

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

HUB GROUP, INC.  
(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

HUB GROUP, INC.  
(NAME OF PERSON(S) FILING PROXY STATEMENT)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- 1) Title of each class of securities to which transaction applies:
  - 2) Aggregate number of securities to which transaction applies:
  - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it is determined):
  - 4) Proposed maximum aggregate value of transaction:
  - 5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

April 9, 1999

Dear Stockholder:

You are cordially invited to attend the 1999 Annual Meeting of Stockholders of Hub Group, Inc. This meeting will be held in Room 226 in the Hamburger University building on the McDonald's Office Campus at Ronald Lane, Oak Brook, Illinois at 10:00 a.m. Chicago time on Wednesday, May 12, 1999.

The attached Notice of 1999 Annual Meeting of Stockholders and Proxy Statement describe the matters to be acted upon. The Annual Report to Stockholders and Form 10-K for the 1998 fiscal year are enclosed.

We hope you will be able to attend the meeting. However, even if you anticipate attending in person, we urge you to mark, sign, date, and return the enclosed proxy card to ensure that your shares will be represented. If you attend, you will, of course, be entitled to vote in person.

Sincerely,

PHILLIP C. YEAGER  
Chairman

HUB GROUP, INC.

NOTICE OF 1999 ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of Hub Group, Inc.:

The Annual Meeting of Stockholders of Hub Group, Inc., a Delaware corporation (the "Company"), will be held in Room 226 in the Hamburger University building on the McDonald's Office Campus at Ronald Lane, Oak Brook, Illinois on Wednesday, May 12, 1999, at 10:00 a.m., Chicago time, for the following purposes:

- (1) To elect six directors of the Company to hold office until the next annual meeting of stockholders;
- (2) To approve the Hub Group, Inc. 1999 Long-Term Incentive Plan; and
- (3) To transact such other business as may properly be presented at the Annual Meeting or any adjournment thereof.

A proxy statement with respect to the Annual Meeting accompanies and forms a part of this Notice. The Company's Annual Report to Stockholders and Form 10-K for the fiscal year ended December 31, 1998, also accompany this Notice.

The Board of Directors has fixed the close of business on March 31, 1999, as the record date for determining stockholders entitled to notice of, and to vote at, the Annual Meeting.

By order of the Board of Directors,

MARK A. YEAGER  
Division President, Secretary and General Counsel

Lombard, Illinois  
April 9, 1999

YOUR VOTE IS IMPORTANT

PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY AND  
RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE WHETHER  
OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING.

HUB GROUP, INC.  
377 E. BUTTERFIELD ROAD, SUITE 700  
LOMBARD, ILLINOIS 60148

#### PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Hub Group, Inc., a Delaware corporation ("Hub Group" or the "Company"), of proxies for use at the 1999 Annual Meeting of Stockholders of the Company to be held on Wednesday, May 12, 1999, and any adjournment thereof (the "Annual Meeting"). This Proxy Statement and accompanying form of proxy are first being sent to stockholders on or about April 9, 1999.

The Company's Class A common stock, \$.01 par value (the "Class A Common Stock"), and the Class B common stock, \$.01 par value (the "Class B Common Stock," together with the Class A Common Stock, the "Common Stock"), are the only issued and outstanding classes of stock. Only stockholders of record at the close of business on March 31, 1999 (the "Record Date"), are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, the Company had 7,009,950 shares of Class A Common Stock (each a "Class A Share") and 662,296 shares of Class B Common Stock (each a "Class B Share," and collectively with the Class A Shares, the "Shares") outstanding and entitled to vote.

#### VOTING RIGHTS AND PROCEDURES

Shares represented by an effective proxy given by a stockholder will be voted as directed by the stockholder. If a properly signed proxy form is returned to the Company and one or more proposals are not marked, it will be voted in accordance with the recommendation of the Board of Directors on all such proposals. A stockholder giving a proxy may revoke it at any time prior to the voting of the proxy by giving written notice to the Secretary of the Company, by executing a later dated proxy or by attending the Annual Meeting and voting in person.

Each Class A Share is entitled to one (1) vote and each Class B Share is entitled to twenty (20) votes. The holders of Shares having a majority of the votes which could be cast by the holders of all Shares, present in person or represented by proxy, will constitute a quorum at the Annual Meeting. Abstentions will be treated as Shares that are present and entitled to vote for purposes of determining the presence of a quorum. If a broker indicates on the proxy that it does not have discretionary authority as to certain Shares to vote on a particular matter, those Shares will be considered as present and entitled to vote for purposes of determining the presence of a quorum. The Yeager family members own all 662,296 shares of Class B Common Stock. Consequently, the Yeager family controls approximately 65% of the voting power of the Company on all matters presented for stockholder action. The Yeager family members are parties to a stockholders' agreement, pursuant to which they have agreed to vote all of their shares of Class B Common Stock in accordance with the vote of the holders of a majority of such shares.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the election inspectors appointed for the meeting and such election inspectors will determine whether or not a quorum is present.

The Board of Directors knows of no matters to be presented at the Annual Meeting other than those set forth in the Notice of 1999 Annual Meeting of Stockholders enclosed herewith. However, if any other matters do come before the meeting, it is intended that the holders of the proxies will vote thereon in their discretion. Any such other matter will require for its approval the affirmative vote of the holders of Shares having a majority of the votes present in person or represented by proxy at the Annual Meeting, provided a quorum is present, or such greater vote as may be required under the Company's Certificate of Incorporation, the Company's By-laws or applicable law. A list of stockholders as of the record date will be available for inspection at the Annual Meeting and for a period of ten days prior to the Annual Meeting at the Company's offices in Lombard.

#### ELECTION OF DIRECTORS

The number of directors of the Company, as determined by the Board of Directors under Article III of the Company's By-laws, is currently six. Each director holds office until his or her successor is elected and qualified or until his or her earlier death, resignation, retirement, disqualification or removal.

The nominees for whom the enclosed proxy is intended to be voted are set forth below. Each nominee for election as director currently serves as a director of the Company. It is not contemplated that any of these nominees will be unavailable for election, but if such a situation should arise, the proxy will be voted in accordance with the best judgment of the proxyholder for such person or persons as may be designated by the Board of Directors unless the stockholder has directed otherwise.

Directors are elected by a plurality of the votes cast at the Annual Meeting, provided a quorum is present. The outcome of the election is not affected by abstentions or the withholding of authority to vote in the election, or by broker non-votes. Stockholders are not allowed to cumulate their votes in the election of directors.

If a stockholder desires to nominate persons for election as directors at the next Annual Meeting of Stockholders written notice of such stockholder's intent to make such a nomination must be given and received by the Secretary of the Company at the principal executive offices of the Company either by personal delivery or by United States mail no earlier than February 12, 2000 nor later than March 13, 2000. Each notice must describe the nomination in sufficient detail for the nomination to be summarized on the agenda for the meeting and must set forth: (i) the name and address, as it appears on the books of the Company, of the stockholder making the nomination, (ii) a representation that the stockholder is a holder of record of stock in the Company entitled to vote at the annual meeting of stockholders and intends to appear in person or by proxy at the meeting to present the nomination, (iii) a statement of the class and number of shares beneficially owned by the stockholder, (iv) the name and address of any person to be nominated, (v) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder, (vi) such other information regarding such nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission (the "Commission"), and (vii) the consent of such nominee to serve as a director of the Company if elected. The presiding officer of the annual meeting of stockholders will, if the facts warrant, refuse to acknowledge a nomination not made in compliance with the foregoing procedure, and any such nomination not properly brought before the meeting will not be considered.

NOMINEES FOR ELECTION AS DIRECTORS

NAME	AGE	BUSINESS EXPERIENCE DURING THE PAST FIVE YEARS AND OTHER INFORMATION
Phillip C. Yeager	71	<p>Phillip C. Yeager has been Chairman of the Board since October 1985. From April 1971 to October 1985, Mr. Yeager served as President of Hub City Terminals, Inc. ("Hub Chicago"). Mr. Yeager became involved in intermodal transportation in 1959, five years after the introduction of intermodal transportation in the United States, as an employee of the Pennsylvania and Pennsylvania Central Railroads. He spent 19 years with the Pennsylvania and Pennsylvania Central Railroads, 12 of which involved intermodal transportation. In 1991, Mr. Yeager was named the Man of the Year by the Intermodal Transportation Association. In 1995, he received the Salzburg Practitioners Award from Syracuse University in recognition of his lifetime achievements in the transportation industry. In October 1996, Mr. Yeager was inducted into the Chicago Area Entrepreneurship Hall of Fame sponsored by the University of Illinois at Chicago. In March 1997, he received the Presidential Medal from Dowling College for his achievements in transportation services. In September 1998 he received the Silver Kingpin award from the Intermodal Association of North America and in February 1999 he was named Transportation Person of the Year by the New York Traffic Club. Mr. Yeager graduated from the University of Cincinnati in 1951 with a Bachelor of Arts degree in Economics. Mr. Yeager is the father of David P. Yeager, Vice Chairman and Chief Executive Officer, and Mark A. Yeager, Division President, Secretary and General Counsel, and the father-in-law of Robert J. Jensen, Executive Program Director - Year 2000 Program Office.</p>
David P. Yeager	46	<p>David P. Yeager has served as the Company's Vice Chairman of the Board since January 1992 and as Chief Executive Officer of the Company since March 1995. From October 1985 through December 1991, Mr. Yeager was President of Hub Chicago. From 1983 to October 1985, he served as Vice President, Marketing of Hub Chicago. Mr. Yeager founded the St. Louis Hub in 1980 and served as its President from 1980 to 1983. Mr. Yeager founded the Pittsburgh Hub in 1975 and served as its President from 1975 to 1977. Mr. Yeager received a Masters in Business Administration degree from the University of Chicago in 1987 and a Bachelor of Arts degree from the University of Dayton in 1975. Mr. Yeager is the son of Phillip C. Yeager, the brother of Mark A. Yeager and the brother-in-law of Robert J. Jensen. Mr. Yeager also serves as a director of SPR Inc.</p>
Thomas L. Hardin	53	<p>Thomas L. Hardin has served as the Company's President since October 1985 and has served as Chief Operating Officer and a director of the Company since March 1995. From January 1980 to September 1985, Mr. Hardin was Vice President-Operations and from June 1972 to December 1979, he was General Manager of the Company. Prior to joining the Company, Mr. Hardin worked for the Missouri Pacific Railroad where he held various marketing and pricing positions. During 1996, Mr. Hardin was Chairman of the Intermodal Association of North America.</p>

Gary D. Eppen	62	Gary D. Eppen has served as a director of the Company since February 1996. Having served as a Professor of Industrial Administration in the Graduate School of Business at The University of Chicago since 1964, Mr. Eppen is currently the Ralph and Dorothy Keller Distinguished Service Professor of Operations Management and Deputy Dean for part-time programs. He received a Ph.D. in Operations Research from Cornell University in 1964, a Master of Science in Industrial Engineering from the University of Minnesota in 1960, a Bachelor of Science from the University of Minnesota in 1959 and an Associate in Arts degree in Pre-Engineering from Austin Junior College in 1956. Mr. Eppen also serves as a director of Landauer, Inc.
Charles R. Reaves	60	Charles R. Reaves has served as a director of the Company since February 1996. Since 1994, Mr. Reaves has been President and Chief Executive Officer of Reaves Enterprises, Inc., a real estate development company. From April 1962 until November 1994, Mr. Reaves worked for Sears Roebuck & Company in various positions, most recently as President and Chief Executive Officer of Sears Logistics Services, Inc., a transportation, distribution and home delivery subsidiary of Sears Roebuck & Company. Mr. Reaves received a Bachelor of Science degree in Business Administration from Arkansas State University in 1961.
Martin P. Slark	44	Martin P. Slark has served as a director of the Company since February 1996. Since 1976, Mr. Slark has been employed by Molex Incorporated ("Molex"), a manufacturer of electronic, electrical and fiber optic interconnection products and systems. Having worked for Molex in Europe, the United States and Asia, Mr. Slark is presently Executive Vice President of Molex. Mr. Slark received a Masters in Business Administration degree from the London Business School in 1993, a Post-Graduate Diploma in Management Studies from the London School of Economics in 1981 and a Bachelors of Science degree in Engineering from Reading University in 1977.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF EACH NOMINEE FOR DIRECTOR NAMED ABOVE.

#### MEETINGS AND COMMITTEES OF THE BOARD

The Board of Directors has both an Audit Committee and a Compensation Committee. The Board of Directors does not have a Nominating Committee. During the fiscal year ended December 31, 1998, the full Board of Directors met four times, the Audit Committee met twice and the Compensation Committee met twice. During 1998, all directors attended at least 75% of the meetings of the Board of Directors and the committees thereof on which they served.

The duties of the Audit Committee are to oversee the Company's internal control structure; review the Company's financial statements and other financial information to be included in the Company's 10-K and annual report to stockholders; select the independent auditors for the Company and its subsidiaries; and review the Company's annual audit plan. The members of the Audit Committee are Messrs. Eppen, Reaves and Slark.

The duties of the Compensation Committee are to determine the compensation of the Company's Chief Executive Officer and to make recommendations to the Board of Directors concerning the salaries of the Company's other officers; to exercise the authority of the Board of Directors concerning the Company's 1996 Long-Term Incentive Plan and 1997 Long-Term Incentive Plan; and to advise the Board of Directors on other compensation and benefit matters. The members of the Compensation Committee are Messrs. Eppen, Reaves and Slark.

OWNERSHIP OF THE CAPITAL STOCK OF THE COMPANY

The following table sets forth information with respect to the number of shares of Class A Common Stock and Class B Common Stock beneficially owned by (i) each director of the Company, (ii) the executive officers of the Company named in the table under "Compensation of Directors and Executive Officers--Summary Compensation Table," (iii) all directors and executive officers of the Company as a group, and (iv) based on information available to the Company and a review of statements filed with the Commission pursuant to Section 13(d) and 13(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), each person that owns beneficially (directly or together with affiliates) more than 5% of the Class A Common Stock or Class B Common Stock, in each case as of March 31, 1999, except as otherwise noted. The Company believes that each individual or entity named has sole investment and voting power with respect to shares of the Class A Common Stock or Class B Common Stock indicated as beneficially owned by them, except as otherwise noted.

NAME	NUMBER (1)		PERCENTAGE(2)
	CLASS A	CLASS B	
Phillip C. Yeager(3)(4)	36,000	662,296	9.1%
David P. Yeager(3)(5)	37,300	662,296	9.1%
Thomas L. Hardin(6)	42,000	--	*
Robert J. Jensen(3)(7)	5,000	662,296	8.7%
Daniel F. Hardman(8)	10,000	--	*
John T. Donnell(9)	20,600	--	*
Mark A. Yeager(3)(10)	15,000	662,296	8.8%
Gary D. Eppen(11)	13,000	--	*
Charles R. Reaves(11)	12,000	--	*
Martin P. Slark(11)	12,000	--	*
All directors and executive officers as a group (13 persons)(12)	233,400	662,296	11.4%
Debra A. Jensen(3)(13)	5,000	662,296	8.7%
David L. Babson and Company Incorporated(14)	353,200	--	4.6%
Strong Capital Management, Inc./Richard S. Strong (15)	706,600	--	9.2%
Dimensional Fund Advisors, Inc.(16)	460,500	--	6.0%
Capital Guardian Trust Company (17)	888,000	--	11.6%
Wanger Asset Management, L.P./ Wanger Asset Management, Ltd./Acorn Investment Trust (18)	1,438,300	--	18.7%

\* Represents less than 1% of the outstanding shares of Common Stock.

(1) Calculated pursuant to Rule 13d-3(d) under the Exchange Act. Under Rule 13d-3(d), shares not outstanding which are subject to options, warrants, rights, or conversion privileges exercisable within 60 days are deemed outstanding for the purpose of calculating the number and percentage owned by such person, but not deemed outstanding for the purpose of calculating the percentage owned by each other person listed.

(2) Represents percentage of total number of outstanding shares of Class A Common Stock and Class B Common Stock.

- (3) The Yeager family members are parties to a stockholders' agreement (the "Yeager Family Stockholder Agreement"), pursuant to which they have agreed to vote all of their shares of Class B Common Stock in accordance with the vote of the holders of a majority of such shares. Except as provided in footnotes 5 and 10, each of the Yeager family members disclaims beneficial ownership of the shares of Class B Common Stock held by the other Yeager family members. The Class B Common Stock represents approximately 65% of the total votes allocable to the Common Stock. Members of the Yeager family own all of the Class B Common Stock.
- (4) Includes 413,934 shares of Class B Common Stock as to which Phillip C. Yeager may be deemed to have shared voting discretion pursuant to the Yeager Family Stockholder Agreement. See Note 3. Also includes 31,000 shares of Class A Common Stock issuable upon exercise of options.
- (5) Includes 36,794 shares of Class B Common Stock owned by the Laura C. Yeager 1994 GST Trust, 36,794 shares of Class B Common Stock owned by the Matthew D. Yeager 1994 GST Trust and 36,794 shares of Class B Common Stock owned by the Phillip D. Yeager 1994 GST Trust, for which David P. Yeager serves as sole trustee and has sole investment and voting discretion and 469,127 shares of Class B Common Stock as to which David P. Yeager may be deemed to have shared voting discretion pursuant to the Yeager Family Stockholder Agreement. See Note 3. Also includes 22,000 shares of Class A Common Stock issuable upon exercise of options.
- (6) Includes 22,000 shares of Class A Common Stock issuable upon exercise of options.
- (7) Consists of the shares of Class B Common Stock owned by Debra A. Jensen, Robert J. Jensen's wife, and of which he may be deemed to be the beneficial owner and 551,913 shares of Class B Common Stock as to which Robert J. Jensen may be deemed to have shared voting discretion pursuant to the Yeager Family Stockholder Agreement. See Note 3. Also includes 5,000 shares of Class A Common Stock issuable upon exercise of options.
- (8) Includes 9,000 shares of Class A Common Stock issuable upon exercise of options.
- (9) Includes 15,600 shares of Class A Common Stock issuable upon exercise of options.
- (10) Includes 36,794 shares of Class B Common Stock owned by the Alexander B. Yeager 1994 GST Trust and 36,794 shares of Class B Common Stock owned by the Samantha N. Yeager 1994 GST Trust, for which Mark A. Yeager serves as sole trustee and has sole investment and voting discretion and 551,914 shares of Class B Common Stock as to which Mark A. Yeager may be deemed to have shared voting discretion pursuant to the Yeager Family Stockholder Agreement. See Note 3. Also includes 15,000 shares of Class A Common Stock issuable upon exercise of options.
- (11) Includes 12,000 shares of Class A Common Stock issuable upon exercise of options.
- (12) Includes 181,000 shares of Class A Common Stock issuable upon exercise of options.
- (13) Debra A. Jensen is the wife of Robert J. Jensen and the daughter of Phillip C. Yeager. Includes 5,000 shares of Class A Common Stock issuable upon exercise of options held by Robert J. Jensen.
- (14) David L. Babson and Company Incorporated ("Babson") filed a Schedule 13G with the Commission indicating beneficial ownership of shares of Class A Common Stock. The number of shares beneficially owned by Babson is indicated as of February 3, 1999. The address of Babson is One Memorial Drive, Cambridge, MA 02142.
- (15) Strong Capital Management, Inc. and Richard S. Strong (collectively, "Strong") filed a Schedule 13G with the Commission indicating beneficial ownership of shares of Class A Common Stock. According to the Schedule 13G, (i) Strong has sole dispositive power with respect to all 706,600 shares of Class A Common Stock beneficially owned and (ii) Strong has sole voting power with respect to 400,625 shares of Class A Common Stock beneficially owned and shared voting power with respect to zero shares of Class A Common Stock beneficially owned. The number of shares beneficially owned by Strong is indicated as of February 11, 1999. The address of Strong is 100 Heritage Reserve, Menomonee Falls, WI 53051.

- (16) Dimensional Fund Advisors, Inc. ("Dimensional") filed a Schedule 13G with the Commission indicating beneficial ownership of shares of Class A Common Stock. The number of shares beneficially owned by Dimensional is indicated as of February 11, 1999. The address of Dimensional is 1299 Ocean Avenue, 11th Floor, Santa Monica, CA 90401.
- (17) Capital Guardian Trust Company ("Guardian") filed a Schedule 13G with the Commission indicating beneficial ownership of shares of Class A Common Stock. The number of shares beneficially owned by Guardian is indicated as of February 8, 1999. The address of Guardian is 11100 Santa Monica Boulevard, Los Angeles, CA 90025.
- (18) Wanger Asset Management, L.P., Wanger Asset Management, Ltd. (collectively "Wanger") and Acorn Investment Trust ("Acorn") filed a Schedule 13G with the Commission indicating beneficial ownership of shares of Class A Common Stock. According to the Schedule 13G, Wanger has shared dispositive power and shared voting power with respect to all 1,438,300 shares of Class A Common Stock beneficially owned. Acorn (i) has shared dispositive power with respect to 1,105,000 shares of Class A Common Stock beneficially owned and sole dispositive power with respect to zero shares of Class A Common Stock beneficially owned and (ii) has shared voting power with respect to 1,105,000 shares of Class A Common Stock beneficially owned and sole voting power with respect to zero shares of Class A Common Stock beneficially owned. The number of shares beneficially owned by Wanger and Acorn are indicated as of February 23, 1999. The address of Wanger and Acorn is 227 West Monroe Street, Suite 3000, Chicago, IL 60606.

#### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the Commission initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Officers, directors, and greater than ten-percent stockholders are required by Commission regulation to furnish the Company with copies of all Section 16(a) forms they file.

To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the Company's 1998 fiscal year all applicable Section 16(a) filing requirements were complied with by the officers, directors, and greater than ten-percent beneficial owners.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the annual, long-term and other compensation for services rendered to the Company for the fiscal years ended December 31, 1996, December 31, 1997 and December 31, 1998 paid or awarded to those persons who were, at December 31, 1998: (i) the Company's chief executive officer, and (ii) the Company's four most highly compensated executive officers other than the chief executive officer (collectively, together with the Company's chief executive officer, the "Named Executive Officers").

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION	ALL OTHER COMPENSATION (\$)
		SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	OPTIONS/ SARS (#)	
David P. Yeager	1998	346,500	225,250	1,113(1)	5,000	5,062(2)
Vice Chairman and Chief Executive Officer	1997	330,000	411,840	--	--	5,062(2)
	1996	199,650	522,082	--	35,000	4,762(2)
Thomas L. Hardin	1998	273,000	225,250	1,500(1)	5,000	5,062(2)
President and Chief Operating Officer	1997	260,000	274,560	--	--	5,062(2)
	1996	199,650	341,711	--	35,000	4,762(2)
Daniel F. Hardman	1998	141,905	238,196	104(1)	--	5,062(2)
President-Chicago Region	1997	125,000	258,210	--	--	5,062(2)
	1996	108,900	252,569	--	15,000	4,762(2)
John T. Donnell	1998	210,000	144,481	--	3,000	5,062(2)
Executive Vice President- National Accounts	1997	200,000	235,000	--	--	5,062(2)
	1996	163,600	251,047	--	25,000	4,762(2)
Robert J. Jensen	1998	178,500	195,000	97(1)	--	5,062(2)
Executive Program Director - Year 2000 Program Office	1997	170,000	242,000	--	--	5,062(2)
	1996	155,500	225,500	--	25,000	4,762(2)

(1) Represents above market earnings on deferred compensation in 1998.

(2) Represents the Company's matching contribution to the Company's Section 401(k) deferred compensation plan of \$4,900, \$4,900 and \$4,600 in 1998, 1997 and 1996, respectively, and represents the value of insurance premiums paid by the Company with respect to term life insurance for the benefit of each Named Executive Officer equal to \$162 during each of 1998, 1997 and 1996.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

The following table summarizes the grants of stock options awarded to the Named Executive Officers during the fiscal year ended December 31, 1998, under the Company's 1996 Long-Term Incentive Plan.

NAME	INDIVIDUAL GRANTS			POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM (3)		
	OPTIONS/SARS GRANTED (#)	% OF TOTAL OPTIONS/SARS GRANTED	EXERCISE PRICE (\$/sh)(1)	EXPIRATION DATE (2)	5%(\$)	10%(\$)
David P. Yeager.....	5,000	3.1%	28.16	03/2/08	88,548	224,398
Thomas L. Hardin.....	5,000	3.1%	28.16	03/2/08	88,548	224,398
John T. Donnell.....	3,000	1.9%	28.16	03/2/08	53,129	134,639

- (1) The exercise price equals the closing stock price on March 2, 1998
- (2) The options were granted on March 2, 1998 and vest ratably over a five-year period, expiring ten years after their grant date.
- (3) The potential realizable dollar value of a grant is the product of: (a) the difference between (i) the product of the per-share market price at the time of the grant and the sum of 1 plus the stock appreciation rate compounded annually over the term of the option (here, 5% and 10%), and (ii) the per-share exercise price of the option, and (b) the number of securities underlying the grant at fiscal year-end.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION/SAR VALUES

The following table provides information concerning options exercised by the Named Executive Officers during the fiscal year ended December 31, 1998, and the value at December 31, 1998, of unexercised options.

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF SHARES OF CLASS A COMMON STOCK UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1998	VALUE (\$) OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 1998
			EXERCISABLE/ UNEXERCISABLE	EXERCISABLE/ UNEXERCISABLE
David P. Yeager.....	0	0	14,000/26,000	75,250/112,875
Thomas L. Hardin.....	0	0	14,000/26,000	75,250/112,875
Daniel F. Hardman.....	0	0	6,000/9,000	32,250/48,375
John T. Donnell.....	0	0	10,000/18,000	53,750/80,625
Robert J. Jensen.....	10,000	43,106	0/15,000	0/80,625

## COMPENSATION OF DIRECTORS

Directors who are not employees of the Company received \$18,000 for serving as a director during 1998. Directors who are employees of the Company do not receive additional compensation for such services. Both employee and non-employee directors are reimbursed for their travel and other expenses incurred in connection with attending meetings of the Board of Directors or committees thereof. In addition, simultaneously with the closing of the initial public offering (the "Offering") of the Company, Messrs. Eppen, Reaves and Slark each received options to purchase 12,000 shares of Class A Common Stock exercisable at \$14.00 per share of which 8,000 shares have vested for each director. These options vest ratably on the date of each of the three annual meetings of stockholders occurring after the grant date.

## BOARD OF DIRECTORS COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee approves the policies under which compensation is paid or awarded to the Company's executive officers. The Compensation Committee consists of the three independent members of the Board.

In May 1996, the Board of Directors commissioned a third party to conduct a study of the Company's compensation program. This study included a survey of compensation practices in the transportation industry using a broad sample of companies within the industry. This independent study was used as the benchmark to determine competitive compensation ranges for senior executives. The Compensation Committee implemented certain recommendations from the independent study and, using this study, determined the compensation structure for 1997. For 1998, the Compensation Committee used these numbers as a baseline and provided increases to senior executives based on their performance. An independent study of compensation practices in the transportation industry will be conducted by a third party every two years to update the Company's benchmark of competitive compensation ranges for senior executives.

The 1998 Compensation structure approved by the Compensation Committee was based on the following philosophy:

### COMPENSATION PHILOSOPHY

The Company's compensation philosophy is designed to link executive performance to long-term stockholder value, connect pay with individual performance, maintain a compensation system that is competitive with the industry standards and attract and retain outstanding executives.

### DESCRIPTION OF COMPENSATION PROGRAMS

The Company's executive compensation program has three components--base salary, annual incentives, and long-term incentives. Base salary and annual incentives are primarily designed to reward current and past performance. Long-term incentives are primarily designed to provide strong incentives for long-term future Company growth.

**BASE SALARY** To attract and retain qualified executives, base salary is determined using competitive criteria within the transportation industry. Salary increases are based on individual performance and, to a lesser extent, trends within the industry.

**ANNUAL INCENTIVE** The Company's bonus plan recognizes and rewards executives for taking actions that build the value of the Company, generate competitive total returns for stockholders, and provide value-added solutions for the Company's customers. For most executive officers, bonus compensation is based on individual performance and Company performance. The component of the bonus based on individual performance is conditioned on the individual meeting certain pre-determined objectives and the component of the bonus based on Company performance is based on the Company meeting certain performance goals.

LONG-TERM INCENTIVES The Company's Long-Term Incentive Program serves to reward executive performance that successfully executes the Company's long-term business strategy and builds stockholder value. The program allows for the awarding of options and stock appreciation rights, restricted stock and performance units. During fiscal year 1998, non-qualified stock options were granted to certain of the Company's executive officers. The grants were designed to motivate each executive officer to continue the Company's growth.

#### SECTION 162(M) COMPENSATION COMMITTEE REPORT DISCLOSURE

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") limits the Company's deduction for compensation paid to the executive officers named in the Summary Compensation Table to \$1 million unless certain requirements are met. The policy of the Committee with respect to section 162(m) is to establish and maintain a compensation program which will optimize the deductibility of compensation. In that regard, no executive officer received compensation in excess of \$1 million during fiscal year 1998. The Committee, however, reserves the right to use its judgment, where merited by the Committee's need to respond to changing business conditions or by an executive officer's individual performance, to authorize compensation which may not, in a specific case, be fully deductible to the Company.

#### COMPENSATION ADMINISTRATION

The Compensation Committee will follow an annual cycle to administer each of the three components of executive compensation. The bi-annual independent study of competitive compensation practices within the transportation industry will continue to be used as the benchmark to determine competitive compensation ranges for senior executives. Individual performance and contribution to the achievement of strategic objectives will be considered in the determination of annual compensation for each executive. The integrity of the Company's compensation program relies on an annual performance evaluation process.

#### DISCUSSION OF CEO COMPENSATION

Consistent with the Company's compensation philosophy, the Compensation Committee approved Mr. David P. Yeager's total compensation during fiscal year 1998. Mr. Yeager's base salary was based on overall performance of the Company and on relative levels of compensation for CEOs within the benchmark companies in the transportation industry. During 1998, rail intermodal service deteriorated to perhaps the lowest level in the history of the business. As a result of this service deterioration, the Company did not meet its financial performance goals established under the Company's annual incentive plan. Nevertheless, the Company outperformed many of its competitors and gained market share in the intermodal industry. The Compensation Committee based Mr. Yeager's annual incentive on the Company's response to the service crises, including customer retention, vendor relationships and the Company's performance relative to competitors in the intermodal transportation industry.

The Compensation Committee approved the following compensation for Mr. Yeager during 1998: (i) a base salary of \$346,500 per year and (ii) a bonus of \$225,250.

COMPENSATION COMMITTEE,

Gary D. Eppen  
Charles R. Reaves  
Martin P. Slark

PERFORMANCE GRAPH

The following line graph compares the Company's cumulative total stockholder return on its Class A Common Stock since March 13, 1996, the date that the Class A Common Stock began trading, with the cumulative total return of the Nasdaq Stock Market Index and the Nasdaq Trucking and Transportation Index. These comparisons assume the investment of \$100 on March 13, 1996 in each index and in the Company's Class A Common Stock and the reinvestment of dividends.

COMPARISON OF CUMULATIVE TOTAL RETURN

[GRAPH APPEARS HERE]

	3/13/96	12/31/96	12/31/97	12/31/98
Hub Group, Inc.	100	191	212	138
Nasdaq Stock Market	100	119	146	205
Nasdaq Trucking & Transp.	100	103	132	117

## APPROVAL OF 1999 LONG-TERM INCENTIVE PLAN

A proposal will be presented at the Annual Meeting to approve the Hub Group, Inc. 1999 Long-Term Incentive Plan (the "Plan"). The Plan was adopted by the Board of Directors of Hub Group effective as of March 10, 1999, subject to shareholder approval.

### GENERAL DESCRIPTION

The purpose of the Plan is to (a) attract and retain key executive and managerial employees, including those field executives who previously had an equity interest in their local Hub operating company; (b) attract and retain the services of experienced and knowledgeable directors; (c) motivate participating employees by means of appropriate incentives to achieve long-range goals; (d) provide incentive compensation opportunities that are competitive with those of other corporations; and (e) further identify participants' interests with those of the Company's other shareholders through compensation that is based on the price appreciation of common stock of the Company, and thereby promote the long-term financial interest of the Company, including the growth in value of the Company's equity and enhancement of long-term shareholder return.

A committee (the "Committee") comprised of members of the Board of Directors, and selected by the Board of Directors, administers the Plan. Currently, the Compensation Committee of the Board of Directors serves as the "Committee". The Committee determines, from time to time, from among the employees who are key executives or managerial employees of Hub Group and its related companies (as defined in the Plan) which have adopted the Plan those employees who will receive awards under the Plan and thereby become participants in the Plan. The Committee may grant to employees non-qualified stock and incentive stock options, stock appreciation rights ("SARs"), restricted stock and performance units, subject to the terms and conditions established by the Committee. In addition each Director (other than a Director who has already received an automatic award) and who is not an employee of Hub Group or a related company (an "Eligible Director") shall receive an automatic award of non-qualified stock options under the Plan and thereby become a participant in the Plan. In addition to the automatic award of stock options, the Board of Directors, after recommendation of directors who are not Eligible Directors, may determine from among the Eligible Directors those Eligible Directors who will receive awards of non-qualified stock options under the Plan, subject to the terms and conditions established by the Board of Directors, and thereby become participants in the Plan. Except for automatic and discretionary stock option grants, an Eligible Director is not eligible to receive any other awards under the Plan while he is an Eligible Director.

The number of shares of Hub Group common stock which may be issued or granted under the Plan with respect to all participants shall not exceed 600,000 shares in the aggregate. The number of shares of Hub Group common stock which may be issued under the Plan with respect to options and stock appreciation rights awarded to a participant during any one fiscal year of the Company may not exceed 50,000. In addition, the number of shares of Hub Group common stock that may be issued or granted under the Plan is subject to equitable adjustment in the event of a reorganization, recapitalization, stock dividend, stock split, or other capital readjustment of Hub Group common stock, and is subject to the ability to award again shares that were subject to an award but were not delivered. The Hub Group common stock with respect to which awards may be made under the Plan shall be shares currently authorized but unissued or currently held or subsequently acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions.

The Plan is unlimited in duration, and in the event of Plan termination, will remain in effect as long as any awards under it are outstanding; provided, however, that no new award shall be made under the Plan on a date that is more than ten years from the date that the Plan is adopted. The Plan may be amended or terminated at any time by the Board of Directors, without the consent of shareholders; provided, however, that no such amendment or termination may adversely affect the rights of any participant or beneficiary under any award made under the Plan prior to the date such amendment is adopted by the Board of Directors.

The Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974, as amended.

Awards under the Plan are not transferable except as designated by the participant by will or by the laws of descent and distribution; provided that once the participant is in receipt of the common stock under an award and all restrictions on the award have lapsed, then the common stock awarded is transferable. Notwithstanding the foregoing, the Committee may permit awards to be transferred to or for the benefit of the participant's family, subject to such limits as the Committee may establish.

Termination provisions in the event of death or termination of employment shall be in accordance with the restrictions and conditions contained in the individual awards; provided, however, that if a participant's termination of employment (or termination of service, in the case of an Eligible Director) occurs on account of retirement, death or disability, awards may expire no later than the one year anniversary of the termination if the participant's termination of employment (or termination of service in the case of an Eligible Director) occurs for other reasons, awards may expire no later than 60 days after such termination. With respect to automatic options awarded to Eligible Directors, a participant who ceases to be a Director (and does not become an employee of Hub Group or a related company) will have three months from the date he ceases to be a Director to exercise any vested options, unless he ceases to be a Director by reason of his death, disability or retirement, in which case he (or his estate) will have twelve months to exercise any options.

The employees of the Company and related companies which have adopted the Plan are eligible to become participants in the Plan. As of February 28, 1999, there were approximately 1337 employees of the Company and related companies which have adopted the Plan. As of the date of this Proxy Statement no options have been granted under the Plan, however, the Company may grant options prior to the Annual Meeting.

#### STOCK OPTIONS AWARDED TO PARTICIPANTS WHO ARE EMPLOYEES

The Committee may determine the type and terms of stock options granted pursuant to the Plan to participants who are employees, provided that such options are either non-qualified stock options or incentive stock options (within the meaning of Section 422 of the Code); and provided that (1) the option price per share shall not be less than the greater of (a) the fair market value of a share of Hub Group common stock on the date the option is granted or (b) the par value of a share of Hub Group common stock on such date, and (2) each option must expire not later than 10 years after the date of grant. Generally, no option may be exercised by a participant prior to the date the participant completes one continuous year of employment with the Company or a related company after the date as of which the option is granted (provided that the Committee may permit earlier exercise following the participant's termination of employment by reason of death or disability). The exercise of any option will result in the surrender of any SARs granted in tandem therewith.

If a participant elects to exercise an option by paying all or a portion of the purchase price in common stock, as permitted and in accordance with the terms of the Plan, then such participant may, in the Committee's discretion, be issued a new option to purchase additional shares of common stock equal to the number of shares of common stock surrendered to the Company in such payment. Such new option shall have an exercise price equal to the fair market value per share on the date such new option is granted, shall first be exercisable six months from the date of grant of the new option and shall have an expiration date on the same date as the expiration date of the original option so exercised by payment of the purchase price in shares of common stock.

The Committee may award dividend equivalents with respect to non-qualified stock options and, subject to the limitations of the Code, with respect to incentive stock options. The award of dividend equivalents shall permit the participant to earn an amount equal to the dividends payable with respect to the number of shares of common stock subject to the option for the period the option is outstanding and unexercised. The right to payment of such earned dividends shall be subject to such restrictions and limitations as may be imposed by the Committee.

## STOCK OPTIONS AWARDED TO PARTICIPANTS WHO ARE ELIGIBLE DIRECTORS

The Board may award non-qualified stock options pursuant to the Plan to participants who are Eligible Directors. Generally, the terms of such non-qualified stock options are determined by the Board, subject to the same terms and conditions described above with respect to stock options awarded to participants who are employees.

In addition to discretionary stock option grants, each Director who is an Eligible Director shall be granted an option to purchase 12,000 shares of Hub Group common stock (the "Eligible Director Award") as of the first business day immediately following the date he becomes an Eligible Director, provided that he has not previously received an Eligible Director Award under this Plan or the comparable award under any other Hub Group plan or any plan of a related company. A Director may not receive more than one Eligible Director Award.

An option awarded as an Eligible Director Award is not intended to satisfy the requirements applicable to an "incentive stock option" as described in section 422(b) of the Code. The option price per share of an option granted as an Eligible Director Award shall not be less than the greater of (a) the fair market value of a share of Hub Group common stock on the date the option is granted or (b) the par value of a share of Hub Group common stock on such date. Generally, the option shall be first exercisable with respect to each 1/3 of the number of shares of common stock subject to the option on the date of each of the first, second and third annual anniversaries of the date as of which the option is granted, respectively, but only if the participant continues to serve as a Director until such annual anniversary (or is employed by the Company or any related company until such anniversary). Notwithstanding the foregoing, 100% of the option will become fully exercisable on the date the participant ceases to be a Director if such cessation occurs by reason of the participant's death or disability. The option will not be exercisable after the earliest to occur of (a) the ten-year anniversary of the date on which the option was granted; (b) the one-year anniversary of the date an Eligible Director ceases to be a Director after attaining age 65 or as a result of death or disability; and (c) the three-month anniversary of the date an Eligible Director ceases to be a Director prior to age 65 for a reason other than death or disability (the "Expiration Date"). The option will not be exercisable after the Expiration Date applicable to that option, and all rights to purchase shares of common stock pursuant to the option shall cease as of the option's Expiration Date. A participant shall not be permitted to exercise the option after the participant ceases to be a Director except to the extent that the option is exercisable immediately prior to such cessation; provided that, if, at the time a participant ceases to be a Director, he is employed by the Company or a related company, then the date of his subsequent termination of employment with the Company or a related company, rather than the date he ceases to serve as a Director, will be used to determine whether the Expiration Date occurs prior to the tenth anniversary of the date the option was granted.

## STOCK APPRECIATION RIGHTS

The Committee may award SARs in connection with all or any portion of a previously or contemporaneously granted option or not in connection with an option, in such number and on such terms as the Committee may decide. If an SAR is granted in connection with an option, then in the discretion of the Committee, the SAR may, but need not, be granted in tandem with the option. The SAR must expire no later than 10 years after the date of grant, or if granted in tandem with an option, the expiration date of the related option. Generally, no SAR may be exercised by a participant prior to the date the participant has completed one continuous year of employment with the Company after the date as of which the SAR is granted (provided that the Committee may permit earlier exercise following the participant's termination of employment by death or disability). An SAR entitles the participant to receive the amount by which the fair market value of a specified number of shares on the exercise date exceeds a specified price, which price shall not be less than 100% of the fair market value of a share of Hub Group common stock at the time the SAR is granted, or if granted in tandem with an option, the exercise price with respect to shares under the tandem option. Such amount shall be payable in Hub Group common stock, in cash, or in a combination thereof, as determined by the Committee. The exercise of an SAR will result in the surrender of corresponding rights under the tandem option.

The Committee may award dividend equivalents with respect to SARs. The award of dividend equivalents shall permit the participant to earn an amount equal to the dividends payable with respect to the number of shares of Stock that are subject to the SARs for the period the SARs are outstanding and unexercised. The right to payment of such earned dividends shall be subject to such restrictions and limitations as may be imposed by the Committee.

#### RESTRICTED STOCK

The Committee may award to participants shares of Hub Group common stock which are subject to certain restrictions as may be determined by the Committee ("Restricted Stock"); provided that Restricted Stock awarded under the Plan may not be sold, assigned, transferred, pledged or otherwise encumbered for a period of not less than one year after the time of the grant of such shares (the "Restricted Period"); and provided further that a participant who terminates employment prior to the end of the Restricted Period will forfeit all shares of Restricted Stock that remain subject to restrictions. The Committee may, in its discretion, at any time after the date of the award of Restricted Stock, adjust the length of the Restricted Period to account for individual circumstances of a participant or group of participants, but in no case shall the length of the Restricted Period be less than one year.

#### PERFORMANCE UNITS

The Committee may award performance units to participants under the Plan, subject to such conditions and restrictions as may be determined by the Committee. The award of performance units entitles the participant to receive value for the units at the end of a performance period to the extent provided under the award. The number of units earned, and value received for them, will be contingent on the degree to which the performance measures established at the time of the initial award are met.

The Committee shall designate the participants to whom performance units are to be granted, the term of the performance period, and other terms and conditions of the award. The Committee will compare the actual performance to the performance measures established for the performance period and determine the number of units to be paid and their value. Payment for units earned shall be wholly in cash, wholly in common stock or in a combination of the two, in a lump sum or installments, and subject to vesting requirements and such other conditions as the Committee shall determine. The Committee will determine the number of earned units to be paid in cash and the number to be paid in common stock. For performance units valued when granted in shares of common stock, one share of common stock will be paid for each unit earned, or cash will be paid for each unit earned equal to either (a) the fair market value of a share of common stock at the end of the performance period or (b) the value of the common stock determined based on the average fair market value for a number of days determined by the Committee. For performance units valued when granted in cash, the value of each unit earned will be paid in its initial cash value, or shares of common stock will be distributed based on the cash value of the units earned divided by (a) the fair market value of a share of common stock at the end of the performance period or (b) the value of a share of common stock determined based on the average fair market value for a number of days determined by the Committee.

If a participant's termination of employment occurs during a performance period with respect to any performance shares granted to him, the Committee may determine that the participant will be entitled to receive all or any portion of the performance shares that he would otherwise receive, and may accelerate the determination and payment of the value of such performance shares or make such other adjustments as the Committee, in its sole discretion, deems desirable.

## U.S. FEDERAL INCOME TAX CONSEQUENCES

A participant who has been granted an incentive stock option will not realize taxable income and the Company will not be entitled to a deduction at the time of the grant or exercise of such option. If the participant makes no disposition of shares acquired pursuant to an incentive stock option within two years from the date of grant of such option, or within one year of the transfer of the shares to the participant, any gain or loss realized on a subsequent disposition of such shares will be treated as a capital gain or loss. Under such circumstances, the Company will not be entitled to any deduction for Federal income tax purposes. If the holding period requirements are not satisfied, the participant will generally realize ordinary income at the time of disposition in an amount equal to the lesser of (i) the excess of the fair market value of the shares on the date of exercise over the option price or (ii) the excess of the amount realized upon disposition of the shares, if any, over the option price, and the Company will be entitled to a corresponding deduction. In addition, the participant may be required to pay an alternative minimum tax on the amount of his tax preference items, if such tax exceeds the tax otherwise due, which amount of minimum tax paid may be available as a credit in future years to reduce subsequent tax liability. The exercise of an incentive stock option will generally result in an increase to alternative minimum taxable income, the basis on which the alternative minimum tax is computed, by the amount by which the fair market value of the shares at the time of exercise exceeds the exercise price.

A participant will not realize taxable income at the time of the grant of a non-qualified option. Upon exercise, however, of such non-qualified stock option, the participant will realize ordinary income in an amount measured by the excess, if any, of the fair market value of the shares on the date of exercise over the option price, and the Company will be entitled to a corresponding deduction. Upon a subsequent disposition of such shares, the participant will realize short-term or long-term capital gain or loss, with the basis for computing such gain or loss equal to the option price plus the amount of ordinary income realized upon exercise.

A participant will not realize taxable income at the time of the grant of a stock appreciation right. Upon exercise, however, the participant will realize ordinary income measured by the difference between the fair market value of the common stock of the Company on the applicable date of grant and the fair market value of such stock on the date of exercise. The Company will be entitled to a corresponding deduction in the year of exercise.

A participant who has been granted a restricted stock award will not realize taxable income at the time of grant, and the Company will not be entitled to a deduction at that time, assuming that the restrictions constitute a substantial risk of forfeiture for Federal income tax purposes. Upon the vesting of shares subject to an award, the participant will realize ordinary income in an amount equal to the fair market value of the shares at such time, and the Company will be entitled to a corresponding deduction. Dividends paid to the participant during the restriction period will also be compensation income to the participant and deductible as such by the Company. The participant may elect to be taxed at the time of grant of a restricted stock award on the then fair market value of the shares, in which case (i) the Company will be entitled to a deduction at the same time and in the same amount, (ii) dividends paid to such holder during the restriction period will be taxable as dividends to such holder and not deductible by the Company, and (iii) there will be no further tax consequences when the restrictions lapse. If a participant who has made such an election subsequently forfeits the shares, he will not be entitled to any deduction or loss. The Company, however, will be required to include as ordinary income the lesser of the fair market value of the forfeited shares or the amount of the deduction originally claimed with respect to the shares.

A participant who has been granted performance units will not realize taxable income at the time of grant, and the Company will not be entitled to a deduction at that time. The participant will have compensation income at the time of payment, and the Company will have a corresponding deduction.

#### PAYMENT OF OPTION PRICE WITH SHARES OF COMPANY COMMON STOCK

Under proposed regulations, the exercise of an incentive stock option through the exchange of previously acquired stock will generally be treated as a non-taxable, like-kind exchange as to the number of shares given up and the identical number of shares received under the option. That number of shares will take the same basis and, for capital gains purposes, the same holding period as the shares which are given up. However, such holding period will not be credited for purposes of the one-year holding period required for the new shares to receive incentive stock option treatment. Shares received upon such an exchange which are in excess of the number of shares given up will have a new holding period and, if cash was paid in addition to the shares exchanged, a basis equal to the amount of such cash. If a disqualifying disposition (a disposition before the end of the applicable holding period) occurs with respect to any of the shares received from the exchange, it will be treated as a disqualifying disposition of the shares with the lowest basis.

If the exercise price of an incentive stock option is paid with shares of stock of the Company acquired through a prior exercise of an incentive stock option, gain will be realized on the shares given up (and will be taxed as ordinary income) if those shares have not been held for the minimum holding period (two years from the date of grant and one year from the date of transfer), but the exchange will not affect the tax treatment, as described in the immediately preceding paragraph, of the shares received.

The exercise of a non-qualified stock option through the delivery of previously acquired stock will generally be treated as a non-taxable, like-kind exchange as to the number of shares surrendered and the identical number of shares received under the option. That number of shares will take the same basis and, for capital gains purposes, the same holding period as the shares which are given up. The value of the shares received upon such an exchange which are in excess of the number given up will be taxed to the participant at the time of the exercise as ordinary income. The excess shares will have a new holding period for capital gains purposes and a basis equal to the value of such shares determined at the time of exercise.

#### WITHHOLDING OF TAXES

The Company may deduct, from any payment under the Plan, the amount of any tax required by law to be withheld with respect to such payment, or may require the participant to pay such amount to the Company prior to, and as a condition of, making such payment. The use of shares of Company common stock to satisfy any withholding requirement will be treated, for federal income tax purposes, as a sale of such shares for an amount equal to the fair market value of the stock on the date when the amount of taxes to be withheld is determined. If previously owned shares of Company common stock are delivered by a participant to satisfy a withholding requirement, the disposition of such shares may result in the recognition of gain or loss by the participant for tax purposes.

#### LIMITATIONS ON DEDUCTIONS

The Company income tax deduction for awards under the Plan may be unavailable if (i) the award is in excess of reasonable compensation, (ii) the award fails to satisfy the requirements of section 162(m) of the Code that compensation in excess of \$1 million be performance-based, and (iii) the award constitutes an excess parachute payment under section 280G of the Code.

#### OTHER INFORMATION

Approval of the Plan will require the affirmative vote of the holders of shares having a majority of the votes present in person or represented by proxy at the Annual Meeting, provided a quorum is present, with the result that shares which abstain from voting would count as votes against the Plan and broker non-votes would have no effect on the outcome.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THIS PROPOSAL.

#### CERTAIN TRANSACTIONS

On April 1, 1998 the Company purchased the remaining 70% minority interest in Hub City Houston, L.P., Hub City Dallas, L.P. and Hub City Rio Grande, L.P. for approximately \$6,152,000 in cash. Phillip C. Yeager received approximately \$426,000, David P. Yeager (including members of his immediate family) received approximately \$547,000, Thomas L. Hardin received approximately \$419,000, Mark A. Yeager (including members of his immediate family) received approximately \$515,000, Robert J. Jensen (including members of his immediate family) received approximately \$515,000 and John T. Donnell received approximately \$281,000. The purchase price paid by the Company was based upon the option formula contained in the Amended and Restated Limited Partnership Agreements of Hub City Houston, L.P., Hub City Dallas, L.P. and Hub City Rio Grande, L.P. The decision to exercise the options to acquire the minority interests in Hub City Houston, L.P., Hub City Dallas, L.P. and Hub City Rio Grande, L.P. was made by the independent members of the Company's Board of Directors.

On April 1, 1999 the Company delivered a purchase notice pursuant to which it purchased the remaining 70% minority interest in Hub City Alabama, L.P., Hub City Atlanta, L.P., Hub City Boston, L.P., Hub City Canada, L.P., Hub City Cleveland, L.P., Hub City Detroit, L.P., Hub City Florida, L.P., Hub City Indianapolis, L.P., Hub City Kansas City, L.P., Hub City Mid-Atlantic, L.P., Hub City New York-New Jersey, L.P., Hub City New York State, L.P., Hub City Ohio, L.P., Hub City Philadelphia, L.P., Hub City Pittsburgh, L.P., Hub City Portland, L.P. and Hub City St. Louis, L.P. (each a "Purchased Hub" and, collectively, the "Purchased Hubs") for approximately \$107.5 million in cash with payment to be made by May 1, 1999. Phillip C. Yeager will receive approximately \$8,745,000, David P. Yeager (including members of his immediate family) will receive approximately \$11,437,000, Thomas L. Hardin will receive approximately \$4,822,000, Mark A. Yeager (including members of his immediate family) will receive approximately \$8,751,000, Robert J. Jensen (including members of his immediate family) will receive approximately \$9,856,000, John T. Donnell will receive approximately \$2,410,000 and Daniel F. Hardman will receive approximately \$110,000. The purchase price paid by the Company was based upon the option formula contained in the respective Amended and Restated Limited Partnership Agreements of each Purchased Hub. The decision to exercise the options to acquire the minority interests in the Purchased Hubs was made by the independent members of the Company's Board of Directors.

#### AUDITORS

The Board of Directors has selected Arthur Andersen LLP as the independent accountant of the Company. Representatives of Arthur Andersen LLP will be present at the Annual Meeting and will be given the opportunity to make a statement if they desire to do so. They will also be available to respond to appropriate questions.

#### PROXY SOLICITATION EXPENSE

The expense of any proxy solicitation will be paid by the Company. In addition to the solicitation of proxies by use of the mails, solicitation also may be made by telephone, telegraph or personal interview by directors, officers, and regular employees of the Company, none of whom will receive additional compensation for any such solicitation. The Company will, upon request, reimburse brokers, banks, and similar organizations for out-of-pocket and reasonable clerical expenses incurred in forwarding proxy material to their principals.

#### STOCKHOLDER PROPOSALS

Proposals of stockholders must be received in writing by the Secretary of the Company at the principal executive offices of the Company no later than December 16, 1999, in order to be considered for inclusion in the Company's proxy statement and form of proxy relating to the next annual meeting of stockholders.

The Company anticipates that its next annual meeting of stockholders will be held in May 2000. If a stockholder desires to submit a proposal for consideration at the next annual meeting of stockholders, written notice of such stockholder's intent to make such a proposal must be given and received by the Secretary of the Company at the principal executive offices of the Company either by personal delivery or by United States mail no earlier than February 12, 2000 nor later than March 13, 2000. Each notice must describe the proposal in sufficient detail for the proposal to be summarized on the agenda for the annual meeting of stockholders and must set forth: (i) the name and address, as it appears on the books of the Company, of the stockholder who intends to make the proposal; (ii) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at such meeting to present such proposal; and (iii) the class and number of shares of the Company which are beneficially owned by the stockholder. In addition, the notice must set forth the reasons for conducting such proposed business at the annual meeting of stockholders and any material interest of the stockholder in such business. The presiding officer of the annual meeting of stockholders will, if the facts warrant, refuse to acknowledge a proposal not made in compliance with the foregoing procedure, and any such proposal not properly brought before the annual meeting of stockholders will not be considered.

By order of the Board of Directors,

MARK A. YEAGER  
Division President, Secretary and General Counsel

Lombard, Illinois  
April 9, 1999

EACH STOCKHOLDER, WHETHER OR NOT HE OR SHE EXPECTS TO BE PRESENT IN PERSON AT THE ANNUAL MEETING, IS REQUESTED TO MARK, SIGN, DATE, AND RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE AS PROMPTLY AS POSSIBLE. A STOCKHOLDER MAY REVOKE HIS OR HER PROXY AT ANY TIME PRIOR TO VOTING.



HUB GROUP, INC.  
1999 LONG-TERM INCENTIVE PLAN

HUB GROUP, INC.

Certificate

I, \_\_\_\_\_, \_\_\_\_\_ of Hub Group, Inc., having in my custody and possession the corporate records of said corporation, do hereby certify that attached hereto is a true and correct copy of the Hub Group, Inc. 1999 Long-Term Incentive Plan as in effect as of \_\_\_\_\_, 1999.

WITNESS my hand this \_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
As Aforesaid

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HUB GROUP, INC.  
1999 LONG-TERM INCENTIVE PLAN

SECTION 1

GENERAL

1.1 Purpose. The Hub Group, Inc. 1999 Long-Term Incentive Plan (the "Plan") has been established by Hub Group, Inc. (the "Company") to:

- (a) attract and retain key executive and managerial employees;
- (b) attract and retain the services of experienced and knowledgeable directors;
- (c) motivate participating employees, by means of appropriate incentives, to achieve long-range goals;
- (d) provide incentive compensation opportunities that are competitive with those of other corporations; and
- (e) further identify Participants' interests with those of the Company's other shareholders through compensation that is based on the Company's common stock;

and thereby promote the long-term financial interest of the Company and the Related Companies, including the growth in value of the Company's equity and enhancement of long-term shareholder return.

1.2 Defined Terms. Capitalized terms used herein which are not otherwise defined in the Plan shall have the meaning set forth in subsection 7.19 hereof.

1.3 Participation. Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, from among the employees of the Employers who are key executives or managerial employees, those persons who will be granted one or more Awards under the Plan, and thereby become "Participants" in the Plan. Subject to the terms and conditions of the Plan, the Board, after recommendation of the Directors who are not Eligible Directors, shall determine and designate, from time to time, from among the Eligible Directors of the Company those Eligible Directors who will be granted Options under the Plan, and thereby become "Participants" in the Plan. In the discretion of the Committee, and subject to the terms of the Plan, a Participant may be granted any Award permitted under the provisions of the Plan, and more than one Award may be granted to a Participant; provided, however, that

Participants who are Eligible Directors may only be granted Options under Sections 2 and 6 of the Plan and the right to receive an Option under Section 6 shall be subject to the limitations of that Section. Except as otherwise provided by the Committee (or the Board with respect to an Award to an Eligible Director) and consented to by the Participant, or except as otherwise provided in the Plan, an Award under the Plan shall not affect any previous Award under the Plan or an award under any other plan maintained by the Company or the Related Companies.

1.4 Operation and Administration. The operation and administration of the Plan, including the Awards made under the Plan, shall be subject to the provisions of Section 7.

## SECTION 2

### OPTIONS

2.1 Definitions. The grant of an Option under this Section 2 entitles the Participant to purchase shares of Stock at a price fixed at the time the Option is granted, or at a price determined under a method established at the time the Option is granted, subject to the terms of this Section 2. Options granted under this Section 2 may be either Incentive Stock Options or Non-Qualified Stock Options, as determined in the discretion of the Committee; provided, however, that any Option granted to an Eligible Director shall be a Non-Qualified Stock Option.

2.2 Eligibility. The Committee (or the Board in the case of Options granted to Eligible Directors) shall designate the Participants to whom Options are to be granted under this Section 2 and shall determine the number of shares of Stock to be subject to each such Option. Consistent with the requirements of section 422 of the Code, to the extent that the aggregate fair market value of Stock with respect to which Incentive Stock Options are exercisable for the first time by any individual during any calendar year (under all plans of the Company and all Related Companies) exceeds \$100,000, such options shall be treated as Non-Qualified Stock Options.

2.3 Price. The determination and payment of the purchase price of a share of Stock under each Option granted under this Section 2 shall be subject to the following:

- (a) The purchase price shall be established by the Committee (or the Board in the case of Options granted to Eligible Directors) or shall be determined by a method established by the Committee (or the Board in the case of Options granted to Eligible Directors) at the time the Option is granted; provided, however, that in no event shall such price be less than the greater of (i) 100% of the Fair Market Value of a share of Stock as of the date on which the Option is granted; or (ii) the par value of a share of Stock on such date.
- (b) Subject to the following provisions of this subsection 2.3, the full purchase price of each share of Stock purchased upon the exercise of

any Option shall be paid at the time of such exercise and, as soon as practicable thereafter, a certificate representing the shares so purchased shall be delivered to the person entitled thereto.

- (c) The purchase price shall be payable in cash or in shares of Stock (valued at Fair Market Value as of the day of exercise), or in any combination thereof, as determined by the Committee (or the Board in the case of Options granted to Eligible Directors).
- (d) A Participant may elect to pay the purchase price upon the exercise of an Option through the following cashless exercise procedures: The Participant shall notify the Corporate Secretary of the intent to exercise. Written instructions will then be prepared and delivered to the Company and the broker indicating the Participant's cashless election and instructing the Company to deliver to the broker the Common Stock issuable upon exercise. The exercise of the Option will be executed on the same day that the broker is able to sell the stock. The broker will then withhold from the proceeds of the sale and deliver to the Company an amount, in cash, equal to the Option exercise price. An additional amount for federal and state tax withholdings, not to exceed the statutory minimum required tax withholding, may also be withheld and delivered to the Company at the Participant's election.

2.4 Exercise. Except as otherwise expressly provided in the Plan, an Option granted under this Section 2 shall be exercisable in accordance with the following terms of this subsection 2.4:

- (a) The terms and conditions relating to exercise of an Option shall be established by the Committee (or the Board in the case of Options granted to Eligible Directors), and may include, without limitation, conditions relating to completion of a specified period of service or achievement of performance standards prior to exercise of the Option.
- (b) No Option may be exercised by a Participant: (i) prior to the date on which the Participant completes one continuous year of employment with the Company or any Related Company or one continuous year of service as an Eligible Director, as applicable, after the date as of which the Option is granted (provided, however, that the Committee (or the Board in the case of Options granted to Eligible Directors) may permit earlier exercise following the Participant's Date of Termination or Termination of Service, as applicable, by reason of death or Disability); or (ii) after the Expiration Date applicable to that Option.
- (c) The exercise of an Option will result in the surrender of the corresponding rights under a tandem Stock Appreciation Right, if any.

2.5 Post-Exercise Limitations. The Committee (or the Board in the case of Options granted to Eligible Directors), in its discretion, may impose such

restrictions on shares of Stock acquired pursuant to the exercise of an Option granted under this Section 2 (including stock acquired pursuant to the exercise of a tandem Stock Appreciation Right) as it determines to be desirable, including, without limitation, restrictions relating to disposition of the shares and forfeiture restrictions based on service, performance and such other factors as the Committee (or the Board in the case of Options granted to Eligible Directors) determines to be appropriate.

2.6 Expiration Date. The "Expiration Date" with respect to an Option granted under this Section 2 means the date established as the Expiration Date by the Committee (or the Board in the case of Options granted to Eligible Directors) at the time of the grant; provided, however, that the Expiration Date with respect to any Option shall not be later than the earliest to occur of:

- (a) the ten-year anniversary of the date on which the Option is granted;
- (b) if the Participant's Date of Termination or Termination of Service, as applicable, occurs by reason of Retirement, death or Disability, the one-year anniversary of such Date of Termination or Termination of Service; or
- (c) if the Participant's Date of Termination or Termination of Service, as applicable, occurs for reasons other than Retirement, death or Disability, the 60-day period following such Date of Termination or Termination of Service.

2.7 Reload of Option. In the event the Participant exercises an Option granted under this Section 2 and pays all or a portion of the purchase price in Common Stock, in the manner permitted by subsection 2.3, such Participant may, in the Committee's discretion (or the Board's discretion in the case of Options granted to Eligible Directors), be issued a new Option to purchase additional shares of Stock equal to the number of shares of Stock surrendered to the Company in such payment. Such new Option shall have an exercise price equal to the Fair Market Value per share on the date such new Option is granted, shall first be exercisable six months from the date of grant of the new Option and shall have an Expiration Date on the same date as the Expiration Date of the original Option so exercised by payment of the purchase price in shares of Stock.

2.8 Dividend Equivalents. The Committee (or the Board in the case of Options granted to Eligible Directors) may award Dividend Equivalents with respect to Options. The award of Dividend Equivalents shall permit the Participant to earn an amount equal to the dividends payable with respect to the number of shares of Stock subject to the Option for the period the Option is outstanding and unexercised. The right to payment of such earned dividends shall be subject to such restrictions and limitations as may be imposed by the Committee (or the Board in the case of Options granted to Eligible Directors).

### SECTION 3

#### STOCK APPRECIATION RIGHTS

3.1 Definition. Subject to the terms of this Section 3, a "Stock Appreciation Right" granted under the Plan entitles the Participant to receive, in cash or Stock (as determined in accordance with subsection 3.4), value equal to all or a portion of the excess of: (a) the Fair Market Value of a specified number of shares of Stock at the time of exercise; over (b) a specified price which shall not be less than 100% of the Fair Market Value of the Stock at the time the Stock Appreciation Right is granted, or, if granted in tandem with an Option, the exercise price with respect to shares under the tandem Option.

3.2 Eligibility. Subject to the provisions of the Plan, the Committee shall designate the Participants to whom Stock Appreciation Rights are to be granted under the Plan, shall determine the exercise price or a method by which the price shall be established with respect to each such Stock Appreciation Right, and shall determine the number of shares of Stock on which each Stock Appreciation Right is based. A Stock Appreciation Right may be granted in connection with all or any portion of a previously or contemporaneously granted Option or not in connection with an Option. If a Stock Appreciation Right is granted in connection with an Option, then, in the discretion of the Committee, the Stock Appreciation Right may, but need not be granted in tandem with the Option.

3.3 Exercise. The exercise of Stock Appreciation Rights shall be subject to the following:

- (a) If a Stock Appreciation Right is not in tandem with an Option, then the Stock Appreciation Right shall be exercisable in accordance with the terms established by the Committee in connection with such rights; provided, however, that except as otherwise expressly provided in the Plan, no Stock Appreciation Right may be exercised by a Participant (i) prior to the date on which he completes one continuous year of employment with the Company or any Related Company after the date as of which the Stock Appreciation Right is granted (provided, however, that the Committee may permit earlier exercise following the Participant's Date of Termination by reason of death or Disability); or (ii) after the Expiration Date applicable to that Stock Appreciation Right.
- (b) If a Stock Appreciation Right is in tandem with an Option, then the Stock Appreciation Right shall be exercisable at the time the tandem Option is exercisable. The exercise of a Stock Appreciation Right will result in the surrender of the corresponding rights under the tandem Option.

3.4 Settlement of Award. Upon the exercise of a Stock Appreciation Right, the value to be distributed to the Participant, in accordance with

subsection 3.1, shall be distributed in shares of Stock (valued at their Fair Market Value at the time of exercise), in cash, or in a combination thereof, in the discretion of the Committee.

3.5 Post-Exercise Limitations. The Committee, in its discretion, may impose such restrictions on shares of Stock acquired pursuant to the exercise of a Stock Appreciation Right as it determines to be desirable, including, without limitation, restrictions relating to disposition of the shares and forfeiture restrictions based on service, performance and such other factors as the Committee determines to be appropriate.

3.6 Expiration Date. If a Stock Appreciation Right is in tandem with an Option, then the "Expiration Date" for the Stock Appreciation Right shall be the Expiration Date for the related Option. If a Stock Appreciation Right is not in tandem with an Option, then the "Expiration Date" for the Stock Appreciation Right shall be the date established as the Expiration Date by the Committee; provided, however, that subject to the following provisions of this subsection 3.6, the Expiration Date with respect to any Stock Appreciation Right shall not be later than the earliest to occur of:

- (a) the ten-year anniversary of the date on which the Stock Appreciation Right is granted;
- (b) if the Participant's Date of Termination occurs by reason of Retirement, death or Disability, the one-year anniversary of such Date of Termination.
- (c) if the Participant's Date of Termination occurs by reason other than Retirement, death, or Disability, 60 days after such Date of Termination.

3.7 Dividend Equivalents. The Committee may award Dividend Equivalents with respect to Stock Appreciation Rights. The award of Dividend Equivalents shall permit the Participant to earn an amount equal to the dividends payable with respect to the number of shares of Stock that are subject to the Stock Appreciation Rights for the period the Stock Appreciation Rights are outstanding and unexercised. The right to payment of such earned dividends shall be subject to such restrictions and limitations as may be imposed by the Committee.

#### SECTION 4

##### RESTRICTED STOCK

4.1 Definition. Subject to the terms of this Section 4, Awards of "Restricted Stock" under the Plan are grants of Stock to Participants, the vesting of which is subject to such conditions as may be established by the Committee.

4.2 Eligibility. The Committee shall designate the Participants to whom Restricted Stock is to be granted, and the number of shares of Stock that are subject to each such Award.

4.3 Terms and Conditions of Awards. Shares of Restricted Stock granted to Participants under the Plan shall be subject to the following terms and conditions:

- (a) Restricted Stock granted to Participants may not be sold, assigned, transferred, pledged or otherwise encumbered, except as hereinafter provided, for a period of not less than one year after the time of the grant of such Stock (the "Restricted Period"). Except for such restrictions, the Participant as owner of such shares shall have all the rights of a shareholder, including but not limited to the right to vote such shares and, except as otherwise provided by the Committee, the right to receive all dividends paid on such shares. The Committee may, in its discretion, at any time after the date of the award of Restricted Stock, adjust the length of the Restricted Period to account for individual circumstances of a Participant or group of Participants, but in no case shall the length of the Restricted Period be less than one year.
- (b) Except as otherwise determined by the Committee, a Participant whose Date of Termination occurs prior to the end of the Restricted Period for any reason shall forfeit all shares of Restricted Stock remaining subject to any outstanding Restricted Stock Award.
- (c) The Committee may, in its discretion, condition the vesting of shares of Restricted Stock on the achievement of performance goals.
- (d) Each certificate issued in respect of shares of Restricted Stock granted under the Plan shall be registered in the name of the Participant and, at the discretion of the Committee, each such certificate may be deposited in a bank designated by the Committee. Each such certificate shall bear the following (or a similar) legend:

"THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) CONTAINED IN THE HUB GROUP, INC. 1999 LONG-TERM INCENTIVE PLAN AND AN AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND HUB GROUP, INC. A COPY OF SUCH PLAN AND AGREEMENT IS ON FILE IN THE OFFICE OF THE SECRETARY OF HUB GROUP, INC., 377 EAST BUTTERFIELD ROAD, SUITE 700, LOMBARD, ILLINOIS 60148."
- (e) Subject to the limitations of the Plan and the Award of Restricted Stock, at the end of the Restricted Period for Restricted Stock, such Restricted Stock will be transferred free of all restrictions to a Participant (or his or her legal representative, beneficiary or heir).

## SECTION 5

### PERFORMANCE UNITS

5.1 Definition. Subject to the terms of this Section 5, the Award of "Performance Units" under the Plan entitles the Participant to receive value for the units at the end of a Performance Period to the extent provided under the Award. The number of units earned, and value received for them, will be contingent on the degree to which the performance measures established at the time of the initial Award are met.

5.2 Eligibility. The Committee shall designate the Participants to whom Performance Units are to be granted, and the number of units to be the subject to each such Award.

5.3 Terms and Conditions of Awards. For each Participant, the Committee will determine the number of units granted; the value of units, which may be stated either in cash or in shares of Stock; the performance measures used for determining whether the Performance Units are earned; the Performance Period during which the performance measures will apply; the relationship between the level of achievement of the performance measures and the degree to which Performance Units are earned; whether, during or after the Performance Period, any revision to the performance measures or Performance Period should be made to reflect significant events or changes that occur during the Performance Period; and the number of earned Performance Units that will be paid in cash and/or shares of Stock.

5.4 Payment. The Committee will compare the actual performance to the performance measures established for the Performance Period and determine the number of units to be paid and their value. Payment for units earned shall be wholly in cash, wholly in Stock or in a combination of the two, in a lump sum or installments, and subject to vesting requirements and such other conditions as the Committee shall determine. The Committee will determine the number of earned units to be paid in cash and the number to be paid in Stock. For Performance Units valued when granted in shares of Stock, one share of Stock will be paid for each unit earned, or cash will be paid for each unit earned equal to either (a) the Fair Market Value of a share of Stock at the end of the Performance Period or (b) the value of the Stock determined based on the average Fair Market Value for a number of days determined by the Committee. For Performance Units valued when granted in cash, the value of each unit earned will be paid in its initial cash value, or shares of Stock will be distributed based on the cash value of the units earned divided by (a) the Fair Market Value of a share of Stock at the end of the Performance Period or (b) the value of a share of Stock determined based on the average Fair Market Value for a number of days determined by the Committee.

5.5 Termination during Performance Period. If a Participant's Date of Termination occurs during a Performance Period with respect to any Performance Shares granted to him, the Committee may determine that the Participant will be

entitled to receive all or any portion of the Performance Shares that he would otherwise receive, and may accelerate the determination and payment of the value of such Performance Shares or make such other adjustments as the Committee, in its sole discretion, deems desirable.

## SECTION 6

### DIRECTORS AUTOMATIC OPTION GRANT

6.1 Definition. The grant of an Option under this Section 6 entitles the Participant to purchase shares of Stock at a price fixed at the time the Option is granted. An Option granted under this Section 6 shall not affect any Award previously granted under the Plan or an award under any other plan maintained by the Company or the Related Companies. An Option granted under this Section 6 shall be a Non-Qualified Stock Option.

6.2 Participation. As of the first business day immediately following the date on which a person first becomes an Eligible Director, such person shall be granted an Option to purchase 12,000 shares of Stock (as adjusted pursuant to subsection 7.4), provided such Eligible Director has not previously received an Award under this Section 6 or a comparable provision of any Prior Plan or any other plan of the Company or a Related Company.

6.3 Price. The determination and payment of the purchase price of a share of Stock under each Option granted pursuant to this Section 6 shall be subject to the following:

- (a) The purchase price shall be the greater of (a) 100% of the Fair Market Value of a share of Stock as of the date on which such Option is granted; or (b) the par value of a share of such Stock on such date.
- (b) The full purchase price of each share of Stock purchased upon the exercise of any Option shall be paid at the time of such exercise and, as soon as practicable thereafter, a certificate representing the shares so purchased shall be delivered to the person entitled thereto.
- (c) The purchase price shall be payable in cash or in shares of Stock (valued at Fair Market Value as of the day of exercise), or in any combination thereof.
- (d) A Participant may elect to pay the purchase price upon the exercise of an Option granted pursuant to this Section 6 through the following cashless exercise procedures: The Participant shall notify the Corporate Secretary of the intent to exercise. Written instructions will then be prepared and delivered to the Company and the broker indicating the Participant's cashless election and instructing the Company to deliver to the broker the Common Stock issuable upon exercise. The exercise of the Option will be executed on the same day that the broker is able to sell the stock. The broker will then

withhold from the proceeds of the sale and deliver to the Company an amount, in cash, equal to the Option exercise price. An additional amount for federal and state tax withholdings, not to exceed the statutory minimum required tax withholding, may also be withheld and delivered to the Company at the Participant's election.

6.4 Exercise. An Option granted under this Section 6 shall be first exercisable with respect to each 1/3 of the number of shares of Stock subject to the Option on the date of each of the first, second and third annual anniversaries of the date as of which the Option is granted, respectively, but only if the Participant continues to serve as a Director until such annual anniversary (or is employed by the Company or any Related Company until such anniversary). Notwithstanding the foregoing, 100% of an Option granted to a Participant under this Section 6 will become fully exercisable on the date the Participant ceases to be a Director if such cessation occurs by reason of the Participant's death or Disability. An Option granted under this Section 6 will not be exercisable after the Expiration Date applicable to that Option, and all rights to purchase shares of Stock pursuant to the Option shall cease as of the Option's Expiration Date.

6.5 Expiration Date. The "Expiration Date" with respect to an Option granted under this Section 6 means the earliest to occur of:

- (a) the ten-year anniversary of the date on which the Option is granted;
- (b) if the Participant's Termination of Service occurs by reason of death, Disability or Retirement, the one-year anniversary of his Termination of Service; and
- (c) if the Participant's Termination of Service occurs for reasons other than Retirement, death or Disability, the three-month anniversary of his Termination of Service.

A Participant shall not be permitted to exercise an Option granted under this Section 6 after the Participant's Termination of Service except to the extent that the Option is exercisable immediately prior to such cessation. For purposes of this subsection 6.5, if, at the time of a Participant's Termination of Service, he is employed by the Company or a Related Company, then the Expiration Date of the Participant's Option under this subsection 6.5 shall be determined by substituting, in paragraphs 6.5(b) and (c), the Participant's Date of Termination.

## SECTION 7

### OPERATION AND ADMINISTRATION

7.1 Effective Date. The Plan was adopted by the Board effective March 10, 1999 (the "Effective Date"). The Plan shall be unlimited in duration and, in the event of Plan termination, shall remain in effect as long as any Awards

under it are outstanding; provided, however, that no Awards may be granted under the Plan on a date that is more than ten years from the date the Plan is adopted.

7.2 Shares Subject to Plan. The shares of Stock with respect to which Awards may be made under the Plan shall be shares currently authorized but unissued or currently held or subsequently acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions. Subject to the provisions of subsection 7.4, the number of shares of Stock which may be issued with respect to Awards under the Plan shall not exceed 600,000 shares in the aggregate. Except as otherwise provided herein, any shares subject to an Award which for any reason expires or is terminated without issuance of shares (whether or not cash or other consideration is paid to a Participant in respect of such shares) shall again be available under the Plan.

7.3 Individual Limits on Awards. Notwithstanding any other provision of the Plan to the contrary, no Participant shall receive any Award of an Option or a Stock Appreciation Right under the Plan to the extent that the sum of:

- (a) the number of shares of Stock subject to such Award;
- (b) the number of shares of Stock subject to all other prior Awards of Options and Stock Appreciation Rights under the Plan within the one-year Company fiscal year period that includes the date of the Award; and
- (c) the number of shares of Stock subject to all other prior stock options and stock appreciation rights granted to the Participant under other plans or arrangements of the Company and Related Companies within the one-year Company fiscal year period that includes the date of the Award;

would exceed the Participant's Individual Limit under the Plan. Subject to the provisions of subsection 7.4, the determination made under the foregoing provisions of this subsection 7.3 shall be based on the shares subject to the awards at the time of grant, regardless of when the awards become exercisable. Subject to the provisions of subsection 7.4, a Participant's "Individual Limit" shall be 50,000 shares of Stock.

7.4 Adjustments to Shares.

- (a) If the Company shall effect any subdivision or consolidation of shares of Stock or other capital readjustment, payment of stock dividend, stock split, combination of shares or recapitalization or other increase or reduction of the number of shares of Stock outstanding without receiving compensation therefor in money, services or property, then the Committee shall adjust (i) the number of shares of Stock available under the Plan; (ii) the number of shares available under any individual or other limits; (iii) the number of shares of Stock subject

to outstanding Awards and the number of shares of Stock subject to future automatic grant as provided in Section 6; and (iv) the per-share price under any outstanding Award and the per-share purchase price under any future automatic grant as provided in Section 6 to the extent that the Participant is required to pay a purchase price per share with respect to the Award.

- (b) If the Company is reorganized, merged or consolidated or is party to a plan of exchange with another corporation, pursuant to which reorganization, merger, consolidation or plan of exchange the shareholders of the Company receive any shares of stock or other securities or property, or the Company shall distribute securities of another corporation to its shareholders, there shall be substituted for the shares subject to outstanding Awards an appropriate number of shares of each class of stock or amount of other securities or property which were distributed to the shareholders of the Company in respect of such shares, subject to the following:
- (i) If the Committee determines that the substitution described in accordance with the foregoing provisions of this paragraph (b) would not be fully consistent with the purposes of the Plan or the purposes of the outstanding Awards under the Plan, the Committee may make such other adjustments to the Awards to the extent that the Committee determines such adjustments are consistent with the purposes of the Plan and of the affected Awards.
  - (ii) All or any of the Awards may be canceled by the Committee on or immediately prior to the effective date of the applicable transaction, but only if the Committee gives reasonable advance notice of the cancellation to each affected Participant, and only if either: (A) the Participant is permitted to exercise the Award for a reasonable period prior to the effective date of the cancellation; or (B) the Participant receives payment or other benefits that the Committee determines to be reasonable compensation for the value of the canceled Awards.
  - (iii) Upon the occurrence of a reorganization of the Company or any other event described in this paragraph (b), any successor to the Company shall be substituted for the Company to the extent that the Company and the successor agree to such substitution.
- (c) Upon (or, in the discretion of the Committee, immediately prior to) the sale to (or exchange with) a third party unrelated to the Company of all or substantially all of the assets of the Company, all Awards shall be canceled. If Awards are canceled under this paragraph (c) then, with respect to any affected Participant, either:

- (i) the Participant shall be provided with reasonable advance notice of the cancellation, and the Participant shall be permitted to exercise the Award for a reasonable period prior to the effective date of the cancellation; or
- (ii) the Participant shall receive payment or other benefits that the Committee determines to be reasonable compensation for the value of the canceled Awards.

The foregoing provisions of this paragraph (c) shall also apply to the sale of all or substantially all of the assets of the Company to a related party, if the Committee determines such application is appropriate.

- (d) In determining what action, if any, is necessary or appropriate under the foregoing provisions of this subsection 7.4, the Committee shall act in a manner that it determines to be consistent with the purposes of the Plan and of the affected Awards and, where applicable or otherwise appropriate, in a manner that it determines to be necessary to preserve the benefits and potential benefits of the affected Awards for the Participants and the Employers.
- (e) The existence of this Plan and the Awards granted hereunder shall not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting the Company's Stock or the rights thereof, the dissolution or liquidation of the Company, any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.
- (f) Except as expressly provided by the terms of this Plan, the issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property or for labor or services, either upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to Awards then outstanding hereunder.
- (g) Awards under the Plan are subject to adjustment under this subsection 7.4 only during the period in which they are considered to be outstanding under the Plan, with the determination of whether an Award is outstanding to be made by the Committee.

7.5 Limit on Distribution. Distribution of shares of Stock or other amounts under the Plan shall be subject to the following:

- (a) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any shares of Stock under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity.
- (b) In the case of a Participant who is subject to Section 16(a) and 16(b) of the Securities Exchange Act of 1934, the Committee may, at any time, add such conditions and limitations to any Award to such Participant, or any feature of any such Award, as the Committee, in its sole discretion, deems necessary or desirable to comply with Section 16(a) or 16(b) and the rules and regulations thereunder or to obtain any exemption therefrom.

7.6 Liability for Cash Payments. Subject to the provisions of this Section 7, an Employer shall be liable for payment of cash due under the Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Employer by the Participant. Any disputes relating to liability of Employers for cash payments shall be resolved by the Committee.

7.7 Performance-Based Compensation. To the extent that the Committee determines that it is necessary or desirable to conform any Awards under the Plan with the requirements applicable to "Performance-Based Compensation", as that term is used in Code section 162(m)(4)(C), it may, at or prior to the time an Award is granted, take such steps and impose such restrictions with respect to such Award as it determines to be necessary to satisfy such requirements, including without limitation:

- (a) The establishment of performance goals that must be satisfied prior to the payment or distribution of benefits under such Awards.
- (b) The submission of such Awards and performance goals to the Company's shareholders for approval and making the receipt of benefits under such Awards contingent on receipt of such approval.
- (c) Providing that no payment or distribution be made under such Awards unless the Committee certifies that the goals and the applicable terms of the Plan and Agreement reflecting the Awards have been satisfied.

To the extent that the Committee determines that the foregoing requirements relating to Performance-Based Compensation do not apply to Awards under the Plan because the Awards constitute Options or Stock Appreciation Rights, the Committee may, at the time the Award is granted, conform the Awards to alternative methods of satisfying the requirements applicable to Performance-Based Compensation.

7.8 Withholding. All Awards and other payments under the Plan are subject to withholding of all applicable taxes, which withholding obligations may be satisfied, with the consent of the Committee, through the surrender of shares of Stock which the Participant already owns, or to which a Participant is otherwise entitled under the Plan; provided, however, that withholding through the surrender of shares may not exceed the amount necessary to satisfy the statutory minimum required tax withholding, .

7.9 Transferability. Awards under the Plan are not transferable except as designated by the Participant by will or by the laws of descent and distribution. To the extent that the Participant who receives an Award under the Plan has the right to exercise such Award, the Award may be exercised during the lifetime of the Participant only by the Participant. Notwithstanding the foregoing provisions of this subsection 7.9, the Committee may permit awards under the Plan to be transferred to or for the benefit of the Participant's family, subject to such limits as the Committee may establish.

7.10 Administration. The authority to control and manage the operation and administration of the Plan shall be vested in the Committee in accordance with Section 8.

7.11 Notices. Any notice or document required to be filed with the Committee under the Plan will be properly filed if delivered or mailed by registered mail, postage prepaid, to the Committee, in care of the Company, at its principal executive offices. The Committee may, by advance written notice to affected persons, revise such notice procedure from time to time. Any notice required under the Plan (other than a notice of election) may be waived by the person entitled to notice.

7.12 Form and Time of Elections. Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification or revocation thereof, shall be in writing filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

7.13 Agreement With Company. At the time of an Award to a Participant under the Plan, the Committee will require a Participant to enter into an agreement ("Agreement") with the Company in a form specified by the Committee, evidencing the Award under the Plan, agreeing to the terms and conditions of the Plan and agreeing to such additional terms and conditions, not inconsistent with the Plan, as the Committee may, in its sole discretion, prescribe.

7.14 Limitation of Implied Rights.

(a) Neither a Participant nor any other person shall, by reason of the Plan, acquire any right in or title to any assets, funds or property of the Employers whatsoever, including, without limitation, any specific

funds, assets, or other property which the Employers, in their sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the amounts, if any, payable under the Plan, unsecured by any assets of the Employers. Nothing contained in the Plan shall constitute a guarantee by any of the Employers that the assets of the Employers shall be sufficient to pay any benefits to any person.

- (b) Neither the Plan nor Awards granted under the Plan shall confer any right upon a Participant to continue as an employee or Director for any period of time or give any Participant any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Subject to the provisions of Section 4 (relating to Restricted Stock Awards), no Award under the Plan shall confer upon the holder thereof any right as a shareholder of the Company prior to the date on which he fulfills all service requirements and other conditions for receipt of shares of Stock under the Plan.

7.15 Benefits Under Qualified Retirement Plans. Awards to a Participant (including the grant and the receipt of benefits) under the Plan shall be disregarded for purposes of determining the Participant's benefits under any Qualified Retirement Plan.

7.16 Evidence. Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

7.17 Action by Employers. Any action required or permitted to be taken by any Employer shall be by resolution of its board of directors, or by action of one or more members of the board (including a committee of the board) who are duly authorized to act for the board, or by a duly authorized officer of the Employer.

7.18 Gender and Number. Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

7.19 Defined Terms. For purposes of the Plan, the terms listed below shall be defined as follows:

- (a) Award. The term "Award" shall mean any award or benefit granted to any Participant under the Plan, including, without limitation, the grant of Options, Stock Appreciation Rights, Restricted Stock, Performance Units, and Dividend Equivalents.
- (b) Board. The term "Board" shall mean the Board of Directors of the Company.

- (c) Code. The term "Code" means the Internal Revenue Code of 1986, as amended. A reference to any provision of the Code shall include reference to any successor provision of the Code.
- (d) Committee. The term "Committee" means the committee designated in accordance with Section 8 to administer the Plan.
- (e) Date of Termination. A Participant's "Date of Termination" shall be the date that his employment with all Employers and Related Companies terminates for any reason; provided that a Date of Termination shall not be deemed to occur by reason of a transfer of the Participant between the Company and a Related Company (including an Employer) or between two Related Companies (including Employers); and further provided that a Participant's employment shall not be considered terminated while the Participant is on a leave of absence from an Employer or a Related Company approved by the Participant's employer.
- (f) Director. The term "Director" means a member of the Board of Directors of the Company.
- (g) Disability. A Participant shall be considered to have a "Disability" during the period in which he is unable, by reason of a medically determinable physical or mental impairment, to engage in any substantial gainful activity, which condition, in the opinion of a physician selected by the Committee, is expected to have a duration of not less than 120 days.
- (h) Eligible Director. Each Director who is not an employee of the Company or any Related Company.
- (i) Employer. The Company and each Related Company which, with the consent of the Company, adopts the Plan for the benefit of its eligible employees are referred to collectively as the "Employers" and individually as an "Employer".
- (j) Exchange Act. The term "Exchange Act" means the Securities Exchange Act of 1934, as amended.
- (k) Fair Market Value. The "Fair Market Value" of a share of Stock of the Company as of any date shall be the closing market composite price for such Stock as reported for the NASDAQ Stock Exchange on that date or, if Stock is not traded on that date, on the next preceding date on which Stock was traded.
- (l) Incentive Stock Option. An Option that is intended to satisfy the requirements applicable to an "incentive stock option" described in section 422(b) of the Code.

- (m) Non-Qualified Option. An Option that is not intended to be an "incentive stock option" as that term is described in section 422(b) of the Code.
- (n) Option. The term "Option" shall mean any Incentive Stock Option or Non-Qualified Stock Option granted under the Plan.
- (o) Performance-Based Compensation. The term "Performance-Based Compensation" shall have the meaning ascribed to it in section 162(m)(4)(C) of the Code.
- (p) Prior Plans. The term "Prior Plans" means the Hub Group, Inc. 1997 Long-Term Incentive Plan and the Hub Group, Inc. 1996 Long-Term Incentive Plan.
- (q) Qualified Retirement Plan. The term "Qualified Retirement Plan" means any plan of the Company or a Related Company that is intended to be qualified under section 401(a) of the Internal Revenue Code of 1986, as amended.
- (r) Related Companies. The term "Related Company" means (i) any corporation, partnership, joint venture or other entity during any period in which it owns, directly or indirectly, at least thirty percent of the voting power of all classes of stock of the Company (or successor to the Company) entitled to vote; and (ii) any corporation, partnership, joint venture or other entity during any period in which either:
  - (A) it is effectively controlled by; or
  - (B) at least a thirty percent of its voting or profits interest is owned, directly or indirectly, by;the Company, any entity that is a successor to the Company or any entity that is a Related Company by reason of clause (i) next above.
- (s) Retirement. "Retirement" in the case of a Participant who is not an Eligible Director shall mean the occurrence of the Participant's Date of Termination for reasons other than death or Disability on or after the date on which the Participant (i) attains age 55, or (ii) attains age 50 and has completed at least 10 continuous years of service with the Company and the Related Companies. "Retirement" in the case of a Participant who is an Eligible Director shall mean the occurrence of the Eligible Director's Termination of Service on or after his attainment of age 65 for reasons other than death or Disability.
- (t) SEC. "SEC" shall mean the Securities and Exchange Commission.
- (u) Stock. The term "Stock" shall mean shares of common stock of the Company.

- (v) Termination of Service. The term "Termination of Service" shall mean the date on which an individual ceases to be a Director.

## SECTION 8

### COMMITTEE

8.1 Selection of Committee. The Committee shall be selected by the Board, and shall consist of not less than two members of the Board, or such greater number as may be required for compliance with SEC Rule 16b-3 or the requirements of section 162(m) of the Code and regulations thereunder.

8.2 Powers of Committee. The authority to manage and control the operation and administration of the Plan shall be vested in the Committee, subject to the following:

- (a) Subject to the provisions of the Plan, the Committee will have authority and discretion to select employees to receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of shares covered by the Awards, to establish the terms, conditions, performance criteria, restrictions, and other provisions of such Awards, and to cancel or suspend Awards. In making such Award determinations, the Committee may take into account the nature of services rendered by the respective employee, his present and potential contribution to the Company's success and such other factors as the Committee deems relevant.
- (b) Subject to the provisions of the Plan, the Committee will have authority and discretion to determine the extent to which Awards under the Plan will be structured to conform to the requirements applicable to Performance-Based Compensation as described in Code section 162(m), and to take such action, establish such procedures, and impose such restrictions at the time such Awards are granted as the Committee determines to be necessary or appropriate to conform to such requirements.
- (c) The Committee will have the authority and discretion to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
- (d) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.

(e) Except as otherwise expressly provided in the Plan, where the Committee is authorized to make a determination with respect to any Award, such determination shall be made at the time the Award is made, except that the Committee may reserve the authority to have such determination made by the Committee in the future (but only if such reservation is made at the time the Award is granted and is expressly stated in the Agreement reflecting the Award).

8.3 Delegation by Committee. Except to the extent prohibited by the provisions of Rule 16b-3, the rules relating to Performance-Based Compensation, applicable state law, the applicable rules of any stock exchange, or any other applicable rules, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

8.4 Information to be Furnished to Committee. The Employers and Related Companies shall furnish the Committee with such data and information as may be required for it to discharge its duties. The records of the Employers and Related Companies as to an employee's or Participant's employment, termination of employment, leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

8.5 Liability and Indemnification of Committee. No member or authorized delegate of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his own fraud or willful misconduct; nor shall the Employers be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director or employee of the Employers. The Committee, the individual members thereof, and persons acting as the authorized delegates of the Committee under the Plan, shall be indemnified by the Employers against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance.

## SECTION 9

### CHANGE IN CONTROL

9.1 Acceleration of Awards. Subject to the provisions of subsection 7.4 (relating to the adjustment of shares), and except as otherwise provided in the Plan or the Award Agreement reflecting the applicable Award, upon the occurrence of a Change in Control:

- (a) All outstanding Options (regardless of whether in tandem with SARs) shall become fully exercisable.
- (b) All outstanding SARs (regardless of whether in tandem with Options) shall become fully exercisable.
- (c) All Restricted Stock and Performance Units shall become fully vested.

9.2 Definition of Change in Control. For purposes of the Plan, the term "Change in Control" means a change in the beneficial ownership of the Company's voting stock or a change in the composition of the Board which occurs as follows:

- (a) Any "person" (as such term is used in Section 13(d) and 14(d)(2) of the Exchange Act is or becomes a beneficial owner, directly or indirectly, of stock of the Company representing 30 percent or more of the total voting power of the Company's then outstanding stock.
- (b) A tender offer (for which a filing has been made with the SEC which purports to comply with the requirements of Section 14(d) of the Exchange Act and the corresponding SEC rules) is made for the stock of the Company, which has not been negotiated and approved by the Board. In case of a tender offer described in this paragraph (b), the Change in Control will be deemed to have occurred upon the first to occur of (i) any time during the offer when the person (using the definition in (a) above) making the offer owns or has accepted for payment stock of the Company with 25 percent or more of the total voting power of the Company's stock, or (ii) three business days before the offer is to terminate unless the offer is withdrawn first, if the person making the offer could own, by the terms of the offer plus any shares owned by this person, stock with 50 percent or more of the total voting power of the Company's stock when the offer terminates.
- (c) Individuals who were the Board's nominees for election as directors of the Company immediately prior to a meeting of the shareholders of the Company involving a contest for the election of directors shall not constitute a majority of the Board following the election.

#### SECTION 10

#### AMENDMENT AND TERMINATION

The Board may, at any time, amend or terminate the Plan, provided that, subject to subsection 7.4 (relating to certain adjustments to shares), no amendment or termination may materially adversely affect the rights of any Participant or beneficiary under any Award made under the Plan prior to the date such amendment is adopted by the Board.