

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2004 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

(State or other jurisdiction of
incorporation or organization)

36-4007085

(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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

On October 22, 2004, the registrant had 9,364,337 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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PART II. Other Information

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

	September 30, 2004	December 31, 2003
	<u> </u>	<u> </u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ —	\$ —
Accounts receivable		
Trade, net	134,551	125,754
Other	5,948	9,472
Deferred taxes	4,676	4,676
Prepaid expenses and other current assets	4,359	4,578
	<u> </u>	<u> </u>
TOTAL CURRENT ASSETS	149,534	144,480
PROPERTY AND EQUIPMENT, net	21,544	27,855
GOODWILL, net	215,175	215,175
OTHER ASSETS	321	1,017
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 386,574</u>	<u>\$ 388,527</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable		
Trade	\$ 110,709	\$ 117,790
Other	2,905	2,555
Accrued expenses		
Payroll	16,305	14,157
Other	13,200	11,592
Current portion of long-term debt	—	8,017
	<u> </u>	<u> </u>
TOTAL CURRENT LIABILITIES	143,119	154,111
LONG-TERM DEBT, EXCLUDING CURRENT PORTION	—	67,017
DEFERRED TAXES	30,594	24,364
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.01 par value, 2,000,000 shares authorized; no shares issued or outstanding in 2004 and 2003	—	—
Common stock		
Class A: \$.01 par value; 12,337,700 shares authorized; 9,354,977 shares issued and 9,337,687 outstanding in 2004; 7,410,700 issued and 7,390,500 outstanding in 2003	93	74
Class B: \$.01 par value; 662,300 shares authorized; 662,296 shares issued and outstanding in 2004 and 2003	7	7
Additional paid-in capital	174,449	115,820
Purchase price in excess of predecessor basis, net of tax benefit of \$10,306	(15,458)	(15,458)
Retained earnings	57,656	47,332
Unearned compensation	(3,475)	(4,448)
Treasury stock, at cost (17,290 shares in 2004 and 20,200 shares in 2003)	(411)	(292)
	<u> </u>	<u> </u>
TOTAL STOCKHOLDERS' EQUITY	212,861	143,035
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 386,574</u>	<u>\$ 388,527</u>

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 September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenue	\$ 362,105	\$ 339,484	\$ 1,039,377	\$ 1,000,418
Transportation costs	314,077	296,023	905,881	871,447
Gross margin	48,028	43,461	133,496	128,971
Costs and expenses:				
Salaries and benefits	21,995	22,508	66,570	68,689
Selling, general and administrative	9,023	11,041	29,618	34,932
Depreciation and amortization of property and equipment	3,052	2,716	8,786	7,865
Total costs and expenses	34,070	36,265	104,974	111,486
Operating income	13,958	7,196	28,522	17,485
Other income (expense):				
Interest expense	(571)	(1,885)	(3,968)	(5,981)
Interest income	56	43	165	118
Debt extinguishment expenses	(7,296)	—	(7,296)	—
Other, net	180	46	583	59
Total other expense	(7,631)	(1,796)	(10,516)	(5,804)
Income before provision for income taxes	6,327	5,400	18,006	11,681
Provision for income taxes	2,775	2,514	7,682	5,889
Net income	\$ 3,552	\$ 2,886	\$ 10,324	\$ 5,792
Basic earnings per common share	\$ 0.37	\$ 0.37	\$ 1.22	\$ 0.75
Diluted earnings per common share	\$ 0.34	\$ 0.37	\$ 1.14	\$ 0.74
Basic weighted average number of shares outstanding	9,707	7,709	8,435	7,709
Diluted weighted average number of shares outstanding	10,324	7,897	9,029	7,814

See notes to unaudited condensed consolidated financial statements.

HUB GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the nine months ended September 30, 2004
(in thousands, except shares)

	September 30, 2004
Class A & B Common Stock Shares Outstanding	
Beginning of year	8,052,796
Exercise of stock options	127,634
Issuance of restricted stock	16,643
Purchase of treasury shares	(96,500)
Stock offering	1,800,000
Treasury shares issued under restricted stock and stock option plan, net of forfeitures	99,410
Ending balance	9,999,983
Class A & B Common Stock Amount	
Beginning of year	\$ 81
Issuance of restricted stock and exercise of stock options	1
Stock offering	18
Ending balance	100
Additional Paid-in Capital	
Beginning of year	115,820
Exercise of stock options	2,282

Issuance of restricted stock	494
Stock offering	55,853
	<hr/>
Ending balance	174,449
	<hr/>
Purchase Price in Excess of Predecessor Basis, Net of Tax	
Beginning of year	(15,458)
	<hr/>
Ending balance	(15,458)
	<hr/>
Retained Earnings	
Beginning of year	47,332
Net income	10,324
	<hr/>
Ending balance	57,656
	<hr/>
Unearned Compensation	
Beginning of year	(4,448)
Issuance of restricted stock, net of forfeitures	(620)
Compensation expense related to restricted stock	1,593
	<hr/>
Ending balance	(3,475)
	<hr/>
Treasury Stock	
Beginning of year	(292)
Purchase of treasury shares	(2,767)
Issuance of restricted stock and exercise of stock options, net of forfeitures	2,648
	<hr/>
Ending balance	(411)
	<hr/>
Total stockholder's equity	\$ 212,861
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See notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended	
	September 30,	
	2004	2003
	<hr/>	<hr/>
Cash flows from operating activities:		
Net income	\$ 10,324	\$ 5,792
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	8,966	7,908
Deferred taxes	7,535	5,739
Compensation expense related to restricted stock	1,593	—
Gain on sale of assets	(248)	(60)
Other assets	696	(110)
Changes in working capital:		
Accounts receivable, net	(5,273)	553
Prepaid expenses and other current assets	219	(201)
Accounts payable	(6,731)	(4,225)
Accrued expenses	3,756	7,799
	<hr/>	<hr/>
Net cash provided by operating activities	20,837	23,195
	<hr/>	<hr/>
Cash flows from investing activities:		
Purchases of property and equipment, net	(2,407)	(3,173)
	<hr/>	<hr/>
Net cash used in investing activities	(2,407)	(3,173)
	<hr/>	<hr/>
Cash flows from financing activity:		
Proceeds from stock offering, net	55,871	—
Proceeds from stock options exercised	3,500	22
Purchase of treasury stock	(2,767)	—
Net payments on revolver	(6,000)	(14,000)
Payments on long-term debt	(69,034)	(6,044)
	<hr/>	<hr/>

Net cash used in financing activities	(18,430)	(20,022)
Net increase (decrease) in cash and cash equivalents	—	—
Cash and cash equivalents beginning of period	—	—
Cash and cash equivalents end of period	\$ —	\$ —
Supplemental disclosures of cash flow information		
Cash paid for:		
Interest	\$ 2,995	\$ 4,951
Income Taxes	\$ 477	\$ —

See notes to unaudited condensed consolidated financial statements.

HUB GROUP, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Interim Financial Statements

Our 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 nine months ended September 30, 2004 and 2003.

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, 2003. Results of operations in interim periods are not necessarily indicative of results to be expected for a full year due partially to seasonality.

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

NOTE 2. Restructuring Charges

During the year ended December 31, 2003 we recorded a severance charge for 165 employees of \$876,000. We recorded severance charges of \$115,000 for 20 employees during the quarter ended March 31, 2004 and \$191,000 for 20 employees during the quarter ended June 30, 2004. An additional severance charge of \$184,000 for 35 employees was recorded during the quarter ended September 30, 2004. Total severance charges recorded during the nine months ended September 30, 2004 were \$490,000 for 75 employees. All severance payments were made as of September 30, 2004.

In the fourth quarter of 2002, we recorded a \$458,000 liability for the remaining lease obligation related to a closed facility. During the quarter ended June 30, 2003 we recorded a liability of \$180,000 for the estimated remaining lease obligation and closing costs related to a facility in Detroit. We closed two operating centers during the quarter ended September 30, 2004 and recorded a \$118,000 liability for the estimated remaining lease obligations related to the closed facilities. Lease and closing cost payments made during 2004 were \$182,000. Payments made in the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004 were \$72,000, \$45,000 and \$65,000, respectively. The liability related to consolidation of facilities at September 30, 2004 is \$297,000.

The following table displays the activity and balances of the restructuring reserves for the year ended December 31, 2003 and the nine months ended September 30, 2004 (in thousands):

	Workforce Reduction	Consolidation of Facilities	Total
Balance at December 31, 2002	\$ --	\$ 458	\$ 458
Additional Restructuring Expenses	876	180	1,056
Cash Payments	(801)	(277)	(1,078)
Balance at December 31, 2003	75	361	436
Additional Restructuring Expenses	115	--	115
Cash Payments	(190)	(72)	(262)
Balance at March 31, 2004	--	289	289
Additional Restructuring Expenses	191	--	191
Cash Payments	(191)	(45)	(236)
Balance at June 30, 2004	--	244	244
Additional Restructuring Expenses	184	118	302
Cash Payments	(184)	(65)	(249)

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):

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net income, as reported	\$3,552	\$2,886	\$10,324	\$5,792
Add: Total stock-based compensation included in net income, net of related tax effects	309	—	914	—
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(447)	(166)	(1,371)	(548)
Net income, pro forma	<u>\$3,414</u>	<u>\$2,720</u>	<u>\$9,867</u>	<u>\$5,244</u>
Earnings per share:				
Basic-- as reported	<u>\$0.37</u>	<u>\$0.37</u>	<u>\$1.22</u>	<u>\$0.75</u>
Basic-- pro forma	<u>\$0.35</u>	<u>\$0.35</u>	<u>\$1.17</u>	<u>\$0.68</u>
Diluted-- as reported	<u>\$0.34</u>	<u>\$0.37</u>	<u>\$1.14</u>	<u>\$0.74</u>
Diluted-- pro forma	<u>\$0.33</u>	<u>\$0.34</u>	<u>\$1.09</u>	<u>\$0.67</u>

No options were granted in 2004. The above table is based upon the valuation of option grants using the Black-Scholes pricing model for traded options with an assumed risk-free interest rate of 3.7% in 2003, a stock price volatility factor of 40.0% in 2003, dividend yield of 0 in 2003 and an expected life of the options of six years. Using the foregoing assumptions, the calculated weighted-average fair value of the options granted during the three months ended September 30, 2003 was \$4.69 and for the nine months ended September 30, 2003 was \$2.60. Because our employee stock options have characteristics significantly different from those of traded options, and because changes in the input assumptions can materially affect the fair value estimate, in management’s opinion, the model does not necessarily provide a reliable single measure of the fair value of our employee stock options.

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.

NOTE 4. Earnings Per Share

The following is a reconciliation of our earnings per share:

	<u>Three Months Ended</u>			<u>Three Months Ended</u>		
	<u>September 30, 2004</u>			<u>September 30, 2003</u>		
	<u>(000's)</u>			<u>(000's)</u>		
	<u>Income</u>	<u>Shares</u>	<u>Per Share Amount</u>	<u>Income</u>	<u>Shares</u>	<u>Per Share Amount</u>
Basic EPS						
Net Income	\$3,552	9,707	\$0.37	\$2,886	7,709	\$0.37
Effect of Dilutive Securities						
Stock options and restricted stock	—	617	—	—	188	—
Diluted EPS						
Net Income	<u>\$3,552</u>	<u>10,324</u>	<u>\$0.34</u>	<u>\$2,886</u>	<u>7,897</u>	<u>\$0.37</u>
	<u>Nine Months Ended</u>			<u>Nine Months Ended</u>		
	<u>September 30, 2004</u>			<u>September 30, 2003</u>		

	(000's)			(000's)		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
Basic EPS						
Net Income	\$10,324	8,435	\$1.22	\$5,792	7,709	\$0.75
Effect of Dilutive Securities						
Stock options and restricted stock	—	594	—	—	105	—
Diluted EPS						
Net Income	\$10,324	9,029	\$1.14	\$5,792	7,814	\$0.74

Stock options not included in diluted weighted-average shares because they would have been anti-dilutive were 0 and 731,550 for the three months ending September 30, 2004 and 2003, respectively. Stock options not included in diluted weighted average shares because they would have been anti-dilutive were 7,667 and 881,217 for the nine months ended September 30, 2004 and 2003, respectively.

NOTE 5. Property and Equipment

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

	September 30, 2004	December 31, 2003
Building and improvements	\$ 46	\$ 57
Leasehold improvements	567	608
Computer equipment and software	50,151	51,927
Furniture and equipment	5,607	6,085
Transportation equipment and automobiles	290	1,221
	56,661	59,898
Less: Accumulated depreciation and amortization	(35,117)	(32,043)
Property and Equipment, net	\$ 21,544	\$ 27,855

NOTE 6. Debt

Our outstanding debt is as follows (in thousands):

	September 30, 2004	December 31, 2003
Bank revolving line of credit	\$ —	\$ 6,000
Term notes with quarterly payments of \$2,000,000 with a balloon payment of \$9,000,000 due June 24, 2005; interest is due quarterly at a floating rate	—	19,000
Notes due on June 25, 2009 with annual payments of \$10,000,000 commencing on June 25, 2005; interest is paid quarterly at a fixed rate of 9.14%	—	50,000
Capital lease obligations collateralized by certain equipment	—	34
Total debt	—	75,034
Less current portion	—	(8,017)
	\$ —	\$ 67,017

On July 6, 2004, we used the net proceeds from our completed public offering, fully described in Note 9, to prepay the \$50,000,000 of 9.14% debt as well as the majority of the make-whole payment of \$6,804,000. As a result of the pre-payment, we recorded debt extinguishment expenses \$7,296,000 (after-tax of approximately \$4,232,000) consisting of \$6,804,000 in pre-payment penalties and \$492,000 related to the write off of deferred financing costs.

On March 25, 2004, at our request, the Credit Agreement was amended to reduce the interest rate, commitment fees and the aggregate Revolving Credit Commitment. The interest rate for both the Revolving Line of Credit and the Term Loan was reduced to LIBOR plus 1.625%. The commitment fees charged on the unused Line of Credit were reduced to .275%. The Revolving Credit Commitment was reduced from \$50,000,000 to \$35,000,000.

We had \$34,000,000 and \$43,000,000 of unused and available borrowings under our bank revolving line of credit at September 30, 2004 and December 31, 2003, respectively. We were in compliance with our debt covenants at September 30, 2004.

We have standby letters of credit that expire from 2004 to 2012. As of September 30, 2004, the letters of credit were \$1,000,000.

NOTE 7. Contingencies

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 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. Management does not believe that the outcome of this litigation will have a material adverse effect on our financial position.

NOTE 8. Stock Buy Back Plan

During the fourth quarter of 2003, the Board of Directors authorized the purchase of up to 500,000 shares of our Class A Common Stock from time to time. The timing of the program will be determined by financial and market conditions. Since the program was initiated, we purchased 116,700 shares for \$3,059,000. A summary of purchases in 2004 follows:

ISSUER PURCHASES OF EQUITY SECURITIES

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares that May Yet be Purchased Under the Plan(1)
January 1 to January 31	-	-	-	479,800
February 1 to February 29	27,800	\$ 27.61	27,800	452,000
March 1 to March 31	68,700	29.04	68,700	383,300
April 1 to April 30	-	-	-	383,300
May 1 to May 31	-	-	-	383,300
June 1 to June 30	-	-	-	383,300
July 1 to July 31	-	-	-	383,300
August 1 to August 31	-	-	-	383,300
September 1 to September 30	-	-	-	383,300
Total	96,500	\$ 28.67	96,500	

(1) We announced on November 3, 2003 that the Board of Directors had authorized the purchase of up to 500,000 shares of our Class A Common Stock from time to time. There is no expiration date for the Plan.

NOTE 9. Public Equity Offering

We completed a public offering of Class A common stock priced at \$33.00 per share, before underwriting discounts and commissions, on July 2, 2004. We sold 1,800,000 shares and selling stockholders sold 385,000 shares. The net proceeds of \$55,871,000 were used to prepay the \$50,000,000 of 9.14% debt on July 6, 2004 as well as the majority of the make-whole payment of \$6,804,000. As a result of the pre-payment, we recorded debt extinguishment expenses of \$7,296,000 (after-tax of approximately \$4,232,000) consisting of \$6,804,000 in pre-payment penalties and \$492,000 related to the write off of deferred financing costs during the third quarter of 2004.

HUB GROUP, INC.

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;
- 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; and
- inability to recruit and retain key personnel.

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.

One of our primary goals is to grow our gross margin. We have achieved growth through an increase in revenue from our existing Core Transportation customers as well as from winning new customers. Our top 50 customers’ revenue, which represents about 53% of our Core Transportation revenue, has increased by approximately 9.6% when comparing the nine months ended September 30, 2004 to September 30, 2003. During the year we severed relationships with certain low profitability customers impeding our intermodal revenue growth.

Revenue growth resulted primarily from price increases and fuel surcharges during the third quarter of 2004 versus the third quarter of 2003. The price increase resulted from rate increases from our carriers.

We use various performance indicators to manage our business. We closely monitor gains and losses for our Top 50 customers and evaluate on-time performance, costs per load by location and daily sales outstanding by location. Vendor cost changes and vendor service issues are also monitored closely.

We closed two operating centers in the third quarter of 2004. This has caused us to incur severance charges related to the downsizing of staff and charges to terminate building as well as equipment leases.

Intermodal capacity remains tight. There is a very limited supply of equipment in various key cities around the country.

We opened up a drayage operation in Northern California during the third quarter of 2004 to supplement existing drayage capacity in that important market. We believe that our drayage operations, which are in Chicago, Kansas City, St. Louis, Atlanta and now Stockton, California, give us a competitive advantage as we seek to provide reliable, cost effective intermodal services to our customers.

RESULTS OF OPERATIONS

The following table summarizes our revenue by business line:

	Three Months Ended September 30,			Nine Months Ended September 30		
	2004	2003	% Change	2004	2003	% Change
Revenue (in thousands)						
Core Transportation						
Intermodal	\$ 254,385	\$ 240,201	5.9%	\$ 727,245	\$ 697,383	4.3%
Brokerage	56,124	53,684	4.5	163,862	157,172	4.3
Logistics	39,601	37,555	5.4	118,701	106,483	11.5
Total Core	350,110	331,440	5.6	1,009,808	961,038	5.1
Hub Distribution	11,995	8,044	49.1	29,569	39,380	(24.9)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenue	100.0%	100.0%	100.0%	100.0%
Transportation Costs	86.7%	87.2%	87.2%	87.1%
Gross Margin	13.3%	12.8%	12.8%	12.9%
Costs and Expenses:				
Salaries and benefits	6.1	6.6	6.4	6.9
Selling, general and administrative	2.5	3.3	2.8	3.5
Depreciation and amortization	0.8	0.8	0.8	0.8
Total Costs and Expenses	9.4	10.7	10.0	11.2
Operating Income	3.9	2.1	2.8	1.7
Other Expense				
Debt extinguishment expenses	(2.0)	—	(0.7)	—
Other expense	(0.1)	(0.5)	(0.3)	(0.6)
Total Other Expense	(2.1)	(0.5)	(1.0)	(0.6)
Income before provision for income taxes	1.8	1.6	1.8	1.1
Provision for income taxes	0.8	0.7	0.7	0.6
Net income	1.0%	0.9%	1.1%	0.5%

Three Months Ended September 30, 2004 Compared to the Three Months Ended September 30, 2003

Revenue

Revenue generated by our Core Transportation business lines, intermodal, truckload brokerage and logistics increased 5.6%. Intermodal revenue increased 5.9% due primarily to price increases and fuel surcharges offset by a 2% decrease in volume. Truckload brokerage revenue increased 4.5% due primarily to an increase in revenue per load from fuel surcharges and price increases. Logistics revenue increased 5.4% due primarily to price increases. The increased logistics revenue is partially attributable to the transfer of the time sensitive delivery of pharmaceutical samples from Hub Distribution to this business line during the quarter. HGDS revenue increased 49.1% due primarily to an increase in the installation business. Our total revenue increased 6.7% to \$362.1 million in 2004 from \$339.5 million in 2003.

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

Gross Margin

Gross margin increased 10.5% to \$48.0 million in 2004 from \$43.5 million in 2003. The majority of the increase relates to our Core Transportation business. As a percent of revenue, gross margin increased to 13.3% in 2004 from 12.8% in 2003 due primarily to more effective yield management. We proactively passed along rate increases to our customers for fuel and increased costs from our transportation suppliers. We also increased our margins by eliminating business where we do not receive adequate returns. This has caused a decline in intermodal volume.

Salaries and Benefits

As a percentage of revenue, salaries and benefits decreased to 6.1% from 6.6% in 2003. Salaries and benefits decreased to \$22.0 million in 2004 from \$22.5 million in 2003. This was due primarily to a decrease in headcount. Headcount as of September 30, 2004 was 1,172 while headcount for September 30, 2003 was 1,250. In late 2003, we stopped issuing new stock options and began issuing restricted stock which vests over three years. As a result, salaries and benefits include a \$0.5 million charge related to restricted stock in the three months ended September 30, 2004. Severance costs during the three months ended September 30, 2004 were \$0.2 million compared with \$0.5 million for the three months ended September 30, 2003.

Selling, General and Administrative

Selling, general and administrative expenses decreased to \$9.0 million in 2004 from \$11.0 million in 2003. As a percentage of revenue, these expenses decreased to 2.5% in 2004 from 3.3% in 2003. The decrease in selling, general and administrative expenses is primarily attributed to a decrease in equipment

leases, legal expenses, travel and entertainment expense and office supplies primarily due to cost savings initiatives. Equipment lease expense decreased due to lease buy-outs.

Depreciation and Amortization of Property and Equipment

Depreciation and amortization increased to \$3.1 million in 2004 from \$2.7 million in 2003. This expense as a percentage of revenue remained constant at 0.8%. The increase in depreciation and amortization is due primarily to more computer equipment being depreciated in 2004 as a result of lease buy-outs.

Other Income (Expense)

Interest expense decreased to \$0.6 million in 2004 from \$1.9 million in 2003. The decrease in interest expense is due primarily to carrying a lower average debt balance this year as compared to the prior year and the extinguishment of the private placement debt during the quarter. The debt extinguishment expenses of \$7.3 million include a \$6.8 million pre-payment penalty associated with paying off the \$50 million of 9.14% debt and the \$0.5 million write off of deferred financing costs.

Provision for Income Taxes

The provision for income taxes increased to \$2.8 million in 2004 compared to \$2.5 million in 2003. We provided for income taxes using an effective rate of 43.9% in 2004 and an effective rate of 46.6% in the third quarter of 2003. The decrease in the effective rate from 2003 to 2004 is related to the effect of 2003 tax law changes. Further, in 2004 we wrote off \$0.1 million related to deferred tax assets that were no longer realizable due to the closing of two operating centers.

Net Income

Net income increased to \$3.6 million in 2004 from \$2.9 million in 2003 due primarily to higher gross margin and lower selling, general and administrative expenses, partially offset by the one time debt extinguishment expenses of \$7.3 million. Excluding the debt extinguishment expenses, adjusted net income for the 2004 quarter would have been \$7.8 million. A tabular reconciliation of the differences between the adjusted financial results for the three months ended September 30, 2004 and our financial results determined in accordance with generally accepted accounting principles in the United States of America ("GAAP") are contained in the table below.

Earnings Per Common Share

Basic earnings per share remained constant at \$0.37 in 2004 and 2003 and diluted earnings per share decreased to \$0.34 in 2004 from \$0.37 in 2003. The weighted average diluted shares outstanding increased 31% from 7,897,000 at September 30, 2003 to 10,324,000 at September 30, 2004 due primarily to our follow on offering. Excluding the debt extinguishment expenses, adjusted basic earnings per share would have been \$0.80 and adjusted diluted earnings per share would have been \$0.75.

RECONCILIATION OF AS REPORTED FINANCIAL RESULTS TO AS ADJUSTED FINANCIAL RESULTS (in thousands, except per share amounts)

	Three Months Ended September 30, 2004		
	As Reported	Adjustments	As Adjusted
Operating Income	\$ 13,958	\$ —	\$ 13,958
Interest expense	(571)	—	(571)
Interest income	56	—	56
Debt extinguishment expenses	(7,296)	(7,296) ^a	—
Other, net	180	—	180
	<hr/>	<hr/>	<hr/>
Income before provision for income taxes	6,327	(7,296)	13,623
Provision for income taxes	2,775	(3,064) ^b	5,839
	<hr/>	<hr/>	<hr/>
Net income	\$ 3,552	\$ (4,232)	\$ 7,784
	<hr/>	<hr/>	<hr/>
Basic earnings per common share	\$ 0.37	\$ (0.43)	\$ 0.80
	<hr/>	<hr/>	<hr/>
Diluted earnings per common share	\$ 0.34	\$ (0.41)	\$ 0.75
	<hr/>	<hr/>	<hr/>
Basic weighted average number of shares outstanding	9,707	9,707	9,707
	<hr/>	<hr/>	<hr/>
Diluted weighted average number of shares outstanding	10,324	10,324	10,324
	<hr/>	<hr/>	<hr/>

a) Fees and expenses related to our early extinguishment of 9.14% debt

1) Pre-payment penalty of \$6,804

2) Write-off of related deferred financing costs of \$492

b) Income taxes at 42.0%

Note: The purpose of this statement is to reflect as adjusted earnings excluding the one time costs associated with prepaying our debt.

Nine Months Ended September 30, 2004 Compared to the Nine Months Ended September 30, 2003

Revenue

Revenue generated by our Core Transportation business lines, intermodal, truckload brokerage and logistics increased 5.1% to \$1.01 billion. Intermodal revenue increased 4.3% due primarily to a 1.3% increase in volume, price increases and fuel surcharge. Truckload brokerage revenue increased 4.3% due primarily to an increase in revenue per load related to price increases and fuel surcharge. Logistics revenue increased 11.5% due primarily to price increases and to increased volume. A portion of the volume increase resulted from the inclusion of the pharmaceutical delivery business previously handled by HGDS. HGDS revenue decreased 24.9% due primarily to a decrease in the installation business. Our total revenue increased 3.9% to \$1.04 billion in 2004 from \$1.0 billion in 2003.

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

Gross Margin

Gross margin increased 3.5% to \$133.5 million. We proactively passed along rate increases for fuel and increased costs from our transportation suppliers. We also increased our Core Transportation margins by eliminating business where we do not receive adequate returns. Core Transportation related gross margin dollar increases were partially offset by decreases in gross margin dollars at HGDS. As a percent of revenue, gross margin decreased slightly to 12.8% in 2004 from 12.9% in 2003 primarily as a result of fewer higher margin projects at HGDS.

Salaries and Benefits

Salaries and benefits decreased to \$66.6 million in 2004 from \$68.7 million in 2003. As a percentage of revenue, salaries and benefits decreased to 6.4% from 6.9% in 2003. This was due primarily to a decrease in headcount. In late 2003, we stopped issuing new stock options and began issuing restricted stock which vests over three years. As a result, salaries and benefits include a \$1.6 million charge related to restricted stock in the nine months ended September 30, 2004. Severance costs during the nine months ended September 30, 2004 were \$0.5 million compared with \$0.8 million for the nine months ended September 30, 2003.

Selling, General and Administrative

Selling, general and administrative expenses decreased to \$29.6 million in 2004 from \$34.9 million in 2003. As a percentage of revenue, these expenses decreased to 2.8% in 2004 from 3.5% in 2003. Equipment lease expense decreased by \$1.9 million due primarily to lease buy-outs. Telephone expense decreased by \$0.6 million due primarily to a reduction in headcount. Outside services expense decreased by \$1.0 million due primarily to lower legal fees incurred during 2004. Rent and office expense decreased by \$0.5 million due primarily to a reduction in offices and cost savings initiatives. Outside sales commissions decreased by \$0.4 million.

Depreciation and Amortization of Property and Equipment

Depreciation and amortization increased to \$8.8 million in 2004 from \$7.9 million in 2003. This expense as a percentage of revenue remained constant at 0.8%. The increase in depreciation and amortization is due primarily to more computer equipment being depreciated in 2004 as a result of lease buy-outs.

Other Income (Expense)

Interest expense decreased to \$4.0 million in 2004 from \$6.0 million in 2003. The decrease in interest expense is due primarily to carrying a lower average debt balance this year as compared to the prior year and the extinguishment of the private placement debt during July of 2004. The debt extinguishment expenses include the \$6.8 million pre-payment penalty associated with paying off the \$50 million of 9.14% debt and the \$0.5 million write off of deferred financing costs.

Provision for Income Taxes

The provision for income taxes increased to \$7.7 million in 2004 compared to \$5.9 million in 2003. We provided for income taxes using an effective rate of 42.7% for the nine months ended September 30, 2004 and an effective rate of 50.4% for the nine months ended September 30, 2003. The effective rate in 2003 included a write off of \$0.8 million of deferred tax assets related to the Illinois Research and Development credit. During 2004, we wrote off of \$0.1 million of deferred tax assets that were no longer realizable due to the closing of two operating centers.

Net Income

Net income increased to \$10.3 million in 2004 from \$5.8 million in 2003 due primarily to higher gross margin and lower selling, general and administrative expenses, partially offset by debt extinguishment expenses. Excluding the debt extinguishment expenses, adjusted net income for the nine months ended September 30, 2004 would have been \$14.6 million. A tabular reconciliation of the differences between the adjusted financial results for the nine months ended September 30, 2004 and our financial results determined in accordance with generally accepted accounting principles in the United States of America ("GAAP") are contained in the table below.

Earnings Per Common Share

Basic earnings per share increased to \$1.22 in 2004 from \$0.75 in 2003 and diluted earnings per share increased to \$1.14 in 2004 from \$0.74 in 2003. The weighted average diluted shares outstanding increased 15.5% from 7,814,000 at September 30, 2003 to 9,029,000 at September 30, 2004. Excluding the debt extinguishment expenses adjusted basic earnings per share would have been \$1.72 and adjusted diluted earnings per share would have been \$1.61.

RECONCILIATION OF AS REPORTED FINANCIAL RESULTS TO AS ADJUSTED FINANCIAL RESULTS
(in thousands, except per share amounts)

	Nine Months Ended September 30, 2004		
	As Reported	Adjustments	As Adjusted
Operating Income	\$ 28,522	\$ —	\$ 28,522
Interest expense	(3,968)	—	(3,968)
Interest income	165	—	165
Debt extinguishment expenses	(7,296)	(7,296) ^a	—
Other, net	583	—	583
Income before provision for income taxes	18,006	(7,296)	25,302
Provision for income taxes	7,682	(3,064) ^b	10,746
Net income	<u>\$ 10,324</u>	<u>\$ (4,232)</u>	<u>\$ 14,556</u>
Basic earnings per common share	<u>\$ 1.22</u>	<u>\$ (0.50)</u>	<u>\$ 1.72</u>
Diluted earnings per common share	<u>\$ 1.14</u>	<u>\$ (0.47)</u>	<u>\$ 1.61</u>
Basic weighted average number of shares outstanding	<u>8,435</u>	<u>8,435</u>	<u>8,435</u>
Diluted weighted average number of shares outstanding	<u>9,029</u>	<u>9,029</u>	<u>9,029</u>

a) Fees and expenses related to our early extinguishment of 9.14% debt

- 1) Pre-payment penalty of \$6,804
- 2) Write-off of related deferred financing costs of \$492

b) Income taxes at 42.0%

Note: The purpose of this statement is to reflect as adjusted earnings excluding the one time costs associated with prepaying our debt.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States 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, 2003, 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 have a general reserve based upon historical trends. 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.

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 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 have not recorded a valuation reserve on the recorded amount of net deferred tax assets as we

believe that future earnings will more likely than not be sufficient to fully utilize the assets. In the event the probability of realizing the deferred tax assets does 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. A prolonged downturn in HGDS's business could adversely affect the value of its assets.

LIQUIDITY AND CAPITAL RESOURCES

We have funded operations and capital expenditures through cash flows from operations and bank borrowings.

Cash provided by operating activities for the nine months ended September 30, 2004, was approximately \$20.8 million, which resulted primarily from net income from operations of \$10.3 million, non-cash charges of \$18.5 million offset by decreases in working capital of \$8.0 million. The decrease in working capital relates partially to paying vendors more quickly.

Net cash used in investing activities for the nine months ended September 30, 2004, was \$2.4 million and related to expenditures made to enhance our information system capabilities, purchase of tractors used in our Quality Services operations and purchase of office equipment. We expect capital expenditures to be in the range of \$4 million to \$5 million for the year ended December 31, 2004.

The net cash used in financing activities for the nine months ended September 30, 2004, was \$18.4 million. Our sale of 1,800,000 shares at a price of \$33.00, after underwriting discounts and commissions, generated \$55.9 million. Uses of cash related primarily to payments on our debt and the purchase of treasury stock. We generated cash from stock options being exercised.

On March 25, 2004, at our request, our Credit Agreement was amended to reduce the interest rate, commitment fees and the aggregate Revolving Credit Commitment. The interest rate for both the Revolving Line of Credit and the Term Loan was reduced to LIBOR plus 1.625%. The commitment fees charged on the unused Line of Credit were reduced to .275%. The Revolving Credit Commitment was reduced from \$50 million to \$35 million.

Our unused and available borrowings under our bank revolving line of credit at September 30, 2004 and December 31, 2003 are \$34 million and \$43 million, respectively. We were in compliance with our debt covenants at September 30, 2004.

We have standby letters of credit that expire from 2004 to 2012. As of September 30, 2004 our letters of credit were \$1 million.

Contractual Obligations

Our contractual cash obligations as of September 30, 2004 are minimum rental commitments. Minimum annual rental commitments, at September 30, 2004, under noncancellable operating leases, principally for real estate and equipment, are payable as follows (in thousands):

Remainder 2004	\$ 2,372
2005	7,704
2006	6,052
2007	5,192
2008	4,335
2009 and thereafter	6,456
	<hr/>
	\$32,111
	<hr/>

Revenue

During 2004, in connection with the realignment, we revised our revenue classifications by transportation mode. Accordingly, the 2003 and 2002 revenue amounts have been reclassified to conform to the current year presentation (in millions):

<u>2003</u>	<u>Intermodal</u>	<u>Brokerage</u>	<u>Logistics</u>	<u>HGDS</u>	<u>Total</u>
Quarter Ended March 31	\$228.0	\$ 50.6	\$ 35.2	\$ 15.5	\$ 329.3
Quarter Ended June 30	229.2	52.9	33.7	15.9	331.7
Quarter Ended September 30	240.2	53.7	37.6	8.0	339.5
Quarter Ended December 31	254.0	53.3	37.4	14.4	359.1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$951.4	\$210.5	\$143.9	\$ 53.8	\$1,359.6
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

<u>2002</u>	<u>Intermodal</u>	<u>Brokerage</u>	<u>Logistics</u>	<u>HGDS</u>	<u>Total</u>
Quarter Ended March 31	\$211.2	\$ 54.5	\$ 20.3	\$ 19.3	\$ 305.3
Quarter Ended June 30	238.2	53.5	16.9	19.0	327.6
Quarter Ended September 30	260.4	55.2	20.4	20.7	356.7

Quarter Ended December 31	248.5	53.3	22.3	22.0	346.1
Total	\$958.3	\$216.5	\$ 79.9	\$ 81.0	\$1,335.7

Interest Expense

As a result of eliminating the \$50 million of private placement debt, we will no longer be required to pay the related interest which historically has been approximately \$1.2 million per quarter. We will continue to have interest expense related to our deferred compensation plan.

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 September 30, 2004, 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 the design and operation of our disclosure controls and procedures. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of September 30, 2004. No significant changes were made in our internal controls or in other factors that could significantly affect these controls subsequent to the date of this evaluation.

PART II. Other Information

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

- (c) Note 8 of the Company's Notes to Unaudited Condensed Consolidated Financial Statements is incorporated herein by reference.

Item 6. Exhibits and Reports on Form 8-K

- (a) A list of exhibits included as part of this report is set forth in the Exhibit Index incorporated herein by reference.
- (b) Reports on Form 8-K

The Company furnished a Report on July 22, 2004 reporting in Item 9 that it was attaching as an exhibit as press release containing operating results for the second quarter of 2004.

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: October 26, 2004

/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.

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-15e and 15d-15e for the registrant and we 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) (paragraph omitted pursuant to SEC release Nos. 33-8238 and 34-47986);
 - 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;
- 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: October 26, 2004

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

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-15e and 15d-15e for the registrant and we 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) (paragraph omitted pursuant to SEC release Nos. 33-8238 and 34-47986);
 - 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;
- 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: October 26, 2004

/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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 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

David P. Yeager
Vice Chairman and Chief Executive Officer
Hub Group, Inc.

/s/Thomas M. White

Thomas M. White
Senior Vice President- Chief Financial Officer
and Treasurer
Hub Group, Inc.