

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, 2002 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 No

On May 8, 2002, the registrant had 7,046,250 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, except share amounts)

	MARCH 31, 2002	DECEMBER 31, 2001
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable, net	141,844	149,765
Deferred taxes	11,192	11,147
Prepaid expenses and other current assets	4,199	3,840
	157,235	164,752
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT, net	38,172	39,098
GOODWILL, net	208,166	208,166
OTHER ASSETS	1,701	1,507
MINORITY INTEREST	3,025	2,501
	\$ 408,299	\$ 416,024
	\$ 408,299	\$ 416,024
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable		
Trade	\$ 136,823	\$ 135,588
Other	769	1,275
Accrued expenses		
Payroll	9,397	11,195
Other	9,599	14,020
Current portion of long-term debt	8,054	8,054
	164,642	170,132
TOTAL CURRENT LIABILITIES		
LONG-TERM DEBT, EXCLUDING CURRENT PORTION	92,045	96,059
DEFERRED TAXES	18,079	17,380
CONTINGENCIES AND COMMITMENTS		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.01 par value, 2,000,000 shares authorized; no shares issued or outstanding in 2002 and 2001	-	-
Common stock,		
Class A: \$.01 par value; 12,337,700 shares authorized; 7,046,250 shares issued and outstanding in 2002 and 2001	70	70
Class B: \$.01 par value; 662,300 shares authorized; 662,296 shares issued and outstanding in 2002 and 2001	7	7
Additional paid-in capital	110,819	110,819
Purchase price in excess of predecessor basis, net of tax benefit of \$10,306	(15,458)	(15,458)
Retained earnings	38,344	37,404
Accumulated other comprehensive loss	(249)	(389)
	133,533	132,453
TOTAL STOCKHOLDERS' EQUITY		
	\$ 408,299	\$ 416,024
	\$ 408,299	\$ 416,024

See notes to unaudited consolidated financial statements.

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

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
Revenue	\$ 305,299	\$ 345,935
Transportation costs	264,290	299,899
Gross margin	41,009	46,036
Costs and expenses:		
Salaries and benefits	23,597	24,705
Selling, general and administrative	11,513	12,212
Depreciation and amortization of property and equipment	2,672	3,135
Amortization of goodwill	-	1,435
Impairment of property and equipment	-	3,401
Total costs and expenses	37,782	44,888
Operating income	3,227	1,148
Other income (expense):		
Interest expense	(2,286)	(2,944)
Interest income	67	253
Other, net	62	(314)
Total other expense	(2,157)	(3,005)
Income (loss) before minority interest and provision for income taxes	1,070	(1,857)
Minority interest	(524)	(711)
Income (loss) before provision for income taxes	1,594	(1,146)
Provision for (benefit from) income taxes	654	(470)
Net income (loss)	\$ 940	\$ (676)
Basic earnings (loss) per common share	\$ 0.12	\$ (0.09)
Diluted earnings (loss) per common share	\$ 0.12	\$ (0.09)

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, 2002
 (in thousands, except shares)

	MARCH 31, 2002
Class A & B Common Stock Shares	
Beginning of year	7,708,546
Exercise of non-qualified stock options	-
Ending balance	7,708,546
Class A & B Common Stock Amount	
Beginning of year	\$ 77
Ending balance	77
Additional Paid-in Capital	
Beginning of year	110,819
Exercise of non-qualified stock options	-
Ending balance	110,819
Purchase Price in Excess of Predecessor Basis, Net of Tax	
Beginning of year	(15,458)
Ending balance	(15,458)
Retained Earnings	
Beginning of year	37,404
Net income	940
Ending balance	38,344
Accumulated Other Comprehensive Loss	
Beginning of year	-
Other comprehensive loss	(249)
Ending balance	(249)
TOTAL STOCKHOLDERS' EQUITY	\$ 133,533
Comprehensive Income	
Net income	\$ 940
Cumulative effect of adopting Statement 133, net of tax of \$55	79
Unrealized interest rate swap loss net of tax benefit of (\$228)	(328)
Other comprehensive loss	(249)
Total comprehensive income	\$ 691

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,	
	2002	2001
Cash flows from operating activities:		
Net income (loss)	\$ 940	\$ (676)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	2,712	3,309
Amortization of goodwill	-	1,435
Impairment of property and equipment	-	3,401
Deferred taxes	654	(470)
Minority interest	(524)	(711)
Loss on sale of assets	23	425
Changes in working capital:		
Accounts receivable, net	7,921	21,025
Prepaid expenses and other current assets	(359)	(1,514)
Accounts payable	729	(9,928)
Accrued expenses	(6,079)	(2,067)
Other assets	(194)	71
Net cash provided by operating activities	5,823	14,300
Cash flows from investing activities:		
Purchases of property and equipment, net	(1,809)	(2,544)
Net cash used in investing activities	(1,809)	(2,544)
Cash flows from financing activities:		
Net payments on long-term debt	(4,014)	(11,756)
Net cash used in financing activities	(4,014)	(11,756)
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	\$ -	\$ -
Supplemental disclosures of cash flow information		
Cash paid for:		
Interest	\$ 2,038	\$ 3,115
Income taxes	-	15
Non-cash activity:		
Unrealized (loss) gain on derivative instrument	\$ (140)	\$ 225

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.

As previously reported in the Company's Form 10-K for the year ended December 31, 2001, the Company's independent auditors were unable to review the quarterly financial data from 2001 in accordance with standards established by the American Institute of Certified Public Accountants because the Company did not restate its results on a quarterly basis.

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. These condensed consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. Results of operations in interim periods are not necessarily indicative of results to be expected for a full year.

NOTE 2. EARNINGS (LOSS) PER SHARE

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

	THREE MONTHS ENDED MARCH 31, 2002			THREE MONTHS ENDED MARCH 31, 2001		
	(000'S)			(000'S)		
	INCOME	SHARES	Per-Share AMOUNT	LOSS	SHARES	Per-Share AMOUNT
BASIC EARNINGS (LOSS) PER SHARE						
Income (loss) available to common stockholders	\$940	7,709	\$0.12	\$(676)	7,708	\$(0.09)
EFFECT OF DILUTIVE SECURITIES						
Stock options	-	5	-	-	3	-
DILUTED EARNINGS (LOSS) PER SHARE						
Income (loss) available to common stockholders plus assumed exercises	\$940	7,714	\$0.12	\$(676)	7,711	\$(0.09)

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	MARCH 31,	DECEMBER 31,
	----- 2002 -----	----- 2001 -----
		(000'S)
Building and improvements	\$ 57	\$ 57
Leasehold improvements	2,142	2,126
Computer equipment and software	50,756	49,373
Furniture and equipment	7,655	7,542
Transportation equipment and automobiles	3,805	3,690
	-----	-----
	64,415	62,788
Less: Accumulated depreciation and amortization	(26,243)	(23,690)
	-----	-----
PROPERTY AND EQUIPMENT, net	\$ 38,172	\$ 39,098
	=====	=====

NOTE 4. RECENT ACCOUNTING PRONOUNCEMENT

On June 30, 2001, the Financial Accounting Standards Board issued Statement 142. Under Statement 142, goodwill and intangible assets that have indefinite useful lives will not be amortized but rather will be tested at least annually for impairment. Intangible assets that have finite useful lives will continue to be amortized over their useful lives. The Company adopted Statement 142 as of January 1, 2002. The Company has not yet completed its assessment regarding any potential impairment of goodwill but will do so as required by Statement 142.

The following table presents net income for 2002 in comparison to 2001 exclusive of amortization expense recognized in the previous year related to goodwill which will no longer be amortized. Amounts are in thousands except per share information:

	THREE MONTHS ENDED MARCH 31,	
	----- 2002 -----	----- 2001 -----
Net income (loss) as reported	\$ 940	\$ (676)
Add back amortization of goodwill, net of tax	-	847
	-----	-----
Adjusted net income	940	171
	-----	-----
Adjusted basic and diluted earnings per share	\$ 0.12	\$ 0.02
	-----	-----

HUB GROUP, INC.

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2002 COMPARED TO THE THREE MONTHS ENDED MARCH 31,
2001

REVENUE

Revenue for Hub Group, Inc. (the "Company") decreased 11.7% to \$305.3 million in 2002 from \$345.9 million in 2001. Intermodal revenue decreased 15.5% from 2001. The decline is primarily attributed to a \$32.3 million reduction in demand for intermodal service from the Company's steamship customers. Two large steamship customers ceased doing business with the Company in the second quarter of 2001. While one steamship customer has terminated operations worldwide, the other has changed its method of business. Truckload brokerage revenue increased 8.5% over 2001. Logistics revenue, which includes revenue from the Company's supply chain solutions services and all revenue from its 65% owned subsidiary, Hub Group Distribution Services ("Hub Distribution"), decreased 14.0% from 2001. The decline in logistics revenue was due to a 34.6% decline at Hub Distribution. Hub Distribution experienced a significant decline primarily in their installation business due to lower demand from their largest customer. Partially offsetting this decline in logistics, supply chain solutions services revenue increased 13.8% through the addition of new customers to this product line.

GROSS MARGIN

Gross margin decreased 10.9% to \$41.0 million in 2002 from \$46.0 million in 2001. As a percent of revenue, gross margin increased slightly to 13.4% from 13.3% in 2001.

SALARIES AND BENEFITS

Salaries and benefits decreased 4.5% to \$23.6 million in 2002 from \$24.7 million in 2001. As a percentage of revenue, salaries and benefits increased from 7.1% in 2001 to 7.7% in 2002. The increase as a percentage of revenue is attributed to the decrease in revenue. The decrease in expense is attributed primarily to a decrease in both headcount and incentive compensation, which is partially offset by increased costs for employee health benefits.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses decreased 5.7% to \$11.5 million in 2002 from \$12.2 million in 2001. As a percentage of revenue, these expenses increased to 3.8% in 2002 from 3.5% in 2001. The increase as a percentage of revenue is due to the decrease in revenue and \$1.0 million of professional fees incurred in the first quarter of 2002 related to the investigation and restatement of Hub Distribution's historical financial statements. Without the \$1.0 million in professional services, selling general and administrative expense decreased \$1.7 million. This decrease is primarily attributed to a reduction in non-capitalizable information technology contractor costs, outsourced data center costs, travel costs and telephone costs.

DEPRECIATION AND AMORTIZATION OF PROPERTY AND EQUIPMENT

Depreciation and amortization of property and equipment decreased 14.8% to \$2.7 million in 2002 from \$3.1 million in 2001. This expense as a percentage of revenue remained constant at 0.9% in both periods. Depreciation expense in the prior year included \$0.9 million of excess depreciation related to various assets that were determined to be no longer useful once the Company's new operating system was completed. Without the excess depreciation expense in the prior year, depreciation expense increased \$0.5 million due primarily to the additional software placed in service throughout 2001.

AMORTIZATION OF GOODWILL

Amortization of goodwill decreased to \$0.0 million in 2002 from \$1.4 million in 2001. As of January 1, 2002, the Company adopted Financial Accounting Standards Board Statement No. 142, "Goodwill and Other Intangible Assets" ("Statement 142"). Under Statement 142, goodwill and intangible assets that have indefinite useful lives are no longer amortized.

IMPAIRMENT OF PROPERTY AND EQUIPMENT

The \$3.4 million impairment charge in 2001 was due to Hub Distribution's exit from its initiative surrounding the home delivery of large box items purchased over the internet.

OTHER INCOME (EXPENSE)

Interest expense decreased 22.4% to \$2.3 million in 2002 from \$2.9 million in 2001. The decrease in interest expense is due to carrying a lower average debt balance and lower interest rates this year as compared to the prior year.

Interest income decreased to \$0.1 million in 2002 from \$0.3 million in 2001.

Other income/(expense) increased to \$0.1 million in 2002 from \$(0.3) million in 2001. The change is due primarily to a \$0.4 million loss on the disposal of a piece of software in 2001.

MINORITY INTEREST

The minority interest add back decreased to \$0.5 million in 2002 from \$0.7 million in 2001. In 2002, Hub Distribution recorded a charge of \$1.0 million for professional fees incurred related to the investigation and restatement of its historical financial statements. Without this charge, the minority interest add back would have been \$0.2 million in 2002. In 2001, the minority interest add back was due primarily to the impairment charge taken during the quarter. Without this charge, Hub Distribution earned \$1.4 million in pre-minority interest, pre-tax income and minority interest expense would have been \$0.5 million. The decline in net income in 2002, excluding the non-recurring charges from both years, is due to lower profitability at Hub Distribution due primarily to reduced demand for their installation business.

INCOME TAX PROVISION

The income tax provision increased to \$0.7 million in 2002 compared to an income tax benefit of \$0.5 million in 2001. The Company recorded income taxes using an effective rate of 41.0% in both years.

NET INCOME

Net Income increased to \$0.9 million in 2002 from a loss of \$0.7 million in 2001.

EARNINGS PER SHARE

Basic and diluted earnings per common share increased to \$0.12 in 2002 from a loss of \$0.09 in 2001.

ACCOUNTING ADJUSTMENT

In the fourth quarter of 2001, the Company made adjustments to properly report the annual results for the year as a result of the accounting irregularities at Hub Distribution. Had these adjustments been spread ratably over 2001, the net loss for the first quarter of 2001 would have been \$0.9 million. Basic and diluted loss per common share would have been \$0.11.

RECENT ACCOUNTING PRONOUNCEMENTS

On June 30, 2001, the Financial Accounting Standards Board issued Statement 142. Under Statement 142, goodwill and intangible assets that have indefinite useful lives will not be amortized but rather will be tested at least annually for impairment. Intangible assets that have finite useful lives will continue to be amortized over their useful lives. The Company adopted Statement 142 as of January 1, 2002. The Company has not yet completed its assessment regarding any potential impairment of goodwill but will do so as required by Statement 142.

LIQUIDITY AND CAPITAL RESOURCES

The Company has funded its operations and capital expenditures through cash flows from operations and bank borrowings.

Cash provided by operating activities for the three months ended March 31, 2002, was approximately \$5.8 million, which resulted primarily from net income from operations before non-cash charges of \$3.8 million and a net increase from working capital of \$2.0 million.

Net cash used in investing activities for the three months ended March 31, 2002, was \$1.8 million related to capital expenditures. The capital expenditures were principally made to enhance the Company's information system capabilities. The expenditures are primarily related to enhancing the Company's operating system and various software applications.

The net cash used in financing activities for the three months ended March 31, 2002, was \$4.0 million. This was comprised of \$2.0 million of voluntary payments on the Company's line of credit and \$2.0 million of scheduled payments on the Company's term debt, installment notes and capital leases.

The Company maintains a multi-bank credit facility. The facility is comprised of term debt and a revolving line of credit. At March 31, 2002, there was \$33.0 million of outstanding term debt and \$17.0 million outstanding and \$33.0 million unused and available under the line of credit. Borrowings under the revolving line of credit are unsecured and have a five-year term that began on April 30, 1999, with a floating interest rate based upon the LIBOR (London Interbank Offered Rate) or Prime Rate. The term debt has quarterly principal payments ranging from \$1,250,000 to \$2,000,000 with a balloon payment of \$19.0 million due on March 31, 2004.

The Company maintains \$50.0 million of private placement debt (the "Notes"). These Notes are unsecured and have an eight-year average life. Interest is paid quarterly. These Notes mature on June 25, 2009, with annual principal payments of \$10.0 million commencing on June 25, 2005.

OUTLOOK, RISKS AND UNCERTAINTIES

Except for historical data, the information contained in this Quarterly Report constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are inherently uncertain and subject to risks. Such statements should be viewed with caution. Actual results or experience could differ materially from the forward-looking statements as a result of many factors. Forward-looking statements in this report include, but are not limited to, those contained in this "Outlook, Risks and Uncertainties" section regarding expectations, hopes, beliefs, estimates, intentions or strategies regarding the future. 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, including the entry of new, web-based competitors and direct marketing efforts by the railroads, the degree and rate of market growth in the intermodal, brokerage and logistics markets served by the Company, changes in rail and truck capacity, further consolidation of rail carriers, deterioration in relationships with existing rail carriers, rail service conditions, changes in governmental regulation, adverse weather conditions, fuel shortages, changes in the cost of services from rail, drayage and other vendors and fluctuations in interest rates.

SELLING, GENERAL AND ADMINISTRATIVE

Management believes the fees for professional services incurred during the second quarter of 2002 related to the investigation and restatement related to Hub Distribution's historical financial statements will range between \$200,000 and \$300,000 on a pre-minority interest, pre-tax basis.

LIQUIDITY AND CAPITAL RESOURCES

The Company believes that cash to be provided by operations, cash available under its line of credit and the Company's ability to obtain additional credit will be sufficient to meet the Company's short-term working capital and capital expenditure needs. The Company believes that the aforementioned items are sufficient to meet its anticipated long-term working capital, capital expenditure and debt repayment needs.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk related to changes in interest rates which may adversely affect its results of operations and financial condition. The Company seeks to minimize the risk from interest rate volatility through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company does not use financial instruments for trading purposes.

The Company has both fixed and variable rate debt as described in Note 9 of the Company's Form 10-K filed for the year ended December 31, 2001. The Company has entered into an interest rate swap agreement designated as a hedge on a portion of the Company's variable rate debt. The purpose of the swap is to fix the interest rate on a portion of the variable rate debt and reduce certain exposures to interest rate fluctuations. At March 31, 2002, the Company had an interest rate swap with a notional amount of \$25.0 million, a weighted average pay rate of 8.37%, a weighted average receive rate of 4.80% and a maturity date of September 30, 2002. This swap agreement involves the exchange of amounts based on the variable interest rate for amounts based on the fixed interest rate over the life of the agreement, without an exchange of the notional amount upon which the payments are based. The differential to be paid or received as interest rates change is accrued and recognized as an adjustment of interest expense related to the debt.

The main objective of interest rate risk management is to reduce the total funding cost to the Company and to alter the interest rate exposure to the desired risk profile.

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, 2002

/s/ Jay E. Parker
Jay E. Parker
Vice President-Finance and
Chief Financial Officer
(Principal Financial Officer)