

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 1998 or

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

For the transition period from _____ to _____

Commission file number: 0-27754

HUB GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-4007085
(I.R.S. Employer
Identification No.)

377 East Butterfield Road, Suite 700
Lombard, Illinois 60148
(Address, including zip code, of principal executive offices)
(630) 271-3600
(Registrant's telephone number, including area code)

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

On May 8, 1998, the registrant had 6,990,950 outstanding shares of
Class A common stock, par value \$.01 per share, and 662,296 outstanding shares
of Class B common stock, par value \$.01 per share.

HUB GROUP, INC.

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HUB GROUP, INC.
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands)

	March 31, 1998	December 31, 1997
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,706	\$ 12,056
Accounts receivable, net	120,761	127,673
Deferred taxes	615	1,222
Prepaid expenses and other current assets	2,810	1,961
Total current assets	143,892	142,912
Property and equipment, net	19,960	19,616
Goodwill, net	101,494	102,151
Deferred taxes	2,002	2,479
Other assets	565	668
Total assets	\$ 267,913	\$ 267,826
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 108,025	\$ 102,364
Trade	10,126	12,639
Other		
Accrued expenses		
Payroll	4,457	6,013
Other	2,319	3,259
Current portion of long-term debt	3,372	3,428
Total current liabilities	128,299	127,703
Long-term debt, excluding current portion	22,160	22,873
Contingencies and commitments		
Minority interest	5,365	6,788
Stockholders' equity:		
Preferred stock	-	-
Common stock	77	77
Additional paid-in capital	109,878	109,878
Purchase price in excess of predecessor basis	(25,764)	(25,764)
Tax benefit of purchase price in excess of predecessor basis	10,306	10,306
Retained earnings	17,592	15,965
Total stockholders' equity	112,089	110,462
Total liabilities and stockholders' equity	\$ 267,913	\$ 267,826

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	1998	1997
Revenue	\$ 255,133	\$ 251,120
Transportation costs	224,686	220,906
Net revenue	30,447	30,214
Costs and expenses:		
Salaries and benefits	16,888	15,253
Selling, general and administrative	7,623	6,084
Depreciation and amortization	1,502	961
Total costs and expenses	26,013	22,298
Operating income	4,434	7,916
Other income (expense):		
Interest expense	(558)	(619)
Interest income	226	263
Other, net	90	30
Total other income (expense)	(242)	(326)
Income before minority interest and provision for income taxes	4,192	7,590
Minority interest	1,481	4,294
Income before provision for income taxes	2,711	3,296
Provision for income taxes	1,084	1,318
Net income	\$ 1,627	\$ 1,978
Basic earnings per common share	\$ 0.21	\$ 0.33
Diluted earnings per common share	\$ 0.21	\$ 0.33

See notes to unaudited condensed consolidated financial statements.

HUB GROUP, INC.
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
 For the three months ended March 31, 1998
 (in thousands, except shares)

	Common Stock		Additional	Purchase	Tax Benefit	Retained	Total
	Shares	Amount	Paid-in	Price in	of Purchase	Earnings	Stockholders'
	-----	-----	Capital	Excess of	Price		Equity
	-----	-----	-----	Predecessor	in Excess of	-----	-----
	-----	-----	-----	Basis	Predecessor	-----	-----
	-----	-----	-----	-----	Basis	-----	-----
Balance at December 31, 1997	7,653,246	\$ 77	\$ 109,878	\$ (25,764)	\$ 10,306	\$ 15,965	\$ 110,462
Net income	-	-	-	-	-	1,627	1,627
	=====	=====	=====	=====	=====	=====	=====
Balance at March 31, 1998	7,653,246	\$ 77	\$ 109,878	\$ (25,764)	\$ 10,306	\$ 17,592	\$ 112,089
	=====	=====	=====	=====	=====	=====	=====

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	1998	1997
Cash flows from operating activities:		
Net income	\$ 1,627	\$ 1,978
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,779	1,222
Deferred taxes	1,084	305
Minority interest	1,481	4,294
Gain on sale of assets	37	8
Changes in working capital, net of effects of purchase transactions:		
Accounts receivable, net	6,912	3,974
Prepaid expenses and other current assets	(849)	(276)
Accounts payable	3,148	7,392
Accrued expenses	(2,496)	(1,027)
Other assets	103	(77)
Net cash provided by operations	12,826	17,793
Cash flows from investing activities:		
Purchases of minority interest	-	(1,525)
Purchases of property and equipment, net	(1,503)	(2,621)
Net cash used in investing activities	(1,503)	(4,146)
Cash flows from financing activities:		
Proceeds from sale of common stock in initial public offering, net	-	(45)
Proceeds from sale of common stock	-	28
Distributions to minority interest	(2,904)	(4,317)
Payments on long-term debt	(769)	(798)
Proceeds from issuance of long-term debt	-	3,358
Net cash provided by (used in) financing activities	(3,673)	(1,774)
Net increase/(decrease) in cash	7,650	11,873
Cash and cash equivalents, beginning of period	12,056	13,893
Cash and cash equivalents, end of period	\$ 19,706	\$ 25,766
Supplemental disclosures of cash flow information		
Cash paid for:		
Interest	\$ 310	\$ 125
Income taxes	54	54

See notes to unaudited condensed consolidated financial statements.

HUB GROUP, INC.

NOTES TO UNAUDITED CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Interim Financial Statements

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

The financial statements reflect, in the opinion of management, all material adjustments (which include only normal recurring adjustments) necessary to present fairly the Company's financial position and results of operations.

NOTE 2. Business Combinations

On October 31, 1997, the Company acquired the remaining 50% interest in its international logistics joint venture, HLX Company, LLC for \$300,000. The acquisition was recorded using the purchase method of accounting resulting in goodwill of \$466,000.

Results of operations from acquisitions recorded under the purchase method of accounting are included in the Company's financial statements from their respective dates of acquisition. The purchase price allocations presented are preliminary.

NOTE 3. Earnings per Share

The following is a reconciliation of the Company's Earnings per Share:

	Three Months Ended March 31, 1998			Three Months Ended March 31, 1997		
	(000's)		Per-Share	(000's)		Per-Share
	Income	Shares	Amount	Income	Shares	Amount
Basic Earnings per Share						
Income available to common stockholders	\$ 1,627	7,653	\$ 0.21	\$ 1,978	5,924	\$ 0.33
Effect of Dilutive Securities Stock options	-	105	-	-	105	-
Diluted Earnings per Share						
Income available to common stockholders plus assumed exercises	\$ 1,627	7,758	\$ 0.21	\$ 1,978	6,029	\$ 0.33

NOTE 4. Purchases of Minority Interest

On March 1, 1997, the Company purchased an approximate 44% minority interest in Hub Group Distribution Services for approximately \$1,576,000 in cash.

On September 17, 1997, the Company purchased the remaining 70% minority interests in Hub City Los Angeles, L.P. and Hub City Golden Gate, L.P. for approximately \$59,379,000 in cash.

On October 31, 1997, the Company purchased the remaining 70% minority interest in Hub City New Orleans, L.P. for one dollar.

As the amount paid for each of the purchases of minority interest equaled the basis in excess of the fair market value of assets acquired and liabilities assumed, the amount paid was recorded as goodwill.

NOTE 5. Property and Equipment

Property and equipment consist of the following:

	March 31, 1998	December 31, 1997
	-----	-----
	(000's)	
Land	\$ 56	\$ 56
Building and improvements	233	233
Leasehold improvements	935	886
Computer equipment and software	15,435	14,512
Furniture and equipment	4,431	4,172
Transportation equipment and automobiles	5,927	5,828
	-----	-----
	27,017	25,687
Less: Accumulated depreciation and amortization	(7,057)	(6,071)
	-----	-----
PROPERTY AND EQUIPMENT, net	\$19,960	\$19,616
	=====	=====

NOTE 6. Subsequent Events

On April 1, 1998, the Company acquired all the outstanding stock of Quality Intermodal Corporation ("Quality") for \$4.1 million in cash and \$6.3 million through the issuance of a three-year note, bearing interest at an annual rate of 5.6%. The amount of the note is subject to a downward adjustment based on the audited balance in Quality's stockholders' equity accounts at March 31, 1998. The amount of the adjustment, if any, is unknown at this time.

On April 1, 1998, the Company purchased the remaining 70% minority interests in Hub City Rio Grande, L.P., Hub City Dallas, L.P. and Hub City Houston, L.P. for approximately \$6.3 million in cash. As the amount paid for each of the purchases of minority interest equaled the basis in excess of the fair market value of assets acquired and liabilities assumed, the amount paid was recorded as goodwill.

HUB GROUP, INC.

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

RESULTS OF OPERATIONS

Three Months Ended March 31, 1998, Compared to Three Months Ended March 31, 1997

Revenue

Revenue for Hub Group, Inc. ("Hub Group" or the "Company") increased 1.6% to \$255.1 million from \$251.1 million in 1997. Brokerage revenue increased 17.9% to \$34.0 million from \$28.8 million in 1997. Logistics revenue decreased 34.0% to \$13.5 million from \$20.4 million in 1997. This decrease is attributed to the Company terminating its contract to provide third-party logistics to a significant customer in January 1998. Intermodal revenue increased 2.9% to \$207.6 million from \$201.9 million in 1997. The well-publicized service disruptions in the intermodal industry continued into the first quarter of 1998. Although management is unable to quantify the effect, management believes these service issues have inhibited Hub Group's intermodal revenue growth rate.

Net Revenue

Net revenue increased to \$30.4 million from \$30.2 million in 1997. As a percentage of revenue, net revenue decreased to 11.9% of revenue from 12.0% in 1997. The decrease in the percentage was due to the Company incurring additional costs for purchased transportation due to alternate routing around congested rail lanes, repositioning empty equipment and detention charges related to the service disruptions in the intermodal industry.

Salaries and Benefits

Salaries and benefits increased 10.7% to \$16.9 million from \$15.3 million in 1997. As a percentage of revenue, salaries and benefits increased to 6.6% of revenue from 6.1% in 1997. The increase in the percentage is primarily attributable to two factors that caused actual expenditures to increase while revenue remained nearly flat. First, expenditures increased due to the normal year-over-year merit and cost of living increases granted to the Company's employees. Second, the rail service disruptions, which continued through the first quarter of 1998 created a significantly expanded work load required to handle our customers' intermodal transportation. Existing staff levels were maintained to ensure that the best possible service was provided during this difficult period.

Selling, General and Administrative

Selling, general and administrative expenses increased 25.3% to \$7.6 million from \$6.1 million in 1997. These expenses as a percentage of revenue increased to 3.0% from 2.4% in 1997. This increase is primarily attributed to expenditures made related to information systems, bad debts, rent and equipment leases. The Company continues to make expenditures for technology to improve operating efficiencies, accommodate customer requirements, and maintain communications links. Rent expense increased due to the expansion of some of Hub's operating facilities. Equipment lease expense continues to increase as the Company utilizes operating leases for its information systems hardware.

Depreciation and Amortization

Depreciation and amortization expense increased 56.3% to \$1.5 million from \$1.0 million in 1997. This expense as a percentage of revenue increased to 0.6% from 0.4% in 1997. The increase is primarily attributable to increased goodwill amortization related to the purchase of the 70% minority interests in Hub City Los Angeles, L.P. and Hub City Golden Gate, L.P. in September 1997.

Other Income (Expense)

Other income (expense) netted to \$(0.2) million in 1998 compared to \$(0.3) million in 1997. Interest expense remained constant at \$0.6 million. Interest income decreased to \$0.2 million from \$0.3 million in 1997.

Minority Interest

Minority interest decreased 65.5% to \$1.5 million from \$4.3 million in 1997. Minority interest as a percentage of income before minority interest decreased to 35.3% from 56.6% in 1997. The purchase of the minority interests as discussed in "Depreciation and Amortization" had the effect of lowering minority interest as a percentage of income before minority interest when comparing 1998 to 1997.

Income Taxes

The provision for income taxes decreased 17.8% to \$1.1 million from \$1.3 million in 1997. The Company is providing for income taxes at an effective rate of 40%.

Net Income

Net income decreased 17.7% to \$1.6 million from \$2.0 million in 1997.

Earnings Per Share

Earnings per share decreased 36.4% to \$0.21 from \$0.33 in 1997.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1998, the unused and available portion of the line of credit with Cass Bank and Trust Company was \$5.0 million. At March 31, 1998, there was \$15.0 million outstanding and \$21.0 million unused and available under the line of credit with Harris Trust and Savings Bank. Subsequent to March 31, 1998, the Company borrowed an additional \$11.0 million to pay approximately \$6.0 million for its purchase of the minority interests in Hub City Rio Grande, L.P., Hub City Dallas, L.P. and Hub City Houston, L.P., to pay \$3.0 million of the \$4.1 million cash portion of the purchase price of Quality Intermodal Corporation and to pay off the \$2.0 million note to American President Lines Land Transport Services, Inc. that matured in May 1998. The Company also issued a \$6.3 million three-year note bearing interest at 5.6% in connection with the acquisition of Quality Intermodal Corporation.

PART II. Other Information

None.

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

HUB GROUP, INC.

DATE: May 8, 1998

/s/ William L. Crowder

William L. Crowder
Vice President-Finance and
Chief Financial Officer
(Principal Financial Officer)

This schedule contains summary financial information extracted from Unaudited Condensed Consolidated Statements of Operations and Unaudited Condensed Consolidated Balance Sheets and is qualified in its entirety by reference to such financial statements.

		1,000
3-MOS	DEC-31-1998	
	MAR-31-1998	
		19706
		0
		122627
		1866
		0
		143892
		27017
		7057
		267913
128299		0
0		0
		77
		112012
267913		0
		255133
		0
		224686
		26013
		563
558		2711
		1084
4434		0
		0
		0
		1627
		.21
		.21