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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 1996 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)
(708) 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
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On August 12, 1996, the registrant had 5,261,350 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.

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HUB GROUP, INC.

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HUB GROUP, INC. - REGISTRANT

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

	December 31, ----- 1995 -----	June 30, ----- 1996 -----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2	\$ 18,577
Accounts receivable, net		
Trade	6,197	95,106
Affiliates	2,376	-
Prepaid expenses	33	948
Other current assets	114	624
	-----	-----
TOTAL CURRENT ASSETS	8,722	115,255
PROPERTY AND EQUIPMENT, net	137	10,024
GOODWILL, net	-	25,356
DEFERRED TAX BENEFIT	-	10,225
OTHER ASSETS	224	916
	-----	-----
TOTAL ASSETS	\$9,083	\$161,776
	=====	=====

LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable		
Trade	5,620	84,181
Affiliates	1,774	-
Other	89	4,779
Accrued expenses		
Payroll	286	4,698
Other	149	3,154
Current portion of long-term debt	-	2,605
	-----	-----
TOTAL CURRENT LIABILITIES	7,918	99,417
	-----	-----
LONG-TERM DEBT, EXCLUDING CURRENT PORTION	-	18,406
DEFERRED TAXES	-	99
CONTINGENCIES AND COMMITMENTS		
MINORITY INTEREST	-	4,388
EQUITY:		
Preferred stock	-	-
Common stock	26	59
Additional paid-in capital	18	52,924
Purchase price in excess of predecessor basis	-	(25,764)
Tax benefit of purchase price in excess of predecessor basis	-	10,306
Retained earnings	1,121	1,941
	-----	-----
TOTAL EQUITY	1,165	39,466
	-----	-----
TOTAL LIABILITIES AND EQUITY	\$9,083	\$161,776
	=====	=====

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,	
	1995	1996	1995	1996
	-----	-----	-----	-----
REVENUE:				
Trade	\$16,998	\$209,236	\$33,172	\$254,574
Affiliates	3,737	-	6,497	3,459
	-----	-----	-----	-----
Total revenue	20,735	209,236	39,669	258,033
PURCHASED TRANSPORTATION	19,247	184,112	36,617	227,524
	-----	-----	-----	-----
Net revenue	1,488	25,124	3,052	30,509
COSTS AND EXPENSES:				
Salaries and benefits	586	12,514	1,228	15,101
Selling, general and administrative	305	4,947	608	5,945
Depreciation and amortization	9	820	18	865
	-----	-----	-----	-----
Total costs and expenses	900	18,281	1,854	21,911
	-----	-----	-----	-----
Operating income	588	6,843	1,198	8,598
	-----	-----	-----	-----
OTHER INCOME (EXPENSE):				
Interest expense	-	(302)	-	(339)
Interest income	26	274	54	305
Other, net	(5)	(46)	-	(38)
	-----	-----	-----	-----
Total other income (expense)	21	(74)	54	(72)
INCOME BEFORE MINORITY INTEREST AND PROVISION FOR INCOME TAXES	609	6,769	1,252	8,526
	-----	-----	-----	-----

MINORITY INTEREST	-	3,999	-	4,686
	-----	-----	-----	-----
INCOME BEFORE PROVISION FOR INCOME TAXES	609	2,770	1,252	3,840
PROVISION FOR INCOME TAXES	-	1,108	-	1,295
	-----	-----	-----	-----
NET INCOME	\$ 609	\$ 1,662	\$ 1,252	\$ 2,545
	=====	=====	=====	=====
PRO FORMA PROVISION FOR ADDITIONAL INCOME TAXES	244	-	501	241
	-----	-----	-----	-----
PRO FORMA NET INCOME	\$ 365	\$ 1,662	\$ 751	\$ 2,304
	=====	=====	=====	=====
PRO FORMA EARNINGS PER SHARE	\$ 0.22	\$ 0.28	\$ 0.45	\$ 0.56
	=====	=====	=====	=====
PRO FORMA WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,662	5,997	1,662	4,115
	=====	=====	=====	=====

See notes to unaudited condensed consolidated financial statements.

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HUB GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 1996
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	Common Stock		Additional Paid-in Capital	Purchase Price in Excess of Predecessor Basis	Tax Benefit of Purchase Price in Excess of Predecessor Basis	Retained Earnings	Equity
	Shares	Amount					
BALANCE AT JANUARY 1, 1996	300	\$ 26	\$ 18	\$ -	\$ -	\$ 1,121	\$ 1,165
Net income				-	-	2,545	2,545
Distributions to shareholders		(25)	(17)	-	-	(1,725)	(1,767)
Issuance of common stock in acquisitions	1,662,296	-	-	-	-	-	-
Retirement of shares acquired	(200)	-	-	-	-	-	-
Sale of common stock in initial public offering, net of offering costs	4,261,250	58	52,923	-	-	-	52,981
Acquisition of general partnership interests	-	-	-	(25,764)	10,306	-	(15,458)
	-----	-----	-----	-----	-----	-----	-----
BALANCE AT JUNE 30, 1996	5,923,646	\$ 59	\$ 52,924	\$ (25,764)	\$ 10,306	\$ 1,941	\$39,466
	=====	=====	=====	=====	=====	=====	=====

See notes to unaudited condensed consolidated financial statements.

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

Six months ended
June 30,

	1995	1996
Cash flows from operating activities:		
Net income	\$ 1,252	\$ 2,545
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18	865
Deferred taxes	-	180
Minority interest	-	4,686
Gain on sale of assets	-	(1)
Changes in working capital, net of effects of purchase transactions:		
Accounts receivable, net	(54)	(10,957)
Prepaid expenses	-	(54)
Other current assets	14	214
Accounts payable	(361)	6,784
Accrued expenses	(120)	2,227
Other assets	1	9
Net cash provided by operations	750	6,498
Cash flows from investing activities:		
Cash used in acquisitions, net	-	(37,544)
Purchases of property and equipment, net	(6)	(1,283)
Net cash used in investing activities	(6)	(38,827)
Cash flows from financing activities:		
Proceeds from sale of common stock in initial public offering, net of offering costs	-	52,981
Proceeds from sale of common stock	2	-
Distributions to shareholders	(1,981)	(1,767)
Distributions to minority interest	-	(400)
Payments on long-term debt	-	(662)
Proceeds from long-term debt	-	752
Collection of note receivable - affiliate	4	-
Net cash provided by (used in) financing activities	(1,975)	50,904
Net increase (decrease) in cash	(1,231)	18,575
Cash, beginning of period	2,026	2
Cash, end of period	\$ 795	\$ 18,577
Supplemental disclosures of cash flow information		
Cash paid for:		
Interest	\$ -	39
Income taxes	19	278

See notes to unaudited condensed consolidated financial statements.

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. CAPITAL STRUCTURE

On March 8, 1995, the Company was incorporated and issued 100 shares to the sole incorporator. On March 18, 1996, the Company purchased Hub City Terminals, Inc. ("Hub Chicago") in a stock-for-stock acquisition through issuance of 1,000,000 shares of the Company's Class A common stock and 662,296 shares of the Company's Class B common stock. Hub Chicago has been accounted for similar to the pooling of interests method of accounting and has been included in all periods presented on a historical cost basis.

Concurrent with the acquisition of Hub Chicago in March 1996, the Company completed the initial public offering of 4,261,250 shares of its Class A common stock, with net proceeds to the Company of \$53.0 million. Coincident with the initial public offering, a selling stockholder sold 1,000,000 shares of the Company's Class A common stock through a secondary offering. The Company did not receive any net proceeds from the sale of the shares by the selling stockholder.

Concurrent with the initial public offering, the Company, through its new wholly owned subsidiary, Hub Chicago, acquired with cash the general partnership interests in 26 operating partnerships. In addition, the Company directly acquired with cash a controlling interest in the Hub Group Distribution Services partnership (together with the 26 operating partnerships collectively referred to as "Hub Partnerships"). The combined financial statements of Hub Partnerships, the predecessor to the business of the Company, are included herein. Further reference is made to the Company's Registration Statement filed on Form S-1 for the historical financial statements of Hub Chicago and Hub Partnerships. See Note 3. "Business Combinations" for further discussion of these acquisitions.

NOTE 3. BUSINESS COMBINATIONS

On March 18, 1996, the Company acquired the general partnership interests in 26 operating partnerships and a controlling interest in the Hub Group Distribution Services partnership for a total purchase price of approximately \$43,309,000. The purchase price of these acquisitions was allocated to the assets acquired and liabilities assumed based on the fair value at the date of acquisition using the purchase method of accounting.

The portion of the difference between fair value and historical cost of individual assets acquired and liabilities assumed attributable to partnership interests acquired by the Company from non-control

group stockholders was recorded at fair market value. This resulted in goodwill of approximately \$17,425,000 and an increase in property and equipment of approximately \$96,000. The remaining portion of the difference between fair value and historical cost attributable to partnership interests acquired from

control group stockholders, approximately \$25,764,000, has been charged to equity as purchase price in excess of predecessor basis.

On May 2, 1996, the Company purchased the rights to service the customers of American President Lines Domestic Distribution Services, a division of APL Land Transport Services, Inc., for a purchase price of approximately \$8,090,000. The total purchase price has been recorded as goodwill under the purchase method of accounting.

The allocations presented above represent preliminary purchase price allocations. Goodwill, the cost of purchased businesses in excess of the market value of net tangible and identifiable assets acquired, is being amortized over 40 years on a straight-line basis. On an ongoing basis, the Company will measure realizability by the ability of the Hub Partnerships to generate current and expected future operating income in excess of annual amortization of goodwill.

In connection with the purchase of the partnership interests in each of the Hub Partnerships, approximately \$10,306,000 has been recorded as a deferred tax benefit (utilizing an assumed effective tax rate of 40%), representing the tax effect of the difference between goodwill for income tax purposes of approximately \$43,189,000 and goodwill for financial reporting purposes of approximately \$17,425,000. The corresponding credit is recorded as an increase in equity in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

The following summarizes the effects of businesses acquired and accounted for as purchases in 1996 as if they had been acquired as of January 1, 1995:

	SIX MONTHS ENDED JUNE 30,	
	1995	1996
	-----	-----
	(000'S)	
Revenue as reported	\$ 39,669	\$ 258,033
Revenue of purchased business for period prior to acquisitions, net of eliminations	394,924	184,660
	-----	-----
Pro forma revenue	\$ 434,593	\$ 442,693
	-----	-----
Net income as reported	\$ 751	\$ 2,304
Net income of purchased businesses for period prior to acquisition	1,315	82
Adjustment for goodwill amortization	(318)	(158)
	-----	-----
Pro forma net income	\$ 1,748	\$ 2,228
	-----	-----
Earnings per share as reported	\$ 0.45	\$ 0.56
Effect of purchased businesses prior to acquisitions	(0.12)	(0.17)
	-----	-----
Pro forma earnings per share	\$ 0.33	\$ 0.39
	-----	-----

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

SIX MONTHS
ENDED
JUNE 30, 1996

(000's)

Accounts receivable	\$ 75,576
Prepaid expenses	861
Other current expenses	724
Property and equipment	9,309
Goodwill	25,515
Deferred tax benefit	10,306
Other assets	701
Accounts payable	(74,693)
Accrued expenses	(5,190)
Long-term debt	(20,921)
Minority interest	(102)
Purchase price in excess of predecessor basis	25,764
Tax benefit of purchase price in excess of predecessor basis	(10,306)

Cash used in acquisition	\$ 37,544

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 1995	June 30, 1996
	-----	-----
	(000's)	
Land	-	92
Building and improvements	-	1,399
Leasehold improvements	17	842
Computer equipment and software	478	9,710
Furniture and equipment	221	4,090
Transportation equipment and automobiles	29	3,181
	-----	-----
	745	19,314
Less: Accumulated depreciation and amortization	(608)	(9,290)
	-----	-----
PROPERTY AND EQUIPMENT, net	137	10,024
	-----	-----

NOTE 5. INCOME TAXES

The Company records income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", which requires the Company to compute deferred taxes based upon the amount of taxes payable in future years, after considering known changes in tax rates and other statutory provisions that will be in effect in those years. Prior to March 18, 1996, the Company was a non-taxable Subchapter S corporation. The pro forma provision for additional income taxes for the six months ended June 30, 1995 and 1996 assumes that the Company operated as a taxable corporation since January 1, 1995.

The reconciliation of the Company's effective tax rate to the federal statutory tax rate is as follows:

	SIX MONTHS ENDED JUNE 30,	
	1995	1996
U.S. federal statutory rate	34.0%	34.0%
State taxes, net of federal benefit	6.0	6.0
Income earned as non-taxable Subchapter S corporation prior to March 18, 1996	(40.0)	(6.3)
Net effective rate	0.0%	33.7%

The following is a summary of the Company's provision for income taxes:

	SIX MONTHS ENDED JUNE 30,	
	1995	1996
	(000's)	
Current	\$ -	1,017
Federal	-	179
State and local	-	1,196
Deferred		
Federal	-	84
State and local	-	15
	-	99
Total provision	\$ -	1,295

See Note 3. "Business Combinations" for discussion of deferred taxes recorded pursuant to acquisitions.

NOTE 6. LONG-TERM DEBT AND FINANCING ARRANGEMENTS

Fair value approximates book value at the balance sheet date.

	June 30, 1996
	(000's)
Installment notes payable due through 2000, monthly installments ranging from \$234 - 10,929, including interest, ranging from 2.9% to 12%, collateralized by certain equipment	\$ 1,508
Unsecured balloon notes, interest compounded annually at 5.45%, interest and principal due March, 2001	13,136
Mortgage note payable due in 1998 with monthly installments of \$2,381, including interest at 8.5%, collateralized by all property	211

Note payable due in three annual installments of \$2,000,000 beginning on May 1, 1997, interest is due at the time the principal is paid at 6% compounded annually	6,000
Capital lease obligations, collateralized by certain equipment	156

Total long-term debt	21,011
Less current portion	(2,605)

	\$18,406

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NOTE 7. STOCK-BASED COMPENSATION PLAN

Concurrent with the initial public offering the Company adopted a Long-Term Incentive Plan (the "Incentive Plan"). Under the Incentive Plan, stock options, and stock appreciation rights, restricted stock and performance units may be granted for the purpose of attracting and motivating key employees and non-employee directors of the Company. Concurrent with the adoption of the Incentive Plan the Company granted 326,500 options to key employees and 36,000 options to non-employee directors. All options granted have an exercise price of \$14.00 per share, the initial public offering price. The options granted to key employees vest ratably over a five-year period and expire 10 years after the date they were granted. The options granted to the non-employee directors vest ratably over a three-year period and expire 10 years after the date of grant.

In October 1995, the FASB issued Statement #123, "Accounting for Stock-Based Compensation." The Company is required to adopt this standard no later than December 31, 1996. This Statement encourages companies to recognize expense for stock options at an estimated fair value based on an option pricing model. If expense is not recognized for stock options, pro forma footnote disclosure is required of what net income and earnings per share would have been under the Statement's approach to valuing and expensing stock options. Certain other new disclosures will be required. The Company will implement the provisions of this statement in 1996, but has decided that it will not recognize the expense related to stock options in the financial statements. The impact of this new Statement has not yet been completely evaluated.

NOTE 8. EQUITY

	December 31, 1995	
	Authorized	Issued and Outstanding
	-----	-----
Preferred stock, \$0.1 par value	2,000,000	-
Common stock, no par value	200	200
Class A common stock, \$0.1 par value	12,337,700	100
Class B common stock, \$0.1 par value	662,300	-
	June 30, 1996	
	Authorized	Issued and Outstanding
	-----	-----
Preferred stock, \$.01 par value	2,000,000	-
Class A common stock, \$.01 par value	12,337,700	5,261,350
Class B common stock, \$.01 par value	662,300	662,296

NOTE 9. SUBSEQUENT EVENT

On August 1, 1996, the Company purchased the remaining minority interest in Hub City Tennessee, L.P. for approximately \$2,513,000 in cash. The purchase was accounted for under the purchase method of accounting with substantially all of the purchase price being allocated to goodwill.

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HUB GROUP, INC.

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

BUSINESS COMBINATIONS

On March 18, 1996, Hub Group, Inc. (the "Company") acquired the general partnership interests in 26 operating partnerships and a controlling interest in the Hub Group Distribution Services partnership (collectively referred to as "Hub Partnerships") for a total purchase price of approximately \$43,309,000. On May 2, 1996, the Company purchased the rights to service the customers of American President Lines Domestic Distribution Services ("APLDDS"), a division of APL Land Transport Services, Inc., for a purchase price of approximately \$8,090,000. The purchase price of these acquisitions was allocated to the assets acquired and liabilities assumed based on the fair value on the date of acquisition using the purchase method of accounting. Prior to the acquisitions, the Company's business was comprised of the operations of its wholly owned subsidiary, Hub City Terminals, Inc. ("Hub Chicago").

The acquired businesses' revenues are many multiples of the revenue of Hub Chicago. As a result, consolidated revenues and operating expenses increased dramatically in the period subsequent to March 17, 1996, as compared to the prior year. This relationship will continue for the remainder of 1996. Additionally, purchased transportation costs and operating costs as a percent to revenue may differ from historical trends for Hub Chicago.

As a result of the APLDDS acquisition, the Company acquired the right to service APLDDS customers. However, the Company did not assume any assets or liabilities associated with that business. Furthermore, the Company was not obligated to hire any of the more than 200 employees in the APLDDS organization. The APLDDS business is being absorbed by Hub Chicago and the Hub Partnerships and the associated incremental operating costs are significantly less than APLDDS historical operating costs. Management is unable to track the specific incremental purchased transportation and operating costs attributable to the acquired APLDDS business. Consequently, our discussion will include estimates of results excluding the acquisition.

RESULTS OF OPERATIONS

REVENUE

Revenues totaled \$209.2 million for the three months ended June 30, 1996, representing a 1009.1% increase over the comparable period in 1995. Without the acquisitions, revenues totaled \$20.0 million for the three months ended June 30, 1996, representing a 3.6% decrease over the comparable period in 1995. Revenues for the six months ended June 30, 1996 of \$258.0 million represent an increase of 650.5% over the comparable period in 1995. Without the acquisitions, company revenues totaled \$40.2 million for the six months ended June 30, 1996 for an increase of 1.2% over the comparable period in 1995. The decrease in the second quarter, which caused the six months to reflect only a small increase, is attributed principally to the relocation of a significant customer's distribution center. It should be noted that the distribution center was relocated to a site that is now being served by one of the Hub Partnerships.

Pro forma consolidated revenues including the acquisitions increased

2.2% to \$219.1 million and 1.9% to \$442.7 million for the three and six month periods ended June 30, 1996 versus \$214.3 million and \$434.6 million in the comparable periods in 1995. It should be noted that the business acquired from APLDDS in 1996 is substantially less than the business reported by APLDDS for 1995.

Excluding the APLDDS acquisition, Hub Chicago and Hub Partnerships combined revenues increased 16.7% to \$199.7 million and 14.6% to \$387.5 million for the three and the six month periods ending June 30, 1996 compared to \$171.2 million and \$338.2 million for the comparable periods in 1995. The increases were primarily attributable to strong growth in the truckload brokerage and logistics businesses. Intermodal revenues increased slightly in both periods.

NET REVENUE

Net revenue as a percentage of revenue increased for the three and six months ended June 30, 1996 to 12.0% and 11.8% of revenues from 7.2% and 7.7% of revenues for the comparable periods in 1995, respectively. Without the acquisitions, management estimates that net revenue as a percentage of revenue increased to 8.0% and 8.2% for the three and six months ended June 30, 1996 as compared to 7.2% and 7.7% for the three and six months ended June 30, 1995, respectively. Management has been successful in controlling purchased transportation costs in a somewhat erratic transportation market exacerbated by economic uncertainty and rising fuel costs. While fuel costs have leveled off recently, future fuel price increases could adversely impact the Company's ability to maintain purchased transportation costs at current levels.

Hub Partnerships' net revenues, without the APLDDS acquisition, as a percent to revenue for the three and six month periods ending June 30, 1996 were slightly over 12%. Based on historical data provided by APLDDS, management estimates that net revenues as a percent to revenue for the business acquired from APLDDS will be in the 7% to 8% range.

SALARIES AND BENEFITS

Salaries and benefits increased to \$12.5 million and \$15.1 million in the three and six months ended June 30, 1996, from \$0.6 million and \$1.2 million in the comparable periods in 1995. Without the acquisitions, management estimates that salaries and benefits increased to \$0.7 million and \$1.4 million for the three and six months periods ended June 30, 1996, from \$0.6 million and \$1.2 million in the comparable periods in 1995. As a percentage of revenue, salaries and benefits without acquisitions increased to 3.4% and 3.5% for the three and six months ended June 30, 1996 from 2.8% and 3.1% in the comparable periods in 1995. The increase in these percentages was primarily the result of additional staffing to implement the Company's strategy to grow its truckload brokerage operations and additional sales personnel to expand the local revenue base. Furthermore, the increase in the percentage for the three months ended June 30, 1996 over the percentage for the three months ended June 30, 1995 was partially attributable to the decrease in revenue.

Management estimates that Hub Partnerships salaries and benefits, without the APLDDS acquisition, increased to 6.2% as a percent of revenue in the second quarter of 1996 compared to 6.0% in the second quarter of 1995 and increased to 6.4% for the six months ended June 30, 1996 versus 6.0% for the comparable period in 1995. During the first half of 1996, the Company invested in additional personnel to handle new brokerage and logistics businesses, expand our local and national sales forces and provide expanded financial and administrative services required for continued growth.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses increased to \$5.0 million and \$6.0 million for the three and six months ended June 30, 1996 from \$0.3 million and \$0.6 million in the comparable periods in 1995. Without the acquisitions, management estimates that selling, general and administrative

costs were constant at \$0.3 million and \$0.6 million for the three and six months ended June 30, 1995 and 1996, respectively. As a percentage of revenue, selling, general and administrative expenses without acquisitions increased to 1.7% and 1.6% for the three and six months ended June 30, 1996 from 1.5% and 1.5% in the comparable periods in 1995. The increase in these percentages is attributed to normal increases in expenses due to inflation combined with negative or very low revenue growth.

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Management estimates that Hub Partnerships selling, general and administrative expenses, without the APLDDS acquisition, decreased slightly to 2.3% of revenues in the three and six month periods ending June 30, 1996 from 2.4% in the comparable periods in 1995.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense increased to \$0.8 million and \$0.9 million for the three and the six months ended June 30, 1996 from \$0.0 million in the comparable periods in 1995. Without acquisitions, depreciation and amortization was \$0.0 for the three and six months ended June 30, 1995 and 1996.

Depreciation and amortization for the Hub Partnerships was \$0.7 million for the second quarter, 1996 and \$1.3 million for the six month period ending June 30, 1996 versus \$0.6 million and \$1.0 million in the comparable periods in 1995.

OPERATING INCOME

Operating income increased to \$6.8 million and \$8.6 million for the three and six months ended June 30, 1996 from \$0.6 million and \$1.2 million in the comparable periods in 1995. Management estimates that, without the acquisitions, operating income was \$0.6 million and \$1.2 million for the three and six months ended June 30, 1996 versus \$0.6 million and \$1.3 million in the comparable periods in 1995. As a percentage of revenue, operating income without acquisitions was 2.8% and 3.0% for the three and six months ended June 30, 1995 and 1996.

OTHER INCOME (EXPENSE)

Interest expense was \$0.3 million for the three and six months ended June 30, 1996. All of the interest expensed in 1996 was incurred subsequent to March 17, 1996 and relates primarily to notes assumed or issued in conjunction with the acquisitions. Interest expense on these notes should begin to decrease in future quarters as discretionary paydowns are made. Debt relating to the acquisition of tractors will grow from June 30, 1996 levels as the Company continues its strategy of starting small drayage operations to service portions of its own business in those areas where it is needed to enhance customer service (see Liquidity and Capital Resources). Without the acquisitions, the Company would have incurred no interest expense in the first six months of 1996. The Company incurred no interest expense in the first six months of 1995.

Interest income was \$0.3 for the three and six months ended June 30, 1996 compared to \$0.0 and \$0.1 for the three and six months ended June 30, 1995. Interest income is expected to decrease as the Company uses portions of its available cash to pay down the notes as discussed above. Without the acquisitions, interest income was \$0.0 for the three and six months ended June 30, 1996.

MINORITY INTEREST

Minority interest was \$4.0 million and \$4.7 million for the three and six months ended June 30, 1996. Without the acquisitions, the company had no minority interest for the three and six months ended June 30, 1995 and 1996.

INCOME TAXES

Income taxes were \$1.1 million and \$1.3 million for the three and six months ended June 30, 1996. The Company had no provision for income taxes prior to March 18, 1996, as the Company was a non-taxable subchapter S corporation.

PRO FORMA PROVISION FOR ADDITIONAL INCOME TAXES

Additional pro forma income taxes were \$0.0 million and \$0.2 million in the three and six months ended June 30, 1996 versus \$0.2 million and \$0.5 million in the comparable periods in 1995. Additional pro forma

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provision for income taxes are shown to provide an assumed effective federal and state income tax provision at a rate of 40% of income before taxes for any periods which include activity prior to March 18, 1996.

PRO FORMA NET INCOME

Pro forma net income increased to \$1.7 million and \$2.3 million for the three and six months ended June 30, 1996 versus \$0.4 million and \$0.8 million for the comparable periods in 1995. Management estimates that, without the acquisitions, net income was \$0.3 million and \$0.7 million for the three and six months ended June 30, 1996 versus \$0.4 million and \$0.8 million in the comparable periods in 1995.

PRO FORMA EARNINGS PER SHARE

Pro forma earnings per share increased to \$0.28 and \$0.56 for the three and six months ended June 30, 1996 from \$0.22 and \$0.45 in the comparable periods in 1996. Management estimates that, without the acquisitions, pro forma earnings per share was \$0.18 and \$0.43 for the three and six months ended June 30, 1996 versus \$0.22 and \$0.45 in the comparable periods in 1995.

LIQUIDITY AND CAPITAL RESOURCES

During the first six months of 1996, the Company had three significant transactions that affected liquidity. The transactions were the initial public offering of the Company's common stock and the subsequent acquisitions of the Hub Partnerships and APLDDs. These items represented a cash inflow of \$53.0 million and cash outflows of \$35.5 million and \$2.0 million, respectively. Related to the acquisitions, the Company assumed long-term debt, including current portions, of \$20.9 million, approximately \$12.4 million of which are 5-year balloon notes due in March of 2001, bearing interest at an annual rate of 5.45%. Approximately \$6.0 million bears interest at 6% and is due in three equal annual installments beginning in May of 1997. Immediately prior to the initial public offering and Hub Partnership acquisition, Hub Chicago issued 5-year balloon notes, due in March 2001, to its shareholders for approximately \$663,000, bearing interest at an annual rate of 5.45%. The acquisitions resulted in the recognition of a \$10.3 million deferred tax asset which will offset cash payments for taxes ratably over the next 15 years. The \$25.5 million of goodwill acquired will result in an annual tax deductible expense to be recognized ratably over the next 15 years. For book purposes goodwill is being amortized over 40 years.

The Company expects to pay down the balloon notes from time to time as cash availability permits. The first pay downs are expected to occur in the third quarter of 1996.

The Company maintains a bank line of credit totaling \$5.0 million which bears interest at the prime rate less 1/2%. As of June 30, 1996, the unused and available portion of this credit line was \$5.0 million. Although there can be no assurances, management believes it can obtain a significant additional line of credit, if necessary.

Capital expenditures are principally used to enhance or expand the Company's computer system and network capabilities and, most recently, to

acquire a small number of tractors for drayage moves. Part of the Company's strategy is to supplement third party drayage operations with modest numbers of company-owned tractors to service portions of the Company's intermodal business in those locations where drayage service is limited or where customers require an enhanced level of service which cannot be competitively accommodated by a third party provider.

As of June 30, 1996, the Company owns 21 tractors in St. Louis, Missouri and 10 tractors in Battle Creek, Michigan. The company-owned drayage operation in St. Louis has been functioning since 1994 and the Battle Creek operation was established in 1996. Management is considering additional sites for company-owned tractors and it is anticipated that several new operations will be started requiring the acquisition of an additional 40 to 70 tractors (approximately \$60,000 each) by the end of 1996. The Company will purchase up to 20 tractors with cash with the remainder being financed under an existing financing commitment. Financing terms include 48 month amortization at an annual interest rate equal to the 24 month Treasury Bill rate plus 3%. Management

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intends to carefully evaluate existing and new drayage operations before committing to future locations beyond 1996.

Effective August 1, 1996, the Company acquired the 70% minority interest in Hub Tennessee, L.P. for \$2.5 million in cash. Substantially all of the purchase price has been allocated to goodwill.

The Company believes that existing cash, cash provided by operations and cash available under a line of credit and its other financing commitment will be sufficient to meet the Company's short-term working capital and capital expenditure needs. The company also believes that the aforementioned items are sufficient to meet its anticipated long-term working capital, capital expenditure and debt repayment needs through the year 1998.

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HUB PARTNERSHIPS
UNAUDITED CONDENSED COMBINED BALANCE SHEET
(in thousands)

	December 31, ----- 1995 -----
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 10,949
Accounts receivable, net	
Trade	74,406
Affiliate	1,774
Prepaid expenses	832
Other current assets	1,641

TOTAL CURRENT ASSETS	89,602
PROPERTY AND EQUIPMENT, net	8,994
OTHER ASSETS	366

TOTAL ASSETS	\$ 98,962 =====

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Accounts payable	
Trade	\$ 64,212
Affiliate	2,376
Other	3,323
Accrued expenses	
Payroll	4,125
Other	1,115
Current portion of long-term debt	681

TOTAL CURRENT LIABILITIES	75,832

LONG-TERM DEBT, EXCLUDING CURRENT PORTION	1,007
CONTINGENCIES AND COMMITMENTS	
MANDATORILY REDEEMABLE COMMON STOCK	10,386
EQUITY:	
Common stock, \$0-\$100 par value	1,943
Additional paid-in capital	500
Treasury stock	(32)
Partnership capital	129
Retained earnings	9,197

TOTAL STOCKHOLDERS' EQUITY	11,737

TOTAL LIABILITIES AND EQUITY	\$ 98,962
	=====

See notes to unaudited condensed combined financial statements.

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HUB PARTNERSHIPS
UNAUDITED CONDENSED COMBINED STATEMENTS OF OPERATIONS
(in thousands)

	Three Months Ended June 30, 1995	Six Months Ended June 30, 1995	January 1 through March 17, 1996
	-----	-----	-----
REVENUE:			
Trade	\$ 154,172	\$ 305,051	\$ 142,413
Affiliate	5,941	10,734	3,992
	-----	-----	-----
Total revenue	160,113	315,785	146,405
PURCHASED TRANSPORTATION	141,200	278,473	128,405
	-----	-----	-----
Net revenue	18,913	37,312	18,000
COSTS AND EXPENSES:			
Salaries and benefits	9,689	18,975	9,807
Selling, general and administrative	3,976	7,658	3,393
Depreciation and amortization	564	1,102	553
	-----	-----	-----
Total costs and expenses	14,229	27,735	13,753
	-----	-----	-----
Operating income	4,684	9,577	4,247
	-----	-----	-----
INTEREST AND OTHER INCOME	338	538	159
	-----	-----	-----

INCOME BEFORE PROVISION FOR INCOME TAXES	5,022	10,115	4,406
PROVISION FOR INCOME TAXES	109	225	126
	-----	-----	-----
NET INCOME	\$ 4,913	\$ 9,890	\$ 4,280
	=====	=====	=====

See notes to unaudited condensed combined financial statements.

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HUB PARTNERSHIPS
UNAUDITED CONDENSED COMBINED STATEMENT OF EQUITY
For the period January 1, 1996 through March 17, 1996
(in thousands, except share amounts)

	Common Stock		Additional	Treasury	Partnership	Retained	
	Shares	Amount	Paid-in Capital	Stock	Capital	Earnings	Equity
	-----	-----	-----	-----	-----	-----	-----
BALANCE AT JANUARY 1, 1996	84,763	\$ 1,814	\$ 629	\$ (32)	129	\$ 9,197	\$ 11,737
Net income						4,280	4,280
Distributions		(1,745)	(629)	32		(13,477)	(15,819)
	-----	-----	-----	-----	-----	-----	-----
BALANCE AT MARCH 17, 1996	84,763	\$ 69	\$ -	\$ -	\$ 129	\$ -	\$ 198
	=====	=====	=====	=====	=====	=====	=====

See notes to unaudited condensed combined financial statements.

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HUB PARTNERSHIPS
UNAUDITED CONDENSED COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30, 1995	January 1 through March 17, 1996
	-----	-----
Cash flows from operating activities:		
Net income	\$ 9,890	\$ 4,280
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,102	553
Loss on sale of property and equipment	27	3
Changes in working capital:		
Accounts receivable, net	2,786	604
Prepaid expenses	(400)	(29)
Other current assets	(371)	918
Accounts payable	2,097	4,783
Accrued expenses	(555)	(140)
Other assets	36	(407)
	-----	-----
Net cash provided by operations	14,612	10,565
	-----	-----
Cash flows from investing activities:		

Purchases of property and equipment, net	(2,632)	(775)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	1,404	13,594
Proceeds from sale of common stock	145	-
Distributions	(12,882)	(26,207)
Payments on long-term debt	(355)	(361)
	-----	-----
Net cash used in financing activities	(11,688)	(12,974)
	-----	-----
Net increase (decrease) in cash	292	(3,184)
Cash, beginning of period	14,805	10,949
	-----	-----
Cash, end of period	\$ 15,097	\$ 7,765
	=====	=====
Supplemental disclosures of cash flow information		
Cash paid for:		
Interest	\$ 72	\$ 56
Income taxes	279	130

See notes to unaudited condensed combined financial statements.

HUB PARTNERSHIPS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS

NOTE 1. INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed combined financial statements of 26 Subchapter S corporations and the Hub Group Distributions Services partnership (collectively referred to as "Hub Partnerships" or the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles 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. BASIS OF FINANCIAL STATEMENT PRESENTATION

The unaudited condensed combined financial statements of Hub Partnerships are presented herein to reflect the financial condition and results of operations of the Hub Partnerships as of and for the periods in which the Hub Partnerships were the predecessor to the business acquired by Hub Group, Inc on March 18, 1996, as necessary to disclose the financial statements of the business acquired by Hub Group, Inc. pursuant to the rules and regulations of the Securities and Exchange Commission.

NOTE 3. SPECIAL DISTRIBUTION

Immediately prior to March 18, 1996, the Company distributed substantially

all of its equity, including retained earnings through March 17, 1996, to its shareholders in the form of cash and notes. The notes are five-year balloon notes bearing interest at an annual rate of 5.45%. Interest is compounded annually with all principal and interest due in March of 2001.

NOTE 4. PROPERTY AND EQUIPMENT

	DECEMBER 31, 1995

	(000's)
Land	\$ 92
Building and improvements	1,376
Leasehold improvements	674
Computer equipment and software	8,562
Furniture and equipment	3,418
Transportation equipment and automobiles	2,353

	16,475
Less: Accumulated depreciation and amortization	(7,481)

PROPERTY AND EQUIPMENT, net	\$ 8,994

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HUB PARTNERSHIPS

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

BUSINESS COMBINATIONS

On March 18, 1996, Hub Group, Inc. acquired the general partnership interest in 26 operating partnerships and a controlling interest in the Hub Group Distribution Services partnership (collectively referred to as "Hub Partnerships"). The unaudited condensed combined financial statements of Hub Partnerships are presented herein to reflect the financial condition and results of operations of the Hub Partnerships as of and for the periods in which the Hub Partnerships were the predecessor to the business acquired by Hub Group, Inc. on March 18, 1996.

RESULTS OF OPERATIONS AND LIQUIDITY AND CAPITAL RESOURCES

Since the acquisition of the general partnerships in the Hub Partnerships and the controlling interest in Hub Distribution on March 18, 1996, results of operations have been consolidated with those of Hub Group, Inc. As no activity is reported for the second quarter, 1996, management feels that a discussion of period to period changes will not be meaningful.

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PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Purchase Agreement dated May 2, 1996 among the Registrant, American President Companies, Ltd. and APL Land Transport Services, Inc. incorporated by

reference from the corresponding exhibit to the Registrant's Report on Form 8-K dated May 2, 1996.

(b) Reports on Form 8-K

Registrant filed a Report on Form 8-K dated May 2, 1996 reporting under Item 2 the consummation of the acquisition of American President Lines Domestic Distribution Services, a division of APL Land Transport Services, Inc. The financial statements of the business acquired were filed supplementally on July 15, 1996, on Form 8-K/A.

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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 12, 1996

/s/ William L. Crowder

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

<ARTICLE> 5

<LEGEND> 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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