

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 June 30, 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 August 7, 1998, the registrant had 6,991,950 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)

	June 30,	December 31,
	1998	1997
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,614	\$ 12,056
Accounts receivable, net	139,051	127,673
Deferred taxes	--	1,222
Prepaid expenses and other current assets	3,112	1,961
	157,777	142,912
Property and equipment, net	20,274	19,616
Goodwill, net	116,001	102,151
Deferred taxes	1,503	2,479
Other assets	563	668
	\$ 296,118	\$ 267,826
	\$ 296,118	\$ 267,826
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable		
Trade	\$ 118,541	\$ 102,364
Other	10,582	12,639
Accrued expenses		
Payroll	6,208	6,013
Other	2,835	3,259
Deferred taxes	269	--
Current portion of long-term debt	3,996	3,428
	142,431	127,703
Long-term debt, excluding current portion	33,357	22,873
Contingencies and commitments		
Minority interest	6,148	6,788
Stockholders' equity:		
Preferred stock	--	--
Common stock	77	77
Additional paid-in capital	109,895	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	19,668	15,965
	114,182	110,462
Total stockholders' equity	114,182	110,462
	\$ 296,118	\$ 267,826
	\$ 296,118	\$ 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 June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
Revenue	\$ 283,051	\$ 268,200	\$ 538,184	\$ 519,320
Transportation costs	249,431	235,740	474,117	456,646
Net revenue	33,620	32,460	64,067	62,674
Costs and expenses:				
Salaries and benefits	17,577	16,044	34,465	31,297
Selling, general and administrative	7,542	6,996	15,165	13,080
Depreciation and amortization	1,728	1,028	3,230	1,989
Total costs and expenses	26,847	24,068	52,860	46,366
Operating income	6,773	8,392	11,207	16,308
Other income (expense):				
Interest expense	(735)	(523)	(1,293)	(1,142)
Interest income	226	298	452	561
Other, net	50	26	140	56
Total other income (expense)	(459)	(199)	(701)	(525)
Income before minority interest and provision for income taxes	6,314	8,193	10,506	15,783
Minority interest	2,855	4,498	4,336	8,792
Income before provision for income taxes	3,459	3,695	6,170	6,991
Provision for income taxes	1,383	1,478	2,467	2,796
Net income	\$ 2,076	\$ 2,217	\$ 3,703	\$ 4,195
Basic earnings per common share	\$ 0.27	\$ 0.37	\$ 0.48	\$ 0.71
Diluted earnings per common share	\$ 0.27	\$ 0.37	\$ 0.48	\$ 0.70

See notes to unaudited condensed consolidated financial statements.

HUB GROUP, INC.
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
 For the six months ended June 30, 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	-	-	-	-	-	3,703	3,703
Exercise of non-qualified stock options	1,000	-	17	-	-	-	17
	=====	=====	=====	=====	=====	=====	=====
Balance at June 30, 1998	7,654,246	\$ 77	\$ 109,895	\$ (25,764)	\$ 10,306	\$ 19,668	\$ 114,182
	=====	=====	=====	=====	=====	=====	=====

See notes to unaudited condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	1998	1997
Cash flows from operating activities:		
Net income	\$ 3,703	\$ 4,195
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,782	2,517
Deferred taxes	2,467	608
Minority interest	4,336	8,792
Loss/(Gain) on sale of assets	26	(9)
Changes in working capital, net of effects of purchase transactions:		
Accounts receivable, net	(2,680)	(842)
Prepaid expenses and other current assets	(1,094)	125
Accounts payable	6,637	11,039
Accrued expenses	(625)	3,488
Other assets	120	(660)
Net cash provided by operating activities	16,672	29,253
Cash flows from investing activities:		
Cash used in acquisitions, net	(3,239)	--
Purchases of minority interest	(6,152)	(1,575)
Purchases of property and equipment, net	(2,781)	(4,502)
Net cash used in investing activities	(12,172)	(6,077)
Cash flows from financing activities:		
Proceeds from sale of common stock in initial public offering, net	--	(45)
Proceeds from sale of common stock	17	58
Distributions to minority interest	(4,976)	(8,204)
Payments on long-term debt	(19,660)	(5,981)
Proceeds from issuance of long-term debt	23,677	3,441
Net cash provided by (used in) financing activities	(942)	(10,731)
Net increase/(decrease) in cash	3,558	12,445
Cash and cash equivalents, beginning of period	12,056	13,893
Cash and cash equivalents, end of period	\$ 15,614	\$ 26,338
Supplemental disclosures of cash flow information		
Cash paid for:		
Interest	\$ 818	\$ 157
Income taxes	65	464

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.

On April 1, 1998, the Company acquired all the outstanding stock of Quality Intermodal Corporation ("Quality") for \$4,080,000 in cash and \$6,300,000 through the issuance of a three-year note, bearing interest at an annual rate of 5.6%. The acquisition was recorded using the purchase method of accounting resulting in goodwill of \$8,963,000.

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.

Business acquisitions which involved the use of cash were accounted for as follows:

	Six Months Ended June 30, 1998
	----- (000's)
Accounts receivable	\$ 8,698
Prepaid expenses and other current assets	57
Property and equipment	420
Goodwill	8,963
Other assets	15
Accounts payable	(7,483)
Accrued expenses	(396)
Long-term debt	(7,035)

Cash used in acquisitions, net	\$ 3,239

NOTE 3. Earnings per Share

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

	Three Months Ended June 30, 1998			Three Months Ended June 30, 1997		
	(000's)			(000's)		
	Income	Shares	Per-Share Amount	Income	Shares	Per-Share Amount
Basic Earnings per Share						
Income available to common stockholders	\$2,076	7,654	\$0.27	\$2,217	5,926	\$0.37
Effect of Dilutive Securities Stock options	-	85	-	-	106	-
Diluted Earnings per Share						
Income available to common stockholders plus assumed exercises	\$2,076	7,739	\$0.27	\$2,217	6,032	\$0.37

	Six Months Ended June 30, 1998			Six Months Ended June 30, 1997		
	(000's)			(000's)		
	Income	Shares	Per-Share Amount	Income	Shares	Per-Share Amount
Basic Earnings per Share						
Income available to common stockholders	\$3,703	7,654	\$0.48	\$4,195	5,925	\$0.71
Effect of Dilutive Securities Stock options	-	95	-	-	105	-
Diluted Earnings per Share						
Income available to common stockholders plus assumed exercises	\$3,703	7,749	\$0.48	\$4,195	6,030	\$0.70

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.

On April 1, 1998, the Company purchased the remaining 70% minority interest in Hub City Dallas, L.P., Hub City Houston, L.P. and Hub City Rio Grande for approximately \$6,152,000 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.

NOTE 5. Property and Equipment

Property and equipment consist of the following:

	June 30, 1998	December 31, 1997
	-----	-----
	(000's)	
Land	\$ 56	\$ 56
Building and improvements	193	233
Leasehold improvements	1,114	886
Computer equipment and software	16,403	14,512
Furniture and equipment	4,807	4,172
Transportation equipment and automobiles	5,860	5,828
	-----	-----
	28,433	25,687
Less: Accumulated depreciation and amortization	(8,159)	(6,071)
	-----	-----
PROPERTY AND EQUIPMENT, net	\$ 20,274	\$ 19,616
	=====	=====

HUB GROUP, INC.

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

BUSINESS COMBINATIONS

On April 1, 1998, Hub Group, Inc. ("Hub Group" or the "Company") acquired the outstanding stock of Quality Intermodal Corporation ("Quality"). The Company paid \$4.1 million in cash and issued a three-year note for \$6.3 million, bearing interest at an annual rate of 5.6%.

CALL OPTIONS

On April 1, 1998, the Company exercised its call options to acquire the remaining 70% minority interests in Hub City Rio Grande, L.P. ("Hub Rio Grande"), Hub City Dallas, L.P. ("Hub Dallas"), and Hub City Houston, L.P. ("Hub Houston"). The Company paid \$6.2 million in cash.

RESULTS OF OPERATIONS

Three Months Ended June 30, 1998, Compared to Three Months Ended June 30, 1997

Revenue

Revenue for the Company increased 5.5% to \$283.1 million from \$268.2 million in 1997. Brokerage revenue increased 31.4% to \$42.1 million from \$32.0 million in 1997. Logistics revenue decreased 35.0% to \$13.9 million from \$21.5 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 5.7% to \$227.0 million from \$214.7 million in 1997. The well-publicized service disruptions in the intermodal industry continued into the second 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 \$33.6 million from \$32.5 million in 1997. As a percentage of revenue, net revenue decreased to 11.9% of revenue from 12.1% in 1997. The decrease in the percentage was due to the Company incurring additional costs for purchased transportation due to rate increases, 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 9.6% to \$17.6 million from \$16.0 million in 1997. As a percentage of revenue, salaries and benefits increased to 6.2% of revenue from 6.0% in 1997. The increase in the percentage is primarily attributable to two factors. 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 second quarter of 1998, created a significantly expanded work load requiring additional staffing to handle our customers' intermodal transportation.

Selling, General and Administrative

Selling, general and administrative expenses increased 7.8% to \$7.5 million from \$7.0 million in 1997. These expenses as a percentage of revenue increased to 2.7% from 2.6% in 1997. This increase is primarily attributed to expenditures made related to rent and equipment leases. Rent expense increased due to the expansion of some of Hub Group'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 68.1% to \$1.7 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 following purchases: (i) the 70% minority interests in Hub City Los Angeles, L.P. and Hub City Golden Gate, L.P. in September 1997 and (ii) the 70% minority interests in Hub Rio Grande, Hub Dallas and Hub Houston in April 1998, and the acquisition of Quality in April 1998.

Other Income (Expense)

Other income (expense) netted to \$(0.5) million in 1998 compared to \$(0.2) million in 1997. Interest expense increased to \$0.7 million in 1998 from \$0.5 million in 1997. Interest expense increased primarily due to the purchases of minority interests and the acquisition in April 1998 (see "Depreciation and Amortization"). Interest income decreased to \$0.2 million from \$0.3 million in 1997.

Minority Interest

Minority interest decreased 36.5% to \$2.9 million from \$4.5 million in 1997. Minority interest as a percentage of income before minority interest decreased to 45.2% from 54.9% 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 6.4% to \$1.4 million from \$1.5 million in 1997. The Company is providing for income taxes at an effective rate of 40%.

Net Income

Net income decreased 6.4% to \$2.1 million from \$2.2 million in 1997.

Earnings Per Share

Basic and diluted earnings per share decreased 27.0% to \$0.27 from \$0.37 in 1997.

Six Months Ended June 30, 1998, Compared to Six Months Ended June 30, 1997.

Revenue

Revenue increased 3.6% to \$538.2 million from \$519.3 million in 1997. Brokerage revenue increased 25.0% to \$76.1 million from \$60.9 million in 1997. Logistics revenue decreased 34.5% to \$27.4 million from \$41.9 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 4.3% to \$434.7 million from \$416.6 million in 1997. The well-publicized service disruptions in the intermodal industry continued into the first half 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 \$64.1 million from \$62.7 million in 1997. As a percentage of revenue, net revenue decreased to 11.9% from 12.1% in 1997. The decrease in the percentage was due to the Company incurring additional costs for purchased transportation due to rate increases, 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 to \$34.5 million from \$31.3 million in 1997. These expenses as a percentage of revenue increased to 6.4% from 6.0% 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 half of 1998, created a significantly expanded work load requiring additional staffing to handle our customers' intermodal transportation.

Selling, General and Administrative

Selling, general and administrative expenses increased to \$15.2 million from \$13.1 million in 1997. These expenses as a percentage of revenue increased to 2.8% from 2.5% in 1997. This increase is primarily attributed to expenditures made related to rent, equipment leases, bad debts and information systems. Rent expense increased due to the expansion of some of Hub Group's operating facilities. Equipment lease expense continues to increase as the Company utilizes operating leases for its information systems hardware. Information systems expense increased primarily due to expenditures to reprogram software for year 2000 compliance.

Depreciation and Amortization

Depreciation and amortization increased to \$3.2 million from \$2.0 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 following purchases: (i) the 70% minority interests in Hub City Los Angeles, L.P. and Hub City Golden Gate, L.P. in September 1997 and (ii) the 70% minority interests in Hub Rio Grande, Hub Dallas and Hub Houston in April 1998, and the acquisition of Quality in April 1998.

Other Income (Expense)

Other income (expense) netted to an expense of \$(0.7) million in 1998 compared to a net expense of \$(0.5) million in 1997. Interest expense increased to \$1.3 million in 1998 from \$1.1 million in 1997. Interest expense increased primarily due to the purchases of minority interests and the acquisition in April 1998 (see "Depreciation and Amortization"). Interest income decreased to \$0.5 million from \$0.6 million in 1997.

Minority Interest

Minority interest decreased 50.7% to \$4.3 million from \$8.8 million in 1997. Minority interest as a percentage of income before minority interest decreased to 41.3% from 55.7% 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 to \$2.5 million from \$2.8 million in 1997. The Company is providing for income taxes at an effective rate of 40%.

Net Income

Net income decreased 11.7% to \$3.7 million from \$4.2 million in 1997.

Earnings Per Share

Basic earnings per share decreased 32.4% to \$0.48 from \$0.71 in 1997. Diluted earnings per share decreased 31.4% to \$0.48 from \$0.70 in 1997.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 1998, the unused and available portion of the line of credit with Cass Bank and Trust Company was \$5.0 million. At June 30, 1998, there was \$23.0 million outstanding and \$13.0 million unused and available under the line of credit with Harris Trust and Savings Bank.

OUTLOOK, RISKS AND UNCERTAINTIES

This "Outlook, Risks and Uncertainties" section contains statements regarding expectations, hopes, beliefs, intentions or strategies regarding the future which are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties described below that could cause actual results to differ materially from those projected. The Company assumes no liability to update any such forward-looking statements. In addition to those mentioned elsewhere in this section, such risks and uncertainties include the impact of competitive pressures in the marketplace, the degree and rate of market growth in the markets served by the Company, changes in industry-wide capacity, further consolidation of rail carriers, changes in governmental regulation, changes in the cost of services from vendors and fluctuations in interest rates.

Year 2000

The Company plans to complete the Year 2000 project not later than March 31, 1999.

PART II. Other Information

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

The 1998 Annual Meeting of Stockholders of Hub Group, Inc. was held on May 19, 1998. At this meeting, the following six directors were reelected with the following votes: Phillip C. Yeager: 19,241,049 votes for and 97,767 votes withheld; David P. Yeager: 19,240,749 votes for and 98,067 votes withheld; Thomas L. Hardin: 19,241,049 votes for and 97,767 votes withheld; Gary D. Eppen: 19,311,041 votes for and 27,775 votes withheld; Charles R. Reaves: 19,311,041 votes for and 27,775 votes withheld; Martin P. Slark: 19,311,041 votes for and 27,775 votes withheld.

Also at this meeting, the Stockholders voted on a proposal to approve the Company's 1997 Long-Term Incentive Plan. This proposal was approved by the follow vote: 18,601,313 votes for, 696,367 votes against and 32,709 votes withheld.

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

HUB GROUP, INC.

DATE: August 7, 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.

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	DEC-31-1998	JUN-30-1998
		15614
	0	
	140872	
	1821	
	0	
	157777	28434
	8159	
	296118	
142431		0
0	0	
	77	
	114105	
296118		0
	283051	0
	249431	
	26847	
	227	
	735	
	3459	
	1383	
6773		
	0	
	0	
	0	
	2076	
	.27	
	.27	