973)	-	(312,189)
Total other expense	(329,433)	(303,678)	(1,046,673)	(1,027,125)
Net income	$ 454,059	$ 4,308,156	$ 1,933,782	$ 5,866,024

See notes to unaudited consolidated financial statements

ESTENSON LOGISITICS, LLC.
CONSOLIDATED STATEMENT OF MEMBERS' EQUITY

	Members' Equity
Members' equity January 1, 2016	$ 42,991,776
Net income	9,393,871
Net contributions from Members'	1,815,012
Members' equity December 31, 2016	$ 54,200,659
Net income	1,933,782
Net Distributions to Members'	(10,977,843)
Members' equity June 30, 2017 (unaudited)	$ 45,156,598

See notes to unaudited consolidated financial statements.

HUB GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Cash flows from operating activities:		
Net Income	$ 1,933,782	$ 5,866,024
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,238,464	12,510,374
Loss (gain) on sale of assets	(211,819)	(542,745)
Changes in operating assets and liabilities:		
Accounts receivable, net	(3,463,595)	(4,563,121)
Other receivables	18,330	246,573
Prepaid expense	2,149,734	738,097
Insurance deposit	1,247,927	3,463,203
Refundable deposits	117,172	(800)
Accounts payable	(342,962)	3,639,889
Accrued expenses	1,926,360	1,407,814
Claims payable	1,509,567	(1,152,000)
Other current liabilities	(2,460,074)	(2,344,653)
Due to affiliate	127,845	(98,437)
Net cash provided by operating activities	16,790,731	19,170,218
Cash flows from investing activities:		
Proceeds from sale of equipment	1,033,098	665,482
Purchases of property and equipment	(1,111,638)	(537,530)
Net cash used in investing activities	(78,540)	127,952
Cash flows from financing activities:		
Principal long-term debt repayments	(14,431,152)	(13,000,108)
Distributions to members	(10,977,842)	(3,281,636)
Net cash used in financing activities	(25,408,994)	(16,281,744)
Net increase (decrease) in cash and cash equivalents	(8,696,803)	3,016,426
Cash and cash equivalents beginning of the period	13,841,637	2,463,222
Cash and cash equivalents end of the period	$ 5,144,834	$ 5,479,648
Supplemental disclosures of cash paid for:		
Interest	$ 1,374,477	$ 1,271,411
Schedule of non-cash activities		
Purchase of property and equipment	$ 19,923,279	$ 18,504,793
Cash purchases	(1,111,638)	(537,530)
Property and equipment acquired through borrowings	$ 18,811,641	$ 17,967,263

See notes to unaudited consolidated financial statements.

HUB GROUP, INC.
NOTES TO UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies

Nature of Operations:

Estenson Logistics, LLC (a Nevada Limited Liability Company) was formed in February 1999. The Company provides freight transportation services and is a common carrier regulated by the Interstate Commerce Commission. The Company is licensed to operate in the continental United States of America.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. Insurance Claims Deposits

The Company self-funded for a portion of its auto liability, worker's compensation and general liability insurance. Under the terms of the agreement, the Company is to fund and maintain a deposit with the insurance company to pay insurance claim losses, including future actuarial expected losses and losses incurred but not reported. If the Company terminates the contract, after a twenty-four month period and all claims have been paid, the remaining deposit will be returned. As of June 30, 2017 and December 31, 2016, the insurance claims deposit is $11,656,951 and $12,904,878, respectively.

NOTE 3. Uninsured Deposits

Periodically, due to fluctuations in funds on deposit, cash in bank accounts exceed the current Federal Deposit Insurance Corporation insurance limit. Bank balances at June 30, 2017 exceeded the insured limit by $7,573,982. At December 31, 2016, bank balances exceeded the insured limit by $16,354,306.

NOTE 4. Income Taxes

Estenson Logistics, LLC is recognized as a partnership for federal and state income tax purposes. As a partnership, items of income and deductions are passed through to the members each year, and thus the Company pays no federal income tax and only pays state income tax for certain states.

NOTE 5. Related Party Transactions

The members own 90% of a company that provides managerial services in General and administration expenses, insurance administration in General and administration expenses, and freight transportation to Estenson Logistics, LLC as needed. For the six months ended June 30, 2017, the Company owed the affiliate $262,915 for managerial these services compared to $135,070 as of December 31, 2016. The Company repaid the affiliate $2,482,033 for the six months ended June 30, 2017 and $3,235,068 for the six months ended June 30, 2016which included prior year unpaid balances.

The Company leases office space in Mesa Arizona from an entity which is owned totally by the members of the Company. The lease is for the Corporate Office location. The amount of lease payments made for the six months ended June 30, 2017 and 2016 for the office space was $242,273 and $238,344, respectively.

NOTE 6. Claims Payable

Claims payable represent accruals for the self-insured portion of the outstanding claims at year end. The current portion reflects the amounts of claims expected to be paid in the following year. These accruals are estimated based upon actuarial analysis of the nature and severity of individual claims and an estimate of future claims based upon historical experience. The ultimate cost of a claim develops over time as additional information regarding the nature, timing and extent of damages become available. As of June 30, 2017 and December 31, 2016, claims payable is estimated at $9,371,369 and $7,861,802, respectively and is included in the current portion of claims payable and claims payable, net of current portion.

The actual cost to settle the self-insured claims liability can differ from reserve estimates because of legal costs, claims that have been incurred but not reported and a number of uncertainties, including the inherent difficulty in estimating the severity of the claims and the potential settlement amounts to dispose of the claims.

NOTE 7. Notes Payable

All notes payable are secured by equipment and consist of the following:

	Period Ended	
	June 30, 2017	December 31, 2016
	(in thousands)	
Notes payable to lender, secured by equipment with original cost totaling $38,833,320, with monthly payments totaling $581,143, interest rates ranging from 2.05% to 2.48%, and maturity dates ranging from 2017 to 2022	$ 28,934,536	$ 24,112,026
Notes payable to lender, secured by equipment with original cost totaling $23,179,260, with monthly payments totaling $333,976, interest rates ranging from 2.24% to 2.60%, and maturity dates ranging from 2017 to 2023	20,548,757	16,972,856
Notes payable to lender, secured by equipment with original cost totaling $18,234,247, with monthly payments totaling $256,162, interest rates ranging from 2.27% to 2.67%, and maturity dates ranging from 2020 to 2022	11,894,985	13,326,497
Notes payable to lender, secured by equipment with original cost totaling $19,263,352, with monthly payments totaling $270,240, interest rates ranging from 2.21% to 2.51%, and maturity dates ranging from 2020 to 2022	11,215,384	12,873,988
Notes payable to lender, secured by equipment with original cost totaling $19,210,673, with monthly payments totaling $249,781, interest rates ranging from 2.12% to 2.78%, and maturity dates ranging from 2020 to 2023	10,146,302	11,627,609
Notes payable to lender, secured by equipment with original cost totaling $23,430,599, with monthly payments totaling $351,425, interest rates ranging from 2.13% to 2.57%, and maturity dates ranging from 2017 to 2021	9,432,894	11,194,142
Notes payable to lender, secured by equipment with original cost totaling $9,693,530, with monthly payments totaling $130,870, interest rates ranging from 2.45% to 2.85%, and maturity dates ranging from 2019 to 2023	10,061,630	8,254,435
Notes payable to lender, secured by equipment with original cost totaling $5,250,545, with monthly payments totaling $75,501, interest rates ranging from 2.16% to 2.87%, and maturity dates ranging from 2022 to 2023	6,686,435	5,001,119
Notes payable to lender, secured by equipment with original cost totaling $9,210,791, with monthly payments totaling $141,988, interest rates ranging from 2.09% to 2.74%, and maturity dates ranging from 2017 to 2019	2,634,544	3,392,557
Notes payable to lender, secured by equipment with original cost totaling $5,068,177, with monthly payments totaling $76,731, interest rates ranging from 2.35% to 2.70%, and maturity dates ranging from 2017 to 2020	1,118,463	1,403,709
Notes payable to lender, secured by equipment with original cost totaling $926,932, with monthly payments totaling $13,177, interest rates ranging from 2.46% to 2.49%, and maturity dates ranging from 2022 to 2023	803,972	881,719
Notes payable to various lenders, secured by equipment with original cost totaling $1,392,827, with monthly payments totaling $25,045, interest rates ranging from of 2.45% to 4.45% and maturity dates ranging from 2017 to 2018	12,532	58,062
	113,490,434	109,098,719
Less current portion	(27,551,001)	(25,881,832)
Total long-term debt	$ 85,939,433	$ 83,216,887

Maturities on long-term debts are as follows:

	Period Ended June 30, 2017	Period Ended December 31, 2016
	(in thousands)	
One year	$ 27,237,246	$ 25,881,832
Two years	26,687,249	24,069,341
Three years	24,152,646	23,294,854
Four years	17,858,480	18,763,803
Five years	10,430,815	11,649,884
Thereafter	7,123,998	5,439,005
Total debt	$ 113,490,431	$ 109,098,719

NOTE 8. Concentrations of Credit Risk

At June 30, 2017, approximately 64% of the Company's revenues were provided by two customers and approximately 61% of the Company's accounts receivable was due from three customers. Approximately 54% of the Company's revenues were provided by two customers and approximately 64% of the Company’s accounts receivable was due from three customers at December 31, 2016.

NOTE 9. Revolving Lines and Letters of Credit

The Company maintained a line of credit with a bank at an interest rate of prime. At June 30, 2017 the Company had no line of credit in place. At December 31, 2016 the Company had no outstanding balance on the line of credit but could borrow up to $2,000,000. The credit line is secured by all of the Company's net trade receivables.

The Company also has letters of credit with a bank totaling $3,281,597 as of June 30, 2017, and December 31, 2016. At June 30, 2017 and December 31, 2016 there was no outstanding balance on the letters of credit. These letters of credit are used for self-insurance bonding and are secured by the unencumbered accounts and assets of the company.

NOTE 10. Commitments

Minimum annual operating lease payments, as of June 30, 2017, under non-cancelable leases, principally for tractors, trailers, and real estate, as well as other commitments are payable as follows:

	Operating Leases and Other Commitments
2017-2nd Half of year	
2018	$ 495,821
2019	897,114
2020	782,856
2021	560,659
2022 and thereafter	517,286
	612,886
	$ 3,866,622

NOTE 11. Contingencies

The Company is party to various legal actions normally associated with the trucking industry, the aggregate effect of which, in management's and legal counsel's opinion, are not material to the financial condition or results of operations of the Company, with the exception of the actions discussed in the following paragraph.

The Company is defendant in multiple class action lawsuits brought by various employees alleging various wage violations. In August 2016, the parties attended mediation for three of the cases and agreed to consolidate and settle these three cases on a class-wide basis for a total of $1,980,000, contingent on approval by the court. The settlement would affect a release of all claims raised in the cases by plaintiffs, representing approximately 1,600 class members. Accordingly, the Company accrued the settlement loss in other current liabilities in the Consolidated Balance Sheet at June 30, 2017.

ESTENSON LOGISTICS, LLC

YEARS ENDED DECEMBER 31, 2016 AND 2015

ESTENSON LOGISTICS, LLC

YEARS ENDED DECEMBER 31, 2016 AND 2015

Contents

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Independent Auditors' Report

Board of Directors
Estenson Logistics, LLC
Las Vegas, Nevada

We have audited the accompanying financial statements of Estenson Logistics, LLC (a Nevada Limited Liability Company), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Estenson Logistics, LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Layton Layton & Tobler LLP

March 8, 2017

Members of:
Private Companies Practice Section of the American Institute of Certified Public Accountants
Nevada Society of Certified Public Accountants
Independent Member of CPA Associates International, Inc.

ESTENSON LOGISTICS, LLC
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

See Independent Auditors' Report

ASSETS		2016		2015
Current assets:				
Cash	$	13,841,637	$	2,463,222
Accounts receivable, net		27,830,462		24,846,456
Due from affiliate				
Other receivables		388,872		246,573
Insurance deposit		12,904,878		6,730,318
Prepaid expenses		3,790,803		3,389,035
Total current assets		58,756,652		37,675,604
Property and equipment:				
Freight revenue equipment		216,357,500		191,684,639
Other property and equipment		3,570,588		3,394,009
Total property and equipment		219,928,088		195,078,648
Less accumulated depreciation		93,355,304		74,825,250
Net property and equipment		126,572,784		120,253,398
Other assets:				
Refundable deposits		181,259		181,461
Total assets	$	185,510,695	$	158,110,463
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities:				
Current portion of long-term debt	$	25,881,832	$	22,949,083
Accounts payable		4,984,939		2,421,664
Accrued expenses		3,442,836		2,643,569
Current portion of claims payable		1,455,720		1,060,135
Other current liabilities		5,786,670		4,070,851
Due to affiliate		135,070		98,437
Total current liabilities		41,687,067		33,243,739
Long-term liabilities:				
Notes payable, net of current portion		83,216,887		79,669,945
Claims payable, net of current portion		6,406,082		2,205,003
Total long-term liabilities		89,622,969		81,874,948
Total liabilities		131,310,036		115,118,687
Members' equity:		54,200,659		42,991,776
Total liabilities & members' equity	$	185,510,695	$	158,110,463

The accompanying notes are an integral part of these financial statements.

ESTENSON LOGISTICS, LLC
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015

See Independent Auditors' Report

	2016	2015
Operating revenues, excluding fuel surcharges	$ 219,735,205	$ 197,340,743
Fuel surcharge revenues	27,354,459	28,960,680
Total operating revenues	247,089,664	226,301,423
Cost of operations:		
Depreciation	25,844,122	22,143,506
Equipment rent and lease	9,065,841	8,628,552
Fuel and oil	24,514,890	25,625,280
Independent transportation providers	10,413,921	8,924,469
Insurance and employee benefits	17,241,960	16,004,952
Payroll taxes	7,852,213	6,665,022
Repairs and maintenance	15,459,704	14,136,309
Salaries and wages	96,843,429	88,043,240
Supplies and miscellaneous	1,637,317	1,369,288
Total cost of operations	208,873,397	191,540,618
Gross profit	38,216,267	34,760,805
General and administrative expenses	24,987,899	22,011,933
Income from operations	13,228,368	12,748,872
Other income (expenses):		
Gain on disposition of equipment	1,296,684	1,927,338
Interest expense	(2,473,776)	(2,343,861)
Other income	24,311	222,059
Other expenses	(2,681,716)	(2,004,355)
Net income	$ 9,393,871	$ 10,549,453

The accompanying notes are an integral part of these financial statements.

ESTENSON LOGISTICS, LLC
STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015

See Independent Auditors' Report

	2016	2015
Members' equity, January 1	$ 42,991,776	$ 38,721,142
Members contributions	6,246,000	-
Members distributions	(4,430,988)	(6,278,819)
Net income	9,393,871	10,549,453
Members' equity, December 31	$ 54,200,659	$ 42,991,776

The accompanying notes are an integral part of these financial statements.

ESTENSON LOGISTICS, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

See Independent Auditors' Report

	2016	2015
Operating activities:		
Net income	$ 9,393,871	$ 10,549,453
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	26,130,442	22,388,780
Gain on disposition of equipment	(1,248,603)	(1,927,338)
(Increase) decrease in:		
Accounts receivable	(2,984,006)	(4,411,165)
Due from affiliate		347,748
Other receivables	(142,299)	226,667
Prepaid expense	(9,515,843)	2,700,337
Insurance deposit	2,939,515	(6,730,318)
Refundable deposits	202	45,877
Increase (decrease) in:		
Accounts payable	2,563,275	(1,318,233)
Accrued expenses	799,267	443,036
Claims payable	4,596,664	3,265,138
Other current liabilities	1,715,819	2,177,155
Due to affiliate	36,633	98,437
Net cash provided by operating activities	34,284,937	27,855,574
Investing activities:		
Proceeds from disposition of assets	1,609,140	2,473,011
Purchases of property and equipment	(788,040)	(1,975,177)
Net cash provided by investing activities	821,100	497,834
Financing activities:		
Principal long-term debt repayments	(25,542,634)	(21,622,873)
Contributions from members	6,246,000	
Distributions to members	(4,430,988)	(6,278,819)
Net cash used in financing activities	(23,727,622)	(27,901,692)
Net increase/(decrease) in cash	11,378,415	451,716
Cash, January 1st	2,463,222	2,011,506
Cash, December 31st	$ 13,841,637	$ 2,463,222

The accompanying notes are an integral
part of these financial statements.

ESTENSON LOGISTICS, LLC
STATEMENTS OF CASH FLOWS, CONTINUED
YEARS ENDED DECEMBER 31, 2016 AND 2015

See Independent Auditors' Report

Supplemental Disclosures of Cash Flow Information

	2016	2015
Cash paid during the year for:		
Interest	$ 2,473,776	$ 2,343,861
Schedule of non-cash activities:		
Purchases of property and equipment	$ 32,810,365	$ 38,276,685
Cash purchases	(788,040)	(1,975,177)
Property and equipment acquired through borrowings	$ 32,022,325	$ 36,301,508

The accompanying notes are an integral
part of these financial statements.

1. Summary of significant accounting policies:

Nature of operations:

Estenson Logistics, LLC (a Nevada Limited Liability Company) was formed in February 1999. The Company provides freight transportation services and is a common carrier regulated by the Interstate Commerce Commission. The Company is licensed to operate in the continental United States of America.

Accounts receivable:

Accounts receivable are recorded net of allowance for doubtful accounts. At the end of each year management closely monitors outstanding balances and adjusts the allowance for doubtful accounts accordingly based upon prior write-offs and older outstanding receivables. In 2016, $18,232 has been estimated as allowance for doubtful accounts and $44,804 was expensed in the current year. In 2015, $20,043 was estimated as allowance for doubtful accounts and $17,210 was expensed. Accounts receivable are charged off when they are deemed uncollectible. All of the net trade receivables are pledged as collateral on a bank line of credit.

Property and equipment:

Company policy is to provide depreciation by use of the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. The book cost, accumulated depreciation and useful life by asset classification are as follows:

2016	**Cost**	**Accumulated Depreciation**	**Useful Life**
Tractors	$ 116,607,261	$ 52,486,905	6 years
Trailers	99,750,239	38,789,681	10 years
Vehicles	381,616	278,965	7 years
Machinery & equipment	1,062,460	562,144	7 years
Office furniture & equipment	1,590,807	1,038,496	5-7 years
Leasehold Improvements	535,705	199,113	10 years
Total	$ 219,928,088	$ 93,355,304	
2015			
Tractors	$ 105,094,575	$ 43,061,327	6 years
Trailers	86,590,064	30,122,071	10 years
Vehicles	381,616	236,210	7 years
Machinery & equipment	1,052,041	418,411	7 years
Office furniture & equipment	1,431,130	841,549	5-7 years
Leasehold Improvements	529,222	145,682	10 years
Total	$ 195,078,648	$ 74,825,250	

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1. Summary of significant accounting policies (continued):

General and administrative expense:

General and administrative costs are charged to expenses as incurred and consist of the following:

2016		
Advertising	$	1,097,504
Automobile expenses		76,911
Bad debt expenses		44,804
Contributions		100,402
Depreciation		286,320
Employee benefits		622,039
Guaranteed payments to members		390,000
Management fees		2,019,743
Office expenses		2,580,126
Payroll taxes		367,390
Professional fees		1,178,322
Rent		1,227,186
Salaries and wages		5,593,287
Taxes and licenses		3,221,693
Travel expense		3,636,290
Utilities		2,545,882
Total	$	24,987,899

2015		
Advertising	$	755,939
Automobile expenses		86,721
Bad debt expenses		17,210
Contributions		83,550
Depreciation		245,274
Employee benefits		447,568
Guaranteed payments to members		397,500
Management fees		1,848,944
Office expenses		2,260,396
Payroll taxes		279,636
Professional fees		1,410,863
Rent		1,175,592
Salaries and wages		4,613,280
Taxes and licenses		2,887,050
Travel expense		3,293,672
Utilities		2,208,738
Total	$	22,011,933

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1. Summary of significant accounting policies (continued):

Advertising costs:

The Company expenses advertising costs as incurred.

Deposits:

The refundable deposits consist of insurance and rent deposits.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Insurance claims deposit:

In 2015, the Company self-funded for a portion of its auto liability, worker's compensation and general liability insurance. Under the terms of the agreement, the Company is to fund and maintain a deposit with the insurance company to pay insurance claim losses, including future actuarial expected losses and losses incurred but not reported. If the Company terminates the contract, after a twenty-four month period and all claims have been paid, the remaining deposit will be returned. As of December 31, 2016 and 2015, the insurance claims deposit is $12,904,878 and $6,730,318, respectively.

3. Uninsured deposits:

Periodically, due to fluctuations in funds on deposit, cash in bank accounts exceed the current Federal Deposit Insurance Corporation insurance limit. Bank balances at December 31, 2016 exceeded the insured limit by $16,354,306. At December 31, 2015, bank balances exceeded the insured limit by $7,947,983.

4. Income taxes:

Estenson Logistics, LLC is recognized as a partnership for federal and state income tax purposes. As a partnership, items of income and deductions are passed through to the members each year, and thus the Company pays no federal income tax and only pays state income tax for certain states.

The federal income tax returns of the Plan are subject to examination by the IRS, generally for three years after the return was filed.

5. Related party transactions:

The members own 90% of a company that provides managerial services, insurance administration, and freight transportation to Estenson Logistics, LLC as needed. In 2016, the Company owed the affiliate $2,070,608 for managerial services, workers compensation, vehicle insurance and miscellaneous transactions. The Company repaid the affiliate $2,058,027 during 2016 which included prior year unpaid balances. The Company also owed the affiliate $2,337,666 for brokerage fees and made payments of $2,242,654 during the year which included prior year unpaid balances.

Additionally, in 2016, the Company owed the affiliate $2,034,909 for health insurance and made payments to the affiliate totaling $2,050,356 which included prior year unpaid balances.

In 2016, the Company billed the affiliate $2,077,987 for freight, rent, and other transactions provided. The affiliate repaid the Company $2,020,286 during 2016 which included prior year unpaid balances.

In 2015, the Company owed the affiliate $2,013,115 for managerial services, workers compensation, vehicle insurance and miscellaneous transactions. The Company repaid the affiliate $2,026,264 during 2015 which included prior year unpaid balances. The Company also owed the affiliate $1,515,198 for brokerage fees and made payments of $1,515,744 during the year which included prior year unpaid balances.

Additionally, in 2015, the Company owed the affiliate $2,121,197 for health insurance and made payments to the affiliate totaling $2,143,983 which included prior year unpaid balances.

In 2015, the Company billed the affiliate $1,731,120 for freight, rent, and other transactions provided. The affiliate repaid the Company $2,230,900 during 2015 which included prior year unpaid balances.

The Company leases office space in Mesa Arizona from an entity which is owned totally by the members of the Company. The lease, is for the Corporate Office location. The amount of lease payments made in 2016 and 2015 for the office space was $470,141 and $470,141, respectively.

6. Claims payable:

Claims payable represent accruals for the self-insured portion of the outstanding claims at year end. The current portion reflects the amounts of claims expected to be paid in the following year. These accruals are estimated based upon actuarial analysis of the nature and severity of individual claims and an estimate of future claims based upon historical experience. The ultimate cost of a claim develops over time as additional information regarding the nature, timing and extent of damages become available. As of December 31, 2016 and 2015, claims payable is estimated at $7,861,802 and $3,265,138, respectively.

The actual cost to settle the self-insured claims liability can differ from reserve estimates because of legal costs, claims that have been incurred but not reported and a number of uncertainties, including the inherent difficulty in estimating the severity of the claims and the potential settlement amounts to dispose of the claims.

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7. Notes payable:

All notes payable are secured by equipment and consist of the following:

2016

Notes payable to lender, secured by equipment with original cost totaling $38,833,320, with monthly payments totaling $581,143, interest rates ranging from 2.05% to 2.48%, and maturity dates ranging from 2017 to 2022.	$	24,112,026
Notes payable to lender, secured by equipment with original cost totaling $23,179,260, with monthly payments totaling $333,976, interest rates ranging from 2.24% to 2.60%, and maturity dates ranging from 2017 to 2023.		16,972,856
Notes payable to lender, secured by equipment with original cost totaling $18,234,247, with monthly payments totaling $256,162, interest rates ranging from 2.27% to 2.67%, and maturity dates ranging from 2020 to 2022.		13,326,497
Notes payable to lender, secured by equipment with original cost totaling $19,263,352, with monthly payments totaling $270,240, interest rates ranging from 2.21% to 2.51%, and maturity dates ranging from 2020 to 2022.		12,873,988
Notes payable to lender, secured by equipment with original cost totaling $19,210,673, with monthly payments totaling $249,781, interest rates ranging from 2.12% to 2.78%, and maturity dates ranging from 2020 to 2023.		11,627,609
Notes payable to lender, secured by equipment with original cost totaling $23,430,599, with monthly payments totaling $351,425, interest rates ranging from 2.13% to 2.57%, and maturity dates ranging from 2017 to 2021.		11,194,142
Notes payable to lender, secured by equipment with original cost totaling $9,693,530, with monthly payments totaling $130,870, interest rates ranging from 2.45% to 2.85%, and maturity dates ranging from 2019 to 2023.		8,254,435

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7. Notes payable (continued):

Notes payable to lender, secured by equipment with original cost totaling $5,250,545, with monthly payments totaling $75,501, interest rates ranging from 2.16% to 2.87%, and maturity dates ranging from 2022 to 2023.	$	5,001,119
Notes payable to lender, secured by equipment with original cost totaling $9,210,791, with monthly payments totaling $141,988, interest rates ranging from 2.09% to 2.74%, and maturity dates ranging from 2017 to 2019.		3,392,557
Notes payable to lender, secured by equipment with original cost totaling $5,068,177, with monthly payments totaling $76,731, interest rates ranging from 2.35% to 2.70%, and maturity dates ranging from 2017 to 2020.		1,403,709
Notes payable to lender, secured by equipment with original cost totaling $926,932, with monthly payments totaling $13,177, interest rates ranging from 2.46% to 2.49%, and maturity dates ranging from 2022 to 2023		881,719
Notes payable to various lenders, secured by equipment with original cost totaling $1,392,827, with monthly payments totaling $25,045, interest rates ranging from of 2.45% to 4.45% and maturity dates ranging from 2017 to 2018.	$	58,062
Total notes payable		109,098,719
Less current portion of long-term debt		(25,881,832)
	$	83,216,887

Maturities on long-term debts are as follows:

One year	$	25,881,832
Two years		24,069,341
Three years		23,294,854
Four years		18,763,803
Five years		11,649,884
Thereafter		5,439,005
Total	$	109,098,719

7. Notes payable (continued):

2015

Notes payable to lender, secured by equipment with original cost totaling $26,819,591, with monthly payments totaling $408,567, interest rates ranging from 2.05% to 2.48%, and maturity dates ranging from 2017 to 2022.	$	17,312,695
Notes payable to lender, secured by equipment with original cost totaling $18,234,247, with monthly payments totaling $256,162, interest rates ranging from 2.27% to 2.67%, and maturity dates ranging from 2020 to 2022.		15,939,244
Notes payable to lender, secured by equipment with original cost totaling $19,263,352, with monthly payments totaling $270,240, interest rates ranging from 2.21% to 2.51%, and maturity dates ranging from 2020 to 2022.		15,809,043
Notes payable to lender, secured by equipment with original cost totaling $28,089,718, with monthly payments totaling $438,252, interest rates ranging from 2.13% to 2.72%, and maturity dates ranging from 2015 to 2022.		15,435,218
Notes payable to lender, secured by equipment with original cost totaling $26,412,851, with monthly payments totaling $462,719, interest rates ranging from 2.24% to 2.87%, and maturity dates ranging from 2015 to 2022.		15,260,348
Notes payable to lender, secured by equipment with original cost totaling $17,602,077, with monthly payments totaling $228,317, interest rates ranging from 2.12% to 2.78%, and maturity dates ranging from 2020 to 2021.		12,609,485
Notes payable to lender, secured by equipment with original cost totaling $12,216,235, with monthly payments totaling $195,562, interest rates ranging from 2.09% to 2.74%, and maturity dates ranging from 2016 to 2020.		5,395,309

7. **Notes payable (continued):**

Notes payable to lender, secured by equipment with original cost totaling $7,243,237, with monthly payments totaling $118,361, interest rates ranging from 2.35% to 2.70%, and maturity dates ranging from 2017 to 2020.	$	2,272,304
Notes payable to lender, secured by equipment with original cost totaling $2,487,466, with monthly payments totaling $34,083, interest rates ranging from 2.45% to 2.85%, and maturity dates ranging from 2019 to 2022.		2,015,476
Notes payable to lender, secured by equipment with original cost totaling $754,379, with monthly payments totaling $13,434, interest rates ranging from 2.45% to 2.78%, and maturity dates ranging from 2016 to 2017.		200,093
Notes payable to lender, secured by equipment with original cost totaling $3,488,868, with monthly payments totaling $62,475, interest rates ranging from 2.84% to 2.88%, and maturity dates in 2016.		160,030
Notes payable to various lenders, secured by equipment with original cost totaling $1,409,460, with monthly payments totaling $25,408, interest rates ranging from of 2.54% to 4.45% and maturity dates ranging from 2015 to 2018.	$	209,783
Total notes payable		102,619,028
Less current portion of long-term debt		(22,949,083)
	$	79,669,945

Maturities on long-term debts are as follows:

One year	$	22,949,083
Two years		21,103,277
Three years		19,778,905
Four years		18,318,764
Five years		13,725,196
Thereafter		6,743,803
Total	$	102,619,028

8. Concentrations of credit risk:

At December 31, 2016, approximately 54% of the Company's revenues were provided by two customers and approximately 64% of the Company's accounts receivable was due from three customers. Approximately 70% of the Company's revenues were provided by three customers and approximately 67% of the Company's accounts receivable was due from three customers at December 31, 2015.

9. Revolving line and letters of credit:

The Company maintains a line of credit with a bank at an interest rate of prime. At December 31, 2016 and 2015, the Company had no outstanding balance on the line of credit but could borrow up to $2,000,000. The credit line is secured by all of the Company's net trade receivables.

The Company also has three letters of credit with a bank totaling $3,271,597 and four separate letters of credit with banks totaling $5,303,541 as of December 31, 2016 and 2015, respectively. At December 31, 2016 and 2015, there was no outstanding balance on the letters of credit and the unused balance was $3,271,597 and $5,303,541, respectively. These letters of credit are used for self-insurance bonding and are secured by the unencumbered accounts and assets of the Company.

10. Commitments:

The Company has a number of operating leases for offices, warehouses, and parking spaces as well as for tractors and trailers and other property in various locations.

An office located in Fontana, California requires lease payments of $21,748 per month through October 31, 2019. The Company has the option to renew the lease at that date. Also in Fontana, California the Company entered into a lease for office space with monthly payments of $695. This lease expires August of 2017.

An office located in Elk Grove, California requires lease payments totaling $27,680 and $28,522 for 2017 and 2018, respectively. This lease will expire on December 31, 2018 but could be extended or continued on a month to month basis.

An office located in Commerce City, Colorado requires lease payments totaling $8,859 for 2017. This lease will expire September 31, 2017 with an option to renew for an additional twelve months.

The Company leases office and shop space in Tracy, California. The lease requires lease payments totaling $18,168 per year for 2017 and $3,028 for 2018. The lease expires February 28, 2018.

The Corporate Office location in Mesa, Arizona is leased from an entity totally owned by the members of the Company. The required lease payments for the next five years, from 2017 to 2021, are $485,865; $493,714; $501,571; $509,429 and $517,286 respectively. Thereafter, the required lease payments total $612,886. This lease will expire February 28, 2023.

10. Commitments, continued:

The Company leases various parking and storage areas at various work sites. These leases are generally month to month leases or one year leases and will expire in 2017. Total lease payments for 2017 for these leases are $27,906.

The Company also leases various tractors and trailers. The four leases expire in 2017 with total payments of $153,480 for 2017.

The Company leases a forklift with monthly payments of $1,397 expiring in March 2019. The required lease payments for the next four years, from 2017 to 2020, are $12,570; $16,761; $16,761 and $4,190 respectively.

The Company leases various office equipment with monthly payments ranging from $58 to $732. Total future lease payments for 2017 and 2018 are $21,274 and $11,333, respectively.

The Company has a service agreement for approximately 1,218 communication devices under a contract requiring monthly payments ranging from $6 to $8 per device. This service agreement expires November 30, 2017. Total remaining payments are estimated at $36,379 for 2017.

The following is a schedule by years of future minimum payments required under the above leases as of December 31, 2016:

One year	$	1,053,156
Two years		814,337
Three years		735,816
Four years		513,619
Five years		517,286
Later years		612,886
Total	$	4,247,100

11. Profit-sharing plan:

The Company implemented a salary reduction/profit-sharing plan in 2001 under the provisions of Section 401(k) of the Internal Revenue Code. Company contributions for the years ended December 31, 2016 and 2015 totaled $288,792 and $256,930, respectively.

12. Contingencies:

The Company is party to various legal actions normally associated with the trucking industry, the aggregate effect of which, in management's and legal counsel's opinion are not material to the financial condition or results of operations of the Company, with the exception of the actions discussed in the following paragraph.

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12. Contingencies, continued:

The Company is defendant in multiple class action lawsuits brought by various employees alleging various wage violations. In August 2016, the parties attended mediation for three of the cases and agreed to consolidate and settle these three cases on a class-wide basis for a total of $1,980,000, contingent on approval by the court. The settlement would affect a release of all claims raised in the cases by plaintiffs, representing approximately 1,600 class members. Accordingly, the Company accrued the settlement loss at December 31, 2016.

13. Date of Management Review:

The Company has evaluated subsequent events through March 8, 2017, the date which the financial statements were available to be issued.